

https://dspace.org/

Manufacturing capital and the apartheid state: The case of industrial decentralisation

Glaser, Daryl

1987-08
http://hdl.handle.net/10539/8715

Downloaded from a DSpace repository. https://dspace.org/

UNIVERSITY OF THE WITWATERSRAND

A F R I C A N S T U D I E S I N S T I T U T E

African Studies Seminar Paper
to be presented in RW
4.00pm AUGUST 1987

Title: Manufacturing Capital and the Apartheid State: The Case of Industrial Decentralisation.

by: Daryl Glaser

No. 216

The relationship between manufacturing capital and the policies of the post-war apartheid state has become a focal point of contention in debates between "conventional" and "revisionist" analyses.[1] A growing corpus of literature from both camps now recognises that organised mining and agricultural capital collaborated, both before and after the war, in establishing many of the institutions of labour and political control today associated with apartheid.[2] But accounts diverge widely when it comes to the role of manufacturing capital.[3]

Liberals have conventionally viewed the interests of manufacturing with its frequent demand for semi-skilled, settled, occupationally and geographically mobile labour, and for an expanded domestic market, as incompatible with the restrictive and coercive labour regime of apartheid. Marxist writers of the early 1970s challenged this orthodox view, arguing that apartheid played a functional and supportive role in South Africa's generally impressive record of post-war industrial growth.[4]

More recently, Greenberg and Lipton have argued that manufacturing capital has little vested interest in post-war structures of racial domination. Lipton, reasserting the old liberal orthodoxy, argues that secondary industry actively opposed apartheid; Greenberg portrays industry as passively conforming to its strictures.

The following study of struggles between capital and the state over industrial decentralisation policy since World War II takes issue with these various accounts. Many Marxist writings of the 1970s tended to derive political relations from economic structures in a reductionist way, focus on objective connections to the exclusion of active struggles of social agents and, in a functionalist manner, assumed an almost entirely supportive and non-contradictory relationship between racial domination and capitalist interests.

By contrast, Greenberg and Lipton conceptually respect politics and the state as entities in their own right, closely scrutinise the interaction of distinctive class and state actors, and illuminate the tensions in the relationship between capital and the state. But they go to an opposite extreme, viewing the "racial state apparatus" as having become an entirely autonomous and all-powerful entity to whose dictates capital conforms with little protest (Greenberg) or against whose actions it protests with relatively little success (Lipton).

My own account shares Greenberg and Lipton's concern to concretely analyse the struggles between capital and the state over policy, rather than deriving their relationship from an imputed "logic of capital" or assuming the state to be a simple instrument or expression of capitalist interests.

But I dissent from key aspects of Greenberg and Lipton's portrayal of the apartheid state. Whereas they see it as operating with little concern for manufacturing capitalist interests, and the capitalist class as generally powerless to impose its will on the state, my own account presents the apartheid state as itself compromising repeatedly to accommodate itself to the interests of manufacturing capital. Organised capital may not govern, but it is neither passive nor powerless in relation to the apartheid state; accommodation runs both ways, and not only, as Greenberg sometimes seem to imply, from capital to the state. And, contra Lipton, there is rarely any sustained radical variance of interests between manufacturing capital and the state's projects. Industry may not formulate policy, and policies may not originate in an explicit desire to advance industrial capitalist interests. But, in the course of its efforts to accommodate capital,

the state has had to tailor and modify many of its policies to address manufacturing capital's demands. The relationship between state and capital is a tense one, fraught with conflict and attrition, but the pressures of mutual accommodation typically prevail er the temptations of all-out war.

Moreover - and in contrast to both Lipton and Greenberg - I do not see organised industry as purely external to the post-war apartheid state. On the contrary, the following study of capital's relationship to industrial decentralisation will show that organised industry has increasingly been directly present in important state structures from roughly 1960 onwards, thus both extending its access to policymakers and strengthening its behind-the-scenes bargaining power vis-a-vis those in the commanding heights of the state. This capitalist insertion in the state's "economic apparatus" is, as Poulantzas suggested, the counterpart of the modern state's intervention in the sphere of the economy, and bears a number of resemblances to "corporatist" arrangements in Western Europe capitalist states.

Finally, this paper argues against treating either capital or the state as homogeneous.Not only is capital divided between different scales and sectors and political allegiances, but - importantly for the purposes of this paper - along regional lines. These fissures express themselves in tensions between the attempts of organised industry and commerce to represent the views of "capital-in-general" and the de facto positions and behaviour of distinctive aggregates of capital (or individual capitalists). The state, which attempts to exploit these divisions, is itself an amalgam of often quite distinctive policies and priorities. These distinctions often manifest themselves in inter-departmental struggles; and white internal state conflicts cannot be seen simply as a "condensation" of broader class struggles, these is little doubt that organised capital has sought to play departments off against each other, or that it has found some branches of the state more receptive to its concerns than others. It should be stressed, however, that these fractures do not prevent a predominant "line" from emerging in either quarter - whether from organised capital or the state; it is the balance of forces internal to each which determines the line that most insistently or publicly prevails.

Drawing selectively on writers like Offe, Block and the later (1983) Miliband, I view the state and the dominant class in capitalist societies as "different, separate forces"; the state managers have their own specific self-interests and spheres of concern; they are neither instruments of capital nor bearers of objective capitalist relations. Nonetheless their institutional self-interest (as people wishing to retain power, live off politics, advance the "national" or some other broad "interest", maintain popular support and legitimacy,) obliges them, under normal circumstances, to maintain and promote the private accumulation process. This in turn requires that they preserve business "confidence". The state develops an interest in observing certain of what former FCI president Leo Borman has termed "terms of truce" between state and capital: the terms being that it foster "sustained growth" in a "self-regulating free enterprise economy".

This "free enterprise" economy is, by definition, an economy which the state can neither directly order nor control, an economy in which capitalists retain authority over the bulk of production and investment decisions, and in which the state can only influence capital by manipulating variables (fiscal and monetary conditions, incentives and disincentives) external to the capitalist enterprise itself.

Paradoxically, however, the state, by thus respecting capital's autonomy, perpetuates its own vulnerability to threats of investment strikes or flights, boycotts and other forms of disruption by a dominant economic class whose individual members are typically guided by shorter-term profit considerations than those of state planners. It is in the context of this paradox that we need to locate both the fallibility of state economic management in capitalist societies like South Africa and the tense but mutual accommodation between state and capital to which we earlier referred.

II

The industrial decentralisation policy of the South African state - and, more especially, its functionality vis-a-vis capital and capitalism - has recently become the subject of considerable debate.

On the Marxist side, writers like Wolpe, Legassick and Lacey have presented these policies as economically functional to capital. For Wolpe, they serve as "an alternative to migration as a mechanism for producing cheap labour power"; for Legassick they are complementary to the apartheid state's promotion of capital-intensive capitalist growth in "white" industrial centres; while Lacey suggests the policies have opened opportunities for a section of manufacturing capital to restructure itself around ultra-cheap labour. Trevor Bell, a non-Marxist, has, for his part, argued that certain labour-intensive industries have been spontaneously decentralising to escape international competition and urban union pressure, especially since the late 1960s, and that state-provided incentives are thus reinforcing (even over-subsidising) capital's own endogenous tendencies. Another group of radical writers, Zille and Hirsch, have interpreted decentralisation policies as part of an attempt by the state to guarantee, not the economic, but political, conditions of capitalist reproduction, in the former case by generating the demographic basis for divisive ethnic cleavages in society, in the latter case by shoring up homelands-based elites running out of resources for political patronage.

On the other side have been writers like Tomlinson and Addleson, and Lipton, who disagree that industrial decentralisation serves capitalist interests. The former have attempted to cast doubt on Bell's argument concerning spontaneous decentralisation, arguing, along with, for example, Rogerson, that state restrictions and incentives, rather than tendencies inherent in capital, account for the industrial decentralisation that has taken place. For Lipton decentralisation is a "strategem" for making workable an apartheid policy framework that runs conter to capitalist interests, and the policy itself imposes more costs on manufacturing capital than it provides benefits.

The arguments and evidence marshalled by these writers ranges from abstract theoretical demonstrations to analyses of job creation and output trends in manufacturing. Only Lipton, to my knowledge, has looked at organised industry and commerce's reactions to, inputs into, and struggles over the state's decentralisation policy. She concludes, as we have indicated, that organised manufacturing and commerce have consistently opposed the state's attempts to redirect manufacturing investment to outlying growth points. The evidence she uses is, however, quite selective, and the end result is a one-sided picture.

Our own argument, based on a wider reading of evidence, is as follows:

1. Decentralisation policy was par excellance the terrain on which the state sought to reconcile tensions and differences between the priorities of apartheid planners and those of manufacturing capital. In one respect it had a similar function to migrant labour policy: it was intended to give capitalists access to black labour without compromising the apartheid goal of freezing and/or reducing permanent black settlement in white-designated parts of South Africa. But, unlike migrant labour, decentralisation offered industry access to a settled, potentially trainable and occupationally mobile, labour force; and moreoever, a labour force that would be ultra-cheap and, policymakers assumed, politically quiescent.

2. Organised industry - or at least the bulk of it - would have preferred a policy formula that allowed for a gradual extension of the vertical and horizontal mobility of black labour in white-designated areas, and for this reason sought an amelioration of job reservations and influx control. Similarly, it was critical of various costs that it believed industrial decentralisation imposed on metropolitan-based manufacturing capitals. The "compromise" represented by both decentralisation and migrant labour - insofar as both sought to guarantee capitalist access to black labour supplies in a framework of apartheid - was therefore not on organised industry's chosen terms.

3. Nonetheless - and in large measure because of the state's pragmatic implementation of its policy and its desire to appease organised industry - state and capital were able to forge a series of accommodations and compromises in the area of industrial decentralisation which were far from intolerable from organised industry's point of view. On the contrary, organised industry increasingly was drawn into the logic of decentralisation, demanding more and better incentives over wider areas, and participating in the programme's implementation to a growing extent from 1960 onwards. Indeed, organised industry (and commerce) used decentralisation as a lever for influencing economic policy and increasing its access to, and penetration of, the state's economic planning machinery. Moreover, all the evidence suggests that, with the exception of a period lasting from roughly 1967 through to 1971, organised indsutry's level of acceptance of, and immersion in, the industrial decentralisation programme tended to grow, rather than recede, over the years.

4. Industrial decentralisation policies generated an endemic tendency towards disunity within both industry and commerce, and both battled to find a unified line on the subject in the face of the state's "divide-and-rule" tactics. It is well known that the Afrikaner Handelsinstituut has generally (though not always) given active support to industrial decentralisation. But the lines of fracture were not exclusively between English and Afrikaner business. On the contrary: there were persistent and deep divisions within both the Federated Chamber of Industries (FCI) and the Association of Chambers of Commerce (Assocom), principally

along regional lines. There was also constant enmity between industry's critics of decentralisation and certain prominent capitalists who took advantage of it. Finally there were tensions between established metropolitan-based industrialists and the large and growing number of (usually small and emerging) individual capitals who exploited decentralisation opportunities.

III

We shall begin by looking historically at the evolving relationship between organised capital and decentralisation policy.

The historical section takes off with the 1930s - that is, the pre-apartheid - period. This is useful because it tells us something about the continuities and discontinuities between 'segregation' and 'apartheid'. Secondly, though this paper is principally about the relationship of manufacturing capital to the state, it also looks at Assocom. The justification for this is twofold. Firstly, Assocom represents a large number of industrial concerns both in the metropolitan areas and in many outlying towns. Secondly, commerce, unlike agriculture or mining, is a relatively spatially mobile sector, and has come to share with industry a profound interest in the policy of industrial decentralisation. On a number of occasions it has forged a common position with the FCI (and AHI), and, like industry, it has been regarded by many liberal commentators as a source of continuous opposition to apartheid economic policies.

1935 - 1950

In the 1930s and 1940s, when state-promoted industrial decentralisation was first mooted, organised industry's attitude was one of caution: it affirmed the centrality of market factors in determining the location of industry, expressed relief at the narrow brief of the Rural Industries commission, set up in 1936,[5] and advised a circumspect approach on the question of rural-urban wage differentiation.[6] Assocom, partly because of the weight of its strong small-centre representation, passed a resolution in 1935 urging the government to give its fullest attention to promoting industry in small inland towns,[7] and in 1938 urged that low-interest loans be granted to industries in country towns.[8] At other times Assocom expressed clear reservations about the promotion of rural industries.[9]

Organised industry and commerce also supported moves to set up a state financing and planning machinery to assist, rationalise and co-ordinate post-war industrial development,[10] and this machinery (notably the IDC set up in 1940, the SEPC established in 1942) clearly included industrial decentralisation in its purview. However, commerce, in particular, soon became critical of the confused role of the SEPC and of the IDC's interference in the process of inter-capitalist competition.[11] Assocom members also initially worried about the potentially wide powers and functions of the Natural Resources Development Council, set up in 1947, to promote regional development,[12] although many of its fears were subsequently allayed.[13]

During this period industrial decentralisation proposals were largely a response to the demands of organised lobbies in stagnant white

country towns. From 1940 onwards they also gave vent to the technocratic concerns that achieved resonance in the Smuts Administration during the war years. Although some limited attention was given in this period to the idea of reserve industrialisation, this issue was still secondary.[14] The absence of any overt linkage of regional development to large-scale politically-inspired demographic engineering (of the type proposed in the 1950s), and the Smuts government's cautious and technicist approach to industrial decentralisation, kept the conflict between state and capital over the location of industry to a minimum during these years.

