

BANTUSTAN INDUSTRIALISATION

with specific reference to the Ciskei 1973 - 1981

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Thesis submitted in fulfilment of the requirements of the degree of Master of Arts in the Department of Economic History, Faculty of Arts, University of Cape Town, May, 1984.

UNIVERSITY OF CAPE TOWN
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CONTENTS

List of Tables	iv
Abbreviations	vi
Acknowledgements	vii
Map : Ciskei Magisterial Districts	ix
Map : Ciskei (Development projects & resettlement)	x
INTRODUCTION	1
CHAPTER 1	8
✓ INDUSTRIAL DECENTRALISATION PLANS AND POLICIES 1955 - 1982	
1. Background and Early History 1936 - 1954	9
2. The Tomlinson Commission and its Aftermath 1955 - 1959	10
3. The Border Areas Programme 1960 - 1968	15
4. The Turnabout on Bantustan Industrialisation	17
5. The National Physical Development Plan - 1975	19
6. The Second Plan - The R.D.P., 1982	21
Q CHAPTER 2	27
✓ POLITICS AND ECONOMICS IN STUDIES OF INDUSTRIAL DECENTRALISATION - A REVIEW	
1. Professor Lombard's Contribution	28
2. Trevor Bell's Contribution	32
3. The Balance-Sheet Approach	35
4. Marion Lacey's Radical Critique	38
5. Nolutshungu's Revision	42
6. Economics, Politics and Periodisation	45
Q CHAPTER 3	54
ECONOMIC INTERVENTION IN THE BANTUSTANS: CONCRESCENCE AND CONTRADICTION IN STATE POLICY AND PRACTICE	
I CRISIS AND RESTRUCTURING - FROM RESERVES TO BANTUSTANS	
1. The Role of the State	55
2. Situating the Crisis of the Reserves	61
3. The Causes and Nature of the Crisis	64

II	ECONOMIC INTERVENTION IN THE BANTUSTANS	
	1. Agricultural Betterment Schemes	73
	2. The Bantustan Trader Programme	77
	6 3 Bantustan Industrialisation	79
III	INDUSTRIAL DECENTRALISATION AND BANTUSTAN INDUSTRIALISATION - THE INSTITUTIONALISATION OF CONTRADICTION.	84
	CHAPTER 4	100
	7 POLITICS AND ECONOMICS IN THE HISTORY OF THE CISKEI	
	1. The Ciskei in the Nineteenth Century	100
	2. The Hidden Half Century - 1900 - 1950	107
	8 3 From Bantu Authorities to Independence 1951-1981	112
	CHAPTER 5	121
	4 DEMOGRAPHIC CHANGE AND POLITICS IN THE CISKEI	
	1. Population Growth 1970 - 1980	121
	2. Sources of Resettled People	123
	3. The Sites of Relocation	128
	4. Social Cohesion and Disintegration in the Ciskei	129
	5. The Undermining of Social Control	131
	6. The New Chiefs	138
	CHAPTER 6	149
	5 INDUSTRIALISATION AS A FORM OF ECONOMIC INTERVENTION IN THE CISKEI	
I	AGRICULTURAL SCHEMES - FROM BETTERMENT TO THE CISKEI MARKETING BOARD	
	1. Betterment in the Ciskei	149
	2. Model Projects of the 1970s	151
	3. The Ciskei Marketing Board	157
II	THE CISKEI NATIONAL DEVELOPMENT CORPORATION	
	1. The C.N.D.C. and Commerce	159
	2. The C.N.D.C. and Home Loans	162
	6 3 The C.N.D.C. and Industry	164
III	THE DEVELOPMENT OF INDUSTRY IN THE CISKEI	
	B 1 Industrial Development in East London and the Ciskei	168
	2. The Beginnings of Industrialisation in the Ciskei	170

3.	A new Type of Investment - Dimbaza Foundries	173
4.	Large South African Corporations in the Ciskei	175
5.	Foreign Investment in the Ciskei	176
6.	Production Patterns and Wage Rates	178
7.	Industrial Relations in the Ciskei	181
8.	Changing Occupational Patterns and Class Formation	185
EPILOGUE		214
APPENDIX A: Structures and Content of Incentives		220
BILLIOGRAPHY		225

LIST OF TABLES

2.1	Percentage Share of Industrial Employment Located in Metropolitan Regions 1938/9 - 1970.	48
2.2	Cumulative Investment in Agency System Enterprises (Excluding infrastructure).	49
3.1	Urban and Rural African Population 1911 - 1970.	89
3.2	African Population Distribution 1950 - 1980.	89
3.3	Number of Temporary Migrants Absent from the Rural Areas of South Africa on Census Day.	90
3.4	Percentage Distribution of African Population 1950 - 1980.	90
3.5	Agricultural Indicators for the Reserves in Selected Years.	91
3.6	Convictions Under Pass Laws for Selected Years.	92
3.7	Total Employment in Three Productive Sectors.	92
3.8	Unemployment in South Africa 1970 - 1981.	93
3.9	Growth in State Employment in Selected Bantustans 1973 - 1979.	93
5.1	African Population of the Ciskei - Comparative by Magisterial District 1970 - 1980.	142
5.2	Migrants and Commuters from the Ciskei in R.S.A. 1970 - 1981	143
5.3	Employment in the State Sector in the Ciskei 1973 - 1981.	144
6.1	Number and Type of Business Licences Issued in the Ciskei.	190
6.2	Cumulative C.N.D.C. Expenditure by 31/3/82.	191
6.3	Cumulative C.N.D.C. Expenditure on Housing Loans.	192
6.4	Private and C.N.D.C. Investment in "Agency" Industry 1974 - 1981 Cumulative.	193
6.5	Industry, Investment and Employment in Dimbaza by Agency System 1974 - 1981: Textile, Clothing and Labour.	194
6.6	Industry, Investment and Employment in Dimbaza by Agency System 1974 - 1981: Fabricated Metal Products, Machinery and Equipment.	195
6.7	Industry, Investment and Employment in Dimbaza by Agency System 1974 - 1981: Chemicals and Chemical Petroleum, Coal, Rubber and Plastic.	196
6.8	Industry, Investment and Employment in Sectors Not Confined to Dimbaza. Agency Basis: Wood and Wood Products.	197

6.9	Industry, Investment and Employment in Sectors Not Confined to Dimbaza. Agency Basis: Food, Beverages and Tobacco.	198
6.10	Industry, Investment and Employment in Ciskei, Sectors Not Confined to Dimbaza. Agency Basis: Non-Metallic Mineral Products.	199
6.11	Capital Investment and Employment in all Enterprises Established According to the Agency System, 31 March 1980.	200
6.12	Industries in the Ciskei 1981.	201
6.13	Average Weekly Wages for Black Workers, 1976.	203
6.14	Average Wages of Africans by Manufacturing Sector, East London Area, Cape Town Area, Durban Area, South Africa, 1976.	204
6.15	Occupations of "Xhosa" in the Ciskei 1970 and 1980.	205
6.16	Employment By Occupation in the Northern and Western Districts of the Ciskei 1970 and 1980.	206
7.1	Incentives for Decentralisation to King Williamstown and Umtata - June 1973.	222
7.2	Incentives for Decentralisation to King Williamstown etc. and Dimbaza etc. - April 1982.	223

ABBREVIATIONS

A.D.R.I.	The Agricultural Development Research Unit of the University of Fort Hare.
B.A.C.	Bantu Affairs Commission.
A.E.O.	Agricultural Extension Officer.
B.A.D.	Used as abbreviation for the Department of Bantu Administration and Development.
BENBO	Bureau of Economic Research re Bantu Development.
BENSO	Bureau of Economic Research re Black Development.
B.I.C.	Bantu Investment Corporation.
C.E.D.	Corporation for Economic Development.
C.L.A.	Ciskei Legislative Assembly.
C.M.B.	Ciskei Marketing Board.
C.N.D.C.	Ciskei National Development Corporation.
C.N.I.P.	Ciskei National Independence Party.
C.P.D.B.	Ciskei Peoples' Development Bank.
C.T.C.	Ciskei Transport Corporation.
e.a.p.	economically active population.
E.D.P.	Economic Development Programme.
I.D.C.	Industrial Development Corporation.
I.B.R.D.	International Bank for Reconstruction and Development. (World Bank).
K.R.S.	Keiskammahoek Rural Survey.
M.P.	Member of Parliament (used loosely for members of bantustan National Assemblies).
N.A.D.	Native Affairs Department.
N/d	No date.
n.e.a.p.	not economically active population.
N.P.D.P.	National Physical Development Plan.
P.W.V.	Pretoria, Witwatersrand, Vereeniging region.
S.A.A.W.U.	South African Allied Workers Union.
S.A.B.T.	South African Bantu Trust.
SALDRU	Southern Africa Labour and Development Research Unit.
S.A.D.T.	South African Development Trust.
S.A.N.T.	South African Native Trust.
S.P.P.	Surplus Peoples Project.
T.B.V.C.	Transkei, Bophuthatswana, Venda, Ciskei.
X.D.C.	Xhosa Development Corporation.

ACKNOWLEDGEMENTS

Having been a thesis in process off and on for several years, I have accumulated a great number of debts along the way. I cannot list them all here, but some I must.

First, I must thank Mr Richard Proctor-Sims and Professor George Quail for allowing me access to the evidence accumulated by the Quail Commission in the course of its inquiry. My thanks must also go to the staff of the ~~Corn~~ Library at Rhodes University where the evidence is held. At Rhodes University I was also assisted by the staff of the Institute of Social and Economic Research, for which I am grateful. In Pretoria, Mr Gerhard van Eeden and his staff at Benso provided me with their time and access to their files. I should also like to thank the staff at the Leslie Extension of the Jagger Library and the African Studies Library at the University of Cape Town. Staff at the latter library must be especially thanked for saving a box of closely written index cards, which contained the bulk of Section 3 of Chapter six, that I had carelessly left standing on a catalogue cabinet.

Andre Roux and members of the Surplus Peoples Project in Grahamstown, gave generously of their time and their unpublished research material. In addition Andre, Ina and Jannie Roux, as well as Dr Jeff Peires, provided accommodation in Grahamstown. Bill Davies in Port Elizabeth must be thanked for providing me with a copy of his report which at the time was still under embargo. Professor J.F. Potgieter at the Institute for Planning Research gave of his time and introduced me to Bill Davies. Bill Gardiner generously provided accommodation in his tiny flat in Port Elizabeth. In East London Hilman and Kitty Cooper were kind hosts. Steffen Schneier, then at Saldru, provided time and material he had collected. Maps are by courtesy of SALDRU.

Professor Marcelle Kooy, who employed me in the Department of Economic History, gently prodded me into starting the thesis. Without Professor Ian Phimister and Dr Dave Kaplan, who prodded me a good deal harder, this thesis would now only be almost completed. To them, for their thoughtful criticism and kind support I am very grateful. Dave Kaplan's assistance, as

supervisor, was indispensable.

My deepest thanks must go to those many people who allowed themselves to be interviewed. To Msokoli Qu~~o~~tole, unmatched as an interpreter and translator, among his talents, I extend my great appreciation.

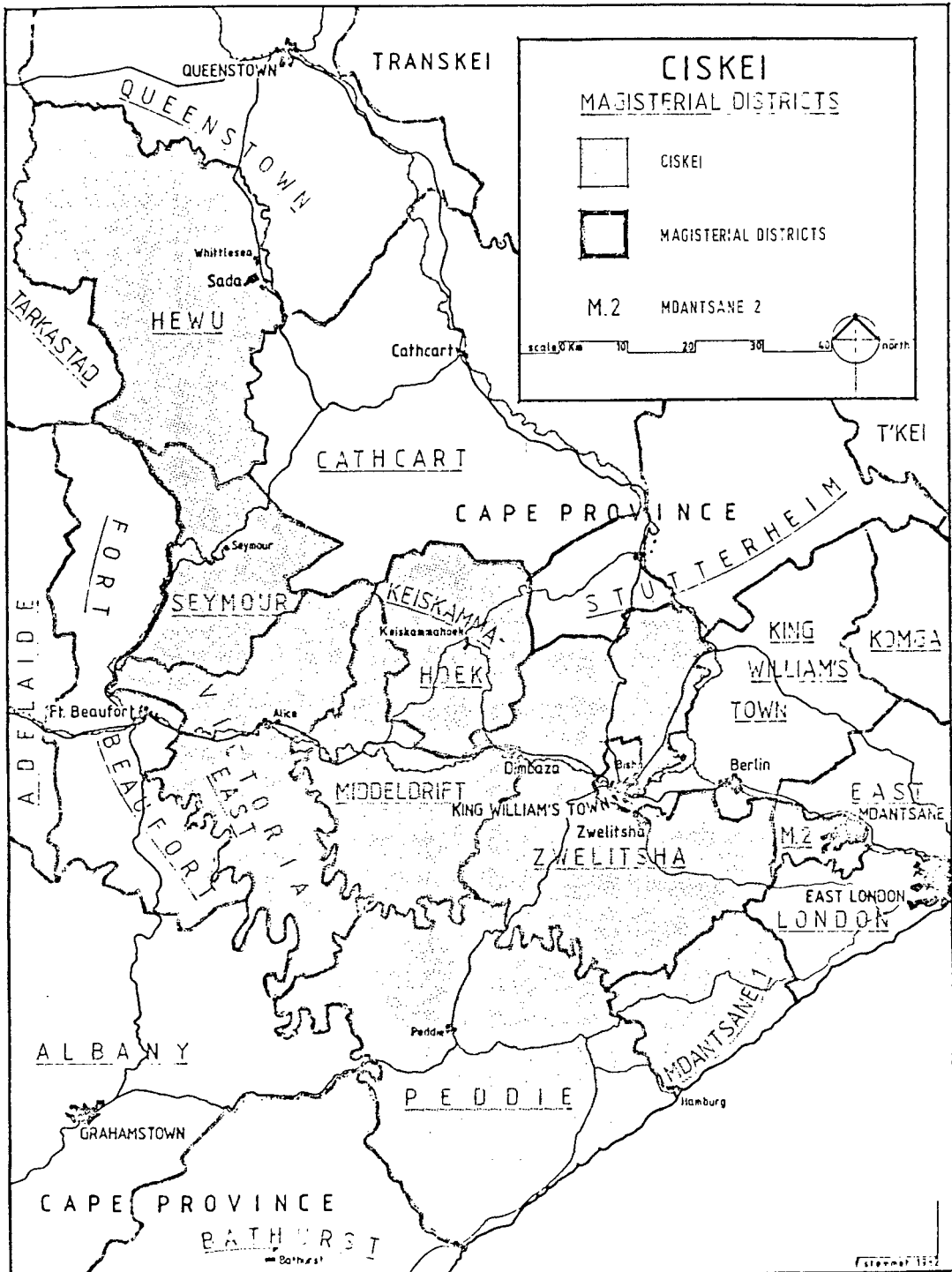
In addition to salary cheques which the University of Cape Town has provided for various services, I have been financially assisted by the Human Sciences Research Council, and the Harry Oppenheimer Institute for African Studies who helped me travel within South Africa to conduct my research and to Edinburgh, where I presented a draft of chapters one and two. Thanks, too, to Martin Fransman and the Centre for African Studies at the University of Edinburgh for inviting me to present the paper. An earlier draft was presented to the Africa Seminar at the University of Cape Town where useful and constructive criticism was gently proffered.

To Marie Steyn who not only typed the manuscript, but corrected errors in spelling, I submit my thanks.

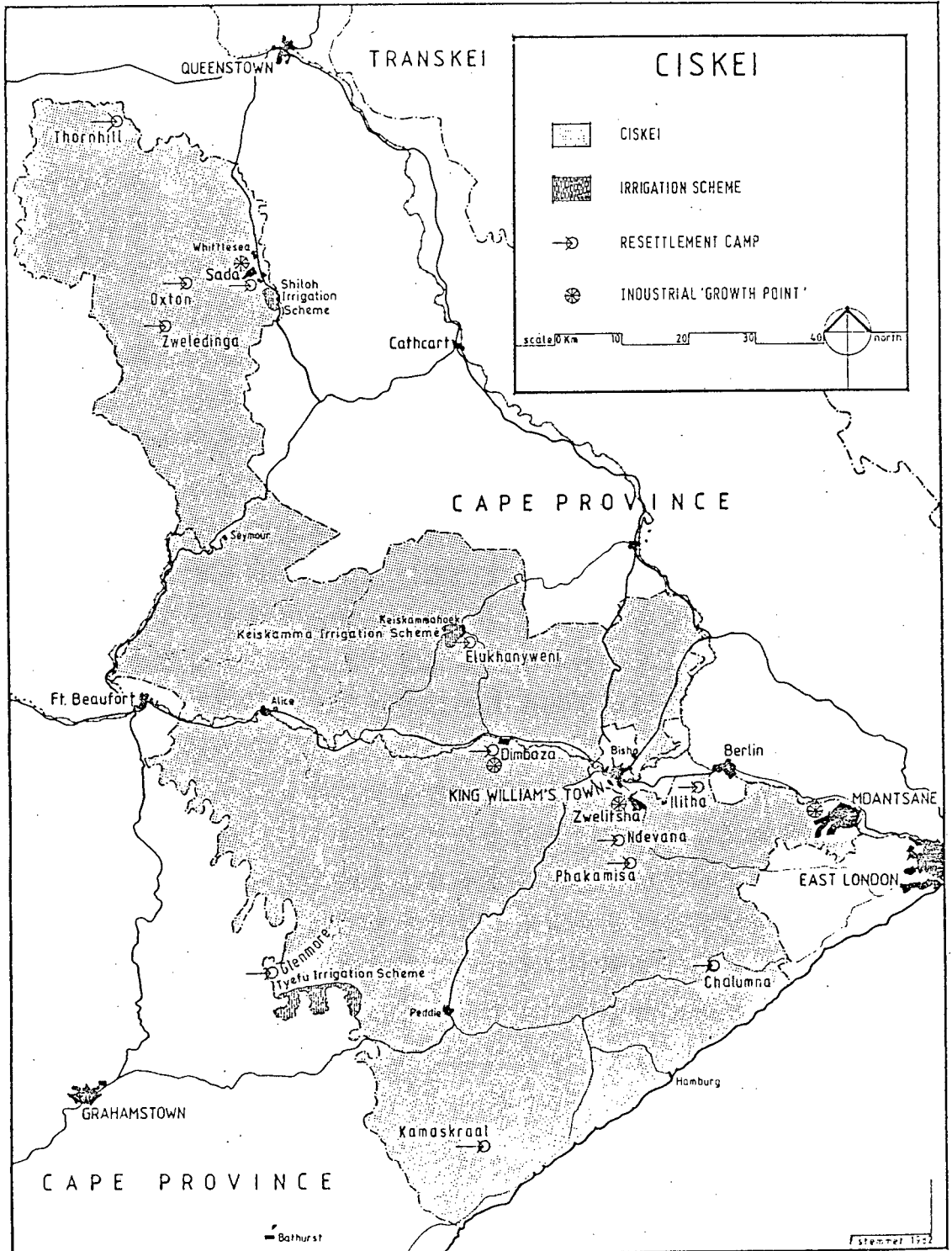
To my dear friends who have ridiculed, cajoled, tolerated and assisted me, thanks. No, I don't expect you to read it.

To my family, who will no doubt be as surprised as I to see this thesis completed, my warmest thanks.

I am unable to adequately express my great debt to my dearest comrade, Pippa. Without her this thesis would not have been begun, let alone completed.



Sources: 'Industrial Development Proposals' (Office of the Prime Minister, 1981); 'Republic of Ciskei' (BENS0, 1981)



Sources: 1. 'South Africa - a land divided' (Black Sash, 1982); 2. 'Republic of Ciskei' (BENSO, 1981)

INTRODUCTION.

In 1968 outside private investment was allowed to enter the bantustans after a long period of prohibition. Though the terms of the "agency system" were restrictive, not allowing outside parties ownership of buildings or land in the bantustans, investments slowly began to trickle in. As the incentives offered by the state to private investors were improved in the early seventies, the development of manufacturing industry in the bantustans became a notable factor in the South African economy, though it was still very small. Previously practically no industrial undertakings had existed in the bantustans at all.

Critical studies of decentralisation have tended in the past to regard bantustan industrialisation as a category of industrial decentralisation distinguished only by its location and, noting the distance between the intentions and achievements of the policy as a whole, dwell on their collective failure. Indeed, job creation targets have been comprehensively missed. This having been established, the studies seldom pause to analyse the political, social and economic implications of the developments that have taken place.

This is a mistake, for two reasons. Firstly, though goals are undershot, industrial development has for the first time begun to emerge in the bantustans. Its effects are already measurable and its implications must be examined. Secondly, the incentives structure ushered in by the Regional Development Programme in 1982 undoubtedly means more rapid industrial growth, at least in some bantustans. It could be argued that the tendency to locate suitable types of industry in the bantustans will be further strengthened by the upward pressure on labour costs forced by the independent trade union movement in South Africa, as wage rates are much lower in the bantustans. In addition, stringent factory regulations are not enforced in some bantustans and trade unions are totally banned in several. Bantustan industrialisation is rapidly becoming more than an academic curiosity.

The study of the development of industry in the bantustans has tended to follow one of two lines, regardless of the methodological persuasion of the writer. The subject is either approached through the analytical prism of a study of industrial decentralisation policy in South Africa or it is mentioned, usually too briefly, in studies of the development of bantustan policy, or of a particular bantustan. For different reasons both roads usually fail to provide a detailed or accurate analysis of the subject. The central problem of the first approach, or, at least of writers who have travelled it thusfar, is that it fails to distinguish, sufficiently, bantustan industrialisation from industrial decentralisation as a general programme. This problem is discussed in some detail in Chapter two. The latter approach, along the path of bantustan analysis, generally fails to analyse bantustan industrialisation in any depth and fails to situate it and thus analyse it as a programme.

It is not intended here to berate studies for failing to do what they did not in fact set out to do. That would naturally be misplaced criticism. What is being suggested is that in order to do the subject justice it must be approached along both roads at the same time. Bantustan industrialisation presents an analytical problem in that it lies at the point of intersection of two distinct series of state initiatives - decentralisation policy and bantustan policy. Though clearly very closely related, the two sets of initiatives do not always have identical policy objectives, which, of course, change over time, and neither are they implemented by identical sets of state apparatuses. It will be argued that not only do these factors give rise to difficulties in analysis, but they are also responsible for apparently impenetrable contradictions within the policy itself.

This brings us to a problem that confronts writers of history. If one seeks to explain an event or a series of events, it is necessary to comprehend both the structure of society and particularly of those social institutions implicated in the events, while at the same time it is necessary to understand the conjuncture - the historical moment which is made up of many interconnected parts. Pierre Vilar writes:

"Those contemporary historians who admit (and sometimes believe they have discovered) the need to consider both (sic) the structure of a society, the temporal conjunctures and the events of the period, show a tendency to expound these three aspects of world history successively and separately. It is logical, therefore legitimate."

(1)

This is hazardous, he argues, because focussing separately on these components of history risks misunderstanding what links them together. Marx and Engels instead focus upon the links, avoiding a rigid pedagogical and conventional approach. So "Marx's history ... neither separates nor 'fuses' the various aspects It combines them."

Ideally history should be written that way. Unfortunately such an approach demands the tremendous confidence to sweep fearlessly across the face of society and down the corridors of history without a backward glance. In this dissertation I am afraid I err on the side of schematicism.

In the first three chapters I attempt to prepare an understanding of some of the structures and conjunctures pertinent to the more detailed history that follows in the subsequent chapters. The problems associated with the analysis of bantustan industrialisation have led me to structure my dissertation as follows:

In Chapter one I sketch a brief history of industrial decentralisation policy and practice in South Africa. The policy is first formally adopted in 1960 but some antecedent proposals and practices, which make up its pre-history are also examined. (P) Policy does not develop in a vacuum and the chapter refers to aspects of other instances of state intervention in the economy, but only where it is directly relevant.

Chapter two is concerned with appraising previous studies of industrial decentralisation, with an eye to the capacities of the various approaches to deal with the questions raised by a study (P) of bantustan industrialisation. It focusses on the ability of the various approaches to distinguish between the various phases of decentralisation policy.

In Chapter three I examine the reasons behind the development of particular forms of economic intervention in the bantustans in the post-World War Two period. The first part of the chapter centres on the crisis in the bantustans, a crisis which began in the 1950s and was demographic in form. It is argued that the nature and effects of the crisis, which became endemic, need to be analysed in order to understand the state's policies towards the bantustans since the early 1950s. The second part of the chapter surveys significant instances of state intervention in the agricultural, commercial and industrial spheres and links the last back to decentralisation policy.

In a sense the three chapters involve setting off from two points to arrive at the same object. The first two chapters traverse the terrain of industrial decentralisation policy while the third follows the development of bantustan economic policy. Because the issues are closely related, the chapters cannot stick rigidly to their central subjects. The purpose of the structure is to illustrate and explain the necessity to analyse the bantustan industrialisation programme as the product of complex interrelationships of factors and to explain contradictions within the policy in terms of this approach. The method adopted should not be seen as positivist or empiricist. A single thread ties the analysis together - the form of development of capitalism in post-Second World War South Africa, and the struggles it entails and grows out of.

The remaining three chapters focus upon the Ciskei as a case study of bantustan industrialisation.

Chapter four is a very brief historical sketch of the political economy of the Ciskei. It focusses upon the relationship between changing economic conditions and changing forms of politics and administrative control.

Chapter five deals with the demographic circumstances of the Ciskei over the past three decades. It examines the causes of the demographic crisis (relating back to Chapter three), particularly resettlement, and explores implications. It is particularly concerned with the effects of deteriorating economic conditions on existing forms of political and social control.

Chapter six, after looking at state intervention in the agricultural and commercial spheres since the Second World War and examining the Ciskei National Development Corporation, explores in detail industrial development in the Ciskei between 1974 and 1981. Central issues discussed are the incentives structure and its effects, the origin and types of capital involved, forms of production and exploitation of labour and their political and social implications.

In the Conclusion the main findings of the study are drawn together and, as a form of epilogue, recent developments in bantustan industrialisation are discussed. Most importantly the new Regional Development Programme and the recently established Development Bank of Southern Africa and their quite considerable implications for the future of industrial development in the bantustans are discussed.

One obvious question remains: why was the Ciskei chosen as a case study? To be honest, one important reason was the fact that I was contracted to do some research on resettlement in the Ciskei and was able to do some research for this thesis at the same time. In fact, the question of industrial development in the bantustans had never struck me as particularly interesting until I was sent to the Ciskei in 1981. There, I discovered, a good deal of the limited time and effort being put into bantustan economic development was directed towards industrial development. It did not seem feasible that the development agencies saw bantustan industrialisation as an answer to bantustan unemployment, and thus this study began.

