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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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to meet any costs incurred when the transfer was made. However, at this stage NAFCOC was keeping its options open. The President had already established contacts with Black insurance companies in America, who were keen and willing to offer assistance to South African Blacks in this field, and he continued the negotiations with them.

The reason for the American negotiations was the greater likelihood of capital coming from that quarter. NAFCOC was not happy with the BIC merely to return its shares since this meant that private capital would have to be sought immediately from South African Black businessmen to buy the shares. And there was no assurance that enough funds were available for this project. In addition, the question of expertise, in the form of management, for a wholly owned Black insurance company had to be carefully considered. A feasibility study, costing R5000, was conducted by actuaries on NAFCOC'S behalf.

In August 1976, NAFCOC'S Treasurer, Mr. S.J.J. Lesolang, announced that he had invested a sum of R2400 to acquire 1000 shares in Prosperity Insurance on NAFCOC'S behalf. The Executive, though unanimously approving the action, queried the fact that the shares were bought by NAFCOC and not individual members. Consequently, it was decided that the shares should be registered in Mr. Lesolang's name, as he was a Director of Prosperity, with the proviso that they be ceded to NAFCOC in the event of his retiring from the organisation or on his death.(145)

Unfortunately, just when it seemed that NAFCOC'S negotiations with Prosperity were going to bear fruit an unexpected factor was brought to light which changed the whole complexion of the plan. With the independence of the Transkei, on 26th October 1976, came the fact that Prosperity, with its headquarters in Umtata, was then operating in a foreign country. Consequently, it could no longer be regarded as a financial home institution. Prosperity was regarded as a foreign insurer for the purposes of the Insurance Act. In order to comply with the provisions of the Act,that all foreign insurers were required to domesticate their operations in the Republic of South Africa within a specified period, it was necessary to explore ways to hive off Prosperity's South African operation. With seventy per cent of its business in South Africa to be disposed of Prosperity was still of the opinion that it could continue with a viable Transkeian company. However, once it was established properly in Transkei, the Registrar would no longer be in a position to safeguard the interests of South African policy holders.

Two options were open: (a) either to move Prosperity's headquarters to South Africa. This was not desirable to Prosperity's Transkeian Directors; or (b) a new South African company be incorporated to take over Prosperity's South African business.(146) Prosperity could possibly take up a twenty five per cent shareholding in the new company with the CED* (BIC) supplying the balance of the capital requirements. The involvement of the CED was thought to be unacceptable to the Black community in South Africa. But the Registrar was

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* Corporation for Economic Development (hereinafter CED)

of the opinion that as the first option was unacceptable then the CED's primary function of providing capital and management know-how for new business ventures to serve the Black population should be taken into consideration. He felt that the CED would be willing, after a new company's viability had been established, to phase out and hand over control of both capital and management to the Black people.

However, a further option had come NAFCOC'S way in the form of an offer of a stake in yet another company, Permanent Life Assurance. Mr. A. Zoutendijk of Permanent Life addressed NAFCOC'S Executive as early as March 1977, when the problems with Prosperity were first revealed. He suggested a partnership with his company,although no details were forthcoming at that time,and explained that this insurance already had 1000 clients in Soweto alone. Those clients could automatically become members of NAFCOC and NAFCOC would be given R18 per client.(147)

It was obvious that NAFCOC could benefit in three ways from this offer, it would get the desired insurance company, its membership would increase and its financial situation would be greatly improved. Therefore, the Executive decided to consider the matter carefully and to refer the project to an actuary for his evaluation and recommendations. Further, the plan with Prosperity was not to be put aside since the intention was possibly to replace Prosperity with Permanent Life in the take over of the former company.

NAFCOC moved quickly on the issue. First, they consulted other insurance companies to see whether any other deals

were forthcoming. Old Mutual was contacted but it was reported that they were 'not willing to stoop down to the level of the masses'[148] and since no other companies were willing to join hands with NAFCOC, it seemed that everything rested on the favourable outcome of reports on Permanent Life. A circular was sent to NAFCOC members for further recommendations and a few other people were consulted.

Eventually NAFCOC was left with the obvious choice of Permanent since both Prosperity and the BIC were keen that NAFCOC join with Permanent, reports on Permanent were favourable, and finally Mr. Zoutendijk revealed that if they agreed on a joint venture then he could get some financial assistance from overseas sources. Consequently NAFCOC unanimously agreed on the first step of establishing a NAFCOC Insurance Policy with S.A. Permanent Life Assurance. On 22 July 1977, with the policy organised, it was agreed that NAFCOC would receive an overriding five per cent of the first year's premium even where Permanent received the premiums monthly.[149] It was at this time that Permanent donated R500 towards the NAFCOC Conference's Beauty Contest as well as a Cadillac car for the President. In 1978 it donated a further R12 000, as well as folders and a reception for that years conference.

Old Mutual insurance also made an offer of an Annuity Retirement policy with NAFCOC in July 1977 but the opinion of the Executive was that Permanent's deal, with the accruing percentage to NAFCOC, was more beneficial to the Black people.[150] However it was felt that it should be left to individuals to

decide which policy they preferred and if a member already had a policy with one company he would probably be unwilling to change companies. Finally it was left to the Executive to decide which of the policies to accept, if not both.

The NAFCOC policy with Permanent got off to a good start. During August and September 1977 NAFCOC earned R400 and R999 respectively,(151) and it was expected that the monthly commission to NAFCOC would rise much higher. However during these months there were disturbing, though unproven, rumours about the financial position of Permanent and reports that the Actuary of Prosperity was encouraging Permanent itself to buy over Prosperity.

It now became imperative that the whole question of the relationship between NAFCOC, Prosperity, and Permanent be clarified since any deal between Permanent, whom NAFCOC hoped to join and Prosperity would probably involve the other major shareholder in Prosperity, the BIC. And NAFCOC was particularly anxious that it should not be pushed into an unwilling alliance with the BIC in any way.(152)

Executive members further stressed the urgency of registration with Permanent when it was revealed, in February 1978, that the commissions accruing to NAFCOC had reached R6 000 per month, with the promise of more to come. It was obvious that any further delay could prove fatal to NAFCOC'S interest. The following week the President reported that negotiations with Permanent were progressing satisfactorily.(153)

In the six months following the February announcement of

satisfactory progress, NAFCOC'S President Sam Motsuenyane and Mr Zoutendijk of Permanent, were able to obtain the offer of financial involvement from overseas sources in their desired insurance venture. A proposal from Permanent Life and Sentry Insurance of America contained the following:

(i) The Permanent Life shares would be sold to NAFCOC at R2,10 per share.

(ii) Agreement reached with Permanent Life that they would pay over up to a maximum of R3 000 on commission due to NAFCOC at the end of each month and credit surplus to account for purchase of Permanent Life Shares.

(iii) Sentry had been to see the Minister of Finance regarding its intention to invest in Permanent Life.(154)

It was felt that the Sentry/Permanent Life deal was very important for NAFCOC.

Since the Prosperity deal was still in the picture a decision had to be made immediately. Apart from the problems already mentioned with Prosperity, NAFCOC'S Executive Committee were resolved not to involve the organisation in any deal in which the CED (BIC) was included as a shareholder. In November 1978 they were informed that the Prosperity Directors were unwilling to part with the CED.(155)

This new information, together with the fact that Permanent was marketing NAFCOC'S policy, which made them shareholders in that company, resolved NAFCOC to proceed with the Sentry/Permanent deal as soon as possible.

Dr. Mdlalose of the Inyanda Chamber had already accused NAFCOC of indulging in double standards by choosing to involve

itself in a deal which might include the CED with Prosperity, and it was therefore decided to clear the matter with him and point out the true facts of the situation.(156)

The deal was finalised in February 1979 when Permanent Life's Managing Director, Alewyn Zoutendijk stated that an agreement had been concluded with Sentry Assurance International, the Bermuda based subsidiary of Sentry Insurance, in terms of which Sentry acquired a majority shareholding in Permanent Life by purchasing the forty seven per cent shareholding of Bester Investments Limited and shares held by other shareholders. Sentry was to expand the capital base of Permanent Life initially by one million dollars.(157)

A further agreement between Sentry and NAFCOC made NAFCOC a minority shareholder in Sentry - NAFCOC had acquired its shares through Permanent Life from whom it had been buying in very small quantities. NAFCOC was to buy shares in Sentry at the rate of five per cent for the following five years. NAFCOC shares were to be held by nominees. Sam Motsuenyane was appointed to Permanent Life's Board as NAFCOC'S nominee. A new company was to be formed, in which members would be invited to buy shares but NAFCOC would hold the controlling interest. That new company would then buy shares in Sentry. South African Blacks could now acquire life, retirement and disability insurance from a company in which it was contemplated that they would eventually acquire control through the share purchase agreement with Sentry.

Why did Sentry come to South Africa?

First, because NAFCOC invited its participation in a Black business venture. As Sam Motsuenyane stated,

> This is only the beginning of greater things to come. The venture is indeed proof that business minded Americans with social consciences will be prepared to invest in South Africa in the right circumstances. (158)

This was, of course, in line with the NAFCOC policy which is against disinvestment but for controlled investment aimed specifically at bettering the lot of Blacks and against lining the pockets of the White establishment. Second, because the South African Government allowed Sentry's participation. J.W. Joanis, Sentry's Chairman stated that, 'Your Government negotiated the law changes which permitted a foreign company - Sentry - to take over a South African Life Assurance operation.'(159) And finally because of Sentry's declared aims for its management in South Africa to develop a much larger, healthy Life company which, in time, would be sold back to the South African Black community. Joanis, Sentry's Chairman and Chief Executive, claiming to be an idealist, stated that he firmly believed

> that the accomplishments that have and are taking place in the States can take place here with a lot less bitterness and trauma over a much shorter period of time. Revolution - revolt - are not necessary for restructuring. The necessary social change can be accomplished with enough companies - with enough capital - and enough help to develop a way of life and quality of life acceptable to Blacks in your country. I believe not only in social justice but in the long range free enterprise system. (160)

Details of the projected and actual sources of income for

Table 9

NAFCOC Accounts - Year Ending 1979

	Projected		Actual
Income			
Membership (projected members 12,000)	60 000,00		14 350,00
Regions	320,00		
		Associate members	1? 372,00
Donations	10 700,00		10 000,04
	71 020,00	Difference on conference expenses	3 949,38
		Commission-Life Insurance	60 834,38
		Commission-Blackchain	2 712,35
		Interest	1 439,89
		Sundry	1 370,70
		Dividends	200,00
			113 228,74
Expenses			
Secretariat, salaries etc.	64 792,76		70 387,18
Net Income	6 227,24		42 841,56

Figures taken from 'Five Year Plan for Progress', African Business, Aug., 1975, p.9, and 'NAFCOC Accounts', African Business, June, 1979, p. 18.

the year ending 1979*, reveal that by far the greatest source of income, an amount of R60 834,38, came from the commissions on Life Insurance from the new insurance company deal. Without this source, NAFCOC, on its projected figures set out in 1975, would have shown a deficit of about R30 000. However, during the years of the Five-Year-Plan, NAFCOC'S main income sources went through an unexpected evolution when they changed from :

(i) members subscriptions and other donations;

to (ii) Associate members subscriptions and donations;

to (iii) Commissions from Life Assurances.

NAFCOC was no longer left with the constant worry of running the organisation on handouts from White companies. In fact the income sources had come full circle because the assurance commissions were being received from policies taken out by their own members and who were, therefore, able to make their contribution, albeit indirectly, to the running of NAFCOC.

Apart from acquiring sufficient funds during these years, NAFCOC also evolved new ways of channelling these funds in an efficient manner. Funds were coming in from many different sources for various projects and schemes and they were sometimes receipted in the wrong books, e.g. money for the scholarship fund was receipted in the cash book but deposited in its own special account.(161) And stricter control of even minor sources of income, such as advertisements,

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* See Table 9

was constantly requested by the Executive. Consequently, in 1977, a Finance Committee was proposed. This was to consist of the Treasurer, all Regional Treasurers and the Administrative Secretary. They were to meet twice a year in order to review and plan the finances of the organisation.

However, in June 1978, it was proposed that instead of the suggested finance Board, each region would have a special official responsible for finances. His main job would be to see that an audited financial statement was submitted annually to NAFCOC'S head office.(162)

Most of the trouble lay in the control of regional finances, which, in turn, affected the accounts of the organisation as a whole. Therefore, in April 1978, a decision was made to centralise all NAFCOC'S furds at the head office at Ga-Rankuwa. This gave the organisation greater financial control and allowed it to do a certain amount of forward financial planning. The possibility of full-time financial staff for Regional offices was also investigated at that time. This was given even greater priority in early 1979 when it came to light that some Regions and Branches had accepted the services of outside companies to deal with their office work. It was decided that this practice must be actively discouraged since there was a danger that, in the process, the Chamber could lose its independence.(163)

4.(iv) Training

The fourth part of the Five Year Plan was the initiation of management training programmes and seminars designed to

meet the special requirements of Black businessmen in commerce and industry.

In 1974, the Small Business Advisory Bureau, at Potchefstroom University, was requested by the Sub-Committee on the Role of the Black Trader, of the National African Federated Chamber of Commerce, to submit a proposal for a survey on the problems of Black businessmen in Soweto and Pretoria. The report which was produced in July 1976 stated, in reference to training facilities,

> Seen from the practical viewpoint, black businessmen in metropolitan areas do not have an opportunity to qualify themselves in a professional way as businessmen ...
> The majority of black entrepreneurs are middle-aged and have a family to sustain. Accordingly, it would be unrealistic to expect from them to enroll (sic) for a two or three-year academic course. We have not even mentioned the problem of securing the funds for such formal type of study ...
> university training must be considered as a basic and necessary long-term project ... Within the framework of the development and educational needs of black businessmen in metropolitan and homeland areas, recourse will have to be taken to much more directed, practical and large-scale training schemes.(164)

The report based these remarks on the response to part of its questionaire which dealt with 'factors hampering success' in Black business.

Table 10

Black businessman's opinion on the most pertinent limiting factors on the success of his business (165)

Factor	Number of respondents	Percentage of total (116)
Training	21	18,1
Security	8	6,9
Capital	54	46,6
Legal restrictions	15	13,0
Building	9	7,7
Other	9	7,7
Total	116	100

Further details about the qualifications and experience of Black businessmen suggested reasons for the lack of young entrepreneurial talent amongst Black businessmen.

Table 11

Qualifications of Black businessmen(166)

Qualification	Number	Percentage of total
ST. 4	37	31,6
ST. 5	9	7,7
ST. 6	35	29,9
ST. 7	3	2,6
ST. 8	13	11,1
ST. 9	9	7,7
ST. 10	5	4,3
Post Matric	2	1,7
Degree/Diploma	4	3,4
Total	117	100

Although the report conceded that formal academic qualifications were not a sure measure of business success, since there were examples in the Western business world where fairly low qualified people were successful in business, it did stress that those people grew up in a 'business culture',(167) where the business environment was part of their lives. It added,

> The same cannot be said of the cultural and economic development of Black people. It can therefore logically be stated that academic qualifications on the part of the Black businessman will only speed up his development in the business world.(168)

Table 12

Business experience of Black businessmen (169)

Years	Number of respondents	Percentage of total
1 - 4	27	22,9
5 - 8	20	16,9
9 - 12	17	14,4
13 - 16	15	12,7
16+	39	33,1
Total	118	100

The fact that nearly fifty per cent of the Black businessmen concerned had more than thirteen years business experience correlated with the age of Black entrepreneurs and pointed to the lack of new entrants. The report assessed the value of this experience by saying that,

> ... a great part of this experience is becoming increasingly outdated as things progress in a competitive capitalistic system. Experience may also result in fixed attitudes that are not conductive (sic) to business success and growth .... experience, especially in the Black business world, will have to be continually supplemented by training and advice programmes in order to effectuate the necessary change in attitudes and behavior (sic), apart from the introduction of new methods.(170)

Interviews with many African businessmen, for the purposes of this dissertation, revealed that very few had any business experience or formal training before they entered business. Some had passed Junior Certificate before going into business and later in their careers were able to obtain some formal training by various means.

W.Dube,with Junior Certificate, became an apprentice mechanic. After five years he obtained a loan from the BIC to open a garage and the BIC provided the necessary business training for the operation. At the same time he opened a General Dealer and Restaurant business for which he had no experience or training. Ten years later he completed the Unisa Small Busines. Management course.(171)

S.Rabotapi,with Junior Certificate, entered his father's business after his schooling. For twelve years he relied on his father's experience to acquire business skills. Then, when NAFCOC introduced business courses in 1977, he completed courses in bookkeeping and stock management which were relevant to his business.(172)

Others who had the advantages of a Matric pass entered industry first and then moved into business - again without experience or formal training.

M. Matsafu, to be sure of passing his Matric went to school to do extra work every m. for wo years from four a.m. to seven thirty a.: worked as a laboratory technician and essayer for a pharmaceutical company for eighteen years and, when his father died, he took over the family's General Dealer store. He had no experience or training and has not completed any business courses since taking over the store.(173)

K. Moloi, passed Matric and became a technician for IBM. As with Matsafu, when his father died, he took over the family business of Coal and Wood Merchant supplier. He has not entered into any formal training to acquire business skills.(174)

Finally there was another group who completed commercial subjects either at school or while they were employed in other fields in order to provide themselves with some business skills before then entered business. Although, in most cases, this had to be done by correspondence, because there were no other facilities available, there were some who attended evening classes if they lived in the vicinity of an institution offering these facilities.

P. Monoa,studied elementary commercial subjects at school and was employed on a local newspaper for fifteen years,

during which time he attended the Pretoria Technical College which offered special courses in commerce for Blacks. Then he opened a cafe and seven years later a General Dealer store. He has since completed business courses at Unisa's School of Business.(175)

V. Mathabathe, although educated only to Form five level, was employed by O.K. Bazaars to write up cash books. However, during the eleven years that he remained with this company, he studied privately through correspondence, completing courses in bookkeeping, accounting and secretarial practice to pass the Diploma of Administration and Commerce. With these acquired skills he was able to start his own business providing bookkeeping and secretarial services.(176)

Apart from the few African businessmen who had seized the chance to complete courses, as and when they became accessible, and these were often totally inadequate or completed rather late in their careers to be of any value, it appeared that most struggled on without formal training. This lack of training often resulted in inefficient employment practices. For example, most had little knowledge about how to employ people, they did not understand registration procedures, inadequate wages were paid to employees, and they were not provided with proper training. Without training there was a lack of trust on both sides and employees had little respect for their jobs. General Sales Tax presented another problem. The attitude of most Black businessmen was that 'they didn't want to pay.'(177)

Mr. V. Mathabathe, an accounting consultant, considered that perhaps the only way to overcome this lack of trust in the system was by training the businessmen so that they could look after cash resources and be 'shown in person what is not his is not his.'(178) An example of this attitude was revealed when a wealthy Soweto businessman presented his books to his accountant and said that an amount of R2 000 was the total GST to be paid. The accountant, realizing that the amount of R2 000 was a ridiculously low figure for the turnover of the business declined the account because he refused to be party to the cover-up.(179)

Lack of business skills were also reflected amongst the members of Urban Boards (later Community Councils) where the allocation and siting of shops was often haphazard, and no consideration was given to the amount of competition already present in a particular area. In addition, businessmen who wanted to expand were rarely asked to provide audited balance sheets. Consequently, many obtained licences for ventures which they were financially unable to operate.

One of the complaints about courses which were offered to African businessmen by Universities and institutions was that, they were conducted in English and those who took the courses were incapable of understanding what they were taught. Most finished up with a certificate, which they hung in their shop, and they were no better off. Therefore, it was obvious that there was a need to communicate in African languages. In addition, courses were needed at basic levels of bookkeeping, cheque accounts, bank balances,

loans and company formation.

The lack of proper training facilities, particularly for urban Black businessmen, was a constant grievance expressed by the members of the African Chamber of Commerce. Its Constitution states under Objects 2 G: 'To encourage the establishment and maintenance of commercial colleges and to sponsor candidates for commercial training.'(180)

As early as 1965, the Chamber sought to establish a commercial college for Africans in Soweto.(181) During that year, Mr. Cyril Pearce of ASSOCOM who negotiated on the Chamber's behalf, reported that the Minister of Bantu Administration and Development had authorised the establishment of such a college. Immediately, a committee comprising members of the White Johannesburg Chamber of Commerce, the Johannesburg African Chamber of Commerce, the Rotary Club and officials of the Bantu Education Department, was formed to pilot the establishment of the school. The City Council of Johannesburg allotted the school a five acre plot at the Jabulani Civic Centre. The Administrative Committee was assured of financial assistance by the Bantu Welfare Trust and the Johannesburg Rotary Organisation. Plans for the building were completed.

The building of a Commercial School for Africans was to be the first creative achievement of the African Chamber of Commerce. The NACOC News circular advertising its progress

stated,

> And, such practical achievements are the things by which posterity will judge our honest efforts at self-development and self-upliftment.
> On the report given by Mr. C. Pearce, the Minister of Bantu Education will be approached to allow a technical college in Soweto to cater for traders who wish to learn the skills in salesmanship, book-keeping and allied subjects including workers employed in industry. It is felt that this will be extended to other areas later. (182)

However, in May 1967, the then President of NACOC, Mr. S.Z. Conco, sadly reported at the annual conference in Cape Town, that the scheme had been turned down by the Government

> ...our proposal for the establishment of a Commercial College in one of our Townships where there is a large concentration of African businessmen who could give the students of such a college practical experience on business administration was turned down by the Ministry on grounds that it cuts across the Government Policy. We were told in no uncertain terms that there is sufficient scope for such institutions in the Bantu Homelands.
> No doubt you will be disappointed with this reply.
> But realists that we are, we must recognise that the present Government is deadly earnest about the application of its policy; in fact at times one is inclined to believe that in our Country the policy has greater force than the law. (183)

The stark reality of the Government's refusal to do anything to provide such training facilities for urban Blacks can be contrasted with what it was prepared to provide for Whites in the retailing trade alone, and which remained unused.

The contribution of technical institutions to development training (184)

Colleges of Advanced Technical Education (Technikons) in all of the provinces visited in the course of the NPI* Survey, reported that the following retailing courses were available:

National Diploma (Distributive Trade Administration) (Two Years part-time)

National Diploma (Commerce) (Full-time and part-time)

National Certificate (Distributive Trade Practice)

National Certificate (Distributive Trade Supervision)

Unfortunately, none of these courses is being run at present due to lack of support.

The following professional courses relating to the retail trade are also offered at Technikons:
Institute of Administration and Commerce of South Africa
Institute of Marketing Management.

Only one person from the sample stores was known to be pursuing one of the above courses.

4. (iv) (b) Masekela-Mavimbela Scholarship Fund

During 1966, when plans for building their own commercial college were well under way, the Chamber suffered a great loss when the highly dedicated Chamber Secretary, Bigvai Masekela, died. For several years he had been a great force and indeed the leading light in all the activities of the Chamber.
It was immediately suggested that a Scholarship Fund, for

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* National Productivity Institute

Commercial Education, be established in his honour. President Richard Maponya suggested that the Fund be called the Bigvai Masekela Scholarship Fund.(185)

Sam Motsuenyane, who became the Chamber's President, in 1968 wrote of Bigvai Masekela,

> Great heroes are often remembered with statues and monuments, but for a humble man like Bigvai, whose main interest was the progress of his people, there could be no better way of remembering him than by initiating a Scholarship Fund in his name. (186)

However, the Fund, which was renamed the Masekela-Mavimbela Scholarship Fund in order to include the name of J.C.P. Mavimbela the African Chamber's first Secretary in 1955, got off to a very slow start. In 1972, Sam Motsuenyane, then President, expressed disappointment that there had been little or no response to the Fund.(187) In August, of that year it was decided that the Treasurer's office would levy all regional Chambers, according to their size, in an effort to build up the fund.(188)

In 1973 the Fund stood at a mere R88.(189) Again, the President complained that over the past seven years they had not been successful in raising enough money to send even one student to university. He stressed that the Fund should be regarded as a National Monument in honour of two outstanding pioneers of the Chamber movement.(190)

One reason for the lack of response was that the Chamber was very busy in these years raising funds for its African

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Bank project and no specific methods of collecting money for the scholarship fund were initiated. The Regional levy did produce some results, however, when, during 1975, the contribution from Regions was set at a minimum of R100.

In 1975, it was announced that enough money was available to send one student to University. But, during that year, the Fund had received three applications for B. Com. degrees. One of the applicants was Alexander Masekela, the eldest son of Bigvai. Since it had been the expressed intention of the initiators of the Fund that the children of the late Bigvai should become the first recipients of the Scholarship his case was referred to Rent-a-Sign Company who offered Alexander a Scholarship.(191)

In view of the demand for scholarships now that the Fund was known, NAFCOC decided to enlist the support of other commercial organisations and companies so that they could convert the scholarship into an independent Trust Fund administered by interested parties. In this way it was hoped that the Fund would be enlarged to provide more than one or two scholarships each year.

The Trust was Registered in July 1976, with its primary function to establish bursaries, though these would not be confined to commerce. The affairs of the Trust were handed over to a Council of nine consisting of the President, Secretary, Treasurer and six Executive members. Administrative functions were carried out by a Board of Directors comprising Messrs. Kutumela, Makhaya and Marole. Honorary membership was conferred on Messrs. Kutumela, Makhaya

and Keeble. The first contributions came from Rent-a-Sign, R15000 and Silverton Milling Company, R500 and in July 1976 the Trust stood at R2902,62.(192) Applications for bursaries reached fifty seven by November 1976.(193) Since it was obvious that the demand was far exceeding the money available, it was decided, in early 1977, to increase the Regional levy for the Trust.

During 1977 four students, who were studying under the Fund, were introduced to the Executive at its May meeting, so that the members could take an active interest in what was happening to the students. The students were told to behave themselves and not involve themselves in unnecessary confrontations with University authorities. It was decided to send monthly copies of NAFCOC'S magazine 'African Business' to the students and they were to be allowed to attend some of NAFCOC'S meetings to motivate and direct them in their studies.(194)

Although the Chamber had taken these steps to warn the students about non-confrontation, during this year when widespread boycotting and rioting had affected most Black educational institutions in South Africa, it soon became apparent that they were not able to remain apart from it. In October, the President sadly announced the expulsion of all the grantees of the Fund from the University of the North.(195) The Committee made representations to the University about this serious matter but it was only successful in reinstating two out of the six students at the University.

During 1978, the Fund sponsored fifteen students at various Black universities studying commerce and related courses. The expected allocation in 1979 was t/enty eight students at a cost of R48 000.(196) By November 1978, 288 applications had been received.(197) And, in that year, the first B. Com. student, sponsored by the Fund, graduated.

The Chamber's efforts to establish this fund, to encourage the entry of more qualified young Africans into commerce, were heavily backed up by White business since no foreseeable help could be sought from Gc ernment quarters. Similarly, with its efforts to do something for its own members, and other Africans who were already in business, the Chamber accepted outside help from White business organisations and companies.

Until 1975, when the Five Year Plan, was announced very little in the way of training programmes had been achieved. In 1972 an Education and Leadership Training Sub-Committee was formed under the Chairmanship of Simon Kutumela which arranged short training courses for the Chamber leaders in the various regions. During 1974, Afmark Group awarded two scholarships for retail training, the University of South Africa (hereinafter UNISA) publicised the services of its Management School, Coca-Cola sponsored one person from each Region for management training, Cape Town and Witwatersrand Universities offered free Master of Business Administration courses and the Central News Agency Ltd. offered to help with training.(198)

In 1975 a training programme, organised by Afmark, drew poor response. T.W. Beckett Company also made similar offers but again the response was discouraging. It was obvious that a much greater concerted and unified effort was needed to organise suitable courses and publicise them properly if the valuable offers being made by the various White companies were going to be of any benefit at all to African businessmen.

In conjunction with UNISA, NAFCOC started organising training Seminars during 1976 which were held in the main cities. This led to the establishment of a NAFCOC Education Committee which was to review and make recommendations on the various courses and programmes being proposed. Old Mutual offered training facilities and USSALEP offered courses in its Careers Development project.(199)

The Education Committee got off to a slow start and towards the end of the year it was decided to allow several training experts from various organisations to serve on the Committee in an advisory capacity, since they had expressed the desire to do so and NAFCOC realised that their help could prove very valuable. Anglo American donated R7 000 annually so that a full-time Education officer could be appointed to co-ordinate the proposed schemes.(200)

4. (iv) (b) NAFCOC Training Scheme

From May to October 1977 a pilot training scheme, evolved by the members of the Committee and run mainly by volunteers from various White Companies, including Nortons, Barlows

and IBM, was started at Sebokeng.

This scheme, called the NAFCOC Training Scheme (201) had three main objectives:

1. To organise and set up training facilities for Black entrepreneurs in accordance with the needs of delegates;
2. To hold at convenient times, courses that were not too academic, but, that could lead to more serious studies at recognised educational institutions;
3. To draw on all educational facilities on a voluntary basis for material aid and personal involvement, to upgrade the standard of business among Blacks.

