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SMALL-SCALE INDUSTRY IN BLACK SOUTH AFRICA

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A Dissertation submitted to the Faculty of Arts,
University of the Witwatersrand, Johannesburg,
for the degree Master of Arts.

Johannesburg, 1987

This dissertation is entirely my own work and has not been previously submitted as a dissertation or thesis for any degree at any other University.

M. da Silva.

University of the Witwatersrand, 1987

ABSTRACT

An examination of the evolution and development of Black small-scale manufacturers in the rural and urban areas of South Africa is presented. Within the context of the broader literature of small-scale enterprises the focus is on issues surrounding the developmental potential of small-scale entrepreneurs. The historical analysis of Black entrepreneurship in South Africa indicates that external rather than internal factors constitute the main constraints to the development of small-scale entrepreneurs. Discrimination by government emerges as the principal factor for the continued underdevelopment of Black entrepreneurship in South Africa.

PREFACE

Until recently there has been little or no concern in academic circles with the issue of Black industrial entrepreneurship. The documentation of the evolution of Black manufacturing 'industry' from the early nineteenth century to the present is set out in this study. Attention focuses on the extent to which small-scale producers are hampered by constraining factors, and the internal or external nature of these constraints.

The study was prompted by what has been termed 'geography in a state of emergency'. The difficulties of attempting to enter Black townships in order to seek data relating to contemporary Black manufacturing industry motivated me to explore instead the historical geography of Black entrepreneurship in manufacturing. In the search for data I was able to uncover a wealth of archival documentation which provided the base for an historical geographical study of Black manufacturing. The dissertation was completed in my capacity as a full-time student in the Department of Geography and Environmental Studies at the University of the Witwatersrand. Consistent with the general policy of the department to complement research with publications, some of the material presented is due to appear in published form. A substantial portion of Chapter Six was encompassed in a paper presented at the 1986 International Geographical Union (IGU) Commission on Industrial Change Meeting in Spain and is to be published as part of a collection of papers from the conference. Chapter Three formed the basis of a paper delivered at the 1985 Society for Geography Conference in Stellenbosch.

Research for the dissertation would not have been possible were it not for generous funding from various sources. Financial assistance in the form of a University Senior Bursary and a post-graduate bursary from the

Human Sciences Research Council is gratefully acknowledged. Particularly, I would like to thank my supervisor, Professor Chris Rogerson, for his extensive financial support through a research grant from the Richard Ward Endowment Fund, which grant also enabled me to attend the IGU Conference in Spain. The debt of gratitude owed to my supervisor does not only extend to financial assistance. In his guidance, advice, and encouragement he more than fulfilled his role as supervisor, but above all I value his friendship and personal interest in the work which provided all the motivation for me to undertake and complete the research.

The students and staff of the Department deserve special acknowledgement. The enthusiastic, supportive, and intellectually invigorating environment which are the hallmark of the Department contributed much to the pleasure of conducting post-graduate research. Staff and especially my fellow students were also staunch in their moral support and provided much needed stability in the final stages of the dissertation. My appreciation is also due to Phil Stickler and Wendy Job for producing the diagrams and maps, and Mike Proctor for assistance with the word processing facility. The assistance of Janette Lindesay in resolving problems with the word processor, and her comments on a previous draft of the dissertation, is gratefully acknowledged. Professor Keith Beavon deserves special mention for the time and attention he unbegrudgingly devoted to my work despite his numerous other commitments. His concern and encouragement is deeply appreciated. Finally, I would like to express my appreciation for my parents' continued support and patience despite frequent bouts of moodiness and short-temperedness associated with writing a dissertation.

Johannesburg

July, 1987.

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CHAPTER ONE

INTRODUCTION

Small-scale informal manufacturing, although accounting for a greater proportion of employment figures than formal manufacturing in the Third World, and being on a par with the employment potential of formal production activities in the First World, (Norcliffe, 1982; 1985), has only recently attracted scholarly attention. In the contexts of both the First and the Third World, state, or government, policy bias has predominantly been in favour of large-scale business enterprises, with scant attention accorded to the promotion of small-scale enterprises. In the Third World, the emphasis on 'modernising' the economy and on stimulating levels of production approximating those of the industrialised nations, encouraged the perception of small producers as forming part of a 'traditional' or backward sector. Not until the early 1970s, with the onset of world economic recession, has the role of informal production been dramatically reassessed, with economists, social scientists, and policy-makers recognizing the developmental potential of small-scale activities.

The new found interest in small-scale activities has assumed particular significance in the context of the Third World where the role of small enterprises in furnishing income opportunities has been one of the central issues surrounding the vexed question of urban employment and unemployment. More specifically the debates launched by the academic discovery of the informal sector have centred upon the issue of whether small-scale producers in developing countries can expand or alternatively confront irresistable constraints that stunt their growth. Of the mass of writings which have investigated the growth potential of small-scale activities, those studies which have been supported by a wealth of

empirical material have provided the greatest insights. One of the most notable contributions in this respect have been the studies of Schmitz (1982a; 1982b) which critically assess the impact of both internal and external constraints on the growth process of small-scale enterprises. A negative feature of the literature on small-scale industry, is an almost exclusive focus on contemporary rather than historical issues. Indeed, few researchers have pursued historical analyses of the problems confronting small entrepreneurs. It is this gap in the field of small-scale industrial research that is addressed here. The investigation is focused on a 'longitudinal' examination of the growth of small-scale industries in the context of Black South Africa.

In South Africa the high incidence of Black informal operators functioning in the interstices of the country's mainstream economy has been a popular research focus especially in recent geographical work (Dewar and Watson, 1981; Rogerson, 1986a, 1986b; Rogerson and Browett, 1986; Tomaselli and Beavon, 1986). The thrust of research has been upon service and distributional activities (Jagoe, 1984; van der Willigen, 1984), with only limited attention devoted to the industrial sphere. The role of manufacturing enterprises in both urban and rural areas of South Africa needs to be included in the research agenda. Studies on small-scale manufacturing deserve a high priority for, in common with trends in other developed and developing countries, the South African government has recently come to acknowledge the potential developmental importance of small-scale informal industry. Accordingly, the state in the 1980s devised a suite of policies aimed initially at promoting manufacturing activities in rural areas and latterly also in the largest urban Black townships of the major White metropolitan regions (South Africa, Republic of, 1984a; 1984b; 1984c; 1985).

The aim here is to document the evolution and changing position of small-scale informal manufacturing activities and to assess factors that

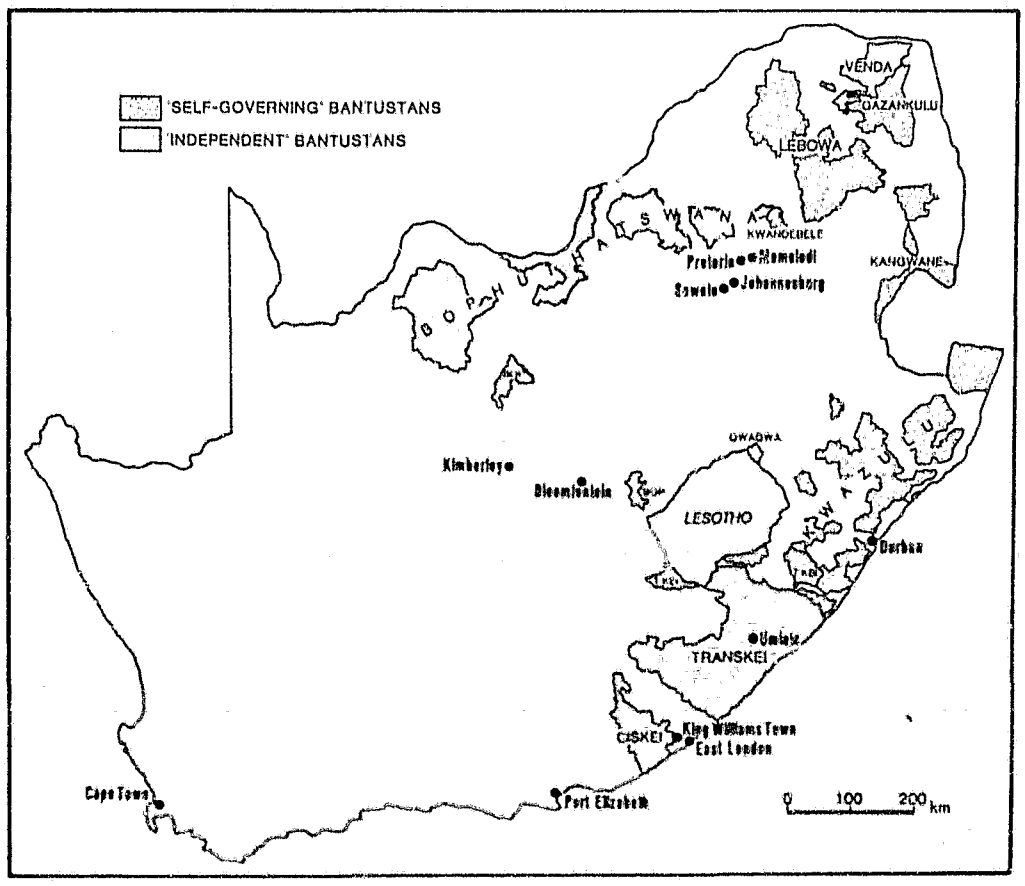


Fig. 1.1: South Africa and its 'independent' and 'self-governing' states

have simultaneously assisted or constrained the development of Black industrial enterprises. In accomplishing the task the extent to which the constraints acting upon Black manufacturers are of an internal or external nature is determined and the relationship to issues raised in the international literature such as the nature of subcontracting links with large-scale enterprises, demonstrated. The study is undertaken from a longitudinal perspective, examining the issues surrounding small-scale producers in different historical time periods and different urban to rural contexts. It will be shown that the elements affecting the growth of small producers have varied both historically and geographically.

Throughout the text reference to 'Black' South Africa includes both the set of mythically independent states known variously as the

Bantustans, Homelands, and formerly as Reserves, as well as the 'Black' urban townships within 'White' South Africa (Fig. 1.1). The term 'small-scale' varies considerably from one country to another and generally is based on criteria of number of workers, and assets. In the present study the South African definition of a small industry is utilised, referring to 'small' as employing no more than fifty workers (South Africa, Republic of, 1984c). Special consideration is given to those informal, artisanal, backyard, and craft micro-enterprises which consist often only of a craftsman working alone or with a few helpers or apprentices. The concept of small-scale industry therefore encompasses a spectrum of industrial enterprises across both formal and informal sectors which overall constitutes a continuum of production units in the economy of Black South Africa.

The framework for the discussion is derived from the wider theoretical literature on small-scale industrial enterprises. The theoretical and empirical material relating to this branch of geographical enquiry is reviewed in Chapter Two as a backdrop to the empirical investigation. The writings on small-scale industry contain striking variations in research questions and methodological approaches adopted by analysts examining First or Third World settings. The focus here is on the issues raised by both sets of researchers, with particular attention being paid to studies based on peripheral, developing or Third World economies, the context most closely approximating conditions in South Africa. Thereafter the empirical material is presented in Chapters Three to Six, which fall into two sections: first a focus on issues surrounding rural small-scale industry (Chapters Three and Four), followed by a concentration on urban issues (Chapters Five and Six).

The presentation of empirical material commences with the earliest period of Black manufacturing enterprise in the rural Reserves (Chapter Three). Attention is drawn to the main agents involved in promoting Black

industrial education and to the emergence of independent craftsmen engaged in rural handicraft or artisanal production. The influential role of the government in the sphere of Black training and production is accorded detailed consideration insofar as state policies and actions moulded the outcomes of the attempts to establish a Black production base. The development of African enterprises in the Reserves is pursued further in Chapter Four, highlighting the period from the end of the 1930s to the present-day. The focus is upon the initial efforts of the state in instituting large-scale industrial development in the Reserves as an urgent solution to escalating problems of rural unemployment and poverty. Only with the failure of programmes of industrial decentralisation was the state ready to interrogate the issue of the developmental potential of small-scale African enterprises. The establishment of individual development corporations to promote Black entrepreneurial development in several of the newly 'independent' Black states marked a reversal of state policy initiatives in industrialising the Bantustans.

The study of small-scale production in the rural Reserves is complemented by a similar analysis of Black activities in the urban areas, presented in Chapters Five and Six. Using the Witwatersrand region as a case study, the focus in Chapter Five is on a micro-analysis of the informal manufacturing activities pursued by Blacks from the early 1900s to 1948. Issues which are highlighted are the reaction of local authorities and White industrialists to the operations of African manufacturers. The tactics adopted by informal producers to evade the authorities are illustrated, and the conditions leading to the eventual demise of legal African industries in the townships are detailed. In Chapter Six the discussion of African entrepreneurship in urban areas is brought to a close. The emphasis is on the period from the 1960s to the mid-1980s, depicting the emergence of the National African Federated Chamber of Commerce and its struggle to reinstate the rights of African manufacturers in the urban townships. The changing attitude of the state

towards township industrialisation is also analysed and its new programme of 'formalising' informal manufacturing enterprises, critically assessed.

The data base for the investigation has of necessity been extracted from archival sources.[1] The primary source material has been drawn from a variety of archival depots and other historical sources, both from within and outside South Africa. Much of the documentary evidence was found in the State Archive Depots in Pretoria, Pietermaritzburg, and Cape Town, and the London Missionary archives at the School of Oriental and African Studies in London. In addition to the material in archive depots, data were also obtained from collections of papers in various libraries, most notably the Historical Papers Collection at the University of the Witwatersrand, the Johannesburg Public Library, and the Library of the University of South Africa which houses archival material on the National African Federated Chambers of Commerce. A final source of information were the different organisations involved in Black industrial development. Of these the Small Business Development Corporation, Urban Foundation, and Development Bank of Southern Africa were consulted.

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[1] In view of the diversity of source material used in the dissertation, it was necessary to follow a double referencing system. Within the text, archival sources are listed as notes at the end of each chapter. A Harvard-style system is adhered to in referring to secondary literature.

CHAPTER TWO

SMALL-SCALE INDUSTRY: A CRITICAL LITERATURE REVIEW

In recent years there has been a growing awareness, amongst social scientists in both developed and developing countries, of the vital role assumed by small-scale industry in national economic development. The focus on the potential of small firms marks a significant change from previous attitudes of viewing a high concentration of small enterprises as indicative of low levels of development and of upholding the notion of large-scale production as the dynamo for economic growth. In advanced capitalist economies, a reappraisal of the role of small enterprises came in the wake of the world economic crisis of the 1970s which led to a proliferation of small firms in all spheres of economic endeavour. Not only did large-scale enterprises try to externalise their production and labour costs by allocating some of their work load to smaller enterprises, but redundant workers also sought alternative means of employment by setting themselves up independently, either in their own production unit or in worker cooperatives (Gerry, 1985).

In the developing world, interest in small-scale enterprises has been attributed variously to shortages of capital and the lack of physical and cultural infrastructure necessary for large-scale production in these countries, which makes imperative the investigation of small-scale labour-intensive production methods. Equally compelling, however, has been the enormous upsurge of concern for small-scale industry paralleling the popularisation of the informal sector concept. Such developments have reverberated throughout the academic social sciences, triggering considerable research into small-scale industry. Whereas industrial geographers previously had concentrated their research efforts on the workings of large business enterprises and considered small firms only

insofar as they related to such corporate giants, attention has now shifted to recognize small-scale industry as a significant new focus for analysis.

In this chapter the writings on small-scale production in both the developed and the developing world are reviewed. First, the literature dealing with advanced capitalist economies is examined, noting the changing emphases in contemporary research. Attention then turns to survey the considerable volume of writings dealing with small-scale industry in peripheral economies. In particular, two conflicting schools of thought, namely the dualist and petty commodity production approaches, which dominate theoretical discourse on small-scale and informal producers in the Third World are detailed. Thereafter the focus of discussion narrows in the second section of the chapter where concern is with the growth constraints that retard the development of small-scale producers. A broad range of empirical material is surveyed which informs the analysis, special attention being devoted to the seminal work of Schmitz (1982a, 1982b).