1951 - 1960

Around 1951 the NP government made clear its intention to promote black industries in the reserves, and white industries on the borders of the reserves, as part of its plans for territorial segregation. The metropolitan-dominated commanding heights of organised industry reacted in a nervous and generally hostile way. Organised industry and commerce met Verwoerd, then Minister of Native Affairs, in 1951, to express their anxieties about - amongst other things - the possibility of direct state controls on industrial location and the prospects of unfair competition from decentralised industries. The FCI stressed the need for full consultation of industry. The government side denied any intention to impose compulsory location and assured industry that it would not proceed too hastily in implementing its plans. It further indicated that black industries in the reserves would be controlled by state capital and would not initially be allowed to advance beyond home-craft products into spheres where they could challenge established industries.[15]

In 1953 industry was invited to submit recommendations to the Tomlinson Commission, and took this opportunity to voice a wide range of objections to the idea of large-scale industrial decentralisation. It cited, amongst many other things, the threat of unfair competition and increased taxation to finance decentralisation, the unsuitability of the reserves to anything going beyond agricultural rehabilitation, and the problems associated with the state acting directly as an entrepreneur in the reserves.[16]

In 1956 the government prepared its white paper on the Tomlinson Report against a background of growing business uncertainty about the future of the Rand.[17] The FCI's response was generally an unhappy one, and it reiterated many of its earlier objections. Citing a "national responsibility" to ensure that no harm came to established industry, the FCI called for urgent consultation over future government moves.[18]

In a 1957 interview with Verwoerd, the Minister of Native Affairs went out of his way to stress his pragmatic intentions: established industries, he assured the FCI, would not be curtailed in the forseeable future and decentralisation points would be sited in economically viable locations. Decentralisation, Verwoerd argued, would also lower black housing costs, increase black purchasing power and occupational mobility in outlying areas and foster black political quiescence.[19] Later an FCI official reported that, despite continuing reservations, a "basis of understanding" had been reached with the Minister.[20] The FCI drew further comfort from the generally mild recommendations on industrial decentralisation contained in the 1958

Viljoen Commission's report,[21] and from further official reassurances. But the predominant tone remained one of anxiety and in 1959 the FCI issued:

> a grave warning against artificial and forced development of industries in particular areas involving discrimination against existing industries and the conduct of harmful and expensive experiments in industrial development.[22]

It is clear that FCI's anxiety at this time was reinforced by a general slowdown in economic growth - in manufacturing in particular - after 1955.[23] The clothing and footwear industries, highly vulnerable to undercutting by industries in uncontrolled areas, suffered especially severely at this time.[24] Established industry feared that an expensive decentralisation programme and the accompanying unfair competition would further damage its prospects, and an atmosphere of uncertainty invaded business decisionmaking.[25] On the other hand, the FCI was ready to do a swop: if the government made moves to reflate the economy and to consult it more closely, it would be more willing to participate in the decentralisation scheme.[26]

It should be noted that Assocom's predominant tone during the 1950s was generally more ambivalent than FCI's: some representatives of the organisation favoured decentralisation, and others opposed it.[27] The organisation's submission to the Tomlinson Commission seemed quite enthusiastic about state-assisted decentralisation of certain kinds of industries, subject to certain (not especially demanding) conditions, and denied that decentralised industries posed a competitive threat to established industries.[28] An editorial in Commercial Opinion went still further after the Tomlinson Commission reported:

> [It] is not necessary to hold any particular political doctrine in order to see the advantages of setting in train a series of regional development programmes to increase the productivity of backward areas [and] a good case could probably be made out in favour of adopting the Tomlinson Commission's economic proposals even if the total planned expenditure of over £100 million for the first ten years was unlikely to give any material return ... In fact, the Tomlinson Commission holds out the prospect of considerable economic returns on the investment and, in the light of this, action becomes mandatory.[29]

Assocom also made repeated calls for promotion of white investment inside the reserves and in platteland towns.[30] On the other hand, Assocom joined FCI in worrying about potentially high costs, unviable schemes and the possibility of compulsion.[31] Its level of apprehension rose as the decade closed,[32] and in 1959 it approvingly underlined the FCI's own hostile stance.[33]

1960 - 1966

Relations between organised capital and state officials deteriorated rapidly in the crisis-ridden afatermath of the Sharpeville massacre, and this antagonism rubbed off into negotiations about industrial decentralisation. The commencement of the border industry

scheme in 1960 was greeted by organised industry in a bitterly hostile way[34] against a backdrop of capitalist calls for deracialising the economy. But organised industry and commerce did gain access to state policymakers through the setting up of the Economic Advisory Council which they used to press for growth-oriented economic policies as a quid pro quo for accepting decentralisation.[35]

The subsequent success of state repression of the popular movement and other factors in triggering off the great boom of the 1960s did not silence but it certainly muffled the chorus of capitalist criticism of the border industry scheme. Not only did accelerated growth make decentralisation more affordable, but capital also quickly discovered that the state had no intention of bringing about decentralisation on the "vast and revolutionary" scale feared by men like Harry Oppenheimer. Accepting that a "conscious policy of decentralisation is inevitable",[36] organised industry busied itself with trying to ensure that it was implemented with the minimum f "industrial and social disruption",[37] principally through a limited number of controlled and "scientific" border industry experiements.[38] Until the late 1960s the state undertook nothing more than limited initiatives of precisely this kind: it concentrated its attention on directing industrial overspill to well placed industrial satellite centres like Hammarsdale, Rosslyn and Pietermaritzburg.

As for Assocom, its stance during this period was ambiguous but on the whole it was far from hostile to industrial decentralisation.[39] Nonetheless the rapid growth of the economy far outran the growth of border industries during the 1960s and this, together with crystallising plans for launching bantustans on the road to "independence", generated in the government a new sense of urgency about the need to accelerate decentralisation. Existing border industry schemes showed no sign of being able to arrest long-term pressures for urbanisation in "white " South Africa, let alone reverse the flow of black migration. In addition, bantustan political elites, essential to social control, desperately needed new economic resources to shore up their powers of patronage in conditions of growing overcrowding and socio-economic breakdown. The government thus decided to resort to compulsory controls on location to force the pace of decentralisation. This culminated in the enactment of the Physical Planning Act in 1967.

1967 - 1971

Over the years organised industry and commerce had repeatedly stressed their intense opposition to any direct government controls over the establishment and expansion of industries in the metropolitan areas. Not surprisingly, then, they reacted with bitter hostility to the Physical Planning Act.[40] D.G. Paxton of the Johannesburg Changer of Commerce called it "the most drastic control to be introduced into South Africa in times of peace".[41] The FCI complained that the Act "makes illegal all natural and normal expansion in industry": this forced industry "either to lose the spontaneity of its development, to act illegally or to invite corruption"; further, it "robbed" the industrialist of his "initiative".[43] Later it described the Act and similar legislation as an "administrative and legal straitjacket" designed to "throttle and intimidate industrial enterprise".[44]

FCI and Assocom responded to the introduction of the legislation in Parliament by issuing dire threats in a series of

meetings with government ministers. They warned of all sorts of consequences unless the Act was completely withdrawn. The Act would, they said, generate uncertainty, aggravate labour shortages, bolster inflation and lead to economic stagnation; it would raise costs and impair the competitive ability of industry overseas; it would give ministers "absolute" powers and mire enterprises in bureaucratic red tape.[45] Industry and commerce went a step further: they threatened to stage an outright investment strike. The FCI threatened that industrialists may decide "they will not invest at all" instad of investing where the government wants them to; this could even lead to "disinvestment".[46] An editorial in Commercial Opinion echoed this threat.[47]

The FCI and Assocom also agitated for redress in parliament, presenting it with a position paper during the 1967 session. The paper attacked the arbitrary, fragmented and haphazard approach represented by the Planning Act, as well as the prospects of bureaucratic proliferation and ministerial favouritism it opened up.[48] Industry's agitations provoked an immense political row, culminating in a clash between Oppenheimer and Planning Minister Karel de Wet shortly before the 1970 election. De Wet bluntly warned that unless Oppenheimer co-operated in decentralising industry his requests for supplies of labour would be considered in an unsympathetic light.[49]

However, some subtle but important shifts in the political tactics of organised industry did take place during this debate. As soon as the Act was passed, FCI basically took the Act as given, at least for a while, and turned its attention to influencing its implementation. Judging it to be "useless and unwise" to "antagonise" the government,[50] the FCI considered going for a compromise that could prise open cracks of uncertainty if perceived in the state itself.[51] The FCI also made pleas for closer consultation with state officials.[52]

Nonetheless industry kept up the pressure on the state. Indeed, it proceeded to carry out its threat of an investment strike. While the Planning Act was by no means solely responsible for the first economic slowdown after years of unprecedented boom, it undoubtedly contributed - "directly or indirectly" - to the fall-off in new fixed capital formation in the late 1960s.[53] The Act generated both deep uncertainty[54] and, from 1969, exacerbated shortages of black labour - reflected in high labout turnover, absenteeism and escalating wage rates.[55] Using this backdrop of economic difficulties to strengthn their hand, industrialists began to make repeated calls for "practical relief" from the provisions of the Act.[56]

Panicked, the state in 1970 appointed an inter-departmental committee of enquiry under Dr Riekert, chairman of the Economic Advisory Council. The findings and subsequent white paper exempted certain categories of industry and certain areas from the most onerous provisions of the Physical Planning Act, pushed for exemptions from job reservations in border and bantustan areas, and recommended an improved package of decentralisation incentives to industrialists. At the same time it reaffirmed the government's commitment to restricting employment of Africans in certain metropolitan areas - most importantly the PWV - and in this respect its main contribution was to clarify, rather than ameliorate, officially declared policy. Nonetheless organised industry responded to the findings with considerable enthusiasm.

"Much of industry's thinking has been incorporated in the document"; it had created an "atmosphere of negotiation" which could lead to to a "workable system of decentralisation" and which had

"already borne fruit in many problem areas".[57] A later edition of the FCI journal termed the white paper a "workmanlike" document and a "step in the right direction", even if some uncertainties remained.[58] FCI director, D.C. Krogh, "welcomed" the "more realistic and businesslike approach" promised by the white paper; subsequent consultations had already resolved some outstanding uncertainties.[59] In 1972 A.J. Jacobs, secretary of the FCI Industrial Planning Committee, confirmed that the white paper had removed many "uncertainties and negative aspects" of industrial decentralisation policy.[60]

1971 - 1978

The white paper marked a dramatic turning point in the direction of greater mutual accommodation between organised industry and decentralisation policymakers. A 1971 speech by IDC chairman J.J. Kitshoff, acknowledged both the extent - and the limits - of FCI support for decentralisation at that time:

> I am aware ... that organised industry has expressed itself, in principle, in support of the policy of decentralisation. I am also aware that a growing number of industrialists are involving themselves actively to give practical content to this policy. This represents real progress ...

But he issued an appeal for more unambiguous backing:

> In my view nothing is more likely to strengthen further the close and cordial ties already existing between secondary industry and the authorities than a public campaign, under the FCI banner, to influence industrialists towards looking at the homelands and the border areas for their growth and expansion. As long as the FCI bugle sounds an uncertain note, you can hardly blame the rank and file for being hesitant to prepare themselves to meet the challenge.[61]

But the FCI bugle was by now making sounds more and more pleasing to government ears. Criticism of the Physical Planning Act continued, but the overall tenor of industry's attitude to decentralisation became much more positive.