The Courses were divided into four categories:

Course A - for people with little experience in business operations

Course B - for people with several years experience of managerial responsibility

Course C - for those occupying executive positions in business

Course D - for persons interested in creating and developing a manufacturing business.

'African Business' magazine contributed to the publicity and value of these courses by publishing material for the courses during the months of its duration. This meant that many who were unable to attend courses, either for financial reasons or because of the time factor, could benefit in some way from reading the set material for the courses.

However, the problem was 'where to go from there?' The East Rand had requested a course in its area and Gazankulu wanted

a similar course the following year.[202] The very real problem at the time was that, despite the work of the Committee in trying to co-ordinate and approve the most useful and practical schemes which were required by businessmen, most of the various training institutions and company programmes were in fact competing with one other. They were setting up courses of varying degrees and value without consulting with the NAFCOC Committee. In some cases it was felt that companies merely offered retail courses to sell their own products. Others designed programmes with no back up to find out what value businessmen had gained from them. Many of the university courses were too advanced for the older businessmen. A great many of the courses were in areas where only a few people could make use of them, or they were too expensive.

NAFCOC felt that it was important that all proposed courses designed for Black business people should be channelled through its Education Committee otherwise a great deal of valuable time and effort would be wasted.

This Committee had been in operation for the two years of the countrywide riots. Consequently, towards the end of 1977, it was in position to be a suitable receiver of the many offers of financial and practical help from White companies which arose at that time. NAFCOC was offered quite substantial funds from Anglo American, Barlows, Rembrandt Tobacco and Mobil Oil, amounting to approximately R63 000, for educational training for businessmen.[203] Therefore, it was decided to establish a separate Education

office in Johannesburg in January 1978. Since much of the finance from the White companies was to be spread out over about five years, NAFCOC decided to seek a loan from the Urban Foundation to meet the immediate running costs of the new office. In February the interest free loan, repayable over two years, of R10 000 was successfully negotiated.(204) The Foundation was prepared to consider a further loan after repayment of the initial one.

Educational organisers, working under the guidance of the Education Committee, visited each Region to make special arrangements for business courses incorporated in the NAFCOC Training Scheme. From the experience of the Sebokeng Pilot courses, modifications were made where necessary. About twelve people started the course but this increased to twenty four by the later sessions.(205)

During 1978 the scheme was expanded both in scope and area. Sessions were held in April on the East Rand and, in June, the programme was launched at Dennilton. Another fourteen applications from the various Regions, both urban and rural, including SWA/Namibia, were made for courses to be conducted in their areas. The industrial course for Black manufacturers was also launched at the beginning of 1978 and was held at Sebokeng. Concurrently with this course a counselling service operated in which experts from White industry were seconded to provide individual guidance to Black businessmen in their particular field of manufacturing. 100 Black manufacturers were aided at that time.(206)

Apart from its own courses the NAFCOC Committee negotiated with many other White companies and institutions and gave its approval to various courses in secretarial work, accounting etc. By November 1978 it seemed that the South African universities were at last uniting to assist with the training of Black entrepreneurs.(207) In line with overseas trends, they were establishing special institutions to deal with non-academic training required by small businessmen. Examples of this were the schools for Small Businessmen set up by Stellenbosch, Potchefstroom, University of South Africa, Univeristy of the North and Witwatersrand University. These projects were mainly financed by private funds and, therefore, they were largely autonomous. With this expansion by the universities, of suitable courses at a price acceptable to small businessmen, NAFCOC'S Committee felt that there would be a tendency for its efforts to move towards supervision of efforts, rather than involvement in the actual running of the courses. However, at that time the Committee was still expressing its unease at the number of commercial training courses being offered, many of them expensive and unsuitable. Consequently, it considered that it might,be necessary to attach its 'approved status' to certain courses.

This trend continued during 1979 and when, in February, Witwatersrand University Business School suggested that universities should take over the training of Black businessmen, NAFCOC'S Committee turned down the proposal. The Committee preferred that the universities offer assistance to the NAFCOC training programmes by providing lecturers

and facilities.(208)

Similarly, with the preparation of a series of audio-visual lectures in liaison with the Durban Rotary Club, NAFCOC insisted upon its approval of the lectures.

The Committee was able to report in June 1979 that about one third of NAFCOC'S Regions had availed themselves of its training scheme and others were busy organising their Regional Education committees to publicise the scheme to members.

In August 1979, the Committee adopted a resolution which stated,

> That because of NAFCOC'S responsibility to its members, the NAFCOC Education Committee reserves the right to co-ordinate all basic training for Black business communities in all NAFCOC Regions and Branches; to organise courses and to recruit delegates from all its Regions and Branches.(209)

NAFCOC was forced into taking this decision when the Advisory Bureau for Black businessmen at the University of the North announced that it was to hold a symposium with the intention of forming a 'co-ordination committee' for Black business training in South Africa. The proposed Committee involved members of White companies, members from Homeland Development Corporations as well as academics. Consequently NAFCOC had moved to retain control over the courses offered to its members.

4. (iv) (c) Banks business counsellors scheme

In the late 70s there were indications that banks were keen

to penetrate the Black business market, especially in the area of training. In September 1979 Mr. V. Mathabathe, a Kempton Park Accounting and Secretarial consultant, was invited to give talks, on the financial aspects of business, to businessmen in the Far East. Acutely aware of the fact that, if he was advising businessmen in the Far East, then he should be doing it in South Africa where there was a greater need, Mathabathe approached Barclays Bank about conducting seminars, in a similar vein, for African businessmen. The suggestion was favourably received and Barclays advised that they would look into the matter.(210)

In the same year the Urban Foundation proposed an even more adventurous scheme for bank involvement in Black business training. The Foundation, in its dealings with African businessmen, had come to the conclusion that, contrary to what African businessmen stated was their greatest need, that is, finance, the order of requirements appeared to be:

1. Business skills
2. Technical skills
3. Finance
4. Products or supplies(211)

Two examples which demonstrated the lack of knowledge about business skills among African businessmen were:

a. A man wanted to set up as a motor spares agent and asked how he should go about it. He admitted that he had no knowledge of this type of business, did not know whether there was a demand for it in the planned area of operation, did not know about profit margins, stock requirements etc. The Foundation official took him to visit the particular Township Superintendent where they

selected a suitable site. Then the official explained how to apply for a licence, showed him how to fill in the forms and then gave him some simple practical advice about running the business.(212)

b. Another man was manufacturing window frames in the township. He visited a Foundation official and asked him to authorise the Foundation to use his window frames in all houses being built in the townships by the Foundation. The frames were inspected and found to be of good quality. Therefore, the man was advised to send samples of his frames to the main building contractor for the Foundation's houses, and to make an offer to tender for the job. The man declined saying that the authority should come from the Foundation on his behalf.(213)

The Foundation decided that in order to reach many of the businessmen who were urable to avail themselves of courses or who were incapable, through lower education levels or language difficulties, of profiting from courses, a more direct approach was required in the form of counselling. The Foundation's officials had found that, despite the fact that they were not there to counsel businessmen, in nine cases out of ten, as seen from the above examples, they found themselves drawn into the job of counselling. It was this aspect of business upliftment that the Foundation realized was missing in the overall scheme for business training. There were many counsellors in the field already, but most were volunteers attached to particular companies or institutions, for example, Jaycees, ASSOCOM. So far, this had been unsatisfactory because there was no country-wide organisation.

Neither was it continuous, nor did it cover all aspects of business.

The Foundation proposed a scheme which had been tried, and reported satisfactory, by Harper in Kenya, Sri Lanka and Brazil.(214) It consisted of selecting Black matric students and training them, over a period of six months, in low-level counselling. The Foundation successfully approached the banks to sponsor the training scheme and pay for the counsellors in training. The counsellors would then become bank employees based at the banks branches in African townships. They would then be accessible to African businessmen and would be able to help them with everyday practical business problems, for example, where to get licences, how to select sites, bookkeeping, stock requirements, profit margins etc. These counsellors would also have access to seniors who would advise them on more complicated problems. The hoped for added bonus of this scheme was that many of those who had become counsellors would eventually become entrepreneurs themselves. If this happened, then they would already have basic business knowledge and would be quite capable of taking the university business courses which were offered.

This scheme, first put into operation in late 1980, was viewed as a long-term operation with the aim of training and replacing the counsellors as often as was required, so that a constant flow of young people entered commerce and business with the necessary basic requirements. The continued involvement of the banks was viewed as a vital requirement for the success of the scheme.

4. (iv) (d) Other training schemes

Small Business Development Centre

Assistance with training for Black businessmen during these years was not confined to South African companies. During 1977 members of NAFCOC'S Executive visited Rutgers Univeristy, Newark, U.S.A.(215) This university was commissioned by the American company Johnson & Johnson, to produce a study which could initiate a programme to assist financially Black businessmen in South Africa. NAFCOC'S visiting Executive members held discussions with the Dean of the Faculty of Business Administration, Professor Horace de Podwin, as well as other Professors to discuss how best the university might participate in such a scheme, both financially and technically. During the following few months NAFCOC was to indicate its planned projects with estimated costs involved and know-how required. The University indicated that it was prepared to send trainers and developers to South Africa to evaluate the projects and provide the necessary training and capitalisation. The intention was to channel the available funds through the African bank.(216)

The acceptance by NAFCOC, of help from Rutgers, was part of its strategy aimed at the establishment of a NAFCOC Development Corporation to provide long term low cost finance for people not covered by Homeland Corporations. To this end it had already met with the South African Government Ministers concerned, i.e. Dr. Connie Mulder and later Dr.P.G.J.Koornhof, both of whom were in accord with the establishment of such a corporation, if money could be found.(217)

Consequently, NAFCOC invited Professor de Podwin to come to South Africa to table his proposal. His proposal was to create a South African Small Business Development Centre along the lines of that at Rutgers. The centre would involve the following programme:

(a) To assist financially by establishing guaranteed schemes; lending should be done by regular financial institutions.

(b) For non-bankable risks the centre would collect facts and put the proprietor in a position to apply for a loan. In a loan package it could help in preparing for a loan guarantee. The loan guarantee gives the applicant more time and makes him acceptable to a bank.

(c) To train people in basic business skills like book-keeping, finance, stock control etc.

(d) To give regular financial help. Each consultant could stay with the business and so keep track of its record of development.

The Centre would be so structured that, under its central office, would be several University Business Development Centres, each of whom would recommend all loans in its area of operation. Loan guarantees would be underwritten by large corporations and foundations. Operating costs would be R370 000 per year.(218)

For the programme to work, it was agreed that the universities would have to agree in principle and then standardise and co-ordinate their programmes. It was also agreed that the programme should be under NAFCOC'S control and integrated with its own training scheme. It was emphasised that consultancy and training should be on-going

wherever possible and that it would be best to commence the operation in a central urban area where the need was greatest. NAFCOC was to continue with its scheme for a Development Corporation for long term low cost financing.

During the latter part of 1978, after receiving tacit approval from the Minister of Co-operation and Development for the project, Sam Motsuenyane went to America where he canvassed the support of multi-national companies. The larger companies approached included, The Continental Bank of Illinois, Ford Motor Company, The Chase Manhattan Bank of New York, General Motors, Kellogs, IBM, Goodyear Tyre Company, City Bank, Morgan Guaranteed Trust. He also met with the Reverend Dr. Leon Sullivan in Philadelphia and obtained his enthusiastic pledge of support for the project. Professor de Podwin was briefed on the current developments affecting Black businessmen in South Africa.

In April 1979, Sam Motsuenyane visited the Federal Republic of West Germany, as a guest of the SA German Chamber of Commerce and Industry, and he took the opportunity to canvas further support for the proposed scheme. During May, NAFCOC officials assisted Professor de Podwin to complete preparations for the project. It was hoped that when the centre was finally established the organisation would play an important part in its administration and development.

Following NAFCOC'S Annual Conference in July 1979, the Urban Foundation assisted in co-ordinating arrangements for the establishment of the Small Business Centre. Plans were finalised to register the Centre at the beginning of 1980.

United States-South Africa Leader Exchange Programme - Careers Development Project

In August 1976, the United States-South Africa Leader Exchange Programme (hereinafter USSALEP) organisation started a Careers Development Project which offered career training to Blacks at all levels. The courses covered management training and business consultancy. From the start officials of this organisation liaised with NAFCOC and encouraged them to publicise the Project throughout the Regions in order to gain participants for the courses from members of the NAFCOC organisation. Basically the aim of the programme was to develop middle management through short courses. A sum of R6 000 over six years was set aside for the programme.(219)

In 1979 it became apparent that the programme was no longer cost-effective and therefore it was felt that it would be better to negotiate with NAFCOC for it to take over the programme. NAFCOC had the advantage of a broader base of contact to make the programme more effective. USSALEP was keen to merge the programme, the brainchild of the Carnegie Organisation, with those of NAFCOC but they were anxious to keep some sort of link themselves in order to continue sending candidates to the USA for practical study.

After discussions between USSALEP and NAFCOC in early 1980 it was resolved to accept the proposal to merge the Careers Development Project and NAFCOC'S Education Programme.(220) At this stage the money guaranteed for the Careers Programme was R80 000. Although South African private enterprise was enthusiastic about the programme it had not

·een forthcoming in contributing to the running costs. Since the Careers Programmes started 200 people had used the grants in America and 150 were placed in South Africa.(221)

Merites Africa Training Scheme

A second proposal for a merger with NAFCOC'S Education Programme came at the same time, in early 1980, from Merites Africa. The aim of this group was to develop a Black middle class through training. Merites, as a semi-government body would be able to obtain funds from German Foundations for this purpose. Applications had already been made for initial funds, for preparation of the training programme and many thousands of Rands were expected to be forthcoming.

Consequently, the proposal was accepted and Merites and the NAFCOC Education Committee Executive agreed to work together on the scheme.(222)

4.(v) The initiation of National Projects

The final part of the Five Year Plan was the initiation of NAFCOC'S national projects. Prior to the announcement of this Plan, NAFCOC promoted several national projects which included the Masekela-Mavimbela Scholarship Fund, the insurance company and an idea for a Black retail group. But before 1975 none of these projects really got off the ground. However, there was one national project, accomplished in November 1975, which proved to be the foundation and required stimulus for all NAFCOC'S future projects. That was the establishment of the African Bank.

4.(v) (a) The African Bank

The idea of an African bank came from two quarters. First, there was the call from African businessmen who had been severely hindered by the limited amount of financial assistance available to them. Africans were forced to save with White controlled banks whose capital was used mainly for White business and whose profits went to White investors.

Bigvai Masekela's inaugural address at NACOC'S first Conference, held at Orlando, Johannesburg in April 1964, pointed the way when it emphasised that African businessmen had reached a stage 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.(223) But, possibly the greatest impact on the Conference delegates was made by Collins Ramusi, a South African lawyer from Chicago, with his speech about 'The Negro in the Business World'(224) for it inspired the idea of an African owned bank.

Outlining the development of Black business in the United States, Ramusi stated that,

> It is one of the exciting phenomena that coming from the House of Bondage the Negroes got ahead so well in trade and industry.(225)

He pointed out that Blacks had seized business opportunities in a big way so that they could provide large scale employment for their own people. Indicating that most Black entrepreneurs started from small scale enterprises, Ramusi explained that, as businessmen gradually prospered in the Black community, they began to take a great interest in

banking and insurance, and it was in these areas where Black business had been most impressive.

The Black insurance business grew from the 'tickey and six-pence'[226] burial plans which were maintained by groups and churches. In 1936, twenty eight people formed the successful National Negro Insurance Association. Merrick, a bricklayer, and A.M. Moore projected the North Carolina Insurance company for many years without salary. Herndon established real estate and loan companies, a cemetery, bank, theatre and a drugstore before founding the Atlanta Standard Life Insurance Company, while Gillespie sold insurance in Chicago before forming Liberty Life Insurance Company. In 1958 there were sixty eight Insurance companies with 250 million dollars invested in insurance.[227]

The first banks were opened by Blacks in Richmond, Virginia and Washington D.C. in 1888 with surplus funds from fraternal organisations. By 1964 Black banks had combined assets of more than forty million dollars. Savings and loans corporations had assets of 230 million dollars.[228]

Ramusi, fervently hoping that Africans would see some points of similarity between their development and that of American Blacks finished by saying,

> If there be any lessons we should learn from the American Negro in the business world, let us do so with clearity (sic) of purpose with the full believe (sic) that it may pay us in the final analysis. Let us go forward in the hope that we can also follow in their footsteps.[229]

The proposal for the founding of the first million Rand Black

controlled bank was viewed with tremendous scepticism by many people, both Black and White, when, after that Conference in 1964 the National African Chamber of Commerce instituted a National Fund to collect money to launch the Black Bank. And, though in 1967, at NACOC'S Third Conference in Cape Town, the feasibility of an African owned bank was discussed at length, it seemed that much of the scepticism was warranted when the Treasurer's report for 1968 revealed a mere R270 in the Fund.(230) However, in that year NACOC elected a new President, Sam Motsuenyane, who, as a dynamic leader of the Chamber, worked during his first seven years to make the bank project possible.

Sam Motsuenyane complained, in the early 70s, about the members general lack of interest in the Bank.(231) The Chamber had engaged an economist to investigate the possibility of establishing an African bank and his report revealed that there was no law barring Africans from starting their own bank in South Africa. Yet, despite this encouraging report, and the fact that all members were given stop order forms to make contributions through their banks, only two members, both from the Transkei, had made donations. In 1972 the Fund total was R890.(232) Nevertheless, a special conference convened at Mamelodi in November 1972, where 300 people attended, gave the Executive the mandate to to ahead with plans for the Bank. A NAFCOC Collection Account Number 22652625202 was opened at the Church Square Branch, Pretoria, of Barclays Bank in November 1972. It was announced that R10 000 had been received by the time of the 1973 conference.(233)

The second call for an African bank came in 1972. This was from a body which drew its members from the clergy including Anglicans, Methodists etc., and called itself IDAMASA (Independent African Ministers of Religion 'Trade Union'). This group was alarmed at the slow economic development of the Homelands where three million citizens were 'under' employed. The group's intention was to organise the savings of Africans, through a bank, and channel them into Homeland employment development.

At the same time that IDAMASA was planning, NAFCOC, through its President, Sam Motsuenyane, was holding talks in London with Barclays Bank. Motsuenyane later confessed that the reason for the visit to Barclays in London, rather than to Barclays in South Africa, was because NAFCOC felt that the South African Directors of Barclays would not listen seriously to such an ambitious project, coming as it did from the Blacks in South Africa.(234) However, Barclays London did listen seriously for they promised to provide up to forty per cent of the capital required for an African bank. They were also prepared to assist with staff, both by secondment and training. The support by Barclays International Bank for NAFCOC'S African Bank project was announced at the Chamber's ninth Conference in 1973 at Mafeking. This support proved to be the key, 'which opened the minds and fired the Black people with the confidence and the determination to make a vigorous beginning.'(235)

Barclays promise of assistance can be viewed as a contribution towards the development of the Black sector from which they

had derived large funds through the deposits of thousands of Black investors. But Barclays was also under considerable pressure from its own shareholders in Britain who wanted it to withdraw from South Africa. Therefore, support for the African bank project was a good chance for Barclays to show that it was positively contributing towards Black development by staying in South Africa. With Barclays commitment an African bank was becoming a reality but IDAMASA'S idea of an African bank also had to be considered.

In 1973, the Black clergy asked Alan Wentzel, who later became the first Managing Director of the African Bank, to advise them. This resulted in consultations with NAFCOC'S Executive, and an agreement that the clergy would give their complete support to the NAFCOC sponsored African bank.

The proposed bank was to be a general bank and initially there were worries that a new development bank set up at that time would cause a conflict of interests. However, the EDESA plan (Economic Development for Equatorial and Southern Africa), which was started by Dr. Anton Rupert of Rembrandt Tobacco Company, was to provide capital for large projects and it did not compete with the African Bank. EDESA was founded for the purpose of making and promoting private capital investment in the independent and developing States of Equatorial and Southern Africa. In addition to handling investment projects, it provided management and technical services. It was expected to have an authorised share capital of twenty five million U.S. dollars, of which Rembrandt would contribute one million dollars.

With the African Bank, approaches were made to the Registrar of Financial Institutions and he agreed in principle to the establishment of such a bank subject to certain conditions, which included that the paid up capital should be one million rand and that there was the necessary expertise to run the Bank. NAFCOC was confident that it could fulfil the requirements. In addition to these conditions Government would not allow Barclays to be the largest equity holder in the bank and it was suggested that all South African banks have an equal shareholding.

Consequently, the share capital was divided as follows:
Fifty per cent general public - but restricted to Africans
Twenty per cent Homeland Governments
Thirty per cent White controlled Banks.

The White Banks were Volkskas, Trust Bank, Nedbank, Barclays Bank and Standard Bank and collectively they would provide training and personnel. The onus then rested on Africans to collect R500 000 to invest in the Bank. The Registrar of Financial Institutions allowed NAFCOC to start collecting money for the shares, in the trust account at Barclays Bank in Pretoria, before the prospectus was issued.

1974 and 1975 were years of vigorous fund raising, by NAFCOC, for the bank. Early in 1974, the President again stressed the need to establish the bank and indicated that the subject would dominate all NAFCOC'S deliberations until it was achieved.(236) Initially it had to be a Chamber effort with planned projects aimed at raising the necessary funds.

Consequently meetings were arranged in the Regions country-wide to inform Africans about the project.

At a meeting of prospective shareholders in the bank held at Thabong, Welkom in February 1974, 300 people, from all walks of life and all areas of the country, attended. There were representatives from Barclays, Standard and Trust Banks, Nedbank and Chase Manhattan Bank. Chief V.T. Makapan, Minister of Justice for Bophuthatswana and representatives from the Independent African Ministers of Religion Association, the African Teachers Association of South Africa and the South African Council of Churches also attended. Details about the progress of the bank revealed that R200000 had been collected but this was still not enough to establish the bank. A further R40000 was collected at this meeting. All but one (Bophuthatswana) of the homeland Governments had indicated their support for the bank project. The Memorandum and Articles were modelled along the lines of the New Republican Bank (Indian).(237)

Apart from encouraging individals to contribute, publicity and fund raising activities were directed at Chamber Branch and Regional level where they were asked to buy group shares. The Regions were given a stipulated minimum of R1500 share purchase. However, only a few Regions, such as E. Transvaal, Glen Grey and Hammanskraal bought group shares and others like N .E. Cape and E. Cape were unable to provide enough funds and did not contribute on a Regional level.(238) E. Cape was almost a defunct Region at that time and that would account for the non-contribution. NAFCOC members acquired

R238 044,00 of shares and other associations like the Transvaal United African Teachers Association, Hammarsdale Mophela Burial Club and Transkei and Natal and Zululand Commercial Associations also acquired shares.(239)

African Business magazine, NAFCOC'S official voice was one of the main promotional tools used in the launching of the African Bank, for, amongst other things it printed thousands of posters which were stuck on trees and hoardings in every dorp throughout the country. It carried a month by month report on the results of the fund raising as well as publishing many articles about the proposed bank.

NAFCOC also made a special effort to involve the Homeland areas in the bank project. In the first of many similar meetings in those areas, Sam Motsuenyane went to Lebowa, in May 1974, and explained to Chamber members there the role that the bank could play in the economic development of all African areas. While presenting an overall picture of the economic status of the African, he called the so-called Homeland areas 'Islands of Poverty and economic backwardness, within a prosperous and dynamic industrial economy.'(240) The reasons which he attributed to this 'ghastly and unfair'(241) distribution in the wealth of the country were mainly political, socio-cultural and economic. With the bank, Motsuenyane stressed that Africans would be taking the initiative instead of, as in the past, relying on Government and others to do things for them. The bank would be used as a lever to open many a closed door, i.e.

(a) Negotiating for property ownership for Africans in urban areas;

(b) Initiating an Insurance Company;

(c) Taking over BIC Savings Banks;

(d) Improved housing schemes;

(e) Loans for manufacturing ventures;

(f) Hire purchase contracts;

(g) Supporting Government projects in Homeland areas.(242)

But most important of all the Bank would boost the pride of the African and give him a better image. This would eventually enable him to share more in the enormous wealth of South Africa. It would enable him to draw African funds and savings to the bank and to use them for his own development.

Various Executive members carried a similar message when they met with other Homeland Governments to enlist their support and encourage them to take up the bank equity set aside for them. This proved to be a difficult task. Although some Governments were enthusiastic, others saw it as a threat to their autonomy. Some felt the project would not succeed, others wanted to start their own banks and yet others complained that there would not be a branch of the proposed bank in their areas, at least in the foreseeable future.

In the Ciskei, Mr. J.T. Oliphant met the Chief Minister on 30 July 1974 but he reported that, in the Ciskei, no distinction was made between economics and politics.(243) No assurance of support was given at that time despite the

fact that NAFCOC had announced Ciskei support in February 1974.

A year later NAFCOC was dismayed to hear that Transkei, being on the verge of independence, was busy negotiating with Volkskas for its own bank.(244)

In December 1974, the President met all the Homeland leaders to discuss the bank with them again. Since real assurances, in the form of investment were still not forthcoming, NAFCOC decided that a greater effort would have to be made in the following year to enlist their support. However, NAFCOC decided not to delay the bank in order to accommodate them.(245) In fact by July 1975 not one Homeland Government had actually indicated that they would take up any equity in the bank.(246) This seems to indicate that a planned 'wait and see' policy was adopted by the Homeland Governments. When the bank opened in November 1975 only two Homeland Governments had taken up their allocated equity. KwaZulu was the first and Gazankulu, who as late as May was reticent because of lack of funds, was the second.(247)

All five White banks took up their option.

The spirited and determined drive to raise capital for the Bank represented, in Sam Motsuenyane's estimation, 'the most dramatic and thrilling episode in African commercial history.'(248) Six months before the bank was due to open it was oversubscribed with funds of R700 655, consequently it was decided to accommodate this remarkable African response by extending the share capital to R1 million.(249)

Six months later it was again oversubscribed to the tune of R1 300 000.(250)

The reasons why one could have expected such a good African response, to this project, were clearly outlined by Alan Wentzel in 1974, when, in a speech at the Johannesburg Conference on 'Marketing and the African Giant', he illustrated the African's ability to save.

> Last year Barclays Bank gave evidence before the British House of Commons Wage Enquiry into companies operating in South Africa. They disclosed that they had R88 million in African Savings Accounts. I have also [illegible]nt from the branch of Commercial Bank in Northern suburbs of Johannesburg that the average balance on the Savings Accounts operated by Africans is R800. The total of these savings accounts was R8 million.(251)

Alan Wentzel then outlined the difficulties which Africans encountered with regard to finance for business ventures. In the urban areas the African businessman was restricted from owning fixed property. If the normal European standards for assessing the credit worthiness of the African businessman were employe., his lack of fixed property weighed heavily against him. If the prospective customer could not be taken on face value, then what security could one get?

In 1975 one of the few forms of reasonably long term credit that the African businessman could get was in an instalment credit contract, such as a hire purchase agreement. 'Generally he is an excellent credit risk and besides that he is a disciplined saver.'(252)

Consequently, African businessmen realized that capital

needs and the disability of fixed property ownership were just two of the problems which, they hoped, would be lessened by the establishment of the African bank. And, in accordance with these beliefs they supported this first major Black owned business. The African Bank opened on November 14, 1975, with a share capital of R1 300 000.(253) In 1977 it had branches in Ga-Rankuwa, Soweto and Umtata. By 1980 branches had also been opened in Dube and Mamelodi.

The task, after the opening of the Bank at the end of 1975, was to encourage investment in the Bank. Unfortunately its first year of operation coincided with the Soweto riots of 1976 and this made the work of encouraging investment doubly arduous. However, it is interesting to note that, at that time, some Chamber branches managed to establish rapport between themselves and their Bantu Administration Board authorities. Vaal Triangle branch was instrumental in getting its Board to deposit an initial R50 000 with the African Bank and it was reported that Bantu Administration Board authorities in other areas were considering depositing some of their funds in the Bank.(254)

In May 1978, customers deposits in the African Bank exceeded R5 million and the Bank's assets totalled more than R6,7 million.(255) The African Bank's first profit making year was in April 1979 when R10 000 profits, compared to the previous years loss of R38 000, were announced.(256) The African Bank was a milestone in the history of Black business in South Africa.

It was an African owned business with its Head office in the centre of Johannesburg. Officially this was not allowed since Africans could only run businesses in their stipulated African areas. The Bank was an African controlled financial institution. Africans were not allowed to control financial institutions. The African Bank was a public company. Yet Africans were not allowed to form companies. Many of the Bank's shareholders already owned their own business but officially Africans were only allowed to own one business. Several Whites were employed in managerial positions at the Bank. Not only were Africans not allowed to employ Whites but they were not even allowed to employ managers. An African proprietor was meant to conduct his own business. The stipulation that no African premises could be in excess of 350 square metres was ignored in the Bank's case. African 'Bankers' was not one of the professions allowed by law.

From these points it is obvious that the South African Government allowed the African Bank to side-step or ignore at least eight of the laws pertaining to African business rights which it had promulgated before the 1970s.

To appreciate fully the reaction that this first major Black owned business had on the Black community it is necessary to analyze the source of the money and the types of people supporting the venture - how many share-holders were there? - who were they? - where did they come from? - how much did they spend?