Issues in Small-Scale Industry Research

Theoretical discourse on small-scale industry varies with respect to the advanced capitalist or the underdeveloped nations. Whereas small-scale industries in the advanced nations in the majority of cases form part of the formal sector, in Third World countries the opposite is true, with small-scale producers working predominantly outside the ambit of government regulations. In view of the different issues raised in the context of each situation, the writings from the advanced industrial countries and those from the Third World will be reviewed separately.

Advanced Capitalist Nations

Much research on small-scale industry in developed countries has centred on the situation in the United Kingdom (Firn and Swales, 1978; Harrison and Hart, 1983; Whittington, 1983; Gerry, 1985; Mason and Harrison, 1985) where the economic recession of the 1970s and the publication in 1971 of the *Report of the Committee of Inquiry on Small Firms* (Bolton Report) stimulated considerable interest on issues surrounding small-scale industry (Mason and Harrison, 1985). The direction of research has been towards evaluating the potential contribution of the small firm generally, and the small-scale sector in particular, to employment generation and regional development (Firn and Swales, 1978; Storey, 1983a). It has been suggested variously that small firms provide the entrepreneurial basis for the future development of larger enterprises and corporations, play an important part in the diversification of regional economies, and furnish a vital source of technological innovation to lagging regions (Johnson and Cathcart, 1979; Ewers and Wettman, 1980). In addition it was suggested that new small firms provide regional economies with an important degree of industrial flexibility as well as improving regional efficiency (Storey, 1981, 1983b; Gould and Keeble, 1984). Furthermore, new firms were said to provide increased regional output and employment in relation to existing enterprises as many firms were established on the basis of second-hand equipment, cheap premises and personal capital (Firn and Swales, 1978; Nanjundan, 1986).

Continuing interest in the nature of small firms and their economic contribution to particular regions is evidenced by the recent publication of an important collection of papers devoted specifically to examining regional economic development in Britain, Ireland and the United States (Storey, 1985). Overall trends, however, indicate a shift in the emphasis of studies on small-scale industry, with industrial geographers pointing

to the imperative for analyses of new firm formation, the early growth of such enterprises, and the processes behind spatial variations in new firm births (Cross, 1981; Harrison and Hart, 1983; Mason, 1983; Lloyd and Mason, 1984). Indeed, it has been shown that spatial variation in small firm growth and new firm formation is one of the most significant factors accounting for the changing geography of employment in the United Kingdom (Mason and Harrison, 1985). Nonetheless, research conducted to date in the field of new firm growth has been both limited and unsatisfactory, relying either on the extrapolation of results from one region, or on a comparison of independently conducted studies of new firm formation in different parts of the country (Mason and Harrison, 1985). For comprehensive investigations it is suggested that the nature, causes and consequences of spatial variations in new firm formation rates, small firm performance and growth, and small firm failure rates, be more fully considered (Storey, 1981, 1983a, 1985). The significant contribution of small firms to job generation and economic growth demands that aggregate analysis of spatial variations in new firm formation and growth be complemented by an examination of the locational and structural characteristics of 'successful' small firms. Likewise, further study of the ways of overcoming barriers to innovation by small firms and small firm failure are perceived as issues high on the research agenda (Scott, 1982; Scott and Ritchie, 1984; Lewis, *et al*, 1984; Mason and Harrison, 1985)

Another dimension of small firm research which has hitherto received inadequate attention concerns government policies to promote small businesses. On this issue some authors (Harrison and Hart, 1983; Storey, 1983a; Whittington, 1983) have noted the tendency of government promotional schemes to support regions already capable of generating their own economic growth, and of neglecting those areas with the least entrepreneurial potential and most in need of government attention. Such disparities in the application of incentive schemes call for more critical

geographical enquiry on the identification and explanation of the spatial outcomes of government incentives, and the evaluation of the delivery and spatial impact of nationally applied small firms policies (Froud, 1985; Mason and Harrison, 1985; Harrison and Mason, 1986).

One of the main criticisms levelled at much of the geographical research on small firms is that it ignores the position of small enterprises within the wider economy (Mason and Harrison, 1985). In particular, little is known of the extent to which small firms are dependent upon, and not merely linked to, larger corporations in both input and product markets (Hoare, 1978; Harrison *et al.* 1979). The role of small firms as subcontractors and suppliers of components and specialised services to large enterprises has been noted (Imrie, 1986), but with no complementary critical analysis of the implications of these links for small-scale industry. A notable exception in this regard has been the pioneering series of studies conducted by Taylor and Thrift (1980, 1983a, 1983b, 1984) who direct attention to the dependent nature of the links between small and large firms. In their research on industrial linkages Taylor and Thrift point out that the majority of small enterprises exist by virtue of their dependent relationship on large business organisations. Small firms are believed to be linked to the corporate sector either directly through subcontracting, franchising, and price agreements or indirectly by being left market niches which have proved unprofitable or unattractive to large enterprises. The dependency links between the large and small firm sectors work both ways as large business organisations are also, to some extent, dependent on small firms. Large enterprises are able to amass large profits insofar as small enterprises undertake, at a cheaper rate, many of the services which would be too costly if they were internalised by the large firm.

A further study emphasising the position of small firms *vis-a-vis* larger enterprises is Herson's (1983) examination of the rise and fall

of one particular firm in the context of industrial restructuring. More specifically, the Herson study illustrates the potential of large enterprises to eliminate small firms as a means of safeguarding their own survival during economic crises. It was argued that small firms are severely constrained from performing the ideal functions attributed to them by promoters of the small firm sector in that basic competitive forces, together with the overall development of the economy over time, determine the level and viability of small firm activity.

An important aspect of the process of structural change in business organisations and its impact on small firms is the emergence of opportunities for new business founders. Rationalisation processes of large enterprises, including withdrawal from certain markets and factory closures, can create market gaps which small firms may exploit. The types of small-scale industries which arise as a by-product of corporate rationalisation or divestment, include franchise operations, worker cooperatives, networking, management buyouts and, most importantly, the activities commonly subsumed under the rubric of the 'black economy'. The latter enterprises, known also as the 'informal' or 'underground' economy, refer to those internal operations which are concealed from official notice in order to avoid tax payments and other dues to the state (Mason and Harrison, 1985).

The discovery of the 'underground economy' in the developed world has further stimulated a body of writings on small-scale industrial enterprises. Until the beginning of the 1980s it was generally assumed by scholars that informal business activities are a feature of less developed societies, and hence, are insignificant or disappearing in the advanced economies. This assumption is fallacious, however, for although the informal sector in the advanced countries differs in extent and characteristics to that occurring in the Third World, this does not mean it is absent in industrialised economies. On the contrary, recent studies

in the advanced industrial nations (Henry, 1978, 1982; Bawly, 1982; Tanzi, 1982; Mingione, 1983, 1985; de Grazia, 1984; Lozano, 1982) indicate a rapid expansion of new informal industrial operations, particularly in terms of home work. For example, in the United States, a thriving informal industrial sector has been documented for New York and Miami (Lozano, 1982; Sassen-Koob and Grover, 1985). Similarly in Italy and Spain, informal employment is said to absorb a third of the industrial labour force, either in casual self-employment or in subcontracting arrangements with larger firms (Mingione, 1985; Pinnaro and Pugliese, 1985; Castells and Portes, 1986). The expansion of the informal economy in the developed world is interpreted broadly as part of the process of economic restructuring aimed at overcoming the structural crisis of the 1970s, and as reaction against the state's regulation of the economy (Castells and Portes, 1986).

The 'underground' economy is largely characterised by the formation of decentralised networks of production and distribution, rapidly displacing the more rigid hierarchies on which large corporations formerly relied. Two related processes are at work, *viz.*, the decentralisation of large corporations into semi-autonomous units, and the informalisation of these units. Decentralising production work to low-cost informal enterprises or employees not only reduces a firm's labour costs and other overhead expenses, but it also allows for a more flexible response to changing demands as informal specialist producers are hired to cater for customised orders (Mingione, 1983; Castells and Portes, 1986; Sassen-Koob, 1986). Informalisation of production increases competitiveness in the national and world markets, and also strengthens a firm's hold in the market. The competitive advantage of informal versus formalised production stems from the utilisation of minority and immigrant groups in the labour force. In the United States, informal workers are mostly foreign-born (Castells and Portes, 1986), but in Europe housewives, children and domestic migrants are tapped to fill

the less skilled informal jobs (Hope, *et al*, 1976; Pinnaro and Pugliese, 1985; Castells and Portes, 1986; Sassen-Koob, 1986). The close association of the informal with the formal sector, mainly through subcontracting ties, suggests that it is of recent origin rather than a relic feature of 'traditional' economic relations. Informalisation represents a direct profit-maximising strategy increasingly being adopted by large-scale organisations. As such it is contributing to a decentralised form of production which threatens to supercede the vertical, centralised structure of industrial production (Castells and Portes, 1986).

The subject of the 'underground' economy or the informal sector and its capacity to develop autonomously and contribute to economic growth forges a link between the interests of researchers on small-scale industries in both the developed and developing world. In the context of the developing world major debates currently rage over the developmental potential of the informal sector. It is to the body of literature which has mushroomed around this concept that attention now turns.

Peripheral Economies

In peripheral economies of the developing world small-scale industries first became the focus of attention when it became evident that the industrialisation process in these countries was unable to absorb into the productive labour force the large numbers of the urban unemployed. Until the mid-1960s development planning revolved around the 'accelerated growth' model which assumed large-scale industrialisation as the foundation for economic growth. Conventional wisdom held that industrial expansion based largely on import-substitution would increase wage-sector employment and generate 'filter down' effects throughout society. But the realisation that 'filter down' effects were not occurring quickly

enough prompted a renewed attempt to provide alternative solutions to the objective of achieving 'redistribution with growth'. The search for viable alternatives for economic development centred attention on the 'informal sector' , a concept which since its first usage by Hart (1973) sparked a "growth industry of studies" (Moser, 1984, p.135) with intense debates conducted at theoretical, political and policy-related levels (Rogerson, 1985). These debates are dominated by two fairly distinct schools of thought, comprised, on the one hand, by the International Labour Office (ILO), World Bank, and other international and government agencies which together represent dualist analysts, and on the other hand, by those writers operating within a Marxian or neo-Marxian perspective, adopting a 'petty commodity production' approach (*inter alia,* Le Brun and Gerry, 1975; Gerry, 1978a, 1979a; McGee, 1976, 1978a, 1978b, 1979; Bromley and Gerry, 1979; Forbes, 1981a, 1981b, 1981c).

The dualist perspective: The most influential factor in placing urban small-scale producers at the centre of debates on urban employment was the series of studies conducted by the International Labour Office in the early 1970s. The conclusion of these studies was that, with certain administrative and managerial reforms, as well as the necessary injection of funds and technical know-how, the small enterprise sector could be transformed from a stagnant and involutive complex of coping mechanisms of the poor into a catalyst for autonomous economic growth. It was argued that small-scale production could constitute, if properly stimulated and upgraded, a vital source of economic dynamism for developing countries (Gerry, 1985). Urban informal producers were perceived as playing an important role with regard to both employment possibilities and the provision of low-cost training. Notwithstanding formidable constraints, such as shortages of capital, inadequate tools, and the absence of a secure place of work, the ILO and similar agencies maintained that informal sector manufacturers possessed opportunities for growth as well as enjoying a considerable degree of autonomy. Having identified the

informal sector as an element towards ameliorating employment problems in the Third World, the ILO advocated the direct intervention of the state in implementing reforms and fiscal measures designed to promote 'development' or upgrading the informal sector (Moser, 1984).

The ILO's official endorsement of the economic potential of the informal sector triggered a deluge of literature on the subject, much of it descriptive and concerned with refining and more accurately enumerating the characteristics of informal sector enterprises (Weeks, 1973, 1975; McGee, 1974, 1976; Mazumdar, 1976; Gordon, 1978). The dualist researchers shared the ILO's optimistic viewpoint on the informal sector, asserting that it generated employment and supplied goods and services to the lower-income groups of the urban population (Lubell, 1974; Lubell and McCallum, 1978; Cavalcanti, 1981; Mabogunje and Filani, 1981; Fapohunda, 1981; Fowler, 1981; Sethuraman, 1981; Guisinger and Irfan, 1985). In terms of generating economic growth, the informal sector was considered to be a more viable alternative to formal enterprises insofar as it provided for mass employment without unduly taxing capital and foreign exchange. The informal sector also made use of second-hand machinery and obsolete technology and thereby minimised the need for new capital requirements. Moreover, informal sector proponents claimed that the efficient use of scarce resources and the entrepreneurial skills of the informal producers made possible the accumulation of economic surplus.

The dualist school acknowledged the existence of linkages between the formal and informal sectors but interpreted these links as complementary, non-exploitative and benign (Lubell and McCallum, 1978). Indeed, the growth potential of the informal sector was said to be reinforced through integration with the rest of the economy. Within the dualist perspective the constraints hampering informal sector development were thought to be inherent to the sector, resulting from small entrepreneurs' lack of

managerial and technical skills and their inability to avail themselves of better technology and marketing possibilities (Long and Richardson, 1978). Other obstacles to development were identified as including the competitive nature of the labour market, the lack of capital and/or access to credit facilities, and marketing difficulties (Fapohunda, 1981; Fowler, 1981; Jurado *et al*, 1981; Moir, 1981; Demol and Nihan, 1982). In most cases such problems were said to derive from the low level of state regulation or interference in the informal sector, the high risks and uncertainties associated with small-scale production, and the fact that small-scale operators were confined to less profitable activities (Long and Richardson, 1978). The perceived set of factors inhibiting informal sector development stimulated policy recommendations which stressed the need for improved managerial skills (Steel, 1977) in order to raise productivity and efficency within the sector. In addition, the state was allotted an important role in 'upgrading' or 'developing' the informal sector through providing cheap credit, allocating a share of public contra[illegible] to small producers, and improving technical training for participants within the sector (Kennedy, 1981).

The ILO's positive outlook on the informal sector persisted throughout much of the 1970s and became accepted as the latest 'conventional wisdom' in development studies. Towards the end of the decade, however, dualist analysis was increasingly criticized. There had emerged a growing body of criticism which challenged the ILO's perspective on the informal sector on several counts. For example, it was pointed out that the concept of the informal sector, rather than clarifying, merely described the characteristics of certain occupational categories. Also the dual sector classification of activities into formal and informal was labelled as simplistic, ignoring the subtle yet important differences between intermediate or transitional occupations. By the same token, the concept was said to provide no specific criteria for identifying a particular activity apart from the practice of categorising a business in one sector

in terms of its lacking the characteristics used to define a business in another sector. Most devastatingly, the dualist approach was criticized for failing to recognize the *exploitative* nature of the links existing between the formal and informal sectors. Accordingly, a second school of analysis crystallised which argued that the level of capital accumulation possible within the informal sector was constrained by tructural factors in the total socio-economic system such that small-scale enterprises tended to participate in economic growth in a subordinate and dependent manner (Moser, 1978; MacEwen Scott, 1979; Forbes, 1981a, 1981b, 1981c; Moser, 1984; Moser and Marsie-Hazen, 1984).

The petty commodity production approach: Dissatisfaction with the ability of dualist analysts to adequately confront questions surrounding the nature of interrelationships within the urban economy prompted the adoption of an alternative framework, which emphasised a continuum of production activities. This alternative paradigm, termed variously anti-dualist, radical, or petty commodity production, is based on an elaboration of Marx's theory of different modes of production and their mutual articulation (Forbes, 1981a, 1981b, 1981c; Moser and Marsie-Hazen, 1984). Those small-scale enterprises formerly categorised under the rubric of the informal sector are now conceptualised as 'petty commodity production', a subordinate petty form of production which exists at the margin of the capitalist mode of production but is nevertheless integrated into and dominated by it (Moser, 1978, 1984). The school of petty commodity production places the essential area of analysis on the identification of complex linkages and dependent relationships between and within production and distribution systems. In so doing it allows for the more accurate identification of illusory self-employment and disguised wage employment, and presents a more realistic portrayal of the complexities of the different modes of production which are asymmetrically interwoven by relations of domination/subordination (Forbes, 1981a, 1981b, 1981c; Moser, 1984).