In the event, the Ciskei is quite a suitable case study. It is neither the most nor the least successful instance of bantustan industrialisation. It is not a very large bantustan like the Transkei or Bophuthatswana, but neither is it as tiny as Qwa Qwa or Kwandebele. In a number of ways it is an average bantustan. However, at the same time the economic, social and political conditions have reached a more advanced state of decline than many of the homelands. Overcrowding and agricultural collapse are very far advanced in the Ciskei. It can be argued that with the continuing tightening of influx control in terms of the

recommendations of the Riekert Commission, this state of affairs is likely to apply increasingly throughout the bantustans. As Macmillan wrote in 1930,

"... the Ciskei suggests what other parts of the Union are fast drifting to." (2)

INTRODUCTION FOOTNOTES.

- (1) Pierre Vilar "Marx and the Concept of History" in E.H. Hobsbawm (ed) The History of Marxism, The Harvester Press, Sussex, 1982, pp 71, 72.
- (2) William Miller Macmillan Complex South Africa - An Economic Footnote to History, Faber & Faber, London, 1930, p 138.

CHAPTER 1

INDUSTRIAL DECENTRALISATION PLANS AND POLICIES

1955 - 1982

It is customary to introduce studies of contemporary industrial decentralisation in South Africa by way of a potted history of decentralisation proposals since the 1930s. Both those which were taken up and those passed over are included. This study will not differ in that respect. An obscure report from the 1930s will be reported, as will be the Regional Development programme launched in 1982.

The approach adopted in this chapter differs in one important respect from most other historical introductions to the subject. Too frequently there is a tendency, in official publications and in academic works on the subject, to present the development of industrial decentralisation policy in South Africa as a linear evolutionary process. (1) In terms of this approach changes are regarded as shifts of emphasis, or quantitative. The possibility of significant qualitative shifts is not seriously considered. Such an approach, which is regarded as mistaken and misleading, is particularly evident in analyses applicable to the past 30 years - the period since the report of the Tomlinson Commission and the establishment of the first decentralisation committee in 1960. (2)

Though there is clearly an element of continuity, symbolised by the more or less consistent use of the term industrial decentralisation, this study will attempt to show that very distinct decentralisation policies predominate at different times within the period under discussion. Studies which underplay this tend to conflate significantly different periods of state policy; periods subject to different sets of pressures and governed by different sets of priorities. The concept of industrial decentralisation is treated as an object of immanent character, merely differentially managed in different eras. It is argued here that the content behind the form must be studied. If this is done it will become clear that the objectives and nature of the policies falling under the rubric industrial decentralisation

④ differ markedly over time.

To support this, an outline history of industrial decentralisation will be presented. Within it the, not always, implicit emphasis will be on the periodisation. In other words the points at which changes in policy occur will be stressed. In this and the following chapter the relationship between the periodisation of industrial decentralisation policy and broader developments in South African society will be drawn out.

1. Background and Early History 1936 - 1954

The possibilities of encouraging the decentralisation of industry in South Africa are discussed in two government reports that appeared towards the end of the 1930s; a Board of Trade and Industries report in 1936 and the Report of the Rural Industries Commission in 1940. (3) Both expressed concern about the concentration of industry and, increasingly, of population, on the Witwatersrand. A wave of urbanisation of Africans followed an earlier wave of urbanisation of poor whites, itself continuing in the 1930s. The industrial boom following South Africa's departure from the gold standard and, more importantly, that which accompanied the Second World War, absorbed much of the newly urbanised population.

The early suggestions to decentralise, also motivated by concern about the "white depopulation of the platteland", carried little weight. Industry had barely begun to benefit from the advantages of agglomeration economics in the towns. Urban industrial interests prevailed, allowing not only a rapid expansion of industry on the Witwatersrand (Table 2.1), but also the increased immigration of Africans to the urban areas through the relaxation of influx control. (4)

In the post-war recession anxiety about the influx of Africans from the Reserves grew. The Social and Economic Planning Council, a state advisory body, expressed concern at the influx of Africans, and, in addition to recommending agricultural reforms in the Reserves, suggested some industrial development for the Reserves. (5) The (Fagan) Native Pass Laws Commission, while accepting the permanence of some African urbanisation, recommended the decentralisation of industry to the Reserves in its report published in 1948. (6) In spite of these recommendations no decentralisation

Change
Cp. 1.6
① programme was implemented at the time. Instead the National Party, which came to power in 1948, began to use increasingly stringent legal controls to enforce influx control.

One parastatal body, the Industrial Development Corporation, had begun to undertake projects which would decentralise industry. The I.D.C. was established in 1940 to promote industrial development in South Africa "by assisting the private sector in the financing of new industries or schemes for the expansion or rationalisation of industries..." (7) Mostly this was achieved through partnership arrangements, often with foreign capital.

② One means of attracting capital was providing cheap labour. The I.D.C. was able to obtain exemption from wage regulating mechanisms such as Industrial Council agreements by locating outside of the metropolitan regions. During the late 1940s and early 1950s several large factories were established in what became known as the Border Areas, underdeveloped regions adjacent to African Reserves. A notable example was the Good Hope Textiles factory established near King Williamstown in the late 1940s. (8) No systematic decentralisation policy existed and the I.D.C.'s contribution to decentralisation was intermittent and arbitrary. ✓

2. The Tomlinson Commission and its Aftermath 1955 - 1959

In the course of the 1950s the idea of a programme of industrial decentralisation was considered seriously, in a more concerted manner than before. The Tomlinson Commission (for the Socio-Economic Development of the Bantu areas within the Union of South Africa) was mandated to explore how the economies of the Reserves could develop in accordance with the National Party's desire to stem the flow of impoverished Africans to the towns. (9) The Commission attempted to design a programme through which the economies of the Reserves would absorb their growing population. As is discussed in more detail in Chapter Three (Section 1), the decade of the 1950s was that which saw the catastrophic collapse of the Reserves (measured in terms of productivity per head) begin, though some Reserves, notably the Ciskei, had by then already seen many years of dire poverty. Central amongst the recommendations of the Commission was that decentralised industries be located within the Reserves themselves as well as on their borders. collapse of reserves Tom. Recom.

Fears of the effects of black urbanisation were, not surprisingly, widely expressed at a time when the militant populist Congress Alliance was at its peak. The Tomlinson Commission described the effects of urbanisation in these terms in its report in 1955:

"For the Bantu, urbanisation has the following implications: (i) that a relatively primitive population group is transferred to what, to them, is a highly developed environment with a completely strange social, economic, political and linguistic milieu; and (ii) that, owing to racial differences, the Bantu entering the towns are adopted into the existing Bantu community only with the result that the uncertain and unstable character of the urban Bantu community is thereby intensified." (9)

This "unstable character" was seen to be a cause of the increasing African political activity:

"At the moment the number of Bantu who advocate equality forms a small minority but their numbers and the scope of their endeavours are on the increase. It would be unwise to disregard this development. The plain fact is that the European population will have to face up to the effects of the developments of the past fifty years, the detribalisation of the Bantu and the breaking up of their organic tribal units, their urbanisation, their contact with western culture and ways of life, and the integration of a large portion of the Bantu in the economic and thus also the political and social life of the European." (10)

The (Viljoen) Commission (on the protection of industry) directly related African urbanisation to the location of industry in its report published in 1958:

"The effect of massing large numbers of people who are inadequately housed and fed, whose social and family life are disintegrated, who are forced to travel long distances to and from their work, and who consequently

fall an easy prey to immorality and political subversion, represents the social cost of industrialisation in this country." (11)

In its zeal the Tomlinson Commission either misunderstood or deliberately exceeded its mandate. It had been instructed to

"conduct an exhaustive enquiry into and to report on a comprehensive scheme for the rehabilitation of the Native Areas with a view to developing them within a social structure in keeping with the culture of the Native and based on effective socio-economic planning."

(12) (My emphasis)

Instead of restricting itself to following the coyly stated directive to tread warily on the existing social relations of production in the bantustans, the majority report of the Commission proposed massive capital injections from private and public sectors to transform the agricultural sector and set into motion a rapidly growing industrial sector. The basic proposal with regard to agriculture was that all agricultural land in the Reserves be divided into "economic farm units" which should sustain a family producing an income of about £60 per year. Those people left over after all the land was distributed, would move into towns on land demarcated for residential use and would be employed in industry in the Reserves and border areas. Industrial jobs would have to be created at a rate of 20 000 a year, stimulating a further 30 000 jobs a year in the tertiary sector. (13) While accepting the government's policy that the Reserves should exclude "white economic activity" in the interests of allowing the autonomous development of "Bantu enterprise", the commission felt that externally financed industries could eventually revert to "Bantu control". (14)

Mr Strijdom's government rejected some of the commission's central proposals including the granting of freehold types of tenure entailed in the agricultural proposals and it refused to allow outside white private investment in the Reserves in any form. (15) Dr Verwoerd, Minister of Native Affairs, explained the government's rejection of white financed industrialisation

in the Reserves as follows: Firstly, the economic influx of whites would be followed by settlement, contrary to the government's policy of extrusion of whites from the Reserves; secondly the government did not accept that industrial investments could realistically be temporary; and, thirdly, he argued:

"The Bantu must start on a small scale. Psychologically he is not adapted to industrial life and certainly not to private enterprise to be able to start on a big scale." (16)

The argument was encapsulated in an ideological shell which proclaimed the desire for fairness and justice within apartheid. That whites could not invest and reside in "Bantu areas" was the quid pro quo for Africans not being allowed to do the same in "white areas".

Presented in this way the government's arguments do not adequately explain the rejection of the Reserve industrialisation strategy embodied in the Tomlinson Report. Martin Legassick sought a reason for the rejection in the ruling alliance's desire to protect white labour which was potentially threatened by the raising of the job colour bar in Reserve factories.

Cheap African labour would usurp the position of whites in skilled and supervisory positions. (17) The incorporation of job reservation into the Industrial Conciliation Act in 1956 would certainly lend some weight to Legassick's argument.

William Beinart has drawn attention to the fact that the government recognised that "Tomlinson had underestimated the amount of capital necessary for the decentralisation of industries to areas which lacked any industrial infrastructure." (18)

The government's financial inability to carry through such a programme not only blocked the Reserve industrialisation programme, argues Beinart, but concomitantly prevented the associated rural reform programme which called for a restructured land tenure system.

What Beinart does not explore, however, are the political implications of Tomlinson's restructuring programme. In explaining why freehold tenure could not be contemplated for the Reserves, Verwoerd had pointed out that it "would undermine the whole tribal

structure." (19) Since the Bantu Authorities Act (No 68) had been passed in 1951, the reconstitution of "tribal" structures of political control had become central to the State's Reserve policy.

Abolishing communal and trust tenure would remove the material basis of the chiefs' power, the, at least, theoretical ability to allocate land. This is discussed further in Chapter Three. Hirsch

Industrialisation, as conceived by Tomlinson could also potentially weaken the chiefly system insofar as it could shift the locus of economic power in the Reserves to the wage and salary earners. Although the maintenance of pre-capitalist ideological relations had proved compatible with a certain level of migrant labour (20), the concentration of capitalist production relations in the Reserves could prove too much for them.

In addition, the interests of some of the classes comprising the ruling alliance could be threatened by Tomlinson's proposals. The concerns of the white workers, a supportive class to the government, have been discussed. Farmers were potentially threatened too. Not only could restructured agriculture in the Reserves potentially threaten their markets, but both such agriculture and bantustan industry could compete in the labour market with white farmers. As Mike Morris has argued, white farmers had only recently sealed off a labour supply for themselves in the Reserves through the implementation of the labour bureau system. (21)

In spite of rejecting the full proposals of the Tomlinson Commission, the government did not reject the general drift of the argument embodied in both the Tomlinson and Viljoen Commissions. J.A. Lombard has summarised the general direction of the Reserve policy in the late 1950s in these terms:

"the major goal was to accomplish a regional distribution of economic activity so that the 9 or 10 million Bantu expected to be born during the half century up to the year 2000 should settle in their own areas, rather than in or around the concentrations of white communities in the Republic." (22)

However, economic development on a large scale within the Reserves was not seen to be the answer. Instead the stabilisation

of Reserve agriculture combined with the creation of industry on the borders of the Reserves was the chosen strategy. In addition the transfer of rural trading stores within the Reserves from white to black ownership was undertaken in the 1960s. Financing the purchase of enterprises by Africans, and buying up many itself for later transfer, was the Bantu Investment Corporation, set up under its own Act in 1959. Its stated purpose was to: "promote and encourage industrial and other concerns among Bantu persons in the Bantu territories and to act as a development financial and investment institution". (23) "Other concerns" took precedence and no significant industrial development occurred within the Bantustans until the late 1960s.

3. The Border Areas Programme 1960 - 1968

In June 1960 Dr Verwoerd, as Prime Minister, presented the first comprehensive statement of government policy on decentralisation. In it he stressed the importance of industrial decentralisation as a means of halting and even reversing the drift of Africans into the "white cities" which he admitted was caused by increasing unemployment in the Bantustans. Decentralisation, he said, was:

"... directed towards finding gainful employment for the Bantu population with the least disruption of their home and communal life on the principle of taking the employment opportunities to the areas where labour was readily available, housing, water and power and transport were available instead of bringing labour to the existing agglomerations where all these facilities had to be created or considerably increased at very high cost."
(24)

Thus, decentralised industry was to be located just outside the borders of the Bantustans. A permanent committee for the location of industry was established and a number of growth points where industry would be assisted were identified. (The eastern Cape towns amongst them were East London and King Williams-town). The range of assistance offered was quite wide, including tax compensation for moving, the construction and lease of factory buildings to order, railway tariff concessions, the provision of

infrastructure and of housing for whites and

"the maintenance of the principle of wage differentiation in respect of border areas insofar as this is justified by factors such as the lower productivity of labour and the lower cost of living in these areas." (25)

This, of course, indicated that the government would waive wage regulation measures for firms establishing in the border areas.

Though the ~~package was announced with a flourish the programme had relatively little success, with the exception of two very well situated growth points~~ (Rosslyn near Pretoria and Hammarisdale near Pietermaritzburg) during the first few years of its existence. The hiking up of incentives in 1964, made relatively little difference and outside of Rosslyn and Hammarisdale development remained slow. (26)

In 1967, in a move which infuriated sections of capital, the government established regulations which ~~inhibited the further development of certain industries in scheduled areas.~~ Section 3 of the Act stipulated that ministerial approval was required for new factories and factory extensions involving increased Black employment in the main urban areas of the Transvaal, Cape and Orange Free State. (27) It was most ~~stringently applied on the Witwatersrand.~~ For all intents and purposes, the object of Section 3 was to relocate "African labour intensive" industries away from the Pretoria-Witwatersrand-Vereeniging (PWV) industrial region, towards the bantustans. Ironically, the clothing industry, which was possibly the most seriously affected, failed to take root in many "growth points" and instead grew rapidly in the western Cape and in Durban. (28) Thus while some firms may have been dissuaded from expanding or establishing new factories in the PWV region, Section 3 did not necessarily encourage the development of industry in the border areas.

The regulation had been poorly framed. As P.J. van der Merwe wrote shortly afterwards, the Act "resulted in a great deal of uncertainty, and eventually proved to have a negative effect".

(29) H.R.P.A.Kotzenburg, by then chairman of the new Board for the Decentralisation of Industry, wrote that the Act posed:

"quite a number of uncertainties for industry. These

uncertainties stemmed from the very nature of the measure and the problems which industrialists encountered in decentralisation." (30)

Restrictions, it was argued, would not push industry into unrestricted areas unless the incentives were strong enough to counteract the disadvantages of poor location with regard to services and markets.

4. The Turnabout on Bantustan Industrialisation.

In 1968, the year from which the Physical Planning Act took effect, several other important developments with regard to industrial decentralisation were under way. The policy of the Tomlinson industrialisation programme in 1956, was jettisoned.

In terms of the Promotion of the Economic Development of Bantu Homelands Act (No 46 of 1968) white investors were now to be permitted to invest in the bantustans. This was subject to a string of conditions meant to dispel the impression that the presence of white capital in the bantustans would be permanent. Most important amongst them was the provision that firms could not own either land or buildings in the bantustans. These had to be leased from the Bantu Investment Corporation, and later from the individual bantustan corporations when they were set up in the early seventies.

In addition the "Agency system", as it was called, included a condition that the plants would have to be sold to local African entrepreneurs after a period not exceeding 15 years. A further condition mandated firms to employ Africans at all levels within the plant where possible. At the same time a new and improved package of incentives to investors was announced. It included a wide range of tax benefits, transport rebates and low interest loans. Indeed the mode of leasing buildings and land at low rates by the development corporations was also an important incentive.

The most significant developments were yet to come. In 1970 an interdepartmental committee was set up under the chairmanship of Dr Piet Riekert to explore problems that had emerged as regards the decentralisation of industry. Two issues headed

the committee's agenda - the failure thus far of programmes to approach their targets; bantustan populations were expanding fast and finding no employment possibilities in their vicinities. Second on the agenda was the fact that PWV based companies were unhappy and confused about the application of Section 3 of the Physical Planning Act and through representation had demanded clarification and the resolution of problems. A White Paper followed the committee's report in June 1971 which in addition to clarifying existing points of confusion and revamping the incentive package, restructured the administration of decentralisation. (31)

The application of Section 3 of the Physical Planning Act was clarified and temporarily softened, principles for the selection of growth points were discussed and the process itself delegated to a Growth Point Committee. Perhaps most important, though underplayed in the report, was the establishment of the principle "that industrialists establishing themselves within the Bantu Homelands, will receive concessions on a basis somewhat more liberal than that applicable in the case of border areas". (32)

That meant that in the space of three years the Strijdom/Verwoerd approach to bantustan industrialisation had been reversed. Far from being out of bounds for white industrialists, the bantustans were now the most favoured of all investment sites. Not long afterwards the provision obliging non-indigenous investors to sell their bantustan factories to locals after 15 years was dropped from the conditions pertaining to bantustan investment. The notion of "agency" as a phase leading to the development of national capital in the bantustans had clearly come to be less seriously regarded.

A development that writers on decentralisation have tended to ignore, was the reorientation of the Department of Bantu Administration and Development in 1970. This reorientation roughly coincided with a series of administrative developments that were to affect the bantustans, including the already mentioned restructuring of the decentralisation programme within the departments of Economic Affairs and Industries. The Bantu Affairs Commission (BAC) was reactivated in 1969 and to it was added

an Economic Committee comprising appointed experts. The committee's task included planning and administrative duties with regard to the development of economic infrastructures in the bantustans, housing and township development, and the "localisation (sic) of industries in the homelands in accordance with the policy of decentralisation of industries." (33)

Also established in 1969 was the large research body BENBO (Bureau for Economic Research re Bantu Development), which was to serve the Department of Bantu Administration and Development (BAD), the BAC and the development corporations, which had begun to multiply.

To cap it all the Minister of BAD announced in 1970, with a measure of ostentation, "The Third Dynamic Decade". (34) The 1970s were to see a rapid development of bantustan policy.

The period 1968 to 1971 clearly marked a very important turning point, not only in terms of decentralisation policy but in terms of bantustan policy as a whole. As regards decentralisation, the policy towards the bantustans had been completely reversed. For bantustan policy, two important Acts of Parliament - the Bantu Homelands Citizenship Act (No 26 of 1970) and the Bantu Homelands Constitution Act (No 21 of 1971) - signalled the government's intention to push the bantustans into "self-government" and towards "independence". These parallel developments represented, it will be argued, a combined strategy in an attempt to counter mounting pressures in the face of disintegrating relations of social control in the bantustans. There was no longer any point in trying to shore up chiefly structures in the old way - new methods were called for, requiring higher levels of intervention.

5. The National Physical Development Plan - 1975.

The remainder of the 1970s saw the government tinkering rather than engaging in major engineering in the machinery of industrial decentralisation. Incentives were gradually increased and increasing differentiation emerged in the application of incentives. As the number of growth points grew, the hierarchies amongst them became more complex. Terminology diversified too. Most favoured sites would be termed "growth points" and less favoured sites merely "Recognised Decentralised Areas". Later the concept of

"Deconcentration Points" was developed to apply to large scale growth points relatively close to metropolitan areas, much as Atlantis near Cape Town. In 1978 the Federated Chamber of Industries was forced to publish a 53 page large-format booklet to explain the complexities of decentralisation to their members. (35) This was supplementary to the regular publication of the Decentralisation Board.

In 1975 the Department of Planning produced the National Physical Development Plan in an attempt to coordinate and rationalise development planning. It adopted a comprehensive approach to planning, but it did not deal with the major metropolitan regions or the bantustans. Those areas were regarded as outside its mandate. Its stated purpose was:

"... to give physical expression to the social and economic ideals which are being pursued in South Africa, thus ensuring that people will experience the greater measure of well-being, both spiritually and physically."

(36)

In terms of the plan, South Africa was divided into 38 regions. Axes along which development should take place (e.g. Cape Town, Atlantis, Vredenburg, Saldanha, or East London, Berlin, King Williamstown, Dimbaza etc.) were determined, several potential new metropolitan centres were identified and suggested structures of incentives were proposed.

The plan was never completely adopted or formally rejected - it was not utilised as a plan in any strong sense of the word. One reason might have been that it was too ambitious and sweeping in its approach. What seems at least as important is the weakness of the Department of Planning and the Environment and the strength of some of the departments and bodies for which it was making plans. Most importantly the mighty Department of BAD resisted change and in a way represented a different coalition of class alliances. Though this is discussed in more detail in Chapter Three it may be worth stating, at this point, that it will be argued that the Department of BAD continued to reflect a petit-bourgeois/farmer conservatism whereas the Department of Planning, staffed by highly trained technocrats, would tend to find itself

more likely to reflect the interests of big capital. At the time, BAD was too strong.

6. The Second Plan - The RDP, 1982.

In the late 1970s the report of the (Riekert) Commission of Inquiry into Legislation Affecting the Utilisation of Manpower initiated reassessment of a wide range of policies. Included amongst them was industrial decentralisation. The commission criticised the application of Section 3 of the Environment Planning Act (formerly the Physical Planning Act) and recommended its repeal. It further recommended that

"... where decentralisation concessions do not appear to be adequate active steps should be taken to augment them so that they will be able to serve as a positive incentive to industrialists to decentralise." (37)

The Riekert Commission's report was the first formal indication that a restructuring of decentralisation incentives was under way.

At the well publicised Good Hope Conference held in Cape Town late in 1981, to which were invited the elite amongst South Africa's bureaucrats, technocrats and capitalists, the Prime Minister, Mr P.W. Botha, unveiled the new "co-ordinated regional development strategy for Southern Africa". (38) Its most notable departure from previous plans, including the N.P.D.P. was the fact that now South Africa including the bantustans, independent or not, was treated as a single economy, divided into eight (F) regions. The regions were, it is claimed, demarcated with reference to economic criteria only. Economic region D, for example, includes the Ciskei and the southern part of the Transkei as well as the eastern part of the Cape Province. Other elements of the plan, which thus far has focussed heavily on industrial vis a vis other forms of development, are a restructured incentives system and the establishment of a "multilateral" Development Bank of Southern Africa loosely modelled on the World Bank (I.B.R.D.).

The economic regions are demarcated with reference to "development needs, development potential, functional relationships and physical characteristics." (39) Within each region

coordinating structures have been or are being developed; where "independent" states are involved facilities for "mutual consultation" are provided. Within the regions a number of "industrial development points" (47 altogether) and "deconcentration points" (11 in all) have been demarcated. Incentives are geared to priorities both between regions and within regions. Region D has been given the highest priority rating reflecting the government's serious concern at the massive unemployment and political instability of the region, especially in the south-eastern part of the Ciskei and neighbouring East London. (40)

The new incentives structure is clearly superior to its predecessors, being more responsive to regional concerns and in general being more generous than the previous system. Thus, for example, whereas in the past tax rebates against a percentage of wages paid were granted, these are now converted into cash grants. This means that even if a firm does not reflect taxable profits, it is liable to grants against wages paid to wage earners.

As important as the restructured incentives is the establishment of the Development Bank, which was commissioned in 1983. It takes over many of the functions of the Corporation for Economic Development (formerly the Bantu Investment Corporation) which was dissolved in early 1984. It has become the main financing body for industrial decentralisation and is financed by the South African government at a rate of approximately R300 million a year for the first five years. (41) It may also raise finance in the private sector.

The Bank's formation was fraught with tension with its Managing Director designate, Professor Jan Lombard, withdrawing after a dispute over the structure of the board of directors. It is believed that Lombard demanded greater autonomy from the control of the South African government. Dr Simon Brand, economic advisor to the Prime Minister, was appointed in his place.

It is too early to establish the significance of the recent developments in decentralisation strategies and structures (though this will be attempted briefly in the concluding chapter). What does appear significant is the fact that the abolition of the C.E.D. in favour of the Development Bank seems to indicate

weakening control by the Department of Cooperation and Development (formerly BAD) over the industrialisation of the bantustans. Shifting power between departments can indicate the shifting of the balance of forces within the ruling alliance. This, too, will be further discussed in later chapters.

* * * * *

In this chapter the decentralisation of industry in South Africa has been treated as an evolutionary process as well as an area of policy where major shifts and changes have occurred in a relatively short period of time.

The development of industrial decentralisation is most clearly seen as an evolutionary process if one focusses upon the techniques of encouraging decentralisation - the refinement of incentive structures, for example. This has clearly occurred as state bodies responsible for decentralisation learn both from twenty five years' experience in South Africa and experiences elsewhere.

Focussing on the evolution and refinement of techniques should not be allowed to blind economic historians and economists to the, at least, as important changes in policy direction which are less a product of learning from experience than a product of altering political imperatives and directions. This is perhaps most important in a study of bantustan industrialisation which can only be understood in terms of a careful analysis of changes in political, economic and ideological spheres in the South African social formation.