The following results were compiled with the use of a computer.

There were 1 676 shareholders. The five White Banks purchased twenty three per cent of the R1 300 000 shares, i.e. 300 000.

74,3 per cent of the shareholders were males. 17,9 per cent of the shareholders were females. (Appendix 2 Fig. 1)

92,2 per cent of the shareholders were Black individuals. (Appendix 2 Fig. 2)

The largest percentage of shareholders came from Natal - 29,8 per cent (Appendix 2 Fig.3).This is the largest and most active of the NAFCOC Regional Chambers and this would account for its being the largest purchaser of shares. Though the largest number of shareholders came from Lusikisiki - 3,0 per cent, the second largest number came from Madadeni in Natal - 2,9 per cent (Appendix 2 Fig. 4). Lusikisiki is in the Transkei which also has an active Chamber affiliated to NAFCOC.

50,3 per cent of those who purchased shares bought them in the 100-250 range. Only 0,4 per cent of those who purchased shares bought them in the 25 000-60 000 range . (Appendix 2 Fig.5).However, the 50,3 per cent accounted for 843 shareholders, while the 0,4 per cent accounted for only six shareholders.

There was a high significant[257] relationship between the number of shares bought and the sex of the shareholder.

(Appendix 2 Fig.6). 48,9 per cent of males bought in the 100-250 range while 63,0 per cent of females bought in this range. Though more males than females purchased shares there was an overall distribution of buying in the 0-10 000 range. The large percentage of female buying can be attributed to the integration of Africans in the money economy with women traditionally taking a part in business. Africans, both male and female, have been shown to have an interest in banking, and saving in particular. (258)

There was an extremely high significant relationship between the type of shareholder and the amount of shares purchased. (Appendix 2 Fig.7). 51, 6 per cent of the shares purchased by Black individuals were purchased in the 100-250 range, whereas 83,3 per cent of the shares purchased by White companies were purchased in the 25 000-60 000 range and 100 per cent of the shares purchased by Black States were purchased in the 10 000-25 000 range.Though Black individuals hardly feature in these high ranges, 53,4 per cent of Black companies purchased shares in the 1 000-60 000 range. This large investment by Black companies might stem from the years of Government restrictions on enlargement of businesses and that they were therefore able to build up quite substantial reserves. As to why they should buy shares in a Bank rather than other business ventures, one might conclude that until this opportunity to invest in an African Bank, there was very little else for them to invest their money in. The buying of stocks and shares was foreign to most African businessmen, therefore most merely kept their money in banks or building societies.

There was a significant relationship between the area where shareholders live and the number of shares purchased. (Appendix 2 Fig.8). There was no random distribution. This finding can be attributed to the fact that certain postal areas like S.W.A., N.W. Tvl., Highveld and S.E.Tvl. were used in the survey and that these did not correspond to actual or active regions of the Chambers of NAFCOC but are incorporated into other regions.* However, the very wide publicity given to this project of NAFCOC'S over many years might have contributed to isolated investments in these areas e.g. S.W.A. With the exclusion of these areas, the tables do indicate an overall distribution of shares in most ranges and areas, though areas such as Zululand, Transkei, Ciskei and the Orange Free State show little investment over the 2 000 range.

One can conclude that this project was strongly supported by Africans in all areas of the country, with those regions where NAFCOC Chambers are most active providing the largest number of purchasers. The White involvement of 23,2 per cent, which was limited to thirty per cent of the share-holding, though significant in its amount, further serves to demonstrate that Africans were keen and able to acquire the other R1 million capital for their own African Bank.

4.(v)(l) <u>African Business Publications</u>

NAFCOC'S national publishing project, African Business Publications (Pty) Ltd., differed somewhat from its other projects. The agreement with NAFCOC, that Blacks

*W. Tvl. Chamber was established and affiliated as NAFCOC'S sixteenth region in 1978 and S.W.A./Namibia as the seventeenth region in 1979.

would move into senior positions in the publishing company and become full partners in the venture, when the time became opportune, was a long term plan accepted at the initiation of the publication, African Business, in 1972. Therefore it was one of NAFCOC'S first projects and it evolved and flourished side by side with NAFCOC until, in 1979, its members were in a position to put into effect their own long term plan of eventual ownership of the publication. Although NAFCOC members did not take ownership of the company until early 1979, the offer to buy shares in the company was officially accepted in March 1977.

From the time of its formation, in 1955, the African Chamber of Commerce produced a small roneoed paper called the 'African Trader', which it managed with the assistance of Sakies (Pty) Ltd., the then President P.R. Mosaka's company. Through this publication members were informed of the Chamber's activities and it encouraged them to spread the word about the value of the Chamber.

During 1957 this paper developed into a monthly magazine, and it began to be widely read in the African townships. The Chamber was able to communicate regularly and effectively with its members by giving them advice on trading methods, new products and personality news. Sakies continued to handle the magazine and the first instalment of £250, a donation from the Bantu Welfare Trust, paid for the production of the magazine. As there were no other funds available at that time the magazine had to be financed entirely from advertising sales. This raised about £110 per issue, while the cost of production ranged between £150-£160 per

issue.(259)

The publishing of this magazine, which was considered to be essential to the progress of the organisation, constituted the major activity in this period and an editorial committee was appointed, one of whom Michael Liphuko, the only paid employee of the Chamber, was chosen to produce the magazine.

However, the cost of producing and distributing this publication soon caused serious financial difficulties for the Chamber. Not only did the meagre funds available not cover the costs but they were used for the magazine, to the exclusion of everything else. The difficulties were further compounded by demands from certain White companies which the Chamber, inexperienced as it was in the publishing field, felt unable to carry out.

It was reported, at the 30th October 1958 Executive meeting that an official of a major commercial bank had told the Chamber that his bank was keen to advertise in the magazine each month, provided that no other commercial banks advertisements were used in the publication. He pointed out that about £130 was required immediately to produce the next issue and that the other £100 could be covered by advertising. Consequently without any assurance from the Chamber on his request he was reluctant to risk spending any more of the bank's money when there was no guarantee.(260)

At this stage the editorial committee was of the opinion that as it did not have the means to produce the magazine,

it should be temporarily suspended and a cheaper type of publication produced. Of the 3 000 copies printed monthly, some were distributed free to traders and the rest were to be sold. However almost 2 000 were being returned undistributed from the Bantu News Agency. The Chamber felt that the task of distributing the magazine themselves was too difficult because it would entail compiling proper lists of subscribers and stencilling.(261) Nevertheless, they continued publishing and in December the income was £66.10.0, with production costs totalling £414-18-2. They decided to sell the magazine instead of distributing it free to traders and hoped that the sales would get them out of their difficulties.(262)

Between 1958 and 1959 eight issues of the 'African Trader' were published but the magazine was still making a loss. There was some discussion about whether the publishing of the magazine should be handed over to an outside firm but Mr. Lefoka called for more time in the hope that finances would sort themselves out. He feared that they would be unable to control it or use it for propaganda purposes if it went to an outsider.(263)

The difficulties were partially solved when the Chamber started publishing the magazine quarterly, instead of monthly. However, this move severely restricted communication in the Chamber. Not long afterwards the magazine ceased publication altogether.

In September 1963, JACOC decided to revive the publication since they realized that it was essential, for the newly

constituted Chamber, to have a means of communicating with its members, as well as a voice to outsiders.(264) Once again publication was irregular and nothing came of the venture. In 1965, the Chamber's Secretary Bigvai Masekela tried to establish a new publication to be called 'Business Man',(265) but he died before it was started and there was no one else available to continue with the venture. During 1966, the Chamber published several editions of a ronoed paper called 'NACOC News' but it did not flourish.

Then again in 1967 the Chamber revived the 'African Trader' and published some editions, under the editorship of Sam Motsuenyane. This time, the Chamber admitted that without a publication of its own it had, as a last resort, had to rely on communication with its members through the press, the radio and personal contact. However, the weakness of the first two media, seen from the Chamber's point of view, was that they had their own policies which were dictated by such factors as the public they catered for, their principles and, in some cases by political ideologies they supported. Experience had confirmed that, as time went on, the affairs of a businessman's organisation were of little interest to the man in the street. Consequently the Chamber had not gained satisfactory coverage from those media. The third method of communication, that of personal contact, the Chamber had found to be too expensive. Transport,

letters and telephone calls, though tried, were too costly and inadequate.(266)

Anxious to prove that they had the necessary business acumen to run a Chamber publication the leaders tried again with the African Trader. However, the following year it was discontinued through lack of funds. The 1968 balance sheets revealed that the income from the magazine was R251,43 while production costs totalled R1 021,00. The organisation became involved in a financial tangle when it was issued with a summons for R810,00 for the printing of issues of the magazine in 1968.(267)

The final death throes of the publication came in 1971 when one more poorly produced roneod copy, this time with one advertisement, was published in February 1971.

The basic problem with the Chamber's publishing venture was that the Chamber was never able to get enough advertising to cover the production costs of the magazine. Hardly any White companies were willing to support them because they felt that they could reach the African market quite adequately through White publications. Added to this was the Chamber's lack of publishing expertise.

However, NAFCOC never lost sight of the urgent need for a media to communicate on a regular basis with its members and the White business community, and to campaign for change. It was, therefore, a significant stepping-stone, when in 1972, they were able, at last, successfully to launch 'African Business' magazine as the official voice

of NAFCOC.

The decision to launch a new publication was finalised at a meeting between Sam Motsuenyane and his Executive and a White Johannesburg publisher, J.W. Keeble.

The magazine was owned and published by the publishing company, as the official journal of NAFCOC, with the publishing company meeting all costs of production and distribution. However, from the onset an editorial board was appointed which had discretion on editorial policy matters in so far as they affected NAFCOC and its aims and policies with regard to the development of the Black business community. The editorial board consisted of five members of NAFCOC and one representative of the publishing company.

The founder members of the editorial board were: S.M. Motsuenyane, S.P. Kutumela, A.M. Khumalo, D.A. Pooe, P.G. Mutlanyane and J.W. Keeble.

It was also agreed from the onset, between Sam Motsuenyane and the publisher, that editorial policy would always be under the control of NAFCOC.

Through this publication, the Chamber was able to present the key figures of NAFCOC. Initially, the magazine went to about 2000 Black businessmen as well as about 1000 organisations, executives and Government Departments. Many of them became aware of the existence, for the first time, of the Black Chamber of Commerce. But there were

also those who, knowing of its existence, were unaware of the leaders before the publication. It was also sent to foreign trade and consulate missions in South Africa. Therefore NAFCOC was able to supply information about Black business in South Africa to many overseas Governments.

In order to sell the magazine, the intentions and activities of NAFCOC had to be sold - without that, there was no magazine. Therefore, NAFCOC gained a promotional salesarm over and above the actual magazine.

When, in the middle of 1972, John Keeble the publisher of African Business, took the magazine to Cape Town, to advertising agents, in order to follow up promotional letters, the response from advertising people, account executives and media managers, was almost totally negative. With few exceptions, they had not even conceived that there might be a reason to advertise to Black retail outlets. They said, 'Why bother with them, Blacks buy all goods through White wholesalers or retailers.'(268)

When asked whether they saw any change in the foreseeable future, the answer was mainly 'No.' When asked whether they were embarking on any research to include Black outlets in their plans, again the answer was 'No.' To them African business did not exist. They cited the example of a liquor firm, asking, what point was there in advertising liquor when all liquor outlets in urban Black areas were controlled by the Bantu Administration Boards?(269)

The companies themselves gave the same response. There

was resistance to putting money into promotional activities to a section of the community which they did not see as changing in the future. However, there were notable exceptions, otherwise the magazine would never have been published, and these were mainly the South African arm of international companies and Afrikaner owned businesses. These were B.P. Company and Gilbeys Distillers in the Cape, Beechams, Standard Bank, Lion Match Company and S.A. Scale Company in the Transvaal as well as the Afrikaner companies, Boerstra a Pretoria bakery, Volkskas Bank, Levy Kirsh Malt Industries-Kingkorn in Potchefstroom.

It appears that these were the groups with the most pressures upon them to do something for African business in the early 70s, the Afrikaner businesses because they had nowhere else to go and the international companies who were being pressed from overseas.

International companies were under increasing pressure from various anti-apartheid groups and, to some extent, were keen to be seen participating in the upliftment of the Blacks. A Black magazine was a useful means to demonstrate participation with editorials and advertising and, no doubt, this was a contributing factor in their decision to support the magazine. The more progressive thinking, however, realised the massive potential of the Black consumer and the magazine provided a useful tool to further their objectives.

Around the country there were numerous Afrikaner companies

who were making a good return on trade with the African consumer, both in and outside the townships. Added to this there was a noticeable commitment 'towards the future prosperity of South Africa' among certain groups of Afrikaner businessmen.(270) This 'future prosperity' seemed to accept that the Black man was going to be an important factor in this future, and, like it or not, he would have to come to terms with him. The Afrikaner considered that unlike the English speaker with strong overseas connections, he was here to stay and must, therefore, deal positively with the Black in business.

Consequently, it was the South African English speaking businesses that were the hardest to push into facing up to and getting to grips with dealing with rising Black business.

Again, from the early days when the publication provided information, particularly to overseas countries, the United States of America being the most interested and most active. The United Kingdom was very backward in any communications. However, later, the Barclays Bank Chairman gave specific support to speed up the formation of the Black Bank.

Despite the fact that the magazine was very poorly supported with advertising for the first three years, an edition was published regularly each month as the White publishing company was convinced of its long term potential.

The magazine had three very definite aims:

1. To promote Black to Black.
   To show that Blacks could be leaders and successfully lead and organise a body which promoted Black entrepreneurship, and campaigned and fought for the removal of legislation etc. which hindered Black business development.

2. To publicise and support the aims and objectives of the African Chamber of Commerce and its various projects, as well as creating a professional image for the Chamber.

3. To promote the African Chamber of Commerce and Black businessmen, to White businessmen by particularly setting out the problems of Black business to Whites and to Government on a regular basis so that they were aware and could help Black businessmen.

The success of these initial objectives was soon demonstrated by the many activities which were promoted by the magazine.

In 1973 the 'Black Businessman of the Year' competition was launched. Successful Black businessmen were chosen each year from different parts of the country to publicise to other Blacks what could be achieved with initiative and effort. This competition was well supported by White business which sponsored the organisation of the competition, a banquet to announce the winners, as well as prizes of fully paid visits to Europe and America for the winners.

In line with the NAFCOC policy of training, one of the growing activities of the magazine was in the field of education. It led the promotional activities relating to the NAFCOC training course in 1977, by publishing monthly pre-reading material to tie in with the course.

With regard to fund raising activities, it promoted the need for finance, in order to obtain White company donations as well as expertise for training. Over the years the publishing company itself donated considerable sums of money to NAFCOC. The magazine was one of the main promotional tools used in the launching of the African Bank.

The magazine led various editorial campaigns for regular contact between NAFCOC and the Government as well as various Development Corporations and other influential bodies. It also launched a campaign to get African businessmen, who had traditionally been retail traders, to diversify into other forms of business and, in 1978, NAFCOC held its first conference for Black Industrialists.

By its circulation in other countries, especially America, Europe and Britain, the magazine brought the needs of African businessmen home to foreign businessmen. Certain copies of the magazine were used by a Senate committee in America, at the end of 1978, looking into aspects of future trading relations with South Africa.(271)

NAFCOC'S policy, which was against disinvestment but for controlled investment aimed specifically at bettering

the lot of Blacks rather than lining the pockets of the White establishment, was employed in its first major success at the beginning of 1979, to attract investment from overseas. This campaign culminated in the deal between NAFCOC and the Sentry Insurance Company of America which brought in an initial capital of one million dollars to acquire the majority interest in Permanent Life Assurance of which NAFCOC was a partner.

By March 1977 the magazine African Business was financially viable and the publishers, honouring their 1972 agreement with NAFCOC, made it possible for Black businessmen to acquire the controlling interest in the magazine and other publications, relating to the African market, which had been established.(272)

Early in 1979 these publications were transferred to a newly founded company, African Business Publications (Pty.) Ltd. The new company was controlled by a Board of Directors with Blacks in the majority, and one of the Black directors, Mr. Sy Kutumela, joined the company on a full-time training scheme, programmed to lead him to a senior management position.

The goodwill involved and the success of this Black initiative into the field of publishing was highlighted by Mr. S.J.J. Lesolang who commented at a NAFCOC Executive meeting that, the Black people of South Africa should work together with the Whites and that for NAFCOC to take over this publishing company would require the co-operation of both sides.(273)

During 1979 the new company successfully published the monthly magazine 'African Business', a bi-annual publication 'African Buyers Guide', the 'Black Who's Who of Southern Africa Today', the 'Path to Progress' - a Black perspective of economic developments in Southern Africa, the 'NAFCOC Conference Proceedings', a 'Guide to QwaQwa' among other successful publications.

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CHAPTER 5

SOWETO 1976

During 1976 and 1977 South Africa experienced unprecedented countrywide student riots which caused widespread social upheaval for almost every person living in the affected areas. Black businesses and businessmen were affected by the riots in special ways. Apart from the general upheaval, parents of schoolchildren were particularly affected, and those Africans who were parents and businessmen were doubly involved especially when their businesses were destroyed during the skirmishes. African businessmen and business associations found themselves drawn into the events, both as individuals and as groups, when they were called upon by student leaders for their support, despite the fact that many of their businesses had been ruined.

The issue which sparked off the events of 1976 was the students antagonism towards 'Afrikaans' in their education syllabus.

In December 1975, in a conversation with some of the wives of the Executive members of NAFCOC, I was made aware of the 'Afrikaans' issue in the education syllabus for African children. Wives from Soweto and Mamelodi expressed bitterness at the state of affairs which compelled their children to study in Afrikaans.(1)

In 1974 the Minister for Bantu Education, M.C. Botha, and his Department, decided to enforce the 50--50 rule

in the Transvaal. This meant that from Standard Five upwards non-examination subjects like religious knowledge, music and physical education were to be taught in an African language, general science and practical subjects in English, and mathematics and social studies in Afrikaans. This directive actually dated back to 1958, but, until 1974, there had always been a liberal approach towards the policy because the low level of education of most of the African teachers made it impossible to find enough teachers proficient in both official languages. There was also a lack of Afrikaans text-books in African schools to cover the stipulated subjects. Most of all it was realized, by 'those on the spot', that African children, and indeed children anywhere, would experience great difficulty in having to learn subjects in three languages. Consequently, most African schools taught in English, using Afrikaans only to teach that language as a subject.

In response to the 1974 instruction many schools held meetings between School Boards and Parent Teachers Associations, and, at the request of parents, sought exemptions from the ruling.(2) 'Applications for exemption from the 50-50 rule from at least seventeen school boards (covering more than 100 schools on the Reef and in Pretoria) were brushed aside or ignored.'(3)

During late 1975 the Chamber wives stated that they were particularly anxious about the fact that, in their children's schools, general science was being taught in English, while mathematics was taught in Afrikaans. For,

in their opinion, these two subjects were closely allied as well as being vitally important to their children's education. Consequently, to split these subjects into separate languages put their children at a distinct disadvantage in an already disadvantageous African education system. They also complained that African children were being severely discriminated against because the Government's policy only applied to African children.[4] The Government claimed that the 50-50 policy was a requirement of the country's constitution in an entrenched clause which provided that

> English and Afrikaans shall be the official languages of the Republic, and shall be treated on a footing of equality, and possess and enjoy equal freedom, rights and privileges.[5]

However, these Chamber wives stated that most African parents were well aware that this rigid interpretation of the constitution was not applied in White, Coloured or Indian Schools.[6]

On Wednesday 16 June 1976, thousands of Soweto school-children marched in protest against this 'Afrikaans decree' of the Department of Bantu Education, and Soweto burst into a scene of widespread violence, destruction and death. The initially peaceful march come after eighteen months of the schoolchildren's growing impatience with the central issue of Afrikaans in an already poor African education system. The riots and consequent destruction were a spontaneous response to the actions of the police who initially replied with teargas when the students refused to stop the march. Many students, aware of the affects of the teargas, merely ran to the nearest tap and

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washed their eyes with water and returned to taunt the police with stone throwing.(7) Then the shooting started. In just over a week 176 lives were lost.(8) What became known colloquially as the 'Soweto Riots' spread, during the following days, to most African townships on the Reef and Pretoria, and, by August, they were countrywide. During the rest of 1976, and throughout 1977, there were sporadic skirmishes between students and police as well as organised demonstrations and protests. African parents were drawn into the campaign and found themselves, either willingly or by coercion, supporting their children in their demands; demands, which, in the course of eighteen months rioting and death, became broadened into the socio-cultural issue of Blacks living under apartheid. For, although the Afrikaans decree was lifted one month after the riots started, in July 1976, calm was not restored in Soweto until the beginning of 1978. 1 200 young people lost their lives in the riots. More than 400 people were detained and an unknown number of young people fled the country to avoid police questioning or detention.(9)

From the first day of the riots Soweto businessmen found themselves drawn into the events. Students, in order to obtain paraffin and petrol, used to burn down Government owned buildings, went first to the four largest stores in the area where they knew that it was stored and sold. They went to Ntsele's Trading Store where there were large barrels of paraffin as well as several cars which they expected would contain petrol. Mr. Ntsele refused them permission to take the paraffin and petrol pleading that they meant money to him. His pleas were ignored and the

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paraffin barrels were taken and the petrol siphoned from the cars. Later his shop was set alight presumably because he was not a willing partner to the theft. Students also went to Maponya's Store, Tshabalala's Store and Khazamula's Store in the Mofolo and Rockville areas. At those stores the students demands were acceded to and no damage was done to the stores. However all three businessmen suffered the loss of their goods.(10)

Many other stores in the area suffered loss of goods particularly those which sold edible items like meat, sausages, vegetables and fruit. At least fifty stores were destroyed by fire and suffered a total loss of goods and buildings.(11) One African store, unfortunately sited near Orlando Police Station where Black and White policemen were camped during the duration of the skirmishes, was said to have suffered losses of vegetables, fruit, meat and biltong at the hands of the police who 'borrowed' the goods for their convenience. The African proprietor was said to be too timid to refuse their demands.(12)

A similar pattern of events evolved in other areas. In Alexandra township fewer stores were burned since many of the shops there belonged to Indians and Chinese. These people were said to have given the paraffin willingly, presumably to avoid destruction of their shops.(13) From the Southern Transvaal region of NAFCOC, a large

region which included both Mamelodi and Soweto, came reports that many Mamelodi businesses had been restocked after the initial destruction only to be looted or burned down again. However a favourable outcome, as far as NAFCOC was concerned, had occurred in Soweto where members of the two opposing chambers, the Johannesburg Chamber of Commerce (affiliated to NAFCOC) and the Soweto Traders Association (not then affiliated) had started looking towards NAFCOC for support and security in the hope that , as an organised body, it could do something to influence the students to leave the traders in peace.(14)

In November a Soweto Students' Representative Council (hereinafter SSRC) leaflet was distributed which called for a five day stay at home and Soweto stores were instructed to open only in the morning. White shops were to be boycotted. Although many shopkeepers did obey the call to close in the afternoons, the Soweto Traders Association asked the SSRC to reconsider the midday closing. They stated that,

> We are in sympathy with the struggle, which affects every black man in their requirements daily. They are living from hand to mouth and cannot keep things long enough because of lack of electricity.(15)

The Association pointed out to the students that the boycotting of White shops would mean that the workers from town would need to buy their essential goods when they returned from work in the evening. But, as the students had instructed the township shops to close at that time it would be impossible for people to shop at all. Consequently student leaders reversed their decision and

announced that shops could revert to normal trading hours.

However the boycotting of White shops was re-instituted by the students in December when, Soweto residents were urged to 'buy at home' during the Christmas period. This campaign, similar to that which NAFCOC had tried to organise five years earlier, had little chance of being effective in the long-term because, due to the legal restrictions on Black business, all non-essential goods like furniture and clothing could only be purchased from White shops outside the townships. Consequently, whilst the students did achieve a measure of success with the boycott in the short-term it was due almost entirely to intimidation. Residents stopped buying goods from fear of being discovered disobeying the students instructions. Many White shops did report that Christmas sales were below targets some as much as fifty per cent.(16) The Furniture Traders Association stated that'black agitators were the biggest cause of the slide in business.'(17)

First reports from the Chamber's Secretary, Mr. Gobodo, in the Western Province indicated in November that the riots were adversely affecting many Cape businessmen.(18) Six months later he stated that the area had not recovered from the riots because they kept recurring and there was no certainty when they would end.(19) Again, in May 1977, it was revealed that Mr. Gobodo, who was one of the main sufferers during the riots, had been desperately busy during the past months trying to re-establish his business.(20)

Port Elizabeth and the Eastern Province areas also reported many stores destroyed or looted. Again, many in these areas complained of being attacked more than once. Some Chamber members felt that, because of their communications and connections with those in authority, Government officials in particular, or connections with Urban Bantu Councils, their premises had been attacked.

Don Mesi, a supermarket owner from Roodepoort, an Urban Bantu Councillor, and Treasurer of the Southern Transvaal Chamber of Commerce, had his store damaged twice during the unrest. After the initial extensive damage he made swift repairs and soon started operating his business again. The second attack, which involved the burning and looting of his store to the value of R104 000, occurred just before the judges inspection for the Black Businessman of the Year competition run by African Business magazine.(21) However Mr. Mesi's diligence and resourcefulness in getting his store rapidly repaired and restocked earned the judges respect and he was awarded the prize for the year 1977 in the category below R500 000 turnover. Some Executive members of NAFCOC, whose children were actively involved in the riots, were accused of being 'Uncle Toms' by their children, despite the fact that these parents had explained to their children that their membership of NAFCOC was for the benefit of African businessmen.(22)

NAFCOC'S involvement during the countrywide riots was both conciliatory and practical. A month after the riots

started NAFCOC held its annual conference at Pietersburg. There, NAFCOC immediately called for a convention, representing the whole spectrum of society in South Africa, to sort out the grievances. This call was ignored by the Government. At the same time NAFCOC decided that as an organisation they should show their sympathy with the bereaved in the Soweto riots in a tangible way and with this end in view R884 was collected at the conference.(23)

n August, following this spontaneous collection, 'CC instituted a Riot Relief Fund account at the African Bank. Mr. S. Kutumela, Mr Thomas of McCann Erickson, Mr. S.J.J. Lesolang and Mr. A. Wentzel were to administer the fund. An appeal for at least half a million Rand, under the programme 'Operation Restock' was launched. The President called upon non-affected African businessmen to play a role in this most important project. An application form was circulated among the victims of the riots, especially the traders, and it was decided that Western Province, Eastern Cape and Port Elizabeth traders should be included in the consideration for assistance under the fund since they had been badly affected by the riots.(24)

NAFCOC interested itself in determining the actual extent to which Black businessmen were affected by the riots. It was found that the total losses in the main riot-stricken areas of Soweto, Alexandra, Cape Town, Kwazakhele, New Brighton, Mamelodi, Atteridgeville,

Witbank, Middleburg, Penge and Mdantsana amounted to a staggering figure of approximately R1 043 000.(25)

But, a year after the establishment of NAFCOC'S Fund to help businessmen, only R5 362,55 had been donated. Considering the magnitude of the damage, NAFCOC'S project of re-establishing Black traders, who were victims of the riots, was much greater than it was thought at first and it was accepted that outside White help would be required if NAFCOC was going to reach its target and so enable the funds to be of value to the victims.(26)

Unfortunately, NAFCOC was unable to increase the money in the Fund and late in 1977 it was abandoned. There were several reasons for this failure. The first involved the many recurrences of damage to business premises. Therefore, NAFCOC soon realized that if the fund was to be of any value at all payments would have to wait until the skirmishes came to an end. Second, the continuous eruption of sporadic violent protests tended to discourage a sympathetic response from would-be donors, and many White companies who were approached for donations decided to hold back until the rioting subsided. In fact, most companies used this as a reason not to donate at all. NAFCOC made one last effort to obtain money for this Fund from the Urban Foundation.

On 7th November 1976, a conference on the 'Quality of Life' was held in Johannesburg which was attended by both White and Black businessmen. This conference discussed how urban Blacks could be assisted with housing, employment

and education amenities in the prevailing situation in South Africa. Though Executive members of NAFCOC attended the conference they noticed that very few of their NAFCOC stalwarts in White businesses had been invited.(27) This was the beginning of an uneasy relationship which developed between NAFCOC and the Urban Foundation*, which was established as a direct result of that conference.