The petty commodity approach commences by rejecting the notion of a division between formal and informal sectors and stresses instead a *continuum* or ensemble of forms of production with, at one extreme, pure artisanal production, and at the other, capitalist production (Moser, 1984; Moser and Marsie-Hazen, 1984). It is asserted that the informal sector is not distinguishable as a unique segment of the economy, and that by invoking a simplistic informal/formal sector division the unity and totality of the production system is lost (Harriss, 1982). The homogeneity of the informal sector as perceived by the dualists' emphasis on characteristics was questioned in several empirical studies (*inter alia* by Peattie, 1980; Norcliffe, 1983; Streefkerk, 1981; Schmitz, 1982a, 1982b; Moser, 1978, and Tokman, 1978). In substantiating claims on the existence of a continuum of enterprises Harriss (1978) found that there were sufficiently large areas of overlap between the 'organised' and 'unorganised' sectors of the economy to render invalid the use of the formal/informal dichotomy in labour market analyses. Similarly, both King (1974) and Streefkerk (1981) assert the artificial nature of strictly separating the sector of 'formal' and 'informal' manufacturing.

Another issue contested by the petty commodity school of thought concerns the limited capacity of the 'informal sector' for generating economic growth. Analysts of petty commodity production argue that the major problem is not the potential of the informal sector *per se*, but that insufficient of the growth generated within the sector is retained by its members. Accordingly it is suggested that the existing relations between petty producers and larger capitalist enterprises are major obstacles to any sustained capital accumulation within the sector (Gerry, 1985). The subordinate position of small enterprises *vis-a-vis* large-scale enterprises means that seemingly independent enterprises in reality operate within a complex system of *dependent* relationships. The various services and goods provided by small proprietors have the net effect of increasing the profitability of large-scale producers, and also enable

large concerns to exert a downward pressure on wages as it is assumed that those working in the informal sector have access to selectively cheap mass consumption goods (King, 1974; Gerry, 1977a; Forbes, 1981c). The large-scale capitalist sector also benefits from the existence of petty producers in that both industry and commerce are assured of cheap casual labour, a situation arising from the highly competitive nature of petty production and the high failure rate associated with it (Gerry, 1978a). Dependency ties with the large capitalist sector are cemented through subcontracting relations between the capitalist and small-scale producer (King, 1974; Le Brun and Gerry, 1975; Birkbeck, 1978, 1979; Gerry, 1978a; Mies, 1981; Alonso, 1983). By subcontracting work to petty producers the large-scale sector not only reduces its production costs by lowering wage costs, and avoiding other social expenses, but it entrenches the small enterprises' dependency on large producers for raw materials, equipment, spare parts, and finished goods, as well as for market outlets (Le Brun and Gerry, 1975; Gerry, 1977b; Reichmuth, 1978; Schmitz, 1982a; Peattie, 1982).

Governmental promotion of informal sector enterprises has been labelled as 'naive' and 'short-sighted' by Marxist analysts who argue against the view that a few administrative reforms and a selective tinkering with the *status quo* will release the pent-up productive energies and enterprise of small-scale producers (Gerry, 1985). Under capitalism, it is argued, the promotion of such enterprises will have two asymmetrical but inter-connected results: for a minority of already successful small producers there would be a transition to petty capitalism, with privileged and subsidised access to the few economic niches in which local capitalism would thrive, but for the majority of petty producers there would be progressive proletarianisation. In this last instance, the small workshop and its proprietor and workers would retain a veneer of independence whilst ultimately being transformed into 'disguised wage workers' (Bromley and Gerry, 1979; Gerry, 1979a; Gerry and Birkbeck,

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1981). Moreover, the integration of particular small enterprises into the process of capital accumulation would further subsidise large-scale capitalist production as certain labour and labour-associated costs could be externalised through the widespread use of subcontracting and satellite workshops. Thus, dualist efforts to promote the informal sector are now perceived as perpetuating the dominance of capitalist production at the qualitative and quantitative expense of the living and working conditions of those ostensibly targeted for promotion (Gerry, 1977a, 1977b, 1985).

Although analysts of the petty production school have carried serious debate beyond the gross over-simplifications of dualist analysis to an investigation of the linkages of different production systems, the petty commodity production model is itself marred by certain shortcomings (Breman, 1976; Bromley, 1978; Moser, 1978; Tokman, 1978; Rogerson, 1985). Most important is a tendency of researchers within the Marxist approach to engage in vacuous theoretical debates with little or no empirical substantiation (Moser, 1984; Rogerson, 1985). The outstanding exception in this regard is the rich work undertaken by Schmitz (1982a, 1982b) who introduces elegant analytical precision, by means of well-documented case studies, in addressing the question of the growth constraints on small-scale producers. Schmitz confronts and exposes as myths many of the assertions propagated by both dualist and petty commodity production analysts. Whilst agreeing with the underlying approach of many of the writers on the informal sector, Schmitz maintains that their observations should be treated not as research results so much as hypotheses inviting further investigation. The great merit of Schmitz' work is in complementing with empirical evidence the theoretical debates dominating the literature on petty production. Most notably, Schmitz makes a plea for a continuing tradition of empirical work for "the issue is not *whether* small enterprises have growth and employment potential but *under what conditions*" (Schmitz, 1982b, p.445, emphases added).

Table 2.1: Urban Petty Production in Peripheral Economies - Selected Studies by Country.

Country	Research	Country	Research
BANGLADESH	(Amin, 1982)	MALAYSIA	(Bruch, 1980) (Eng, 1982) (Lian, 1984)
BRAZIL	(Berlinck et al 1981) (Schmitz, 1982a)	MEXICO	(Alonso, 1983) (Roldan 1985)
BURKINA FASO	(van Dijk, 1980; 1983)	NIGER	(Grégoire, 1981)
CAMEROON	(Deble and Hugon, 1982) (Demol and Nihan, 1982) (Jourdain, 1982) (Steel, 1979)	NIGERIA	(Berry, 1977) (Olowolaiyemo, 1979) (Onokerhoraye, 1977) (Oyeneye, 1980; 1981; 1984) (Remy, 1982) (Williams and Tumusiime-Mutebile, 1978)
CHILE	(Melier and Marfan, 1981)	PAPUA NEW GUINEA	(Mark, 1976)
CHINA	(Sit, 1983) (Lockett, 1986)	PERU	(Reichmuth, 1978)
COLOMBIA	(Peattie, 1982)	PHILIPPINES	(Jurado, 1978) (Jurado et al, 1981)
ECUADOR	(Middleton, 1979; 1981; 1985)	SENEGAL	(Gerry, 1976; 1977a; 1978a; 1978b; 1979a; 1979b) (Le Brun and Gerry, 1975)
EGYPT	(Abdel-Fadil, 1983)	SRI LANKA	(Marga Institute, 1981) (Dias, 1986)
GHANA	(Aryee, 1977; 1981; 1986) (Kennedy, 1977; 1980; 1981; 1983) (Steel, 1979; 1981)	THAILAND	(Teilhet-Waldorf and Waldorf, 1983)
HONG KONG	(Sit, 1977; 1981; 1982) (Lai-Sing, 1986)	TOGO	(Jourdain, 1982; (Nihan et al, 1979)
INDIA	(Avadhani, 1981) (Banerjee, 1983) (Bose, 1978) (Harriss, 1978; 1982; 1985; 1986) (I.L.O., 1985) (Kapalgam, 1981) (Moulik and Purushotham, 1982) (Streefkerk, 1981)	TUNISIA	(Deble and Hugon, 1982) (Hopkins, 1978)
INDONESIA	(Hoir, 1981) (Sethuraman, 1985)	UGANDA	(De Coninck, 1980)
KENYA	(Bujra, 1978-1979) (Hake, 1977) (King, 1974; 1975; 1977; 1979) (Nelson, 1978) (Westley, 1978)	ZAMBIA	(Jules-Rosette, 1979) (Norwood, 1975)
MADAGASCAR	(Hugon, 1981; 1982)	ZIMBABWE	(Chimombo, 1983) (Davies, 1979) (Mkandawire, 1983) (Zinyama, 1984)
MALAWI	(Ettema, 1984) (Norwood, 1975)		

Table 2.2: Urban petty production in peripheral economies - selected studies by activity

Activity	Selected Studies
BREWING	Bujra, 1978-1979 (Kenya), Nelson, 1978 (Kenya)
CLOTHING	Alonso, 1983 (Mexico), Hopkins, 1978 (Tunisia), Reichmuth, 1978 (Peru), Roldan, 1985 (Mexico)
ENGINEERING/METAL-WORKING	Gerry, 1979a (Senegal), Harriss, J., 1982; 1985; 1986 (India), King, 1974 (Kenya), Lian, 1984 (Malaysia)
FURNITURE	de Coninck, 1980 (Uganda)
KNITTING/WEAVING	Prabhu, 1984 (India), Schmitz, 1982a (Brazil)
MATCH MAKING	Moulik, and Purushotham, 1982 (India)
MOTOR VEHICLE REPAIRS	Berry, 1983 (Nigeria), Gerry, 1979b (Senegal), Jourdain, 1982 (Mali/Togo Cameroon/Mauritania), Schamp, 1984 (Cameroon)
PLASTIC PROCESSING	ILO, 1985 (India)
SHOES	de Coninck, 1980 (Uganda), Peattie, 1982 (Colombia)

An examination of the empirical record on small-scale or backyard industries reveals that the world of informal producers can no longer be regarded as "uncharted territory" (Schmitz, 1982b, p.442). The mass of empirical research by social scientists, albeit few geographers, gives ample evidence that the issues of urban petty production have been well explored. A diversity of studies on small-scale producers, covering a broad range of peripheral economies, both capitalist and socialist, have been conducted (Tables 2.1 and 2.2). The bulk of investigations concern the sectoral composition and size of the informal sector, and tend to deploy cross-sectional surveys. Although providing a wealth of descriptive information, these types of studies fall short on the question of growth potential of small-scale enterprises because of the all-encompassing nature of the cross-sectional surveys. Realisation of the limited explanatory capacity of survey studies has motivated many researchers to concentrate their studies on specific branches of industrial production (see Table 2.2). The advantage of branch-specific studies, avers Schmitz (1982a, 1982b) is that they enhance understanding of the circumstances which determine the small producers' potential to accumulate capital and to generate employment and income. A more detailed examination of the arguments that have been advanced with respect to the constraints on small producers can now be considered.

Growth Constraints on Small-Scale Industry

In examining the prospect of growth within the small-scale sector Schmitz (1982a, 1982b) distinguishes between *internal* and *external* constraints hampering the expansion of small-scale enterprises. Whereas internal constraints refer to inherent limitations within small-scale producers such as their lack of motivation and entrepreneurial and managerial skills, external constraints subsume structural factors which include lack of access to production inputs and the exploitation of small entrepreneurs by larger enterprises. Both sets of constraints will be examined in turn.

Internal Constraints

Writers within the dualist approach generally emphasise internal problems such as lack of motivation, drive, adaptability, organisational and technical skills as the main factors retarding the advancement of informal activities. These claims have been refuted by several studies testifying to the initiative, inventiveness and responsiveness of many small-scale producers in their trades (King, 1974; Peattie, 1982). Often the organisational deficiencies and limits to advance planning evident in small enterprises are not so much attributable to a lack of knowledge in the running of the enterprise, as to the markets in which small producers operate or to a shortage of resources. On this issue Berry (1977) maintains that the tendency of some entrepreneurs to invest money in family interests rather than in the business reflects not an indifference to profit on their part but rather a concern to maximise future income for their children by ensuring that they get better jobs. Other studies have shown that the seemingly 'ineffective' management of small enterprises is a result of the strategies proprietors engage in to increase their clientele and to reduce risk-bearing costs (Berry, 1983; Peace, undated).

It has been argued that the survival and growth of small producers often requires a flexibility and ability to improvise which might give the external observer an impression of chaos (Schmitz, 1982b). Family obligations which are often regarded as a major force restraining the growth of small-scale industries may be as much a source of strength as of weakness. Home-based relationships have been shown to play a crucial role in the process of establishing a business; relatives and friends from home often provide food, shelter, patronage and even financial assistance during the producer's initial period of training and capital formation (Tangri, 1982; Berry, 1983). Kinship and community affiliations may also provide organisational mechanisms for solving particular managerial

problems, such as recruitment and supervision of labour, sharing of collective facilities, acquisition of information and mobilisation of credit, the latter in the form of claims on productive services rather than monetary assets. Further, to the extent that participation in kinship or community networks permits individuals to draw on the economic resources of the group, it serves to reduce financial constraints on their activities (Berry, 1977). In some cases, kinship ties contribute towards business expansion as when relatives or neighbours assist an entrepreneur in securing customers or advantageous contacts with suppliers. In other instances, family affiliations may serve as a fall-back position in periods of economic crises, functioning as an insurance and social security system (Berry, 1977; Peace, undated; Tangri, 1982).

Not all analysts of the informal sector agree with the notion that a lack of entrepreneurial skills does not constitute a major constraint on the growth of small enterprises. Anderson (1982) claims that studies which take this position are based on questionable sampling procedures that consider only the successful cases and ignore those entrepreneurs who did not succeed, or those who might have succeeded but were not in a position to contemplate the attempt. In his opinion managerial and entrepreneurial experience is a necessary aspect in firm management and a main factor determining the success of a firm. The point to be made in this respect is not that good management is irrelevant, or that bad management does not occur, but that lack of managerial ability cannot be identified as the principal factor restricting the expansion of small industries (Schmitz, 1982b). Regarding technical skills, it has been suggested (Schmitz, 1982a, 1982b) that small producers are strongly advantaged with the most important source of skill and know-how being previous wage employment which affords valuable training and experience through a process of learning-by-doing. In addition, several observers underline the significance of indigenous training in the process of skill acquisition (King, 1974, 1975, 1979; Oyeneye, 1980, 1984).

The foregoing body of studies confirms the efficiency of small producers in the production process and seriously undermines assertions that internal obstacles are the root cause of the economic weakness of small-scale industrialists. Rather, it is argued that the major growth constraints on small-scale producers are structural and emanate from external circumstances largely beyond the control of small producers.

External Constraints

The external factors constraining the growth of small enterprises may be classified into two broad groups. First, it is contended that small producers are exploited by large firms, thereby contributing to the accumulation of capital in large enterprises. According to the second set of arguments, small entrepreneurs are constrained as a result of being excluded from access to product markets, technology, raw material or credit, which difficulties are reinforced by government policies (Schmitz, 1982a, 1982b). Adherents of the first approach tend to be pessimistic about the possibility for growth of the small-scale sector, whereas those adopting the second stance acknowledge the existence of blockages due to exploitation by large firms but are nevertheless optimistic of the long-run growth potential of small-scale production.

Exploitation: Authors emphasising the exploitative links between large and small enterprises argue that petty commodity producers provide cheap inputs for those functioning in the capitalist sector, reducing wage costs and inflating the salaries of managerial staff (Leys, 1975; Gerry, 1977a, 1977b, 1978a; Birkbeck, 1978, 1979; Kennedy, 1981; Harriss, 1982). The provision of low-cost goods and services by small proprietors also enable large-scale enterprises to reinforce comparatively low wages on their own work force, on the basis that formal sector workers have access to selectively cheap mass-consumption goods. Accordingly, in view of the important role which it plays in the process of capital accumulation in

the formal sector, petty production is not displaced by large-scale enterprises but is conserved insofar as it meets the needs of capitalist production. The 'advanced', 'modern' or 'informal' capitalist sector is viewed as parasitical with respect to the 'backward', 'traditional', 'informal' petty producers. Exploitative links are said to be encouraged and sustained by the state which restricts the development of informal sector activities in favour of supporting the formal sector (Williams and Tumusiime-Mutebile, 1978).

The extent of the exploitative links between large and small enterprises has been questioned (Schmitz, 1982a) on the grounds that only when the efficiency of small entrepreneurs does not lag behind that of their larger counterparts, and only when it is certain that they do not receive an adequate return on capital invested in the workshop, can small producers be said to be exploited by large firms. These aspects of small production are difficult to assess empirically, in that family members are often informally and irregularly recruited to assist small producers, and capital investment in small-scale industry is not always fixed, varying with family needs. The difficulties associated with attaching a value to the labour and capital involved in small-scale production means that the degree of exploitation of small firms, and their capacity for retaining the surplus, cannot be determined with any precision.