FOOTNOTES - CHAPTER ONE

- (1) See, for example, chapter one of the South African Federated Chamber of Industries Guide to Industrialists Regarding Metropolitan Expansion and the Decentralisation of Industries, N/d (1978?).
- (2) Amongst the many works that do this are Trevor Bell's Industrial Decentralisation in South Africa, Oxford University Press, 1973 and Gavin Maasdorp's "Industrial Decentralisation - Ideal, Theory and Reality", IDS Bulletin, Vol. 11 No 4, 1980.
- (3) Board of Trade and Industries, Report No 219, 1936; Report of the Rural Industries Commission, U.G. 27/1940.
- (4) See Chapter 3, Section 1 (d).
- (5) Social and Economic Planning Council, Report No 9, The Natives and their Place in the Economy of the Union of South Africa, UG 24/1946.
- (6) The Native Laws Commission (Fagan), UG 24/1948.
- (7) Industrial Development Corporation Annual Report and Accounts, 1981, inside front cover.
- (8) C f. Alan Hirsch "An Introduction to textile worker organisation in Natal", S.A. Labour Bulletin, Vol. 4 No 8, 1979.
- (9) Summary Report of the Commission for the Socio-Economic Development of the Bantu Areas within the Union of South Africa, (Tomlinson), UG 61/1955, p 102.
- (10) *ibid* p 104.
- (11) Report of the (Viljoen) Commission of Enquiry into Policy Relating to the Protection of Industries, UG 36/1958, p 54.
- (12) Tomlinson Commission, UG 61/1955, *op. cit.* p ii.
- (13) *ibid* pp 131 - 144.
- (14) *ibid*.
- (15) Memorandum of Government Decisions on the recommendations of the (Tomlinson) Commission, White Paper F, 1956.
- (16) House of Assembly Debates, Hansard, 14 May 1956 cols. 5307/8 cited in J. P. Nieuwenhuysen "Economic Policy in the Reserves since the Tomlinson Report", S.A. Journal of Economics, Vol. 32 No 1, 1964, pp 17, 18.
- (17) Martin Legassick "Legislation, Ideology and Economy in Post-1948 South Africa", Journal of Southern African Studies, Vol. 1 No 1, 1974, p 17.
- (18) William Beinart "The Policy of Industrial Decentralisation in South Africa" in The Conditions of the Black Worker, Study Project on External Investment in South African and Namibia, Uppsala, 1975, p 92.
- (19) J.P. Nieuwenhuysen, 1964, *op. cit.* page 13.

- (20) See, for example, Philip Mayer "The Decline of Two Rural Resistance Ideologies" in Philip Mayer (ed) Black Villagers in Industrial Society, Oxford University Press, Oxford, 1981.
- (21) Michael Morris Apartheid, Agriculture and the State, Saldru Working Paper, University of Cape Town, 1977.
- (22) Jan A Lombard, "Background to Planning the Development of the Bantu Homelands in South Africa" in John Barrat et al (eds) Accelerated Development in Southern Africa, Macmillan, 1974, p 463.
- (23) Bantu Investment Corporation, Homelands : The Role of the Corporations, Chris van Rensburg Publications, 1976, p 51.
- (24) Dr Hendrik Verwoerd quoted in H.R.P.A. Kotzenburg "The Policy and Programme for the Decentralisation of Industry in South Africa", Finance and Trade Review, Vol. X No 4, 1973, p 142.
- (25) *ibid*, p 145.
- (26) C f. Financial Mail, September 13, 1968, p 921.
- (27) Physical Planning and Utilisation of Resources Act No 88, 1967.
- (28) Deborah Budlender et al Industrial Council Wage Rates, Saldru, University of Cape Town, 1984, p 33.
- (29) P.J. van der Merwe "Industrial Decentralisation" a subsection of S.J. Kleu "Industrial Policy" in J.A. Lombard (ed) Economic Policy in South Africa - Selected Essays, HAUM, N/d, (1974?), pp 129, 130.
- (30) H.R.P.A. Kotzenburg, 1973 op. cit., p 148.
- (31) White Paper on the Report by the Interdepartmental Committee on the Decentralisation of Industries, 11/6/71.
- (32) P.J. van der Merwe, op. cit. p 135.
- (33) W.B. Vosloo "The Policy of Separate Development as a Framework for Development in South Africa" in John Barrat et al (eds) Accelerated Development in Southern Africa, Macmillan, 1974, p 156.
- (34) *ibid*.
- (35) F.C.I. N/d (1978?) op. cit.
- (36) Department of Planning and the Environment National Physical Development Plan, Pretoria, 1975, p ii.
- (37) Report of the (Riekert) Commission of Inquiry into Legislation Affecting the Utilisation of Manpower, Rp 32/1979, p 233.
- (38) South African Digest 2/4/1982 Supplement: The Promotion of Industrial Development : An Element of a Co-ordinated Regional Development Strategy for South Africa (not paginated), Department of Foreign Affairs and Information, Pretoria.
- (39) *ibid*.

- (40) See Marian Roux, André Roux and Paul Stewart "East London and the Politics of Decentralisation" a paper presented to the S.A. Institute of Race Relations Urbanisation Commission, Johannesburg, 1982; and Alan Hirsch and Alide Kooy "Industry and Employment in East London" S.A. Labour Bulletin. Vol. 7 No. 4/5, 1982.
- (41) The Argus, 30/1/84.

CHAPTER 2POLITICS AND ECONOMICS IN STUDIESOFINDUSTRIAL DECENTRALISATION - A REVIEW

In this chapter influential writings on industrial decentralisation in South Africa will be reviewed. While their general contributions to an understanding of decentralisation policy will be briefly discussed, this chapter focusses on their treatment of the political and economic determinants, and implications, of decentralisation. } 13

It will argue that the writers, in spite of the wide range of perspectives represented by them, commonly underemphasise the importance of distinguishing between different periods, during which the implementation of decentralisation policy took distinct forms (as was mentioned in the introduction to Chapter one).

This chapter will attempt to indicate why the writers have failed to adequately periodise and will suggest an alternative approach to periodisation.

In a sense this chapter is a direct continuation of Chapter one, insofar as its central focus is the industrial decentralisation policy of the South African state. It attempts to take the study of decentralisation a step further by concentrating on method. At the same time it is closely linked to Chapter three which examines bantustan industrialisation specifically, in the context of bantustan policy. The fact that works on decentralisation have not attempted to carefully relate it to developments and changes in bantustan policy have weakened their understanding of decentralisation.

Plans and programmes for industrial decentralisation in South Africa have been amongst the most widely debated of policy issues. Journalists, academics, politicians and state officials have all entered the fray. In recent years state institutions of various kinds have encouraged an unprecedented level of critical reflection on the successes, failures, strengths and weaknesses of decentralisation programmes. The most important stimulus was the publication of the report of the (Riekert) Commission of Inquiry into

Legislation Affecting the Utilisation of Manpower late in 1978. Decentralisation was not its central concern, but it criticised the restrictive provisions of Section 3 of the Environment Planning Act (formerly called the Physical Planning Act) and recommended the upgrading of incentives. The publication of the Riekert Commission's report signalled the initiation of public reassessment of a range of policies, including decentralisation. (1)

In a short time journals published by the Department of Cooperation and Development - Development Studies Southern Africa, an academic journal and Growth, a news magazine - carried articles that reflected critically on the success or lack of it of the decentralisation policy. (2) This was unusual, emanating as it did from a department not known for critical introspection (though it must be noted that such a large department cannot be one dimensional). A range of academic contributions followed, particularly after the Regional Development Strategy was announced.

If the Riekert Commission's report preceded and possibly stimulated recent debates on decentralisation, the previous surge of discussion on the subject followed the report of Dr Riekert's inter-departmental committee on decentralisation in 1971. Indeed, a good deal was written on the subject of industrial decentralisation in the early 1970s.

1. Professor Lombard's Contribution.

Jan A. Lombard, professor of economics at Pretoria University, was responsible, indirectly and directly, for a good deal of writing on industrial decentralisation in the early 1970s. Directly, in that he wrote several articles on the subject himself and, indirectly, in that some colleagues at Pretoria University were clearly influenced by his work and contributed to debates in a similar vein. (3) They included Dr P.J. van der Merwe, now Director General of the Department of Manpower and Dr Simon Brand, now economic advisor to the Prime Minister and managing director of the Development Bank. Lombard himself was then chairman of the newly created Economic Committee of the Bantu Affairs Commission.

The Lombard school, if one can call it that, accepted what it regarded as the government's basic premise for decentralisation - the relocation of economic activity to the bantustans to avoid

greater migration to the towns. They were, however, critical of both the rate and form of the implementation of the policy. Lombard and others criticised, in mild tones, the low level of incentives offered for decentralisation thus far and reproached the government for failing to locate widescale development within the bantustans themselves.

Central to the Lombard school's position was the argument that the bantustans could no longer be seen as rural havens where the chiefly system based on communal agriculture held the social order together. They argued that the bantustans were becoming increasingly poverty stricken and that urbanisation was inevitable. It could not be reversed. As Lombard wrote:

"The question is not whether massive concentrations of the Bantu in urban areas will actually develop. The question is where those concentrations can and should be located to ensure a political structure of justice and order."

(My emphasis). (4)

These processes should not be blocked, as Lombard and Van der Merwe write in a later article: "the development of urban milieus may well provide the conditions for the way out of economic degeneration" (5) On the one hand this would relieve pressure on the land and, in their opinion, allow agricultural improvements or even an "agricultural economic revolution" to take place improving food supplies and increasing the national income of the bantustans. (6) On the other hand those urbanised should remain in urban townships in the reserves. They could be employed in decentralised industry or its spin-offs in the border regions or, preferably within the bantustans themselves. (7)

Bantustan industrialisation was not recommended for economic reasons alone, or merely to retain people in the reserves. As Lombard wrote:

"...whereas the constitutional basis for political decentralisation has been laid ... I expect, that the economic basis for decentralisation will be built with equal perseverance." (8)

Two pages later he continues:

"In so far (sic) as the strategy must rest on industrial decentralisation it is becoming more and more clear to me personally that concentration on growth points in border areas alone will not have the desired effect politically. The process will have to penetrate the heartlands of the homelands" (9)

Lombard saw a direct relationship between the development of industry in the reserves and the development of bantustan political structures.

In their joint article in 1972, Lombard and Van der Merwe called for the transformation of the Bantu Investment Corporation into a development bank reproducing in southern Africa the relationship that exists between the World Bank and the underdeveloped countries. (10) It would deal with individual corporations in each bantustan, thus decentralising some power over the allocation of finance away from the centralised Department of BAD. These proposals were acted upon nearly a decade later.

In summary it would seem that the chief concern of the Lombard school was the fact that the Verwoerdian reliance on chiefly forms of control based on non-capitalist production relations in the reserves was outmoded. Capitalist forms of production were required in the bantustans both to counteract the population drift to the "white towns" and to give an economic content to the reformed political structures signalled by constitutional innovations for the bantustans in the early seventies. These were the combined purposes of industrial decentralisation.

However, in their published works, the political import of these writers is often difficult to discern. Their mode of discourse relied largely on the language of orthodox economics. Their policy proposals were normally justified in terms of economic imperatives: "the economic degeneration threatening many, if not most of the homeland communities" (11) was the central plank of their argument. Indeed, although their recommendations clearly had revisionist implications, Lombard and his colleagues took pains to formulate their arguments in such a way that they be clearly seen to be operating within given policy targets. Like other reformists of the time, they wished to voice their criticisms

without isolating themselves from the mainstream within the National Party.

Thus in a manner common to those who wish to influence authority within a rigid ideological forum, they stressed the organic relationship between their position and the order of things. More precisely, they blurred the differences between their policy objectives and instruments and the established ones. Thus, for example, Lombard wrote:

"...that the economic basis for the development of all the Bantu homelands is not in practice emerging along the regional lines nor at the growth pace hoped for by Dr Verwoerd". (12)

And further he wrote:

"Dr Verwoerd was too pessimistic about the political ability of the African states to avoid indirect colonisation of their domain through the power of foreign private enterprise within their borders, and too optimistic about the influence of the border area programme on the indirect generation of economic development within the homelands." (13)

Lombard clearly realised that, at the time, he could not afford to say that Verwoerd's bantustan policies were anachronistic and disastrous, though his prescriptions suggest that that is what he thought.

Indeed, a central problem of analysing the position of economists such as those of the Lombard school is the fact that many of the real debates of the time took place behind closed doors. As Anne Ratcliffe wrote in 1974:

"Far too often discussions on economic policy in this country are carried on in camera; published works on economic policy become purely descriptive; and many writers accept as given, policy targets, even if these are ill-defined or incompatible with one another and thus allow their own investigations to incorporate severe inconsistencies." (14)

The work of the Lombard school is indeed, for these very reasons, often a little difficult to follow, and its significance difficult to establish. It can be somewhat misleading in its exaggerated, though not entirely insincere, deference to established policies and practices. However, it is possible to extract at least some of the significant policy prescriptions that find their way into Lombard and his colleagues' published works. Dissembling, in form, as the work might be it is here that one can find some important pointers to the reasons behind, and the nature of, developments in industrial decentralisation policy since the early 1970s.

2. Trevor Bell's Contribution.

The other significant body of work on decentralisation, produced in the early 1970s, is encapsulated in two works by Trevor Bell - his book Industrial Decentralisation in South Africa and an article on the same subject. (15) Bell's work has been widely acclaimed as a penetrating critique of existing decentralisation policies and certainly contained much original and valuable research. His quantification of the failures of the policy was quite devastating, if, at times, a little overstated. His policy recommendations were seriously considered by government oriented economists, and amongst others, Dr Simon Brand paid him the tribute of a detailed response. (16)

Amongst Bell's work's points were the following: he argues with some force that by international standards the South African economy is not over-centralised in its location and that economic criteria alone did not require industrial decentralisation - existing concentrations were not uneconomically large; nor was the lack of availability of natural resources in the existing concentration a factor as some government rationales argued. (17) Indeed, the Report of the Commission of Inquiry into Water Matters published in 1969 had shown that arguments for decentralisation based on the availability of water in decentralised areas were fallacious. (18) / In addition he clearly showed that existing decentralisation policies had undershot their targets by very high margins. He further pointed to a number of faults in the structure

and content of incentives programmes and suggested ways of eliminating these weaknesses. Thus he both criticised the policy itself in terms of its rationales and criticised the manner in which the state had attempted to achieve its objectives.

If Bell's assessment of the means and effects of decentralisation is valuable, his historical analysis of the development of decentralisation would appear to be somewhat flawed. He writes:

"the border industries policy ... must be seen as the current phase of a continuous process of evolution in the country's thinking on racial policy. It is part, almost an inevitable part, of an unfolding logic which appears to underlie the country's political history."

(19)

Bell would have, further, that the shift from a policy of "border areas industrialisation" to the broader "industrial decentralisation" in the early seventies was little more than a terminological shift. For Bell there is no notable shift in policy, rather an attempt to reclothe an ideologically motivated programme with the trappings of economic respectability. (20)

⊗ On historical grounds a case can be made against Bell on at least two counts. Ratcliffe notes that Bell has conflated the motivations and policies of the Social and Economic Planning Council and the Fagan Commission in the 1940s with that of the Tomlinson Commission and subsequent policy. She points out that whereas the former bodies sought merely to slow down the urbanisation process, the Tomlinson proposals were framed in terms of a policy which sought at least to prevent future influx from the Reserves to the "white towns", if not reverse the flow of people, pointing them back to the Reserves. (21) Ratcliffe may have, in turn, overemphasised the disjuncture between state policy in the 1940s and the 1950s, but she does point to a weak spot in Bell's historical analysis. The weak spot is a shallowness in analysing broad political issues.

This is one of the reasons why Bell fails to acknowledge the importance of policy changes in the early 1970s. He attaches no significance to the switch from border areas industrialisation to bantustan industrialisation, whereas, as this thesis argues this

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switch is not only significant insofar as it indicates a changed set of objectives for decentralisation policy, but also as it indicates a significant development in bantustan policy.

The fact that Bell's book is based on his thesis written in the late 1960s might help explain why the issue of bantustan industrialisation is not taken seriously in it. The policy only became relatively clear in the early seventies. The article, however, was published in late 1973 and could have been expected to take up the question.

It would appear that the weakness within Bell's approach to the analysis of state policy stems from a combination of "economic liberal" methodology and a "South African liberal" approach to South African government. The "economic liberal" aspect is pertinent in that it contains an inbuilt suspicion of state intervention in the economy. The "South African liberal" element is important insofar as it counterposes the question of race relations with economic relations and tends to see South Africa's problem as being the dominance of race issues (irrational) over (rational) economics. Deborah Posel has characterised the liberal position as a declaration of the primacy

"of variables of race over those of class, and of the complete dysfunctionality ... of segregation and then apartheid for capitalism in South Africa." (22)

If the words "economic growth" were substituted for capitalism in Posel's passage, Bell might admit to holding such a position. Thus Bell, being wary of state intervention in the economy generally and regarding the actions of the South African state as determined basically by irrational race factors, not surprisingly conflates different forms or spheres in industrial decentralisation policy.

At another level Bell's neo-classical economic tools seem to limit his inquiry. In its own terms Bell's work is applied welfare economics - a branch of economics which, rather than attempting to understand the bases of state economic policy, asks how it measures up against a set of preconceived standards or assumed fixed objectives. ✓

For Bell the role of the economist is to determine which policies contribute best to economic growth; how resources are most efficiently allocated. Yet his work confronts questions of

state policy and thus requires political validation. For him it is sufficient to suggest reasons why economic growth ought to be the central economic concern of government. One of these reasons is, he argues, that economic growth may have possible beneficial effects "on race relations within South Africa". This growth is required for a reduction in income inequality and thus "a lessening of social tension". (23)

However, on the penultimate page of his book he displays some doubts:

"It may be said that, while the short-term effects of attempts to decentralise industry will be to slow down the rate of growth, if we take into account the possibility of political upheaval in the event of industrial decentralisation not being achieved, this policy may actually result in a faster pace of growth than would take place without it. Put this way, then the argument for industrial decentralisation may in a sense be seen as an economic one. There is no way of testing the validity of this sort of prediction ..." (24)

Almost as an afterthought, at the end of a book designed to show how the industrial decentralisation programme fails in its own terms and, secondly, handicaps growth which is held ipso facto to be the central economic concern of government, it occurs to Bell that he may have been addressing the wrong question.

3. The Balance-Sheet Approach.

Many of the writings on decentralisation that followed Bell in the 1970s, though in some ways inspired by him, were not as ambitious as his work. Bell had constructed a set of criteria through which to assess the results of economic policy. Most of his successors followed the dull path trod by writers like Maasdorp who argues that "a policy can only be appraised by accepting its stated goals at face value". (25) Thus most debates about the origin and value of the policy are avoided; instead the central question becomes: how successful has the policy been in achieving its goal. It becomes a numbers game, which is why it is referred to as a "balance-sheet approach".

In a recent article Maasdorp briefly outlines three approaches to the analysis of government decentralisation/"homelands" policy - the conservative (which he oversimplifies and seems to conflate different approaches emanating from established Afrikaner Nationalist institutions), the liberal/orthodox and the radical/revisionist. He concludes the section by simply stating:

"no one school is likely to provide all the answers ... they do not alter the facts of homeland underdevelopment ... the question to which we shall now address ourselves is whether planning is attacking the problems in an effective way". (26)

Thus Maasdorp, and writers who have adopted a similar approach, such as C.L. McCarthy, analyse decentralisation policy largely by assessing the number of jobs created against target figures, and explain in simple economic terms why the success rate is so low. The balance sheet approach purports to assess the success of state policy in terms of its stated goals.

But even this limited promise is difficult to fulfil. Maasdorp identifies the goals of decentralisation policy in the seventies quite broadly: to resettle blacks at present in "white South Africa", "to increase black economic welfare and reduce the white/black income gap to avert political instability and to provide economic resources to strengthen the political authority of the homeland governments." (27) However, in his analysis of the efficacy of the policy he only examines the extent to which the first (relocation of blacks) objective, and possibly the second (black welfare), but neglects the third (strengthening homeland governments). Maasdorp stops short of entering the field of political analysis. He prefers to dwell in the domain of quantifiable development economics.

In these terms Maasdorp indicates how little industrial decentralisation policy achieved between 1960 and 1978:

"Of the 87 000 jobs created in the border and homeland industries in the 1960s, 68 500 were for blacks. In 1978 there were 78 000 blacks in industries in border areas and 24 700 in homeland growth points i.e. an addition of only 34 900 jobs in eight years." (28)

Similarly McCarthy avoids analysing questions other than those which can be quantified. He asks how successful the policy of decentralisation has been in terms of the dispersal of economic activity and, in particular, in terms of the number of decentralised jobs created. He shows that between 1960 and 1980 a total of 150 000 jobs were created in the "homelands". Clearly this is very far off the target of 20 000 industrial jobs per annum recommended by the Tomlinson Commission in 1955, as McCarthy points out. (29)

More significant, it could be argued, is the fact that when measured against at least 115 000 people entering the labour market every year by the 1980s, the historical rate of about 7 500 jobs per annum is ludicrously small. As Van den Berg has pointed out, even if the rate at which decentralised jobs have been created has increased, the number of people entering the job market in the bantustans has done so at more or less the same rate. The number of decentralised jobs created is a more or less constant 7% to 8% of the number of people entering the job market in the bantustans. (30)

It must be noted that job market entrant calculations for the bantustans conventionally ignore women. Furthermore they ignore the fact that in bantustan industry women are often employed at extremely low wages, in preference to men who at least have the option of looking elsewhere (this is dealt with in more detail in Chapter five). Leaving women out of the calculation means underestimating numbers of entrants into the job market and thus the figure of 115 000 people each year, cited above, is too low.

It must also be noted that the calculations cited do not necessarily reflect the impact of decentralisation policy. Official data, such as that cited by McCarthy and Van den Berg above, assumes that all jobs created in areas where decentralisation incentives operate are products of that programme. If one replaces that assumption with the assumption that the proportional geographical distribution of jobs in industry would remain constant in the absence of state intervention, the impact of decentralisation appears to be extremely small. Trevor Bell makes the

latter assumption and finds that the percentage of jobs located in the "border and Bantu areas" increased from 11,79% in 1959/60 to 12,84% in 1970, indicating that only 11 579 jobs can be regarded as products of the decentralisation programme (31) (compared with Maasdorp's 87 000 in the same period, cited above). Bell's calculations (reproduced in Table 2.1) would seem to support his argument though he probably underestimates the effects of decentralisation policies. (32)

4. Marian Lacey's Radical Critique.

While there is a tendency by writers like Maasdorp and McCarthy who focus on quantitative analyses of decentralisation policy to avoid the broad questions of political and economic purpose and effect, this is not true of Marian Lacey's work. She tackles the question of industrial decentralisation policy in a manner quite distinct from the methods of those writers discussed thus far. Her starting point is that the government's central stated reason for the implementation of decentralisation policy - the creation of employment in and around the reserves - cannot be taken at face value. Lacey argues that:

"Contrary to the mythology of 'homeland development' planning and policy, decentralisation was not inaugurated to eliminate unemployment or create ten viable bantustan economies".

Instead she asserts:

"Decentralisation must be seen as a part of the process of reorganisation of industrial production which has been brought about by changed conditions for capital in South Africa". (33)

For Lacey, industrial decentralisation is primarily an economic manoeuvre to counteract South Africa's weakness on the world market for manufactured goods. She argues that in order to keep costs of production of South African manufactured products in line with those in industrialising countries such as Taiwan and Brazil, "the monopolistic bargaining position of white trade unions and the attendant high wages and shortage of skilled workers" had to

be overcome. (34) Job reservation and wage level patterns could be broken, she contends, by industries situated in areas where these unions had no jurisdiction or power. Border areas industries gave capital some leeway through exemptions from statutory agreements. Bantustan industry is completely outside the control of the established union movement and thus, Lacey argues, provides the opportunity for very high levels of exploitation.

Not only does South Africa benefit through an improvement of its balance of trade, she argues, but investment by foreign multinationals in the border areas and the bantustans benefits the balance of payments capital account.

In addition the difficulties faced by industry developing a skilled labour force amongst migrant workers in the metropolitan areas, she continues, are superseded if industry is located at the labour source.

Marian Lacey also argues that Afrikaner capital stood to benefit through the border industries policy, presumably because it was unable to compete in a relatively capital intensive high technology market. More suitable for small and medium capital were labour intensive industries which required relatively small initial investments.

In recent times, however, she argues,

"... the importation of modern process technology with its capacity to decompose highly complex production into elementary operations making the (use of) unskilled and semi-skilled workers feasible, has been a major stimulus in the pursuit of this policy, given the shortage of skilled workers." (35)

In addition, writes Lacey, "small business, commercial and agency promoted developments within the bantustans" which provided an "economic stake" for the bantustan bureaucrats to ensure that they would administer "the smooth and efficient system of labour allocation and control...." (36)

Marion Lacey's arguments are complex and multi-faceted and, perhaps because they are contained in a relatively short, generalised article, their precise implications are not always clear. In addition, in the nature of the article, little exemplification or

verification is present. What is clearly central, to her argument is that decentralisation of industry is chiefly designed to efficiently exploit cheap labour. Indeed, she suggests that population relocation to the bantustans took place for this purpose; she writes

"To service these areas (of decentralised industry) a labour reserve accommodated within dormitory towns and situated within bantustan boundaries had to be created. Thus, the relocation of people to these areas is inextricably linked with the state's decentralisation policy."

(37)

Much of what Lacey writes provides valuable and original insights into both decentralisation and bantustan policy. However, it would appear that her arguments centre far too closely on the requirements of industrial capital, and both the importance of the capitalisation of agriculture and the decline of the reserves in the economic sphere are missed. More generally, ideological and political issues are not adequately considered.

If only successful and rapidly growing growth points were considered in an analysis, Lacey's explanations might be regarded as adequate. But, beyond three or four successful growth points, such as Hammarsdale, Rosslyn, Babelegi and Isithebe, by 1982 there were 51 designated growth points, with at least one in every bantustan and several in most. (38) Into these the government has poured a good deal of money building up infrastructures and contributing directly to the financing of industrial investment. The latter is indicated in Table 2.2 which shows the levels and areas of investment, private and public in industry in various bantustans. By 1979 more development corporation capital (C.E.D, T.D.C., C.N.D.C. etc.) had been invested in the supposedly private "agency system" enterprises than private capital. (39) Other than in Bophuthatswana where Babelegi is an exceptionally well located and successful bantustan growth point, development corporation investment in "agency" industries consistently exceeded the amounts that private capitalists were prepared to invest. In the Ciskei the proportion of public to private investment in private industry exceeded 2:1 and in Venda it stood at about 5:1. (40) Development

Corporation investment includes the cost of land and buildings (which may not be privately owned and are rented at subsidised rates) low interest loans and, more rarely, direct investment. It must be noted that the level of state injection is still higher when tax incentives, direct subsidies, state purchasing preferences and railage and harbour rebates are included.

The proportion of public to private finance in the border areas is somewhat lower, a little below 1:2 in aggregate in 1979. Once again other forms of state expenditure, on infrastructure for example, are excluded from this calculation. As is the case with development corporations in the bantustans, the proportion of I.D.C. to private capital varies widely between growth points - from 4:1 in the Bophuthatswana border area to 1:3 in the border areas of the Transkei. (41)

It would seem that the general thrust of Lacey's argument cannot explain the relatively high levels of state expenditure on decentralised industry. The twin questions that must be posed are: if the decentralised areas are so attractive to investors why were they so reluctant to take up the opportunities; and, secondly, why has the state been forced to extend such costly incentives to attract industry to the decentralised areas, and, particularly, to the bantustans? The steady elevation of incentives between 1960 and 1982 would appear to indicate that the state increasingly perceived a need to relocate industry and increasingly accepted that significant levels of state intervention were required to achieve that. (42) The availability of cheap settled labour was by no means a sufficient incentive to capital to decentralise.