In August 1977, the Urban Foundation indicated to NAFCOC that it would be prepared to give R100 000 on loan at five per cent interest for Operation Restock. However, it attached a condition to the loan. This was that, members of the Foundation were to serve on the committee to ensure the success of the operation and make sure that the money was used solely for Restock. NAFCOC retaliated by putting forward its condition that NAFCOC members should receive first preference. They also requested promises of more money since R100 000 would be totally inadequate.(28) There were claims of R260 000 from the Cape region alone.(29)

During the course of these negotiations the Urban Foundation evolved a Code of Conduct for White companies which they were urged to adopt in order to help bring about a better employer/ employee relationship in their businesses. At the same time, the Foundation asked NAFCOC to adopt and support this Code. However, this revealed the real antagonism between NAFCOC and the Urban Foundation. Although NAFCOC recommended that the Code be adopted it pronounced that

*See The Urban Foundation Chapter 7 (i)

the Urban Foundation could never provide the real panacea to the afflictions of the Black people in South Africa, adding that the organisation should be seen as merely doing the work of healing the wounds but not eliminating the cause of the suffering.(30) NAFCOC was echoing the sentiments of many urban Black leaders towards the Foundation's work who felt that rather than attempting to change restrictive laws the Foundation was merely trying to find ways to alleviate them, often in ways which were either unacceptable to Blacks or without prior consultation. The Foundation expressed its unhappiness at the way NAFCOC viewed it but NAFCOC was adamant replying that, although they appreciated any support, they could not 'just go along with everything the Foundation stood for'(31) since they recognised its limitations also. Eventually the Foundation turned down the request for money for the Operation Restock Fund despite further NAFCOC appeals for it to reconsider its position.(32) On 9th February 1978 Operation Restock was summarily suspended.

With this opportunity to help with restocking lost to them, some businessmen found that they were having no luck with rebuilding either. In May 1977 Cape traders reported that, since no indication had come from the Administration Board about rebuilding their shops, they had approached Board officials stating that they were prepared to raise a loan to rebuild their own shops. In response, the officials presented them with deflated assessments, totalling R124 520 of damages, without even consulting them first. Annoyed

at the lack of communication the traders rejected the assessments.(33) Five months later claims from Langa and Guguletu alone reached R260 000.(34) It was reported from Mamelodi that buildings were not in fact being replaced or rebuilt. Some replacement requests seemed to be rather exorbitant and some buildings that had been rebuilt by their owners had merely been destroyed again.

Apart from NAFCOC'S unsuccessful attempt at practical financial help during this period its leaders expressed the desire that, 'Black business should have the proper image in the eyes of the people, otherwise it will be destroyed.'(35)

Consequently Executive members attended meetings called by the Black Unity Front Movement, Soweto leaders and teachers and educational organisations, in order to gauge the extent to which they could contribute, albeit preferably only on an economic level.

In November 1976, Mr.SJJ.Lesolang was delegated to attend a Black leaders meeting in Soweto on Black unity. The purpose of the meeting, which took place at Dr. Nyembezi's residence, was to organise a One-day National Convention of all recognised Black Organisations in South Africa. The Convention was to take place on the 16th December at the Holiday Inn, Johannesburg. The areas of discussion would embrace Commerce, Politics, Education, Foreign Investments, Youth etc. NAFCOC'S President, Sam Motsuenyane was requested to discuss foreign investment in the period

1960-76. NAFCOC agreed to be involved in this Convention since it closely accorded with its own earlier call for a convention. However the continuation of the riots during the following weeks effectively eliminated the chance for these Black Organisations to come together to discuss the chosen topics.(36)*

NAFCOC'S President took on the job of attending the Black Unity Front Movement's meetings at the end of 1976 and the beginning of 1977. But in March he informed his Executive that correspondence from the officials of that Organisation had ceased since the last meeting. This cessation was attributed to the fact that a new political organisation had been formed by the group, comprising Homeland and urban Black leaders, after the collapse of important talks with the Prime Minister, Mr. B.J. Vorster. No details were forthcoming. After a review of what the relation between the Movement and NAFCOC should be the NAFCOC Executive decided that, though they were in sympathy with the cause of African liberation, their contribution should be confined to matters related to economic development. However it was felt that individuals from their Organisation should contribute if they desired to do so. The obvious turn, towards a purely political body, by the Movement changed NAFCOC'S stance somewhat and it was decided that the President and interested members should attend the future Front meetings merely to assess the nature of the deliberations

*By mid-December 1976 more than 400 people, including many leaders of Black Organisations, were in detention. The month of December was regarded in Soweto as the month of mourning for those killed in the riots and all meetings and functions were postponed.

so that they would gain a better idea about how NAFCOC'S particular strength could be employed in any contribution which they might decide to make towards supporting the Front.(37)

The Western Province Chamber, however, acted as a group and actively took part in meetings with other interested organisations, which were assisting the students, to try to help defuse the explosive situation in their area.(38)

Although NAFCOC was initially determined during this time to confine its activities and support to matters relating to economic and commercial aspects it was aware of the paramount importance that its leadership role, as NAFCOC, could play in these difficult days. Homeland leaders also indicated to them that they expected them to play a vital role.(39) With Black education in a state of turmoil NAFCOC agreed that it was evident from the reaction of Black teachers and children throughout the Republic that Bantu Education was no longer wanted. Therefore NAFCOC decided that it should show concern at the plight of their African children by asking Black parents to come forward and help the children in their search for a new and satisfactory educational system. After lengthy discussions among its Executive members, during October 1977, NAFCOC resolved to contact community and professional organisations like the African Teachers Association of South Africa (ATASA), the Transvaal United African Teachers Association (TUATA), Independent African Ministers of Religion 'Trade Union' (IDAMASA) etc. with the intention of trying to create a broadly based Parents

Committee which could initiate discussions with the Government on the possibilities of finding an acceptable educational system for all South Africans.(40)

In fact, NAFCOC had already been working behind the scenes on the topic of African education because two months earlier, in August 1977, its delegates had broached the subject with the Deputy Minister of Bantu Administration and Development, Mr. W.A. Cruywagen, at a meeting held in Pretoria to discuss the creation of a sound business climate in South Africa. However, since Bantu Education fell outside this Minister's jurisdiction, very little was forthcoming except that the Minister indicated his awareness that some reforms were being contemplated in the existing system of Education.(41)

Later, in its submission to the Commission of Inquiry into Labour Legislation, in March 1978, NAFCOC included a recommendation that

> In order to equip Blacks for the leadership role that they must eventually play in the South African economy, it is desirable that [illegible] should be voted for Black ed[illegible] technical [illegible]ing and apprenticeship be of the appropriate type.(42) offered to them. Much more money should be voted for Black education of the appropriate type.(42)

In another Memorandum, this time to the Chairman of the Bantu Affairs Commission, NAFCOC stressed that more schools for urban Blacks should be built, as well as institutions for higher learning. It added that Soweto certainly needed a university.(43)

A further interview with the Minister Mr. W.A. Cruywagen, in the following year, avoided the specific subject of African education but expressed the opinion that the Government, in order 'to eliminate as soon as possible all the known grievances and cause of the present unrest in the Black townships '(44) should consult and co-operate with recognised Black urban leaders. NAFCOC stressed that a plan should be formulated, in consultation with those recognised Black leaders, which would accommodate far-reaching policy reforms giving realistic and acceptable economic and political advancement to the Black people in the urban areas.

Sam Motsuenyane's Presidential policy statement for 1977 clearly demonstrated NAFCOC'S views at that time when he said,

> Whilst I fully agree with and support those who today advocate more and better housing, improved educational amenities and unrestricted business opportunities for blacks, I also clearly understand that for as long as the black people are denied basic and fundamental civil rights so will the conflict between black and white continue.(45)

However, despite the fact that NAFCOC had displayed its leadership role during this period, by trying to sympathise with the students' plight and by intervening with the Government, basically its main leadership role rested within the Black business area. Motsuenyane indicated that the riots, which continued unabated for the greater part of 1977, apart from depicting the dangerous state of racial polarization had created conditions that were completely unsafe and inimicable to stable business

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development in South Africa.(46) While Motsuenyane was quite correct in what he said, in the long-term the effects of the riots were a lifting of many of the restrictions hampering Black businessmen and a general White response which led to an upliftment of Black business.

Since 1964, NAFCOC'S first priority had been consultation with the Government on the needs and problems of Black businessmen. However, for nearly seven years the Government virtually ignored NAFCOC'S pleas and later consultations with the Department of Bantu Administration and Development resulted in only minor concessions from the Government. NAFCOC'S first steps towards involving the private sector more directly in the development of Black business were taken at the beginning of 1974 when it called a meeting of members of organised commerce and industry. After this meeting a survey into the needs and problems of Black businessmen was carried out by Potchefstroom University's Small Business Bureau and the Unisa Bureau of Market Research.(47) After twelve years intransigence the Government decided in May 1976 to accept some of the Potchefstroom reports's suggestions. Therefore, although there were dilatory and inadequate moves by the Government in May 1976, it took the riots to galvanise it into systematic action.

NOTES

(1) Conversations with wives of NAFCOC Executive members, Johannesburg, 15 Dec., 1975.

(2) Ibid.

(3) J. Kane-Berman, Soweto, p. 14.

(4) Conversation, wives of NAFCOC Executives, 15 Dec., 1975.

(5) Quoted in J. Kane-Berman, Soweto, p. 13.

(6) Conversation, wives of NAFCOC Executives, 15 Dec., 1975.

(7) Interview, S. Mazibuko, sixteen year old Alexandra student at the time of the 1976 riots, Johannesburg, Aug., 1980.

(8) J. Kane-Berman, Soweto, p. 1.

(9) Ibid., p. 7.

(10) Interview, S. Mazibuko, Aug., 1980.

(11) J. Kane-Berman, Soweto, p. 20.

(12) Interview, S. Mazibuko, Aug., 1980.

(13) Ibid.

(14) NAFCOC papers, Executive meeting minutes, 7 Nov., 1976.

(15) J. Kane-Berman, Soweto, p. 120.

(16) Ibid., p. 122.

(17) Ibid., p. 123.

(18) NAFCOC papers, Executive meeting minutes, 7 Nov., 1976.

(19) NAFCOC papers, Executive meeting minutes, 15 March, 1977.

(20) NAFCOC papers, Executive meeting minutes, 28 May, 1977.

(21) 'Four finalists chosen', African Business, Dec., 1977, pp. 6 -7.

(22) Interviews, S. Kutumela, NAFCOC Treasurer, Johannesburg, 1978-80.

(23) NAFCOC papers, Executive meeting minutes, 7 July, 1976.

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

(25) 'Black businessmen suffer most during riots', African Business, June, 1977, p. 11.

(26) NAFCOC papers, Executive meeting minutes, 28 May, 1977.

(27) NAFCOC papers, Executive meeting minutes, 7 Nov., 1976.

(28) NAFCOC papers, Executive meeting minutes, 4 Aug., 1977.

(29) NAFCOC papers, Executive meeting minutes, 6 Oct., 1977.

(30) Ibid.

(31) Ibid.

(32) Ibid.

(33) NAFCOC papers, Executive meeting minutes, 28 May, 1977.

(34) NAFCOC papers, Executive meeting minutes, 6 Oct., 1977.

(35) NAFCOC papers, Executive meeting minutes, 7 Nov., 1976.

(36) Ibid.

(37) NAFCOC papers, Executive meeting minutes, 15 March, 1977.

(38) NAFCOC papers, Executive meeting minutes, 28 May, 1977.

(39) NAFCOC papers, Executive meeting minutes, 25 Oct., 1977.

(40) Ibid.

(41) NAFCOC papers, Memorandum to the Minister of Bantu Administration and Development, 17 Aug., 1977.

(42) NAFCOC papers, Memorandum to the Commission of Inquiry into Labour Legislation, part vii, 21 March, 1978.

(43) NAFCOC papers, Memorandum to the Chairman, Bantu Affairs Commission, 1978.

(44) NAFCOC papers, Memorandum to the Deputy Minister of Bantu Administration and Development, Mr. W.A. Cruywagen, March, 1978.

(45) 'Presidential Policy Statement 1977', African Business, June, 1977, p. 11.

(46) Ibid., p. 10.

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

CHAPTER 6

SOWETO 1976 - NEGOTIATIONS WITH THE GOVERNMENT

This chapter deals with the effects of the 1976 riots in so far as they produced a partial relaxation of Government policy towards Black business and a greater measure of communication and co-operation between NAFCOC and the Government. In fact, the Government showed more willingness to compromise in this field than any other.(1)

As already indicated, prior to the riots, there had been some minor changes in legislation affecting Black business. These were introduced on the 7th May 1976 in Government Notice R764 Gazette Number 5108 which amended Chapters one and three of Government Notice R1036 of 14th June 1968. The concessions were:

Black businessmen could form companies and partnerships in the urban areas. The companies and partnerships envisaged were only for African partners or shareholders, being at least twenty one years of age, born in the area or having lived continuously for fifteen years in the same area, and not employed outside such area. White involvement was excluded.

Conditions relating to the allotment of trading sites were also changed. The old conditions were:

(i) An African over twenty one years of age

(ii) To qualify to reside in a particular area

(iii) The business could only provide for the daily essential domestic requirements of African residents

(iv) Excluded companies and partnerships

(v) Restricted to one business per person

(vi) Excluded interests in any homeland simultaneously.

The new conditions stated:

(i) The trader must be in possession of a citizenship certificate

(ii) All partners and all shareholders of partnerships or companies must be in possession of citizenship certificates

(iii) The types of business were listed in a schedule comprising twenty four specific types and two professions

(iv) Restricted to one business per person

(v) Excluded interests in any homeland simultaneously.

Although the schedule allowed more types of businesses, the question of citizenship was introduced so that no trader, partner or shareholder would be able to renew his licence at the end of the year without taking out a homeland citizenship certificate. Thus, in order to be eligible to obtain a trader's licence in the first place, the applicant would have to have been born in the prescribed area concerned or have lived there 'lawfully' and continuously for at least fifteen years, and thereafter continued to reside there. But, having fulfilled these qualifications for urban residence, he would at once have to take out citizenship documents from somewhere else in order to obtain business premises.(2)

Types of businesses allowed were:

Chemist/Druggist

General Dealer

Funeral Undertaker

Eating house

Cycle dealer

Dealer in household, patent or proprietary medicine

Dealer in mineral water

Kennel or pet boarding establishment or salon

Livery stable or riding school keeper

Cafe

Physical culture, health or beauty centre

Milk shop

Filling station

Passenger transport undertaking

Restaurant

Cobbler

Butcher

Hawker

Street Photographer

Fishmonger or fish frier

Fruit, plant and vegetable dealer

Launderer or dry cleaner

Laundry or dry cleaning depot

Barber or hairdresser

Medical practitioner

Attorney

A major change related to the word 'trader.' In the old regulation, a trader meant any African carrying on any lawful trade, business or profession in the African residential area with the approval of the Council. A

trader in the new regulation, meant any African who resided lawfully in the African residential area, who was at least twenty one years of age and was born in the specific prescribed area, or had lawfully resided continuously in such area for a period of not less than fifteen years and was not employed outside such area. Therefore, any trader who had not been living in a certain area for at least fifteen years was excluded. He could not renew his licence at the end of the year. An anomaly was created because a man could have a business in Soweto and work in Johannesburg, but could not work either on the Reef or in Pretoria.

The new regulations did represent an improvement in that a trader could purchase buildings erected by the Board, or erect his own building on a site allocated by the Board. However, the improvements provided by the new regulations were offset by restrictions in other ways. These involved citizenship, length of residence in one area and place of employment. They did not lift the restrictions on 'one man one business' and White involvment. Consequently they did not provide for equal opportunities for Black businessmen.

6.(i) New Deal legislation 1977/79 - meetings with the Government

Although the facts reveal that the most far-reaching concessions, bringing about an improvement in the position of urban Black businessmen, were made by the Government after the riots of 1976, and consequently must be viewed

as a direct result of the 1976 riots, the riots should not be viewed as the only force which compelled the Government to review its policy towards African business. For, by 1977, when the first real concessions became effective, NAFCOC was in a position, as an organisation, to influence Government economic planning and policy in a significant manner. But NAFCOC'S position resulted partly from the assistance it had been getting from White business, therefore this group was important too.

The establishment and organisation of this strong association of Black businessmen had been built up since 1969. It was a truly national group with strong leadership and, by the establishment of the African Bank in 1975, it had earned the respect of both Black and White business communities in South Africa. Consequently, by 1977, when it was most needed, it was already in a position to bring pressure to bear on the Government regarding its restrictive African business legislation. When the Government, in response to the demands made during 1976 and 1977, particularly from NAFCOC, admitted that something had to be done to alleviate the situation it chose to communicate and work with NAFCOC as the existing, strong representative body for African businessmen in the country.

After 1976 it became common practice for the NAFCOC Executive to confer with the Deputy Minister of Plural Relations and Development (former Bantu Administration and Development), at least once a year, on the wide-ranging policy matters affecting Black businessmen. At these

meetings with the Deputy Minister, Mr. W.A. Cruywagen, NAFCOC indicated each time their wish and preference to have the Minister himself attend and take part in the negotiations.(3) However, the Government did not accede to this request until August 1978, when Dr. C. Mulder first attended a meeting with NAFCOC.

Although the Minister did not attend earlier meetings, the Government started to make changes as early as August 1976 when it acted on the citizenship requirement that it had introduced only three months earlier. This directive had produced an immediate angry reaction from African businessmen and NAFCOC acted quickly. On the 25th August 1976, the Rand Daily Mail reported that the Government had acted on NAFCOC'S suggestions and had dropped the pre-requisite that African traders, businessmen and professional people in the urban areas must be in possession of a Homeland citizenship certificate when renewing their licences in 1977.(4)*

Another point which needs to be stressed here is that NAFCOC was no longer alone in its pleas to the Government to change its policy affecting Black businessmen. During the years of its acquisition of strength NAFCOC had maintained regular contact and communication with many private sector organisations and other groups in the hope that effective dialogue would in the long-term, introduce some changes and new thinking into the African commercial sector. Consequently, in November 1976 the Indian Members of the Prime Ministers Joint Cabinet Council pledged

*Government Notice R2292, Government Gazette 5795, 4 Nov. 1977.

their support for unrestricted trading rights for Blacks.(5)

A call for change in Government policy which restricted Black industrial development in urban areas was made by Dr. H.J.J. Reynders, Executive Director of the Federated Chamber of Industries, when he spoke at the NAFCOC annual conference in Cape Town in June 1977. He pointed out that the large Black purchasing power which existed in these areas was exploited mainly by White industrialists and the prospects for Blacks to participate were not good nor would they improve unless Government changed its present policies.(6)

At that same conference history was made by the presence of a member of the Afrikaanse Handelsinstituut, considered by some to be the most conservative group within the White business community. Mr. Anker Burger, was the first Handelsinstituut President to make an official appearance at a NAFCOC conference. His attendance was viewed as a major breakthrough in Black/White business relations. Mr. Burger stressed the importance of an organisation such as NAFCOC and offered the assistance of his institute in developing the Black businessman.

Also present was ASSOCOM the other White commercial group, predominantly English speaking, who pledged their support for full participation of all race groups in a free enterprise business environment.

It was in response to these various pressures that the

Government introduced its new deal of the 4th November 1977 in Government Notice R2292 Government Gazette Number 5795.

The new regulations increased the number of categories of trades and professions which Blacks were allowed to pursue in urban areas, from twenty six to sixty six. Among the additions were: dentist, homeopath, chiropractor, optometrist, optician, bookseller, caterer, fumigator, pawnbroker, auctioneer, auditor, accountant and commercial traveller; various sorts of dealers in scrap bottles, bones, used goods, hardware, building equipment, furniture, electrical equipment and radios though not repairers. Tinsmiths, tinkers, tailors, dressmakers, outfitters, fencing contractors, debt collectors, millers and watchmakers were also eligible to set up businesses.

The other main aspects of the new deal were:

1. Homeland citizenship certificates were not required for a trading licence.
2. Any African could obtain a licence to trade provided he qualified in terms of Section 10(1)(a)or(b) of the Bantu Urban Areas Consolidation Act - i.e. he must, since birth have resided continuously in such area or he must have worked continuously in such area for one employer for a period of not less than ten years or had lawfully resided continuously in such area for a period of not less than fifteen years, and had continued to reside in such area and was not employed outside such area and had not during either period been sentenced to a fine exceeding R100 or to

imprisonment for a period exceeding six months.

3. Business sites were increased to 350 square metres (from 150). Permission for larger sites could be obtained from the Minister of Bantu Administration.
4. A Black trader could have more than one business provided that they were situated on the same site.
5. A Black trader could have a business in the Homeland as well as in the urban area.
6. A Black trader could only employ Black staff but he no longer required the written permission of the Township Superintendent to employ someone.
7. In the past a Black trader risked losing his licence if he was absent from his business for more than three months. This stipulation fell away.
8. Previously an African trader was required to keep books that had to be open for inspection by the Bantu Affairs Administration Board. Now he merely had to keep books.
9. The medical examination requirement for the Black trader and his employees was no longer necessary.
10. Insolvency no longer automatically led to the cancellation of a trading licence.

These regulations were further amended in December 1977. In terms of Government Notice R2488 in Government Gazette Number 5820 of the 2nd December, Black traders in urban areas were presumably allowed to carry on all trades and professions since this Notice did away with the Schedule in the November regulations. The arbitrary powers exercised by the Bantu Administration Boards over

Black traders were eliminated with the regulation that Black traders would have to apply to the Local Licensing Boards for their trading licences instead. The Licensing Boards, situated in the cities and major towns of the Republic, were decentralised, provincial departmental offices of the Department of Inland Revenue. Therefore both Black and White applicants for trading licences now had to comply with the provincial licensing requirements.* Blacks were also allowed to carry on the same professions as Whites in urban areas, but would have to conform to the requirements of the various professional bodies.

Despite these relaxations, where the Government had gone some distance towards alleviating legislation on urban Black businessmen, many restrictions remained and NAFCOC continued to complain that the Government had not gone far enough. Although Sam Motsuenyane commented that 'the scope for Black commerce has widened considerably'(7) and that he expected more concessions, there were still problem areas which needed to be given serious attention by the Government. NAFCOC drew the Government's attention to these problems when it met the Minister of Plural Relations and Development, Dr. C. Mulder in August 1978.(8) They included among others:

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* In fact most City Councils decentralised their Licensing Boards to comply with this regulation and used the offices of the Administration Boards in African townships to administer licence applications. Therefore the change was merely one of authority.

1. Ownership of property by Blacks

NAFCOC declared that this was an essential element in the development of capitalism which was denied the Black people of South Africa. Their argument was that it would be impossible for Blacks to develop a love for capitalism if they were not allowed to become capitalists themselves and share equally in the wealth of their country. Motsuenyane had often expressed that 'he was a capitalist without capital.' NAFCOC complained that the argument that Blacks could own property in the Homelands was morally and economically unsound since much of the land was held communally and was to a great extent overcrowded.(9)

Lack of property ownership rights inhibited the acquisition of capital for business and home improvement. Therefore NAFCOC stated that freehold ownership of property should be granted, since, with the new relaxation of Government policy towards African businessmen it would appear that the Government had at last recognised the permanence of urban Blacks in these areas.

During 1978 the Government introduced a ninety nine year leasehold tenure for property in Black urban areas.* Although NAFCOC viewed this as an improvement, it considered it a poor substitute for freehold rights. NAFCOC claimed that seventy nine per cent of urban Black traders had security problems.(10)

*Bantu (Urban Areas) Amendment Act, No 97 of 1978. Government Gazette 6248, 15 Dec. 1978.

2. The establishment of Black industries in the Urban Areas

The Government had not included manufacturing or industrial enterprises in its 'new deal' for African businessmen and NAFCOC found this negative policy hard to comprehend. They pointed out to the Government that a great number of unauthorised Black industrialists practised their trades in their backyards under very unhealthy and uncongenial conditions. And, since the White population was rapidly reaching a stage when they would no longer be able to meet the labour needs of the Black population it was imperative for Blacks to begin to enter the sphere of entrepreneurship where they could become employers of labour rather than employees. Consequently, NAFCOC recommended that it was only logical and reasonable for the Government to recognise the desirability of having a Black industrial sector in the urban areas. Appropriate legislation to this end should be promulgated providing for the opening of existing industrial areas to Black industrialists or, alternatively, demarcating new industrial areas for their use.

On February 8th 1979, Dr.PGJ.Koornhof, Minister of Plural Relations and Development, announced a further lifting of restrictions on urban Black business which included the provision that service industries such as panel beating, welding and building would be freely allowed in Black areas.* However this relaxation did not encompass the recommendations for industrial development by urban

*Hansard 79, Cols. 303-5, Assembly 8 Feb. 1979.

Blacks, which NAFCOC had put to the Government, and they continued to press for the appropriate legislation.

3. Capitalisation of urban Black business

This was a serious problem area since very little had been done up to 1978. NAFCOC had repeatedly drawn the attention of the Deputy Minister to the difficulties of obtaining long-term low cost capital to finance Black business development in the urban areas. Though the Minister had given some assurance that the matter was being considered, NAFCOC stressed that the matter should be considered urgent in the light of the trading concessions granted at the end of 1977.

To this end NAFCOC informed the Government that it was busy with an investigation into the viability of a private Urban Development Corporation to serve Blacks in the urban areas. Looking to the future NAFCOC was particularly aware of the necessity of such a Corporation for Blacks when they started entering the manufacturing and industrial fields in greater numbers. In 1978 NAFCOC stated that about ninety four per cent of urban Black traders were undercapitalised.(11)

Apart from these very obvious problem areas, which affected general African business development, it is worth stating what other legal restrictions had not been removed which urban Black traders considered to be detrimental to their businesses. These were set out in a Memorandum in 1978 which NAFCOC was requested to submit to the Bantu Affairs Commission for consideration in its

plan to formulate an acceptable trading policy for urban Blacks. The remaining legal restrictions which they requested to be removed entirely were:

1. Size of trading sites

Ordinary trading sites should not be limited to 350 square metres especially in view of the fact that the company oriented business, now allowed, would tend to be larger than was the case before. The determining factor should be available capital.

Regulation 1 (c) of Chapter 3 should be amended.

2. Trading Hours

Different trading hours should be prescribed for Black traders as they did most of their business after normal working hours. Normal trading hours in the townships should be 6.a.m. to 9. p.m.

Regulation 6 should be amended.

3. Sharing of Profit

The limitation imposed by Regulation 14 on the sharing of profits was unfair and restricted the discretionary powers of the trader, company or partnership.

This regulation prohibited anyone from sharing in the profits of a Black business except with the approval of the Administration Boards.

4. Termination of Right of Occupation

The provisions contained in Regulation 24 (1) subsections a,b,c,d,f,g,i,l,m should be revised since they were quite unreasonable and over demanding on Black traders.

This regulation included the provisions that the right of occupation of a trading site could be cancelled if a trader was convicted of a criminal offence or if he was

in arrears with his rent for more than thirty days.

5. Conditions of Allotment of Trading Sites

A trader should not be limited to one site in terms of Regulation 4 (2).

The prohibition on the employment of non-Blacks in Black business in terms of Regulation 4 (3) inhibited the lawful use of non-Black expertise in Black areas. When Blacks initiated large company oriented businesses in their areas the employment of non-Blacks might become necessary. Regulation 4 (3) should be removed.

During 1978 NAFCOC was requested to place a Memorandum before the Cabinet Committee reviewing the position of Blacks in the urban areas. Other restrictions which they requested the Government to remove came to light in that document.(12) They included in addition to the above requests:

(a) Blacks should be allowed to trade in the Central Business Districts of large cities because fifty per cent of the Black buying power was dissipated in those areas.

(b) Business opportunities should not be extended only to Blacks born in the urban areas or those who had worked there continuously for fifteen years in terms of Section 10 (1) a and b of the Urban Areas Act 21 of 1923 as amended in 1945. With the restrictions removed on companies, partnerships or joint ventures, other entrepreneurs might come from outside the urban areas and they should be permitted to trade in the urban areas.

The Minister of Plural Relations and Development, Dr.PGJ. Koornhof replied to this point of NAFCOC'S at a meeting with them on 27th March 1979. He stated that according to his interpretation of the provisions of Section 10 (1a and b) they did not prohibit the formation of companies by people from different prescribed areas. Black companies in the urban areas were also allowed to operate anywhere and expertise could be obtained from outside the area of operation without being inhibited by the provisions of the Act. Consequently he promised to ensure that this information was passed on to all Administration Boards.(13)

(c) Unnecessary red tape in the procedure for acquiring a new business by Blacks still remained. Usually it took a Black man nearly two years or even more to establish himself in business because of the many complicated procedures that needed to be followed. The whole exercise was viewed as discriminatory because this did not apply to other race groups.

Finally,NAFCOC pointed out that with the new avenues now opened up for African businessmen many were beginning to talk about the possibility of economic partnership between Black and White in South Africa. However, true economic partnership could not be achieved in the absence of political partnership; and plainly this was where the policy of separate development encountered its greatest conflict. For free enterprise to evolve the Government would have to produce a realistic urban policy that would

recognise the permanence of urban Blacks and make provision for their full participation in the social, political and economic life of the city.

NAFCOC reiterated these points the following year in 1979, when, taking a similar political stance, it spelled out to the Government its policy on Black/White partnerships together with its reasons for being forced to adopt a particularly strong attitude on the matter.(14)

Although it was not opposed to White capital in Black urban areas and Black/White business partnerships, NAFCOC stressed that a certain measure of control was necessary to prevent unfair competition between small Black traders, who were still legally restricted, and large White owned business enterprises. Therefore, Black business needed to be protected until such time as it was able to compete with White business.