Firstly, the FCI began publishing practial guidelines for industrialists seeking to decentralise.[62] Secondly, organised industry and commerce set up their own committees to look into and assist bantustan development.[63] Noting the government's concern to gain international acceptibility for separate development, FCI president H.C. Morcombe gave his "support" to the "more balanced" post-Riekert approach. "Industry is aware of the need to develop the homelands [and] must be made to feel that the development of the homelands is a problem directly of concern to it."[64] A similar line was pushed during the 1970s by elements in organised commerce who stressed the importance of business giving attention to "homeland development" at a time when bantustan governments were devising development plans and embarking on the road to political "independence".[65]

Thirdly, co-operation and consultation between organised business and the decentralisation policymakers increased markedly. The FCI established "close contact" with personnel in the Board for

Decentralisation of Industries, the New Industries Committee and the Department of Planning.[66] The 1971 white paper was itself in part a reflection of closer business-government consultation, and in turn paved the way for further collaboration. In 1972 FCI director Krogh noted that the FCI "is increasingly being consulted by the authorities and has also been invited to participate more actively in the revision of ... decentralisation ... policies".[67] In 1973 FCI president H.C. Morcombe confirmed that "the voice of private enterprise is being more heeded" in the making of industrial decentralisation policy.[68] "[T]he lesson of co-operation between the private sector and government has had to be learned", Morcombe observed in 1974.[69]

A fourth and final index of this new spirit of accommodation to decentralisation policies lay in organised industry's increasingly persistent calls for bigger and more durable incentives and for more adequate provision of infrastructure in growth points.[70] Industry's remarkable new will to play the game of "industrial decentralisation by incentive" surfaced quietly in the shadow of the bitter dispute over the Physical Planning Act. Until about 1967, the commanding heights of organised industry had tended to view official incentives as too expensive and as conferring unfair advantages on decentralised industires. This began to change when, in its fight against the coercive provisions of Section 3, organised industry began to draw a contrast between pre- and post-1967 decentralisation policies in a way that deliberately threw a favourable light on the former. Indeed, the FCI happily proceeded to rewrite the entire history of its attitude to decentralisation policy prior to 1967. The FCI told the Minister of Planning that it endorsed the "broad policy of decentralisation of the government as enunciated in the past".[71] That same year, 1967, an FCI official announced that his organisation was "in full agreement with decentralisation provided there is no compulsion. Today we can even go further by requesting an investigation why decentralisation has not progressed as quickly as desired."[72] The Transvaal Chamber of Industry's J.D. Sweeney agreed that "there has never been any quarrel with decentralisation" only over aspects of its implementation.[73] The FCI's 1973 guide described pre-1967 measures a "relatively minor" and "voluntary".[74]

What the FCI now began to call for was decentralisation based on "more carrot" and "less stick" and, accordingly, it scrambled for juicier carrots. Organised industry, in turn, grew more favourably disposed to decentralisation policy as incentives expanded. In 1973, for example. the FCI welcomed a new package of concessions in the following way:

> Organised industry's representations on the decentralisation issue have been directed not unsuccessfully towards smoothing the way for industrialists and having more economic criteria applied to decentralisation incentives ... The concessions ... must be seen as an offer to industrialists. This we welcome ...
> By and large, therefore, industrialists must welcome the new approach where the stick is mainly used to dangle a somewhat juicier carrot in front of a more willing horse - rather than using it to flog the animal.[75]

Likewise, in 1975 FCI president D.V. Benade, noting that incentives announced in that year "to one extent or another agreed with proposals

made by the Chamber", added that, "the FCI has become almost a partner in national decision taking".[76]

How do we explain the FCI's reconciliation with - even conversion to - the logic of government decentralisation policy? A part of the answer lies in the fact that officials never rigidly enforced the Physical Planning Act; the overwhelming majority of applications for African labour to facilitate the expansion or establishment of firms were approved; and a negligible number of companies were prosecuted.[77] Only the clothing and textile industries felt any real blow. In this respect, then, the government clearly backed down to accommodate metropolitan industry - even if it retained the much disliked Section 3 on the statute books.

Secondly, there is the fact - noted above - that the government increasingly began consulting organised industry over industrial decentralisation, heeding many of its demands and, indeed, directly drawing business into the formulation and implementation of decentralisation policy. Thirdly, there is the improvement of official incentives and their growing attractiveness to organised industry. More research needs to be done before we can fully explain why, in the early and mid 1970s, the commanding heights of organised industry jumped onto the incentives bandwagon; why they came to view the incentives more in terms of benefits than costs, and this, moreover, during a decade of considerably slower growth than the previous one.

There is evidence that the call for improved incentives was intially adopted on tactical grounds, in the hope of persuading the government that it represented a prefferable option to bureaucratic coercion.[78] But the frequency and energetic conviction of these calls over subsequent years amply illustrates that the new line represented more than a transient tactical manoeuvre.

It seems probable that, as Bell has suggested, industry found itself faced from the late 1960s by new competitive pressures from overseas, especially in labour-intensive sectors like clothing and textiles, and that this, coupled with intensifying black union pressure from the mid-1970s onwards, convinced growing numbers of industrialists of the competitive advantages of investing in state-subsidised, cheap-labour endowed growth points.[79] Slowing economic growth in the main centres may, similarly, have caused many investors to see in decentralisation an artificial shelter from economically hard times.[80] Decentralisation concessions represented, after all, a direct gift to industrialists for whose subsidisation metropolitan industrialists were not, in turn, expected to bear any disproportionate fiscal responsibility. It may also be that production processes were becoming progressively more disaggregatd with advancing mechanisation and automation, creating more openings for branch plant investment in the bantustans by established industries. This would allow firms to enjoy the benefits of decentralisation without themselves having to relocate immobile phases of their production process to the periphery. Survey evidence clearly indicates the important part that branch plant investment played - and plays - in overall decentralisation patterns.[81] There is also evidence that growth points have been attracting some highly mechanised industries which have relocated their most deskilled operations to decentralised areas.[82] It seems likely that these trends - coupled perhaps with the tighter labour market conditions generated by the state's labour controls - combined to strengthen the attraction of state-promoted "decentralisation by incentive" during the 1970s.[83]

1979 - 1984

The period from 1979 witnessed a still more earnest and dedicated attempt by the state to directly involve the private sector in planning and implementing regional development policies. Botha's reformist administration sought to involve big business both in the decentralisation programme itself and in the constitutional changes linked to that programme. To make the regional progrmme attractive to capital, the newly ascendant technocrats in the state - eventually concentrated in the Department of Constitutional Development and Planning - rationalised decentralisation policy in a variety of ways. The explicitly "ideological" and "political" character of previous industrial decentralisation policies gave way to an increasingly technocratic official discourse and a more "functional" planning approach.

Recommendations by the 1979 Riekert Commission resulted - after several years of delays - in the abolition of Section 3 of the Physical Planning Act (in 1985). Though never too severely enforced, Section 3 continued throughout the 1970s and early 1980s to be a consistent source of capitalist disaffection, and metropolitan business men, especially in the PWV, had agitated relentlessly for its removal.[84] Its abandonment thus satisfies a key precondition for capitalist endorsement of the new regional development plans.

In addition to the excision of such "negative" and coercive measures, the post-1982 Good Hope plan offered massively pumped up "positive" incentives for decentralisation, including boosted cash concessions.

These carrots, Botha's constant entreaties for "teamwork" with capital in advancing regional development, and the wider reformist agenda to which decentralisation came to be linked, ensured that the new development approach achieved a generally favourable reception from big and organised capital.[85] According to the official records of the Good Hope conference of 1981, the FCI's C.W.H. du Toit "welcomed the new incentives for industrial decentralisation ... which he described as very exciting and of great interest to South African as well as overseas entrepreneurs ... Industrialists ... were very much aware that the problems of unemployment and urbanisation were also theirs. The only permanent solution lay in job creation in rural areas and the Black national states."[86] A.M. Rosholt, executive chairman of Barlow Rand, after criticising pre-1982 approaches to industrial decentralisation, stated the following:

> Happily, the revised decentralisation policy, which has been in operation since 1982, shows a stronger economic and less ideological approach, and ... the policy - based as it is on new and better-placed growth points - may well prove sucessful. Then, too, the concessions presently offered are more realistic.
>
> when considered in conjunction with the lauching of the Small Business Development Corporation and the Development Bank, the new policy signals a welcome realism by the government, and an acceptance by it of the vital role of free enterprise. It is one which warrants our careful consideration and attention.[87]

A cardinal feature of post-1979 development planning has been the creation of "multi-lateral" bodies to co-ordinate planning between South Africa and its supposedly independent homelands. Planning co-operation between white and black designated parts of South Africa has also been encouraged at regional and local levels through, for example, regional liason committees and cross-border projects. In the late 1970s and early 1980s the Botha agovernment hinted that this "economic co-determination" could form the basis for an EEC-style co-operation network embracing both "independent" homelands and neighbouring black countries, or even the basis of a full blown political confederation. Notwithstanding the clearly "neo-apartheid" character of these designs, the FCI not only accepted but, through representations around 1980, actively encouraged constitutional evolution in this direction.[97] Assocom did roughly the same some five years later.[98] The central concern of both was to find a political formula for South Africa drastically reducing the "welfare" role of central government and decentralising political power to regions and localities. This "confederalism" or "federalism" would, the employer organisations hoped, successfully co-opt the black majority into a constitutional framework that bypassed the risks of majority rule in a unitary state and preserved the capitalist system. Industrial decentralisation would in turn provide - the interventions of FCI and Assocom recognised - a crucial economic underpinning for such a dispensation by helping to stabilise less developed regions.

For all its collaboration with government decentralisation plans, organised industry and commerce have remained, at the end of the day, cautious supporters of decentralisation, and in some instances have been outrightly critical. While the state did a great deal to shape a decentralisation package that would accommodate capital's demands and doubts, they could not concede a policy formula entirely on capital's terms. This, in turn, has left the way open to continued struggles between organised capital and the state over the precise shape and direction of official policy.

Two issues remain at the forefront of capital's continuing dissatisfaction. One is the functioning of the Regional Development Advisory Committees, which the FCI considers to have become bogged down by inter-regional competition for state handouts, unclear definitions of their role and relationship to other bodies, and by under-financing. These difficulties had, it claimed, brought both regional development, and the constitutional development premised on it, to a "crossroads".[99]

The other issue - an object of still more intense and unresolved struggles - is the state's plan to empower the new regional services councils to impose payroll and turnover levies on businesses under their jurisdiction. Officials have justified this as part of a scheme to redistribute resources from wealthy white municipalities to neighbouring fiscally-strapped black municipalities. Organised industry and commerce, reluctant to pay out additional taxes, have argued that the RSC levies are intended to serve as a disincentive to investing in established metropolitan industrial centres, thus serving as a replacement for the more coercive controls associated with Section 3 of the Physical Planning Act.[100] The new fiscal "disincentives", long a source of anxiety within betropolitan business, have now become a focus of a bitter and ongoing battle with state planners.[101]

There are, finally, many in both organised industry and commerce who remain sceptical about the workability of industrial decentralisation - as our earlier quote from Oppenheimer illustrates.

But the reception was not unmixed. Many statements of enthusiasm came with reservations attached, and some top businessmen came out in open criticism of the new scheme. One of these was longstanding critic Harry Oppenheimer, who insisted that the post-1982 regional development plan "requires to my mind a great deal more critical examination by the business community than it has so far received". He asked whether the plan was not the result in part of "doubtful political considerations" and asserted that "as a general policy decentralisation is just as sure to fail in its new form as it was in the time of Verwoerd ..."[88]

Organised capital did not simply receive the Good Hope plan as a fait accompli from state policymakers: it participated actively in the formulation of the new regional development approach. In mid-1979 the FCI articulated its own policy on regional development in a document which called for more substantial and permanent incentives to ameliorate the plight of "immobile under-employed populations". It insisted that decentralisation should draw on the overspill of national economic growth. Decentralisation should compensate individual companies on the basis of the "relative cost disability" of the sector and region to which they belonged. Costs should in turn be borne by the state revenue fund.[89] The FCI was not speaking to deaf ears: in 1979 FCI executive director H.J.J. Reynders, welcoming the Riekert report, praised the government's greater willingness to solicit business opinion.[90] The executive director in 1980, J.C. van Zyl, affirmed that government economic strategy was now "deliberately attuned to the needs of business", ushering in "a new era of partnership".[91] In this atmosphere the government sought with interest organised capital's views on industrial decentralisation, soliciting them from the late 1970s onwards through such bodies as the Development Strategy Committee on Black States.[92]

Similarly, organised commerce and industry were drawn directly into the new regional policymaking organs, such as, for example, the National Regional Development Advisory Council, the eight Regional Development Advisory Committees (RDACs), the Small Business Development Corporation, and the Development Bank of Southern Africa (DBSA). Assocom encouraged its local chambers to enter new regional bodies, to thereby "participate in the shaping of policy" and "stake claims for the benefits that these policies might bring".[93] In 1982 Assocom president Gordon Stuart Reckling confirmed that his organisation was actively participating in decentralisation bodies.[94] The FCI has also energetically involved itself in their operation. Two academics critical of decentralisation have lamented that the private sector is "immersed" in the state's new regional planning machinery.[95]

Another index of the favourable response of many capitalists to the Good Hope package has been the massive increase in industrial investment in the growth points since 1982, principally, it would seem, in response to the very favourable incentive package that the state is offering. Investors have also reacted against growing black trade union pressure in the major centres. Finally, the stagnation that has gripped the South African economy has driven many firms to seek a means of survival in state-subsidised (frequently oversubsidised) growth points, leading to a notorious proliferation of lame duck companies propped up by state funds, as well as - not surprisingly - to considerable corruption.[96]

Finally, organised industry endorsed, at least until about 1984, the constitutional initiatives of the Botha government and the role assigned within those initiatives to regional development.

While conceding that the Good Hope plan was the result of "many, many months of careful and sincere study", a 1982 edition of Assocom Review nonetheless cast doubt on whether decentralisation justified the time and effort expended on it. Similar schemes had failed in Western Europe; and "when the ultimate balance sheet is drawn" the "final accounting line" shows that, in South Africa too, results had been limited.[102] Other expressions of doubt could be cited as well. Industrial decentralisation, though designed by post-1948 policy-makers to reconcile apartheid with capitalist development, and though repeatedly re-shaped and modified to accommodate capitalist demands and requirements, remains a less than preferred "compromise" for manufacturing capitalists in the commanding heights of organised industry (and their industrial and commercial counterparts in Assocom).

III

Let us begin our thematic discussion, then, by outlining established industry's criticisms and the reasons for them, an indispensable first step before going on to demonstrate the numerous ambiguities in, and limits to, its opposition.