Unlike the other writers discussed in this chapter thus far, Lacey writes within an historical materialist problematic. Within this problematic the state acts in the interests of the ruling class and in a capitalist society like South Africa, the ruling class is basically the capitalist class. Within this approach, however, Lacey puts too much emphasis on the role of the state in erecting, controlling and allocating a highly exploited workforce. She focusses almost exclusively on the state's role in reproducing the economic conditions of existence of capitalism. She notes that the state intervenes economically in order to strengthen political structures in the reserves; but even then it

but Bill
disagree

is, as she puts it, to ensure the smooth functioning of the system of labour allocation and control. (43)

Because of the scant attention she pays to political issues, Marian Lacey's periodisation of decentralisation is inadequate. She divides industrial decentralisation into two periods: "earlier" when Afrikaner capital was catered to and labour intensive enterprises were moved to the border areas, partly to attempt to reverse the flow of Africans from the bantustans; and "today" when high technology industries employing operatives have become an important part of the policy given the skilled labour shortage. ✓

The first plant erected as a border industry - Good Hope Textiles - was a large, sophisticated textile plant employing operatives rather than skilled workers, jointly financed by the I.D.C. and Lancashire Cotton Mills. The location of advanced plants in the decentralised areas is not a new development though it may have accelerated in recent years. Lacey's periodisation of forms of capital would have to be modified, not only to accommodate Good Hope Textiles, but several similar enterprises too. (44)

More important than the need for a modification of Lacey's periodisation of forms of capital in the decentralised areas is the fact that she neither notes the shift from border industries to bantustan industrialisation in the early seventies nor attempts to explain it. While Marian Lacey's works take the study of industrial decentralisation in South Africa a good deal further than most previous writings, her emphasis on economic issues and particularly the exploitation of workers, though correct in principle, leads her to pay too little attention to a range of broad political issues that have centrally affected decentralisation policy. ✓

5. Nolutshungu's Revision.

In a recent book on politics in contemporary South Africa, Sam C. Nolutshungu ventures for part of a chapter into the area of industrial decentralisation. Nolutshungu's is a subtle and original historical materialist analysis which explicitly sets out to avoid the economism and functionalism which, as he notes, is present in many works on South Africa of recent times. ✓

A central purpose of Nolutshungu's book is to dispel the notion that the South African state has deliberately and successfully created a black middle class. In consequence not only is a "united front of black opposition" possible, but within the front capitalist interests are extremely weak, too weak to deflect the struggle for socialism. (45)

Nolutshungu argues that decentralisation should not be seen "as primarily the fulfilment of a political purpose." (46) The development of black elites or middle classes was merely a by-product of decentralisation policy. The policy is a product

"... of economic developments in the wider economy whose effects on the creation of a bourgeoisie and on development in the homelands are secondary, if not wholly incidental." (47)

At the same time that the policy of self-governing homelands emerged - in the early 1960s - economic planning came to be taken seriously, argues Nolutshungu. Decentralisation policy is largely a consequence of official thinking about planned growth in South Africa, thinking which incorporated a good deal of conventional capitalist planning considerations. The wider dispersal of economic activity sought to achieve several aims:

"... to stimulate economic activity in less developed white areas, the border areas...; to stem the flow of black labour into the white metropolitan areas ... and reserving the metropolitan areas for white labour intensive industries." (48)

Other considerations become important, he continues, most significantly the need to suspend the protective measures achieved by white workers in the metropolitan areas, as regards wage levels and job reservation. Agency investment marked an extension of these activities to the bantustans, but under tight control as the government feared the emergence of "little Hong Kongs" that would threaten existing industrial concerns in South Africa.

The development corporations, responsible for bantustan development are, Nolutshungu argues, offshoots of the decentralisation policy, "for all that they incorporate other functions and aims as well." He continues:

"Their emergence and their pattern of activity are far more intelligible in terms of industrial decentralisation in the wider national economy than in terms of a specific political policy of "creating a black bourgeoisie" or "middle class"." (49)

Nolutshungu's is an analysis of depth. Unlike most writers on industrial decentralisation he analyses the subject from two perspectives; through the prism of decentralisation policy in general, and in the light of bantustan policy. He does not seek a simple monocausal explanation, but rather a carefully constructed hierarchy of reason.

It is correct to situate bantustan industrialisation within the broad decentralisation policy in South Africa. This is precisely what this thesis sets out to do and is the chief consideration that informs its structure. It could, however, be argued that Nolutshungu loses sight of two important dimensions of the subject in his attempt to deflate the "black middle class" thesis. Firstly, like most writers on the subject he fails to adequately periodise decentralisation policies. A consequence is that he fails to explore the implications of the policy shift marked by the institution of the "agency system" and the 1971 White Paper.

Secondly, and all the more surprising in a work that lays so much emphasis on politics and political institutions, he fails to adequately unravel power relations within the state in respect of decentralisation policy. Consequently he believes the influence of economic planning apparatuses to be far greater and freer of contradiction than it actually was. (Contradiction within the state is taken up in Chapter three).

In addition in this section of his book, Nolutshungu seems to adopt a rather narrow view of the term politics. Bantustan industrialisation is "political" if it is designed to create and nurture a black middle class in the bantustans, he seems to argue. This, he argues, does not take place. Therefore, the reasoning seems to run, explanations for industrial decentralisation must be sought in the realm of economic planning. This is why Nolutshungu fails to explore the relationship between the restructuring of political apparatuses in the bantustans and bantustan industrialisation. Though the contribution of bantustan industrialisation to

the formation of a bantustan middle class is small, indeed much smaller than the contribution of burgeoning bantustan state apparatuses, that does not mean that bantustan industrialisation is not, in large measure, a consequence of political pressures on the South African state. It also does not mean that bantustan industrialisation is not tied to the political development of the bantustan system.

6. Economics, Politics and Periodisation.

The explanation of state economic policy is a difficult task in any society. The integration of political and economic explanations is the chief problem. Political struggles and economic imperatives impinge directly on the formulation of policy, often in complex and contradictory ways. Not only must these factors be unravelled, but having done so the analysis must be able to make certain generalisations. Without them a study becomes an almost useless collection of entirely unresolved factors. The analyses discussed in this chapter are not, by and large, afraid to generalise. Frequently, though, their generalisations are weakly founded.

Trevor Bell passes by issues often because they are not the concern of orthodox economic theory, his methodological framework. The sphere of politics is a closed book, a subject for political scientists, not economists. Politics is an irrational phenomenon which intervenes in the essentially rational workings of economics. Policies are assessed in terms of the extent to which they conform to Bell's model in which "economic growth" is the only valid purpose for state intervention in the economy. For this reason Bell does not ask how political struggles influence the formulation and alteration of industrial decentralisation policy.

The work of the Lombard school is, by and large, not very much more helpful than Bell's in analysing the relationship between political struggles and economic imperatives on the development of decentralisation policy. Political issues are avoided not only because they lie outside the limited conceptual vocabulary of economists, but also because Lombard and his colleagues were steering clear of confrontation with the National Party establishment. Though politically informed proposals were made in their articles they stuck doggedly to the economic side of the fence, remaining on safe "technical" ground.

In Lacey's work the problem is precisely the opposite. Instead of maintaining an artificial barrier between politics and economics, she merges the two in an essentially functionalist analysis where politics is the hand-maiden of economics. Lacey sees decentralisation as an aspect of a continuing process of labour repression within South Africa's super-exploitative economy. The policy both enables labour to be super exploited in the decentralised areas and shores up the migrant labour system. The lineage of Marian Lacey's position runs directly back to the work of Frederick Johnstone and Harold Wolpe in the late sixties and early seventies. (50) In criticism of the liberal conception of apartheid and capitalist development being at odds with one another, Wolpe and Johnstone argued that segregation and apartheid both benefited capitalist development primarily by procuring cheap African labour. Since then historical materialist analyses of South Africa have moved away from the functionalism that marked the re-emergence of a lively historical materialist problematic in this country. Lacey's work, however, retains much of the functionalism of that period and her political analysis and periodisation are the worse for it.

Nolutshungu's book, in contrast, explicitly distances itself from functionalist historical materialism. However, it could be argued that the distance shrinks in his analysis of decentralisation. Momentarily, as a consequence of his preoccupation with the question of the creation of a black middle class in the bantustans, Nolutshungu lapses into a narrow definition of politics. Combined with his uneven research (see Chapter three Section 3 of this thesis) he fails to indentify the political significance of the switch from border areas to bantustan industrialisation.

As a form of state intervention in the economy industrial decentralisation poses particular analytical problems. State and economy come together in industrial decentralisation requiring not only sensitivity of analysis in the sphere of capital accumulation and the sphere of class struggles, but also at the intersection of the two in the formulation of state policy. A periodisation of industrial decentralisation policy entails a combined analysis of state and economy.

To adequately accomplish that task, a good deal of detailed archival research would be required. A close examination of the consideration of government departments involved in decentralisation would be one aspect of such a study. A detailed survey of capital's responses in various forms and at different times would also be required. Such a study would contribute a great deal towards an understanding of the nature of politics and capitalist development in apartheid South Africa.

This dissertation aims to do a little less than that. By studying the relationship between bantustan policy, conditions in the bantustans and decentralisation, the following chapter attempts to overcome some of the difficulties thus far encountered. The following chapters on the Ciskei seek to concretely develop the analytical approach suggested. In doing so they seek to demonstrate that a study of industrial decentralisation, while important in its own right, provides an invaluable window through which the main features of capitalism in apartheid South Africa can be discerned. ✓

CHAPTER 2TABLE 2.1

PERCENTAGE SHARE OF INDUSTRIAL EMPLOYMENT LOCATED
IN
METROPOLITAN REGIONS 1938/9 - 1970

	<u>1938/9</u>	<u>1948/9</u>	<u>1959/60</u>	<u>1970</u>
Pretoria/Witwatersrand/Vereeniging	41,8	44,8	45,9	44,3
Western Cape	20,7	16,2	16,8	15,4
Durban/Pinetown	9,6	10,8	12,4	13,7
Port Elizabeth/Uitenhage	6,0	5,9	4,7	5,8
Total	78,1	77,7	79,8	79,2
Rest of South Africa	21,9	22,3	20,2	20,8

Source: R.T. Bell "Some Aspects of Industrial Decentralisation in South Africa" S.A. Journal of Economics, Vol. 41, No 4, 1973.

TABLE 2.2

CUMMULATIVE INVESTMENT IN AGENCY SYSTEM ENTERPRISES (Excluding infrastructure) (R'000)

	Kwazulu	Qwaqwa	Lebowa	Gazankulu	Kangwane	Transkei	Bophuthatswana	Venda	Ciskei	Total
<u>31 March 1974</u>										
By industrialists	1 475	86	2 614	300	78	5 239	18 112	737	52	28 693
By development corporations	1 651	37	470	609	40	6 491	9 239	372	100	19 009
Total	3 126	123	3 084	909	118	11 730	27 351	1 109	152	47 702
<u>31 March 1977</u>										
By industrialists	8 715	-	5 673	601	118	31 245	40 081	909	2 659	90 001
By development corporations	8 916	-	4 984	1 730	83	28 830	25 968	2 117	3 699	76 327
Total	17 631	-(1)	10 657	2 331	201	60 075	66 049	3 026	6 358	166 328
<u>31 March 1978</u>										
By industrialists	19 980	297	7 143	1 953	144	30 932	62 368	1 115	3 949	127 881
By development corporations	20 335	376	5 533	1 782	83	51 080	37 438	2 990	5 832	125 449
Total	40 315	673	12 676	3 735	227	82 012	99 806	4 105	9 787	253 330
<u>31 March 1979</u>										
By industrialists	29 613	297	7 558	1 989	144	-	62 041	785	4 084	106 511
By development corporations	39 597	471	7 994	1 969	83	-	43 597	3 717	10 326	107 754
Total	69 210	768	15 552	3 958	227	-(2)	105 638	4 502	14 410	214 265 (3)
<u>31 March 1981</u>										
By industrialists	40 200		11 846			-	74 240	1 594	10 783	
By development corporations	49 072		11 446			-	52 441	6 748	21 842	
Total	89 272	(2)	23 292	(4)	(4)	(2)	126 681	8 342(5)	32 625	(4)

TABLE 2.2CUMMULATIVE INVESTMENT IN AGENCY SYSTEM ENTERPRISES(Excluding infrastructure) (R'000)

1. Figures indicate disinvestment, possibly inaccurate.
2. Transkei data becomes unavailable in 1979.
3. Excluding Transkei for which no data is available
4. Figures not obtained
5. This is according to source 5. but source 6. indicates much lower figures.

SOURCES

1. Benso Black Development in South Africa, Benso, Pretoria, 1976, Table B.9.9.
2. Benso Statistical Survey of Black Development 1978, Benso, Pretoria, 1979, Table 46.
3. Benso Statistical Survey of Black Development 1979, Benso, Pretoria, 1980, Table 56.
4. Benso Statistical Survey of Black Development 1980, Benso, Pretoria, 1981, Table 76.
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6. Benso Unpublished Records, examined July, 1982.

FOOTNOTES - CHAPTER TWO

- (1) Report of the (Riekert) Commission of Inquiry into Legislation Affecting the Utilisation of Manpower, Government Printer, Pretoria, 1979. See pp 232, 233 particularly.
- (2) See Development Studies Southern Africa Vol. 2 No 4, 1980; and Growth Vol. 2 No 5, 1982
- (3) Some of their important works in the area of bantustan industrialisation are i) J.A. Lombard, "Problems of Regional Economic Planning in the Development of the Bantu Homelands" S.A. Journal of Economics, Vol. 39, 1971 (a); ii) Lombard Jan A, "Background to Planning the Development of Bantu Homelands in South Africa" in John Barrat et. al. (eds) Accelerated Development in Southern Africa, Macmillan, 1974; iii) J.A. Lombard, "The Planning of the Economic Development of the Bantu Homelands" in J.A. Lombard (ed) Economic Policy in South Africa, Selected Essays, HAUM, 1975 (?); iv) J.A. Lombard, P.J. van der Merwe "Central Problems of the Economic Development of Bantu Homelands", Finance and Trade Review Vol. X 1972/73; v) S.S. Brand "Economic Development as a Policy Objective" Finance and Trade Review, Vol X, 1972/73 and vi) Van der Merwe, P.J. "Industrial Decentralisation" - attached to S.T. Kleu's Chapter on Industrial Policy in Lombard J.A. (ed) Economic Policy ..., 1975, op. cit.
- (4) J.A. Lombard "Political and Administrative Principles of Homeland Development" Bantu, February, 1971 (b) p 26.
- (5) J.A. Lombard and P.J. van der Merwe, 1973, op. cit., p 26.
- (6) *ibid.*
- (7) *ibid*, pp 26, 27.
- (8) J.A. Lombard, 1971 (b) op. cit., p 25.
- (9) *ibid*, p 28.
- (10) J.A. Lombard and P.J. van der Merwe, 1973, op. cit., p 22.
- (11) *ibid*, p 27.
- (12) J.A. Lombard, 1974 op. cit. p 464.
- (13) *ibid*, p 466.
- (14) Anne E. Ratcliffe "Industrial Decentralisation in South Africa" (Review article), S.A. Journal of Economics, Vol 42 No 3, 1974, p 161.
- (15) R.T. Bell: Industrial Decentralisation in South Africa, Oxford University Press, Cape Town, 1973 (a); and "Some Aspects of Industrial Decentralisation in South Africa" S.A. Journal of Economics, Vol. 41, No 4, 1973 (b).
- (16) S.S. Brand, "Comment 1", S.A. Journal of Economics Vol. 41 no 4, 1973; other responses included one from J.H. Lange "Comment 11" in *ibid*, and Anne Ratcliffe's article, 1974, op. cit.

- (17) For example, see B.I.C. Homelands - The Role of the Corporations in the Republic of South Africa, Chris van Rensburg Publications, N/d 1976 (?), p 11:
- "Purely on economic grounds the South African government would have been compelled, in the present circumstances, to launch such a decentralisation programme in order to promote economic growth in the underdeveloped areas of the country The availability of water is one of the most important considerations in decentralisation. The substantial water resources in or near most of the homelands, coupled with the limited water resources in or near most of the white urban industrial areas make decentralisation virtually imperative."
- (18) Report of the Commission of Inquiry into Water Matters RP 34/1970, discussed in R.T. Bell, 1973 (b), p 427.
- (19) R.T. Bell, 1973 (a), op. cit., p 2.
- (20) *ibid*, p 9. Bell recognises that the term has a broader scope geographically, but fails to identify the real shift that occurred.
- (21) Anne E Ratcliffe, 1974, op. cit., pp 162 - 164.
- (22) Deborah Posel "Rethinking the 'Race-Class Debate' in South African Historiography", in Martin Fransman et al (eds), Southern African Studies - Retrospect and Prospect, Centre of African Studies, University of Edinburgh, 1983.
- (23) R.T. Bell, 1973 (a), op. cit., p 257.
- (24) *ibid*, pp 260 - 261.
- (25) G.G. Maasdorp Economic Development Strategy in the Homelands: The Role of Agriculture and Industry, S.A. Institute of Race Relations, Johannesburg, 1974, p 1.
- (26) Gavin Maasdorp "Industrial Decentralisation and the Economic Development of the Homelands" in R. Schrire (ed), South Africa - Public Policy Perspectives, Juta, Cape Town, 1982, p 251.
- (27) *ibid*, p 252.
- (28) *ibid*, pp 242, 243.
- (29) C.L. McCarthy "Industrial Decentralisation - Reflections on the New Initiatives", S.A. Journal of Economics Vol. 50 No 4, 1982, p 287.
- (30) Servaas van der Berg "The Role of the Public Development Corporation in Generating Jobs and Incomes for Blacks, Particularly in the Black Homelands" a paper delivered to the Urban/Rural Conference, Stellenbosch, 1982, p 17.
- (31) R.T. Bell 1973 (b) op. cit. pp 402 - 405. Note that J.A. Lombard and P.J. van der Merwe (1973, op. cit.) blandly state that:

"The indirect and direct policy instruments have since the initiation of the programme (1960) resulted in the creation of 99 771 additional employment opportunities in decentralised areas (by 1971) ..."

R. Tomlinson's paper "Industrial Decentralisation and the Relief of Poverty in South Africa's Homelands" presented to the 1983 National Conference of the S.A. Institute of Town and Regional Planners; and C.M. Rogerson's "Industrial Decentralisation in South Africa : the Planning Uncertainties" Supplement to the Standard Bank Review, October 1974 also discuss these questions.

- (32) C f. R. Tomlinson, 1983, op. cit.
- (33) Marian Lacey "Locating Employment - Relocating Unemployment" in S.A. Research Service, Homeland Tragedy - Function and Farce, S.A.R.S., Johannesburg, 1982, p 48.
- (34) *ibid.*
- (35) *ibid*, p 49.
- (36) *ibid.*
- (37) *ibid*, p 48.
- (38) South African Digest 2/4/82, Supplement: The Promotion of Industrial Development : An Element of a Coordinated Regional Development Strategy for Southern Africa, Department of Foreign Affairs and Information.
- (39) Servaas van der Berg , 1982, op. cit. Table 4.
- (40) *ibid*, Table 3.
- (41) *ibid.*
- (42) The changing incentives structure is discussed in detail in the Ciskei case study.
- (43) I have identified the same problem in another article by Marian Lacey "The Resettlement Policy in Historical Perspective" in Ethel Walt (ed) A Land Divided, Black Sash, 1982, in my review in S.A. Outlook, November 1982.
- (44) In the Border region alone several important technologically advanced plants have existed for many years - particularly in the chemicals industry. Chloride, Raylite and Agbro are three examples. See Alan Hirsch and Alide Kooy "Industry and Employment in East London" S.A. Labour Bulletin, Vol. 7 no 4/5, 1982.
- (45) Sam C. Nolutshungu Changing South Africa, Manchester University Press, 1982, pp 206, 207.
- (46) *ibid*, p 83.
- (47) *ibid.*
- (48) *ibid*, pp 83, 84.
- (49) *ibid*, pp 84, 85.
- (50) Frederick A. Johnstone "White prosperity and white supremacy in South Africa today" African Affairs, Vol. 69, No 274, 1970; Harold Wolpe "Capitalism and cheap labour power in South Africa : from segregation to apartheid" Economy and Society Vol.1 No 1, 1972.

CHAPTER 3

ECONOMIC INTERVENTION IN THE BANTUSTANS:

CONCRESCENCE AND CONTRADICTION IN STATE POLICY AND PRACTICE

The bantustan industrialisation programme cannot be understood through an examination of industrial decentralisation policy alone. The formation of industrial development policy for the bantustans can only be adequately comprehended in the context of the overall development of the state policy towards the reserves since the Second World War. It will be argued that the key to understanding bantustan industrialisation is to see it as a point of intersection between two strands of state policy - general policy towards the bantustans and the specific strand of economic planning that encompasses industrial decentralisation.

It will be argued that bantustan industrialisation is a product of policies emanating from different state apparatuses for not entirely congruent purposes. This is indicated by contradictions in both the formulations and the practices of the policy. The various apparatuses of the state do not necessarily have identical objectives. Bantustan industrialisation contains contradictory elements which can only be explained by reference to and analysis of contradictions within the state.

In chapters one and two it has been suggested that a central reason why writers on industrial decentralisation have difficulties analysing policy developments in the 1970s is that they do not take the political sphere seriously enough. They do not adequately relate developments in policy to the objectives of and contradictions between apparatuses within the apartheid state. This chapter will focus on policy towards the reserves in the post-war period drawing out those factors which explain the shift towards bantustan industrialisation in the late 1960s and early 1970s.

This chapter is divided into two main sections. The first section, after a methodological preface, identifies and analyses the causes and consequences of the demographic crises that hit the reserves in the 1960s and 1970s. In the second section, economic programmes for the bantustans are examined. Through

these programmes the essential features of bantustan economic policy during different periods since the Second World War are revealed and discussed.

In a concluding section to this chapter relations between state apparatuses involved in the formulation of bantustan industrialisation policy are considered. The peculiar path of development of the policy is explained in terms of struggles within the state reflecting, in different ways, struggles in the social formation as a whole.

I Crisis and Restructuring - From Reserves to Bantustans

1. The Role of the State.

The analysis of state policy in South Africa has evolved in some very important ways over the last fifteen years. A brief review and assessment of the work of some important writers during the early 1970s, concerned with the development of policies towards the Reserves, is designed to bring out guidelines for the analysis of state policy. Central points are elaborated in a short general discussion on the analysis of the capitalist state.

A central issue within the new wave of historical materialist writings in the early 1970s was why the Reserves were restructured into bantustans during the 1950s. It was clear that a qualitatively new range of policies was initiated with the passing of the Bantu Authorities Act (No 68 of 1951) whose purpose was to erect new administrative structures in the Reserves. Most significant were Tribal Authorities in which chiefs assumed some of the functions of magistrates. The Native Laws Amendment Act (No 54 of 1952) and the Natives (Abolition of Passes and Coordination of Documents) Act (No 67 of 1952) initiated the stringently tightened control to be exercised over the influx of Africans to the scheduled (white) areas, at the same time controlling population efflux from the bantustans. Labour bureaux institutionalised the migrant labour system. Throughout the 1950s these policies were strengthened, modified and supplemented. A reserve policy that had changed relatively little between 1913 and 1950 was being transformed into a bantustan system which comprehensively denied Africans rights outside of the bantustans.

For Harold Wolpe it was the destruction of the economies of the Reserves that provoked this transition from segregation to apartheid. He argued that the position of the Reserves had changed in the 1930s:

"In the earlier period of capitalism (approximately 1870 to the 1930s) the rate of surplus value and hence the rate of capitalist accumulation depended above all on the maintenance of pre-capitalist relations of production in the Reserve economy...." (1)

However, this form of production where, through migrant labour, the non-capitalist sector contributed to the costs of reproduction of the labour force which would otherwise have to have been borne by the capitalist sector had contradictory effects on the Reserves. In conjunction with land shortages it undermined their reproductive capacity. Ultimately the relationship

"made impossible the continuation of the pre-capitalist relations of production in the reserves." (2)

The consequent decline of agricultural productivity in the Reserves lessened the contribution of the Reserves to the production of surplus value in the capitalist sector. The capitalist rate of surplus value, and therefore the rate of profit, was threatened. (3) The bantustan system and new forms of oppression and control brought in by the apartheid state, after 1950, were created as a revised means of keeping wages down thus defending the rate of surplus value and the rate of profit. A new form of cheap labour emerged, cheap now because of political domination rather than economic subsidisation.

Wolpe's was one of the most important steps forward in the development of an historical materialist analysis of apartheid. Following seminal articles by Stanley Trapido and Frederick Johnstone it was the first attempt at a systematic scientific historical materialist analysis of the relationship between racialism and capitalism in South Africa. (4)

Though it represented an advance, several aspects of Wolpe's article were criticised. In an essentially sympathetic appraisal Mike Morris criticised Wolpe for attributing too much force to

changes in the Reserves themselves. In a paper adopting a position from which he later withdrew he argued that

"In order to determine what the role of the black reserves in the South African political economy is at any particular point in history, it is necessary first to determine which branch/fraction of capital is dominant at that particular point. In other words it is necessary to determine whose interests these reserves are serving.

This can be summed up by saying that in general when examining the relationship between a dominant capitalist mode and a subordinate pre-capitalist mode of production it is changes occurring in the former that will determine the overall relationship between the two." (5)

Morris stressed the function of labour allocation between different sectors of production as the central element of the apartheid state.

In another response to Wolpe, Michael Williams also stressed the dominance and determinant role of the advanced capitalist sector in the transition to apartheid. Rather than pointing to fractional conflicts over labour as the major variable, Williams emphasises the shift from absolute surplus value production to relative surplus value production in the manufacturing sector in the 1940s and 1950s. This shift is a consequence of the rapid growth of manufacturing during this period and the increased levels of competition, forcing capital to sophisticate production techniques. Thus Williams emphasises the form of exploitation of labour whereas Morris focusses upon the distribution of labour between sectors of capital.

While these works clearly represented advances, they had in common with Wolpe's article certain weaknesses. In general terms, they concentrated too exclusively on broad economic structures and their requirements. More specifically, they were "structuralist" in the sense that they concentrated on structures, rather than relations between and within structures, and they were "economistic" insofar as they analysed activities concerning the state almost exclusively in terms of the economic

requirements of, and constraints on, capital.

The term "functionalism" has also been used to describe these tendencies in the early revisionist writings. As Deborah Posel has succinctly put it, functionalism, in this sense, describes the manner in which:

"the South African 'social formation' has been treated as if a functionally integrated whole, its racist political and ideological superstructure wholly serving the interests of the capitalist base which determines it". (7)

Politics and class struggle were almost entirely neglected and the state was effectively seen as an instrument guided by the hidden hand of capital.