In order to create an ideal climate for business partnership and in order to overcome the legacy of mistrust which tended to affect all race relationships in the country, NAFCOC recommended certain steps to the Government. These were :

(i) All discriminatory regulations and policies affecting Blacks in the economy of the country be repealed as soon as possible.

(ii) Black businessmen trading in the Black areas be, for the time being, protected against unfair competition from the more affluent and privileged White businessmen.

(iii) As much as possible, business partnerships be free of Government participation.

(iv) Partnership be not imposed upon Blacks against their will, but rather that it be left to emerge naturally from within the community.

(v) The primary objective in any partnership venture in the Black areas be to ensure that Blacks derive maximum benefit and be fully protected from diverse forms of exploitation.

(vi) For Black/White partnership to be fair it should be extended to both the Black and the White markets.

(vii) Black access to capital and know-how should not primarily depend on the formation of Black/White partnerships. Suitable conditions should be created whereby Blacks could obtain these without hardships.

Whether NAFCOC'S new political stance would be effective remained to be seen. The Government's response to NAFCOC'S demands differed little from its response in the Government White Paper on the Riekert Commission of 1979 where it dealt with Black business in urban areas.*

There is no doubt that the effects of the 1976 riots produced a greater measure of recognition of NAFCOC, as a leading business organisation, by the Government.

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*See this Chapter, Section 6. (iii)

Much of the communication proved fruitful but, since 1976, NAFCOC has continued to press for total removal of all discriminatory measures affecting not only businessmen but Africans in general.

6.(ii) Community Councils

One area in particular where the Government was prepared to co-operate with NAFCOC was in the field of local urban administration. On 26th September 1976, the Government sent a directive to all local Bantu Administration Offices urging the Boards members to work in close consultation with NAFCOC branches on business matters.(15) But the consultative role was felt, by NAFCOC, to be totally inadequate in the Black townships. Consequently in its Memorandum to the Cabinet Commisison on the Position of Blacks in urban areas it echoed the sentiments of most urban Blacks when it called on the Government to extend to Blacks the right to participate in and determine an appropriate system of local administration in the urban areas. Until 1977 the role of the urban Black in local administration was merely an advisory one. The actual authority to govern and administer the affairs of urban Blacks rested with the Bantu Administration Boards which were comprised exclusively of White members. Black urban communities viewed the Black Advisory Boards and Urban Bantu Councils as things of the past since those institutions had lost all credibility in their eyes. With the Community Councils Act of 11th July 1977 (No. 125 of 1977) the Government introduced a new form of administration for

Black urban areas in the shape of Community Councils.

The Government gave its reasons for the introduction of Community Councils as follows:(16)

(a) The new bodies would be acceptable to the Black people since the former urban councils and advisory committees had fallen into disrepute in certain areas and Black people had, during numerous discussions, indicated their need for councils with greater powers. Consequently the establishment of an entirely new body, with a new image and increased authority rather than an overhauling of the old institutions, was decided on.

(b) A Community Council was to be a 'legal person' and not, as in the case of the old bodies, an appendix of another body such as an administration board or the department. A Community Council can in legal terms, sue or be sued in its own name - an essential element of autonomy.

(c) A Community council would have more extensive powers than the old bodies and could acquire full municipal status.

(d) Under the former system an administration board could increase or decrease the membership of the old bodies whereas the composition of a city council would be determined by the Minister, and its members are elected by the democratic process.

(e) Under the former system an administration board retained its concurrent jurisdiction in respect of matters assigned to the old bodies whereas under the

> new system the powers could devolve on a Community Council to the exclusion of the administration board, this, again, being a marked characteristic of an autonomous body.

Apart from the obvious drawbacks of the initial limited powers given to the Councils, which in fact made them very little different from the old Urban Bantu Councils, NAFCOC gave two important reasons for reticence about the Community Councils. The first was that, in the main, Black opinion was not canvassed when the Councils were created. Second, in the early days at least, the Councils still showed elements of traditional concepts i.e. ethnicity, which Blacks were trying to shed.

However, despite the very low polls at Council elections, the Government pressed ahead, determined to make the Councils an effective form of self administration in the Black urban areas.

Within two years, some 160 Councils were instituted, with far greater powers than the Government had initially envisaged. Even so, the Minister of Co-operation and Development and the Administration Boards retained controls over the Community Council system. The decision to establish a Community Council rested with the Minister. He also had the power to dissolve any Council at any time, after consultation with the relevant Administration Board, if he thought it was in the public interest or if he was requested to do so by a particular Council. In addition,

the Minister, after consulting with the relevant Administration Board, directed what powers and functions a Community Council should have and could withdraw any power given to a Council and could transfer that power to the Administration Board. If it was deemed necessary, the Minister had the power to ensure that the functions of a Community Council were continued. This included regulating electoral and employment activities of the Council.(17) But, the most contentious issue was the control over financial affairs whereby Councils complained that they were hamstrung because firstly, they were not granted sufficient funds to carry out their activities and secondly, the use of the finance they did acquire through rents and licences, was largely prescribed by the Minister and the Administration Boards.

The various functions of local government which were transferred from the Administration Boards to the Community Councils included, inter alia, the following:(18)

1. The allocation and administration of the letting of dwellings, buildings and other structures;

2. The allocation and administration of sites for churches, schools and trading purposes;

3. The prevention and combating of the unlawful occupation of land and buildings;
4. The prohibition, regulation or restriction of the keeping of animals, with the exception of dogs;
5. The control over the [illegible]ing of dogs and the imposition of a lev[illegible]ne keeping thereof;
6. The promotion of sound community development in its area;
7. The beautifying of and the neatness of the area;
8. The administration of sport and recreation facilities;
9. The administration of library services;
10. The award of bursaries.

In addition to the above, Community Councils also acquired authority over a number of other matters, for example, the establishment of a community guard (in consultation with the Minister of Co-operation and Development and the Minister of Police), recommendations concerning transport services, education etc. These Councils could also levy inhabitants of their area for any service rendered.

The Community Councils Act made provision for the extension of the functions of the various Councils by the Minister and, in November 1979, the Minister Dr. P.G.J. Koornhof, indicated that Soweto would soon be granted full municipal status which would allow it to develop into an automonous local authority.

With these greater powers came a greater measure of interest by the communities involved. African businessmen and NAFCOC members became Council members. Mr. V. Mathabathe, a Tembisa businessman, said, in 1979, that 'There appears to be keen competition for Council seats and great interest in the community.'(19) He added that although he understood, that as members of the Chamber of Commerce, 'they were not supposed to be involved in politics',(20) when he recently visited Sebokeng on business he had found that most of the Executive members of that Chamber of Commerce were already members of the Community Council.

'Politics' in this case presumably did not refer to party politics but to the science of local administration which dealt with the management of local public affairs.

Most African businessmen who joined, or who were keen to join, the Councils did so because they saw them as a vehicle to put across the needs of African business in their particular areas. A Tembisa businessman stated that the allocation of licences and siting of shops was completely out of control in his area. No schemes for centralising shops had been drawn up and people were being allowed to build shops indiscriminately in the Township with no thought as to the other competition in the areas. Added to this, when businessmen were interviewed about licences, Board members merely requested Bank statements (and did not always inspect them), whereas they should have insisted upon audited balance sheets.

Consequently many people were obtaining licences for businesses which they were financially unable to set up. However, the most serious aspect about licence allocation was the high degree of bribery which was prevalent.(21) In fact, one businessman stated that 'Whites were better at the job of granting licences than Blacks.'(22) For, although bribery e.g. a bottle of brandy, was commonplace amongst the White officials it was ten times worse with certain Black officials, almost reaching the stage where the man who gave the biggest bribe got the licence. One example cited related to twelve Black businessmen who wanted to open a cinema in Tembisa. They had the backing of finance and expertise from a White cinema company although this was to be a wholly owned Black company. However, the licence went, instead, to another applicant who had little finance and no expertise.(23)

Yet the biggest obstacle for the growth of Black business was still the Group Areas Act which effectiv blocked large finance for Black business. And many businessmen were on the Councils to draw the attention of the Government to that obstacle. The ninety nine year lease against which bonds could be used for finance was totally inadequate because most houses, built by the Administration Boards for R400 and sold for R1 500could not possibly supply the amount of finance that a businessman required (this was usually in the region of R15 000-R150 000).Many Councillors claimed that the money going into the coffers of the Administration Boards e.g. levy paid by employers of

Black labour, trading licences etc., should be ploughed back into the townships. In Soweto during 1979, the new Community Council proposed raising the rents to obtain more finance. However the cry was that if the levy c 000 000 people working in Johannesburg was passed to Soweto, the rent raise could be scrapped. The Soweto Chairman David Thebehali came in for severe criticism about this rent raise proposal. One businessman complained that 'Thebehali doesn't see where their money is.'(24)

Another area of interest to businessmen on the Councils was the portance of industry and manufacturing. In Mamelodi one businessman was pushing for the licensing of industrial premises. He knew of many businessmen in his area who had worked for years in their backyards. They were not known to commerce and were unlicensed. If they were licensed they could increase their production and employ more people.(25) During 1979 the Mamelodi Community Council advertised sites for industry in the area since by that time industrial undertakings in certain categories had been given the go ahead by Dr. P.G.J. Koornhof.

However in several other areas businessmen on the Councils stated that they had started to put forward requests for accommodating and licensing manufacturers and they had found that the Township Manager, who was present at all Council meetings, merely stated that all manufacturing and

manufacturers must go to the Homelands.(26) These acts of non-co-operation, on the part of Township Managers, could possibly have stemmed from the fact that some were not up to date with the new Government directives or they could have merely been obstructionism. Whichever the case may be, one businessman involved, being the sole businessman representative on the Council in Duduza, realizing he was up against the conflicting demands of the Township Manager sought more powerful backing to deal with the problem. As Secretary of Duduza Chamber of Commerce and leader of the Industrial Committee he used the backing of that Committee to press for stronger representation on the Council and negotiation with the relevant Government Department for the granting of manufacturers licences in Duduza.(27)

Several businessmen who were keen to join the Councils complained of the lack of communication, between the Councils and the community, about what the Councils were actually doing.(28) The only channel of communication was the Administration Board's newsletter which was inadequate. In fact the eagerness for news of the Council's activities provided the inspiration for some people to stand for election so that they could get first hand knowledge of the Council's work.

Reasons given by businessmen who were not anxious to be involved with the Councils varied. Many said that they did not want to be involved in politics. One stated that though he had been asked to join, by a close friend who

was already a Council Chairman, he was too frightened after the Soweto riots. Since he was an old man, with no chance of starting a new business, he did not want to do anything which might provoke an attack on his business, as he had seen others attacked. This came from a man who was very active in his youth in the 1944 anti-pass campaign, and, later, a member of the Urban Bantu Council in 1960.(29) Others complained that though some Councils had as much as a fifty per cent representation of businessmen many of them were members of the old Advisory Boards (some long serving) and they were not progressive or outward looking. They were accused of looking after positions and going along with decisions which often ignored businessmen's needs.(30) Consequently many advocated the presence of new, young members with new approaches. In fact, the Krugersdorp Council set an example for the effectiveness of youth. Many of the businessmen in that area were young and had already shown a good degree of teamwork and co-operation in their activities in the Krugersdorp Chamber of Commerce. Those who joined the Council were keenly interested in the upliftment of the whole community and freely discussed other areas, like the upgrading of education, which they felt was vital to the progress of business in general.

The actual percentage of businessmen represented on the Community Councils appeared to vary greatly from area to area. Some like Sebokeng, Tembisa and Mamelodi, had up to fifty per cent while others like Duduza had a single representative. Several of those who were the sole

businessman representative on their Council expressed the opinion that if they did not take the opportunity to influence the authorities about the grievances of businessmen, then nothing would be done for them.(31) On some Councils the presence of internal jealousies in the Council had already led to very little being done for those fields not directly represented on the Council. In Duduza the sole businessman who was on the Council owned a coal and wood merchant business, started by his father in 1949. In the mid seventies the business started to decline. He attributed this decline to the form of protection which had been present for many years in the coal merchant business. New permit holders were debarred from getting coal directly from the mines. He, along with other Africans, had to rely on getting supplies from the one White and one Indian merchant who had been given permits. This system had proved to be totally unsatisfactory and at times he found it almost impossible to buy coal. He made representations to the Manager of the Transvaal Highfeld Coal Owners Association for his own permit but was not expecting to be successful. He felt that the lack of representation by businessmen on the Council had prolonged this state of affairs. Finally he got himself elected to the Council in the hope that his intervention might help businessmen in similar difficulties.(32)

The effectiveness of the Community Councils cannot yet be demonstrated since they are still in their infancy. However, in the first two years of their operation, despite the fact that many capable professional and business

people were serving on the various Councils, they came in for criticism from outside quarters. Accusations that many of those running the Councils were merely Government stooges were commonplace. During 1979 the Zulu based Inkatha Movement announced that they would be putting up their members for election to the Community Council in Soweto. Although Zulus make up the largest number of Africans in Soweto this announcement caused a stir since the Inkatha Movement, though with a claimed membership of 300 000,was still largely Zululand based. Consequently this move appeared to indicate interference from outside Soweto. Later the Movement retreated slightly, stating that it was considering the plan for the future.

When NAFCOC'S views were sought on this subject they indicated that they were immediately aware of the serious possibility that businessmen could lose out in the elections, and therefore the Council, to Inkatha members. Consequently NAFCOC had come to an amicable arrangement with Inkatha whereby a certain percentage of Inkatha members, who were to be Councillors elect, would be businessmen. NAFCOC expressed the view that as long as businessmen were elected to the Council then it was immaterial whether they were Inkatha members or not.(33)

The gradual passing over of most of the organising authority from the Administration Boards to the Community Councils, brought to light the question of what the Boards were to do with the businesses they had been running in the Black areas. For many years NAFCOC had complained

to the Government about its involvement, through the Administration Boards, in the operation of business in the townships. In particular, the Boards controlled all existing liquor outlets in those areas. This usually encompassed hotels, breweries and cinemas. Consequently, when, at the beginning of 1979, the Government sought NAFCOC'S views on the question of the legalisation of shebeens in urban African townships, NAFCOC seized the opportunity once more to complain about Government involvement in the liquor trade in African areas. Rather than legalise the shebeens, NAFCOC stated its preference for the Government to allocate existing liquor outlets owned by the Administration Boards, to private Black entrepreneurs. Additionally, NAFCOC reasoned that the other liquor oriented businesses, like breweries and hotels, could be competently run and managed by Blacks.(34) There was a definite emphasis on the private entrepreneur because NAFCOC was against the mere transferal of the liquor outlet control from the Administration Boards to the Community Councils. NAFCOC'S aim was to promote private enterprise wherever possible and in this particular case it was deemed preferable to merely instituting another form of liquor control.

Interestingly, in Canada all liquor is sold through Government owned stores. However in South Africa, Government involvement in the sale of liquor was confined to African urban areas only and it was this discrimination, on the Government's part, which not only followed one scheme for Whites and another for Blacks but which also allowed

White businessmen in their areas to control the sale of liquor there and disallowed Black businessmen the chance to sell liquor in their areas, which NAFCOC was challenging.

Dr. P.C.J. Koornhof, the Minister of Plural Relations and Development in 1979, admitted to NAFCOC that he was against Government participation in the Black liquor trade, reasoning, oddly enough, that the low level of profit of the operation i.e. R16 million, did not justify Government involvement.(35) Consequently, he assured NAFCOC that, in due course, liquor distribution and the running of hotels and cinemas would pass into African hands.

Four months later NAFCOC pressed the Government still further and requested details about the progress made by the Department in the handing over of the Administration run liquor businesses. Following the Minister's earlier assurances they were also keen to obtain information explaining the procedures to be followed when applying for Bottle Store trading rights.(36) At the end of 1979 the Government still seemed to be dragging its heels.

Nevertheless, a year earlier in November 1978, two traders, both Chamber members in Soweto, were granted licences to own Bottle Store businesses in Soweto.(37) Both were already large-store owners. But the granting of these new licences did not affect the liquor control of the Administration Boards although it was an admission by the Government that

Africans were at last capable of 'selling' liquor.

A meeting in mid 1980, between NAFCOC and the Liquor Board produced the following results:[38]

1. The Government resolved to hand over all bottle store and liquor outlets in the Black townships to Black entrepreneurs. However, the exact procedures involved were still to be determined.
2. No new licences would be granted to Community Councils or Administration Boards. New licences would go to Black individuals or companies.
3. Blacks would be co-opted onto the Liquor Board.

6.(iii) The Riekert Commission 1979

The Government's acceptance of most of the recommendations of the Riekert Commission[39] in 1979 revealed that it was finally prepared to acknowledge that there was a common economic system in South Africa.

Although Dr. P.J. Riekert claimed in his Report that political factors fell outside the scope of the Commission, which related only to economic aspects affecting the utilisation of manpower, the wider political concerns could not be ignored. The Government was in the process of creating independent Black States which would result in large numbers of South African citizens becoming foreigners and, hence, liable for removal to their respective States.[40]

At the same time the Government was promoting the development of an African middle class among a 'privileged' section of the Black community.(41)

In addition, three particular developments served to shape the findings of the Riekert Commission. These were, first, structural changes in the South African economy since 1945. Industry had become capital intensive which contributed to unemployment. Africans were relocated in the Homelands but this merely increased unemployment in already overcrowded areas. Consequently, Africans were forced to radiate back to the urban industrial areas to survive. Second, the 1976 riots produced a resurgence of Black political organisations which was an undesirable element. Therefore, the Report sought to avoid potential unrest arising from unemployment by retaining influx control in a more efficient system which related to employment and residence. Third, to accommodate the increasing international pressure for more equitable employment practices, which included the recognition of trade unions for Africans, the Report sought to control and allocate labour to suit employers.(42)

Three areas of this Commission were of particular concern to Black businessmen.

These were the points dealing with the allocation of trading sites, free trading zones and influx control.

With regard to businesses in urban Black residential areas, the Commission recommended that:

(a) The allocation of trading sites to wholly owned Black businesses, whether individuals, partnerships or companies,

(i) should be vested in the community councils or advisory boards

(ii) and not made dependent on some other requirement such as birth, employment or residence

(a) (i) was in line with decisions already taken by the Government. The Government also accepted (a) (ii) but pointed out that Blacks who had a section 10 (1) (a) or (b) qualification somewhere within a prescribed area were already allowed to operate a business in some prescribed area other than the one in wh ch they qualified for residence.(43)

This was the point which had caused confusion earlier amongst Chamber of Commerce officials and which Dr. P.G.J. Koornhof had clarified in a similar way.(44)

Effectively, the Commission recommended that the powers of allocating trading sites should be transferred from the Administration Boards to the Community Councils. Although NAFCOC accepted this point they recommended that the Community Councils should be urged to exercise these powers in consultation with local Chambers of Commerce.(45)

(b) The community councils should be left to make recommendations on

(i) the admission of Whites, Coloureds and Indians to trade in urban Black residential areas on a

permit basis and

(ii) the creation of delimited free trade areas in Black residential areas

With regard to this recommendation the Government professed its awareness of the shortage of trading facilities that existed in the Black residential areas, of the crowding at shopping centres in the White cities and of the resultant outflow of buying power from the Black residential areas. Consequently the Government considered it essential for attractive and viable business centres to be developed in the Black residential areas. To this end, the Government concurred with the Commission's view that the capital, expertise and initiative of non-Blacks would have to be involved in the development of such business centres. Aware of prevailing Black opposition to non-Black participation, the Government added the proviso that a satisfactory mechanism, which should also be acceptable to organised Black business and the Community Councils be created to regulate such participation.(46)

NAFCOC was against the participation by non-Blacks in businesses in the Black urban areas, particularly in the retailing field where it felt that Blacks were experienced enough to move ahead if more longterm low interest finance was made available to businessmen. It was totally against wholly owned White businesses of any sort moving into these areas, although it did accept that there could possibly be a case for Black/White

partnerships, with Blacks as the senior partners, in manufacturing and industrial enterprises which required large amounts of capital and expertise. Again, with the question of township shopping area development, NAFCOC was against White property developers moving in to build and rent premises to Blacks. Instead, NAFCOC called for loan finance in order to build the centres themselves so that they could become the property developers.

NAFCOC'S views on the free trading zones were quite clear. They felt that if free trading zones were to be established near Black townships, as recommended by the Commisison, then the Central Business Districts of cities and towns should be opened first to Black businessmen. NAFCOC raised these points in September 1979, at a meeting with Dr. PGJ.Koornhof. While the Minister was very sympathetic he assured them that such zones could only take effect with the full concurrence of the communities affected. But this applied to the White Central Business Districts also.(47)

Basically, NAFCOC was asking for normal free enterprise trading for all in White areas and a form of delayed protection for Blacks in their areas. Since it was worried that if the Commission's recommendation (b) (i) was taken to its logical conclusion and Black, White, Indian and Coloured businessmen were allowed into the townships and vice versa, then too much infiltration would be created in the Black areas.

In line with the Commission's recommendation for free trade areas, the Government declared its intention to amend the Group Areas Act of 1966, so that areas available for occupation by all population groups could be designated in any proclaimed group area for business, commercial or professional purposes after investigation by the Group Areas Board and with the consent of the Ministers of Environment Planning and Energy and of Community Development.(48)

(c) Employment in trade in urban Black areas should be placed on the same basis as employment in any other sphere in the urban area concerned i.e. employment should be subject to the authorisation of the labour bureau concerned and should not be restricted to Blacks only.

The Government accepted this recommendation provided that the employment of non-Blacks in the Black urban areas took place in line with recommendation (b).(49)

(d) The issue of trading licences in urban Black areas should be the same as that in areas for other population groups.

(e) The restriction in respect of sites re Regulation 12 of Chapter 3 of the Black Residential Area Regulations 1968 (Government Notice R1036 of 1968) should be removed, i.e. a trader should be able to obtain more

than one trading site in the Black areas, without Ministerial approval.

(f) The provisior that a trader should personally exercise supervision over his business, should be deleted.

(d),(e) and (f) were in line with decisions already taken by the Government.(50)

Although the Commission recommended that influx control, which was maintained under the Black (Urban Areas) Consolidation Act, 1945, should be retained, it recommended that it should be enforced in a different, more effective way. It suggested the institution of a new influx control mechanism which should be linked to two control points (a) availability of housing and (b) employment. It also recommended the removal of the seventy two hour prohibition. Penalties which were aimed at Black workers in unlawful employment should be replaced by tougher penalties against their employers.

The Government accepted that (a) and (b) were necessary to obviate social problems but deferred the seventy two hour prohibition recommendation. It also decided to override the Commission on the point about tougher penalties for employers and chose, instead, to implement more severe punishment of both the employer and the employee on what were termed illegal workers in the urban areas.(51) NAFCOC voiced strong disapproval of the Government's intention to fine employees.(52)

While the recommendations of the Riekert Commission, where they referred to Black businessmen, did point to the removal of restrictions, many of those suggested had already been implemented by the Government during 1978 and 1979. Others, which raised hopes of true free enterprise for all, if business in Black urban areas could be protected for a certain period, were slow to be implemented. A year later there was little indication that South Africa's racially grouped business districts were to be opened to Black traders. NAFCOC announced at its annual conference in Bophuthatswana in August 1980, that its application for office space in Pretoria had been turned down by the Pretoria City Council. An Indian Corporate finance company, Finance and Investment Services Corporation was given a similar refusal from Johannesburg. Both were stopped by the Group Areas Act which, under Section 21, provided for permits to be issued to Blacks to lease premises in the reserved areas. The length of time taken to process applications to conduct a business in another race area, as well as the prospect of a veto from the relevant local authorities and the Group Areas Board, deterred many other applicants. In fact, even if Black business was permitted to be in a White business zone it was still confined to a particular building, as in the case of the African Bank.

Most of the post 1976 reforms benefited the more 'privileged' section of the urban Black communities. The new deal legislation and the Government's acceptance of most of the

recommendations of the Riekert Commission, where they applied to Black business, were aimed at developing the urban Black middle class. The Government's acceptance of NAFCOC'S role as negotiator for these concessions and its introduction of Community Councils stemmed from the Government's political need to co-operate with the urban Black middle class by drawing on the goodwill of its leaders and organisations. NAFCOC exploited this situation to press Government into removing constraints on Black business which it saw as part of its strategy to eliminate all discriminatory legislation. The relationship between the Government and NAFCOC was delicate with NAFCOC continually testing and pursuing Government promises to speed up Black development.

NOTES

(1) J. Kane-Berman, Soweto, p. 202.

(2) Ibid., p. 62.

(3) NAFCOC papers, Memorandum to the Minister of Plural Relations and Development, 2 Aug., 1978.

(4) 'Govt. acts on NAFCOC suggestions', Rand Daily Mail, 25 Aug., 1976.

(5) 'Indians to plead for Black rights', Rand Daily Mail, 23 Nov., 1976.

(6) 'Prospects for industrial development by Blacks in urban and homeland areas', African Business, June, 1977, p. 41.

(7) J. Kane-Berman, Soweto, p. 202.

(8) NAFCOC papers, Memorandum to the Minister of Plural Relations and Development, 2 Aug., 1978.

(9) S M.Motsuenyane, 'Effective Change in Commerce and Industry', paper delivered to the South African Institute of Race Relations 48th Annual Council Meeting and Conference, Cape Town, 17-20 Jan., 1978.

(10) NAFCOC papers, Memorandum to the Chairman, Bantu Affairs Commission, 1978.

(11) Ibid.

(12) NAFCOC papers, Memorandum to the Cabinet Committee on the Position of Blacks in the Urban Areas, 1978.

(13) NAFCOC papers, Report on interview with NAFCOC Executive and the Minister of Plural Relations and Development, Dr.PGJ.Koornhof, 27 March, 1979.

(14) NAFCOC papers, Memorandum to the Minister of Co-operation and Development, Dr. P.G.J. Koornhof, 10 Aug., 1979.

(15) NAFCOC papers, Report of meeting with the Deputy Minister of Bantu Administration and Development, Mr. W.A. Cruywagen, Pretoria, 17 Aug., 1977.

(16) Dr. P.G.J. Koornhof, Minister of Co-operation and Development, Address, delivered at a Seminar on The Trade and Business Potential of South Africa, Palm Springs, California, U.S.A., 19 June, 1979.

(17) 'Understanding the Community Councils Act', Work in Progress, 15 Oct., 1980, p.1.

(18) The Black Man outside South Africa's Black States, Brochure, taken from South Africa official Yearbook Publications Division, S.A., Bureau of National and International Communication, Pretoria, 1978, p. 10.

(19) Interview, V. Mathabathe, Aug., 1979.

(20) Ibid.

(21) Ibid.

(22) Ibid.

(23) Ibid.

(24) Ibid.

(25) Interview, P. Monoa, Aug., 1979.

(26) Interview, K. Moloi, Sept., 1979.

(27) Ibid.

(28) Interview, S. Rabotapi, Aug., 1979.
Interview, M. Matsafu, Sept., 1979.

(29) Interview, S. Moema, Aug., 1979.

(30) Interview, P. Monoa, Aug., 1979.

(31) Interview, K. Moloi, Sept., 1979.
Interview, M. Matsafu, Sept., 1979.

(32) Interview, K. Moloi, Sept., 1979.

(33) Interviews, S. Kutumela, 1978-80.

(34) NAFCOC papers, Memorandum to the Minister of Plural Relations and Development Re: Submission in support of an appointment to meet Minister, 18 Jan., 1979.

(35) NAFCOC papers, Report on interview with NAFCOC Executive and the Minister of Plural Relations and Development, Dr.PGJ.Koornhof, 27 March, 1979.

(36) NAFCOC papers, Memorandum to the Minister of Co-operation and Development, Dr.PGJ.Koornhof, 10 Aug., 1979.

(37) NAFCOC papers, Executive meeting minutes, 12 Nov., 1978.

(38) 'NAFCOC meets Liquor Board', African Business, July, 1980, p. 24.

(39) The Report of the Commission of Inquiry into Legislation affecting the utilisation of manpower (excluding the Legislation administered by the Department of Labour and Mines), (Riekert Commission Report), R.P. 32, 1979.

(40) 'Focus on Riekert', South African Labour Bulletin, Vol. 5, No. 4, Nov., 1979, p. 1.

(41) Ibid.

(42) Ibid., pp. 1 - 2.

(43) White Paper on The Report of the Commission of Inquiry into Legislation affecting the utilisation of manpower (excluding the legislation administered by the Department of Labour and Mines), WPT - 1979, p. 6.

(44) See Note 13.

(45) NAFCOC papers, Report of a meeting held with the Minister of Co-operation and Development, Dr. P.G.J. Koornhof, 5 Sept., 1979.

(46) White Paper on Riekert Commission, 1979, pp. 6 - 7.

(47) NAFCOC papers, Report of a meeting held with the Minister of Co-operation and Development, Dr. P.G.J. Koornhof, 5 Sept., 1979.

(48) White Paper on Riekert Commission, 1979, p. 1.

(49) White Paper on Riekert Commission, 1979, pp. 6-7.

(50) Ibid., p.6.

(51) Ibid., pp. 6,8,9.

(52) NAFCOC papers, Report of a meeting held with the Minister of Co-operation and Development, Dr. P.G.J. Koornhof, 5 Sept., 1979.