One can find many critical and sometimes quite hostile statements from industry about industrial decentralisation. Perhaps the bluntest came during a meeting of the Economic Advisory Council in 1960, the year in which the border industry programme formally got underway. On the subject of decentralisation, the FCI reported afterwards:

> The FCI standpoint was that we did not like it, that we did not believe that industry should be tampered with, that we have chosen the sites for our factories because we believed these to be the most economical for our manufacture, and therefore in the best interests of South Africa, and that any artificial Government interference might have the effect of killing the goose that lays the golden eggs.[103]

Though never averse to state intervention designed specifically to promote its interests, industry quickly rediscovered the virtues of the market whenever it perceived its interests to be threatened by interventionist policies. Industrial decentralisation has, indeed, provided a pretext to innumerable reaffirmations of faith by business in free enterprise, which it has counterposed to "ideological" edicts emanating from politicians. As early as 1936, FCI president S. Craig Bain stated the following on the issue:

> Industries have the same characteristic which is attributed to money and water in that they inevitably and unrelaxingly seek their own level and it is difficult, and in the main unwise, to stop this functioning by artificial means.[104]

"No planning authority", the Assocom executive declared in 1948 "could hope to emulate the co-ordination achieved by individuals anxious to achieve the most advantageous location for their several purposes."[105]

What is the basis of capital's criticisms? A number of themes have occurred in organised industry and commerce's objections over the years.

The first is anxiety about "unfair competition". Industries in established areas have frequently expressed the fear that their competiive position would be undermined by new industries in the border or reserve areas taking advantage of unlimited supplies of cheap, typically non-unionised labour, exmpt in many cases, from the determinations of wage boards and industrial councils.[106] This fear has been particularly acute in the clothing and footwear industries, where high labour and low skill intensity have allowed a number of firms to take advantage of cheap rural-based labour in "uncontrolled" areas. This, combined with their special vulnerability to international competition, has left clothing and footwear manufacturers in established areas feeling doubly threatened.[107]

Established industry has also feared unfair competition from firms in decentralised areas enjoying artifical subsidies and exemptions from certain kinds of apartheid restrictions (notably from job reservations).[108] The attitude of firms in metropolitan areas has tended to be: either none of us suffer from apartheid-induced labour shortages, or else we all do.

Established metropolitan industry has especially resented being called upon to subsidise this "unfair competition" against itself through additional taxation.[109] Industrialists have repeatedly warned about the high costs of the decentralisation programme, especially where it involves furnishing infrastructure and services in remote "uneconomic" growth points.[110] They have further worried that state expenditure would gain an uncontrollable momentum of its own as more and more decentralised firms scrambled for, or became lastingly dependent upon, official subsidisation.[111] These anxieties were underlined by industry's conviction that South Africa suffered, virtually throughout the post-war period, from shortages of both capital and labour, and that the decentralisation programme, by drawing on available supplies of these resources, would exacerbate nation-wide scarcities.[112]

Metropolitan industrialists argued that, between the, "unfair competition" and the fiscal demands of decentralisation threatened to raise the cost structure[113] of established industry, dilute the benefits of protective overseas trade policies[114] (by generating competition "from within"), and weaken industry's international competitiveness.[115]

Metropolitan based industrialists also opposed any artificial division of South Africa's economy into two or more discrete entities, as separate development dictated. They preferred to see the bantustans remain an open market to the products of industries situation in "white" areas, especially in light of the small size of the domestic market. Conversely, they doubted that any artificial parcelling-up of the domestic market could insulate established metropolitan industry from the "unfair competition" of bantustan or border industries, more especially in the struggle for the growing black consumer market.[116]

Organised industry, finally, disagreed with the state's political rationale for industrial decentralisation in the pre-1980s decades. It must be emphasised that manufacturing and commercial capital strongly supported continued white political supremacy during these years and repeatedly stressed this in discussions of industrial decentralisation.[117] It is furthermore quite clear that business looked - and still looks - to the state to guarantee the political preconditions for capital accumulation.[118] However, industry and the

state were at odds about how to realise these political and security objectives in post-war South Africa. The state favoured separate economic development as a guarantee of white political dominance, whereas industry (and commerce) favoured gradual economic integration and black material advancement within white designated areas alongside - and reinforcing - white rule. These differences expressed themselves in a fascinating way in arguments about industrial decentralisation.

According to the state, decentralisation would help to safeguard white power by preventing the development of a black "cordon" around white residentail areas. In addition, it would generate political quiescence by allowing blacks to work in close proximity to their homesteads and their traditional cultural and administrative systems. Finally, it would secure the economy from being wiped out in a quick nuclear attack aimed at the PWV and other main centres. While sometimes conceding that rural industries could give blacks a "more contented outlook" away from the "hothouse atmosphere of Native urban life"[119] organised industry on other occasions voiced clear disagreement with the politico-strategic reasoning behind the state's industrial decentralisation policy. It doubted whether whites were in fact in danger of being swamped by black urbanisation and it feared the unstable investment environment that could result from the actions of potentially volatile black homeland leaders in bantustan and border areas.[120]

The most striking instance of disagreement, however, was expressed in 1960 in response to the state's claim that decentralisation would make it easier to cope with either nuclear war or popular rebellion. The FCI replied as follows:

> [I]f it is visualised that the attack will take the form of an atomic or hydrogen bomb, then dispersion would be desirable, but if on the other hand ... the attack [takes] the form of a general internal upheaval then concentration for defence in a few main centres would be the more desirable ... [We] deem the possibility of internal attack greater than that of external attack ... [W]e have no reason to believe that the dispersion of the non-European population will reduce ... rioting. In fact, if the widely dispersed non-European people decide to riot in their scattered communities, then the task of restoring law and order; of defending persons and property and of controlling the non-European masses will be all the more difficult and costly. You can seal off a large native location and defend thirty factories concentrated in one area with ten Saracen vehicles, but you may need sixty or more such vehicles and a correspondingly greater number of police and troops to defend thirty scattered factories if the Native workers employed in each of them go into a simultaneous riot.[121]

Furthermore, dispersal of industry would not prevent the black masses from developing a political consciousness.[122]

Why, however, did metropolitan industrialists so often view decentralisation as a threat rather than as an opportunity? Why, for example, did they not, as individual capitals themselves, seek to relocate to the growth points so that they could precisely enjoy the benefits of "unfair competition"? The chief reason appears to be industry's heavy investment in metropolitan based fixed capital stock

with long turnover times and the fear that this capacity could fall into unprofitable dis-use through duplication on the periphery.[123]

In addition, there were the "agglomeration economies" attached to location in established areas: access to large markets,[124] to pools of skilled labour, to transport, eletricity supplies, repair shops and other infrastructure.[125]

The advantages of locating in established areas were magnified by the severe underdevelopment on the South African periphery (especially in more remote growth points)[126] and by the effects of a railway rating policy that favoured processing of raw materials in cities rather than at their rural sources.[127]

In general capitalists - not only established ones - feared anything that appeared to undermine their autonomy in making production and investment decisions.[128] This abridgement of autonomy could take numerous forms: direct or indirect fiscal controls; ill-defined policy measures and arbitrary administration of policy, resulting in an uncertain investment environment and complicating business decisionmaking;[129] above all, capitalists "rigidly opposed" any threat of direct compulsion by the state to control location of firms.[130]

IV

Thus far we have done no more than put on record the reasons for established metropolitan industry's opposition (such as it was, or is) to industrial decentralisation policies. While Lipton notes that the policy "did not affect all employers equally" (p. 153) and alludes to the vacillating stance of the Afrikaner Handelsinstituut (p. 154), she is content to let matters stand as they have just been presented. For her it is cut and dried: industry opposed decentralisation but could do precious little about it. It is, as we have already suggested, an analysis which (i) underestimates the degree of mutual accommodation between organised industry and the state in respect of industrial decentralisation, and (ii) overestimates the uniformity and clarity of manufacturing capital's opposition to these policies.

Alongside its statements of opposition, for example, organised industry and commerce have on many occasions expressed support for industrial decentralisation "in principle" and have on a number of occasions emphasised its importance in speeches and passed resolutions calling for its active promotion by the state.[131]

Organised capital has considered decentralisation desirable "in principle" for a variety of unsurprising reasons: while decentralisation imposed costs it clearly also offered benefits. Many firms saw in decentralisation a means of reaping concessionary benefits from the state; exploiting stabilised, super-cheap black labour; and escaping both white trade unions[132] and, from roughly 1973, black trade unions[133] in the metropolitan centres. Decentralisation policy's potential longer-term benefits - bringing fresh resources into the field of capitalist production, extending infrastructural facilities to previously unproductive areas and politically stabilising regions with large imobile populations - have also been intermittently recognised by organised capital.[134]

Moreover, at least some businessmen - especially in commerce - seemed to regard fears of "unfair competition" from border or reserve based industries as exaggerated. An important 1952 Assocom memorandum

argued that "competitive forces would level up wage differentials" between established and outlying areas; "no serious threat to the welfare of urban industries is seen in the establishment through private investment, of new industries in the reserves"; a fall-off in direct demand for certain goods manufactured in established areas would be "made up by increased demand in other directions" - for example, for building materials. Decentralisation of industry would raise the annual rate of investment in South Africa as a whole.[135]

Much of Assocom's criticism was directed not at the state's attempts to promote decentralisation to underdeveloped areas, but, on the contrary, at its attempts to close certain outlying regions off to capitalist investment - and the state's benign neglect of certain other regions which Assocom wished to see developed. Assocom condemned the government's decision (prior to 1968) to place growth points almost exclusively on the borders of the bantustans rather than encouraging capital into other parts of the platteland[136] or into the interior of the reserves.[137] While expressing the interests of Assocom's numerous branches in small white towns and inside bantustans like Transkei and KwaZulu,[138] this stance also reflected a perception that industrialisation of the reserves was both a viable and desirable option from the point of view of capital as a whole. There seems, Assocom wrote in a 1952 memorandum, "a fair prospect of the establishment of a substantial number of industries" in the reserves; however, state and black capital, while necessary, would be insufficient to ensure such development. Assocom therefore recommended that white capital "be encouraged to play a considerable part" in developing the reserves.

> If the reserves were ... thrown open to European enterprise, the path would be opened for much industrial development, and there seems little doubt that, by virtue of their attractiveness from the aspect of labour supplies, substantial industrial development would take place.[139]

In 1960 the president of Assocom emphasised again that "[t]hese promising regions" - that is, the reserves - "are virtually excluded from the field of investment by private enterprise. This is contrary to one of the cardinal principles of the capitalist system".[140] By the later 1960s[141] this had been included also in the FCI's litany of grievances.

In 1968 the government acceded to these demands: it decided to allow white capital into the reserves on the basis of an "agency" system similar to one prposed by FCI the previous year.[142] Assocom, however, soon began to call for the junking of the agency system - which required that enterprises eventually be sold off to homeland development corporations - in favour of a free and unfettered flow of capital into the bantustans.[143] This stronger demand was, in turn, recognised during the course of the 1970s as "independent" bantustan leaders waived the agency requirements.

Furthermore, FCI and Assocom did not regard state-provided incentives simply as a cost: we have shown that from the late 1960s onwards they came to regard decentralisation concessions as an increasingly desirable benefit. Organised industry and commerce frequently called for more, bigger and more durable incentives[144] and for the more adequate furnishing of growth points with infrastructure.[145] This was especially so from roughly 1967 onwards. A

1975 letter from the FCI executive director to the chairman of the Board for Decentralisation of Industry offers an explicit list of areas where industry sought improved incentives: housing loans for whites; tax concessions on black wages; cash grants; tender preferences; road transport exemptions; infrastructure; and others.[146] There was not universal agreement within FCI over the basis on which subsidies should be provided,[147] but throughout the 1970s the central thrust of FCI demands was for more and still more official incentives.

Conversely, organised industry responded to improved government incentives by showing an increased willingness to co-operate with decentralisation policy. The only condition attached to demands for incentives was that metropolitan based firms should not have to bear a disproportionate part of the fiscal burden of subsidising them.[148] This condition the state has generally satisfied (although with the recently introduced RSC levies organised capital has complained about having to bear the brunt of fiscal disincentives in metropolitan areas).

The push for improved incentives was not confined to those regions or factions of organised capital singled out for special benefit (these we will examine later). Organised industry in various established centres (which collectively dominated FCI) themselves began to scramble, from 1960 onwards, for a slice of the benefits granted under the decentralisation programme.

East and West Rand industrialists claimed their areas needed special concessions to compensate for the exhaustion of gold mines.[149] Port Elizabeth industrialists argued that Port Elizabeth should itself be seen as an underdeveloped area in need of special concessions, rather than as a metropolitan area requiring deconcentration.[150] The Cape Chamber of Industries pleaded on a number of occasions in the late 1960s for a coloured growth point to be established in the Western Cape[151] and called for the entire Western Cape to be declared an "economic development area".[152] And the Natal Chamber of Industries, while opposed to legislative compulsion, was quick to note possible advantages for itself in the Physical Planning Act (from whose most severe provisions the province was exempted).[153] In 1968 NCI president R.C. Throssell indicated that while he did not like the constraints which the Physical Planning Act placed on free enterprise, he considered disastrous the over-concentration of industries drawing on the Vaal River, and favoured their re-siting. The column is cynically headed "Escape the Planning Act and Come to Natal!"[154]

V

Organised industry and commerce did not, however, get drawn into the logic of decentralisation policy entirely on the state's own terms. They struggled fiercely over the terms of decentralisation policy and policymaking. Their support was always conditional. To the extent, in turn, that the state satisfied industry and commerce's conditions, the latter's involvement in the decentralisation programme tended to grow still more intimate.