The errors of the revisionists, as the new wave of historical materialist writers on South African history is often termed, are understandable in terms of the context in which their work was produced. Their overriding project was to criticise the liberal school of analysis, which at the time was the most widely accepted critical view of apartheid. The liberals argued that apartheid was at odds with the existing economic system and was the product of an irrational political ideology. They stressed the separation of the economic from the political sphere in the analysis of South Africa. Politics dominated and distorted the economic system, but apartheid would ultimately be eroded by economic logic. (8)

In contrast the revisionists had sought to emphasise the close relationship between South Africa's political form and its economic structure. Apartheid was not an irrational phenomenon ultimately to be worn down by a rational economic system, they argued. Rather, the level of exploitation which made powerful capitalist structures possible in South Africa, was only able to exist because of the racially discriminatory political system. Capitalism was the *raison d'etre* of apartheid. Far from being essentially incompatible, racial discrimination and capitalist development in South Africa were two sides of the same coin.

What the revisionists had done was to bend the stick too far to the other side. In their attempt to re-integrate economics

into politics they had subsumed politics under economics. ✓

A good deal of the more recent work by revisionist historians and social scientists, including those originally culpable, has concerned backing out of theoretical cul de sacs. The need to integrate class struggle, politics, economics and ideology far more carefully has been a central objective of more recent work on South Africa reflected in the work of Kaplan, Wolpe, Hindson and Nolutshungu, amongst others. (9) Three things have provoked these developments. Most importantly the political flux in South Africa that followed the scholars' revolts of 1976 and 1977 and the "Muldergate" scandal began to suggest that the theoretical tools thusfar utilised in the revisionist analyses were not adequate to the analysis of political flux, crisis and change. ✓

Also important was the work of historical materialist historians such as William Beinart and Peter Delius. (10) Their detailed research pulled the revisionists away from a functionalist approach. They showed, for example, that migrant labour was not simply a consequence of capital's demands for cheap labour. Instead migrant labour was the consequence of a series of struggles and experiments, within the capitalist and non-capitalist sectors as well as across both. The historians taught the lesson that patterns of development cannot simply be read off an analysis of the requirements for the development of capital. ✓

The third contributing factor to the move away from functionalist conceptions of historical materialism in the analysis of South Africa was the fact that important developments were taking place in the theory of the state. Amongst the important contributions were works by writers such as Ernesto Laclau, Bob Jessop and, most importantly, the later work of Nicos Poulantzas. (11) ✓

In moving away from the classic base-superstructure formulation of the state as the instrument of the ruling class, historical materialist theory was subjected to an extended and often confusing debate. In the course of it, in order to sustain the argument that the state was relatively autonomous of the ruling class, the state disappeared as an object. Instead it became "a nexus of class forces", "a relation". (12) In his

later work, however, Poulantzas re-instated the "materiality" of the state - without returning to instrumentalist conceptions.

As Poulantzas wrote:

"The State ... is rather a relationship of forces, or more precisely rather the material condensation of such a relationship among classes and class fractions, such as this is expressed within the state in a necessarily specific form." (My emphasis; the whole passage is emphasised by Poulantzas). (13)

A page later Poulantzas elaborates on what appears as a qualification in the passage above.

"The State is not reducible to the relationship of forces; it exhibits a capacity and resistance of its own. To be sure, change in the relationship of forces always affects the State, but it does not find expression in the State in a direct and immediate fashion. It adapts itself exactly to the materiality of the various state apparatuses, only becoming crystallised in the State in a refracted form that varies according to the apparatus." (14)

In this way Poulantzas explains that the state has material qualities (though they are not static) and in this way has a character over and above that granted it by the relation of class forces at a particular conjuncture. The state is a complex and changing object, but it is an object, insofar as it has qualities other than those bestowed on it by the relationship of forces at any moment. Class and fractional struggles are reflected in the state, but not in an unmediated, or alternatively, symbolic fashion. Struggles are reflected within the very apparatuses of the state itself. (15) The interests of different elements of the ruling alliance might be represented unevenly in different departments or apparatuses, but those that most strongly represent the hegemonic section of the alliance would tend to be the most powerful. Other apparatuses might also be powerful in certain arenas.

Even the interests of the dominated classes may be present within apparatuses - but they would be represented in an extremely mediated fashion, always subsumed to the interests of the dominant class(es).

This formulation of the state in capitalist society begins to give content to the concept of relative autonomy, a concept which has been structurally derived from the logic of the capitalist mode of production in earlier analyses, but without real content. It has been a concept that was difficult to utilise in the analysis of concrete social formations in any other than a structuralist manner.

Recent discussions of state theory indicate that an attempt to "provide a spuriously definitive general theory of the state apparatus and state power in capitalist societies" would be reductionist if it was abstracted from the specific object of analysis. (16) Historical materialism is not model building. As Poulantzas put it:

"Social formations are the actual sites of the existence and reproduction of modes of production. They are thus also the sites of various forms of State, none of which can simply be deduced from the capitalist type of State understood as donating an abstract-formed object". (17)

This is not to reject materialism and sink into positivist empiricism or Weberian institutionalism; "To situate the State with reference to the relations of production is to chart the original contours of its presence in the class struggle." (18) These are the guidelines that inform the analysis of the state and state policy in this dissertation. Most importantly for the purposes of this chapter they make provision for the analysis of contradiction in state policy.

2. Situating the Crisis of the Reserves.

Though it has been argued above that one should not look to either the Reserves or capitalist production outside the Reserves for the essential reason for the movement of policy from Reserves to bantustans, the starting point for analysis chosen in this

thesis is the economic conditions in the Reserves. This is a convenient starting point from which to construct an analysis, but as will be shown, the economic crisis in the Reserves can only be understood in terms of a broader analysis of South African society. Similarly an understanding of state policy towards the bantustans entails reference to a range of factors within and outside the bantustans.



* * * * *

The point at which the Reserves enter a phase of rapid decline of agricultural productivity per head of population is one of the crucial watersheds in South African history, a fact widely recognised by historians liberal, revisionist and otherwise. Monica Wilson refers to "a fall in productivity" which she says began in the Ciskei in the late 19th century and she suggests became generalised in the 1920s and 1930s. (19) Harold Wolpe relying largely on commissions describes

"the ever increasing total and irredeemable destruction, through soil erosion, of vast tracts of land (and) ... the decline of production and ... the impoverishment of the people"

in the Reserves. (20)

Like Monica Wilson, Wolpe identifies the 1930s as the period during which the decline takes serious effect. For Wolpe, not only is the decline important for its social effects in the Reserves, but also because it means the Reserves no longer subsidise migrant labour. Locating the decline is essential for the purpose of contextualising state policy towards them. ✓

A superficial glance at statistics, however, would seem to suggest that it is not so easy to identify the 1930s as the point during which rapid decline occurs. This is certainly not true if gross production and ownership figures are to be believed. Table 3.5 shows that, according to official statistics, while the production of sorghum declined between 1918 and 1957, figures for maize production and the ownership of cattle and sheep all increased. The number of cattle held in the Reserves more than doubled from 1,7 million to 3,8 million. Ownership of ploughs

increased from 154 649 in 1926 to 320 581 in 1955.

Naturally, on their own, these statistics mean very little. They do strongly suggest that the catastrophic ecological disaster had not yet taken full effect in the Reserves. The figures do not, however, indicate productivity levels measured either in proportion to the amount of land cultivated or the number of persons on the land. Charles Simkins found that total agricultural production valued at constant prices did not fall over the period 1918 to 1965, confirming the impression created by the statistics cited above. (21) More importantly he found that output per head of population in the Reserves only began to fall significantly during the late 1940s. (22) Simkins also examined non-agricultural requirements of Reserve dwellers and found that

"Taking the reserves as a whole, one finds that their inhabitants were far from able to provide for their subsistence requirements from agricultural production as early as 1918. However, the proportion of requirements they were able to meet remained substantially constant between 1918 and 1955, declining rapidly after that date" (23)

Ultimately Simkins argues that during the period until 1955 the Reserves managed to sustain a level, inadequate though it was, of production of living requirements for the population which remained resident. He termed the period that of "fragile productivity maintenance." The subsequent period - 1955 to 1969 he called "the period of rapid decline". (24) His analysis ends in 1969 as he argued that by the seventies agricultural production had fallen to a relatively low level, amounting to about 25% of total product and had thus become quite meaningless as an indicator of general conditions in the bantustans.

When production per capita declines it indicates that the production levels are falling and/or population levels are rising. As production levels remain more or less static between 1918 and 1965 it would stand to reason that population levels must have risen. In fact, population density altered little between 1918 and 1955, rising slowly from 50 persons per square mile to 60 persons per square mile in that 37-year period. In the 14-year period between 1955 and 1969 population density in the bantustans nearly doubled to 110 persons per square mile. (25)

Two things need to be explained. On the one hand the, relatively slow population density growth in the earlier period has to be accounted for while, on the other hand, the very marked increase that begins in the 1950s demands interpretation.

Two factors help explain why population density did not rise rapidly in the Reserves during the earlier period (1918 - 1955) in spite of the African population growing relatively quickly. Firstly, as Tables 3.1 and 3.3 indicate, significant levels of permanent and temporary outmigration from the Reserves occurred during this period. There was a net flow from the white rural areas as well as from the Reserves to the towns.

This was made possible by relatively relaxed influx control regulations particularly during the Second World War. This is discussed in more detail in the next section.

Secondly, a significant quantity of land was added to the Reserves during this period. This was mainly, though not entirely, a consequence of the Native Trust and Land Act (No 18 of 1936) which provided that 7 250 000 morgen should gradually be added to the Reserves, nearly doubling their size. Though the full amount was never demarcated, let alone allocated, a substantial part was granted. (26) In effect the amount of land in the Reserves increased at approximately the same average rate as the resident population until the 1950s.

The reasons for the rapid increase in population density since the early 1950s is the subject of the next part of this chapter.

3. The Causes and Nature of the Crisis.


It might be thought that the term crisis is an inappropriate term to apply to the subject of this discussion. The temptation to use the term has led to it being widely and indiscreetly used and has thus lost much of its value. Its use will be reassessed at the end of this section.

At its simplest, the crisis that began in the bantustans a few years after the Second World War could be identified as demographic. An appraisal of tables 3.1, 3.2 and 3.3 in conjunction with each other indicates the following: while permanent

urbanisation for Africans had expanded until the late 1940s it slowed down very sharply - from a rate of 6,6% per annum between 1946 and 1951 to a rate of 4,5% per annum between 1951 and 1960 and down to 3,9% between 1960 and 1970 (as indicated by census data which may not be entirely accurate, though the trends indicated are broadly accurate). (Table 3.1). Between 1950 and 1980 the African population in the metropolitan areas increased by 2,5 million (from 1 452 800 to 3 915 600). In the white rural areas African population increased by an even smaller 1,3 million (to 4 310 000), whereas in the bantustans African population increased from 3,4 million to 11,1 million - a very large increase of 7,5 million people. Whereas in 1950 about 39,6% of Africans lived in the bantustans by 1980 the figure had reached 52,7%. In short, the tendency towards urbanisation evident in the 1930s and 1940s had been slowed whereas a massive transfer of population from the white areas, especially the rural areas, to the bantustans had occurred. This transfer accelerated in the 1960s and 1970s.

This movement was taking place in spite of the fact that agricultural productivity per head in the bantustans was declining rapidly and by 1960 the vast majority of districts in the Reserves produced less than 50% of the food required for their population and a large proportion of those produced less than 25%. (27) The demographic crisis is thus quite simply the increased crowding in of large numbers of African people into poverty stricken Reserves.

The first question to ask is how did this process take place. A glance at Table 3.6 provides the first part of this answer. Though pass convictions eased off during the Second World War boom years they escalated rapidly from the late 1940s. In the ten year period between 1945 and 1955 pass convictions more than doubled, from 137 177 to 345 421. They nearly doubled again between 1960 and 1970, 632 077 Africans being convicted in the latter year. Influx control regulations having been strengthened and extended to women during the 1950s, were being increasingly stringently applied.

 From the 1960s widescale population relocation programmes began to transfer large numbers of people to the Reserves. It has been estimated that between 1960 and 1982 about 3 522 900 persons were relocated under various programmes (in that year about 1 765 500 were still threatened with removal). (28) The single most important group of people relocated were those Africans moved from white farms to the bantustans. About 1 129 000 people were moved in that direction between 1960 and 1982. Also moved from white rural areas were 614 000 Africans, in terms of the consolidation of bantustans and the eradication of "black spots". (29) Other major categories of removal, as defined by the Surplus Peoples Project are those moved from townships in towns to distant townships that fall within bantustan boundaries. About 730 000 people were moved in this way between 1960 and 1982. Lastly, Group Areas Act (no 41 of 1950) removals where suburbs are declared open to a certain "race group" only and the rest have to leave, affected about 834 400 people in the 22-year period but this category of removals does not generally affect the bantustans. (30)

Thus the immediate forces behind the demographic squeeze in the bantustans are the tightening up of influx control in conjunction with a widespread resettlement programme. Little or no land was added to the overflowing Reserves.

Why did these processes take place? To adequately answer this question would require an extended discussion - it involves many of the central issues of South Africa's political economy since the Second World War. Here it will be answered in a brief and schematic fashion.

There are two intertwined areas to examine. Firstly the economic processes that have expanded, but have not prevented the growth of unemployment must be surveyed. Secondly, the political processes that led to the location of South Africa's unemployed masses in the bantustans require explanation.

The most significant development in the South African economy over the last half a century has been the rapid expansion of manufacturing industry. Between the beginning and the end of the Second World War, the value of manufactured goods in

South Africa more than doubled, making that sector the largest contributor to South Africa's gross domestic product. In 1943 manufacturing passed mining in terms of its contribution to GDP, becoming the sector with the greatest output by value. (31) By the mid-1960s the contribution of manufacturing to GDP exceeded the combined totals of mining and agriculture and by 1970 the value of output of manufacturing had reached more than double that of mining, the second in rank productive sector. (32) It must be stressed that this was not a period of stagnation in any sector of the capitalist economy; between 1960 and 1970 the real GDP of the South African economy grew at an average annual rate of 6,2%. (33) In the previous and subsequent decades growth was slower, but nevertheless substantial growth took place.

Although the capital/labour ratio in all sectors of the economy has tended to rise since the Second World War, this process took place slowly at first and levels of employment rose in all sectors. The very high demand for labour in manufacturing during the war itself was a consequence of the relaxation of the pass laws during that period.

While some of those people drawn to the towns by growing employment opportunities and war-inflated wages came from the Reserves, others were drawn from the white rural areas. In both cases farmers felt threatened and applied pressure to protect what they regarded as their labour reserves. Thus the migrant labour and population movement controls imposed during the early 1950s can be seen in some substantial measure as a response by the National Party government to one of its major constituencies - white agriculture. (34)

At this stage white agriculture was still labour intensive:

"The ox was the main form of traction in the maize industry in 1947; there were no hybrid seeds no artificial fertilizers and no chemical weed killers.

During the 1950s the pre-harvest functions in the maize industry were mechanized, while wheat farming was totally mechanised during this period. The maize farmer did not, on the whole reduce his complement of labour as a result of pre-harvest mechanisation because labour was still required for harvesting" (35)

In the 1960s and 1970s, however, mechanisation and centralisation spread rapidly across important sections of agriculture, leading to widespread shedding of labour. This will be discussed further below.

The extension of migrant labour to some extent to manufacturing industry in the 1950s was, by and large, not very favourably regarded by vocal representatives of industry at first. Restrictions on the movement of labour were considered inimical to industrial development. (36) Cries of outrage rapidly died when manufacturers found themselves little heeded. Indeed, it has been argued that the extension of migrant labour in the early 1950s was designed to enable the greater exploitation of semi-skilled African labour in industries where technical innovations eliminated the need for a wide range of skills in most operations. Legassick has argued

"that the principle inducement to industry to increase its degree of capital intensity was the desire to use semi-skilled black operative workers in place of skilled whites." (37)

Most of these were to be drawn from the ranks of migrant workers. Kaplan has argued

"that manufacturing industry, still relatively small scale in the world context, required ultra-exploitable migrant labour. This would enable industry to consolidate and improve its world position in the difficult years following the war." (38)

Though Trevor Bell has challenged some of Legassick's broader generalisations, (39) there is clearly some substance in the arguments that manufacturing industry could take advantage of migrant labour. Certain sections of industry came to rely increasingly heavily on migrant labour. It could be noted though, that existing studies do not carefully distinguish between those sectors of industry that rely heavily on migrant labour and those that employ largely permanently urbanised workers. ✓

What needs to be more fully explained, however, is why the labour is migrant. In other successful late industrialising

countries like Brazil and South Korea, for example, employees in the large industrial sectors live mainly in urban slums.

Political considerations certainly contributed to the formation of the post war version of influx control; not only were the economic requirements of the major productive sectors taken into account. Rapid urbanisation had led to an enormously heightened level of class conflict, of various kinds, in the urban areas. African worker organisation took off for the first time in large industrial unions during the war. (40) Squatter movements expressed the widescale discontent of Africans with inadequate housing. (41) By the end of the 1940s important political leaders amongst the small black middle class in the towns had committed themselves to an alliance with the working class. This was symbolised in the Programme of Action in 1949 and in the Congress Alliance of the 1950s. These developments were precisely what the commissions of the 1950s (quoted in Chapter one) were referring to when they wrote about the evils of urbanisation.

The National Party could neither ignore the farmers who formed an important section of its base, nor the threat of political unrest in the urban areas. Influx control and the institutionalisation of migrant labour was the course of action chosen. The mining industry which remained dependent on migrant labour was well suited by this arrangement, and the industrial sector learned to take advantage of the system before long.

In the 1960s and 1970s the course of capitalist development was to force increasingly large numbers of people into the Reserves. The mechanisation and centralisation of agriculture had very serious effects. Relatively few studies of the post war development of agriculture have emerged though this is being remedied. (42) All available works point to the same basic processes. In the case of crop production - maize and wheat being most important - rapid mechanisation has occurred over the last three decades. In the 1970s the average annual rate of increase in capital stock per farm worker was 5,85%, faster than the 5.17% in mining or the 5.34% in manufacturing. Between 1960 and 1980 the capital stock per employee in the white agricultural sector as a whole (at constant 1975 prices) more than

doubled from R2 597.87 to R5 311.41. (43) In stock production areas mechanisation has not been as significant as centralisation and rationalisation as regards labour saving. (44) The total number of farming units in white South Africa has fallen from 105 850 in 1960 to 71 206 in 1978. (45) This does not adequately reflect the extent of centralisation and concentration in farming generally, as farming units need not be officially dissolved as they are taken over. It does, however, give an indication of the existence of this process. Field work in the Eastern Cape suggests the presence of a steady process of centralisation and consequent rationalisation of production amongst stock farmers. (46)

Even as agricultural output has expanded the level of employment has fallen. In 1960 1 221 000 people were employed in the "white" agricultural sector, but by 1980 employment had fallen to 973 000 (as indicated in Table 3.7). As significant as the gross figures is the fact that agriculture in 1980 employed 9.3% of the economically active population (as defined by the census), compared to 21,3% in 1960.

After the process of capitalisation of agriculture, (or during it, in some countries) the expelled population was gradually drawn into other sectors of the economy in the advanced capitalist states. Most important in absorbing labour was the industrial sector, though subsequently the tertiary sector grew in importance. As Table 3.7 indicates, this has not happened in South Africa. Although employment in manufacturing increased from 644 000 in 1960 to 1 238 000 in 1980 its share of employment of the economically active population rose negligibly from 11,3% to 12,6% in 1970, but fell back to 11,8% by 1980. The mining sector employed 725 000 people in 1980, as opposed to 615 000 in 1960 although its share had fallen from 10,7% to 6,9% of the economically active population. (Table 3.7).

Manufacturing as the most rapidly growing productive sector of the economy might have been expected to expand its share of the economically active population in comparison with other sectors. This was not to be. The reason is, at one level, quite simple. While manufacturing industry's output rapidly

expanded it increasingly employed more capital intensive methods of production. This involves the incorporation of capital into production and the technical sophistication of capital. Hindson's work suggests that the incorporation of capital into production occurred rapidly in the 1950s and 1960s, while in the 1970s increasingly sophisticated methods of production were introduced. The net effect was an accelerating rate of growth of the capital/labour ratio in industry. (47) In other words, increasing quantities of commodities were being produced by a relatively smaller number of workers working with increasingly advanced machines.

Why this process should take place at a time when, as will be shown, there was a rapidly increasing rate of unemployment, is a fundamentally important question that requires a detailed answer. This will not be provided here. The short answer is that as the South African economy is capitalist in nature and exists in the context of a capitalist world economy, production techniques are to a very significant extent determined by pressures from the most advanced sectors of production. Even if the South African economy is not entirely open it is forced to compete in some ways at an international level. Besides, South African manufacturing industry is in the more advanced sectors heavily dependent on foreign investment and expertise. To that is attached certain forms of production. These forces result in what Alec Erwin has called uneven development, allowing unemployment to accelerate while output grows. (48)

The dimensions of South Africa's unemployment problem are difficult to calculate. Unemployment has been estimated to have risen from 832 000 (11,8% of the e.a.p.) in 1970 to 2 004 000 (21,1%) in 1981 (see Table 3.8). It has grown rapidly in spite of an average annual rate of growth of 3,9% between 1970 and 1980. Unemployment is clearly not a cyclical problem in South Africa, but rather a structural one - increasing unemployment is implanted in the structure of the economy. (49)

The response of the state to increased structural unemployment has been to tighten up influx controls still further, as in, for example, the Bantu Laws Amendment Act (No 42 of 1964)

which amongst other things placed a 72 hour limit on all "unqualified" Africans entering "prescribed areas" (all urban areas outside the bantustans) and extended the grounds on which Africans could be declared "idle or undesirable" and thus could be endorsed out of a prescribed area. Since then measures have been tightened still further. The recommendation of the Riekert Commission, that urban residence be dependent on having both a job and a house, is the logical extension of a system which has been increasingly applied to keep the unemployed out of the "white" areas. (50)

In a sense, it is possible to periodise the application of influx control in the post war period into two phases, though in several ways these phases overlap. The initial phase, roughly speaking the first ten years of National Party rule, was dominated by considerations of labour supply on the one hand and, on the other the political problem of black urbanisation. In the course of the 1960s the net surplus of labour became increasingly evident. Emphasis in state policy shifted, away from the canalisation of labour, to controls over efflux from the Reserves. This was accompanied by resettlement programmes, mainly from white rural areas to the Reserves. By the late 1960s it had become increasingly evident that the state faced an unprecedented demographic crisis which could threaten state structures in the Reserves. ✓

II Economic Intervention in the Bantustans

Changing state policies towards the Reserves/bantustans are evident in changing forms of economic intervention in them. In this section three forms of economic intervention will be examined: agricultural betterment schemes, commercial transfer and loan schemes and bantustan industrialisation. These forms of intervention do not exhaust the state's catalogue of schemes for the Reserves, and neither do they fall entirely into different phases. However, they are the most significant forms of intervention and they represent very well the changing forms of intervention that correspond to different policy phases.

1. Agricultural Betterment Schemes.

The first three decades after the formalisation of the Reserve system in 1913 saw very little creative economic intervention from the State. The term "neglect" has often been applied to the attitude of government towards the Reserves during this period. In a sense this is correct, but insofar as neglect suggests that the state had no policy, that the Reserves were "forgotten", the term neglect is inappropriate. A "one man, one plot" system was deliberately imposed on the Reserves to ensure access to land for the twin purposes of retaining old social and ideological structures of control, at the same time subsidizing migrant labour. The system was also designed to prevent the accumulation of land by individuals. White agriculture, by contrast, was assisted towards capitalist development. Stagnation in the Reserves was not an accident of history.

However, by the late 1920s concern about conditions in the Reserves began to mount. The work of writers such as W.M. Macmillan, and commissions such as the Native Economic Commission which reported in 1932, said that the Reserves were not merely stagnating. Rather, it argued, the Reserves were heading towards a state of rapid decline. (51) While some reports may have been unduly alarmist (52), the state slowly began to take seriously the question of agricultural decline in the Reserves.

In 1929 the Native Affairs Department established a Native Agriculture and Lands Branch to extend assistance to the Reserves.(53)

However, it was granted a very small budget, only reaching £90 000 in 1945. (54) Like its successors, the Native Agriculture and Lands Branch was motivated by the idea that the problem of Reserve agriculture was the ignorance and poor farming practices of "the native". Its purpose was limited to the reclamation and stabilisation of land; programmes were designed to intervene at a technical rather than social level.

In other words, it introduced soil conservation measures that were not meant to confront directly existing forms of social organisation, though measures such as villagisation and, particularly, cattle culling were very unpopular, sometimes provoking active opposition.

The Native Trust and Land Act of 1936 and Proclamation 31 of 1939 initiated a systematic approach towards what came to be known as betterment. Betterment took place mainly on Trust land (land incorporated under the 1936 Act), with its attached conditions making it easier to intervene. Betterment had two components - Rehabilitation and stabilisation. Rehabilitation involved the active reclamation of land, usually having been spoilt by erosion. It involved expensive and time-consuming activities such as filling in dongas and re-routing streams. Stabilisation, as the term indicates, consisted of measures designed to prevent further erosion of land or destruction of soil fertility. Stabilisation activities included cattle culling, fencing off pastures for rotation and advice on alternative crops and cultivation patterns.

By the 1950s rehabilitation had been abandoned, as it was too expensive and time-consuming. Instead the Trust and the Agricultural Branch focussed upon stabilisation. (55) Even here relatively little progress had taken place partly because of the small amount of resources devoted to the programme, and partly on account of the increasing resistance expressed towards the stabilisation programmes. Resistance took different forms in different parts of the country. Frequently N.A.D. officials found combined opposition from people and headmen. The people objected to cattle culling and the fencing of pastures which often meant a decline in agricultural land available. Headmen

feared betterment would threaten their legitimacy. (56). In response a revised betterment proclamation was promulgated (No 116 of 1949) which contained punitive measures to be used against resisters. Resistance usually took a passive form, but on a number of occasions betterment programmes provoked open and sometimes violent opposition. A number of such instances have been recorded, but it is quite likely that a good many incidents remain unchronicled.

The Tomlinson Commission found that, by the end of 1952, only 23% of Trust land and 3,8% of the scheduled areas, making up 9,4% of the total area of the Reserves, had been "stabilized". At this rate, it estimated, "it would take 245 years to complete the task." (57)

The Tomlinson Commission not only recommended a drastic stepping up of the stabilisation programme but it proposed that large numbers of people be removed from the land and placed in urban-type settlements in the Reserves. Remaining men would be able to operate "economic units" of land that could fulfil their income needs. Instead of the men being each part peasant and part wage-earner, the population was to be divided into peasants and workers. Most of the workers thus created would still need to be found jobs, but that was dealt with in another section of the report.

The reasons for the rejection of the bulk of the Tomlinson Commission's proposals have been discussed in Chapter one. Although the White Paper indicated that the government was not prepared "to do away with tribal tenure of rural land and to substitute individual tenure based on purchase" it accepted in principle that "a certain basis must be laid down for different types of farming." (58) As a consequence of this a programme of planning began, dividing the bantustans into three categories of land - arable, pastoral and residential. Ultimately the land would be used only for its prescribed purpose.