CHAPTER 7

SOWETO 1976 - NEW WHITE PRIVATE SECTOR INITIATIVES

7.(i) The Urban Foundation

In the aftermath of the riots several of NAFCOC's national projects began to bear fruit. Apart from the Masekela-Mavimbela Scholarship Trust and NAFCOC endorsed training schemes, which have already been mentioned, and which were obvious areas inviting White finance and White business involvement in the wake of the riots, there were several other major schemes which Whites initiated at that time.

After the 1976 riots many White businessmen showed an increased interest in stabilising the economic climate. Many sought means to influence attitudes of other Whites in order to bring about an awareness of the need to evolve common strategies of change, specifically in the economic sphere. The practical method of bringing this about varied. Some chose to attend the Quality of Life Conference in Johannesburg in 1976 and thereafter actively involved themselves and/or their companies in the finance and work of the Urban Foundation which was established to carry out the ideas proposed at the Conference.*

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*There are claims that the idea of an urban foundation was mooted before the Soweto riots. People like Clive Menell from Anglo Vaal and Zac de Beer M.P. were pressing for such a foundation. In February 1976 five delegates to the Habitat Corference in Canada seriously discussed the institution of a foundation for Black urban development. These delegates were:- M. Puttrell, urban research UCT; H. Hallen, architect, Durban; D. Cleary UCT; C. du Toit, Labour Relations, Anglo American. But the ideas floated were not acted upon in any substantial fashion until after June 1976.

Others became part of the Human Awareness Programme, a programme instituted in January 1978 under the auspices of the South African Institute of Race Relations, whereby about thirty White businessmen, mostly Chairmen or Directors of companies, met twice monthly to discuss the concepts and problems required for economic change. The companies involved in this programme varied in size but mining and chemical industries were heavily represented with greatest interest coming from South African and A erican companies rather than British companies.*

blems dealt with by this group were mainly legal on· ·ges, employment practices, job advancement and ho· ...d the programme deliberately set out to have a low key image as well as a long term commitment. Although meetings were conducted with African participants, particularly Homeland representatives and urban Black leaders, no Black businessmen were involved in the deliberations.(1) Therefore, although White business was involved it was not a programme which appeared to be committed to any direct negotiation or commitment to Black business as such.

The Urban Foundation, on the other hand, in its manifesto stated that:(2)

1. It would function on the basis of collaboration in a common cause;

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* This point seems to substantiate the findings of the company which set up the magazine African Business in 1972 when those companies which were least interested in the project appeared to be in the main, British oriented. See above Chapter 4 (v) (b).

2. It would serve as a catalyst in combining the efforts of the communities involved (business and authorities);
3. It would promote improvement of the quality of life of urban communities in South Africa (This would include housing, education, community activities, recreational facilities, employment opportunities etc.)

Practically this would include:

(a) finance and loan capital mobilisation for housing
(b) encouragement of the adoption of free enterprise values by promoting entrepreneurship
(c) the planning and execution of appropriate projects.

4. It would reject colour discrimination in employment and the adherence to a merit basis in the promotion and remuneration of employees, and request the Foundation to promote the general acceptance in the private sector of a code of practice.

As with its numerous counterparts in America - which arose after the Watts riots in Los Angeles in 1965 - the businessmen who sponsored the Urban Foundation needed the Soweto riots of June 1976 to motivate them into concerted action. R20 million was donated from White business interests during the first two years of the Foundation's operation,(3) thereby making it, potentially, the most important collective action undertaken by the White private sector towards social responsibility and business strategy for survival. The Foundation was well aware of the burden it carried during its first year of operation, when aspirations ran high that it would be able to solve many

of the pressing problems in Black urban communities. Yet, after two years of operation, the Urban Foundation was criticized from various quarters. Criticism came from the press - J. Kane-Berman in his book 'Soweto, Black Revolt, White Reaction', members of Soweto's Committee of Ten, African businessmen members of NAFCOC etc.

Although NAFCOC initially welcomed the establishment of the Urban Foundation, since it was viewed as the beginning of some positive response from the White private sector, it soon became apparent that what NAFCOC had declared as the Urban Foundation's 'laudable objectives of helping to improve the quality of life of our urban Blacks'(4) were being viewed by urban Blacks as far too narrow. The Foundation was accused of having objectives which concentrated on the social and recreational amenities in the townships rather than on the basic political issues which affected Africans.

NAFCOC'S early brushes with the Foundation have already been mentioned in relation to its 'Operation Restock' project.

The Foundation, unable to explain its early lack of concrete achievement, claimed that it 'was new'(5) and resorted to a publicity campaign to put across the more positive aspects of its activities and to emphasise that, contrary to some expectations, the Foundation was not established to solve the country's political problems.

Several factors contributed to the criticism of the Foundation; some stemmed from a misunderstanding of the wording of certain points in its Charter; some from a disillusioned press which felt that certain of the commitments in the Charter were too vague and watered-down, and others from the way the Urban Foundation set about its work.

In the Foundation's Charter the use of the word 'catalyst' proved to be misleading since a catalyst normally serves to accelerate or retard a particular reaction without itself undergoing permanent change. However, the Foundation found that, though its original aim was to act simply as the agent to bring the efforts of private business and the Authorities together, it actually became involved with the work of negotiating directly with the Government both on behalf of White and Black business interests. Consequently, it no longer remained simply the 'catalyst' but became the negotiator, mediator, and consultative body. Dr Lee, the General Manager of the Foundation, admitted that the Foundation had had to adapt to these new realities although the Foundation had obviously expected that it would have to widen its scope to enable it to cope with unexpected challenges. However, there were some projects, in which the Foundation involved itself, which it would either not have attempted or would have operated differently, if it could have foreseen some of the difficulties it encountered.(6)

Another criticism of the Urban Foundation was brought to light at NAFCOC'S annual Conference in 1979 when Leonard

Mosala of Soweto's Committee of Ten accused the Foundation of collaborating with 'Broederbonders and Calvinists' (Mr. Mosala was obviously referring to Afrikaners and Government agents). Dr. Lee, while not denying the accusation stated that the Foundation had, and would continue to, negotiate or collaborate with any party which co-operated with the Foundation in its aims. He added that if it was necessary to deal with those people, and if direct confrontation with the Government was to be avoided, then it would carry on in that way. However, he emphasised that the Foundation was keen to deal with any group which shared its aims. In fact, Dr. Lee later confided that the Foundation had had good co-operation from the Soweto Committee of Ten, three of whose members were also members of the Foundation. The point was that Leonard Mosala and Dr. N. Motlana of the Committee, had like the Foundation, a public face and a private face and that, although public antagonism appeared to be present, private negotiations with them were amicable and useful.(7)

The Foundation also professed to be on good terms with the urban African businessmen with whom it dealt.(8) Sam Motsuenyane, the President of NAFCOC,was also a member of the Urban Foundation. But, the Foundation was severely criticized, at NAFCOC'S annual conference in 1979, by the businessmen involved in NAFCOC'S national project for a supermarket group, called Blackchain.

The businessmen claimed that, in response to their requests for capital to build the supermarket's premises, the

Foundation was being unnecessarily harsh and narrow in its outlook by refusing to grant them a loan. This, together with the earlier antagonism over the Urban Foundation's refusal to contribute to NAFCOC'S Operation Restock during the riots, and the general discontent amongst NAFCOC members about the Foundation's restricted sphere of operation, did not seem to augur well for either private or public communication between NAFCOC and the Foundation in the future. Nevertheless, after some private negotiations between NAFCOC and the Foundation, the matter was amicable resolved when the Foundation, after reviewing its strict policy of not granting loans for business ventures, assisted NAFCOC with the development of the Blackchain shopping complex in Diepkloof.(9) By that action the Urban Foundation expanded its operation and thereupon set itself the task of participating in development opportunities for Black business. By 1980 the Foundation was claiming that, because it was funded entirely by the private sector and because of its association with the National African Federated Chamber of Commerce and also its acceptance by the public sector, it was able to play a constructive role in co-ordinating the efforts of interested parties in the private and public sectors in seeking ways and means of developing programmes of action.(10)

7.(ii) Die Transvaler Dinkskrum

The response of Afrikaans speaking businessmen, to the Soweto upheavals, came in 1978 when the Editor of Die

Transvaler Dr. Willem de Klerk, took the initiative in convening a Think Tank, or 'Dinkskrum', between Black leaders in Soweto and White (mainly Afrikaans speaking) businessmen and academics.(11)

In October 1978 the discussions began to focus on ways and means of helping the Black entrepreneur to help himself, more especially in the 'White' urban areas where he was handicapped by discriminatory legislation. Black participants in the early discussions included members of Inkatha and of the Soweto Committee of Ten, the Chairmen of the Soweto Councils in Greater Soweto as well as leading Soweto businessmen. At the end of 1978, the Dinkskrum secured the participation of Mr. V. Kraai, Chairman of the Soweto Traders Association.(12)

Since education and training for business was being provided by the universities and other bodies, and a Government appointed committee was, in April 1979, considering a proposal for the establishment of a university in Soweto or elsewhere, the Dinkskrum saw no need to enter that field.(13)

However, it outlined the following proposals to Mr. Kraai and the Soweto Traders Association:(14)

1. The Dinkskrum decided that it would start by concentrating on the Soweto area. Advice and financial assistance should be given to the Association to enable it to grow into a full Chamber of Commerce and Industry, through the sponsored appointment of an Executive

with an office and a secretary in Soweto.

2. It was recognised that, at that time, the Soweto Traders Association represented only a small proportion of the traders, and that it had no industrialists as members. The Executive Director to be appointed should be a suitably qualified Black man who would work full-time to inspire and build up the organisation.
3. The proposed Soweto Chamber of Commerce and Industry (hereinafter SCCI) would, in the Dinkskrum's view, require financial assistance plus experienced guidance and advice for about three years in order to establish itself as an effective and viable body.
4. Financial requirements were estimated at R25 000 per annum. White business firms would be approached by the Dinkskrum committee to commit themselves to contributions of not less than R500 and not more than R2 000 each per annum, for a three year period. The intention was to seek many small donations rather than one or two large sponsors, so that there would be no suspicion of undue influence being exerted on the SCCI.
5. Operating responsibility would be vested in the Soweto C.C.I. It would be assisted by two bodies:

   (a) The Board of Trustees

   The SCCI would enter into a contract with this Board, stipulating the terms on which the financial support would be made available. At the end of the three years (or a mutually agreed extended period) the Board of Trustees would be disbanded and the contract terminated. The Board would not

be involved in the ordinary affairs of the SCCI.

(b) An Advisory Committee

This Committee would comprise experienced businessmen and administrators. Probably most of them would be drawn from existing White participants in the Dinkskrum. A body no larger than six to nine was envisaged, but further specialists could be recruited to undertake special tasks.

The Committee would give voluntary unpaid advice and assistance wherever appropriate. They would meet regularly with the Chairman and the Executive Committee of the SCCI, and could attend General Meetings. It would submit a written monthly report both to the Council of the SCCI and to the Board of Trustees. The report should deal with progress made, proposals for further work, and any possible breaches of the agreement between the SCCI and the Board of Trustees.

It was envisaged that the Advisory Committee could continue after the initial three year period at the SCCI'S request.

Among other details in the proposal were the stipulation that the Soweto Traders Association should convert itself into a Soweto Chamber of Commerce and Industry and that provision should be made explicitly for affiliation with the Southern Transvaal Chamber of Commerce and the National African Federated Chamber of Commerce, as well as with other bodies having similar objectives.(15)

The Dinkskrum intended to approach suitable persons to

become members of the Board of Trustees. They had in mind a Board comprising approved nominees of the Johannesburgse Afrikaanse Sakekamer, the Johannesburg Chamber of Commerce, the Transvaal Chamber of Industries, NAFCOC or SOUTACOC and Die Transvaler.(16)

It was obvious that the Dinkskrum Committee had put a great deal of thought and effort into their scheme for Soweto and on the face of it the proposals did appear to point the way towards improving the progress of Black business in Soweto through an organised, and well advised business movement. However the Dinkskrum made several very serious mistakes at the outset which they compounded with further unacceptable statements later in the negotiations.

The first mistake was that, in its enthusiasm to centre its initial activities in Soweto, it chose to deal solely with the Soweto Traders Association. But, since this association was an affiliated member of a national body i.e. NAFCOC, the initial negotiations should have been with NAFCOC'S Executive body. All decisions, relating to activities in NAFCOC'S Branches, Regions or affiliated bodies, were first studied by the NAFCOC organisation at Executive level and then communicated down the line, to the appropriate members involved, for ratification. This was a serious blunder on the Dinkskrum's part and one which could and should have been avoided.

The second mistake was that the involvement of so many Whites, and outside White organisations, in the proposal smacked of paternalism. The African Chamber of Commerce

was very wary of any such White help, particularly in respect of Soweto. During the 50s there had been a similar intervention on the part of interested Whites who had tried to institute a new viable Chamber against the wishes of the members of the Johannesburg African Chamber of Commerce.(17)

The Dinkskrum proposal, which was in fact conveyed to NAFCOC by Mr. Kraai, brought an immediate hostile reaction from NAFCOC who pointed out their position to the Committee's Secretary. The Committee attempted to explain the situation to NAFCOC by stating that at all times the position of NAFCOC was fully recognised and that a group of businessmen in Johannesburg wished to help a group of businessmen in Soweto on a personal basis. NAFCOC accepted the sincerity of the Committe's explanation and proposals.(18)

However the Dinkskrum made two statements which did not augur well for further negotiations. It claimed first, that the Soweto Traders Association, as an affiliated member, was entitled to regulate its own affairs, and then it stressed that the Committee,

> would not regard it as appropriate to channel the funds required to help Soweto businessmen through NAFCOC. This is purely a local matter, within the rights of the Soweto Traders Association.....(19)

Nevertheless, in June 1979, NAFCOC informed the Dinkskrum that it would be in order for the matter to proceed, provided that the Soweto Traders Association executive did not act on its own but instead obtained the mandate of a general meeting

of its members. The meeting was convened for July 1st.(20)

Meanwhile, behind the scenes, the NAFCOC Executive condemmed the high-handed manner in which the Dinkskrum treated NAFCOC and SOUTACOC and decided not to be involved in the scheme. They noted that the motives of the Dinkskrum were highly suspect. It had been reported to the meeting, that various organisations had been advised to undermine the Chamber. Some of the organisations which had been spreading misleading stories about NAFCOC seemed to have Government support and some had even been distributing pamphlets in the NAFCOC Regions.(21) Aware of these elements which were out to divide NAFCOC, the Executive was of the opinion that Blacks should be careful not to be led astray by the carrot of large sums of money being dangled before them. The Dinkskrum was placed in this category by the Executive.

Not surprisingly NAFCOC was informed that the Soweto Traders Association, at their meeting on Sunday the 1st,rejected outright the 'Dinkskrum' issue.(22)

This attempt, on the part of Whites, to help Black businessmen in Soweto, was probably sincere. However, it was done in such a way, and with so many blunders, as to make it unacceptable to the very people it had hoped to help. The method of approach made those concerned feel slighted and suspicious of the whole scheme. Consequently one more chance of uplifting Black business in Soweto was lost.

The 1976 riots brought home to the White private sector two important facts. Firstly, that immediate action was required to improve the quality of life of Black urban communities. Secondly, that the Government was unable, on its own, to implement and finance adequate Black urban development. Out of this realization evolved major private sector initiatives like the Urban Foundation. Understandably, some projects were ill founded and unsuccessful and others were treated with suspicion by the Black community. Yet, the main stream of private sector action was well founded.

NOTES

(1) Interview, Marion Nellor, Director, Human Awareness Programme, Johannesburg, March, 1979.

(2) Businessmen's Conference on the Quality of Life of Urban Communities, The Urban Foundation, 29 - 30 Nov., 1976.

(3) Financial Mail Special Report, The Urban Foundation, Supplement to Financial Mail, 16 Feb., 1979, p. 1.

(4) NAFCOC papers, Executive meeting minutes, 6 Oct., 1977.

(5) Interview, Dr. R. Lee, General Manager, The Urban Foundation, Johannesburg, Aug., 1979.

(6) Ibid.

(7) Ibid.

(8) Ibid.

(9) Ibid.

(10) Small Business Development and The Urban Foundation, The Urban Foundation, Johannesburg, 1980.

(11) NAFCOC papers, letter to SM Motsuenyane, President, NAFCOC, from S.N. Mandy, Hon. Secretary, Die Transvaler Dinkskrum, 22 May, 1979.

(12) Ibid.

(13) NAFCOC papers, letter to V. Kraai, Chairman, Soweto Traders Association, from S.N. Mandy, Hon. Secretary, Die Transvaler Dinkskrum, 6 April, 1979.

(14) Ibid.

(15) Ibid.

(16) Ibid.

(17) 'Position-Mongers and a New Chamber', African Trader, Sept., 1958, Vol. 1, No. 7, pp. 5-9.
'Lost Opportunity', African Trader, Sept., 1958, Vol. 1, No. 7, p. 18.
'Comments After Meeting of the Johannesburg Chamber of Commerce', African Trader, Sept., 1958, Vol. 1, No. 7, p. 16.

(18) NAFCOC papers, letter to V. Kraai, Chairman, Soweto Traders Association, from S.N. Mandy, Hon. Secretary, Die Transvaler Dinkskrum, 19 June, 1979.

(19) NAFCOC papers, letter to S.M. Motsuenyane, President, NAFCOC, from S.N. Mandy, Hon Secretary, Die Transvaler Dinkskrum, 22 May, 1979.

(20) NAFCOC papers, letter to V. Kraai, Chairman, Soweto Traders Association, from S.N. Mandy, Hon. Secretary, Die Transvaler Dinkskrum, 19 June, 1979.

(21) NAFCOC papers, Executive meeting minutes, 9 May, 1979.

(22) NAFCOC papers, Executive meeting minutes, 3 July, 1979.

CHAPTER 8

NAFCOC PROJECTS FROM 1976

This Chapter describes the various national projects which NAFCOC was able to implement after 1976. Although the first, the Blackchain retail group, was initiated before the 1976 riots, and about R150 000 was collected from African businessmen towards this project, the large amount of capital required to erect the premises proved to be an insurmountable barrier to the scheme. The role played by the Urban Foundation, which successfully negotiated the necessary capital to establish Blackchain, demonstrates the value of the collective action of the White private sector which manifested itself in the establishment of the Urban Foundation after the 1976 upheavals.

The second project, the establishment of the African Development and Construction Company, was initiated after the 1976 riots. Although it was formed at an auspicious and advantageous time, whereby it was able to benefit from the increased amount of construction projects allowed in the African townships after 1976, it should not be viewed as an initiative which came solely from the effects of the riots. NAFCOC, as an organisation, was keen to establish viable business ventures during this period and a construction company was viewed as a long-term enterprise which, in a developing economy, had a sound chance of being financially successful.

The establishment of the NAFCOC National Trust and the NAFCOC Industrial Development Corporation came in response to the Government's lifting of restrictions on African business, and industrial undertakings in particular. Although they were institutions which NAFCOC had felt, for many years, were vital to the development of African business, the reticence of the Government in establishing such institutions after the 1976 riots, to accommodate its new legislation allowing Black industrial undertakings, led NAFCOC to establish its own institutions.

8.(i) <u>The Blackchain Company</u>

Several factors prompted NAFCOC to initiate the establishment of a Black owned retail group. The first was the promised relaxation in 1975 of the regulations affecting urban businessmen. The second was a realization of the need for large supermarkets in the Homelands and in the townships. Small supermarkets existed in many areas, like Madadeni for example, but NAFCOC felt that a national organisation would be able to use its strength and acquire enough finance to establish a countrywide retail group.

The 1974 study of the problems of Black businessmen in metropolitan areas, commissioned by NAFCOC and carried out by the Small Business Advisory Bureau at Potchefstroom University, had revealed that the Black consumer desired convenience, special prices, variety of goods and, above all, confidence in the trader.(1)

Therefore, in the early planning stages NAFCOC thought that expertise, and not finance, would be the problem. The last factor which prompted the Black owned retail group, was the NAFCOC response to the threat posed by White Chain Stores being allowed to move into the Homeland areas. Only by establishing a large retail group could Africans hope to compete with these White chains, in Homeland areas.

Businessmen first met on 22nd September 1975, at Madadeni, to discuss the Black owned retail group.(2) A Trust Fund account was started for the project by NAFCOC in April 1976.(3) In July 1976, at NAFCOC'S Annual Conference at Pietersburg, a Black Supermarket Action Committee was appointed to investigate the feasibility of the project. This Committee presented a favourable report to the National Executive on November 8th 1976, whereupon the Executive appointed, as subscribers to a proposed public company, seven members of a specially created Blackchain sub-committee - S.J.J. Lesolang, H.S. Majola, S.M. Motsuenyane, P.G. Gumede, W. Zondo, P.S. Ramakobya and G.M. Mokgoko.(4) These members were authorised to register the company and to carry out all the legal requirements of a public company.

When Blackchain Limited was registered, on December 17th 1976, the money collected in the Trust Fund went towards the registered share capital of the company. The company was registered with 100 000 shares of R1,00 each, with R250 minimum equity per shareholder.(5) In March 1977, R70 000 had been collected. The company, with 100 per cent

Black shareholding, set a launching date for March 1978 and, during the following months, the intention was to raise R100 000 for the building and stocking of the premises.(6)

During the many meetings which took place in 1977, the Committee considered the advisability of starting with its own buildings, leasing and taking over or going into partnership with existing supermarkets. It was unanimously agreed that Blackchain should erect and own its own premises wherever possible so that it would not find itself in a position where it had to lease premises from the Administration Boards. However, Blackchain decided to accept offers from Chamber members who proposed that Blackchain should buy their existing large grocery stores. Those at Madadeni and Kwa Mashu, for example, were taken over in order to give Blackchain a foot in these areas until it was able to build new supermarkets. Mondlo supermarket owned by H.S. Majola was purchased by Blackchain for R85 000. Other prospective purchases were a property owned by the Umnini Trust Board on the Natal South Coast at Umkomas and a supermarket at Kwa Thema in Springs.(7)

Several White companies involved themselves in the initial planning of this supermarket chain. When Pick 'n Pay, the giant White supermarket chain was approached for advice it suggested that a minority shareholding could be bought in its group and, in return, it would enter into a management contract for Blackchain until Blacks were sufficiently expert in that field.(8) This offer

was not taken up.

Norton Company generously assisted in the research into suitable sites for the supermarket. Four sites, considered to be suitable, were available at Jabulani, Soweto; Kwa Mashu, Durban; Clermont, Pinetown; and Madadeni, Newcastle. The Executive favoured supermarkets rather than smaller shops in a shopping centre. All four sites were secured although the Jabulani site in Soweto was considered the best in respect of its proximity to the industrial heart of the country.(9)

The Old Mutual Insurance Company indicated that it would consider underwriting the initial development costs of Blackchain.(10) However, no details of the amount of finance involved were entered into at this stage.

Peter Black and Partners were called in to view the proposed site at Jabulani in May 1977(11) but NAFCOC postponed any contract to survey the site until it had secured finance for the project.

The Johnson & Johnson group of America voiced their approval of the project and indicated that they were prepared to help with the project.(12) Both Johnson & Johnson and Carlton Paper Manufacturing Company offered to train managers for Blackchain.(13) Shell Company donated R26 000 towards the scheme.(14)

The African response to this supermarket plan was mixed. Some Chamber members, who were extremely keen to be

involved in such a project, went ahead and purchased their shares at an early date; others appeared to be reticent for various reasons. The Executive itself requested the Regions, early in 1977, to publicise Blackchain as much as possible so that enough shares would be bought in time for the projected opening date. However, in the Southern Transvaal region, which would probably be the area to get the first store, there appeared to be a degree of misunderstanding about the aims of Blackchain. While some members in the area supported the scheme it seemed that others were not sure what the implications of supermarkets were and, consequently, they were wary of joining in. Apparently, these people were worried not so much about the effects of any competition the project could have on their own shops as about who was to be the supermarket owners. Officials in the Region explained to them that it was not NAFCOC that was establishing the supermarkets, but public company. Since it was members of NAFCOC who had originally asked for this public company, SOUTACOC officials were at a loss to understand why members in their area were not aware of that fact.(15)

Although these NAFCOC members accepted SOUTACOC'S explanation and resolved to join the scheme, there were fears expressed by other Soweto businessmen, who were not members of NAFCOC, that the supermarket chain would be a threat to established small businesses. 'Soweto Traders attack market scheme' was the Rand Daily Mail's headline of 21st May 1977. The proposed Black controlled

and owned supermarket scheme was opposed in Soweto because it was 'unhealthy'[16] for the local traders, according to the Vice-President of the Soweto Traders Association (formed in 1976), Mr. P. Makhetta, when he addressed the annual conference of the Southern Transvaal African Chamber of Commerce.

The Chamber was aware of the fear which its project had aroused amongst these particular Soweto businessmen but it felt that the fear was wholly unjustified, as provision was made in the scheme for a cash and carry wholesale operation to run simultaneously as part and parcel of the Blackchain project.

But, more importantly, Soweto desperately needed large supermarkets which could provide the consumer with one-stop convenience shopping similar to that which was available in White urban areas. Blackchain hoped to provide this by offering the consumer a wide choice of items at competitive prices.

In March 1976, the following licenced businesses existed in Soweto:[17]

Butchers	194
General Dealers	394
Fish and Chip Stores	111
Eating Houses and Cafes	118
Greengrocers	226
Dairies	54
Garages	13
Dry cleaners	46

Bottle stores	21
Beer Halls/Depots	29

These businesses catered for 149 310 households and approximately 900 000 people.(18) Therefore, it was clear that the proposed Jabulani supermarket would have an enormous market potential available to it, but, at the same time there was room for the already established small Soweto businesses to exist and prosper with it.

NAFCOC'S success in effectively opposing a proposed White shopping complex on Soweto's border gained it more publicity and consequently, more support for the Blackchain project. However, the project was delayed until the end of 1977 by the West Rand Administration Board's reticence in granting Blackchain the necessary land allocation at Jabulani. An East Rand application for a similar venture was refused.

But, the greatest impediment to the launching of Blackchain in 1978 was finance. Although the initial projected share capital of R100 000 was almost subscribed, with R98 000 in February 1978, the million Rand required to erect the buildings, had not been acquired.(19) In April 1978 the prospectus for the company was prepared and it was announced that R104 000 had been collected, while R150 000 more would be required to open the store.(20)

At this stage it was confidently hoped that the Urban Foundation and the Old Mutual would share in the costs

of erecting the complex. However, in November 1978 the scheme was further delayed because the Old Mutual was uncertain about the interpretation of the new regulations relating to the Black Urban Areas Consolidation Act whereby Building Societies had initially expected that they would be able to grant mortgage facilities under the ninety nine year leasehold scheme.(21) In fact things were far from simple because the Societies came up against legal restrictions governing their activities in non-White areas which the Government had not clarified or changed to accommodate the newly announced scheme. A further delay of three months was caused by the slowness of the Department of Plural Relations and Development processing certain documents relating to the project.(22)

A study of the leasehold regulations showed that they had been designed for the existing low-density detached single dwellings. Serious problems of title arose when plans for high-density housing or business or industrial developments were proposed. Thus, for example, if an employer wished to build flats or a hostel for his employees there was no provision in the law to cover this. Consequently, dedicated housing administrators like Mr. John Knoetze and Mr. Alex Rabie used their ingenuity to create a legal fiction in the form of the so-called 'back-to-back' arrangement. This worked as follows: the Administration Board, as sole owner of the land in the townships allotted stands to be used by the employer for the erection of housing. The employer then erected the housing from his own funds without the advantage

of any form of title and without being able to obtain a mortgage bond. On completion, the buildings were donated to the Board and the employer obtained a right to allocate the leases of the premises for a period of thirty years.(23)

Similarly, the only business sites envisaged in the ninety nine year leasehold regulations were of a size equivalent to ordinary residential stands, for example, the traditional small grocery stores in Soweto. Their rent was arbitrarily fixed at ten times that of a residential stand. No provision was made for larger sites, nor for mixed use development. Thus, NAFCOC'S pioneering shopping centre, Blackchain Centre in Diepkloof, had to be created under a clumsy and fictitious back-to-back arrangement involving several institutions, and every sub-lease of a shop in the centre required consent from a chain of authorities.(24) 'No shopping centre developer in the White sector would ever try to achieve a viable scheme under such conditions.'(25)

The training of staff was also held up despite a further offer of R10 000 from Carlton Paper Company,(26) along with that already promised by Shell Company. Actually Shell had compounded the difficulties by requesting that only their products (Petroleum) should be sold in the Chain as a condition of their grant. The Directors of Blackchain were not sure whether this would be beneficial to their operation or not.(27) However Snell's financial offer was accepted so presumably

their proviso was too.