In the first place, organised capital repeatedly demanded that the state provide "continuous, regular and effective"[155] channels for consultation between policymakers and businessmen. Industry and commerce did not want to be confronted by policy fait accompli; they wished to be more than simply "advised of conclusions reached and the

reasons therefore".[156] Provided this demand was granted, the FCI and Assocom were willing to co-operate with, inded participate directly in implementing, the industrial decentralisation programme. The FCI, an official declared in 1959, would support decentralisation if the government "took organised industry into its confidence", made known the "background and objectives" of its policy and took cognisance of industry's "fears".[157] This is what the state generally - and increasingly - did.

The government set up the Economic Advisory Council in 1960 - initially mainly as a means of granting organised industry (and, incidentally, established unions) access to the decisionmaking machinery of industrial decentralisation. Industry and commerce in turn used the EAC to bargain over both decentralisation and more general economic policy. The post-1971 decade saw consultation between organised capital and decentralisation policy formers become still more "continuous, regular and effective". In the 1980s a consciously reformist administration boosted further direct capitalist participation in the financing and implementation of regional planning.

The relationship between the state and organised capital thus became less and less one between entirely external, discrete actors: capital increasingly penetrated decentralisation-linked bodies. Formal capitalist incorporation into decentralisation machinery has been part of a wider process of "corporatist" participation in the state described by André du Pisani.[158] Indeed, capital's institutional participation extends beyond decentralisation, embracing the whole gamut of economic policy.

The power of these corporatist 'joint councils' and other bodies should not be exaggerated, more especially in post-war South Africa where capitalists (other than farmers) have had little direct role in governing. Most corporatist bodies are essentially advisory and offer the government a way of securing capitalist co-operation in potentially contentious policy areas. But organised capital too has derived benefits from such arrangements, and has perceived itself to do so, even if in the process it sacrificed some of tis public freedom of expression. Through its direct influence on the formulation and application of decentralisation policy, for example, organised capital has been able to constrain the arbitrary action of officialdom and provide its members with clearer guides and pointers in making locational decisions. It has also used its influence to temper bureaucratic controls on locations and improve incentives and infrastructure in growth points.

Whatever the precise extent of the power and authority of corporatist mechanisms in the South African state, Raymond Parsons's suggestion that business had, by the 1980s, become an "unpaid arm of government"[159] sits uneasily with the imagery - invoked by Greenberg and Lipton - of an almost completely autonomous "racial state apparatus" progressively severed, in the post-1948 decades, from any reference to capitalist class interests.

Apart from demanding systematic and extensive consultation, organised Industry and commerce attached a number of other provisos to their support for industrial decentralisation. One was that the decentralisation programme should be implemented in a gradual and pragmatic way,[160] if possible through controlled experiments in a limited number of centres where facilities and industrial activity were already present, and without blocking industrial growth in existing metropolitan areas. Industrial decentralisation should be pursued as

far as possible only in periods of economic growth.[161] Another - related - demand was that decentralisation policy should be "logical" "natural" or "organic": that is, as far as possible tailored to "market forces" and the requirements of capitalist profitability.[162] Thus in 1966, the FCI affirmed that its approach to decentralisation was based on a "philosophy of gradualism". It sought to "deal with the pattern of industrial location as it is and as it may be modified, not as it might be if we had a clean sheet of paper to write upon". Many similar references could be cited.[163] Implicit in these calls - and in the demand for consultation - is of course a further proviso: that the implementation of decentralisation policy should be free of the kind of outright bureaucratic coercion which briefly threatened to become the norm during the late 1960s.

These demands were, in general, taken serously by the state, and most of them were met. The government repeatedly emphasised that, in the words of Verwoerd, it "did not want to stop the economic development of South Africa - not even for a period". What it sought to do was "reconcile the economic and social needs of the country".[164] There would be - De Wet Nel emphasised in 1959 - no "revolutionary transfer of factories from the established centres to the peripheral areas".[165] Decentralisation would proceed "slowly and soundly".[166] Industrial development in established areas would not be brought to a halt.[167]

The government launched the decentralisation programme after almost a full decade of consultation and at least two commissions of inquiry (three if we include Sauer). The programme commenced in 1960 on the basis of a "rather feeble"[168] package of incentives concentrated on a small number of well placed growth points on the borders of the reserves. Verwoerd stated the guiding principle in selecting growth points in a 1954 speech:

> A main criticism has been that it is not practical to distribute industries all along the fringe of the reserves. This is not a true description of my proposal. The true position is that if there are areas in the proximity of the reserves which comply with the special needs of industry, they should attract the future development which we may expect and hope for.[169]

He emphasised again in a 1957 discussion that he did not have in mind growth points "thousands of miles away from the existing centres", but rather substantial towns and even cities abutting the reserves.[170] After 1968 the state began to give assistance to a considerably wider range of growth points in "white" South Africa and the bantustans, but not all were granted equal attention; in the bantustans, for example, only Isithebe, Butterworth and Babelegi received substantial state investment. In the 1980s this selectivity was reinforced with the renewed emphasis on "deconcentration points" near large urban centres. The proliferation of areas receiving assistance since the 1960s, much criticised by opponents of decentralisation, conceals a generally cautious tendency to concentrate public investment in a small number of centres.[171]

Direct state coercion of capital in the course of implemeting decentralisation was avoided until 1967. More importantly, the state never enforced the Physical (later environment) Planning Act very rigidly. The 1979 Rickert Commission advocated abolishing Section 3 of

the Act in part because it was a manifest waste of manpower. Between 1972 and 1977, for example, fewer than 3% of applications for African labour for factory extensions were refused. (This is not the same as arguing that Section 3 did not frighten of bother investors.)

The state also sought, as far as possible, to use decentralisation to boost the economy's long-term economic growth prospects. In the first place, and as we have already suggested, the post-1978 state saw decentralisation as one of the most - perhaps the most - important instrument for reconciling its apartheid designs with capitalist labour demands.[172] Professor J.L. Sadie gave an explicit explanation of the economic rationale for decentralisation in a 1957 speech: given the socio-political framework of separate development, he said, decentralisation offered the most economically viable way of pursuing various capitalist goals, including black occupational specialisation and a reduction in the proportion of the workforce engaged in migratory labour.[173] Other advocates of decentralisation believed it would boost black purchasing power and throw up a black middle class.[174]

The state envisaged industrial capital taking advantage of the opportunities opened up by decentralisation in the context of an evolving spatial division of labour between relatively more capital-intensive and relatively more labour-intensive production processes, with the former concentrating in the established urban centres, the latter in new growth points. The advance of mechanisation and the disaggregation of production processes into discrete, spatially separable phases, were viewed as supplying the necessary preconditions for this restructuring.[175] (From 1969, however, the government also began to encourage decentralisation by capital-intensive firms because of their ability to attract supporting industries.)

Secondly, there were technocrats and politicians in the state who appeared to genuinely believe that the costs of industrial concentration in a small number of centres were mounting due to rising land prices, congestion and, perhaps most importantly, due to shortages of water. Other costs as well were attributed, not always as plausibly, to overconcentration: these ranged from rising infrastructural and service costs to high labour absenteeism and turnover (due to illness and the "social strains" of city life.[176] The same technocrats and politicians emphasised the need to bring into the field of capitalist production unexploited sources of water and power (like the Tugela Basin), underemployed and relatively immobile pools of labour (as in the Eastern Cape and many bantustans) and other material resources locked up in underdeveloped areas. They argued that doing so would raise long-term productivity in the economy as a whole.[177]

These arguments were, as we have shown, often (though not always) disputed by organised industrialists and other businessmen in the main centres. But their frequent employment does underline the extent of the state's concern to accommodate the economic needs - and class power - of capital. In addition, attempts by planners to justify decentralisation on these grounds helped establish a common language of reference in which officials and businessmen alike could argue over the merits and demerits of particular decentralisation initiatives.

Still more importantly, the state's implementation of decentralisation took account of, based itself upon, and sought to reinforce certain spatial tendencies endogenous to capital itself. Two such tendencies are discernible.

The first was the tendency (from at least the 1940s onwards) for capital to relocate to the periphery of urban centres in order to escape the dis-economics of agglomeration in urban cores, principally high land prices and congestion. This "suburbanisation" of industry was underway by the 1940s - long before the decentralisation programme came into effect - and was accompanied by a growing spatial division of labour (between industrial, mining and tertiary activities) within the metropolitan economies themselves. Manufacturing industry began to concentrate in the East Rand, and in industrial satellite towns like Bellville, Isando and Pinetown. When the border industry programme got underway in the 1960s this suburbanisation was extended further afield, with state assistance, to towns like Rosslyn, Brits, Pietermaritzburg and Hammarsdale.[178]

The second was a tendency in certain capitalist sectors to relocate from the Pretoria-Witwatersrand-Vereeniging (PWV) area to other relatively large centres (from at least the late 40s); and (from roughly 1970) to invest in relatively more outlying areas. These latter tendencies, identified by Bell, have affected mainly smaller and more labour-intensive firms.[179] There is by now a quite extensive literature debating the relative weight of "spontaneous" and state-created pressures in the decentralisation htat has occurred in recent decades.[180] This paper does not attempt any new contribution to this discussion. I think, though, that Bell <u>has</u> successfully demonstrated that certain kinds of decentralisation preceded the introduction of state inducements, and that the acceleration of decentralisation from the 1970s was, to a significant extent, propelled by "economic" factors like intensifying international competition and growing union pressure on wages in metropolitan centres.[181] This does not at all exclude the probability that positive and negative state incentives played a key role in influencing capital location. From 1982 onwards they almost certainly played a predominant role, though even in the latter period it was the <u>combination</u> of very large official incentives with deepening economic depression and labour strife in the main centres which seems to have been decisive. Whereas downturns often appear to established industry as particularly inopportune moments to pursue decentralisation, they at the same time, and especially where incentives are high enough, persuade many smaller and weaker firms to seek refuge, and a means of survival, in highly subsidised and protected growth points.

This is not to say that therefore capital always favoured policies to assist these "spontaneous" processes of industrial dispersal. On the contrary, businessmen and economists often referred to these as "organic" or "natural" processes of decentralisation which required no additional state assistance.

But even if this is so - and the proposition remains debatable - these correlations contradict the notion that the state has attempted artificially to force the pace of decentralisation by driving industrial capital solely into remote and unattractive locations. Nor is all this to deny that there were other "spontaneous" spatial tendencies within capital running <u>counter</u> to the objectives of decentralisation policy. Were this not so, the volume of criticism directed at industrial decentralisation from the commanding heights of organised metropolitan-based industry would be unintelligible, as would the consistent failure of decentralisation to reach the job-creation targets of its architects, and the increased concentration of net output in established industrial areas during the 1970s. But what this evidence shows is the extent of the affinity between the practices of

decentralisation policymakers and tendencies operative in certain manufacturing sectors at particular times. At the very least it serves, once more, to challenge Lipton's one-sided depiction of a radical opposition between the interests of (virtually all) industrialists and the spatial-economic projects of the apartheid state.

VI

Thus far we have tended to treat industry and commerce as relatively homogeneous actors in the struggle over decentralisation policy. But this was far from being so. There were organised factions of capital which stood out in their strong and consistent support of decentralisation. Capital, however, well organised, was and remains inherently vulnerable to fracturing in the face of policies that allocated incentives or disincentives on a spatially selective basis. Firstly, industry itself is, despite its degree of concentration, present in many scattered locations, some of them targeted as receiving areas for decentralising industry; firms already established in these areas could hope to benefit from incentives to expand, while firms outside them are likely to view themselves as disadvantaged by the absence of such incentives.

Secondly, firms display a high degree of variation in terms of mobility and immobility; some are "footloose", others "space-bound". Their ability to take advantage of incentives thus varies, with space-bound firms self-evidently resistant to decentralisation (a diversity for which the state has, however, made some allowance).

Thirdly, there is an inevitable difference of outlook between established and new firms, the former clearly being more heavily invested in locations outside the decentralisation points. The hostility between the two is likely to be all the greater in "footloose" sectors vulnerable to competition, as is the case in, say, clothing and footwear.

Not surprisingly, given this potential for regional, sectoral and intra-sectoral discord, there is a long history of tensions and divisions within organised industry and commerce; these manifested themselves in a whole variety of internecine conflicts.

The most well-known of these is between the AHI, on the one hand, and FCI and Assocom on the other. Afrikaner firms have historically been smaller, newer and - for very good strategic reasons - loyal to the post-1948 ruling party. They have thus stood to gain more from the patronage that the state dispensed through industrial decentralisation and, indeed, there were complaints during the 1960s about favouritism shown by the Permanent Committee for the Location of Industry towards these firms (in the granting of incentives, exemptions, etc). Not surprisingly, then, AHI has on the whole adopted a more favourable stance towards decentralisation policy than its counterparts elsewhere in commerce and industry - though its support has by no means been consistent or unambiguous.[182]

But substantial divisions have manifested themselves also <u>within</u> FCI and Assocom - divisions which predate 1948 and which have continued to the present. These have mainly surfaced between different regional chambers and branches, and began to manifest themselves as early as the mid-1930s.