The implementation of betterment policy in the 1950s contained an irony. After 1951 chiefs were expected to play an important role in betterment. The Bantu Authorities Act had elevated the administrative role of the chiefs as part of the state's plan to

rebuild "tribal" structures of control and thus re-introduce indirect government. Each chief's Tribal Authority was now expected to administer betterment and to recruit volunteers to work on the project (part of the state motivation was to save costs by using volunteers rather than paid workers (59)). However, chiefs were often reluctant to participate. One reason was the fact that betterment schemes were often unpopular and chiefs preferred not to entirely alienate themselves from their constituents, even if they were government servants. An equally important reason, often, was the fact that altering land holding patterns potentially threatened chiefly powers by possibly shifting the capacity (at least theoretical) to allocate and distribute land out of the control of the Tribal Authorities. (60)

Thus the state was pursuing a potentially contradictory policy. Considerations of conservation and production suggested the need to alter the social organisation of production, whereas political considerations required the maintenance of the status quo. For the time, political considerations triumphed. Betterment remained restricted to superficial alterations. No significant reorganisation of land use occurred. Possibly the most notable consequence of betterment schemes was the collection of scattered homesteads into villages which assisted administration.

One analysis of betterment, written by an economist in 1964, opens by remarking on the visibility of change over the 10 year period preceding 1962. Homesteads which had once dotted the countryside were now collected in orderly villages. Fences now marked the edges of grazing fields. Yet, in his conclusion, Boardman writes:

"There is, as yet, little evidence that the rehabilitation programme has achieved its principle objective of remoulding the agricultural patterns of the Bantu people." (61)

Few people, if any, had been deprived of rights to land and old production methods generally prevailed.

Boardman's findings are typical of studies of betterment in South Africa's Reserves. Where studies have been undertaken it is generally found that while some administrative reforms were accomplished, most importantly villagisation, no major alteration of production patterns had been achieved. (62)

The betterment schemes which had begun as programmes oriented towards conservation (63) had backed off in response to pressure from the masses and government appointed headmen and chiefs. Instead, by and large, politically oriented reforms such as demarcating a headman's domain by villagisation and fencing often came to comprise the main part of betterment schemes. The state had been forced to settle for a spacially reorganised political structure around the Tribal Authorities system, while agrarian reform measures, which were expensive and unpopular, formed a minimal part of betterment programmes. This phase of intervention is marked by reluctance to interfere with the existing social relations of production.

2. The Bantustan Trader Programme.

It was only in the late 1950s that the future of the bantustans began to be clearly formulated. In 1950 the Prime Minister, Dr Malan had stated:

"If one could attain total territorial apartheid, if it were practicable, everybody would admit that it would be an ideal state of affairs ... but that is not the policy of our party." (64)

By the early 1960s "vague talk about the native's right to self government", as Giliomee put it, had made way for a policy in which eight separate African ethnic units would be prepared for political independence. (65) From 1959 the programme was, for a few years, instituted with some haste. It was a form of response to the rising tide of black nationalism in the 1950s and to increasing international pressure. At the same time the government severely repressed the nationalist movement. It hoped to deflect black political activity to the bantustans. (66)

This development in bantustan policy was marked by the passing of the Promotion of Bantu Self Government Act (No 46) and the Bantu Investment Corporation Act (No 34) in 1959. Four years later the Transkei obtained "self governing" status. The purpose of the Bantu Investment Corporation (B.I.C.) Act was to provide some economic basis for the new political structures that were being erected in the bantustans.

The Act defined the objectives of the B.I.C. very widely. They included "the encouragement and promotion of industrial, commercial, financial and other undertakings." However, in the first decade of its existence, its activities were concentrated almost exclusively in one sphere - commerce. In 1964 Niewenhuysen wrote that

"the major part of the capital that the corporation has so far made available has been used for financing the retail and wholesale trade." (67)

In fact, the retail trade received the most attention during this period. Out of the 1 300 instances of financing by the B.I.C. between 1959 and 1974, 1 112 were to the commercial sector and 164 to the service sector. (68) The average loan was very small, amounting to R2 662 in 1960/1 and R7 729 (at current values) in 1973/4.

The activities of the B.I.C. in the 1960s centered around purchasing trading stores and other small commercial ventures from whites in the bantustans for the purpose of selling them through subsidised loans to existing or prospective African entrepreneurs. Between 1959 and 1975 the number of licensed black traders in the bantustans rose from 3 900 to 9 500. (69)

At the same time as black traders were being nurtured in the bantustans, African businessmen in the white areas were being blocked at every turn. From the mid-1950s obstacles for African businessmen outside the bantustans escalated until in 1963 the B.A.D. laid down what Roger Southall described as "the harshest restrictions ever imposed on African businessmen." (70)

The bantustan trader programme was part of a two-pronged plan. On the one hand the state wished to remove middle class Africans from the white towns and did almost everything possible

to push the traders out. The African middle class was perceived both as a sign of permanency and the class from which political leadership was drawn. On the other hand African traders were nurtured in the bantustans - for the same reasons: the traders would join the bantustan elite as a section with a stake in the system, it was hoped.(71) At the same time African middle class professionals were being actively drawn to the bantustans through the expansion of the educational structures, the legal structures and the bureaucracies. (72)

What characterised all these processes was that they could be undertaken without intervening in production relations in the bantustans. The trader loan programme was an attempt to bolster the political structures in the bantustans without interfering too radically in existing social patterns. Where they differed from the betterment schemes of the 1950s and early 1960s was that they represented a deliberate process of class formation. The traders, chiefs and bureaucrats were to constitute a new conservative subaltern ruling alliance in the bantustans.

3. Bantustan Industrialisation.

By the late 1960s it was becoming increasingly evident that, though the state might have been avoiding it, the radical alteration of social relations of production and control in the Reserves, was beginning to take place. Resettlement, overcrowding and increasing poverty were rapidly undermining the existing social and political structure. Conflicts between newcomers and old inhabitants and their chiefs, and the development of urban settlements within the bantustans presented challenges which tested the bantustan structures. (73) A detailed account of this process in the Ciskei is provided in Chapter four and Chapter five.

The state responded with a flurry of legislation, most importantly the Bantu Homelands Constitution Act (No 21 of 1971) and the Bantu Homelands Citizenship Act (No 26 of 1970) designed to set the bantustans on the road to self-government and ultimately independence. By 1971 only the Transkei had been granted self-government, under a previous Act, drafted specifically for the Transkei. By 1977 all but the two most recently created

bantustans had been granted self-government and the Transkei had become "independent".

Accompanying these constitutional developments was the rapid growth of state employment in the bantustans. This was particularly the case in those bantustans which decided to opt for independence. Table 3.9 shows this clearly. Between 1973 and 1979 state employment in the Transkei increased from 30 864 to 65 432, an increase of 112%, and in Venda it increased from 2 985 to 8 319, an increase of 279%. At the lower end of the scale state employment in Kwazulu grew from 18 500 to 28 722 (55%) and in Gazankulu it grew from 5 853 to 8 447, a mere 44%. The total number of Africans in the state sector in the bantustan increased from 93 019 to 170 260, or by 83% in a six year period. A concerted attempt was clearly being made to strengthen the bantustan political structures.

Giliomee has argued that the political developments of the 1970s, following a period of stagnation in bantustan policy, were connected with developments in foreign policy. He argues that they coincided with South Africa's "dialogue policy" with southern African states in the early seventies and were designed, at least partly, to satisfy foreign criticisms. (74) If that is accurate it is a supplementary reason. Most important is the fact that the existing political structures in the bantustans were under great latent pressure from internal developments in the bantustans themselves. Indeed, in another paper Giliomee himself refers to "the steady erosion of the Legitimacy and support system" of the bantustans. (75)

These political innovations, while resting heavily on bureaucracies as the new centres of power in the bantustans required development in the private sector too. Three reasons can be advanced for private sector development in the bantustans. Firstly, there was the need to create employment. The big boost provided by the expansion of the public sector in the Reserves was a once-off phenomenon. Expansion was not likely to occur at the same rate in the 1980s. Besides, relying on the public sector alone would make the expansion of employment very expensive for the state.

Secondly, the ideology of nation building required the establishment of structures which, at least superficially resembled an economically developing state. Private sector investment was required to convey some legitimacy on the emerging state structures. Interviews in the Ciskei indicated unambiguously the political importance of industrial development within the Ciskei. (76)

In addition, the South African government was clearly seeking international recognition for the bantustans and private sector investment could serve this purpose. On the one hand it could simply grant the bantustan structures some additional legitimacy. On the other hand, if foreign investment could be attracted, it seemed likely that some form of diplomatic link would have to be created between the country from which the investment came and the bantustan in which the investment took place.

Benbo explained the considerations involved in the form of economic development in the bantustans in the 1970s. It argued that industrial development was required in order to lend "economic content to the political power of the homeland governments." (77)

Lombard argued along similar lines in the course of criticising the rate and forms of development in and around the bantustans thus far. He wrote:

"The results of the border development programme are partly satisfactory and partly unsatisfactory from a political point of view. They are satisfactory insofar as the Permanent Committee has proved that genuine industrial resettlement can be canalised The unsatisfactory part of the results is that little attention has indeed been paid to the priorities of geographical distribution from a political point of view. Relatively speaking, far too much emphasis has been laid on certain areas, and far too little on others." (78)

Lombard argues for the development of industries within the bantustans, by subsidised private capital, not only to directly

strengthen the political structures, but also to absorb as many as possible of those people coming onto the labour market in the bantustans.

While it is undoubtedly true that the two goals, absorption of labour and strengthening of political structures are linked, they are not necessarily entirely complementary policy objectives. The political significance of bantustan industrialisation is not only connected to the number of jobs it creates. Not only are central state structures to be strengthened but also regional structures. The distribution of industrial development directly affects the structures of the region within which it is located. In terms of the job creation objective, the planning tendency would be to locate the most favourably located sites and to concentrate industry around them. Regional political considerations would favour the widest possible distribution of industrial development.

The tension between these two objectives can be detected at two levels: firstly, as regards the distribution of industry between bantustans and, secondly, with reference to the distribution of industry within bantustans. Table 2.2 clearly indicates that some bantustans, or locations within them, are far more attractive to private investors than others. These are the locations where relatively high levels of private investment have taken place, and where the ratio between corporation investment and private investment is relatively low. The clearest example of a relatively favoured investment site is Bophuthatswana, where the bulk of private investment in industry has been located in Babelegi. In 1978, the last year for which figures for all the bantustans are available, private investment in industry in Bophuthatswana, at R62 368 000 stood at almost half the total private investment in all bantustan industry - R127 881 000. Of the rest, according to Table 2.2, the more favourable sites would appear to be located in Kwazulu and Lebowa. Though private investment in the Transkei, at R30 932 000 was relatively high, the level of corporation investment required to entice private investment was very high, at R51 080 000. From the point of view of encouraging investment, and thus the creation

of employment, it would appear that state finance would be most efficiently allocated to sites in Bophuthatswana, Lebowa, and Kwazulu which, not unexpectedly, are the bantustans located relatively close to major industrial centres. The recently created Kwandebele would probably also fall into this category.

But, when the distribution of development corporation finance is examined, it can be seen that only half the amount spent by 1978 went to these three bantustans; about R63 000 000 out of about R125 000 000. If the amount spent on infrastructural development was added (unfortunately these figures are unobtainable), it would very probably be the case that an even greater proportion was spent on the bantustans which attract investment with some difficulty. Thus, it would appear that the political considerations of bantustan industry play an important role in its distribution.

If one examines the location of growth points within bantustans similar conclusions can be drawn. Instead of focussing on the best located industrial site, industrialisation efforts are frequently distributed amongst several. In the Ciskei, for example, at one time five locations were considered industrial growth points: Sada, Alice, Dimbaza, Mdantsane and Middledrift. Subsequently some have been dropped and others added (see Chapter six). Once again, the distribution of development efforts can only be explained in terms of the need to distribute the political advantages of industrialisation across the bantustans.

There is undoubtedly a trade-off between the goal of job creation, entailing the "efficient" distribution of the state's resources, and the politically required distribution of industrial activity between bantustans and within bantustans. In recent years this has been clearly recognised in industrial decentralisation. The introduction of the concept of deconcentration points, located relatively close to existing industrial centres indicated the increasing emphasis granted to employment creation objectives. Through the course of the 1970s, however, it would seem that the greatest emphasis was laid on the broad distribution of growth points.

III Industrial Decentralisation and Bantustan

Industrialisation - The Institutionalisation of Contradiction

It was argued in the first part of this chapter that different state apparatuses, though linked with regard to the broad formulation and execution of policy, might be imbued with policy objectives which do not entirely correspond. This, it was argued, might be a product of the respective apparatuses representing differing compositions of the ruling class alliance, and of their being subject to differing pressures from the dominated classes. Struggles are reflected in the apparatuses of the state.

Different policy objectives are evident amongst the various state apparatuses involved in industrial decentralisation. In arguing along these lines, I take issue with the position put forward by Nolutshungu with regard to the role of state apparatuses in the development and administration of industrial decentralisation. (It should be noted that Nolutshungu is amongst the very few writers on decentralisation who takes the question of the relationship between state apparatuses at all seriously).

Nolutshungu argued the following: that bantustan industrialisation, like industrial decentralisation in general, can only be understood as a consequence of broad economic developments - it is not primarily political in form (79); and that the development corporations responsible for bantustan industrialisation initiatives must therefore be seen as "offshoots of the decentralisation policy for all that they incorporate other aims as well" (80). In support of these arguments he points to the emergence of economic planning in South Africa in the early 1960s and argues that the institutions developed for this purpose are responsible for the formulation and execution of industrial decentralisation as a whole. (81)

A brief examination of the central institutions involved will, it is argued here, suggest the need for a more complex analysis of the apparatuses involved in the execution of aspects of industrial decentralisation policy.

The economic planning apparatus that emerged in the early 1960s, coinciding roughly, as Nolutshungu points out, with the reorientation of bantustan policy towards "self-government", consisted of two main parts: the establishment of a Department of Planning and the formation of an Economic Development Programme (E.D.P.). The first E.D.P. was published in 1963 and the Department of Planning was established in 1964. An important precursor of the latter was the Permanent Committee for the Location of Industry established in 1960, and which continued to exist until 1971.

In the hierarchy of government, these bodies had little clout. P.S. Rautenbach, then Secretary of the Department of Planning later wrote about the weakness of the department:

"from the outset it was made exceedingly clear that this new department (of Planning) would not usurp the existing planning functions of other government departments." (82)

As regards the Permanent Committee Rautenbach writes

"its task was unenviable from the start Criticism, apathy and even obstruction was experienced in many quarters. Funds ... were limited" (83)

In short, despite being responsible for the controversial Physical Planning Act, or, at least, for its presentation, the Department of Planning never developed substance amongst the apparatuses of government. Perhaps the most pertinent indicator of the failure of the department is the fact that when Prime Minister P.W. Botha wished to strengthen the planning apparatuses for the purpose of preparing the Regional Development Programme, he abolished the Department of Planning and incorporated its functions into the Office of the Prime Minister.

The Economic Development Programme, too, had very little effect on the formulation of state economic policy. Referring to the E.D.P. of the 1960s Dr Simon Brand, Economic Advisor to the Prime Minister wrote that evidence suggests that:

"at least some private business firms had found the information framework provided by the E.D.P. of some

use in their own forward planning, but that very little use had actually been made by the government sphere of this planning instrument." (84)

The E.D.P. amounted to "perspective or indicative planning" which means little more than making predictions about the possible outcomes of some policy alternatives. The term "Programme" in its title was a misnomer.

What went for economic planning structures in the 1960s were therefore of little substance. Indeed several government officials and ideologues have remarked in retrospect that the period was marked by a lack of coordination. (85)

While Nolutshungu would seem to overstate the importance of economic planning structures, he underestimates the importance and power of the Department of Cooperation and Development.

In 1979 the Riekert Commission noted, with surprising frankness, the tendency of the Department of Cooperation and Development to attempt to monopolise all aspects of matters concerning Africans, with some good measure of success:

"The Commission can find no good and sufficient reason why ... the Department of Plural Relations and Development (as it was then called) should operate as a "public service within a public service" in respect of the administration of matters affecting black persons."
(86)

The department had continued to behave as a Department of Native Affairs - a department responsible for almost all aspects of the affairs of Africans. Not least amongst these affairs was the economic development of the bantustans.

The economic development of the bantustans had, ever since the formation of the Department of Native Affairs, fallen within its domain. Since 1936 most aspects of economic development, such as it was, in the bantustans came under the South African Native Trust. Clothed in the garbs of trusteeship, the S.A.N.T. was no more than a wing of the Department of Native Affairs. When in that year it was decided that economic development in the bantustans had to be somewhat stepped up, the Bantu Investment

Corporation was established under the S.A.N.T. - which had been renamed the S.A. Bantu Trust. The S.A.B.T. also controlled the corporations subsequently spawned, from the Bantu Mining Corporation to the Venda National Development Corporation.

Other state departments had little to do with the bantustans. Health and education in the bantustans, for example, were increasingly drawn into the ambit of the N.A.D. and its successors. As regards industrial decentralisation, between them the Corporations which fell under the Department of Cooperation and Development had a large number of representatives on the Decentralisation Board. The reverse, however, was not the case.

The fate of the National Physical Development Plan, it would seem, demonstrates both the weakness of the economic planning apparatuses and the strength of the Department of B.A.D. Issued by the Department of Planning and the Environment as an alternative, coordinated approach to industrial decentralisation, it was quietly shelved. However, seven years after the N.P.D.P. was published the Regional Development Programme based on the former plan was launched. This was in 1982, three years after the Riekert Commission signalled the government's intention to restructure the Department of Cooperation and Development by limiting its powers.

It could be argued that the Department of Cooperation and Development was shaped to match a particular set of objectives and that although the general objectives of the government began to shift in the 1970s the momentum of the Department was too great. Thus contradictions emerged. Parallel to that it might be argued that the Department of Planning and the Environment and the policies it expressed were premature in the 1960s and early seventies; that its policies only achieved weight when the department itself was dissolved and its functions were incorporated in the Department of the Prime Minister.

This argument may be basically correct, but it remains superficial. The interests represented by the various departments and the struggles from which policies emerge should be examined in more depth. Thus, for example, it might be argued that the policies promoted by the Planning Department represent more closely the interests of the monopoly capitalist section of the

ruling alliance. This is demonstrated, for example, by its push to open up fields of investment whereas, in contrast, the tendency of the Department of Cooperation and Development is to maintain tight paternalistic controls, protecting the interests of the small farmers and white wage-earners. To sustain these arguments a great deal more evidence would have to be marshalled, yet it seems that they must point to the nature of some of the contradictions within the state apparatus.

In this chapter it is argued that bantustan industrialisation can only be adequately analysed from a perspective which sees the state not only as representing the interests of the dominant alliance, but that it represents them in a complex way. State policy, though in general cohesive, must be examined as a collection of contradictory or potentially contradictory objectives. Which of those objectives achieves dominance at a particular time depends on both the nature of struggles in general during a particular phase and the make-up of the ruling alliance and power relations within the alliance. During the 1970s, when the bantustan industrialisation programme was launched, policy objectives and contradictions amongst them reflect the powerful interests of the Department of Cooperation and Development as well as the urgent political need to strengthen bantustan political structures. This becomes more clearly evident when compared with the early 1980s during which, in terms of the Regional Development Programme, the Corporation for Economic Development was dissolved and its bantustan development financing functions were taken over by the Development Bank which, unlike the C.E.D., does not fall under the Department of Cooperation and Development.

TABLE 3.1

URBAN AND RURAL AFRICAN POPULATION (1) 1911-1970 ('000s)

Year	Total		Urban African		
	All Races	African	Total	Male	Female
1911	5 973	4 019	508	410	98
1921	6 929 (1,8)(2)	4 698 (1,6)	587 (1,5)	440 (0,7)	147 (4,1)
1936	9 590 (2,2)	6 597 (2,3)	1 142 (4,5)	785 (3,9)	357 (6,1)
1946	11 418 (1,8)	7 832 (1,7)	1 689 (3,4)	1 097 (3,4)	592 (5,2)
1951	12 671 (2,1)	8 560 (1,8)	2 329 (6,6)	1 424 (5,4)	904 (8,8)
1960	16 003 (2,6)	10 928 (2,8)	3 471 (4,5)	2 023 (4,0)	1 448 (5,4)
1970	21 794 (3,1)	15 340 (3,4)	5 070 (3,9)	2 870 (3,6)	2 200 (4,3)

- (1) Derived from South African Statistics 1980 p 1.7 presented as table 1 in D.C. Hindson's thesis draft (unpublished) "Pass Offices and Labour Bureaux : An Analysis of the Development of a National System of Pass Controls in South Africa 1923 - 1980." 1981.
- (2) Average annual percentage increase.

TABLE 3.2

AFRICAN POPULATION DISTRIBUTION 1950 - 1980 (1)

Year	Metropolitan	Towns	Rural	Bantustans	Total
1950	1 452 800	751 000	3 025 700	3 439 400	8 669 400
1960	2 325 400	1 050 400	3 690 900	4 440 200	11 506 900
1970	2 808 600	1 382 800	3 794 800	7 481 900	15 468 100
1980	3 915 600	1 691 100	4 310 000	11 055 600	20 972 300

- (1) Derived from Charles Simkins "The Distribution of the African Population of South Africa by Age, Sex and Region-type 1950-1980" Paper presented to the S.A. Institute of Race Relations Conference on Urbanisation, October 1982, various tables.

TABLE 3.3

NUMBER OF TEMPORARY MIGRANTS ABSENT FROM THE
RURAL AREAS OF SOUTH AFRICA ON CENSUS DAY (1)

Year	Men	Women	Total
1936	409 000	67 000	476 000
1946	415 000	122 000	537 000
1960	671 000	216 000	887 000
1970	1 035 000	260 000	1 295 000
1975	1 232 000	303 000	1 535 000
1980	1 451 000	182 000	1 633 000 (2)

(1) J. Nattrass "The Migrant Labour System and South African Economic Development", unpublished Ph.D Thesis, University of Natal, 1976.

(2) J. Nattrass The South African Economy : Its Growth and Change, Oxford University Press, 1981.

TABLE 3.4

PERCENTAGE DISTRIBUTION OF AFRICAN POPULATION 1950 - 1980

Year	Metropolitan	Towns	Rural	Bantustans
1950	16,8	8,7	34,9	39,6
1960	20,2	9,2	32,0	38,6
1970	18,2	8,9	24,5	48,4
1980	18,6	8,1	20,6	52,7

Derived from 3.2

TABLE 3.5

AGRICULTURAL INDICATORS FOR THE RESERVES IN SELECTED YEARS.

Year	Production of Maize - Tons	Production of Sorghum - Tons	Cattle ('000s)	Sheep ('000s)	Ploughs	Wagons and Trolleys
1918	292 748	133 837	1 680	3 016		
1924	290 671	65 061	2 942	3 289		
					(1926) 154 649	(1926) 12 953
1930	153 368	94 971	3 906	4 675	184 848	18 096
1934	368 889	118 672	3 466	3 207		
					(1937) 227 783	(1937) 17 648
1939	240 137	69 085	3 899	3 655		
1946	243 220	58 428	3 608	3 375	301 503	18 103
1950	271 358	52 739	3 350	3 358	314 247	20 793
					(1955) 320 581	(1955) 21 490
1957	328 355	71 002	3 771	3 722		

Source: Union Statistics for 50 Years Government Printer, Pretoria, 1960,

Tables: I - 9; I - 11; I - 22.

TABLE 3.6CONVICTIONS UNDER PASS LAWS FOR SELECTED YEARS.(Note: Only Convictions are recorded)

1940	183 829 (1)
1945	137 177 (1)
1950	217 387 (1)
1955	345 421 (1)
1960	340 958 (2)(3)
1970	632 077 (4)

- (1) Source: Union Statistics for 50 Years (1960) p F.4
- (2) Source: S.A. Institute of Race Relations, Annual Survey, 1964, p 138.
- (3) Note: In 1960 the anti pass campaign forced the government to suspend the implementation of the pass laws for a period pushing the numbers substantially below 1959's 413 639.
- (4) Source: Muriel Horrell (Compiler) Laws Affecting Race Relations in South Africa 1948 - 1976, S.A. Institute of Race Relations, 1978, p 194.

TABLE 3.7TOTAL EMPLOYMENT IN THREE PRODUCTIVE SECTORS1960, 1970, 1980 (1) ('000s)

	1960	1970	1980
White Agriculture	1 221 (21,3%)(2)	1 351 (16,7%)	973 (9,3%)
Mining & Quarrying	615 (10,7%)	680 (8,4%)	725 (6,9%)
Manufacturing	644 (11,3%)	1 026 (12,6%)	1 238 (11,8%)

- (1) Source: J.A. du Pisanie "Verwagte Regionale Verspreiding van Ekonomiese Aktiwiteite en Bevolking tot die jaar 2000" BEPA, No 8, 1981.
- (2) Percentage of Economically active population. Note, du Pisanie's calculation of the e.a.p. is slightly higher than that of Simkins.

TABLE 3.8

UNEMPLOYMENT IN SOUTH AFRICA 1970 - 1981 (1)

	Labour Supply	Employment	Unemployment	
			No.	%
1970	7 112 000	6 274 000	838 000	11,8
1976	8 588 000	7 113 000	1 255 000	15,0
1981	9 497 000	7 493 000	2 004 000	21,1

(1) Source: Charles Simkins "Structural Unemployment Revisited" SALDRU, 1982, Table 5.

TABLE 3.9

GROWTH IN STATE EMPLOYMENT IN SELECTED BANTUSTANS1973 - 1979 (1)(a) On the Path to Independence

	1973	1979	% Growth
Transkei	30 864	65 432	112%
Bophuthatswana	12 291	22 375	82%
Venda	2 985	8 319	279%

(b) Thusfar on the Wayside

	1973	1979	% Growth
Kwazulu	18 500	28 722	55%
Lebowa	11 321	17 668	56%
Gazankulu	5 853	8 447	44%

(1) Source: Benbo Black Development in South Africa, 1976, Table B.9.17 and Benso Statistical Survey of Black Development 1980, Table 105.