Yet the main problem of finance for the building complex remained. Although Blackchain went ahead with tenders for the erection of the buildings in February 1979 it was still not sure at that stage where it would get the money for construction.(28)

Blackchain entered into a contract with the African Development and Construction company to build its first supermarket centre at Jabulani. A sum of R60 000 was paid out immediately. However the group was soon in serious financial difficulties. Some members had pulled out because of the long delays over getting the project off the ground.(29)

In June 1979, the shareholders meeting discussed the matter of raising more funds. If these were not forthcoming then there were several alternatives open to them:

1. To hand the project over to the West Rand Administration Board and allow them to put up their building and Blacks would merely rent the premises from the Board. This was unpopular since shareholders were keen to own the property themselves.
2. To organize with a Building Society for more funds. This had proved to be impossible since they had already visited all the Building Societies and funds had been turned down because of the speculative nature of the business and the uncertainty of the legal restrictions involved.

3. Arrange with one of the White companies for a partnership of some sort. However, NAFCOC was expressly against this sort of partnership in Black areas where retailing was concerned.(30)

Nevertheless the scheme was not over yet. In February Anglo American Corporation had agreed in principle to granting Blackchain a long term low interest loan of up to seventy five per cent of the total cost of the buildings. An interest rate of between six per cent - eight per cent was offered and the repayment did not need to be made before five years.(31) Since the Building Societies had opted out of the scheme by this stage, NAFCOC saw its last hope, for finance for the other twenty five per cent of the building cost to be the Urban Foundation. But the Foundation, although it had earlier indicated that it might be interested in the scheme, changed its mind during the following six months and reverted to its original policy of not being actively involved, financially, in schemes which it considered could or should be financed by other, more appropriate institutions like Building Societies and Banks. Since NAFCOC had, until that time, found it impossible to obtain finance from those traditional avenues it considered that the Foundation was being unnecessarily harsh in its attitude to what had become a very difficult situation. Consequently, when members of the Foundation attended NAFCOC'S Annual Conference in Johannesburg in July 1979 they came in for a lambasting from Chamber members concerned with the Blackchain project.(32)

Dr. Lee, General Manager of the Foundation,responded by saying that the Foundation could not use its donated funds as risk capital in business ventures since they were trust funds to be used for community development projects. Therefore no funds could be allocated to the Blackchain group. He then suggested methods of helping Blackchain out of its dilemma. First, the ninety nine year lease should be expedited so that Black businessmen could obtain finance through mortgage of those leases. He pointed out that the Foundation was working with the Government to get rid of technical obstacles. Second, he advised the establishment of a Small Business Centre with its own Insurance Fund, similar to those found in America. One million Rand could be put into a fund for financing businesses. This would be deposited with Banks who could then loan to individuals or companies. They would probably be able to relax their security requirements in those cases because, in the case of non-repayment, they could fall back on the Insurance Fund. Since the Foundation did not view this type of money as risk capital it indicated that it might be prepared to invest some of its funds in this way.(33)

However, the Foundation <u>was</u> using its funds for the development of business centres, in particular , the Pimville twenty seven zone in Soweto. NAFCOC, aware of this development, questioned the Foundation further on its activities in that regard. Thereupon the Foundation admitted that it was undertaking a business potential survey; it was involved in aiding and clarifying the

legal and administrative aspects; it was helping with Township development by seeing that there were adequate shops in that area.(34)

In fact NAFCOC were correct in its criticism over the Foundation's involvement in this project. The centre would be in direct competition with the Blackchain scheme which the Foundation had declined to help. Leonard Mosala accused the Foundation of not wanting to help NAFCOC while it was negotiating with similar schemes itself. He said quite bluntly that, 'If the Urban Foundation reconsiders its position then they will be accepted by NAFCOC.'(35)

Mr. Zondo, a Director of Blackchain, backed Mr. Mosala and added that for the Urban Foundation to fall into the same category as banks left Blacks dismayed. He continued by saying that the Urban Foundation had said that when a crisis arose it would help, yet a crisis had arisen and the Foundation had not done anything. 'They should know that the financing can be done in no other way.'(36)

He pointed out that obviously Blackchain's effort was seen as a threat since every effort was being made to block funds for it while large White organisations were attempting to move into the Black areas first. If that happened then the Blackchain was doomed.(37)

Nevertheless at that meeting the Foundation stuck to its claim that it did not make loans on no security at

all. Two weeks later the Foundation responded to the public criticism of its stand and held meetings with NAFCOC about financing Blackchain. At an Urban Foundation Directors meeting on 25 July 1979, the proposal that R500 000 should be lent to Blackchain was accepted. The loan would be for six months and was intended to pay for the construction of the premises. In a case of default, it was intended that the Foundation would have first call on the assets before shareholders.(38)

But, during the following three months the Foundation worked with the Government to legalise its stated position on the ninety nine year lease for Blacks. Initially, the lease could only be bonded for a year at a time - this stipulation being totally inadequate for large scale business capitalisation loans. Pressure from the Foundation resulted in a change in this legislation - a change which would then allow shareholders in Blackchain, for instance, to acquire a long term loan from banks and then return the bridging finance to the Foundation.

Consequently, in November 1979, Blackchain's Chairman, Mr. S.J.J. Lesolang, was able to announce that a consortium of Anglo American, Standard Bank, Barclays Bank and Nedbank had put up R2 million for Blackchain. The Urban Foundation was thanked for helping to bring together the consortium. The finance provided would not affect the position of Blackchain as a 100 per Black owned company. Black shareholders had already provided R533 000 in capital and it was hoped that many more

would continue to invest in the project.[39]

With the successful completion of the financial arrangements, Blackchain expected to open its first supermarket in January 1980. The Frasers Group were appointed management consultants for Blackchain. Further delays occurred with the construction of the premises and the opening was put forward to April 1980.

On April 10th 1980 Blackchain finally opened its doors. It comprised a supermarket of 200 square metres, fully air conditioned and a second floor Cash and Carry warehouse catering as a wholesale operation. The supermarket was the most modern ever built and owned by Blacks. The range of goods displayed was extensive, from matchboxes to T.V. sets and washing machines. The incorporation of a wholesale division meant that local shopkeepers could sell their goods at the same price as Blackchain, if they bought from that warehouse. It also meant that the store had more muscle when negotiating with suppliers, since it represented both the shopkeeper and the consumer.

The staff of about 100 were professionally trained in merchandising and supermarket techniques, some attended Potchefstroom University's Business School for these courses. The Managing Director, Mr. H.S. Majola expressed his delight with the project by saying that,

> Although there is a Zulu expression which says 'Ungamemezi Ungakaphumi Ehlathini' meaning that one should not shout before one is out of the forest, Blackchain Directors and Management are now confident that the Blackchain ... will be successful.[40]

> The Black giant marks the end of a long struggle to have Blacks not only participating more meaningfully in the retail game, but involved in the South African economy, it also marks the beginning of a revolution in retailing.(41)

The outlook, then, for Blackchain, seemed optimistic and it was the company's intention to extend similar supermarket facilities in Black areas throughout South Africa.

In order to maintain this impetus NAFCOC urged Blacks to take pride in their own achievements stressing that they should continue to initiate projects in order to ensure that progress continued. 'Progress does not come by itself, neither desire nor time can alone ensure progress. It is not a gift but victory.'(42)

Interestingly, in an expression of gratitude, the Blackchain Directors thanked God for their victory by holding a Thanksgiving Day, in February, when the building was complete. This Thanksgiving Day was intended to thank God for enabling them to obtain the necessary finance. They expressed the view that it was important for the Black community, particularly during the challenging period of their own ecomomic development, that they "kneel down and ask God for His guidance. 'When He is with us and on our side who can stand before us?'"(43)

In order to appreciate the extent of the popularity of the Blackchain Company a computerized analysis was carried out on the shareholding in the Blackchain Company which

produced the following results:

There were 612 shareholders. The total share capital was R100 378,67. 85,1 per cent of the shareholders were males. 12,3 per cent of the shareholders were females. (Appendix 2 Fig.9).97,4 per cent of the shareholders were Black individuals. (Appendix 2 Fig 10). The Black companies were represented by 2,1 per cent. This gave a 99,5 per cent Black ownership.

The largest percentage of shareholders came from the Southern Transvaal - 27,5 per cent (Appendix 2 Fig. 11). The Southern Transvaal region of NAFCOC is the second largest and an active region of the Chamber, with a membership of 400. Though the largest number of shareholders came from Ga-Rankuwa - 8,3 per cent, the second largest number of shareholders came from Katlehong - 5,2 per cent (Appendix 2 Fig. 12).Ga-Rankuwa was included in the postal district of Bosveld but is part of Bophuthatswana and in the Bophuthatswana Chamber region (BOCOC) of the Chamber of Commerce. The large shareholding might be attributed to the presence of Sam Motsuenyane, President of NAFCOC, who, by his drive and enthusiasm, enlisted many shareholders.

Katlehong forms part of the Southern Transvaal Chamber Region.

32,8 per cent of those who purchased shares bought them in the 0-100 range. Only 0,2 per cent of those who

purchased shares bought them in the 10 000-25 000 range. and 25 000-60 000 range.(Appendix2 Fig. 13). However, the 32,8 per cent accounted for 201 shareholders, while the two lots of 0,2 per cent accounted for only two shareholders.

There was a high significant relationship between the number of shares bought and the sex of the shareholder. (Appendix 2 Fig.14). A large percentage of shares were purchased by females. 30,9 per cent of males bought in the 0-100 range, but 52,0 per cent of females bought in this range. Almost equal numbers purchased shares in the 100-250 range. No females bought in ranges above 5 000. The large percentage of female buying might be attributed to the traditional role that African women have played in African retail business enterprises and this appears to be increasing. Many of the shareholders were husbands and wives and this might account for the fact that more women purchased shares in the lower ranges than men. Wives usually took a smaller shareholding than their husband.

There was a significant relationship between the type of shareholder and the amount of shares purchased. (Appendix 2 Fig. 15) Apart from one multi-racial company there was no White involvement. 33,6 per cent of Black individuals who purchased shares bought in the 0-100 range, whereas 30,8 per cent of Black companies purchased shares in the 1 000-2 000 range. No Black companies purchased shares above 5 000. Though most Black individuals purchased shares in

the lower ranges, Black companies tended to buy larger stakes possibly because Black businessmen are experienced in retail business and know its potential.

There was no significant relationship between the area where shareholders live and the number of shares purchased. (Appendix 2 Fig.16). Though very few shares were purchased in the high ranges in any areas, and certain areas held all their shares in low ranges, there was a fairly random distribution of shares and this would appear to indicate that the publicity, given by NAFCOC to this project, was successful, that shares in retail businesses were popular and that it was desired by African businessmen in all areas. It indicates that they had money to spend on retail enterprises and that once they were given the opportunity to move from 'petty' capitalism, with its small one business stigma, to positive capitalism, they approached it with the self-importance and force that it entails.

8.(ii) <u>African Development and Construction Company</u>

During the early months of 1977, NAFCOC met with the directors of Roberts Construction Company to discuss the possibility of forming a Black controlled construction company to operate in the urban areas of the Republic.(44)

The factors which prompted NAFCOC to initiate these negotiations were first, NAFCOC'S awareness that a great deal of rebuilding to shops and houses would be required in the years following the destruction which

had been caused during the riots of 1976. With the prevailing attitude of Africans in the townships, a Black owned construction company stood a chance of gaining a large number of contracts in this direction. Second, was the housing development in the Black communities in which the Black man was not participating.(45) In the 1977 budget, over R40 million was allocated for Black housing(46) and, in addition to this, the Urban Foundation and many other private sector organisations were all taking Black housing as a priority project. This was yet another result of the 1976 riots. With the expected boom a large amount of money would be spent on Black housing without the Black people sharing equitably in this business. Third, another envisioned result of the riots would be the increase in the number of other types of construction involving schools and training institutions, shopping centres, recreational amenities, nurseries and even hospitals and hotels.

Consequently, NAFCOC'S approach to the Roberts Construction Company produced a quick and positive response. One must realise that, in certain quarters, a prevailing White response to the riots was the desire to become involved with Blacks in an effort to bring about changes. This was particularly evident in regard to changes which would involve the upliftment in the quality of life in the townships. Massive reconstruction in these townships was the most important and immediate need.

A construction sub-committee was formed, comprising both

the representatives of Roberts Construction and NAFCOC, with a view to exploring the possibilities of establishing a new joint company in which NAFCOC members would be the principal shareholders and with Roberts Construction having a management contract to run the company until sufficient qualified Blacks were available to manage the company.(47)

Progress was rapid with this national project. Negotiations were finalised in July 1977. The share capital proposed 100 000 shares of R1 each distributed on the basis of forty nine per cent and fifty one per cent in favour of Roberts Construction and NAFCOC members respectively. R30 000 was required immediately to register and take a controlling interest in the company. Members of NAFCOC'S Executive responded directly by pledging R8 000 to buy shares in the company.(48) By October, forty three members had purchased R36 500 and seven more were to be allowed to purchase up to an expanded target of R50 000.(49) The intention with this particular project appears to have been to keep the number of shareholders fairly low, with members purchasing relatively larger blocks of shares, since the project initially required a fairly low capital injection. In addition the company was registered as a (Pty) Limited company which legally restricted the number of shareholders to fifty. However it was announced in June 1978 that because of the public interest shown, the company would soon be converted into a public company.(50)

Nevertheless, the composition of the shareholding of this company, with Roberts Construction acquiring forty nine per cent of the share capital while Black individuals had to be content with small share equities amounting to the other fifty one per cent, revealed the existing structural constraints on Black business. While it represented an advance for African business it was still forced into a dependent relationship. Roberts Construction acquired the largest single shareholding as well as the management contract in the company.

Within six months the fledgling undertaking, African Development and Construction Company (hereinafter AD & CC) was reported to be doing exceptionally well. By October 1978, the company employed more than a hundred men, including administrators and labourers. It was involved in fifteen projects and its Chairman, Mr.SM. Motsuenyane was optimistic that the company would show a profit in its second year of operation.(51)

The company's first construction was a beer outlet in Sebokeng, then a supermarket in the same township. It built some showhouses in Soweto, altered several private homes and built a chapel, a day-nursery for children and extensions to the Chamdor Industrial Training Centre in Krugersdorp. Mr. Motsuenyane said that the company would seek work in White areas in competition with White firms if the prevailing zone laws were changed.(52) The company also operated a training scheme for Africans.

> It augurs well for South Africa if we can create the kind of stake Blacks ought to have in our country. The social implications are vast.(53)

said Motsuenyane at that time.

The construction company's first major project to build solely with Black capital came, as expected, from its construction agreement between Blackchain Limited and itself. The contract signed in March 1979 was in two phases and was to build Blackchain's super-market and wholesale premises - a project of 7 417 square metres, as well as seventeen speciality stores, six offices and doctors' consulting rooms and a small hall.(54)

During that year, and into 1980, AD & CC was fully committed, building shopping and training centres, banks (in contract agreements with the African Bank), and garages. However, on the introduction of the ninety nine year lease by the Government, ADCC Homes, which had already built several private houses, felt that it should take the initiative in assisting Blacks towards home ownership.(55)

ADCC Homes was a division of Murray and Roberts Properties, formed to market the package on behalf of AD & CC, and handled all negotiations with the buyer, the Building Society, and, where applicable, the buyer's employer.

Although the introduction of the ninety nine leasehold tenure was, initially, not well received by most Africans, because they saw no reason why freehold rights should not be given to them, ADCC Homes was confident that the buyer had effectively the same rights as freehold. The reasons given were that:

(a) once the lease had been purchased, it could not be cancelled for any reason including non-payment of rent;

(b) the property could be mortgaged;

(c) it could be resold at a profit to anybody who qualified;

(d) it could be inherited by the owner's heir - or sold by the heir if he could not meet the bond repayments;

(e) it could be altered and improved (subject to the plans being passed).(56)

The ninety nine year leasehold provision was conveniently pushed aside, although AD & CC's Chairman, Mr. Sam Mo' uenyane said, 'Blacks are of course hoping that, eventually, the Government will allow them freehold ownership of property in the urban as well as the rural areas.'(57)

In the past the provision of Black housing in the urban areas has almost entirely been the responsibility of the Government. But as the population has expanded the housing problem has grown bigger leaving a vast housing backlog in most African urban areas.

Under the thirty year leasehold system, first introduced in 1949, revoked in 1968 and re-introduced in 1975, about 12 210 houses were built in Soweto and other areas. Since this tenure was viewed as insecure by the Building Societies they did not become involved in it. However, from April 1979 to May 1980, 48 000 stands were made available under the ninety nine year leasehold scheme, about 33 000 of those in Soweto.(58)

Towards the end of 1979 the African Development and Construction Company became involved in the construction of these types of homes which ranged in price from R10 000 to above R30 000. The first ten houses were handed over in Zone Five Pimville, Soweto in May 1980. All the houses were built to the individual requirements of the buyers. These ten houses constituted the first of several hundred which were to be developed in Pimville. AD & CC had undertaken to build in this area under the auspices of the Urban Foundation, the United Building Society and the Natal Building Society.(59)

Apart from the enthusiasm shown by private individuals in the home ownership scheme, many large organisations also signed contracts whereby ADCC Homes organised the design and erection of houses for their staff. 450 houses alone were constructed for the Reef Administration Boards.(60)

With its feet firmly planted in the housing field the construction company looked set to become a prosperous enterprise. But it also felt that it was making a worthwhile contribution towards alleviating the housing shortage in Black urban areas.

Yet the boom in African housing was not the only Government response to the 1976 riots, for it also decided, in the three years following 1976, that the whole of Greater Soweto should be given electricity

as a first priority in any upliftment of the area. By 1980 AD & CC was in a position to tender for part of the electrification work. And, in August 1980, one of the largest contracts signed in the second round of tenders for the Electrification of Greater Soweto project was with the African Development and Construction Company - the first Black company to successfully win a contract on open tender for the project. AD & CC, one of the largest contractors active in Soweto by 1980 was to carry out all the building work for the main receiving station at Soweto and for the substations at Diepkloof, Mofolo, Zola, Mapetla and Moroka. The contract, signed with the Community Councils of Soweto, Diepmeadow,and Dobsonville, included foundationing and all building work including the associated domestic electrical and plumbing installations - in total, a contract valued at R1,4 million.(61)

A computerised analysis was compiled from the shareholding in the African Development and Construction Company. There were sixty shareholders.* Fifty nine of these shareholders were Black, owning fifty one per cent of the shares with a share capital of R44 500. Forty nine per cent of the shareholding was owned by Roberts Construction with a share capital of R42 754.

96,7 per cent of the shareholders were males. There were no female shareholders. (Appendix 2 Fig.17). 96,7 per cent of the shareholders were Black individuals. There were no Black company shareholders. (Appendix 2 Fig. 18).

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* Although Section 20 (1) of the Companies Act, 1926, limits the number of members in a private company to fifty, this is exclusive of persons who are in the employment of the company.

The largest percentage of shareholders came from the Northern Transvaal - fifteen per cent. (Appendix2 Fig. 19). The Northern Transvaal postal district incorporated the Venda Homeland for the purpose of this survey. Possibly with a view to the large amount of infrastructure to be built in this area, African businessmen might have been interested in construction and building shares. This is borne out by the fact that the third largest number of shareholders came from Sibasa which is the capital of Venda. However the largest number of shareholders came from Ga-Rankuwa - ten per cent. (Appendix 2 Fig. 20). Again the large percentage of shareholders from Ga-Rankuwa might be attributed to the presence of Sam Motsuenyane in this area. Interestingly, the other two leading towns, Debenek and Witzieshoek, are in the Ciskei and the Orange Free State respectively. This seems to indicate that a construction enterprise was popular in all areas except Natal.

58,3 per cent of those who purchased shares bought them in the 250-500 range. (Appendix 2 Fig.21).This accounted for thirty five shareholders.

There was a significant relationship between the number of shares bought and the sex of the shareholder. (Appendix 2 Fig. 22).60,3 per cent of males bought in the 250-500 range, whereas companies purchased fifty per cent of their shares in ranges 100-250 and 25 000-60 000. There was no female ownership in this enterprise possibly due to the male oriented aspect of the construction business.

There was a significant relationship between the type of shareholder and the amount of shares purchased. (Appendix 2 Fig.23). 60,3 per cent of the shares purchased by Black individuals were purchased in the 250-500 range, whereas White company shares were 100 per cent purchased in the 25 000-60 000. No Black individuals held shares over the 5 000 range. This was a comparatively new and undiscovered field for Blacks therefore one can assume that they would prefer to await the initial outcome of the venture before investing large sums in it.

There was no significant relationship between the area where shareholders live and the number of shares purchased. (Appendix 2 Fig.24). Most shares were purchased in the 250-1 000 range, but many areas purchased no shares at the high and low levels. As there was a fairly random distribution of shares, this would indicate that, apart from the popularity of a construction enterprise, Blacks were willing to grasp at any chance of moving into positive capitalism, be it an area like retailing which they knew and had experience of or be it construction which was entirely foreign to them.

8.(iii) NAFCOC National Trust Limited

With the expansion of NAFCOC'S activities into such diverse fields as banking, insurance, retailing, publishing and construction it was decided that a trust fund should be instituted to collect money for any future expansion so that a capital base would be

available when a particular national project needed to be implemented.

In January 1979 a trust was established in the above name and was intended to:

1. Be the repository of all NAFCOC'S donations, surplus funds and loans to NAFCOC.
2. Be a trust fund which would be invested to become a security for all NAFCOC'S projects .
3. Be a fund to which all NAFCOC regions and members would be urged to donate.(62)

R6 058,51 collected for the Black riots relief fund was immediately deposited in this new Trust Fund.(63) Basically, the Trust, which was a company not for profit, was created to protect and facilitate the development of Black business by serving as a source of additional capital or fixed security to enable Blacks to obtain funds from financial institutions.

In order that the Trust could secure the necessary funds to fulfil these objectives, it was resolved that:

(a) all individuals and corporate members of Chambers affiliated to NAFCOC should be urged to donate a sum of money not less than R100 towards the initial capital of the Trust
(b) this contribution be paid in full within a period of one year commencing from the Annual Conference of July 1979
(c) organisations and individuals, other than NAFCOC members, should also be persuaded to contribute

towards the funding of the Trust and be benefited by it.

(d) in addition to drawing income from donations the Trust should also raise funds by means of long term loans

(e) the Executive of NAFCOC be fully empowered to administer the Trust as set out in its Memorandum and Articles of Association.(64)

A year later, in 1980, it was apparent that the initial response to the Trust was disappointing, with only a few members making contributions to the fund. It was felt that the fault lay principally with Chamber leaders who had failed to convey this appeal to the bulk of NAFCOC'S members in the various Regional Associations. Consequently more emphasis was given to the project at the 1980 Annual conference where it was pointed out to delegates that NAFCOC urgently required a strong financial backing that could act as a guarantee or safeguard against any one of its projects failing because of'the Black man's' inability to raise loans.

> Black people are understandably poor in fixed assets and securities; therefore we must begin now to insure our projects by augmenting the NAFCOC Trust to become the real stronghold of our organisation.(65)

8.(iv) <u>NAFCOC Industrial Development Corporation</u>

Similarly, the registering o˙ a company under the name of the NAFCOC Industrial D:velopment Corporation

(hereinafter NIDC), during 1979, was another attempt by NAFCOC to establish an institution to finance mainly Black business projects.

Reference has already been made, under the section dealing with the Five Year Plan and Training, to NAFCOC'S involvement since 1977 in investigations concerning the establishment of a Small Business Development Centre. This scheme was in conjunction with Rutgers University of America and plans were finalised early in 1980. As stated earlier, this project evolved because NAFCOC saw the necessity for some kind of Development Corporation to aid urban Black businessmen. The alternative idea of a business development centre was accepted by NAFCOC, although it was quite different from the original plan. The main differences between the small business development centre and the development corporation proposed by NAFCOC were that, in the case of the former, existing commercial banks would provide short and medium term finance at normal rates of interest against the security of the loan insurance guarantee scheme. While in the case of the latter, the development corporation would provide medium to long term loans at lower rates of interest from its own capital funds.

There was undoubtedly a great deal of merit in both proposals for, even though the small business development centre project was developed first, the question of the provision of long term loans to Black businessmen could not be overlooked or ignored. Business projects

such as service industries, shopping centres and manufacturing, where large sums of money were spent on buildings and other capital intensive installations, could not be financed solely on short to medium term loans from banking institutions. Consequently NAFCOC did not lose sight of its idea for a development corporation and, from 1977, its Capital Raising Committee continued to look into the various aspects of the proposal.

During 1976 the Deputy Minister of Bantu Administration and Development had promised NAFCOC that his Department would study various means of capitalising Black business in the urban areas.(66) With the institution of NAFCOC'S own Committee to investigate the raising of capital in those areas, NAFCOC felt that it would be in a position to share, with the Minister, its own findings and recommendations. However, in September 1977, NAFCOC complained that the Department's promise had not been fulfilled. An interdepartmental commission of enquiry was under way however, and the Minister promised to submit the report to NAFCOC as soon as it became available.(67)

With regard to NAFCOC'S proposal to investigate the possibility of establishing a Black controlled finance and development corporation in urban areas entailing the use of local and overseas private capital, the Minister said that, although he appreciated the need for such a scheme, the matter first had to be referred

to the Department of Finance Registrar of Financial Institutions, preferably by means of an appropriate memorandum.(68)

NAFCOC'S investigating committee, reporting back in mid 77, recommended the establishment of a development corporation since there was evidence of a greater number of Black controlled companies being formed. There was also a definite move towards more efficient administration amongst Black businessmen and the emergence of a number of potential Black Chartered Accountants would undoubtedly help in this area. The Committee also pointed out that in most underdeveloped countries 'Development Banks' existed which financed the development of private enterprises, usually at low interest rates.(69)

The following guidelines for a Development Corporation were offered by the Committee:

1. Its target area should be the Black urban areas of South Africa, but it should not restrict itself.
2. It should be Black controlled, but should welcome White equity participation as well as funding and expertise. To this end every effort should be made to persuade the South African banks and others to support this project in preference to an earlier proposal made by them to form a development bank.
3. The staffing of the Corporation should be limited, probably to a Chief Executive, Investigation Officer and project Co-ordinator/accountant.
4. (i) Chief Executive - in overall control and responsible for funding the Corporation.

(ii) Investigation officer - conduct initial interviews and place assignments in the hands of specialists. Prepare recommendation in respect of project.

(iii) Project Co-ordinator - responsible for appointment of consultants.

5. If possible it should use existing sources of finance for the funding of the approved projects e.g. banks and insurance companies. It should probably guarantee all or part of the finance and, where appropriate, subsidise the funding costs.

6. It should avoid taking equity participation and would provide or arrange the finance for the buildings etc.[70]

Consequently NAFCOC resoved to go ahead with the project and attempt to enlist the support of South African banks as well as EDESA.

Although NAFCOC announced, at its conference in July 1978, that it would establish a development corporation, along the proposed lines, the formation of the company was delayed during 1978 pending the establishment of the Small Business Development Centre. A further delay was occasioned by the Prime Minister's Meeting on 22 November 1979,[71] after which it was hoped that some new developments in the training and financing of small business in the urban areas would take place.

However, since it appeared that any relevant action on the Government's part would take time and result in

further delays, and since the financial problems of developing urban Black business were very urgent, NAFCOC decided to go ahead with the registration of its Development Corporation.

From the contacts made during 1978 in America and Europe, NAFCOC renewed its communications with those companies and organisations to explore channels of raising capital for the new Company. It was revealed that great interest was being shown, in the establishment of a Development Corporation, by a number of foreign governments including the British.(72) The recommended guidelines for the Corporation, as set out by the Capital Raising Committee, were expanded with the assistance of studies by experts in conjunction with NAFCOC'S Industrial and Education Committees, who looked into the financing strategies and priorities of the Corporation.

The Corporation operates as an independent Company with a Board of Directors under the Chairmanship of NAFCOC'S Deputy President, Mr. P.G. Gumede.

The Minister of Co-operation and Development, Dr.PGJ. Koornhof, told a NAFCOC delegation, in August 1979, that he was of the view that a Development Corporation as envisaged by NAFCOC would take a long time to bring about. But he said that to create a branch of the Corporation for Economic Development (hereinafter CED) could be done in a matter of weeks.(73)

A year later NAFCOC instituted its Development Corporation

and decided to 'go it alone.' No 'branch of the CED' had been set up by the Government before that date. NAFCOC had learnt by experience that only when it initiated its own projects, only when its members became 'doers and innovators',(74) did any real progress for its business community come about. 'The African must follow the footsteps of the Afrikaners, who averted economic domination by establishing, their own Corporations and Financial Institutions.'(75)

The 1976 riots, while they stimulated action from the Government and the White private sector also had the effect of bringing home to the Black businessmen and NAFCOC the need for greater Black initiatives for development. It was realized that if the White sector was to provide the opportunities then the Black sector must be ready to take advantage of them. Thus, projects such as the Blackchain Company and the African Development and Construction Company were successfully negotiated after 1976 and capital based projects such as the National Trust and Development Corporation evolved to safeguard these and any future Black business initiatives.

NOTES

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

(2) 'Black Businessmen plan their own supermarkets', African Business, Sept., 1975, p. 23.

(3) NAFCOC papers, Executive meeting minutes, 27 April, 1976.

(4) 'Blackchain report', African Business, July, 1977, p. 21.

(5) Ibid.

(6) NAFCOC papers, Executive meeting minutes, 15 March, 1977.