Further critical evaluation of the exploitation theme is provided by Kennedy's (1977) examination of the relationship between local business groups and foreign capital in Ghana. The need to distinguish between a number of different local capitalist and proto-capitalist groups who demonstrate different interests according to their particular niche in the economy is stressed (Kennedy, 1977). It was found that, far from being subservient to foreign firms, some local businessmen had interests that coincided with those of foreign companies, whereas others were either indifferent to foreign capital, or openly in conflict with it. In the

instances where indigenous capitalists did have connections with overseas companies, or where they had been directly dependent on them for their skills, this dependence was more in terms of providing specialised services than a question of subordination. Consequently it was argued that the vulnerability of those small businessmen who had to deal with foreign corporations possessing vastly superior resources and technology, was not any greater than that faced by other small businessmen in the industrialised world.

Subcontracting: Clear relationships of dependence and exploitation between petty producers and large scale enterprises are said to exist through subcontracting linkages and the 'putting-out' system. Sectors of small-scale production where subcontracting has been noted as significant include footwear, clothing and construction (Hopkins, 1978; Reichmuth, 1978; Tokman, 1978; Kapulgam, 1981; Peattie, 1982). It is argued that the circumstances of the linkages between small workshops and large-scale industry are such as to place the smaller units at a substantial disadvantage. Typically, most subcontractors report cash flow problems resulting from having to give extended credit to the firms they supply, whereas small producers have to pay promptly for raw materials and consequently face severe credit constraints (King, 1974; Harriss, 1982; Peattie, 1982). Small subcontractors also take the brunt of market fluctuations as their production is the first to be cut in slack periods (Schmitz, 1982a). Subcontracting ties to large scale enterprise lead to the exploitation not only of small producers but also of those in their employ. In order to succeed, small producers have to ensure that the work that is 'put out' from large business is of the highest quality and yet the lowest possible price. Inevitably, this occasions the exploitation of workers in small enterprises.

Subcontracting arrangements do not always necessarily lead to exploitative relations. It is important in this respect to understand

the extent to which small producers are independent, or simply an extension of the production network of large firms. Illustratively, Kennedy (1981) provides evidence of non-exploitative subcontracting relationships in his Ghana study of petty producers who subcontract to large firms and yet operate independently because they possessed a considerable level of skill and enjoyed control of their means of production. Kennedy concludes that there was no evidence of local p[illegible] producers becoming subordinate to merchant capital to the point where proprietors were no more than outworkers making specialised inputs for a system controlled by powerful external interests. Beyond the contributions of Kennedy (1981) and Schmitz (1982a), other writers have highlighted the considerable accumulation potential of small firms involved in such subcontracting relationships (Watanabe, 1971; Sit, 1982, Lai and Sit, 1984).

Given their negative effects, it is suggested that subcontracting, rather than promoting the advancement of small industries, actually undermines the developmental potential of small-scale producers. Accordingly it is stated that the main beneficiaries of subcontracting are large enterprises which, by drawing on the pool of skilled and unskilled labour, are able to cope with competition, fluctuations in product demand, and economic uncertainties (Taylor, 1986). The costs and risks entailed in investing in buildings, machinery and a regular work-force are also avoided for large firms, as are their financial obligations in terms of rent, rates and insurance for industrial premises (Hope, *et al*, 1976; Birkbeck, 1978). In addition, the delegation of tasks to small producers has the effect of fragmenting the labour force, thereby impeding attempts at collective wage bargaining, further depressing wage costs (Birkbeck, 1979; Streefkerk, 1981; Kennedy, 1983).

Access to Markets: In the examination of external factors negatively affecting the growth of small enterprises, many scholars observe that the

existence of advanced technologies and the control exerted by large firms over product markets, raw materials and credit, constitute severe setbacks to the advancement of small producers. In support of this viewpoint Kaplinsky (1981), on the basis of his study of the Kenyan bakery industry, asserts that the relatively more efficient small-scale bakeries are overshadowed by inefficient large-scale bakeries, with the latter ensuring their market domination by a combination of marketing and pricing strategies. In similar vein, Langdon's (1976) investigation of the soap and shoe industries of Kenya, shows how large-scale multinational companies oust small-scale industries from the market by redefining basic product needs into demand for large-enterprise brand-name products. In order to compete with the brand-name products of large enterprises small-scale industries are forced to adopt sophisticated advertising techniques or to alter their production methods to suit newly-defined market tastes.

In many cases petty producers are not dependent on foreign firms for their markets, a theme which surfaces in research on Quito, Ecuador, (Middleton, 1981) and Accra, Ghana (Kennedy, 1981). One of the reasons small producers are able to secure markets even in the face of strong competition from large enterprises is their capacity to respond in accordance to shifts in taste and fashion. De Coninck (1980), whilst acknowledging that petty producers operate mainly in a subordinate and dependent manner to large capitalist producers by being forced to cater largely for unprofitable low-income markets, does recognise the potential for small artisans to complement large business enterprises through their flexibility in rapidly adapting production to changing market conditions. Likewise, Schmitz (1982a) shows that small firms in the clothing industry fare better than their large-scale counterparts in producing for a market which is characteristically unpredictable due to the influence of seasons, fashions and a very diffuse distribution network.

Technological Gap: The domination of large firms over smaller ones is not only based on the former's more extensive marketing techniques but also on their superior production technology which is either unavailable to small firms or beyond their financial means. The economic constraints under which small producers operate means that often they cannot afford more than the most elementary machinery and tools. Most analysts of small-scale enterprises who applaud the ingenuity and resourcefulness of small producers for converting obsolete and even discarded equipment into functional tools and implements, often ignore the problems associated with using such rudimentary technologies. The heavy reliance on second-hand tools and equipment and on outdated productive techniques leads to recurrent breakdowns and the consequent loss of custom when producers fail to meet or accept orders. The costs of replacing obsolete productive resources with new implements cannot be realised out of existing profit levels and thus, when aged machinery will no longer continue to function, it is most likely to be replaced by a further array of second-hand equipment. In such limited technological conditions small producers have no alternative but to concentrate their greatest ingenuity and inventiveness on the repair and recycling of old machinery. Subsequent breakdowns are generally inevitable, however, and the artisan faces the costs of repair coupled with the loss of regular income (Peace, undated).

The problem of technology encountered by small enterprises has been attributed to a technological gap which is related both to the speed or rate at which innovations occur and the location in which the capacity to produce innovations develops. In particular, the successful use of second-hand equipment could depend on the local availability of machines, spare parts and repair services, as indicated in Schmitz's (1982a) study of the Brazilian weaving industry where the proximity of loom manufacturers gave the users of second-hand machinery greater access to available spare parts. Thus, the existence of a well-developed integrated

structure in the supply of technology is thought to provide an important context for the growth of small enterprises.

Access to Raw Materials: One of the more widely recognised obstacles hampering the growth of small-scale industries is the difficulty of obtaining raw materials. The problem of obtaining raw materials and equipment has been identified as a far more crucial source of dependency than that of securing sales outlets and/or finance (Kennedy, 1981). Small producers' limited access to raw materials is attributed to their minimal bargaining capacity, their lack of working capital, and government discrimination against small firms in the allocation of raw materials (Schmitz, 1982a). Owners of small enterprises are also subjected to raw material cost squeezes and recurrent shortages in supplies (Kennedy, 1981; Harriss, 1982; Ettema, 1984). Because of the small size of their operations small industrialists lose out on economies of scale and are forced to purchase materials more expensively (King, 1974; Reichmuth, 1978; Moulik and Purushotham, 1982; Peace, undated). When the sources of raw materials are non-local, supplies are not only unpredictable (Peace, undated), but frequently available only through the mediation of large firms who enjoy priority access to the commodities, or of middlemen who acquire goods and sell them at inflated prices to small producers (Chowdhury, 1982; Moulik and Purushotham, 1982). The financial constraints experienced by most small producers prevent them from guarding against shortage crises by stocking up on available raw materials, forcing them to bear the brunt of increased prices (King, 1974; Ettema, 1984). Nor are small-scale producers in a position to pass on price increases to the parties they supply as many are forced to sell their goods on credit to their customers and run the risk of bad debts. As one means of assuring that they receive supplies of raw materials, some petty producers resort to illegal measures to secure these commodities (King, 1974).

Small producers' lack of access to raw materials may be perceived as a further indication of their subordination to the large-scale capitalist sector (Gerry, 1977a, 1977b, 1978a, 1978b, 1979b). Supporting this argument, Gerry (1979b) shows how a multinational shoe company in Dakar forced small manufacturers to substitute synthetic materials for fine leather in shoe production because the latter commodity became more and more unobtainable to small producers (Gerry, 1979b). This form of large-scale domination, however, cannot be generalised throughout the different activities of petty production, as Gerry demonstrates in the same study of small-scale manufacturing and repairs in Dakar. In summary, access to raw materials must be interpreted as a critical factor constraining the development of small enterprises, albeit a factor which varies markedly according to different types of small-scale industries (Schmitz, 1982a; 1982b).

Access to Credit: The constraint on small enterprise development most often stressed by policymakers concerns small-scale producers' lack of access to credit facilities. As has already been argued, petty producers lack the capital to purchase more than a small supply of tools and materials and moreover have few, if any, outside sources of finance. Formal credit institutions are reluctant to grant loans because they consider the security offered by small producers as inadequate (Reichmuth, 1978; Schmitz, 1982b; Zinyama, 1984). Where small producers are eligible for government loans, a common complaint of these loan programmes is the paperwork required, and the delays and procedural difficulties associated with such grants (Avadhani, 1981; Peattie, 1982; Middleton, 1985).

The difficulties encountered in securing access to credit through formal institutional channels force small-scale producers to resort to non-institutional financial sources. Often short-term moneylenders charging exorbitant interest rates (Peattie, 1982) are a key source of

finance. But in most instances, small producers turn to personal networks, including friends, kinsmen, and ethnic, church and mutual savings associations for necessary credit and finance. From a survey of petty producers in Ghana, it was found that day-to-day receipts of sales and/or advances from individual customers emerged as crucial sources of finance (Kennedy, 1981). Cash flows were vital to most small producers and advances from individual clients were particularly important if the customer was new, if the order was quite substantial, or if unusual products were difficult to resell in the event of default. These advances were generally in the nature of deposits that provided the producer with a certain amount of security. Peattie (1982) also observed that in Colombia small entrepreneurs were forced to operate on a cash only basis in order to remain competitive.

Government Discrimination: In many ways the constraints impeding the progress of the small-scale sector are underscored by government discrimination against small-scale industrialists. In particular, small firms are negatively affected by government policies in terms of being consistently excluded from government benefits and concessions favouring large-scale concerns, and measures to stimulate small-scale development which remain largely inaccessible to the small entrepreneur.

Government bias against small producers relates not only to the question of credit but also to material inputs, marketing networks, and infrastructural facilities. Avadhani (1981) attributes the problems of small-scale industries in the East and North East Region in India to the non-availability of raw materials and other inputs, and also to inadequate power and diesel supplies and insufficient transport facilities, all of which ultimately involve government decision-making. Remy (1982) endorses this view, distinguishing the formal from informal sector on the basis of the former's access to the resources of the state and the latter's lack thereof. The state's interest in the modern sector is said

to stimulate the growth of particular types of enterprises and to channel economic resources to particular sections of the population. Remy bases these claims on a case study of formal and informal operators in Zaria, Nigeria, where it is revealed that state-provided economic services and commodities are channelled to formal sector industry.

The ILO Report (1972) highlights the influential relationship of the formal sector to the government, which allows large enterprises to enjoy considerable advantages over their small-scale counterparts. It was indicated that large firms in Kenya benefit variously from direct access to credit, foreign exchange concessions, work permits for foreign technicians, and an array of facilities which reduced the cost of capital. Further, the large-scale enterprise was also advantaged indirectly through the imposition of tariffs, quotas, trade licensing and product construction standards which restricted competition (ILO, 1972). Several other studies give evidence of how discriminatory government policies adversely affect the performance of small-scale industries. Chowdhury (1982) argues that in Bangladesh differentials in economic efficiency between small- and large-scale industrial units are influenced as much by policy bias towards large firms and their access to decision-making centres of power as by technological distinctions. In Kaplinsky's (1981) study of bakeries, government price controls limiting differentials between urban and rural bread producers in Kenya worked to the disadvantage of small rural producers who were unable to compete. Also in the research setting of Kenya, Langdon (1976) demonstrated that government tax policies for the shoe and soap industries promoted the interests of large-scale industrial enterprises.

Beyond the several disadvantages of existence outside the system of government preference, in many cases informal small-scale producers experience daily harassment by the authorities. Often measures to 'formalise' small industries, including requirements for the registration

of unregistered enterprises and the inspection of books relating to the number of workers employed, worked such as to penalise small industrial enterprises whose survival was contingent upon retaining the advantages of informality (Schmitz, 1982a). In the same vein, Mkandawire (1983) stresses that the 'success' of the informal sector in Zimbabwe depends on its ability to escape laws intended to protect workers, so that the enforcement of minimum wages, health and safety standards or social security is bound to threaten the very foundations of its existence. The experience of the urban informal sector in Ghana and Cameroon attests to the deleterious effect on small firms of government policies aiming to eradicate informality through eliminating the make-shift quarters of small artisans without simultaneously providing for alternative adequate accomodation (Steel, 1979).

Recent attempts by several governments in the developing world to reverse the tradition of discriminating policies towards small-scale industries have proven disappointing. In many cases policies have not been as effective as they could because the bureaucratic procedures involved in implementing programmes have been too complex or slow to deal effectively with small-scale industrialists lacking both skills to handle paperwork and working capital to survive a wait for funds. A further vital shortcoming of many promotional incentives is the high demands imposed on small firms before they can avail themselves of the incentives, which discourages application for assistance. A major criticism, therefore, of development policies for small-scale industry in the developing world is that schemes continue to exclude the very small entrepreneur from assistance programmes (Steel, 1979; Jain, 1980; Harriss, 1982; Storey, 1983a; Zinyama, 1984). Indeed, given the manifold problems engendered by government sponsored assistance to programmes for small producers, a number of observers on small-scale industry have suggested that small-scale entrepreneurs might benefit most from simply being left alone, without any regulation or control, as only under such

conditions would they be able to survive and prosper independently (Reichmuth, 1978; Steel, 1979; Storey, 1983a).

* * * *

Writings based on the advanced industrial or core economies, and those pertaining to peripheral or Third World economies have been reviewed. Whereas in the developed world small-scale industries largely function within the ambit of government regulations, in the developing countries small producers are frequently illegal operators, forming part of the so-termed urban informal sector.

Within peripheral economies the developmental potential of small-scale industries has been a hotly debated issue. From the plethora of writings on this subject it is evident that neither the glowing renditions of dualist writers on the growth prospects of informal producers nor the gloomy predictions of petty commodity production analysts may be accepted without reservation. The array of empirical research that has recently been conducted on small-scale manufacturers has been crucial in debunking many of the myths propagated by followers of both the dualist and petty commodity production approach. Of central importance in the debates on the growth constraints on small-scale manufacturing is the internal or external nature of these constraints. A factor that has been overlooked in research studies is that the nature of obstacles confronting small producers differ not only in nature but also vary geographically and historically. The observation underlines the vital significance of attempting historical and longitudinal studies on issues of small-scale industry. Longitudinal research is a necessary element in order to clarify the dynamics of small-scale enterprises and overall processes of stagnation.

CHAPTER THREE

MISSIONS, THE STATE, AND THE ORIGINS OF SMALL-SCALE INDUSTRY IN THE RESERVES, 1850-1935

African industrial enterprise in South Africa enjoys a long historical record with traditional rural crafts such as mat- and basket-making being widely practised in the rural areas at the time of colonial settlement. Under settler colonial rule the pursuit of traditional crafts was largely disrupted such that missionaries often overlooked almost entirely the existence of craft skills among the African population. Missionary schemes to educate Africans centred industrial instruction upon the provision of 'rough trades' for which support was garnered from the colonial states. An historical investigation of the emergence and growth of small-scale industry must begin by examining the crucial interplay between missionaries and the colonial states which shaped the organisation and complexion of the earliest rural African industrialists. In particular the constraints that affected the evolution of early African manufacturers will be confronted.