FOOTNOTES - CHAPTER 3

- (1) H. Wolpe "Capitalism and Cheap Labour Power in South Africa : from Segregation to Apartheid", Economy and Society Vol. 1 No 4, 1972, p 432.
- (2) *ibid.*
- (3) *ibid.*, p 444.
- (4) F.H. Johnstone "White prosperity and white supremacy in South Africa today", African Affairs, Vol. 69 No 274, 19; Stanley Trapido "South Africa as a comparative study of industrialisation", Journal of Development Studies, Vol. 7 no 3, 1971. Wolpe's article was not the first on the subject by a marxist but previous works such as that by H.J. and R. Simons - Class and Colour in South Africa 1800 - 1950; Penguin, 1969 and Brian Bunting The Rise of the South African Reich, Penguin, 1970, and various publications of the Communist Party of South Africa until the 1970s, are not by and large classifiable as scientific materialist analyses, being descriptive and prescriptive.
- (5) M.L. Morris "Capitalism and Apartheid - A critique of some current conceptions of cheap labour power." in Taffy Adler (ed) Perspectives on South Africa, African Studies Institute, University of the Witwatersrand, 1977, p 61. The quote in this collection varies slightly from that in Morris's original paper from which I have taken the quotation, but not in substance.
- (6) M. Williams "An Analysis of South African Capitalism - Neo Ricardianism or Marxism?", Bulletin of the Conference of Socialist Economists, March, 1975, p 27.
- (7) Deborah Posel "Rethinking the Race-Class Debate in South African Historiography", in Southern African Studies : Retrospect and Prospect, ed. by M. Fransman, A. Graves and N. Simelane, Centre of African Studies, University of Edinburgh, 1983, p 3. Posel includes, as I would, the works of Martin Legassick and Fr derick Johnstone amongst those to be criticised for functionalism, during this period, significant as their contributions certainly were.
- (8) See, for example, Ralph Horwitz, The Political Economy of South Africa, Weidenfeld and Nicholson, London, 1967 and D. Hobart Houghton, Economic Development, 1865 - 1965, chapter in The Oxford History of South Africa, Vol II, Oxford University Press, London, 1971.
- (9) See, for example, David Kaplan "The South African State : The Origins of a Racially Exclusive Democracy", Insurgent Sociologist, Vol. 10 no 2, 1980; H Wolpe "Towards an Analysis of the South African State", International Journal of the Sociology of Law, Vol. VII, 1980. D. Hindson The Pass System and the Formation of the Urban African Proletariat in South Africa, unpublished Ph.D thesis, University of Sussex, 1983; and S.C. Nolutshungu, Changing South Africa, Manchester University Press, 1982.

- (10) See, for example, William Beinart, The Political Economy of Pondoland 1860 - 1930, Ravan, Johannesburg, 1982 and Peter Delius, The Land Belongs to us, Ravan, Johannesburg, 1983. Other important historians in the mould include Robert Turrel, Jeff Guy, Colin Bundy and Peter Richardson. Stanley Trapido and Shula Marks have been important guiding lights to the development of this new mould of South African history.
- (11) See, for example N. Poulantzas, State, Power, Socialism, New Left Books, 1978; Ernesto Laclau "The Specificity of the Political" in E. Laclau Politics and Ideology in Marxist Theory, New Left Books, 1977; Bob Jessop, The Capitalist State, Martin Robertson, 1982; and Stuart Hall "Rethinking the Base-and-Superstructure Metaphor" in Jon Bloomfield (ed) Class, Hegemony and Party, Lawrence and Wishart, 1977.
- (12) See the debate between Nicos Poulantzas and Ralph Miliband reproduced in R. Blackburn (ed) Ideology in Social Science, Fontana, 1972.
- (13) N Poulantzas, 1978 op. cit. pp 128, 129. Strangely Poulantzas' discussion of the institutional materiality of the state does not fall into the 71 page section of the book entitled The Institutional Materiality of the State. It falls into the next section, entitled Political Struggles.
- (14) *ibid*, pp 130, 131.
- (15) *ibid*, *passim*.
- (16) This paraphrases Jessop, 1982 op. cit. pp 258, 259.
- (17) N. Poulantzas 1978, op. cit., p 25.
- (18) *ibid*, p 27.
- (19) M. Wilson "The Growth of Peasant Communities" in M. Wilson and L. Thompson (eds), The Oxford History of South Africa, Vol. II, Oxford University Press, Oxford, 1971, p 56.
- (20) H. Wolpe op. cit., p 441.
- (21) Charles Simkins "Agricultural Production in the African Reserves of South Africa 1918 - 1969", Journal of Southern African Studies, Vol. 7 No 2, 1981.
- (22) *ibid*, Table 3, p 263.
- (23) *ibid*, p 264.
- (24) *ibid*, pp 270, 271.
- (25) *ibid*, p 270.
- (26) Muriel Horrell The African Reserves of South Africa, S.A. Institute of Race Relations, 1969, p 14.
- (27) Charles Simkins, 1981, op. cit., Table 3.
- (28) Surplus Peoples Project, Forced Removals in South Africa, Vol. 1, 1983, Table 3.
- (29) *ibid*, Table 1.
- (30) *ibid*.

- (31) Union Statistics for Fifty Years, Bureau of Census and Statistics, Pretoria, 1960, Table 5.3.
- (32) Finance and Trade Review, Vol. X No 4, 1973, Table 1 (d).

South Africa : Value of Output by Sector (R000 000's)

	<u>1965</u>	<u>1970</u>
Agriculture, Forestry & Fishing	760	1 038
Mining and Quarrying	947	1 237
Manufacturing	1 745	2 681

- (33) D.C. Hindson, "Pass Offices and Labour Bureaux : An Analysis of the Development of a National System of Pass Controls in South Africa 1923 - 1960", Draft thesis, University of Sussex, 1981, p 307.
- (34) The work of Mike Morris argues this cogently - viz. "The development of Capitalism in South African Agriculture: class struggle in the countryside", Economy and Society, Vol. 5 No 3, 1976 (a) and "Apartheid, agriculture and the state: the farm labour question", SALDRU - Farm Labour Conference Paper, 1976. Doug Hindson's draft thesis, op. cit., 1981, also discusses these questions.
- (35) F.P. Biggs, Aspects of Combining Capital and Labour in South Africa with special reference to the Modern Agricultural Sector, Paper delivered to the Urban/Rural Conference, Stellenbosch, 1982, p 31.
- (36) D.E. Kaplan Class Conflict, Capital Accumulation and the State, unpublished thesis, University of Sussex, 1977, Chapter 6.
- (37) Martin Legassick "Forced Labour, Industrialisation and Race Relations in South Africa." in R. Harris (ed) The Political Economy of Africa, John Wiley & Sons, (NY), 1975, p 72.
- (38) D.E. Kaplan, 1977, op. cit., Chapter 7.
- (39) R.T. Bell "Capital Intensity and Employment in South African Industry", S.A. Journal of Economics, Vol. 46, 1978.
- (40) See the Labour History Group Workers at War, L.H.G. Cape Town, 1983.
- (41) Alfred Stadler "Birds in the Cornfield : squatter movements in Johannesburg 1944 - 1947", Journal of Southern African Studies, Vol. 6 No 1, 1979.
- (42) See F.P. Biggs 1982 op. cit.; M.J. de Klerk "Technical Change and Employment in South African Agriculture", M.A. Thesis, University of Cape Town, 1983 and a section of P. Green & A. Hirsch The Impact of Resettlement in the Ciskei : Three Case Studies, SALDRU Working Paper No 49, 1983, are some of the few examples. Biggs refers to a number of articles which are unpublished and not easily obtainable.

- (43) F.P. Biggs, 1982, op. cit., Tables 4.3 and 4.4.
- (44) Interviews with Agricultural Extension Officers in Queenstown, Stutterheim, Adelaide and Grahamstown, March, 1981.
- (45) F.P. Biggs, 1982, op. cit.
- (46) P. Green & A. Hirsch, 1983, op. cit., Chapter 3, part 2.
- (47) D.C. Hindson, 1981, op. cit., pp 305 - 312.
- (48) For a lucid, though general, discussion of these issues see Vol. 4 No 4, 1978, of the S.A. Labour Bulletin entitled "Focus on Unemployment", and particularly the article by Alec Erwin, "An Essay on Structural Unemployment".
- (49) S.A. Labour Bulletin, Vol. 4 no 4. 1978.
- (50) Report of the (Riekert) Commission of Inquiry into the Utilisation of Manpower, Rp 32/1979, p 168.
- (51) William Miller Macmillan Complex South Africa - An Economic Footnote to History, Faber & Faber, London, 1930; Report of the Native Economic Commission (UG 22/1932).
- (52) See the discussion of conservationism in William Beinart "Soil Erosion, Conservationism and Ideas about Development: A Southern African Exploration", paper delivered to the Africa Seminar, Centre for African Studies, University of Cape Town, 1984.
- (53) D. Hobart Houghton Agricultural Development in the Reserves, S.A. Institute of Race Relations, 1956, p 14.
- (54) Summary of the Report of the (Tomlinson) Commission for the Socio Economic Development of the Bantu Areas within the Union of South Africa, (UG 61/1955), p 74.
- (55) Joanne Yawitch, Betterment - The Myth of Homeland Agriculture, S.A. Institute of Race Relations, 1981, p 18.
- (56) Joanne Yawitch 1981 op. cit.; Tom Lodge Black Politics in South Africa since 1945, Ravan, Johannesburg, 1983, in Chapter II provides a valuable survey of rural resistance in the 1950s. William Beinart and Colin Bundy cover some of these issues in "State Intervention and Rural Resistance: The Transkei 1900 - 1965" in M.A. Klein, Peasants in Africa, Sage, Beverley Hills, 1980.
- (57) Tomlinson Report, 1955 op. cit., p 78.
- (58) Memorandum of Government Decisions on the Recommendations of the (Tomlinson) Commission, White Paper F, 1956, Decisions 2 & 3.
- (59) Christopher Boardman "The Rehabilitation Programme in the Bantu Areas and its Effect on the Agricultural Practices and Rural Life of the Bantu in the Eastern Cape", S.A. Journal of Economics, Vol. 32 No 1, 1964, pp 36, 37.
- (60) Philip Mayer (ed) Black Villagers in Industrial Society, Oxford University Press, Cape Town, 1980, p 58.
- (61) Christopher Boardman, 1964, op. cit., p 48.

- (62) Roger Southall South Africa's Transkei, Heineman, 1982, notes that few people entirely lost access to land through betterment schemes in the Transkei (p 181). The work of J Yawitch 1981, op. cit. a general survey of betterment, agrees.
- (63) William Beinart, 1984 op. cit. discusses the influence of conservationist ideology on the formulation of Reserve agricultural rehabilitation projects.
- (64) House of Assembly Debates, Hansard, 12/4/50, cited in Muriel Horrell (ed) Laws Affecting Race Relations in South Africa 1948 - 1976, S.A. Institute of Race Relations, Johannesburg, 1978.
- (65) Herman Giliomee "The Political Development of the Homelands", paper presented to the Urban/Rural Conference, Stellenbosch, 1982, p 14.
- (66) *ibid.* Giliomee, though, emphasises the role of foreign pressure through the example of Dag Hammerskold's meeting with Verwoerd in 1960.
- (67) J.P. Niewenhuysen, 1964, op. cit., p 5.
- (68) Bantu Investment Corporation, Homelands: The Role of the Corporations in South Africa, 1976, Table 20, p 144.
- (69) *ibid*, pp 141, and Benso, Statistical Survey of Black Development 1980, Pretoria, 1981, Table 105.
- (70) Roger Southall, 1982, op. cit., p 187.
- (71) Gillian Hart, African Entrepreneurship, Institute of Social and Economic Research, Rhodes University, 1972, p 71.
- (72) *ibid*, p 74. See also Roger Southall "African Capitalism in Contemporary South Africa", Journal of Southern African Studies, Vol. 7 No 1, 1980.
- (73) See, for example, chapters by Cecil Manona and Nancy Charton and Gordon Renton Ka Tywakadi in Nancy Charton (ed) Ciskei, 1980; J.B. Peires, "Continuity and Change in Ciskei Chieftainship" in Institute of Commonwealth Studies, Collected Seminar Papers on "The Societies of Southern Africa in the 19th and 20th Centuries", Vol. 8, 1976; Roger Southall, 1982 op. cit., Chapters 4 & 8; and Philip Mayer, 1981, op. cit.
- (74) Herman Giliomee "The Political Development" 1982, op. cit., p 14.
- (75) Herman Giliomee "Land, Labour, Power and Revolt in the Rural Areas of South Africa", paper presented at the Urban/Rural Conference, Stellenbosch, 1982 (a).
- (76) Interviews in Sada and Dimbaza in June, 1981 indicated that industrial development, or the promise thereof figured importantly in the thinking of people living at growth points. See Chapter six.
- (77) Benbo, Black Development in South Africa, Pretoria, 1976, p XII.

- (78) J.A. Lombard "Political and Administrative Principles of Homeland Development", BANTU, February, 1971, p 27.
- (79) Sam C. Nolutshungu, Changing South Africa, Manchester University Press, 1982, pp 84, 85.
- (80) *ibid.*
- (81) *ibid*, p 83.
- (82) P.S. Rautenbach "Aspects of Planning in South Africa" in J.A. Lombard, (ed) Economic Policy in South Africa, HAUM, 1974, p 203.
- (83) *ibid*, p 83.
- (84) S.S. Brand "The Future of Planning in South Africa : Scope, Technique and Authority", a paper presented to the Road Ahead Conference, 1820 Settlers Foundation, Grahamstown, 1978, p 3.
- (85) *ibid*, and J.A. Lombard, 1971, *op. cit.* p 29. See also Simon Brand's preface to the Ninth Economic Development Programme for the Republic of South Africa 1978 - 1987 - A Strategy for Growth, Office of the Economic Advisor to the Prime Minister, 1979; and see C.F. Scheepers "The New Economic Development Programme - Main Characteristics and Findings", Business Alert, University of the Witwatersrand, No 13, Sept. 1979. Scheepers is director of the programme.
- (86) The Riekert Commission, 1979 *op. cit.*, p 268.

CHAPTER 4

POLITICS AND ECONOMICS IN THE HISTORY OF THE CISKEI.

This brief historical sketch attempts to lay the groundwork for analysis of the Ciskei's industrialisation programme. The study focusses upon economic and political relations in the Ciskei over the past one hundred and fifty years. More precisely, it attempts, in a preliminary way, to draw out the way in which the economic conditions in the Ciskei and its position within the South African economy as a whole affect and are affected by the political and administrative structures pertaining in the Ciskei.

A comprehensive history of the area now known as the Ciskei would be a task of some complexity. An initial difficulty would be defining the Ciskei geographically. Not only have the boundaries of the Ciskei been frequently re-drawn in its short history as an administrative entity, but its current borders are still not entirely settled. Lennox Sebe's Ciskei National Independence Party accepted "independence" in 1981 before the Ciskei's domain had been clearly defined and at a time when a good deal of land promised to the Ciskei had not been transferred.

1. The Ciskei in the Nineteenth Century.

The economic and political history of the area between the Great Fish River and Kei River, within which the Ciskei is located, was for several centuries before 1800 chiefly concerned with the activities of Xhosa speaking people who had lived there at least since 1550. (1) By the late 18th century there had been a major split amongst the Xhosa - the people who lived in the south western part of the Transkei and those who lived up to and beyond the Great Fish River in the west. Those in the western part of the region became known as amaRharhabe, and those in the east amaGcaleka, named after the sons of Phalo, first leaders of the two groupings. The Rharhabe split again into the Ngqika and the Ndlambe. (2) NGUNI

In the third decade of the 19th century, fugitives from Shaka's wars fled south-west from Natal into the land of the Xhosa. Though they were composed of several Nguni speaking

groupings (the Bhele, the Zizi and the Hlube most importantly) the fugitives came to be known as the Mfengu, commonly corrupted into Fingo. According to Manona the name Mfengu derives from the fugitives having initiated communication with the Xhosa chiefs with the word "Siyamfenguze" ("We are hungry and seek shelter"). (3)

Most Mfengu settled amongst the Gcaleka whose paramount chief, Hintsa, attempted to incorporate them in a subordinate status. They served as economic producers and as soldiers to the Gcaleka.

Some Mfengu notables were incorporated into the political and economic structures of the Gcaleka. However, those Mfengu who arrived in small groups, without substantial leaders or possessions, were distributed amongst Hintsa's people as servants. Their status is the subject of some dispute. The British, after the missionary John Ayliff, believed that the Mfengu were slaves of Hintsa's people. This justified their later actions. However, slavery in the European sense did not exist. (4) The Mfengu were held in an inferior position, without the full rights of the Xhosa whom they had settled among, but they were not chattel. After the passage of years the Mfengu might eventually have been fully absorbed. There was, nevertheless, ill-treatment of Mfengu, and economic tribute was extracted, particularly from those who were accumulating wealth.

Two factors sowed hostility between the Mfengu and the Gcaleka almost from the start. The first was the fact that, having become accustomed to using iron hoes in Natal, some Mfengu rapidly succeeded in cultivating crops more widely and effectively than their hosts. Important amongst their crops was tobacco which they were able to cure, and trade over long distances. Through the sale some accumulated wealth mainly in the form of cattle. (5) Secondly, while the Gcaleka had always distanced themselves from the Methodist missionaries based in Butterworth, the Mfengu were relatively open to relations with the mission. The Reverend John Ayliff gained influence among some Mfengu, several of whom were then educated and converted.

Antagonisms between the Mfengu and the Gcaleka were exploited by the British colonists who eventually annexed the land between the Great Fish and the Kei rivers. The fissure between the Gcaleka and Mfengu widened during the Sixth Frontier War. First the Mfengu defended the mission station and other whites in Butterworth against the Xhosa. The following year, 1835, saw almost a thousand Mfengu fight on the side of the colonists and play an important role in the defeat of the Xhosa. The Mfengu continued to act as auxiliaries to the British until the end of Xhosa military resistance in 1879. (5)

In 1835, in response to petitioning from Mfengu headmen, Governor of the Cape, Sir Benjamin D'Urban moved 17 000 Mfengu out of Gcalekaland and settled them near the eastern bank of the Great Fish River. Having been unsuccessfully incorporated by Hintsa, partly as buffers against the ~~Rharhabe~~ and against the colonists, Mfengu were settled on land formerly occupied by hostile Xhosa groups as a human buffer to protect the British from the increasingly pressurised Xhosa. (6)

From 1847 the land between the Great Fish and the Kei came under direct colonial rule and it became known as British Kaffraria. The western part of former British Kaffraria is now the Ciskei, and the eastern part is the so-called "white corridor" between the Transkei and the Ciskei, also known as the Border district.

The economic position of British Kaffraria between the 1830s and the 1890s can be divided into two phases. The earlier period saw the chief concern of the colonists as the securing of land for grazing and cultivation by settlers, and consequently the natives needed to be "pacified". In the later period the colonial state moved hesitantly towards incorporating black peasants into the merchant dominated trade economy of the Cape. During both periods cattle and labour was extracted from the indigenous people.

Forms of administration roughly reflect this periodisation. In the 1830s Governor D'Urban sent agents into the region to control the chiefs and headmen. The agents were empowered to dispense justice and recruited policemen amongst the indigenous people. Under Sir George Napier the power of the chiefs was

further weakened and they were compensated with payments for the removal of judicial powers. In 1846 the British withdrew recognition of chieftainship in British Kaffraria and in 1848, after annexation and the declaration of martial law, Sir Harry Smith forbade the chiefs to recognise any authority other than Her Majesty Queen Victoria and her magistrates. (7)

After the defeat of the Xhosa in the frontier war of 1850 - 1853, colonial policy towards British Kaffraria began to alter. Under Sir George Grey, Governor between 1854 and 1861, the establishment of more systematic structures of control coincided with moves to incorporate the region more fully into the economy of the Cape. The position of the chiefs was further weakened by the re-introduction of magistrates as judicial and administrative officers, and the sub-division of chiefs' domains into districts and sub-districts which were administered by headmen and sub-headmen who were remunerated by the Crown. (8) Thus the chiefs, who were still paid annual stipends were weakened by the distribution of powers upwards to the magistrates and downwards to headmen and sub-headmen. Peires argues that the survival of "chiefship" was a consequence of African resistance to colonial control. The institution of chiefship had not been unambiguously revered by Africans. Chiefship did involve exploitative relations, argues Peires. However,

"Chiefship was supported because it was the symbolic focus of the cultural, religious, political and economic life of the people, and because the chiefs were in the forefront of resistance to the Europeans." (9)

The power of the chiefs had rested on a combination of factors. While they had the right to dispense both justice and land for their followers, the relative abundance of land and increasing abundance of chiefs - until the 19th century - had meant that the ability of chiefs to command a following had rested on their leadership qualities, in addition to their lineage. (10) The system of administration deprived chiefs of most of their powers. Magistrates were given the power to allocate land and, under the Glen Grey Act (No 25 of 1894), magistrates chaired District Councils, made up of location councils' representatives

and appointed members. The council system, though widely rejected initially, began to operate effectively in the early part of this century.

There is relatively little published material on the economic history of the Ciskei region in the 19th century. Bundy's pathbreaking book is clearly the most significant, though when Jack Lewis's work becomes available it will undoubtedly take the study, not only of the Ciskei, but of the Reserves in general, several steps forward. (11) In short, the economic history is the story of the economic decline of the region, after a brief period of limited commodity production, to become little more than a labour reserve of the South African economy by the end of the century. But the story is by no means as straight forward as the account of Monica Wilson, or even Colin Bundy, would seem to suggest. (12) Lewis in particular has pointed to the problems entailed in an analysis which depicts the rise of a peasantry in the third quarter of the 19th century and its rapid decline. (13)

Subjective judgement!

The Mfengu, settled by the British in land confiscated from the Xhosa in the Peddie district in 1835, were the first of several groups of Mfengu to be settled by leasehold, quitrent or freehold title in what is the Ciskei today. It was amongst these groups of people that commodity producers emerged at certain times. The socially dislocated Mfengu people were more likely to engage in trade, being less firmly tied than the Xhosa to non-capitalist power bases and ideological structures. The land grants were important too. Grants provided relatively ample quantities of land for cultivation while the forms of tenure weakened the influence of potential chiefly structures.

The Xhosa chieftaincies in the region, in contrast, maintained a relatively tight-knit opposition to colonisation and commoditisation. This led to two disastrous episodes in the 1850s, the decade during which the most southerly Nguni resistance was decisively broken, if not ended. Firstly, at the beginning of the decade, the major Xhosa chiefdoms and some allies launched a courageous all-out assault against the colonists. After initial successes, the Xhosa were crushed after a war which lasted between 1850 and 1853. The Mfengu assisted in the downfall of the

Xhosa, most importantly by uncovering the Xhosa's secret grain stores and thus cutting their supply lines. One of the consequences of the defeat was the expulsion of the Ngqika and their chief Sandile from the Keiskammahoek district and their replacement with Mfengu in villages subject to colonial administrative structures. Land thus acquired by the Mfengu was known as "reward land".

Barely four years later, in 185⁶, a millenarian prophecy called for the Xhosa to kill their cattle as a prelude to liberation. A great proportion of cattle held by the beleaguered Xhosa people was killed provoking a serious economic crisis amongst them. Though many people were forced to leave the region and seek work, the ideological resistance of the Xhosa to full incorporation within colonial political and economic structures remained strong. (14)

In Bundy's analysis peasant prosperity, for a minority emerged in the 1850s and 1860s and then declined after the 1870s in the Ciskei region. In districts further east the process began and ended later. (15) The volume and value of commodities sold by blacks undoubtedly reached its zenith during this era. However, Lewis has taken Bundy to task, suggesting that his research and analytical methods were inadequate. Lewis contests the appropriateness of the concept of "peasant prosperity" for the Ciskei. He argues that the marketing of commodities neither suggests that there was necessarily a prosperous peasantry, nor that it was simply a question of responding to market opportunities. Statistics indicate instead that the black agriculturalists who supplied the market were not prosperous, on the whole, particularly those who sold their produce to the Xhosa at the time of the cattle-killing. Bundy's use of the term "surplus" had suggested that marketed produce would necessarily be that over and above the amount of produce required for subsistence. (16) Instead, some Mfengu had to proceed "into the Cape colony for service ... in a very destitute state as they sold their corn to the Kaffirs during the time of starvation" as a contemporary observer pointed out. (17)

Whatever prosperity existed, argues Lewis, followed the expulsion of the Gcaleka from the south-western Transkei and their replacement with Mfengu settlers from the Ciskei in 1865. This improved the person to land ratio in the Mfengu parts of the Ciskei, particularly Victoria East. As plough ownership increased, a general increase in returns from agriculture was achieved for a relatively short period. Lewis therefore argues that the conditions for agricultural expansion, shortlived as they were (until the mid 1870s), were created by the vagaries of colonial intervention in settlement patterns, rather than simply a response to the market. To this is added his strongly made point that peasant prosperity in the Ciskei should not be exaggerated and, if it existed, lasted only between the mid-1860s and the mid-1870s.

Lewis also stresses the stratification present in African society in the Ciskei, rooted in the pre-existing mode of production. Though some peasant prosperity might have existed, it was thinly distributed, while the bulk of the population remained poor. (18) He suggests that the sale of produce was often merely a means of avoiding wage labour, but did not represent prosperity at all. (19)

Further, Lewis makes the important connection between the growing power of the headman at the local level and the growing stratification of African society in the Ciskei. He suggests that as the homesteads disintegrated and stratification between the households proceeded, the colonial authorities and skilful collaborators were able to take advantage of the fragmentation of traditional power structures. (20)

Bundy, too, points to the connection between changing economic structures and the decline of chiefship. He points to the importance of the supplantation of pastoralism by agriculture. Most importantly he shows that the production of grain by households, rather than homesteads, set up obstacles to the extraction of tribute by chiefs, particularly by paramount chiefs. (21)

William Beinart has similarly pointed to the relationship between the declining power of the Mpondo paramount chief and the introduction of grain cultivation and sale in Pondoland in the 1880s. (22) It was difficult to levy each household or establish

what production levels were. In comparison counting and controlling the movement of cattle was a simple matter.

Though some dispute may still exist over the interpretation of trade in produce in the second half of the 19th century, all major writers agree that by the 1880s and 1890s conditions in the Ciskei were poor for the vast bulk of the population. British Kaffraria had been the battle field of the eastern frontier of the Cape, and had been ravaged by war and conquest. Reserves scattered about the district were small and subject to increasing population pressure both as a consequence of internal growth and the slow return of Xhosa to the districts. As the demand for labour on the mines and in the towns grew, increasing numbers of men began to migrate to and from wage labour.

Politically, the process of subordination of chiefs and the elevation of the relationship between magistrates, as the real chiefs, and headmen as petty officials, had begun. This was to continue until the 1950s when the Bantu Authorities Act revived the institution of chiefship in a distorted form. (23) Chiefs did not disappear, but their real power was seriously weakened.

2. The Hidden Half Century - 1900-1950.

"...Native conditions in the area between the Great Fish River and the Kei, conveniently known as the Cis-Kei, best illustrate the general confusion which threatens to engulf large areas throughout the rest of the Union. Poverty, congestion and chaos are worst in these districts ...where the shortcomings of earlier attempts at Native Policy have had the longest to work themselves out."