(7) NAFCOC papers, Executive meeting minutes, 6 Oct., 1977.

(8) NAFCOC papers, Executive meeting minutes, 7 July, 1976.

(9) NAFCOC papers, Executive meeting minutes, 7 Nov., 1976.

(10) NAFCOC papers, Executive meeting minutes, 15 March, 1977.

(11) NAFCOC papers, Executive meeting minutes, 28 May, 1977.

(12) Ibid.

(13) NAFCOC papers, Executive meeting minutes, 14 Feb., 1978.

(14) Ibid.

(15) NAFCOC papers, Executive meeting minutes, 28 May, 1977.

(16) 'Soweto traders attack market scheme', Rand Daily Mail, 21 May, 1977.

(17) NAFCOC papers, Report on Proposed development of a retail outlet in Soweto for the Blackchain (Pty.) Limited, May, 1977.

(18) Ibid., figures supplied by the West Rand Administration Board. An attempt to obtain figures for trading licences in Soweto for 1970, from the City Council, Johannesburg, was unsuccessful, 'as statistics of the race group of the applicants are not kept.' Letter from Chief Licence Officer, City of Johannesburg, 15 Sept., 1980.

(19) NAFCOC papers, Executive meeting minutes, 9 Feb., 1978.

(20) NAFCOC papers, Executive meeting minutes, 13 April, 1978.

(21) NAFCOC papers, Executive meeting minutes, 12 Nov., 1978.

(22) Ibid.

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(45) NAFCOC papers, Executive meeting minutes, 8 Aug., 1975.

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CHAPTER 9

PATH TO PROGRESS-ECONOMIC INTERDEPENDENCE AND THE HOMELANDS

This Chapter outlines the type of business partnerships contracted between Blacks and Whites in the Homeland areas of South Africa after the mid 70s. Many of these were in the form of tripartite arrangements which were actively, though ineffectively, opposed by the National African Federated Chamber of Commerce. The problems which arose over tripartites led to closer co-operation with the Homeland Governments and attempts by NAFCOC, to attain a more global co-operation between the various regions of Southern Africa. This was followed by the South African Government's similar attempts at global co-operation in the form of a constellation of Southern African States.

9.(i) Tripartites

Initially, most of the business partnerships, contracted in the Homelands, were in the form of manufacturing and industrial undertakings as well as construction projects. These caused little comment since there was rarely African expertise to compete with them and they were desperately needed in the rural areas. However, as soon as the White chain stores and supermarket concerns expressed a desire to spread their operations to certain Homeland areas, Africans in the areas concerned, as well as the national African business movement, NAFCOC, started to voice their opinions

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about the method of injection of such White capital in the Homeland areas.

NAFCOC'S 1974 Conference passed a resolution on the subject which it conveyed to the Minister of Bantu Administration and Development. It stated that,

> In order to harness the enormous and growing buying-power of the people living in the Homeland areas this Conference supports the establishment of large shopping centres in Urban Homeland townships with the help of the existing White chain stores. The basis on which such organisations should be allowed to operate in the Homelands must be such as to preserve the major controlling interest for the Black people in their own areas.
> Furthermore this Conference encourages the establishment of chain stores such as those established in the neighbouring territories, on a partnership basis between the indigenous people and the foreign partners.(1)

This statement clearly outlined NAFCOC'S policy on Black/White partnerships in the Homelands. They were acceptable as long as the controlling interest remained with the Black people in those areas. Nevertheless, there was, at that time, a difference of opinion within the Chamber over the question of White capital in the Homelands. Some were radically opposed to it. Mr. Madlakana of the Eastern Province stated that they (meaning local businessmen) had already rejected the introduction of White capital but they accepted help in the form of loans.(2) Others, who lived in the Homelands, felt that the injection of capital, by the Homeland

Government or the Bantu Investment Corporation, was their only hope of expanding commerce in the areas. Yet the consensus was that, what should be rejected was 'the whole philosophy of White paternalism, but White capital should not be rejected as long as it does not jeopardise our controlling role in our businesses.'(3)

Clearly the emphasis at this stage was the <u>controlling</u> interest of Blacks which needed to be preserved at all costs.

tripartite type of contract, in the form of a partnership between a Homeland Government, the Bantu Investment Corporation and a White company, began to be debated in mid 1974.(4) NAFCOC formed a Committee to look into the involvement of the BIC in such ventures. This Committee considered the question for almost a year and during that time there still appeared to be a divergence of opinion amongst Chamber members about BIC involvement in Homeland partnerships.

The BOCOC Executive actually held useful discussions with the Tswana Government and the BIC, in December 1974, about the possibilities of a partnership for the establishment of supermarkets or hypermarkets in that Homeland.(5) But, although BOCOC stated that there was a need for African controlled supermarkets in places like Temba, to act as a counter to the huge White business concerns on the other side of the border, the NAFCOC policy was stressed - that partnership could only be entertained on a fifty one per cent - forty nine per cent

basis in favour of Blacks. The case of Malawi and the Bafokeng was cited. In Malawi much of the business was Black controlled while Bafokeng earned attractive royalties for their mines.(6) The implication was that Blacks should have the controlling share in areas that were predominantly Black in terms of population.

During October 1974, Mr. B.J. Vorster, the South African Prime Minister, announced that 'the time had arrived'(7) for 'Homeland' Governments to decide for themselves on the specifics of outside investment i.e. White capital in the Homelands.(8) This announcement was welcomed by ASSOCOM and the Afrikaanse Handelsinstituut. Following the Prime Minister's announcement, the Kwa Zulu Government revealed that it intended to sign a tripartite agreement with Checkers, the giant White supermarket chain. The Inyanda region of NAFCOC, which was directly affected by this agreement and which represented about a quarter of KwaZulu's 1 600 traders, along with the Madadeni Town Council, rejected the tripcos outright. Consequently, a conflict arose over the tripartite agreements, which was initiated by NAFCOC, and resulted in a confrontation between the Inyanda (Natal and Zululand) Chamber of Commerce, one of NAFCOC'S biggest regions, and Chief Gatsha Buthelezi.

Buthelezi accused P.G. Gumede, the President of Inyanda and Vice President of NAFCOC, of leading the opposition and interfering with the elected Government's economic development plans. He denied that a tripartite agreement with Checkers would 'destroy all the small African traders

as agreements were for outlets at Umlazi, KwaMashu and Madadeni.'(9) He stressed that the wholesale facilities would aid traders.

In response Inyanda, led by Gumede, launched an anti-tripcos compaign among traders and other personalities in KwaZulu, the effect of which was felt in Government circles and was fired by sharp personal exchanges between Buthelezi and Gumede. Buthelezi had stated his political ideals for 'communalism' in KwaZulu and had openly stressed that the interests of a small business elite should not be allowed to hamper the provision of urgently needed services for the populace. The activities of Gumede, in opposing this policy, were finally taken, by Buthelezi, to be a political attack and he accused Gumede of opposing Inkatha, the political party base of Buthelezi's Government. Consequently, on the 24th June 1975, Buthelezi warned Inyanda ' not to attempt to create a split between his Government and African traders.'(10)

On the 21st August 1975, eleven days after Inyanda officially rejected the tripcos, the KwaZulu Government accepted the Checkers proposal. A few days later, NAFCOC, meeting at Umtata, rejected the KwaZulu decision.

However, towards the end of 1975, Gumede and the Inyanda Chamber backed down. This was partly due to the pressure from Buthelezi and the Inkatha Movement and, in November, the Chamber was addressed by BIC officials on the value of tripartite agreements to the local

community. During this time, Inyanda asked NAFCOC to intervene officially in the dispute, but NAFCOC, anxious not to lose its non-political stance, chose, instead, to put pressure on Inyanda to reconcile its differences with Chief Buthelezi, and asked them to accept the decision of the KwaZulu Government rather than bring the Chamber into confrontation with that elected Government.(11)

In July 1976, the giant South African supermarket chain, Checkers, concluded an agreement with the KwaZulu Government and the Bantu Investment Corporation. In terms of the agreement, a White chain store group was allowed to open supermarkets in traditionally 'Black only' areas and the Black public was offered the chance to buy shares. This agreement heralded a new era of Homeland commercial development, because, despite NAFCOC'S rejection of tripartite agreements, it was the first such tripartite to come into operation.(12)

The KwaZulu deal was the brain child of the Bantu Investment Corporation. who obtained the full support of the KwaZulu Government. Checkers, after extensive viability studies, agreed to participate.

The agreement allowed for the establishment of three city centre supermarkets, one in Madadeni, one at Umlazi and another the location of which was to be decided later.(13)

Shares in the new enterprise were divided equally between Checkers and the BIC. However 25 per cent

of the BIC shares were offered to the KwaZulu public.(14) The remainder of the BIC shares were handed to the KwaZulu Development Corporation when it was established in 1978.

Of the Checkers shareholding, twenty five per cent was to be offered to the public within ten years and the entire shareholding would be passed over within twenty years.(15)

It was hoped that the establishment of these stores would serve to attract Black spending away from White owned supermarkets in White areas. The Black public would gain the benefit of modern shopping facilities and low prices and a large share of the profits would benefit Black individual shareholders, and the community as a whole, by way of reinvestment through the KwaZulu Development Corporation.

In October 1977 a second tripartite agreement was concluded between the Corporation for Economic Development (CED - formerly BIC), the KwaZulu Government and OK Bazaars for the establishment of a department store in KwaZulu.(16)

The National African Federated Chamber of Commerce continued to oppose these tripartite agreements for various reasons; some pertained to tripartites generally, others to these specific agreements.

The Chamber considered that private Black business should have been consulted first and thereby given the opportunity

of forming its own syndicates or completing deals with White companies.

The Chamber was totally against Government intervention in private enterprise because it felt that although Government intended to sell to the public, its experience had shown that once Government got its hands on something it did not like to let go. In terms of the agreements as they were set down, the twenty year limit could well turn out to be thirty years or more. If this was the case then what would the value of these shares be then, and would Blacks ever be able to afford to buy them? Added to this, the involvement in these deals of the Central Government Development Corporation made them even more suspicious.

However, what annoyed NAFCOC most was the fact that it was completely excluded by the Black political power from any consultation, or participation in something which was essentially a business operation. Initially, they were told by the Black leaders that the Black business community did not have the capital or knowhow to provide facilities that the population urgently needed. Later, they were told that there was no reason why they should not buy blocks of the public shares. If the Government did not think they were capable of the former then why did it offer the latter at a later stage when both implied the presence or absence of Black capital?

Therefore, although one can accept that the political leaders in this case were keen to bring the services to the people as fast as possible, it would seem to have been an unnecessary blunder not to have involved Black private enterprise in aspects of this development, especially in view of the fact that the Homeland would undoubtedly need the support of the Black private sector if progress was to be achieved at the rate that they were planning.

Traditionally it was in the retail trade where Blacks had most skill and had succeeded best. Therefore, these agreements struck at the foundations of Black enterprise. Some of the tripartite shops opened right opposite large Black-owned supermarkets. These Black shops had achieved viability with BIC loans. Consequently there appeared to be an apparently contradictory thrust of Government policy. The Government had encouraged Blacks in the Homelands to take BIC loans to build up their businesses and the BIC was now uniting with Homeland political leaders to compete against these businesses. One example was a shop owned by Mr. Majola in Madadeni. He stopped operating it because of the competition from the Checkers supermarket which opened opposite his premises.

Inyanda eventually accepted these particular tripcos, and, in a further effort at appeasement, it passed a vote of confidence in the KwaZulu Government and this considerably improved the Chamber's relationship with Buthelezi and Inkatha. In July 1977, when Chief Buthelezi

accepted Inyanda'a invitation to open NAFCOC'S Annual Conference in Durban, Gumede announced that it would go a long way in repairing the damage of the past two years.(17)

Although the eighteen months dispute was settled when the tripartite agreements were signed, NAFCOC was, nevertheless, alarmed at this trend in the development of the retail trade in the Homelands, particularly KwaZulu, because it demonstrated a strong leaning towards a socialistic type of economy rather than a free enterprise economy which NAFCOC advocated.(18)

During 1976, with the impending independence of the Transkei, this theme was given more emphasis when NAFCOC discussed industrialisation in the Homelands. Though NAFCOC was keen for industrialisation to proceed in these areas, and they were aware of the need for White capital in such ventures, they pointed out that the fundamental question was the need to differentiate between Capitalism, Socialism and Communalism. They stressed that the Government needed to define its policy in terms of those headings. In the Transkei there were many 50/50 partnerships between Government and the people. They questioned whether these were capitalistic or socialistic undertakings. Tripartites especially leaned more towards socialism since they were the antithesis of free enterprise.(19)

The fear was, that with the changing status of certain Homelands towards independence, the BIC or the Xhosa

Development Corporation would take over from African entrepreneurship and unless NAFCOC took positive action immediately they would be left behind. Consequently, realising that they must negotiate with Government on the question of White capital injection in these areas, the Chamber decided to meet as many Homeland Governments as possible, in the ensuing months, to discuss partnerships of all kinds between Black and White entrepreneurs.(20)

During 1977, the then badly organised Lebowa region complained that, the policy of allowing White supermarket chains to come to Lebowa, which was advocated by the Minister of Economic Affairs, would cause great difficulties for Lebowa businessmen and hinder progress in the area. Mr. Moloisi a member of the NAFCOC Executive, had been appointed to the Lebowa Development Corporation, and it was hoped that this move would improve business contact. But the NAFCOC Executive pointed out to Lebowa members that the Minister would be within his rights if he said that there was no Chamber in Lebowa because there was little activity.(21)

However 1978 saw a change for the better in Lebowa when the Chamber was reorganised, and investigations were made into the establishment of a good working relationship with the Government. A liaison was established with the Lebowa Development Corporation and special emphasis was put on the involvement of Lebowa citizens in the projects envisaged by the Corporation. They looked into the development of a milling company in Lebowa and, by the time the plans were well advanced,

a tripartite was envisaged in that regard. A smaller milling and distribution project had been operating since 1976 but it was a private concern.(22) Therefore, it seemed, in this particular case, that despite NAFCOC'S rejection of tripartites, if businessmen wanted to be commercially involved in the region, they would have to accept the idea of tripartites, especially where the undertakings were large, as in the case of the milling project.

A similar case occurred with the METACOC region in the Eastern Transvaal. In May 1977 some members were disturbed by a proposal that the Fraser Group was coming to their Homeland to establish a large supermarket. The members were annoyed that they had not been consulted and they considered that such a supermarket would compete to the detriment of existing supermarkets in the area. A memorandum was drawn up by the Chamber to be presented to the Government, the BIC and Fraser's Directors.(23) However, meetings held in July, with Frasers and the BIC, resulted in the METACOC Chamber's acceptance of the scheme after the value of the involvement of White business and the BIC was effectively explained to them.(24)

There was a similar lack of communication between the Inqaba Chamber and the Ciskeian Government, although, it would seem, for slightly different reasons. In August 1977 Mr. Oliphant of Inqaba Chamber complained that there was no contact between the Chamber and the Government. The Chamber was not represented on the

Ciskei National Development Corporation. White companies were being invited to set up in Dimbaza to the exclusion of the Black entrepreneur. There was also a new development in the form of primary and secondary co-operatives run by the Government which the traders felt militated against them.* Mr. Oliphant claimed that the Chamber's leaders were, in the main, members of the Ciskeian opposition political Party and that that was the reason why there was little contact with the Government. However, another view came from other members who claimed that three quarters of Inqaba's Executive belonged to the ruling Party and that the main reason for the snubbing was that the Government did not know how to use the Chamber.(26)

In its attempt to resolve these problems, NAFCOC set up a meeting with the Chief Minister of the Ciskei to point out the non-political stance of NAFCOC and to discuss the question of tripartites. The expansion of the infrastructure in the Homeland, educational programmes

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* Co-operative representatives in small villages were making local traders feel afraid because they were able to sell items such as mealie malt, paraffin, primus stoves, heaters and soap at a much lower price than the trader could, as they did not have to pay the same sales duties. A compromise was reached and the co-operative promised to stop the sale of those goods which threatened the livelihood of the local traders. In addition to this traders were invited to join the co-operative if they wished entitling them to get cheaper rates on items such as paraffin, plough parts and diesel fuel.(25)

and town planning were also discussed.(27) The Ciskeian Government was pleased with what NAFCOC had to tell them of its aims and objectives and called on them to ensure that the Ciskeian regional Chamber developed much stronger ties with the Government so that they would be able to contribute more fully to the economic development of the region.(28)

In November 1976, the QwaQwa Government announced that it had instructed the QwaQwa Development Corporation to invite the participation of retail businesses and agencies, for distribution of commercial goods, on a tripartite system.(29) Both QwaQwa and KaNgwane traders pointed out that their grievances were not the same as those traders who lived outside the Homeland areas. Consequently, QwaQwa asked to be recognised as a separate regional body because it was impossible to act with Free State traders in dissimilar circumstances. After granting their request, NAFCOC held meetings with the Governments in QwaQwa and KaNgwane about the tripartite issue.(30)

In the Gazankulu area, GAZACOC Chamber members revealed that businessmen found great difficulty in establishing businesses without the involvement of the CED. Again, these traders were worried about the implications of tripartites being formed in the region.(31)

NAFCOC'S meetings with the various Homeland Governments improved communications although many of these Governments chose to continue with tripartite agreements and, in the

case of the independent States,Transkei and Bophuthatswana, many bipartite arrangements between Government and citizens or Government and outside White companies were concluded.

Therefore it seemed that, despite NAFCOC'S pleas for real free enterprise in the Homelands, those Governments chose what NAFCOC defined as socialistic or communalistic paths and NAFCOC was largely unsuccessful in its dealings with those Governments in this vital question of capitalisation in the Homelands.

In fact,this issue about tripartites, overlapping as it did with the independence of the Transkei and Bophuthatswana, served to put NAFCOC in a precarious position when, in April 1978 it was revealed that, three regions, Inyanda (KwaZulu), BOCOC (Bophuthatswana) and TRACOC (Transkei), were being pressed to break away from NAFCOC.(32)

KwaZulu claimed that it had been one of only two Homelands to invest in the African Bank but no branch of that Bank had been opened in KwaZulu. Consequently the local community, and presumably the Government, felt that NAFCOC was neglecting them for some reason. NAFCOC agreed about their claims for a branch of the Bank but obviously its hands were tied until the Bank progressed more rapidly. However it stressed that there were many other NAFCOC projects which were benefiting the Region and they managed to prevail upon them to work as part of a national effort in the Chamber movement.(33)

In the Transkei the businessmen in the area called a meeting to decide whether they would remain in NAFCOC or form their own national Chamber. NAFCOC told them, in no uncertain terms, that if they chose to go it alone then NAFCOC would not support any application they might make to join the International Chamber of Commerce (hereinafter ICC). Since they were not internationally recognised as a country NAFCOC reasoned that it would not be possible, anyway, for them to belong to the South African Council of the ICC as a country.(34) In fact the problem resolved itself when the business community voted to remain as an affiliated member of NAFCOC although TRACOC would become the national Chamber with its changed status of a non-racial Chamber.

The situation was more complex in Bophuthatswana. In that Region, the businessmen who belonged to BOCOC claimed that the Bophuthatswana Government itself was making efforts to destroy it. A new Chamber for that Region had been registered as the Bophuthatswana Federated Chamber of Commerce (hereinafter BOFCOC) and would not affiliate to NAFCOC. NAFCOC was keen to have only one Chamber representing the area but, since BOCOC members refused to amalgamate with BOFCOC, and since the Bophuthatswana Government expressed its desire to deal solely with BOFCOC, which it wanted as a National Chamber separate from NAFCOC, the stalemate continued and gave no signs of being resolved in 1980.(35)

Despite these difficulties NAFCOC maintained close contact

with the Homeland Governments during these years. Basically, the problems with tripartites stemmed from the Central Government's insistence on separate regional economies in the Homeland areas. It was the problems with tripartites, together with the serious development problems in these regions, which led to attempts, by NAFCOC, to enlist the support of the Homeland Governments in a project for economic co-operation in all the regions of Southern Africa.

9.(ii) Southern African Economic Community

The first phase in NAFCOC'S effort at bringing together businessmen in Southern Africa for economic co-operation, was initiated on 1974, against the background of continued fragmentation of the country into separate political units, called Homelands, and in the face of existing development problems encountered by the Black communities in those regions, the solution of which called for common strategies and approaches.

During 1974 members of the NAFCOC Executive visited Rhodesia (Zimbabwe),Malawi, Lesotho, Swaziland, Zambia and Botswana where they held useful exploratory talks with Government officials and officials of the Chambers of Commerce. Even at that stage they were aware that they needed to proceed with caution lest outsiders viewed NAFCOC as a South African Government mouthpiece.(36) Although not a great deal of progress was achieved in those early stages the initiative did result in the encouraging

support for the idea of a Southern African Chamber of Commerce and Industry, in which Blacks would play a dominant role, as well as a proposal to site the headquarters of the proposed business association in Lesotho. There was also general acceptance of a plan to convene a Southern African conference to inaugurate an association and all countries visited were willing to attend as long as it took place outside South Africa. For, in practically all the six countries visited at that time the point was made that,

> in the prevailing political climate in Southern Africa, it would be foolhardy and presumptuous for South Africa to attempt to play a leadership role in this regard without first putting her own house in order.(37)

However this conference initiative was lost to Black businessmen because in 1974 NAFCOC was unable to finance such an ambitious undertaking as an international conference.

Consequently, in 1976, with the need to promote economic co-operation amongst the various regions in the country still urgently required, NAFCOC decided to look closer to home and chose, instead, to initiate further discussions with the Homeland leaders. These discussions, which took place at three consecutive conferences held in 1976, 1977 and 1978, focussed mainly on the future economic planning and development of the regions of South Africa as a part of an inseparable South African common economic market. Present at these conferences were also leaders from both the private and public sectors.

The 1976 and 1977 conferences set two basic objectives. The first was for NAFCOC to visit the various Homelands to establish contact and hold discussions with those Cabinets about the problems prevailing in those areas. The second was to look into the possibility of establishing a permanent organisation which would seek to promote and establish economic co-operation among the Homelands and/or independent Governments around South Africa, with the private sector. At the close of the second conference NAFCOC was, therefore, authorised to institute some guidelines which would form the basis for the proposed organisation, to present these guidelines for consideration and discussion to the various Governments and private sector organisations in South Africa and to monitor the responses of various Governments and organisations with a view to formulating a basis for future action and planning.(38)

Unfortunately, at this stage NAFCOC found that it was having to bear the whole initiative itself as far as finance and administration was concerned. Consequently, at the third conference in 1978 although the guidelines had been formulated they had not been presented to the various interested parties for their consideration. NAFCOC accordingly appealed for more private sector support and suggested that, after reviewing the proposed guidelines, a sub-committee should be appointed, comprised of Government members and private sector representatives, to see to the implementation of the proposals as soon as possible. It also suggested that a fund should be

created by the participating bodies to develop the project, and the committee should be empowered to appoint staff to carry out the initial duties connected with the establishment of the proposed body.(39)

The guidelines which NAFCOC produced were largely based on the Economic Community of West African States (E.C.O.W.A.S.) model since that was principally an economic organisation.

E.C.O.W.A.S. was the latest African effort at forming an economic co-operation organisation, and was initiated principally by Nigeria, in 1970, to involve as many as sixteen states in West Africa in an effort to extend Pan Africanism in a very diluted form.(40)

The objectives of E.C.O.W.A.S., which bore some relation to those in the South African situation, were:

(i) to advance economic co-operation and development in industry, telecommunications, transport, agriculture, natural rescurces, trade, energy and monetary and fiscal affairs.

(ii) to strengthen relations between member countries and to work for the upliftment of economic and social standards within the region.

(iii) to contribute to the progress of the African continent as a whole.(41)

The problems envisaged in the E.C.O.W.A.S. organisation were that the economies of member States in this community were actively competitive and not complementary and only

a small part of their trade was conducted with each other. In other words there was little produced in these areas for local markets. There were also severe communication problems between all member States i.e. under-developed infrastructure, roads, telecommunications etc. Finally there were great disparities in wealth, levels of development, population sizes, languages, natural resources, political and economic systems, among member States in the community.(42)

Viewed in the light of the above model, NAFCOC, in its guidelines, came to the conclusion that the South African situation tended to appear much less intricate than that of West Africa. It stated that there was much more common ground for mutual understanding in South Africa than in West Africa.(43)

NAFCOC based its observations, in support of the Economic Community in Southern Africa, on the following points:

(a) The economy of South Africa is, to a large extent, an integrated one, not structured either on racial or ethnic lines.

(b) It is an economy in which a large measure of inter-dependence among the peoples of this region already exists.

(c) It is definitely not the design nor the objectives of the Governments and the people of this region to structure independent economies of their own outside the framework of the South African economy.

(d) As more and more States gain a measure of independence, the need for co-ordination of services becomes more and more acute. Not a single one of the present Homelands has attained a degree of economic viability to the extent that it would stand on its own without the support of South Africa, and, even in the best of circumstances, it will take a very long time for any of these States to become economically viable on their own.

(e) South Africa can realistically be seen as one unified market which is neither White nor Black, ethnic nor racial.(44)

However, NAFCOC pointed out that the factor which complicated the establishment of a body for economic co-operation in South Africa was first and foremost the political fragmentation of the country and the policy of separate development. In addition the problem was further complicated by the fact that some people viewed separate development merely as a phase in the evolution of a policy that would, in some way, work to unite rather than divide the people of South Africa. While others thought that separate development was final and complete and saw no further involvement beyond the attainment of Homeland independence.(45)

However, economically, NAFCOC felt that it did not make any difference which way the political situation evolved because economic inter-dependence was permanent. And the economic progress of the regions of South Africa would

rest on the granting of meaningful freedom for individual enterprise, regardless of racial origin.

At the close of the third NAFCOC - Homelands conference in November 1978 the elected Sub-Committee was asked to continue investigations into practical ways by which the proposed Council could be established.(46) The Committee met several times during early 1979 and drew up a proposed declaration and constitution for a Southern African Council for Economic Development and Co-operation. It was decided that, although the ultimate aim was the establishment of a Common Market, the political situation as well as other reasons, did not make this a feasible aim at present. Consequently it was agreed that the type of original organisation envisaged, a co-operating council between States, but including the private sector organisations in Southern Africa as a whole, be continued with. Phase I would, initially concentrate on the private sector. In Phase II, Governments would become a part. However from the start Governments would be invited to participate as observers until such time as closer political ties could be developed amongst the countries in Southern Africa. (47)

It was at this stage, just before the practical implementation of the proposed Council, that the South African Government chose to announce its plans for the establishment of a constellation of Southern African States.

The Government considered that economic development in

South Africa, and its newly independent States, urgently required reorganisation so that a more equitable distribution of development could be achieved. In addition, without a restructured economy and economic co-operation between all the regions, South Africa could not hope to prosper in the long term. The less advanced regions had to be included in South Africa's economic development and this could only be beneficial to them if there was a measure of co-operation in the business sector in the form of investment, technical assistance, wage policies, economic planning, fiscal policies, infrastructure etc. (48)

The Government's plan for a vast economic and, possibly, political union embracing Southern Africa was a reaction to what it considered was a 'total onslaught' being waged against South Africa. Firstly, international standards of 'meaningful change' were more demanding than home standards and this resulted in a feeling that moves were afoot to crush not just apartheid but South Africa as well. Therefore the Government evolved what it termed a 'total strategy' to remove this confusion. Secondly, in its attempts to neutralise Black pressure, which arose from Black assertiveness after 1976, the Government recognised that new responses were required. Thirdly, in order to bring the Afrikaner and English segments together to maintain White supremacy, social and political changes were deemed necessary. (49)

As part of its systematic effort to implement total strategy, the Government drew on the services of the private sector. This sector, with its management skills and finance, was regarded by the Government as vital in building economic foundations for the proposed constellation of States. By stressing the values

of the market and economic growth and indicating its willingness to remove legislative impediments to employment the Government's total strategy was designed to breed new confidence and co-operation in the private sector. Additionally, the Government justified accelerated territorial consolidation and rapid economic development of the Homelands on the grounds that greater viability would raise their political legitimacy.(50)

While the proposed constellation was viewed on the one hand as a political organisation and on the other as an economic union with extended co-operation, either case would resist the onslaught against Southern Africa and the various regions would remain ethnically separate and under the wing of South Africa.(51) Even urban Blacks were expected to participate in its framework, possibly as 'urban' States. Provided the confederation remained a loose forum for the discussion of common interests, apartheid concerns would not be at issue.(52)

To this end, in November 1979, the Prime Minister, Mr. P.W. Botha instituted initiatives which, it was hoped, would embrace all South Africa's ten Black nations after independence, together with other neighbouring self-governing countries such as Zimbabwe, SWA/Namibia, Botswana, Lesotho and Swaziland. The result would be an economic union with each nation ruling itself and contributing to the economic prosperity of all - much in the same way as the European Economic Community. The Government viewed the establishment of such a constellation of States as a method of defusing the existing tensions and creating an atmosphere of understanding and peaceful co-existence amongst the independent nations of Southern Africa.(53)

Consequently, NAFCOC resolved to delay the final adoption of its Council to await the outcome of the Government's

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