The discussion falls into five major sections, commencing with an examination of the significant contribution of missionary societies in initiating African industrial training institutions, and establishing such training on an organised basis. Attention then turns to the role of government in African vocational training and in promoting the expanded manufacture of crafts. Thereafter efforts to stimulate home industries in the rural areas, initially by missionaries, and subsequently by the colonial states, are chronicled. Finally, in this Chapter, an assessment is set out of the outcomes of the policies for establishing home industries in the rural areas, critically surveying the factors

responsible for the limited success of the industrial ventures commenced in the Reserves.

Missions and African Vocational Training

The history of African industrial training in South Africa is essentially also the history of African education and is indissolubly linked to missionary enterprise. Missionary societies established 'mission schools', initially only for poor Whites and Hottentots but by the beginning of the nineteenth century a number of missions had begun to initiate schools for 'Natives'. The missionary movement in Southern Africa was begun by the Moravians in 1792 and was followed by the London Missionary Society and the South African Society (*circa*.1799), the Wesleyan Church (1816), the Glasgow Society (1821), the Rhenish and Paris Societies (1829), and the Berlin Society (1834). By the late 1830s there were over fifty European missionary societies at work in the country, and in almost every village a mission-based educational centre existed, by means of which African education was fostered (Loram, 1927).

Commensurate with the general principles of contemporary African education which aimed at converting the "heathen" and extending to them the benefits of "civilization and Christian doctrines",[1] most missionaries sought primarily to "raise the African race from its degradation"[2] by providing a literary education. Others, however, deemed manual work a necessary part of conversion[3] and held that Christianity could not be preached without including industrial instruction.[4] Such missionaries as tried to instruct their followers in "the crafts that lie at the base of a civilized life"[5] provided some form of industrial training or manual work in their school curriculum. Skills taught hinged mainly around the building trade, including thatching, masonry, brick-making, and hut-making, as well as the more general trades of carpentry, tinsmithing, blacksmithing, wagon-making, joinery, printing,

and tailoring. Although missionaries were competent artisanal instructors, most were limited by their lack of training or ability and their unco-ordinated efforts in administering the courses. Accordingly, it is likely that any trades acquired by Africans were due more to being employed in the construction of mission buildings and churches than through actual course work *per se* (Dodd, 1936). Often, inspectors of education and heads of institutions referred to the contribution of 'scholars' in the building of churches and other structures, where the pupils learnt stone-cutting, masonry, and other related trades.[6]

In their endeavours to educate and train Africans, missionaries were to a certain extent supported by the colonial governments of the Cape and Natal which agreed with the notion that industrial training would "raise the native from his present condition of barbarism", teach the Africans to appreciate the motives of the Whites, and serve "as a panacea for native ills, social and moral".[7] The colonial governments showed their interest in the furtherance of African training by allocating financial grants to selected mission stations. In 1858 the Governor of Natal increased the £100 allowance for two schools in Edenvale, Natal, to £200 for the instruction of youths "in the most useful branches of mechanics".[8] Significantly, the grant was conditional upon there being "thorough industrial training in every establishment for the education of Native youth".[9] The Governor made clear the principles on which the allowances to the Missions were made:

> the conditions on which the grants are made are that industrial training to skilled labour in mechanics and agriculture shall form the leading feature in the establishments in aid of which they are made, and are founded on the belief that to improve the barbarian mind it is as necessary to induce industry as to teach morality.[10]

The emphasis on the industrial aspect of African instruction was rooted in racist attitudes of perceiving Africans capable only of rough artisanal

work and therefore necessitating no further education other than the most elementary school tuition, the bulk of instruction centring on trades and domestic industries. Advocates of African industrial instruction observed that "the average native child would appear to have a latent talent for working in clay and for weaving" (K.A.H.H., 1925, p.739). It was also stressed on more than one occasion that "the native is more or less dependent on, and the servant of, the European"[11] and therefore that "the whole object of education is to make the native useful, and a benefit to the State".[12]

Although government encouraged the educational efforts of the missionaries among Africans, there was as yet no state control of the teaching in these schools. As early as the 1850s the establishment of industrial schools was advocated for every village in Natal, but this resolution had perforce to be dropped in view of the inordinate expense associated with such an endeavour (Loram, 1927). More active government interest in African education and industrial training ocurred with the appointment in 1884 of Sir George Grey as Governor of the Cape. Strikingly, Grey's advocacy of African industrial education formed part of a broader programme designed to maintain peace on the eastern frontier by employing Africans on public works and establishing institutions for the education of their children. Such notions stemmed from the governor's prior involvement in a similar scheme successfully implemented for Maoris in New Zealand (Loram, 1927; Dodd, 1936). As Governor, Grey put his idea of establishing African training institutions into practice, giving financial aid to five selected mission stations considered suitable for development into centres of instruction (Dodd, 1936). Despite the genuine interest demonstrated in the scheme, however, practical problems in terms of inducing Africans to send their children to the schools and, most importantly, shortage of funds, militated against the success of the venture resulting in the survival of only one centre, Lovedale.

The comparative failure of the early educational ventures notwithstanding, they did serve to stimulate interest in African instruction and to place government aid on a firmer footing. In 1861 a Commission appointed to inquire into the system of education for the Cape Colony and to suggest a revision of the scale of grants, recommended the continuance of grants-in-aid to mission schools, and drew an official distinction between 'mission schools' and 'Native institutions and schools'. Whereas the former group of schools was characterised by the focus of instruction on school course work, the latter institutions were distinguished by their emphasis on industrial training. Both types of schools were to be under the management of church or missionary bodies and subject to government inspection. To encourage the training provided by 'Native' schools, a maintenance grant of £15 per annum was made to a number of trainees apprenticed in wagon-making, blacksmithing, tailoring, shoemaking and printing trades, and a grant of £10 per annum for girl apprentices in household work. An additional allowance of £12 per annum was made to each boarder undertaking some form of industrial training (Loram, 1927).

Government's rising interest in industrial training for Africans prompted the establishment of additional mission-based institutions. In the Cape, the Kaffir Institution Grahamstown, taught boys to make their own clothes, St Matthews school also commenced industrial work in 1867, and Blythswood in 1877. By 1882, 188 students in the Cape were receiving industrial training at eleven different centres (Dodd, 1936). African schools in Natal were organised on a different basis to those of the Cape. The few missionary schools which existed for Africans in Natal provided some industrial training as part of the school curriculum but Africans were not accepted on an apprenticeship basis as in the Cape until 1923. Also, whereas in the Cape it was a definite part of Sir George Grey's scheme to break up tribal organisations to ensure peace on the border, the policy in Natal was to preserve as far as possible African racial and

tribal characteristics. Hence, the authority of the African chiefs was maintained by educating the sons of chiefs and headmen *separately* from other Africans (Loram, 1927). Illustratively, the Zulu National Training Institution near Nongoma catered specifically for the training of future African headmen,[13] The school, maintained from the funds of the Zululand Native Trust,[14] included in its curriculum training in rough carpentry, stone-cutting, and bricklaying.[15]

The colonial governments of the Cape and Natal continued to support African education by means of grants, as evidenced by the Cape Government's provision in 1877 for a grant of £20 per annum in aid of the salary of a competent trade teacher and a special grant of £30 for the purchase of tools, fittings, and other equipment for industrial work (Loram, 1927). Likewise, in Natal the Secretary of State in 1876 instructed the governor of that province to grant an annual sum of £50 to one missionary in each of the African locations, as well as £50 per annum in aid of an industrial school for Africans.[16] In allocating the funds to African schools, emphasis was placed on the specific instruction of industrial activities. The state was becoming increasingly concerned at the limited number of African schools specifically devoted to manual instruction. The Inspector General for 'Native' education in the Cape commented upon the large number of institutions which supposedly were centres for trade teaching but were no more than mission outstations. In Natal, of seventy African schools receiving government grants in 1885, only three provided industrial training in terms of "teaching trades or agriculture or some productive labour that would enable a student to earn a living".[17] An Education Commission in 1891 also drew attention to the small percentage of the African population receiving manual training, asserting that in none of the existing 269 schools had any serious effort been made to provide such training for boys (Loram, 1927).

Several factors underlay the limited development of artisan training in African schools. Suggested causes included a lack of equipment and necessary facilities for industrial training, the 'disinclination' of Africans for bodily toil, the reluctance of many missionaries to teach industrial work as it was not perceived as part of their high vocation, and the fact that the payment of government grants-in-aid had not been made conditional upon the provision of manual training in schools (Loram, 1927). The validity of these factors notwithstanding, the main drawback to technical instruction in schools undoubtedly was the lack of funds. As was repeatedly pointed out to the Inspector of Native Education, to furnish even the basic elements of industrial training for boys necessitated the employment of at least one competent artisan, suitable buildings, tools and equipment, none of which were covered by meagre government funds.[18] Even the limited funds made available for industrial training were restricted by a number of conditions. Many schools had to forego government support because they could not comply with the stringent regulations demanded with regard to the qualifications of teachers. Unless schools in receipt of grants were visited quarterly by a recognized authority, either a White supervisor or the missionary body controlling the school, they were liable to lose their subsidy. The remoteness of some schools precluded, however, regular visits by superintendants.[19] Grants were also denied to schools run entirely by Africans for there had to be a responsible White grantee reporting upon the school. Thus, if a group of Africans requested a school in their locality, they had to approach the missionary of their denomination who would then correspond with the government regarding the matter. The missionary concerned would be in charge of the maintenance of the school, attendance, and payment of teachers' salary.[20] A further legislative hindrance to industrial training was the prohibition of teaching in church buildings in the absence of alternative school infrastructure.[21]

Government Involvement in African Industrial Training

The colonial governments' interest in African industrial education was demonstrated not only in the provision of financial assistance, limited and circumscribed though this was, but also in its attempts to establish industrial schools. One notable example was the government industrial school in the Zwartkop location near Pietermaritzburg, where brick-making, building, and agricultural work was pursued. Initial reports on the school by the Inspector of Native Education were favourable but problems arose with respect to the poor local support. For example, at the end of the second year most of the students absconded and attendance dropped to only ten scholars. The abysmal school attendance was said to result from a lack of consensus with the way the school was run, and the unsuitable location of the school. Added to these difficulties were the high running costs of the school which ultimately led to its closure in 1892.[23] The limited local interest shown in the Zwartkop school may in part have been reflective of the reluctance of some Africans to send their children to school for manual work.[23] According to evidence heard during the South African Native Affairs Commission enquiry of 1905, however, neighbouring African tribes in the location had not been informed of the objectives of the Zwartkop school and the nature of its education. It was claimed that important steps were often taken without consulting the persons most intimately acquainted with the conditions and needs of the place.[24] At the Natal Native Affairs Commission of 1906 which had among its objectives the investigation of 'Native' grievances, it was disclosed that the African tribes of the area had been threatened against sending their children to the school. According to the chief of one of the tribes, a "white man had given it out in the locality that if the natives sent their children to the school they would go wrong; also that no consequences would follow failure to send their children".[25]

This evidence of intimidation is indicative of White opposition which surrounded government support of African industrial education. Indeed, missionaries frequently testified to the general antagonism of those who believed that instructing the African in technical skills was tantamount to "training him to take the bread out of the white man's mouth".[26] In 1893, charges that government grants enabled African institutions to undersell White tradesmen were reinforced by the findings of a Labour Commission of that year. Similar protests in Natal prompted the Superintendent of Education in 1895 to withhold further grants to African industrial schools where the goods produced were *in any way* likely to compete with European trade.[27] The force of these objections on government grants was such that in Natal in the early 1900s financial assistance declined to the extent that, at almost every school the industrial staff had to be dismissed and plant disposed of (Dodd, 1936). At Lovedale special precautions had to be taken to prevent competition with Whites. All articles manufactured in the workshops were sold at standard prices and the institution did not compete for open contracts. The result was that at Lovedale some industrial departments did not have enough work to keep apprentices busy (Loram, 1927). Whereas the effect of these restrictions on some of the larger institutions was to reduce the amount of industrial work performed, some smaller schools, dependent on the proceeds from articles sold to purchase additional materials, had to abandon technical instruction. The government prohibition regarding the sale of articles was later withdrawn and by 1902 government aid was again forthcoming. Memories of past experiences, however, and recollections of losses sustained made missionaries wary of undertaking any ambitious schemes of technical training.[28] Moreover, while official reports continued to uphold the imperative for African industrial education, such exhortations were tempered by reminders that the expense of technical training prevented it from receiving the same priority as elementary education, and that the need in South Africa was for *unskilled* rather than skilled labour (Cape of Good Hope, Colony of, 1905).

More decisive moves by the government to stimulate African vocational training were made through the introduction of 'Native' crafts in school curricula. In 1918 a departmental circular sent to leading personages in African education stressed the need for reviving 'Native' handicrafts which, to a large extent, had fallen into disuse. Concern for the revival of African crafts resulted in the 1919 Commission on Native Education which advocated increased facilities for vocational and practical training in all types of schools. It also favoured 'Native' industrial training through trade apprentices, the introduction of additional industries and the opening of new schools (Dodd, 1936). An important criterion for the fostering of this industrial work was that it should be directed to supplying the needs of the 'Natives'. The stated objective was therefore to stimulate "such rough industries ... eg. hats, baskets, mats, blinds, etc. (as) can hardly enter into competition with ... European manufacture".[29]

In 1922 a new primary syllabus, based on the recommendations of the Commission, came into effect. Provision was made for the teaching of woodwork, needlework and 'Native' handwork in schools, the latter course giving rise to considerable prejudice on the part of Africans who felt that such work represented a retrogressive step into a past that was best forgotten. Notably, the United Transkeian Territories General Council in 1919 requested that a spinning and weaving school be erected because "Natives should be taught things which belonged to the 'light'" rather than "clay modelling which people objected to".[30] The criticisms levelled at this form of instruction were in large part provoked by the incompetence of teachers responsible for teaching such courses. Typically a report on the development of 'Bantu' village crafts stated that "the teachers are not qualified craftsmen and are open to ridicule from village craftsmen and women" (Meyerowitz, 1936). The inadequacies of teachers led some experts of African crafts to conclude that "art and craft teaching, as practised at present in some schools, is distinctly

harmful and should rather be discontinued".[31] Handwork did gradually win support, however, in part, perhaps, because what were essentially "native articles" were modified to meet needs "in a civilized home". In this respect African children, having mastered the art of manufacturing articles for African use, were encouraged to convert these same products into *inter alia* "waste-paper baskets of conventional shape and size, and toilet tidies" (K.A.H.H., 1925, pp.739-740).

From the foregoing it is evident that the greater part of the burden of African industrial training fell on missions, with comparatively little assistance from the colonial states. In matters such as courses undertaken and methods pursued the missionaries were the sole organisers. In addition they were responsible for the supply of accommodation, material and equipment as well as the maintenance of buildings and plant, without financial assistance. The main contribution of the colonial governments in their support of missions was the provision of salaries to approved instructors in those industrial schools recognized by the Superintendant General, some bursaries and small sums of money, albeit barely sufficient for the institutions to pay their employees. On the question of government grants, the manager of Baziya Industrial school wrote that the £100 which the school received from the Native Trust Fund "enables me just to keep some learners. For expansion is no money available (*sic.*), not to speak of research into, and study of indigenous arts and methods of work."[32] In many instances the shortage of funds precluded the realisation of projects which could have furthered the development of industry. For example, in 1919 the industrial school at Butterworth was closed, based on inspectoral reports that "the school served no good purpose" and that apprentices were not benefitting from training.[33] Yet plans to open a spinning and weaving school in its place never materialised on the grounds that competition from imported products would not warrant the considerable expenditure involved in the scheme.[34] In similar vein, a request by the Superintendent of Natives that the

Native Development Fund finance an investigation into the possibility of a home industry using timber products, was denied. It was suggested instead that the matter be pursued with the help of mission stations and African schools.[35]

Table 3.1: The organisation of industrial training centres in colonial Natal and Cape Colony.

Native/Aborigines schools	The official classification of 'Native schools' applied specifically to the Cape and was used to differentiate ostensibly African educational centres from the racially integrated 'Mission schools'. 'Native schools' were characterised by instruction in ordinary school course work as well as in 'suitable' industrial training.
Industrial institutions	Emphasis on industrial training which, in the Cape, was provided on an apprenticeship basis. In Natal, the focus of the institutions was also on industrial training but the apprenticeship system was not introduced until 1923.
Industrial departments	Special departments for industrial instruction introduced in schools where industrial training either did not exist, or featured only to a minor degree.