When called upon in 1939 to give evidence to the Rural Industries Commission, the FCI executive committee decided not to do so

on the grounds that the commission had already heard evidence from a large number of individual manufacturers and constituent organisations federated to the FCI. This evidence reflected a "purely local point of view" which it was "quite impossible for the National Organisation to reconcile".[183]

At the 1935 congress of Assocom delegates from inter alia, Worcester and Uitenhage, pushed for policies to promote platteland industry and criticised the lack of support from certain other delegates, whom they accused of offering "sympathy without relief" which was "like mustard without beef".[184] The debate continued in Assocom the following year, with pressure for industrial decentralisation coming from towns like East London, Pietermaritzburg, and Kimberley.[185] In 1937 an editorial in Commercial Opinion slated the sectionalism of chambers of commerce based in small country towns:

> Chambers of commerce are not merely associations of businessmen formed to protect their purely local interests ... They each must be regarded as a link in the great chain of organised commerce, which ... has exercised an enormous influence.[186]

It was in deference to the Border, Pietermaritzburg and Northern Transvaal chambers of industry that the FCI backed off, in 1960, from outrightly opposing measures to eliminate locational disadvantages in particular areas.[187]

At an FCI executive council meeting in 1965 a heated argument broke out between representatives of metropolitan chambers of industry and representatives of the Border and Pietermaritzburg chambers over the merits of giving special assistance to firms in border areas.[188] And in a belligerent treatise (probably dated 1966), W. Essex Clark, a former president of the Border Chamber, proposed that the Chamber withdraw from the FCI because of the latter's unsympathetic stance towards East Cape industries, and especially because of the FCI's reluctance to advocate concessions for firms already established within border areas. "Our hands," Clark complained, "are tied by our enforced adherence to FCI unanimity on all such matters.":

> In private discussions with Government we ask for special treatment ... Yet in discussions at FCI meetings, or really in public, we ask for little or nothing, or we assent to measures making it difficult for Government to proceed with measures beneficial to ourselves. In other words, we are part of the voice of the FCI in cramping Border concessions.
>
> To put it plainly, the President of the Border Chamber has to wear two distinctive caps. One in public: "We oppose concessions", and one in private: "We want special concessions".

If on the other hand the Border Chamber pulled out of FCI it could "shout (its) requirements and complaints from the housetops".[189]

In a typical 1961 letter to Commercial Opinion, E.A. Weir of Kiing William's Town, another Eastern Cape centre, defended border industries policy as an attempt to offset the economic disadvantages of investing in country towns, rather than giving them any unfair

competitive advantage.[190] But the platteland itself was divided. While businessmen in country towns adjacent to bantustans stood to gain from the border industry scheme of the 1960s, those in platteland towns further afield stood to lose as capital leaving the main centres bypassed them in favour of border areas.[191] Thus, while businessmen in King Williams Town strongly backed the border industry scheme,[192] as did those in the Border region,[193] it became a source of apprehension in industrially ambitious country towns elsewhere in the Eastern[184] and Western Cape. The Orange Free State also complained about the overemphasis on border areas.[195] There was thus no simple town-country divide in the ranks of organised industry and commerce: decentralisation policy generated more complex and intricate lines of spatial fragmentation between groups of capitalists.

These fractures could undermine organised capital's solidarity at crucial moments. In 1967, when organised industry and commerce sought maximum unity in their desperate bid to torpedo the Physical Planning Bill, the Northern Transvaal and Border chambers conspicuously refused to join them in expressing opposition to the proposed legislation.[196] The Northern Transvaal Chamber's position was openly disloyal. The Chamber did not, however, present its arguments in a narrowly sectionalist way; it tried, for example, to construe the Physical Planning Act as a wellspring of potential benefits for industry in South Africa as a whole. Its "socio-economic advantages ... will ultimately accrue to the entire Republic [creating] a more virile and stable economy". The supposed advantages of locating in the proximity of markets "obliterates the advantages of other locational factors", unbalancing the economic structure and preventing full utilisation of the nation's resources. Undue concentration would be a "violation of all economic and social laws", creating strains and undue costs in a number of sectors. The state, on the other hand, could ensure "advance planning" with "long term benefits" instead of "haphazard development". Criticism of the Planning Act was, the Northern Transvaal Chamber suggested, akin to the unwarranted criticisms of Iscor during the 1920s.[197] The Northern Transvaal Chamber also opposed the proposed abolition of section 3 of the Physical Planning Act in the late 1970s.[198]

The Border Chamber of Industries too attempted to present its sectional interests as coinciding with the interests of the nation as a whole. In 1969 M.L. Phillips, then the Chamber's president, issued an impassioned plea to the FCI to recognise the growth of Mdantsane township as more than simply a local problem:

> [I]s it not equally a national problem? Is it not in the interests of the nation as a whole to ensure that one of the principal harbours of the country is fully exploited to give maximum employment to the vast body of Bantu labour at its doorstep? Is it not in the interests of the nation to build up the Border area industrially so that not only does it cease to be a security and economic hazard, but develops into a strong consumer market which could help to stimulate the overall economy of the country?

He urged industrialists elsewhere to show more sympathy for East London's dificulties.[199]

There is some indirect evidence that the tensions associated with inter-regional competition continue to afflict industrial decentralisation into the 1980s.

Divisions over decentralisation within organised industry and commerce also manifested themselves in prominent personality conflicts, the most notorious of which centred on the person of Phillip Frame. Frame, a strong advocate of decentralisation, established factories not only in large centres but also in smaller or emerging centres like Huguenot (in the Cape), Paarl, Pinetown, New Germany, Ladysmith, Harrismith and still further afield in Rhodesia, Zambia and Malawi.

Frame's maverick stand on decentralisation was apparent in a 1960 sitting of the Economic Advisory Council when he clashed with other representatives of the FCI after proposing closing all factories in established areas and converting them into cinemas![200] It seems probable that the Frame Group's passion for industrial decentralisation was linked, in turn, to its predilection for paying extremely low wages to its black employees.[201]

An outstanding advocate of decentralisation in Assocom was E.P. Bradlow, an economist who headed both the Johannesburg Chamber of Commerce and Assocom at various points in the 1960s. Bradlow, far from being a government sympathiser, was more outspokenly opposed to influx control during the 1960s than most representatives of employer associations. But Bradlow believed that industrial decentralisation to the reserves was essential, notwithstanding the origins of the policy in an ideology of which he was critical. He also accepted that "racial problems" made unconstrained rural-ruban migration an unrealistic option in South Africa:

> If, therefore, we do not want the Bantu to come to the factories, we must bring the factories to the Bantu. In an expanding economy many new industries will be required and there is no reason why some of these should not be sited in the Bantu homelands or territories adjacent to them. There is in fact much to be said in favour of a policy which would soften the impact of industrialisation on primitive people by saving them the hardships caused by separation from family and home.[202]

Instead, "the establishment of new industrial centres in the most backward regions of the country" would help overcome "outmoded tribalism" and expose blacks to "forces of modernisation".[203]

On another occasion Bradlow stressed that industrial development in the reserves would make possible a substantial increase in black income, and help to distribute that income more evenly throughout the country. Reserve industrialisation would also foster an "African middle class" from which leaders of industry and commerce can be drawn.[204] Decentralisation, Bradlow argued in 1963, is being sought throughout the world as a counter-weight to the problems of large cities:

> Few reasonable people will dispute that in South Africa much suffering will be avoided if a part of our future development can take place in the present reserves or territories adjacent to them.[205]

A "Herculean effort"[206] was needed to develop the reserves; this was a matter of the "utmost urgency".[207] Bradlow did have his reservations: he felt that a policy of reserve industrialisation required faster growth in the economy as a whole;[208] he also favoured the entry of

white capital into the rserves;[209] and finally he strongly opposed compulsory location measures.[210] But the overall tenor of his approach to the state's decentralisation policy was indisputably positive.

VII

This article has argued that industrial decentralisation in South Africa, far from being an ideological edifice unilaterally imposed on industrial capital by the post-war state, has always been, and remains, the outcome of a compromise between state and capital: a compromise whose terms are constantly the object of struggle and negotiation. This conception differs, firstly, from that of the economistic and functionalist approaches associated with "revisionism" in the 1970s. It differs insofar as it focuses on contingent struggle between organised political agents, rather than simply on "structures" and predetermined outcomes; and insofar as it accepts the state as an entity in its own right, with its own interests, rather than as an expression or instrument of forces located in the economy. As such, the paper never assumes a static or uncontradictory correspondence between capitalist interests and state behaviour. On the contrary it shows how, in the case of industrial decentralisation, capital has faced policies which it neither preferred over all other options, nor policies which "objectively" sprung into being to serve its interests. They are policies which, despite a variety of sources of origin, had become, by the 1950s, closely associated with the political projects of the post-1948 ruling groups - projects which were far from meeting universal capitalist approval (at any rate in their "high" or "classic" pre-1978 permutations).

But this paper also distances itself from the recent new revisionism of Lipton and Greenberg. These two writers differ sharply on manufacturing capital's relationship to apartheid. Greenberg sees manufacturing capital as accommodating itself to apartheid with little protest, while Lipton views manufacturing capital and the state as having been in a virtually continuous state of conflict. But they share in common the view that the post-1948 apartheid state was both autonomous from capitalist class interests and, with some exceptions, able to impose its will on those interests. Greenberg would have it that manufacturing capital accepted this imposition lamely; Lipton argues that it has struggled against apartheid but lacked the power to prevail over it. But their theories of the state, to the extent that they are articulated at all, appear basically similar: the state is a juggernaut.

This paper, by contrast, argues that the state has had to respect, and accommodate itself it, the power of capital. Capital's "class power" is rooted in its control of crucial production and investment decisions in the economy; and, more distantly, in the structural reproduction requirements of the capitalist economy. The governing groups have found themselves under continuous pressure to obey the "economic laws" with whose supposedly inexorable logic capital has confronted it. Moreover, the state is under pressure to accede to capitalist needs in its own institutional self-interest. As people living off politics, state power-holders need resources to finance their projects and their own persons; as people who want to stay in power they require the legitimacy that comes from a healthily functioning

economy free of major disruption; as upholders of the "national interest" they are typically unwilling to countenance a descent into chaos. The state does not, therefore, hold all the cards: it has to compromise and negotiate with capital to ensure a continuity of production and investment. The South African state faces precisely these imperatives - and has done so throughout the post-war period.

This paper has argued that industrial decentralisation originated in part in the efforts of apartheid's social engineers to reconcile the apartheid project with capitalist demands for an unlimited, stabilised and occupationally mobile supply of black labour. Further, the state has continually had to struggle over the terms of this compromise and, in the course of that struggle, it has repeatedly adapted its policies to manufacturing capital's demands. Further, it has sought, as far as possible, to tailor its policy implementation to trends and patterns already present in the capitalist economy, rather than attempting any radically artificial restructuring of existing spatial patterns.

The result, this paper shows at length, has been a pattern of increasing capitalist accommodation to industrial decentralisation policy. Drawn into the logic of these policies, organised industry began demanding more and better incentives from the late 1960s onwards; and it has become a corporate participant in the formulation and, more importantly, the implementation of decentralisation policy.

Finally, the paper shows that many capitalists - in specific firms, sectors, regions and political alignments - have themselves openly favoured and fought for industrial decentralisation measures, thereby dividing any actual or potential capitalist opposition to their implementation.

* * * * * * *

NOTES:

1. Especially with the recent contributions of S. Greenberg, Race and State in Capitalist Development, and M. Lipton, Capitalism and Apartheid.

2. This is recognised not only by Marxist writers (notably Johnstone) but by non-Marxist writers like Greenberg and Lipton.

3. By manufacturing capital I mean manufacturing firms on the one hand and organised industry (represented for example in FCI, SEIFSA, and to a lesser extent ASSOCOM) on the other. I fully recognise that manufacturing has, especially in the post-war period, been heavily penetrated by capital originating in mining and in Afrikaner finance and agriculture, and that these sectors therefore cannot be easily disaggregated along "fractional" lines. Nonetheless the organisations and priorities of secondary industry have remained sufficiently distinctive to allow a meaningful analytical distinction to be made between its politics and that of other sectors.

4. See, for example, M. Legassick "South Africa: Capital Accumulation and Violence" in Economy and Society, 3, 1974, and "Legislation, Ideology and Economy in Post-1948 South Africa" in Journal of Southern African Studies, 1, 1974.

5. See, for example, FCI annual report, 1935, pp. 23-24, and the report of General Secretary Harold L. Laite in the FCI annual report for 1937. (Capital also expressed relief at the limited findings of the report in 1940: see, for example, Commercial Opinion, pp. 162-3, October 1940.)

6. See p.38, FCI annual report, 1938.

7. Assocom, Proceedings of the Thirty-seventh Annual Congress, September 1935.

8. Commercial Opinion, p. 165, October 1938. However, Assocom attached provisos: these loans should not cover more than half the borrower's capital investment; should only be granted to clearly sound borrowers; and with interest payable in advance.

9. P. 87, Proceedings of the Thirty-eighth Annual Congress, October 1936; Commercial Opinion, pp. 64-65, July 1939.

10. See FCI annual report, 1942, p. 17, and annual report, 1943, pp. 14-15; Commercial Opinion, p. 259, February 1940, and pp. 242-3, March 1942.

11. Commercial Opinion, pp. 117-18, December 1942; pp. 27-28, June 1943; pp. 134-5, January 1944; and pp. 89-92, September 1944.

12. See Assocom, Report of the executive committee to the 46th Annual Congress, 1948; and Johannesburg Chamber of Commerce Year Book, 1947-48.

13. See Assocom, Report of the executive committee, 1948, on the results of the 1948 congress of organisations interested in regional development; and the Johannesburg Chamber of Commerce Year Book, 1948-9, p. 22.

14. See D. Glaser, "Periodising Industrial Decentralisation Policy" in a forthcoming collection of papers edited by M. Addleson and R. Tomlinson, to be published by Ravan.

15. See the FCI's minutes of the meeting of businessmen with the Minister of Native Affairs, 11/5/51 JMB/UV.

16. See the submissions of the Cape Chamber of Industries (19/2/53), the Midland Chamber of Industries (12/3/53), the Transvaal Chamber of Industries (19/3/53) and, most importantly, of the Federated Chamber of Industries (14/4/53).

17. The Manufacturer, pp. 31, 33, May 1955; and pp. 13, 15, February 1956.

18. P. 9, FCI memorandum on the Tomlinson Commission and government white paper, 22/11/56; and passim. See also the responses of the Midland Chamber of Industries (1/6/56), the Cape Chamber of Industries (31/7/56) and the Natal Chamber of Industries (29/10/56).

19. Pp. 3, 4, FCI's Notes on an interview with the minister of Native Affairs, 22/1/57.

20. The Manufacturer, p. 46, March 1957.

21. The Manufacturer, p. 103, December 1958; and p. 4, FCI document, title unknown, 19/6/59.

22. The Manufacturer, p. 12, November 1959. See also FCI president Marx's address to the 1959 FCI convention (FCI annual report, 1959) and FCI aide memoire on informal discussions with De Wet Nel, 20/11/59, especially p. 2, and The Manufacturer, p. 32, August 1959.

23. On this see especially FCI president Marx's address to the 1959 FCI convention (FCI annual report, 1959).

24. See especially Survey of Race Relations, 1957-58, pp. 156-157.

25. See The Manufacturer, p. 32, August 1959; the editorial in The Manufacturer, December 1959; and President Marx's speech to the 1959 FCI convention (FCI annual report, 1959, p. 14.)

26. FCI annual report, 1959, p. 14; pp. 2-4, FCI aide memoire, 20/11/59.

27. See, for example, Commercial Opinion, p. 421, March 1951; p. 192, September 1951; p. 423, March 1952; p. 55, April 1957.

28. Commercial Opinion, April 1952.

29. Commercial Opinion, p. 447, April 1956.

30. See, for example, pp. 14-15, 27-28, Assocom, Proceedings at the 53rd Annual Congress, 1955 and Commercial Opinion, p. 447, April 1956.

31. Commercial Opinion, p. 236, October 1953; p. 32, October 1954; p. 447, April 1956; p. 54, May 1959.

32. Commercial Opinion, p. 54, May 1959.

33. Commercial Opinion, December 1959.

34. P.1, FCI, confidential letter to all members of the President's Committee, 28/7/60; FCI draft response to Prime Minister's border industry statement, 1960; The Manufacturer, p. 5, June 1960; pp. 5, 28-30, July 1960.

35. FCI, confidential letter to all members of the President's Committee, 28/7/60.

36. P. 8, FCI memorandum, 20/6/60.

37. P. 5, FCI memorandum, 8/6/66; see also pp. 1, 8, FCI memorandum, 20/6/60.

38. Pp. 4-6, FCI memorandum, 20/6/60; see also FCI memorandum, 8/6/66.

39. See especially the favourable comments of E.P. Bradlow (see later) and F.J. Biljon (Commercial Opinion, p. 7, August 1964; p. 8, June 1964); see also Assocom's 1966 Congress resolution (Commercial Opinion, p. 22, November 1966) and Commercial Opinion, p. 37, November 1962.

40. Commerce was not directly affected by the Physical Planning Act but lived in constant fear of its being extended to commerce. Moreover, Assocom represented not only traders, etc, but many metropolitan industrialists as well, many of whom would have felt the pinch of Section 3.

41. Commercial Opinion, p. 5, October 1967.

42. Commercial opinion, p. 8, June 1968.

43. P. 11, pp. 13-15, paper prepared by the FCI Working Committee on the Physical Planning Act.

44. FCI Viewpoint, pp. 17-20, September 1970.

45. These warnings can be found, for example, in aide memoire on meetings to be held with cabinet ministers (24/1/67) and in Commercial Opinion, p. 5, October 1967.

46. P. 2, aide memoire on meetings to be held with cabinet ministers (24/1/67). See also rough minutes from meetings of the FCI Presidents Committee with Assocom and others.

47. Commercial Opinion, p. 3, June 1967.

48. FCI Viewpoint, pp. 17, 20, September 1970.

49. P. 154, M. Lipton, Capitalism and Apartheid.

50. P. 4, Natal Chamber of Industries, letter by Secretary P.H. Thomas to FCI executive director, 4/8/67.

51. Rough minutes from meetings of the FCI Presidents' Committee with Assocom and others.

52. P. 2, aide memoire on meetings to be held with cabinet ministers, 24/1/67; pp. 1-2. letter from FCI executive director A.J.V. Rörich to various constituent organisations and members, 29/5/67; p. 6, Transvaal Chamber of Industries, recommendations to the FCI on the approach to be made to the Minister of Planning, 21/8/67; pp. 1-3, FCI aide memoire on submissions by the FCI at the meeting with the Minister of Planning, 21/8/67; Commercial Opinion, p. 5, October 1968.

53. See, for example, p. 3, submission of FCI working committee on Physical Planning Act, 2/7/70; letter from FCI director D.C. Krogh to various government ministers (undated, probably 1970); pp. 1-3, 13-15, paper prepared by the FCI working committee on the Physical Planning Act, 1970.

54. Pp. 1-3, paper prepared by the FCI Working Committee on the Physical Planning Act, 1970. It adds: "The entrepreneur feels he is no longer in control ... such a position strikes at the very root of the free enterprise system" (p. 2).

55. P. 2, paper prepared by the FCI working committee on the Physical Planning Act, 1970.

56. Letter from FCI director D.C. Krogh to J.J Kitshoff, Secretary for Industries (undated, porbably 1970); pp. 4-6, paper prepared by the FCI working committee on the Physical Planning Act, 1970.

57. FCI Viewpoint, p. 3, June 1971.

58. FCI Viewpoint, p. 3, July 1971.

59. FCI annual report, 1971, pp. 18-21.

60. Letter from A.J. Jacobs to various committees and constituents of FCI, 26/7/72, p. 1.

61. FCI annual report, 1971, pp. 6-7.

62. FCI, Industrial Decentralisation in South Africa: A Guide Compiled by the F.C.I., Pretoria, 1973.

63. FCI annual report, 1976, p. 24.

64. FCI annual report, 1974, pp. 14-15.

65. Assocom, Digest of Proceedingsof 1975 Congress, pp. 76-80.

66. FCI annual report, 1974, p. 15.

67. FCI annual report, 1972, p. 46.

68. FCI annual report, 1973, p. 71.

69. FCI annual report, 1974, p. 15.

70. The evidence for this is dealt with in more detail later in this paper.

71. Pp. 1-2, letter from FCI executive director to various constituents and members, 29/5/67.

72. FCI Viewpoint, p. 11, August 1967.

73. FCI Viewpoint, p. 11, August 1967.

74. FCI, Industrial Decentralisation in South Africa: A Guide Compiled by the FCI, 1973, Pretoria, p. 1.

75. FCI Viewpoint, p. 3, January 1973 (our emphasis).

76. FCI annual report, 1975, pp. 10, 21.

77. Evidence on this can be found in various editions of Survey of Race Relations.

78. See the minutes of the FCI Presidents Committee meeting, 22/5/67.

79. We will look at this trend again later in this paper.

80. South African Regional Industrial Development Annual 1986, published by Growth and Alkhan Industrial Consultants, p. 7.

81. R. Tomlinson and M. Addleson, "Trends in Industrial Decentralisation: A Review of Bell's Hypothesis" in South African Journal of Economics, 54, 4, December 1986, p. 385; and C. Rogerson, "Industrial Movement in an Industrialising Economy" in South African Geographical Journal, 57, 2, September 1975.

82. P. Wellings and A. Black, "Industrial Decentralisation Under Apartheid: The Relocation of Industry to the South African Periphery", unpublished mimeo, circa 1985, pp. 38-41.

83. It also seems that the fall-off in rates of economic growth during the 1970s and the recession of the 1980s may have helped to ease opposition to industrial decentralisation, and especially the Physical Planning Act, by reducing labour demand generally.

84. Pp. 1-2, FCI policy statement, 2/5/79; FCI annual report, 1981, pp. 32-33; Transvaal Chamber of Industries annual report, 1980-81, p. 21; Transvaal Chamber of Industries annual report, 1982-83, p. 18; 1983-84, p. 13.

85. FCI annual report, 1979, pp. 13-14; annual report, 1982, p. 10; FCI, "Regional Development in South and Southern Africa", 9/7/84, p. 1; letter from Assocom legal manager to various Assocom officials, 8/4/82; Assocom Review, Fourth Quarter, 1982, p. 8; Assocom annual report, 1982, p. 5; Assocom survey supplement, Financial Mail, 15/10/82, pp. 20-21; JCC News, 6, 15/2/82, p. 1; Johannesburg Chamber of Commerce, Report to Members, 1982, p. 4; JCC News, 11, 22/3/82, p. 5; Assocom Review, Third Quarter, 1983, p. 30.

86. The Good Hope Plan for Sothern Africa, pp. 38-39.

87. H. Giliomee and L. Schlemmer, eds. Up Against the Fences: Poverty, Passes and Privilege in South Africa, David Philip, 1985, pp. 289-291.

88. Ibid, pp. 293-295.

89. FCI, policy statement, 2/5/79.

90. FCI, annual report, 1979, pp. 13-14.

91. FCI, annual report, 1980, pp. 17-18.

92. Assocom Review, Fourth Quarter, 1980, p. 1; minutes to executive council meeting held 16/10/79; letter from Assocom legal manager to various Assocom officials, 8/4/82; Assocom annual report, 1982, p. 5.

93. Assocom Review, Fourth Quarter, 1981, p. 4; Fourth Quarter, 1982, p. 8.

94. Assocom - Financial Mail supplement, 15/10/82, p. 21.

95. R. Tomlinson, M. Addleson and F. Pretorius, 'The Institutional and Financial Arrangements for Industrial Decentralisation", unpublished, 1984, p. 24.

96. The evidence for all this is presented elsewhere in this paper.

97. FCI, 'The Political Economy of Consolidation and Constitutional Reform in South Africa', 1980; and FCI, 'Some Economic Aspects of Decentralised Government: A Summary Statement', October 1981.

98. Assocom, 'Removal of Discrimination Against Blacks in the Political Economy of the Republic o South Africa', circa 1985.

99. FCI, 'Regional Development in South and Southern Africa', 9/7/84.

100. Assocom, Digest of Proceedings of 1984 Congress, p. 60; Assocom Review, Fourth Quarter, 1983, p.6. See also the FCI annual report, 1984-85, p. 28.

101. FCI annual report, 1981, pp. 32-33; Transvaal Chamber of Industries, annual report, 1982-83, pp. 7, 18; letter from Assocom legal manager to various Assocom officials, 8/4/82; JCC News, 6, 15/2/82, p. 1; Assocom, Digest of Proceedings of 1984 congress, pp. 59-60; Assocom Review, Third Quarter, 1985, p.3. Assocom's particular hostility may be related to the fact that it will have to share the burden of the new turnover and payroll levies, whereas industry, rather than commerce, was the principal "victim" of Section 3.

102. Assocom Review, First Quarter, 1982, pp. 4-5.

103.

104. FCI annual report, 1935, pp. 23-24.

105. From Assocom, Report of the Executive Committee to 46th Annual Congress, 1948.

106. See, for example, the FCI's minutes of the meeting of businessmen with the Minister of Native Affairs, 11 May 1951 (minutes dated 29 May 1951, JMB/UV); Midland Chamber of Industries, ADK/NI, 3/12/53; p. 2, Transvaal Chamber of Industries, CDCB/DMD, 19/3/53; p. 4, Natal Chamber of Industries, 29/10/56, PHT/ID; FCI memorandum, 22/11/56, CDCB/JDM, pp. 1-3; The Manufacturer, pp. 47-48, May 1959; p.29, July 1960.

107. See, for example, The Manufacturer, p. 51, January 1959; The Manufacturer, p. 65, October 1959; Commercial Opinion, p. 60, December 1959; Survey of Race Relations, 1957-58, pp. 156-157; The Manufacturer, p. 35, January 1960.

108. See FCI's minutes of meeting of businessmen with the Minister of Native Affairs, 11 May 1951 (Minutes dated 29 May 1951, JMB/UV); Cape Chamber of Industries, proposals for consideration in preparing FCI memorandum for Tomlinson Commission, 19/2/53, pp. 1-2; Midland Chamber of Industries, ADK/NI, 3/12/53; Cape Chamber of Industries, The Government White Paper on the Tomlinson Report, 31/7/56; The Manufacturer, pp. 11-12. November, 1959; pp. 24-25, January 1960; pp. 3,7, FCI memorandum, 20/6/60; Assocom, Digest of Proceedings of 1985 Congress, pp. 37-41.