Despite several problems, the combined efforts of government and missionaries to encourage industrial instruction assured the expansion of training centres in the period up to the 1930s. Although the number

of industrial institutions *per se* did not increase markedly, several missions established 'industrial departments' attached to schools (Table 3.1). Most of these centres were geographically concentrated in the Cape Province and Natal. Of the institutions in the Cape the most important were Tigerkloof, Lovedale, and Clarkebury for boys, and St Cuthbert's and Lamplough for girls. In Natal, the major centres were Edwaleni, Adam's Mission, Ohlange, and Marianhill for boys, and St Hilda's, Indaleni and Inanda for girls (see Fig.3.1). Outside of the Cape and Natal, there existed only one notable missionary training institution, the Diocesan Training College at Pietersburg which functioned for the training of both boys and girls (Dodd, 1936). The courses given in the 'Native' schools were in keeping with the objective of giving the African a 'European' education and ranged from carpentry, the most popular course, to bookbinding and telegraphy, courses which bore little or no relation to indigenous African crafts. It is instructive in this respect to note the kinds of categories advertised at the various exhibitions held to stimulate interest in 'Native' "arts and crafts" and to provide an opportunity for the sale of goods. Classes of exhibits were as diverse and as remote to 'Native' culture as laundry work (dress, collar, shirt), needlework (machine and handmade), fancy work (cushion cover and tea cloth), patchwork, thrift (including articles from flour bags or sugar pockets), knitting and crochet, and lacework (Titlestad, 1984). At Tigerkloof, an innovative attempt was made to broaden courses with training in the five areas of carpentry, masonry, tailoring, tanning and leatherwork in order to enable apprentices to set up as tradesmen. In 1931, the same institution also set up a tannery and a spinning and weaving department at Kuruman.

For girls, instruction in most mission institutions centred around the home with such courses as domestic science (cooking and laundry), housewifery, and needlework. Occasionally, additional courses of instruction were included in order to help girls earn a livelihood on

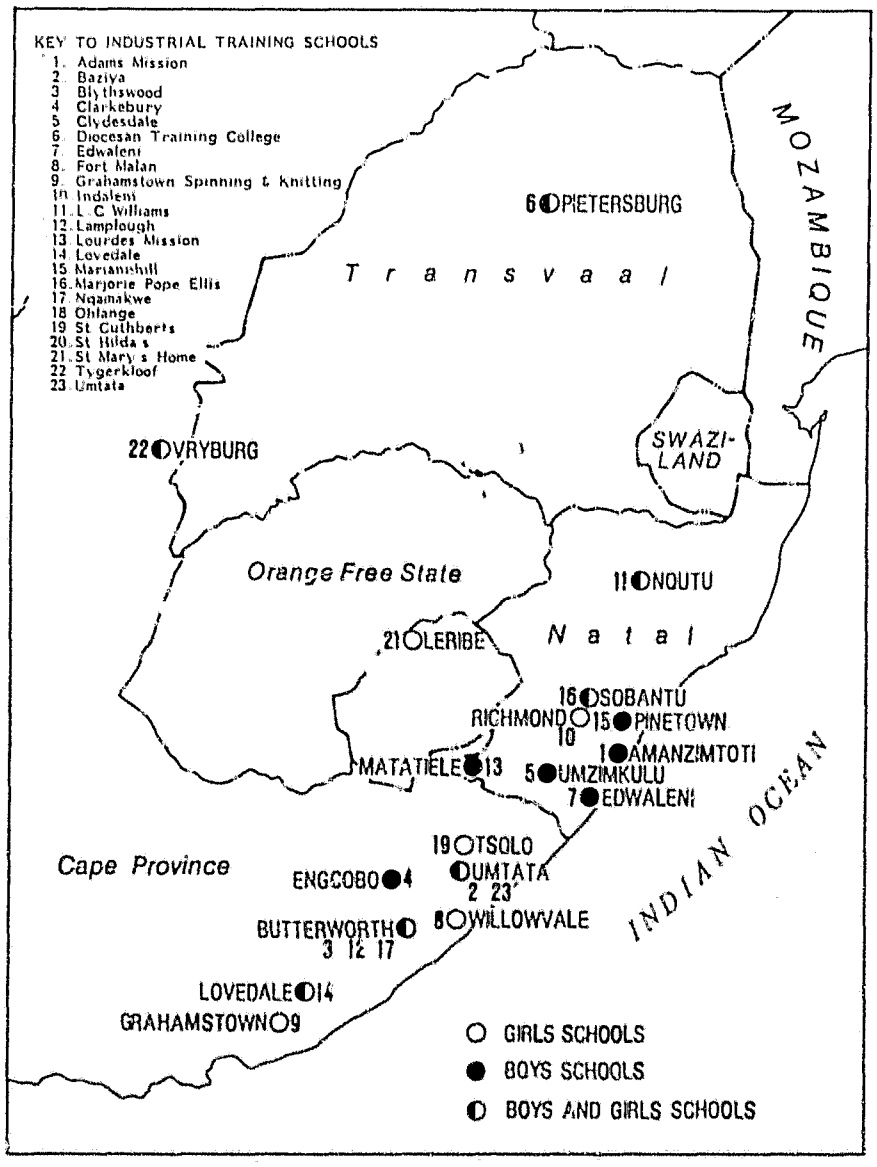


Fig. 3.1: The location of industrial training centres for boys and girls, 1936.

completion of their training. The most popular course in this respect was undoubtedly spinning and weaving which was undertaken at the majority of girls' institutions, *viz.*, Grahamstown Spinning and Weaving, Tigerkloof, St Cuthbert's, Lamplough, St Hilda's and Indaleni, and some industrial departments such as Nqamakwe and Fort Malan. At certain institutions where spinning and weaving was not taught, the value of the

craft was recognized and attempts were made to include it among the other school courses. A number of spinning and weaving institutions were also started as private ventures. Most notable were the schools for Zulu children which operated in Natal as private ventures.[36] Beyond spinning and weaving another craft commonly taught at mission schools for both boys and girls, was basket-making. The most distinguished institutions specialising in this handiwork were the Moravian Mission (also known as Tembuland Industrial School) and the two schools to which it gave rise, *viz.*, Transkeian Industrial School and Clydesdale. Other schools which included basket-making in their curriculum were Mariannhill, St Cuthbert's, Lourdes Mission, Adam's Mission and Lovedale Institution.[37]

The marketing of African-produced goods was actively supported by the Education Departments of the various provinces who subsidised and helped in the organisation of exhibitions and shows for the sale of goods. In this, the Departments followed the suggestion made by various instigators of African industries, including the Association of Heads of Native Institutions, to the effect that the Native Affairs Department should organise depots for the sale of African craft work. Accordingly, it became government policy to render full support to agricultural shows where the demand for articles would indicate the kinds of handiwork with remunerative potential.[38] Private organisations also were involved in marketing African products. For example, *The Bantu World* newspaper staged trade exhibitions in Johannesburg [39] and in Cape Town, the South African Women's Industrial Union undertook the marketing of goods.[40]

Where apprentices were themselves unable to sell or utilize the goods they produced, some industrial institutions undertook the purchase and sale of such articles. Especially in the case of spinning and weaving schools, trainees, after serving apprenticeships, left with a spinning wheel and set of carders with which to work on a casual basis at home. Any wool produced was brought to the school for supervision and sale.

As far back as 1918 St Cuthbert's Spinning and Weaving school had over a dozen women working in this way in their own homes and bringing over £1 worth of work for sale quarterly.[41] St Hilda's and Indaleni Spinning and Weaving schools similarly purchased spun yarn from trainees "at a price which offers a livelihood to the spinner."[42] The vagaries of the tourist trade on which the centres often relied, did not always make these transactions a "paying proposition",[43] and the schools were often forced to undersell the products (Huss, 1936)

Missionary Involvement in the Promotion of Village Industries

The first steps to institute formal programmes of 'village industries' in the Reserves were undertaken by missionaries concerned that pupils, on completing their schooling, often had no means of earning a livelihood. A common feature of colonial education in South Africa was an emphasis on "a book education" in relation to more practical work (Hunter, 1933, p.92). Accordingly, a common complaint among advocates of African crafts was that "much of the educational instruction given to pupils in schools is divorced from the processes by which life in the villages or African townships ... keeps itself going" (Dumbrell, 1936, p.139). A consequence of this was that it created in the people "new wants in the way of food, clothes and many oth' things without giving them a suitable means of supplying these wants".[44]

The poverty of vocational instruction in schools led various proponents of African industry to disclaim altogether the practice of indigenous crafts. One Lovedale missionary wrote in 1916 that there had been practically no development of Native village industries during the past 23 years,[45] an observation echoed by the Rev. A.J. Haile, principal of Tigerkloof, who averred that "there are no outstanding Native crafts or industries in South Africa ... whereby an appreciable number of people earn a living or for which the country is famous" (Haile, 1936, p.150).

The only African industrial activity acknowledged to exist was in the "African backveld, far away from civilisation, and with no prospects for development" as the work remained "simple, crude, backward and static" (Huss, 1936, p.111). These views were held despite evidence to the contrary of specialised craftsmen who supplied the wants not only of their own people but also of 'Europeans'. Reports dating as far back as 1879 reviewed favourably the diversity of manufacturing activities pursued by Africans in Natal. Such activities included the making of mats, baskets, earthenware and wooden pots, assegais, a variety of ornaments made of beads, bones and copper wire, bricks, pipe-bowls, articles of clothing, patchwork and even packages of monkey and cat skins. Trading of goods also took place between the African industrialists and the colonists with one particular industrial group near the Umgeni River earning a reputation throughout Natal for the superior quality of the weapons it produced.[46] In addition it was noted that "in some areas, more especially those through which a main railway line passes, the native population ... does a fair amount or (*sic.*) haphazard trade with passing voyagers in such articles as pottery, basketware, woodcarving, beadwork, wirework, leatherwork, etc." (Lestrade, 1928, p.156).

The supposed absence of any craft industries among the Africans was explained by a number of colonial and paternalistic views. Of these views the most commonly expressed were Africans' nomadic lifestyle which precluded the development of stable industries, their "natural indolence and lack of initiative" (Haile, 1936, p.150) engendered by a temperate climate which "did not compel the natives to work as hard as the Europeans" (Huss, 1936, p.109), superstitious beliefs which suppressed the development of any "inventive genius",[47] an inability to exploit natural resources, and isolation from "more advanced races" capable of providing them with models for imitation (Huss, 1936, p.109). Above all, educationalists attributed Africans' alleged "neglect" of the marketing possibilities of their own handicrafts to "... sheer inertia, as the

making of their own articles takes too much time or costs too much trouble" (Lestrade, 1928, p.156). Although it was conceded that the introduction of cheap manufactured goods had slowly undermined and eventually destroyed the old genuine African arts and crafts, the degree of foreign influence was attributed to the Africans' "very little pride in any ancient tradition (or) national costume" which meant that they raised "no protest against an imposed civilisation" (Haile, 1936. p.150).

Despite the discouraging picture painted of African industries, missionaries and educationalists nevertheless wished to stimulate such endeavours in order "to promote the spiritual, moral and economic well-being of our Native friends" (Haile, 1936, p.151). To this end it was proposed to introduce village industries which might occupy "with useful work" a people regarded as having "plenty of time but no money".[48] The perceived benefits deriving from these industries were viewed as considerable. African occupation in craft work was envisaged to "do its fair share both in building up the right kind of tribal and racial pride ... and (divert) into sober channels of constructive work the aims and aspirations which so easily degenerate into empty talk or mischievous chauvinism".[49] Other justifications for the encouragement of African industries were that it enabled Africans to sell the product of their labour rather than their labour-power, was in the interests of the nation "to diversify its type of life", would create a middle-class, and put to economic use the abundant raw materials available in the Reserves (Anon, 1931; Haile, 1936, p.151). Further anticipated advantages were that African purchasing power would be increased (Anon, 1931), the labour force become more stable (Anon, 1921), and unrest minimized.[50] Above all, state officials were to be seduced by the prospect that the development of village industries would contribute to voluntary racial segregation.[51]

Missionary authorities throughout the first quarter of the twentieth century submitted proposals to the Native Affairs Department for the fostering of African home industries based on the same principles as those in Asia where village crafts had been pursued for generations under very simple conditions. It was suggested that government appoint an officer to study village industries overseas[52] and bring to South Africa craftsmen from India and China who, it was assumed, were "accustomed to live on a scale equivalent to that of the Natives" and therefore "accept small salaries and be content to work and live in huts" (Hunter, 1933, p.93). Craftsmen from these foreign countries would teach such industries as the tanning of pelts, wool for floor rugs, wicker-work, pottery, the making of straw and Panama hats, lace-making, wood-carving, and metal hammering.[53] An essential requirement for the scheme was a thoroughly competent 'European' supervisor responsible for organising the output, overall standards and marketing of the goods produced.[54] The necessity of placing a White expert as supervising instructor and business manager of any African handiwork production or training programme was stressed on more than one occassion. The head of Baziya Mission industrial school, W. Blohm, towards the end of the 1930s, still considered that the establishment of any craft industry could not "be left to the native people themselves for a long time to come".[55]

An important condition in the promotion of home industries was that the articles produced should not compete with machine-made products. For this reason the industries selected should as far as possible "be intended to meet native requirements."[56] It was argued that "so long as the industry of natives is confined to the production of articles for consumption by natives themselves there can be no legitimate grievance for the complaint that such an industry is competing unfairly with that of Europeans".[57] Homecrafts specifically intended for African use also had the added advantage of keeping Africans on the land, "their natural environment" (Huss, 1936, p.104). According to this argument 'Natives'

were "naturally best equipped for a rural life" and no attempts should be made to "estrange them from their native soil".[58] On the basis of this reasoning the production of 'curios' was considered a particularly suitable industry insofar as it would satisfy both African and White needs without threatening the latter's interests. It was suggested that goods from this category possess "features of distinctive Native character and artistic merit" (South Africa, Union of, 1932, p.27) which would enhance the natural character of the articles and add to their value and their 'uniqueness'. Again the role of White supervision and organisation was stressed as the supply of articles by Africans was said to be "haphazard, irregular, unstandardized and heterogeneous in quality".[59]

Proponents of village industries were not unaware of the problems facing the development of such rural undertakings. Most of the difficulties identified related to the perceived "mental inferiority"[60] of the Africans, their lack of commercial resourcefulness (Haile, 1936), and unreliability in supporting their own craftsmen. More practical problems were their limited purchasing power, competition from factory-made articles and the possible restriction of the sale of goods outside the Reserves (Haile, 1936; Huss, 1936). By far the major obstacle to the development of village industries in the Reserves, however, was the threat posed by such industries to White enterprise. In the words of one government official,

> the real trouble ... is that no sooner do evidences of the natives' industry show themselves than the white man becomes alarmed and regards his province as being invaded, instead of using and developing the services which are available to his own as well as the general advantage.[61]

The issue of African competition with White industry was to be a recurrent theme in the development of African industry and a pervasive influence upon the formulation of government policy with regard to African trades and training.

Government Participation in the Establishment of Village Industries

The government's response to the idea of introducing village industries in the Reserves was, at first, negative. In the Secretary of Native Affairs' opinion, the proposals, though "admirable", did not bear much scope for development as the perceived "apathy and conservatism of the Native character" militated against the success of any such scheme.[62] Under conditions of increasing rural impoverishment in the Reserves, however, government towards the end of the 1920s was forced to give more serious consideration to the establishment of industries in the rural areas. In order to decide on the most appropriate kinds of industries, information relating in particular to the [illegible], cotton, leather and furniture making industries was requested from countries as diverse as Egypt, India, Nigeria and even the United States. On the basis of replies obtained from these sources it was felt that industries financed by White or government capital, could be established for the manufacture of cotton goods and woollen blankets.[63]

To this end, Tigerkloof, on the basis of possessing the available plant, instructors, and apprentices, was approached with the object of starting carpet-making as a home industry among rural Africans.[64] It was felt that the venture could be a commercial proposition if undertaken in an African area and with Tigerkloof providing a suitable person to take charge and a certain number of apprentices.[65] According to Haile, there were two options for following the scheme: the creation of factories for piece-workers, and the development of craft centres in the villages. The former option entailed the establishment of a training centre for experts who would be sent out to organise and control local centres of industry employing workers under factory conditions.[66] As an established training institution, Tigerkloof was to serve as such a centre.[67] The homecraft idea ran on similar lines except that advisors from the centre would have

to follow up in their homes those more inclined to individual or community work. Products would be forwarded to the marketing centre where they would undergo the same standardisation tests as the factory-produced goods. Although village industries had the advantage of absorbing the pupils currently being trained in the institutions in special crafts, it was felt nevertheless that "the factory idea is more feasible because ... the native worker is lacking in initiative, but will accept work as cash-paid employee."[68]

Tentative proposals for initiating industrial work centred on the establishment of a handpower factory in Mafeking and a selling depot in Johannesburg. The factory would comprise a shed with the necessary equipment, and a White officer in charge. Funds to cover the workers' piece-rate payments and the initial capital outlay were to be arranged by the local council until a factory fund could be built up. Suggested lines of production were for handmade cloths, leatherwork, handmade carpets, hats, table-mats, skin rugs and blankets, all of which had to be "peculiarly South African".[69] The aim of the factory would be to take on apprentices who, on completing their training, would either continue working there or, independently, sending the manufactured articles back to Mafeking for inspection and transmission to the Johannesburg depot for sale.[70]

The industry scheme was not pursued further, and Haile was impelled to write to the Secretary of Native Affairs reminding him of the scheme which would assure employment to the girls at Tigerkloof once they had completed their course.[71] Haile's concern for the continuance of the proposed venture arose from the fact that progressively fewer girls were enrolling for the spinning and weaving course, and those currently being trained had difficulty in paying their fees because of the irregular market for the articles.[72] The reply from the Native Affairs Department, however, was that the scheme would be held in abeyance until 1935.[73]

Indeed, the factory scheme was still-born and there were no further developments towards initiating village industries for the prevailing economic climate of depression restricted official aid to all existing training institutions.[74]

Official interest in village industries in the Reserves was only revived with the investigation conducted in 1935 by the Board of Trade and Industries. Part of the Board's terms of reference was to survey the economic possibilities of introducing a variety of industries such as carpet-making and mat-weaving from sisal and other materials; the making of rugs, motor-car mats and other articles from sheep and animal skins; pottery, and carved woodwork.[75] In the course of its investigations the Board sought information relating in particular to the relative absence of typical African handicrafts, the kinds of articles most likely to find a market, advertising methods, and marketing.[76] In the suggestions received by the Board, the issue of competition posed by African undertakings to White enterprise was a key factor in moderating the kinds of industries that were eventually proposed for development. For example, suggestions for a basket-making and furniture industry to employ African trainees were based on the non-competitive nature of the products to be manufactured, even were these to be marketed in White areas.[77]

The Board's final recommendations were that carpet-making and mat-weaving, the making of grass baskets and furniture, and pottery could be developed into viable home industries provided that workers were under competent supervision to maintain a regular supply and uniform standard of goods. It was suggested that mission stations act as collecting centres for finished articles to be inspected by supervisors before forwarding to a central depot. For the successful functioning of the scheme it was necessary that there be co-ordination under a single person who would be responsible for training, production and marketing. Accordingly, one of the Board's recommendations was that a Director of

Native Home Industries be appointed by the Department of Native Affairs for organising the production and marketing of African home crafts (South Africa, Union of, 1937). With regard to instructors for the proposed home industries, St Cuthbert's and Tigerkloof schools would receive permanent financial support from the South African Native Trust to cover the salaries of instructors. Conditional upon this support, these institutions would become centres for instruction in spinning and weaving under the supervision of the Director of Native Home Industries. Instructors in the making of wicker and grass baskets and furniture at Baziya industrial school and in pottery-making at a kiln to be established near Port St Johns, would be appointed subject to the same considerations. Finally, the Board recommended that an annual grant of £3 300 be supplied for payment of home craft instructors and supervisors in the Reserves, and for marketing expenses (South Africa, Union of, 1937).

Outcome of Proposals for Village Industries

The government's attempts to act upon the Board's recommendations were of limited effect. In accordance with the Board's suggestions, the grant to St Cuthbert's and to Baziya industrial school was increased, but with respect to the latter training centre, the Native Affairs Department retracted its decision to augment the subsidy and the additional funds already allotted to the school had to be returned.[78] Indeed, only Tigerkloof institution appears to have benefited from the Board's proposals, being furnished with an annual sum of £750 for training Africans in industries considered suitable for rural areas.[79] The specific objective of the grant was to allow Tigerkloof to function both as an experimental production and marketing centre in crafts connected with wood, skin and wool, and that it start subsidiary industries in those areas of the Reserves where the market for goods had been tested.[80] To this end it was proposed to arrange for a certain number of ex-apprentices

to remain at the institution for an extra year, working under ordinary workshop conditions and remuneration on a piece-work basis. These trainees would then be released for work in their own home centres where they would continue their occupations on an individual basis. Any articles produced would be sent to Tigerkloof for standardisation and marketing.[81] It was also hoped to arrange for a supervisor to travel amongst ex-pupils encouraging and advising them as well as taking a general interest in their communities.[82]

Although the Native Affairs Department sanctioned and even supported the scheme for African industries, this approval was not shared by all government bodies. An official of the Labour Department had serious reservations about the competitive potential of the scheme and warned the prinicipal of Tigerkloof to:

- proceed with as little publicity as possible in so far as is concerned the development of industries likely to compete with European industries
- do not ask for official sanction lest it should lead to counter-action by the Minister of Native Affairs giving a grant for developing Native industries likely to compete with European industries
- specialise most on lines not likely to become competitive with European factories.[83]

Emphasis on the racial character of African industries was echoed by the Native Economic Commission of 1930-1932 which stressed the need in the Reserves for progress along "agricultural and pastoral" lines, which in turn would give rise to the establishment of *purely Native* industries (South Africa, Union of, 1932, p.26).

The need to avoid competition with White enterprises ultimately assured the failure of the schemes for the establishment of home industries in the Reserves. Only two small ventures, a tannery at Kuruman and a carpenter's shop at Mafeking, resulted from the plans to use Tigerkloof as an industrial base for home industries.[84] Spinning and weaving crafts in particular, had poor income-earning potential and were not thought to warrant the expense of training departments.[85] According

to Haile, craftwork was only practised by a few African experts and attempts to turn these skills into more widespread activities received little support from the rest of the community. Moreover, there was not much hope of 'imposing' trades in the Reserves because the consequence of taste-transfers was a preference for machine-made rather than indigenous articles. The lack of enthusiasm shown by Africans for village industries prompted Haile to declare "I cannot see an African earning a living in a reserve or Native township by means of any primitive African craft."[86] Other arguments in this vein were that Africans pursued their craft spasmodically and according to the needs of the moment, that they had no feeling for craftsmanship,[87] and that upon being presented with opportunities for improving themselves, refused to learn.[88]

One of the main reasons home industries did not achieve marked success, was that the goods produced were ostensibly directed to the luxury market in the White areas and to the immediate vicinity of the production centre in the Reserves, neither of which markets constituted a very great demand. It was reported of certain arts and crafts that "there is a danger that the exceptional ability of certain families of certain tribes in pottery making and the art of basket and mat weaving may receive a serious setback at a time when there is no demand for these articles".[89] At Tigerkloof, the demand for spinning and weaving goods by the 1930s had declined to the extent that its continuation was not justified as an industry for girls.[90] In similar fashion, St Cuthbert's was reported to be making very little profit and that the number of girls employed was "very low".[91] The position with regard to village craft schools was worse as these were commonly working at a loss.[92] In view of the problems entailed with marketing the craft goods, it was advocated by the Director of Native Agriculture that the Native Affairs Department arrange depots in cities for the exhibition and disposal of articles on behalf of workers.[93] Government was also urged to employ African craftsmen who would thereby at least be assured of a regular pay.[94] A conference on African education

in 1939 similarly exhorted the Native Affairs Department to employ Africans in that few opportunities existed for trained African artisans to earn an independent livelihood.[95] The government's attitude to these exhortations, however, was that home industries should be phased out altogether to make way for the fostering of more varied farming activities.[96]

* * * *

The major constraints affecting the development of early African manufacturers were external, deriving from attitudes and policies which governed the spread of African productive activities at the time. In the paternalistic attitude of missionaries and the colonial states the perceived poverty of rural African industrial enterprises was attributed to a number of internal constraints such as the lack of entrepreneurial ability, motivation, and organisational skills of the Africans. Such analyses ignore, however, the long tradition of African handicraft production and obscure the broader structural constraints which hampered the development of rural small-scale industry. Particularly debilitating to the growth of early African entrepreneurs was the repressive action taken by the colonial state in support of White enterprise to restrict the emergence of any African owned competing industry. Strikingly, on several occasions government halted the provision of funds to missionary institutions for the promotion of rural industries. The curbs on financial grants severely restricted the capacity and motivation of missionaries to assist small producers. Beyond the constraints of finance, the development of small-scale industries was further restrained by government prohibitions on marketing opportunities and the range of goods which could be produced.

The extent to which extraneous factors retarded the early growth and expansion of African rural activities lends credence to the views of those

researchers who suggest that the development of small-scale producers is largely the consequence of external rather than internal constraints. This is not to deny that African producers did not experience internal problems associated with organising and marketing their goods, but these difficulties could be have been overcome by acquired experience or suitable assistance. Ultimately, key difficulties were precipitated by the attitudes and actions of the colonial settler governments, concerned with defending White economic interests at the expense of African economic advancement. By the late 1930s the lack of economic development in the rural areas and their worsening conditions of impoverishment caused the state to reassess its attitude towards industrial development in the Reserves, a phase of industrial activity that will be considered next.

Notes to Chapter Three

[1] CACT, GH 23/28 No. 94, letter by R.H. Wynyard to the Secretary of State, London, 12/6/1869.

[2] University of the Witwatersrand, Historical Papers, Rheinallt Jones Collection, Box A394, C7/215-238, Rheinallt Jones, memorandum of evidence submitted by the principal of Tigerkloof Institution to the Commission on Native Education, 1949.

[3] The Natal Government Gazette, 1/10/1889.

[4] South African Native Affairs Commission 1903-1905, evidence, Vol. 3, p.820, Rev.F.Suter, Missionary, Natal.

[5] University of the Witwatersrand, Historical Papers, Rheinallt Jones Collection, Box A394, C7/215-238, Rheinallt Jones, Memorandum of evidence submitted by the principal of Tigerkloof to the Commission on Native Education, 1949.

[6] The Natal Government Gazette, 1/10/1889 and 1/2/1887. The Inspector of African education describes how boys attending the Ehlangeni school assisted in the construction of the local church, and also in making roads.

[7] Natal Native Affairs Commission 1906-1907, evidence, Mr Allan Wallace Leslie, Magistrate, Richmond, and Mr H. Stidston-Broadbent, Solicitor, Camperdown.

[8] NAP, Legislative Council, Natal, Third Session of the First Council, Document No.1, 1858, letter by T. Shepstone, Secretary for Native Affairs, to Rev. J. Allison, Edendale, 12/4/1858.

[9] NAP, Legislative Council, Natal, Third Session of First Council, Document No.1, 1858, letter by T. Shepstone, Secretary for Native Affairs, to the Lord Bishop of Natal, 28/5/1858.

[10] NAP, Legislative Council Natal, Third Session of First Council, Document No.1, 1858, letter by T. Shepstone to Rev. H. Pearce, 13/11/1858.

[11] Natal Native Affairs Commission 1906-1908, evidence, Mr H. Stidston-Broadbent, Solicitor, Camperdown.

[12] The Natal Government Gazette, 1/10/1889.

[13] NAP, CNC 273, file 1917/509, letter by L.E. Oscroft to the Minister of Lands, Pretoria, 11/8/1921.

[14] NAP, CNC 273, file 509/17/3, letter by the Chief Native Commissioner, Natal, to the Superintendent of Education, Pietermaritzburg, 27/6/1923.

[15] NAP, CNC 273, file 509/17/3, General Report on the Zulu National Training Institution, Nongoma, for the year 1927.

[16] CACT, GH 23/18, No.154, letter by H.G. Smith to the Secretary of State, London, 30/8/1848.

[17] The Natal Government Gazette, 16/2/1886; F.B.Fynney, Report of the Inspector of Native Education, 1885.

[18] The Natal Government Gazette, 16/2/1886, F.B. Fynney, Report of the Inspector of Native Education, 1885.

[19] Natal Native Affairs Commission 1906-1907, evidence, Rev. Richard M. Sikutshwa,

[20] Native Affairs Commission 1903-1905, evidence, Vol 2, p.658. F.H. Ely, School Inspector, Cape Colony,

[21] Natal Native Affairs Commission 1906-1907, evidence, Rev. Richard M. Sikutshwa.

[22] The Natal Native Government Gazette, 11/3/1890, Report of the Inspector of Native Education on the government industrial Native school, Zwaartkop location, 1889; Blue Book for the Colony of Natal 1891-2, Report of the Inspector of Native Education on the government industrial Native School, Zwaartkop location, 1892.

[23] South African Native Affairs Commission 1903-1905, evidence, Vol 3, p.239, Mr P.A. Barnett, Superintendent of Education Natal; Blue Book for the Colony of Natal 1891-2, Report of the Inspector of Native Education on the government aided Native schools, 1892. The inspector commented that parents were averse to sending their children for instruction in elementary industrial work, claiming that "if work is what the childern are to do they will find it for them at home".

[24] South African Native Affairs Commission 1903-1905, evidence, Vol 3, p.239, Mr P.A. Barnett, Superintendent of Education, Natal.

[25] Natal Native Affairs Commission 1906-1907, evidence, Isaac Mkhize, chief of the Amanbozane Tribe.

[26] South African Native Affairs Commission 1903-1905, evidence, Vol 1, p.408, Rev. Cannon S. Weigall, Missionary, Basutoland.

[27] Evidence to Natal Native Affairs Commission 1906-1907, evidence, Mr Samuelson, Under Secretary, Native Affairs.

[28] Natal Native Affairs Commission 1906-1907, evidence, Robert Plant, Inspector of Native schools, Natal.

[29] CAP, NTS 3/327 Part I, letter by the Secretary of Native Affairs to the Rev. J.G. Locke, Hon. Secretary and Treasurer, Association of Heads of Native Institutions, 9/10/1921.

[30] CAP, NTS 1/327, Meeting of the Transkeian Territories General Council (henceforth UTTGC), 26/4/1919.

[31] *Ibid*

[32] CACT, 1/UTA, Vol No. 6/1/5, file 2/24/2/4/1, Tembuland Industrial School, Baziya, Report on the work for the period January to June, 15/7/1938.

[33] CAP, NTS 1/327, Meeting of the UTTGC, 23/5/1921.

[34] CAP, NTS 1/327, letter by the Secretary for Native Affairs to the Chief Magistrate, Transkeian Territories, Umtata, 30/11/1921; E Garnett, chairman of Transvaal Home Industries Board, memorandum on suggested establishment of spinning and weaving as home industries for Natives.

[35] CAP, NTS 3/327 Part I, letter addressed to Mr Ferreira, 10/2/1928.

[36] Two schools in particular were known to be run on a private basis: one was started by Marjorie Pope Ellis in Pietermaritzburg (*Mercury*, 17/9/1938) and was later moved to Sobantu, and the other by Miss L.C. Williams near Nqutu (*Mercury*, 5/7/1937).

[37] CAP, NTS 3/327 Part I, letter by the Secretary of Native Affairs to the Chairman, Board of Trade and Industries, 14/5/1926.

[38] CAP, NAD 3/327 Part I, letter by the Chief Magistrate to the Secretary for Native Affairs, 27/10/1921.

[39] University of the Witwatersrand, Historical Papers, Records of the South African Institute of Race Relations (henceforth SAIRR), Part I, Box AD 175, Arts and Crafts, letter dictated by Rheinallt Jones to W. Howe, 20/2/1935.

[40] CACT, 1/UTA, Vol No.6/1/5, File 2/24/2/4/1, letter by the Magistrate, Umtata, to the Priest-in-charge, Land's End Mission, 26/5/1939.