109. Pp. 1-2, Cape Chamber of Industries, proposals for consideration in preparing the FCI memorandum for the Tomlinson Commission, 19/2/53; P. 9, FCI memorandum of evidence submitted to the Commission on Socio-Economic Development of the Native Areas within the Union of South Africa, 14/4/53; pp. 1-3, Natal Chamber of Industries, 29/10/56, PHT/ID; pp. 1-3, FCI memorandum, 22/11/56, CDCB/JDM, p. 18, draft response to Prime Minister's border industry statement, 1960; The

133. For illuminating examples of attempts to escape black union pressure through decentralisation, see pp. 480-81, 488-92, S. Friedman, Building Tomorrow Today: African Workers in Trade Unions 1970-1984, Ravan, 1987; The Star, 17/3/86; W Cobbett, 'Industrial Decentralisation and Exploitation: The Case pf Botshabelo' in South African Labour bulletin, 12.3., March/April 1987.

134. See, for example, p. 13, paper prepared by the FCI working committee on the Physical Planning Act, 1970; FCI annual report, 1974, p. 15; Natal Chamber of Industries, Report of the Executive Council, October 1978 - June 1979, pp. 13-14; p. 1, FCI policy statement, 2/5/79; Assocom Review, Fourth Quarter, 1982, p. 3.

135. Assocom memorandum to the Tomlinson Commission in Commercial Opinion, back page, April 1952.

136. Commercial Opinion, p. 19, November 1960; letter to editor from A. Keller, Commercial Opinion, p. 15, November 1961; Commercial Opinion, p. 39, November 1962; p. 8, June 1964.

137. Commercial Opinion, p. 15, June 1960; "The President of the Johannesburg Chamber of Commerce Reports", July 1961, p. 7; "Mr Bradlow's Presidential Address", September 1961, p. 4; Commercial Opinion, p. 39, November 1962; p. 5, December 1963.

138. On the latter, see Commercial Opinion, p. 265, November 1955; Commercial Opinion, p. 56, April 1959; p. 39, September 1961; p. 46, July 1965; Commerce, May/June 1976; p. 2, March/April 1977.

139. Assocom memorandum to the Tomlinson Commission, Commercial Opinion, p. 467, April 1952.

140. Commercial Opinion, p. 5, March 1961.

141. P. 3, FCI aide memoire on meetings to be held with cabinet ministers (24/1/67); pp. 4-6, FCI draft: Decentralisation of Industry and the Future Supply of Bantu in Urban Areas, 13/2/67; FCI Viewpoint, pp. 24-5, April 1968.

142. P. 6, draft: Decentralisation of Inudstry and the Future Supply of Bantu in Urban Areas, 13/2/67.

143. Commercial Opinion, pp. 9, 24, November 1972; p. 28, March 1973; JCC annual report, 1974-75.

144. P. 4, Natal Chamber of Industries, letter by Secretary P.H. Thomas to Executive Director of FCI, 4/8/67; pp. 4-5, FCI aide memoire, 21/8/67; p. 5, report to the members of the Transvaal Chamber of Industries, 6/9/67; FCI Viewpoint, p. 12, January 1969; pp. 26-28, paper prepared by the FCI Working Committee on the Physical Planning Act, 1970, FCI Viewpoint, pp. 9, 11, November 1970; FCI annual report, 1970, pp. 13-14; pp. 3-4, FCI 'Policy Implications of Sustained Growth in the

Manufacturing Sector' (1971 or 1972); FCI Viewpoint, p. 3, January 1973; FCI annual report, 1974, p. 29; 1975, p. 21; 1976, p. 24; Commercial Opinion, p. 22, April 1972; pp. 1-2, FCI policy statement, 2/5/79; FCI annual report, 1980; FCI annual report, 1982, p. 16; Johannesburg Chamber of Commerce, Report to Members, 1982, p. 1.

145. Pp. 5-6, FCI memorandum to various constitutents, 8/6/66; p. 2, FCI aide memoire on meetings to be held with cabinet ministers (24/1/67); FCI Viewpoint, p. 11, August 1967; pp. 4-5, FCI aide memoire, 21/8/67; FCI annual report, 1970, p. 14.

146. Letter from J.J. Reynders to BDI, 14/4/1975.

147. FCI annual report, 1977, p. 24.

148. P. 2, FCI policy statement, 2/5/79; Assocom Review, First Quarter, 1982, p. 5.

149. Commercial opinion, p. 19, November 1960; p. 7, FCI aide memoire, 21/8/67.

150. Midland Chamber of Industries, Annual Report and Yearbook, 1970, p. 2; Midland Chamber of Industries, Annual Report and Yearbook, 1971, p. 3; 1974, p. 6; 1975, p. 17; Commercial Opinion, p. 7, July 1969.

151. FCI Viewpoint, p. 13, June 1971; FCI Viewpoint, p. 9, August 1969.

152. FCI Viewpoint, p. 17, December 1969.

153. FCI Viewpoint, p. 30, June 1967.

154. Commercial Opinion, p. 9, April 1968.

155. Pp. 2-4, FCI aide memoire, 21/8/67. See also p. 11, FCI memorandum, 22/11/56; The Manufacturer, P. 71, October 1959; FCI aide memoire, 20/11/59; FCI aide memoire on meetings to be held with cabinet ministers (24/1/67); pp. 1-2, letter from FCI executive director to varoius members and constituents, 29/5/67; p. 6, 'Physical Planning and Utilisation of Resources Act', recommendations to the FCI, 21/8/67; Northern Transvaal Chambers of Industries annual report, 1966/67, pp. 47-48; Commercial Opinion, p. 5, October 1968.

156. Letter from FCI president to Dr Verwoerd, 29/9/57.

157.

158. A. du Pisani, 'Race, Corporatism and the South African State: A Perspective' in University of western Cape, On the Political Economy of Race, 1984.

159. P. 12, from Assocom supplement to the Financial Mail, 15/10/82.

160. The Manufacturer, p. 51, January 1959; p. 5, June 1960; p. 6, FCI memorandum 20/6/60; FCI annual report, 1966, p. 19; p. 4, FCI aide memoire on meetings to be held with Cabinet Ministers (24/1/67); p. 3,FCI Draft: Decentralisation of Industry and the Future Supply of Bantu in Urban Areas, 13/2/67; pp. 26-28, 13-17, paper prepared by FCI working committee on the Physical Planning Act, 1970.

161. The Manafacturer, p. 51, January 1959; FCI document, 19/6/59; FCI annual report, 1959, p. 14; pp. 2-3, FCI aide memoire, 20/11/59; p. 1, FCI confidential letter to all members of the president's committee, 28/7/60; The Manufacturer, p. 5, June 1960; p. 2, FCI memorandum, 20/6/60; pp. 1-3, FCI memorandum to various constituents, 8/6/66; Commercial opinion, p. 5, September 1960; "Mr Bradlow's Presidential Address", September 1961, p. 4; pp. 13-17, paper prepared by the FCI working committee on the Physical Planning Act, 1970; FCI annual report, 1970, p. 14; pp. 3-4, FCI 'Policy Implications of Sustained Growth in the Manufacturing Sector' (1971 or 1972); FCI 'A Programme for Sustained Industrial Expansion in South Africa', March 1972.

162. Pp. 13-15, paper prepared by the FCI working committee on the Physical Planning Act, 1970; p. 3, FCI policy statement 2/5/79; Assocom Review, Fourth Quarter, 1980, pp. 1-2; First Quarter, 1982, pp. 5-7; Fourth Quarter, 1982, p. 8, JCC News, 11, 22 March 1982, p. 5.

163. The Manufacturer, p. 5, May 1956; FCI memorandum to De Wet Nel, cited in The Manufacturer, p. 10, November 1959; Commercial Opinion, p. 54, May 1959; p. 22, November 1956; FCI annual report, 1970, pp. 13-14; points 19-25, FCI 'A Programme for Sustained Industrial Expansion in South Africa', March 1972; FCI Viewpoint, p. 7, May 1973; commercial Opinion, p. 7, April 1968; JCC Half-yearly Report, March 1968; Natal Chamber of Industries, Yearbook and Directory, 1982 - 1985; NCI executive council annual report, 1985/6; document of Greater Durban regional development association by J.R. Bryce of NCI; document prepared for Region E, 1985, p. 2.

164. The Manufacturer, p. 25, July 1954; FCI annual report, 1970, p. 7.

165. FCI annual report, 1959, pp. 20-21.

166. The Manufacturer, pp. 29-31, August 1959.

167. Pp. 1-2, notes on an interview with the Minister of Native Affairs, 22/1/57 (Annexure A).

168. J.A. Lombard, 'The Role of Development Banking in the Regional Distribution of Economic Growth', unpublished, 1981, p. 9.

169. The Manufacturer, p. 25, July 1954.

170. P. 2, notes on an interview with Minister of Native Affairs, 22/1/57 (Annexure A).

171. See, for example, Survey of Race Relations, 1974, pp. 216-217; 1975, p. 145.

172. P.S. Rautenbach, cited in The Manufacturer, p. 27, November 1960; Survey of Race Relations, 1975, p. 179; FCI Viewpoint, p. 11, April 1969.

173. Commercial Opinion, pp. 36-38, April 1957.

174. P. 3, notes on an interview with the Minister of Native Affairs, 22/1/57, (Annexure A); FCI annual report, 1959, p. 21.

175. FCI annual report, 1959, p. 21; Commercial Opinion, p. 51, March 1957; see also Verwoerd's famous border industry speech; FCI annual report, 1970, p. 7.

176. Survey of Race Relations, 1976, p. 296; Commerce, July 1974, p. 46; Natal Chamber of Industries, Year book and directory, 1984-5, pp. 95-96; FCI Viewpoint, pp. 12-13, 1968; FCI annual report, 1949, pp. 62-70; Commercial Opinion, p. 12, February 1970.

177. The Manufacturer, p. 31, August 1959; FCI annual report, 1959, pp. 19-20; P.S. Rautenbach, cited in The Manufacturer, p. 27, November 1960; Dr Viljoen, chairman of the Permenent Committee quoted in The Manufacturer, pp. 239-40, December 1963; FCI annual report, 1970, p. 8, 1969, pp. 8-9.

178. On this see, for example, C. Rogerson, 'Industrial Movement in an Industrialising Economy', South African Geographical Journal, 57,2, September 1975; T.J.D. Fair, 'Polarisation, Dispersion and Decentralisation in the South African Space Economy', South African Geographical Journal, 58,1, 1976; L.P. McCrystal, City, Town and Country, A.A. Balkema, 1969, pp. 157-9.

179. Bell's thesis is presented most importantly in 'The Growth and Structure of Manufacturing Employment in Natal', University of Durban-Westville, 1983, and 'Is Decentralisation a Thing of the Past?', unpublished, 1985.

180. See, for example, R. tomlinson and M. Addleson, 'Trends in Industrial Decentralisation: An Examination of Bell's Hypothesis', South African Journal of Economics, 54,4, December 1986.

181. We have already cited evidence that some employers have seen in decentralisation an opportunity to escape union pressure in the main centres (see footnote 133).

182. I intend to deal with the specific position of AHI at much greater length in my forthcoming MA thesis.

183. FCI annual report, 1939.

184. P. 52, Assocom, proceedings of the thirty-seventh annual congress, September 1935.

185. Pp. 86-87, Assocom, proceedings of the thirty-eighth annual congress, October 1936.

186. Commercial Opinion, p. 5, May 1937.

187. Pp. 1-2, FCI, confidential letter to all members of the president's committee, 28/7/60.

188. The Manufacturer, p. 39, August 1965.

189. Pp. 2-3, document, undated, by W. Essex Clark for submission to the AGM of the Border Chamber of Industries.

190. Commercial Opinion, p. 10, September 1961.

191. Commercial Opinion, p. 6, September 1960; p. 26, May 1963.

192. Commercial Opinion, p. 15, November 1961; p. 31, April 1969.

193. Commercial Opinion, p. 5, September 1960.

194. Commercial Opinion, p. 15, November 1961.

195. Commercial Opinion, p. 9, May 1961, p. 31, April 1969; p. 7, February 1966; p. 11, August 1966; p. 7, December 1967; p. 8, March 1968; p. 9, October 1968.

196. Pp. 3-4, letter from FCI executive director to various members and constituents, 29/5/67.

197. Northern Transvaal Chamber of Industries, annual report, 1966/7, pp. 45-47. This position was reiterated in the 1967/68 annual report of NTCI, which also expressed approval for new state concessions granted in 1968 (p. 75).

198. NTCI, annual report, 1978-79, pp. 75-77.

199. FCI Viewpoint, p. 9, July 1969.

200. P. 2, FCI confidential letter to all members of the President's Committee, 28/7/60.

201. On this see pp. 63-64, S. Friedman, Building Tomorrow Today: African Workers in Trade Unions, 1970-1984, Ravan, 1987.

202. "The President of the Johannesburg Chamber of Commerce Reports", July 1961, p. 7.

203. Ibid.

204. "Mr Bradlow's Presidential Address", September 1961, pp. 2-4.

205. Commercial Opinion, p. 17, June 1963.

206. Ibid.

207. "Mr Bradlow's Presidential Address", September 1961, pp. 3-4.

208. Ibid.

209. Ibid., p. 4; "The President of the Johannesburg Chamber of Commerce Reports", July 1961, p. 7.

210. From Physical Planning and Utilisation of Resources, minutes of a meeting held in the Council Chamber of the Cape Chambers of Industries, 22/5/67.

* * * * * * *