[41] CACT, PAE Vol No.224, file E1/9, memorandum on St Cuthbert's English Church Native School, Tsolo: Spinning and Weaving Department, (undated).

[42] CAP, NTS 1/327, letter by D. Malcolm, Acting Chief Inspector of Education, to the Chief Native Commissioner, Pietermaritzburg, 11/10/1921.

[43] CAP, NTS 1/327, letter by E.M. Locke, principal of St Hilda's, to the Secretary for Miners and Industries, Pretoria, 20/10/1921.

[44] CAP, NTS 3/327 Part I, letter by D.A. Hunter to N.F. de Waal, 27/10/1916.

[45] *Ibid*

[46] Blue Book on Native Affairs, 1879-1882.

[47] *Ibid*

[48] CAP, E5/7/11, letter by G.Papp to the Secretary, Union Department of Education, 10/2/1937.

[49] CAP, NTS 3/327 Part I, letter addressed to Mr Ferreira, 10/2/1928.

[50] CAP, NTS 3/327 Part I, letter by J.G. Locke to Mr Garthorne, 19/9/1921.

[51] CAP, NTS 3/327 Part I, unsigned memorandum, 15/5/1921.

[52] CAP, NTS 3/327 Part I, letter by D.A. Hunter to N.F. de Waal, 27/10/1916.

[34] CAP, NTS 1/327, letter by the Secretary for Native Affairs to the Chief Magistrate, Transkeian Territories, Umtata, 30/11/1921; E Garnett, chairman of Transvaal Home Industries Board, memorandum on suggested establishment of spinning and weaving as home industries for Natives.

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[36] Two schools in particular were known to be run on a private basis: one was started by Marjorie Pope Ellis in Pietermaritzburg (*Mercury*, 17/9/1938) and was later moved to Sobantu, and the other by Miss L.C. Williams near Nqutu (*Mercury*, 5/7/1937).

[37] CAP, NTS 3/327 Part I, letter by the Secretary of Native Affairs to the Chairman, Board of Trade and Industries, 14/5/1926.

[38] CAP, NAD 3/327 Part I, letter by the Chief Magistrate to the Secretary for Native Affairs, 27/10/1921.

[39] University of the Witwatersrand, Historical Papers, Records of the South African Institute of Race Relations (henceforth SAIRR), Part I, Box AD 175, Arts and Crafts, letter dictated by Rheinallt Jones to W. Howe, 20/2/1935.

[40] CACT, 1/UTA, Vol No.6/1/5, File 2/24/2/4/1, letter by the Magistrate, Umtata, to the Priest-in-charge, Land's End Mission, 26/5/1939.

[41] CACT, PAE Vol No.224, file E1/9, memorandum on St Cuthbert's English Church Native School, Tsolo: Spinning and Weaving Department, (undated).

[42] CAP, NTS 1/327, letter by D. Malcolm, Acting Chief Inspector of Education, to the Chief Native Commissioner, Pietermaritzburg, 11/10/1921.

[43] CAP, NTS 1/327, letter by E.M. Locke, principal of St Hilda's, to the Secretary for Miners and Industries, Pretoria, 20/10/1921.

[44] CAP, NTS 3/327 Part I, letter by D.A. Hunter to N.F. de Waal, 27/10/1916.

[45] *Ibid*

[46] Blue Book on Native Affairs, 1879-1882.

[47] *Ibid*

[48] CAP, E5/7/11, letter by G.Papp to the Secretary, Union Department of Education, 10/2/1937.

[49] CAP, NTS 3/327 Part I, letter addressed to Mr Ferreira, 10/2/1928.

[50] CAP, NTS 3/327 Part I, letter by J.G. Locke to Mr Garthorne, 19/9/1921.

[51] CAP, NTS 3/327 Part I, unsigned memorandum, 15/5/1921.

[52] CAP, NTS 3/327 Part I, letter by D.A. Hunter to N.F. de Waal, 27/10/1916.

[53] CAP, NTS 163/327, Memorandum on Native Industries by D.A. Hunter, (undated).

[54] *Ibid*

[55] CACT, 1/UTA Vol 6/1/5, file 2/24/2/4/1, Report on Tembuland Industrial School, Baziya, Umtata, for the period January to June 1938, W. Blohm, 15/7/1938.

[56] CAP, NTS 3/327 Part I, memorandum by Percy Coleman on the establishment of native village industries, 21/12/1916.

[57] CAP, NTS 3/327 Part I, memorandum by J.S. Allison, (undated).

[58] *Ibid*

[59] CAP, NTS 3/327 Part I, letter addressed to Mr Ferreira, 19/2/1928.

[60] CAP, NTS 3/327 Part I, memorandum by J.S. Allison, (undated).

[61] CAP, NTS 3/327 Part I, Report by Edward Dower, (undated).

[62] CAP, NTS 3/327 Part I, letter by the Secretary for Native Affairs to the Under Secretary for mines and industries, Pretoria, 20/8/1920.

[63] CAP, NTS 3/327 Part I, letter by the Director of Native Agriculture to the Secretary for Native Affairs: Equal pay for Europeans and Natives for equal work and industries arising out of agriculture, (undated).

[64] CAP, NTS 3/327 Part I, letter by R.W. Thornton to G.Papp, 8/6/1931.

[65] CAP, NTS 3/327 Part I, letter to the Secretary for Native Affairs, 12/3/1932.

[66] CAP, NTS 3/327 Part I, memorandum by G. Papp and A.J. Haile, 27/5/1932.

[67] School of Oriental and African Studies (henceforth SOAS), Archives of the Council of World Mission (henceforth ACWM), Box 35, Tigerkloof, letter by A.J. Haile to the Minister of Native Affairs, 24/8/1933.

[68] CAP, NTS 3/327 Part I, memorandum by G. Papp and A.J. Haile, 27/5/1932.

[69] CAP, NTS 3/327 Part I, memorandum on Industries, (undated).

[70] *Ibid*

[71] CAP, NTS 3/327 Part I, letter by A.J. Haile to R.W. Thornton, 15/4/1933.

[72] CAP NTS 3/327 Part I, letter by A.J. Haile to Major H.F. Herbst, 9/3/1933.

[73] CAP, NTS 3/327 Part I, letter by R.W. Thornton, Director of Native Agriculture, to Rev. A.J. Haile, 22/4/1933.

[74] CAP, NTS 163/327, Report of the Select Committee on Agricultural and Rural Development, Minute No. 54, 15/4/1932.

[75] CAP, NTS 163/327, letter by the Minister of Commerce and Industries to the Chairman, Board of Trade and Industries, 6/8/1935.

[76] CAP, HEN 2231, file 433/4, letter by the Secretary, Board of Trade and Industries, to Professor G.P. Lestrade, 7/5/1936.

[77] CAP, HEN 2231, file 433/4, letter by W. Blohm to the Secretary, Board of Trade and Industries, 20/5/1936.

[78] CACT, 1/UTA Vol 6/1/5, file 2/24/2/4/1, letter by G. Mead, Magistrate of Umtata, to the Rev. W. Blohm, (undated).

[79] University of the Witwatersrand, Historical Papers, Records of SAIRR, Part 1, Box AD 175, Arts and Crafts, letter dictated by Rheinallt Jones to W.H. Howe, 20/2/1935.

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CHAPTER FOUR

FROM STATE NEGLECT TO PROMOTION: RURAL SMALL-SCALE INDUSTRY, 1935-1986

The aborted attempts of the Union government at stimulating small-scale industries in the Reserves left unresolved the problems of declining economic conditions in the areas. During the 1930s, however, government attention turned away from small-scale industry to consideration of the possibility of establishing large-scale industries in the rural areas. By concentrating on large-scale production it was hoped to provide for maximum utilisation of the rural areas' raw materials, and mass employment opportunities. Consequently, the efforts of the government throughout much of the period from 1935 to the 1960s were focused on encouraging large-scale enterprises in the Reserves as an 'instant' solution to their economic problems. Only towards the end of the 1960s, when the several programmes of encouraging large-scale industry in the Reserves were acknowledged as having produced disappointing results, did government renew its attention on small-scale production.

Set out in this chapter is an examination of the state's growing involvement between 1935-1970 in the establishment of large-scale industries in the Reserves, as a necessary prerequisite to an understanding of the government's post-1970 reconsideration of small-scale production. The documentation of factors contributing to the forgotten years of existence of small-scale industries in the Reserves begins by returning to the investigation of the Board of Trade and Industries in 1935 which served to focus state attention on the impoverished conditions in the Reserves, and highlight the imperative for industrial development. The outcome of the Board's proposals in terms

of industrialising the rural Reserves is also considered. Attention then turns to the appointment by the government of two investigating committees seeking to identify the essential problems and potential solutions surrounding industrial growth in or near the rural Reserves. The result of the enquiries was the decision to implement a policy of industrial decentralisation by which it was hoped to develop the country's border areas, attracting private investors both locally and from abroad. The chapter concludes with a consideration of the renewed concern for small-scale industries in the 1970s as this was reflected in the encouragement of handicraft production and the establishment of development corporations aimed at promoting small-scale activities in the re-styled Bantustans or Homelands.

From Small-Scale to Large-Scale Reserve Industries

The first attempt of the Union government at initiating formal industrial concerns in the Reserves occurred in 1935 through the Board of Trade and Industries (BTI) investigation into the Establishment of Industries in Native Territories. The investigation was arranged largely as a result of representations made by the United Transkeian Territories General Council (UTTGC), and occurred at a time of severe economic depression in the rural Reserves which were experiencing unprecedented levels of unemployment and declining conditions of agricultural productivity. In 1932 the UTTGC, in an effort to revive the economic situation in the Reserves, adopted a resolution requesting the government, through the Board of Trade and Industries (BTI), to investigate the economic possibilities of establishing industries in the rural areas. Some of the industries specifically mentioned for the Board's attention were a tannery, boot and shoe, soap and candle, rubber, and paper manufacturing concerns (South Africa, Union of, 1937). It was hoped that such industries would develop and use local raw materials.[1] The Department of Native Affairs endorsed the resolutions taken by the

Council but only towards the end of 1935 was the Board in a position to attend to the matter. In particular the Board was required to report upon:

- in the Transkeian Territories, the meat-processing, tanning, boot and shoe, soap and candle, rubber, and paper manufacturing industries,
- in Bechuanaland (which referred to the districts of Mafeking, Vryburg, Taung and Kuruman), carpet-making and the weaving of mats and other articles from sisal and related materials, the making of rugs, motor car mats and similar products from sheep and wild animal skins, pottery and carved woodwork,
- the potential for additional industrial activities in both territories,
- the facilities or support which might be accorded by the government to such industries, and
- any other matters brought to the Board's attention in the course of the inquiry.[2]

In authorising the investigation the Minister of Native Affairs stipulated that plans for industrialising the Reserves be followed "without detriment to existing industries in the Union, which not only efficiently serve the demands made upon them, but which also provide employment for very large numbers of Natives".[3] The need for precautions against the competitive threat of Reserve-based enterprises was once again a principal issue on the Board's agenda during the enquiry, and the need for caution was reiterated by the chairman at the start of the proceedings when he stressed that "you cannot go too far in the direction of developing industry to the detriment of industries outside".[4] Accordingly, many of the proposals received by the Board for establishing industries in the Reserves stressed the non-competitive nature of the undertakings. A suggestion for an extensive cotton industry in Northern Zululand was made on the basis that "there was at present no cotton

industry in South Africa (and therefore) such an industry would not be in competition with any European concern".[5] The same preoccupation with the possible competitive threat posed by African industries influenced General Smuts's suggestions for industrial development in the rural Reserves when he visited the areas in 1935. With the important caveat that "... any Native industries do not conflict with established European industries in the Union", he foresaw opportunities for the manufacture of agricultural implements, furniture, woollen blankets and rugs, leather goods, and pottery. The favourable prospects for such industries were based on readily available land, power, and the unskilled and semi-skilled labour of the Africans who were regarded as being "more or less 'dressed' or civilised... and would readily take to industrial employment".[6]

Notwithstanding the Board's emphasis on investigating *non-competitive* industries, plans to establish industries in the Reserves considerably alarmed representatives of private enterprise who felt that their interests might thereby be undermined. At a meeting of the BTI held in Kingwilliamstown with members of th ndustrial Development Association, Parliament, and various other organisations, it was claimed that some of the industries mentioned in the Board's terms of reference, *viz.*, tanning, boots and shoes, and soap and candles, were already vital components in the town's economy. Grounds for concern were that "if it's purposed (*sic.*) to start industries in the Transkei with a cheaper labour than it is possible to utilise in the province, it can only have one effect and that will be to put our industries out of court altogether."[7] In allaying these fears of competition the Board assured the meeting, and subsequently stressed to African representatives during the course of its investigations, that the inquiry in no way committed the government to any policy concerning industries in the Reserves but that the state was merely acquiescing to the General Council's request.[8] The chairman of the Board explained further that it was not the Board's intention to recommend any industry likely to "become a menace to established

industries in the country" and that for this reason the motion as presented by the Native Affairs Department had been modified to include "simpler" industries than those suggested by the Transkeian Council.[9] By this, the chairman of the Board of Trade and Industries referred to the Transkeian Council's specifications for the investigation of large-scale industries such as a tannery and footwear concerns, and the Native Affairs Department's counter recommendations that more basic home industries, such as handicraft production, be considered. Other suggestions for 'simple' industrial activities which the Board declared it had received were for the tanning of pelts and the production of associated goods, tooling of leather, wool for floor rugs, and basket and pottery making. All these suggestions, it was said, were made by those "... interested in the progress of the native" without letting it "encroach on established industry".[10] The Board's adherence to the interests of 'European' enterprise was emphasized as it was felt "inequitable to offer lower wages as an inducement to the establishment within the Reserves of industries that will compete with existing enterprises in other parts of the Union" (South Africa, Union of, 1937, p.17). Moreover, it was also emphasized that any forms of encouragement for industrial development in the Reserves should apply only to factories producing commodities not already being manufactured in the Union (South Africa, Union of, 1937).

The question of competition with White business was an ever prevalent consideration throughout the Board's deliberations and one of the motivating factors for the Board's limited proposals concerning large-scale industries in the Reserves. Thus, the BTI's recommendation for a meat-canning factory in the Transkei was made on the basis not only of the industry's employment-creating potential and marketing opportunities in the Reserves, but also because it "would not come in competition with existing interests, which produce on a small scale more expensive types of tinned and potted meats" (South Africa, Union of, 1937, p.19). In similar fashion it was believed that the competitive effect

of the tanning and footwear industries was not such as to threaten existing production in the Union. Accordingly, the Board approved the establishment in the Reserves of a tannery, and boot and shoe factory, in conjunction with a meat-canning factory, as well as two small tanneries in central Bechuanaland. Suggestions for the development of soap and candles, rubber and paper production were not considered viable propositions in view of the lack of appropriate raw materials. Greater optimism was expressed by the Board over the prospects of developing home industries in the rural areas. Concerning this issue the Board's proposals included the encouragement of ordinary homecrafts such as spinning and weaving, pottery and basket-making, as well as providing wood-workers in the Transkei with credit facilities for the purchase of seasoned wood. It also recommended the establishment of a pottery kiln adjacent to the clay deposits near Port St Johns, the appointment of a director of home industries, and the provision by the South African Native Trust of £3 300 per annum for the payment of instructors in spinning and weaving, the making of grass and wicker articles, and pottery (South Africa, Union of, 1937). As already indicated in Chapter Three the success of the proposals was extremely limited and government turned its attention progressively to the issue of establishing large-scale industries in the rural areas.

In respect of establishing large-scale enterprisesin the Reserves, the Board's recommendations were discouraging. The rural Reserves were viewed as lacking raw materials, favourable geographical location, transport facilities, and industrially trained labour (South Africa, Union of, 1937). Effectively, these claims by the Board negated the optimistic hopes previously entertained by proponents of African industries concerning the developmental potential of the Reserves. The Board's discouraging solutions to what it described as the "abject poverty"[11] of the rural territories attracted the attention of a critical press who averred that the home industries so strongly recommended by the

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Name of thesis Small-scale industry in black South Africa 1987

PUBLISHER:
University of the Witwatersrand, Johannesburg
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