W.M. Macmillan, 1930. (24)

Though no systematic examination of the economy of the Ciskei region during the first half of the twentieth century, W.M. Macmillan's remarks leave little room for doubt.

J.B. McI. Daniel passes over the period in one sentence. "The first half of the twentieth century was a period of stagnation in the sphere of agriculture in the Ciskei." (25) This is a misleading statement. All evidence suggests that, instead of stagnating, conditions in the Ciskei deteriorated more or less

Perhaps the most significant study of a district of the Ciskei was that undertaken by the Keiskammahoek Rural Survey (K.R.S.). Two years of fieldwork in six villages was published in four volumes in 1951 and 1952. (31) It is amongst the most detailed of district studies conducted in any South African Reserve. Its weakness, for historical purposes, is that it is essentially a synchronic, rather than a diachronic, analysis, though some historical trends are examined.

One sentence encapsulates the central finding of the survey:

"None of the families living in the Keiskammahoek district make a living out of farming and few of them have sufficient land to do so, even with considerably improved farming techniques." (32)

The most fertile valley in the Ciskei had been reduced to poverty and had to rely on remittances from family members working away from home. Hobart Houghton and Edith Walton in the volume on the economy argued that by the time of the study the population of the district had exceeded saturation point. It stood at about 17 250 people. Population size increased by 10% between 1921 and 1946 notwithstanding a net emigration of about 3 000 people between 1936 and 1946. (33) Agricultural production provided, at best, one half of the subsistence requirements of the district. In a bad year it provided as little as one-twentieth. Approximately one half of all adult men and one sixth of the women were absent at any time working as migrants in the towns or on the mines. (34)

X economic stratification. One interesting feature of the Survey was its findings on economic stratification. While it is often argued that the restrictions on development imposed by the state led to a process of "class levelling" in the Reserves - that all inhabitants were reduced to a common level of poverty (35) - the survey indicates that large differences in wealth and income existed. Houghton and Walton show that a very wide range of incomes existed though there were extremely few well-off families. More than half of the families surveyed had incomes between £13 and £52 per year; 1,4% had incomes greater than £100 per year and could be regarded as relatively well-off, though not rich; and 9.2% of families

were destitute with annual incomes of less than £13. (36) State employment typically provided most of the income for the more wealthy. Typically, they would be employed as teachers, court interpreters or headmen. (37) At the other end of the spectrum the widowed or deserted families that owned and earned next to nothing, survived by reciprocities or the kindness of their neighbours. While large variations in the size of land holdings existed, between those who had none and those who had several hectares, no-one surveyed had sufficient land on which to make a living by farming. (38)

In short, three processes combined to relegate the Reserves in the Ciskei (and elsewhere) to the status of labour reserves in the early part of the 20th century. (1) Firstly, although land was supplemented by additions after the 1936 Native Trust and Land Act these were very small and were generally areas on which relatively large numbers of Africans were already living. (39) Thus (land hunger) grew and overcrowding became chronic. As plots of land were passed down families the amount received by each heir shrunk rapidly. Increasing pressure was the continuous return of Xhosa people from the dispersion that followed the cattle-killing. Many settled on Trust land but some were taken as tenants on quitrent and freehold land. This process, of course, accelerated in the 1960s and 1970s with the capitalisation of agriculture and tightened influx control.

2. Secondly, the migration of men to work on the mines and in the towns expanded rapidly during the first half of this century. As statistics for the Cape are combined for the period under discussion, precise information is unobtainable but area studies such as that in Keiskammahoek indicate that by 1950 about half of the working males in Ciskei Reserves had become migrant labourers, at any one time. (40) Chamber of Mines data suggest that about 8% of workers on the mines by the 1940s were drawn from the Ciskei. (41)

3) The third process was the agricultural smothering of the Ciskei Reserves by surrounding white farms. It had been Sir George Grey's policy to scatter white settler land grants amongst Mfengu land grants in the 1850s. The pattern created resulted in the Ciskei Reserves being relatively small pieces of land

surrounded by white owned farms. A series of measures aided the development of white farming at the expense of African farming, and in the district, local relations of dependency emerged. (42) This could be contrasted, for example, with parts of the Transkei which formed relatively large, contiguous stretches of land, relatively insulated from white farming pressures.

The system of administration was consolidated by the Native Affairs Act (No 23 of 1920) which extended the council system to all Reserves, and provided for the formation of a General Council for each group of Reserves judged to constitute a Reserve territory. The Ciskei General Council, which comprised of representatives of each District Council (which was made up of delegates from Location Councils), was established in 1934. Magistrates became Native Commissioners and the Chief Magistrate became Chief Native Commissioner.

Each village had a headman who was paid and was relatively well-off as he could not migrate, who was responsible for local administrative and petty judicial decisions. Ostensibly elected by and responsible to the village (or location) council (consisting of all adult men) he had to be approved by the district's Native Commissioner, who was responsible for the district's legal and administrative affairs. The Native Commissioner was also ex officio chairman of the District Council. The General Council was chaired by the Chief Native Commissioner.

Unnamed "radicals" interviewed by the K.R.S. described the administrative system thus:

"The Native Commissioner is the Chief of the District. When he is placed as chairman over the Local (District) Council, he can only administer what prospers the government and not the people. The same applies to the Chief Native Commissioner as chairman of the General Council.... councillors are the "good boys" used as weapons against the people." (43)

The structure of administration only resembled traditional local structures at the local level, and even at that level the headmen and sub-headmen did not necessarily relate appropriately to lineage structures.

It becomes increasingly clear that analyses which draw analogies between the system of administration in the Reserves and ideal forms of indirect rule, or which see the basis of administrative structures in pre-capitalist modes of production which prevailed, for a time, in the Reserves, have to be regarded with some reservation. (44) Certainly in the Ciskei, and in the Transkei as Philip Mayer contends, direct rule prevailed and tribal relations were not conserved by the state. (45) At the economic level the existence of quitrent and similar forms of land tenure helped hold clans or lineage groups together by preserving a certain, if deteriorating constancy in land holding. But this did not contribute to the maintenance of wider tribal structures. At the ideological level what Mayer calls "School Ideology"; associated with the influence of missionaries and schooling, was widespread in the Ciskei and was evolving into an ideology of protest. (46)

3. From Bantu Authorities to Independence 1951 - 1981.

As previous chapters have indicated, the state of the 1950s sought to resolve emerging social problems in the towns and cities by controlling influx into the towns and setting up political structures in the Reserves which could be regarded as legitimate by their inhabitants and would strengthen the structures of control. It was in this context that the Bantu Authorities Act was framed. In short, its purpose was to reinstate chiefs as the "legitimate" leaders of Africans in the Reserves.

In the Ciskei, as elsewhere, this involved the establishment of Tribal Authorities as the local administration for chiefs. At higher levels Regional Authorities and Territorial Authorities were to be created, the latter being established in the Ciskei in terms of Proclamation 496 of 1961. In practice it appears that Regional Authorities never came to much. In the Ciskei the implementation of the Bantu Authorities Act amounted to, perhaps to a greater extent than elsewhere, "a purposeful reconstruction of something which had to a large extent been destroyed." (47) Chiefdoms that had been ignored for decades were restored, but with some serious complications. Existing administrative units did not always coincide with chiefly allegiance and conflicting loyalties occurred.

The state, by reviving chiefdoms, deliberately reconstituted the politics of patronage along ethnic lines. Section 2 (b) of the Act prescribes that a tribal authority be established in terms of a tribe or ethnic unit. The Councillors of a tribal authority are those members of the tribe who are acknowledged as councillors according to the customs of the tribe. Years of subsumption of ethnic differences had meant that Xhosa people had settled in Mfengu chiefdoms and viceversa. (48) Such people were rendered rightless in terms of local authorities. Conflicts along ethnic lines emerged as institutions were granted greater powers, even if those powers remained relatively petty. Politics in the Ciskei began to revolve more and more around the re-established and newly established chieftaincies, leading to the emergence of competition along ethnic lines. Thus in 1961, when the Territorial Authority was established in place of the old General Council, a Mfengu chief, Mabandla, refused to recognise the newly appointed paramount chief of the Xhosa.

In 1967 people who regarded themselves as Mfengu leaders, fearing the growing power of the Xhosa majority petitioned for the partition of the Ciskei into Xhosa and Mfengu parts. Failing that, Mabandla accepted the Executive Councillorship of the revamped Territorial Authority (the "New Deal"). (49) When the lines were drawn after the 1973 election to what had now become the Ciskei Legislative Assembly, Lennox L. Sebe's victorious Ciskei National Independence Party could be identified as Xhosa supported whereas Mabandla's Ciskei National Party was Mfengu based.

The issue which most easily inflamed ethnic rivalry was the land issue. While Xhosa chiefdoms had been defeated, economically weakened by the "national suicide", and the people were dispersed across the country seeking land or jobs, Mfengu were settled with freehold or quitrent title on whatever good land was not taken by white settlers. The Mfengu had been granted freehold or quitrent title to the land, which was mostly "reward land", for their role in the defeat of the Xhosa. The return of the Xhosa began immediately, but slowly. Some were incorporated on Mfengu owned land and others were settled on Trust land added to the Ciskei in terms of the 1936 Native Trust and Land Act. But in the 1960s the movement to the Ciskei was accelerated as a consequence of

the capitalisation of agriculture and resettlement programmes. (Resettlement also seriously affected Mfengu people, some of whom had been granted what were now called black spots.)

The demand for land grew rapidly. Many of those who resettled themselves (50) had no rights to land and were forced to rent land. When the immigrants were of a different ethnic group from those whose land they rented, the potential for tension and mobilisation by opportunistic politicians existed. One case illustrates the economic implications that ethnicity had gathered by the 1970s. A widow evicted from her home in Cradock moved to Peddie where she and her son were able to buy a plot of land.

"We stayed in Peddie until there was a change in government. When Sebe took over from Mabandla the Fingos in Peddie started fighting the Xhosa saying that they (the Xhosa) were on Sebe's side and must move. Then Sebe found people other places in Zwelitsha and Dimbaza so I bought a plot here." (Dimbaza) (51)

As pressure for land increased politicians, usually chiefs, increasingly exploited ethnic tensions. They were able through these means to enhance their small political base - if they were able to deliver the goods - either land, jobs, housing or perhaps a school. This became the economic basis of the new chieftaincy - the power of the local authority to dispense goods and favours.

A further basis for the power of the chiefs was that as the Native Commissioners were downgraded into magistrates, increasing police and judicial power came the way of the chiefs. Though they were meant to deal with cases that fell under customary law only, they could and did exceed their powers. (52)

At the central level of government the Ciskei Legislative Assembly (C.L.A.) came to be granted more powers. As in similar bodies in the past, the C.L.A. was dominated by chiefs appointed by the South African government. In 1972 30 of the 50 members were appointed chiefs. Though the number of members of the C.L.A. increased the proportion of chiefs to elected members remained the same. With independence the power to appoint chiefs devolved onto Sebe himself. The Ciskei therefore, has never had even a formally democratic government.

Despite its essentially undemocratic nature, the C.L.A. was the scene of lively debate and contestations for a few years following Sebe's victory in 1973. By 1979, debate had disappeared. In 1978 elections were held effectively under martial law and the opposition won no seats. Within a year the opposition dissolved and its chiefs in the C.L.A. crossed the floor. Mabandla was made Speaker of the House as a small compensation. It has been said that opposition members were left with little choice but to cross the floor as their constituencies or chiefdoms were being deprived of services. (53)

Amongst those issues hotly debated in the mid-seventies was the position of the chiefs. As chiefs formed the majority of the C.L.A. members, the two parties were forced to battle for allegiances. (54) Sebe was attacked, the implicit criticism being his commoner status. But as he and his advisors controlled the purse strings, he quickly won over most of the chiefs. Several new chieftaincies were created shortly after his electoral victory and all but one were Sebe supporters. (55) Sebe himself was made a chief in 1976 on the basis of very dubious evidence about his ancestors. (56)

Debates in the C.L.A. seldom dealt in any great detail with the administrative responsibilities of the Cabinet. Indeed, it was widely understood that most ministers were little more than mouthpieces for the departmental secretaries - all of whom were white. In any case, Sebe soon sunk into the habit of frequently shuffling his cabinet. On occasions ministers, whose appointment soon became Sebe's sole responsibility (57) were fired for incompetence. More frequently they were removed because they were becoming too powerful and were potentially threatening to Sebe. Early victims were Mr S.M. Burns Ncamashe and Mr R.B.D.R. Myataza. Many followed. Most recently the powerful Rev. Xaba, Minister of Agriculture, was removed from office (1983) and several of Sebe's relations in the Cabinet were detained. (58) The power of Sebe, who made himself Life President in 1983, became increasingly clearly the deadly combination of brute force and command over state resources in an extremely poor society.

During the 1970s employment in the Ciskei government grew very rapidly. Two periods of rapid growth stand out: the early

1970s with the South African government's new urgency towards the bantustans and the granting of self-governing status to the Ciskei in 1972, and the period preceding and following independence in December 1981. Employment by the Ciskei state increased from 8 540 (8 247 Black) in 1973 to 12 462 (12 191 Black) in 1975. Between 1979 and 1981 it grew from 12 297 (12 043 Black) to 14 492 (14 246 Black). If experiences in Bophuthatswana and the Transkei are analysed, growth of employment in the state sector tails off two or three years after "independence". (59)

Of the approximately 13 000 workers in 1980 about 4 200 were teachers, 2 000 health workers (all levels), about 2 000 were semi-skilled or unskilled public works employees and the remainder worked directly in government service. (61) The state was the single most important employer of wage labour and the central locus of the middle class in the Ciskei.

What has been examined in this chapter has been the evolving and changing relationship between political structures in the Ciskei, and economic relations within the Ciskei in the context of the Ciskei's economic position in South Africa. The destruction of the chieftaincies and their reconstruction alongside a new middle class not based in agriculture has been covered. Perhaps most importantly the new political phase that began in the 1950s has been pointed to. This phase marked the, initially slow shift towards the construction of a black elite combining bureaucrats, traders, teachers and peasants in a kind of comprador ruling class that would serve the interests of the South African ruling class. This area has just been touched upon in this chapter. It is the task of chapters five and six to examine the politics of state economic intervention in the Ciskei in recent decades.

FOOTNOTES CHAPTER 4

- (1) C f. Monica Wilson, "The Early History of the Transkei and the Ciskei", African Studies, Vol. 18, 1959. J.B. Peires' The House of Phalo - A History of the Xhosa 1700 - 1835, Ravan, Johannesburg, 1979, is now the standard work on the subject.
- (2) J.B. Peires, 1979, op. cit., Chapter Four.
- (3) C.W. Manona, "Ethnic Relations in the Ciskei", a chapter in Nancy Charton (ed) Ciskei - A South African Homeland, Croom Helm, London, 1980 (a), p 99.
- (4) *ibid*, p 100 - 102.
- (5) *ibid*, p 100.
- (6) C f. R.A. Mayer, "The Mfengu, Self Defence and the Cape Frontier Wars" in C. Saunders and K. Derricourt (eds), Beyond the Cape Frontier, Longmans, London, 1974.
- (7) D.A. Kotze, "The Evolution of the Ciskei District Magistracy", Development Studies Southern Africa, Vol. 5 No 4, 1982, p 437.
- (8) D.M. Groenewald, "The Administrative System in the Ciskei", in Nancy Charton, 1980, op. cit., pp 83,84.
- (9) J.B. Peires, "Continuity and Change in Ciskei Chiefship", Collected Seminar Papers on the Societies of Southern Africa in the 19th and 20th Centuries, Vol. 8, Institute of Commonwealth Studies, 1977, p 136.
- (10) *ibid*, p 135.
- (11) Colin Bundy, The Rise and Fall of the South African Peasantry, Heineman, London, 1979. Jack Lewis has recently completed a thesis on the economic history of the Ciskei in the 19th century at the University of Cape Town, but I have not been able to consult it, though I have used a paper of his, i.e. Jack Lewis, "The Rise and Fall of the South African Peasantry - A Critique", paper presented to the Africa Seminar, Centre for African Studies, University of Cape Town, 1983.
- (12) C f. Colin Bundy, 1979, op. cit. and perhaps more importantly his influential article: C.J. Bundy, "The Emergence and Decline of a South African Peasantry", African Affairs, Vol. 71 No 285, 1972. For Monica Wilson see her chapters in M. Wilson and L Thompson (eds), The Oxford History of South Africa, Vol. 1, Oxford, 1969.
- (13) Jack Lewis, 1983, op. cit.
- (14) Philip Mayer "The Origin and Decline of Two Rural Resistance Ideologies" in Philip Mayer (ed), Black Villagers in an Industrial Society, Oxford University Press, Cape Town, 1980, p 10.
- (15) Colin Bundy 1979 op. cit., *passim*.
- (16) Jack Lewis, 1983, op. cit., pp 15, 16.

- (17) *ibid*, p 16, quoting the report made by a colonial official in 1858.
- (18) *ibid*, pp 6 - 15.
- (19) *ibid*, p 22.
- (20) *ibid*, pp 22 - 22.
- (21) Colin Bundy 1979, *op. cit.*, p 98.
- (22) William Beinart, The Political Economy of Pondoland 1860 - 1930, Ravan, Johannesburg, 1982, Chapter 4, part 3.
- (23) The works of W.D. Hammond Tooke and John L. Comaroff throw additional light on changing administrative structures and the position of chiefship, though their work is weakened by a lack of attention to economic issues. See, for example, W.D. Hammond Tooke, Command or Consensus, David Phillip, Cape Town, 1975; and John L Comaroff, "Chiefship in a South African Homeland", Journal of Southern African Studies, Vol. 1 No 1, 1974.
- (24) W.M. Macmillan, Complex South Africa - An Economic Footnote to History, Faber & Faber, London, 1930, pp 137, 138.
- (25) J.B. McI. Daniel, "Agricultural Development in the Ciskei : Review and Assessment", The South African Geographical Journal, Vol. 63 No 1, 1981, p 8.
- (26) Charles Simkins, "Agricultural Production in the African Reserves of South Africa, 1918 - 1969", Journal of Southern African Studies, Vol. 7 No 2, 1981, figures 2 & 3.
- (27) James Henderson, "The Economic Condition of the Native People", South Africa Outlook, July, 1927.
- (28) W.M. Macmillan *op. cit.* p 139.
- (29) *ibid*, p 160.
- (30) Colin Bundy, 1979, *op. cit.*, p 157.
- (31) The three volumes referred to in this thesis are: D. Hobart Houghton and Edith Walton, Keiskammahoek Rural Survey (K.R.S.) Vol II, The Economy of a Native Reserve; Monica Wilson, Selma Kaplan, Theresa Maki & Edith Walton, K.R.S. Vol. III Social Structure; and M.E. Elton Mills & Monica Wilson, K.R.S. Vol IV, Land Tenure; all published by Schuter & Shooter, Pietermaritzburg, 1951.
- (32) M.E. Elton Mills & Monica Wilson, 1951, *op. cit.*, p 128.
- (33) D. Hobart Houghton & Edith Walton, 1951, *op. cit.*, p 177. One cannot but wonder what Houghton and Walton would have thought of the increase in the District's population from 26 531 to 38 280 between 1970 and 1980.
- (34) Monica Wilson, Selma Kaplan et. al., 1951, *op. cit.*, p2.
- (35) See, for example, Frank Molteno "The historical significance of the Bantustan strategy", Social Dynamics, Vol. 3 No 2, 1977.
- (36) D. Hobart Houghton & Edith Walton 1951, *op. cit.*, pp 96, 97.

- (37) *ibid*, p 101.
- (38) M.E. Elton Mills & Monica Wilson, 1951, *op. cit.*, conclusion.
- (39) *ibid*, p 124.
- (40) Monica Wilson, Selma Kaplan, et. al., 1951, p 2.
- (41) Francis Wilson, Labour in the South African Gold Mines, Cambridge University Press, 1972, Table 8, p 70 indicates that about 35% of the gold mines migrant labour force was drawn from the Cape Reserves in 1943. Roger Southall in his South Africa's Transkei, Heineman, London, 1982, shows that about three-quarters of these were drawn from the Transkei (p78). Almost all the remainder must have come from the Ciskei.
- (42) D. Hobart Houghton and Edith Walton, 1951, *op. cit.*, suggest this in their Chapter Three (p 78) but do not pursue what is undoubtedly an important issue.
- (43) Monica Wilson, Selma Kaplan et. al., 1951, *op. cit.*, p 43.
- (44) In a sense works like Harold Wolpe's "Capitalism and cheap labour power in South Africa : from segregation to apartheid", Economy and Society, Vol. 1 no 1, 1972, risk simplifying the structures being preserved by the Reserve system. A closer study points to the importance of distinguishing between tribal relations and clan or lineage relations.
- (45) Philip Mayer, 1980, *op. cit.*, pp 19, 20.
- (46) *ibid*, p 31.
- (47) D.M. Groenewald, 1980, *op. cit.*, p88.
- (48) C.W. Manona, 1980, *op. cit.*, p 106.
- (49) *ibid*, p 107.
- (50) People who may have been evicted from their homes but chose their own path to the Ciskei.
- (51) Interview, Dimbaza, June 1981.
- (52) J.B. Peires, *op. cit.*, p 140.
- (53) Nicholas Haysom, Ruling with the whip - a report on the violation of human rights in the Ciskei, Centre for Applied Legal Studies, University of the Witwatersrand, Johannesburg, 1983, p 9. (See footnote 55).
- (54) C f. Mabandla's speeches in the C.L.A. particularly his speeches in the No Confidence debate in 1975 and 1976. Ciskei Legislative Assembly, Verbatim Debates, Vol. 5 1975 and Vol. 7 1976. His speech on 29/4/1976 attacks Sebe for demeaning the chiefs, accused the administration of taking land away from some chiefs and giving it to others; bypassing chiefs when social services are provided and social security-pensions. He attacks the government for nepotism and corruption.
- (55) J.B. Peires, *op. cit.*, p 137.
- (56) *ibid*.

- (57) D.D. 7/7/76.
- (58) See, for example, State of the Nation, SASPU, Vol. 1 No 2, December 1983.
- (59) A.A. Ligthelm, "The Development of the TBVC Countries : A Review", Development Studies Southern Africa, Vol. 5 No 1, 1982, various tables.
- (60) *ibid.*

CHAPTER 5

DEMOGRAPHIC CHANGE AND POLITICS IN THE CISKEI.

The peculiar demographic patterns produced by influx control, migrant labour and resettlement have had very deep effects on every aspect of society in the Ciskei. The Ciskei is not unique amongst bantustans in this respect, though it must be said that the impact of resettlement on the Ciskei has been relatively more severe than on some larger bantustans, like the Transkei, where the numbers resettled have been relatively and absolutely smaller.(1)

Aside from being examined in general works on resettlement, resettlement in the Ciskei has been the subject of several individual studies. (2) Most substantial amongst them has been the Surplus Peoples Project's Eastern Cape Report. A study published by SALDRU on which the author collaborated with Pippa Green, focussed on the social and political impact of resettlement. (3) These studies have shown that the social fabric of the Ciskei has been altered fundamentally by demographic developments, particularly those since 1960.

1. Population Growth 1970 - 1980.

The previous chapter indicated that as a consequence of various forms of immigration and influx control policies, the population of districts studied in the Ciskei has increased substantially over the last one hundred years. Between 1970 and 1980 it practically doubled again. _

Population statistics derived from censuses are normally regarded with some suspicion. In South Africa bantustan population data is particularly suspect. (4) In addition to conventional problems, analysing population trends in a bantustan like the Ciskei presents special difficulties. Not only have the boundaries of the Ciskei itself changed, but the magisterial districts themselves have altered. One notable instance for the Ciskei, for example, was the transference of the districts of Glen Grey and Herschel to the Transkei in 1976 in exchange for land contiguous to the northern section of the Ciskei. However, it has been possible to obtain data which allows for a comparison of population in the Ciskei in 1970 and 1980.

The Department of Statistics made available to the Ciskei (Quail) Commission data which would allow a comparison between like geographical definitions of the Ciskei in 1970 and 1979. This information was not published in full in the Commission's report but the author was granted access to the unpublished evidence delivered to the Commission. (5) The release of 1980 census data in 1981 made possible the analysis of population trends in the Ciskei summarised in Table 5.1. (6) The results of this analysis are confirmed by the similarity of results achieved by other researchers. (7) To summarise the most notable statistics:

- * between 1970 and 1980 the population of the Ciskei increased from 350 741 to 630 353 representing an average per annum increase of 6%;
- * if it is assumed, as seems fair, that the natural rate of growth of the African population of the Ciskei was 2,7%, as was the case for Africans in South Africa as a whole, net immigration into the Ciskei amounted to 172 537 people;
- * the size of the urban population in the Ciskei increased from 102 380 in 1970 to 228 539 in 1980 representing an average annual growth rate of 8,2%;
- * the rural population grew from 248 361 to 401 794, an average annual rate of 4,9%;
- * considerable regional variation is detectable with districts such as Hewu and Victoria East experiencing very high growth rates and Keiskammahoek and Middeldrift having relatively slow population growth;
- * by and large the level of increase of men and women was equal, though men start from a lower numerical base - therefore registering a higher growth rate.

For the structure of the population one still has to rely on the 1970 census data. It found that the male:female ratio in the 20 to 50 years age group was 30:70 indicating high male "absenteeism", through migrant labour. (8) Mastourides has

indicated that the number of migrant workers from the Ciskei has increased very slowly between 1970 and 1981 from 52 000 (5,4% of the population) to 60 000 (4,5%) (9) which would probably produce a slight narrowing of sex differentials as table 5.1 suggests. (See also Table 5.2 - Migrants and Commuters 1970 - 1981).

An additional feature of the structure of the population is the low ratio of all people of working age, say between 20 and 50, to people either too old or too young to work. (10) That indicates that, legally or otherwise, many men and women of working age seek employment outside the Ciskei. It also points to the facts that 1) old people were resettled (or dumped) in the Ciskei; they were not able to collect their pensions outside (11), 2) the government has provided substantial primary school facilities in the Ciskei to force people to move there for their childrens' education. (12)

It is not surprising, therefore, that the proportion of not economically active (n.e.a.) people in the Ciskei is inordinately high. Even more serious is the very high unemployment rate. No accurate records of unemployment are kept for blacks in South Africa. However, the S.P.P. established unemployment rates in resettlement locations at generally between 30 and 40%. (13) This is higher than the general level in the Ciskei but not by much, argue the S.P.P. (14) However, a recent Commission of Inquiry (Swart) appointed by the Ciskei government estimated that unemployment stood at 225 000 people, or 50% of the economically active (e.a.) population. It does not explain how these figures are arrived at. (15) Unemployment is undoubtedly very high, if not quite as high as the Swart Commission suggests.

2. Sources of Resettled People.

According to the Minister of Cooperation and Development, Dr Piet Koornhof, the number of people resettled in the Ciskei between 1970 and 1980 (in terms of Section 5 of the Black Administration Act No 38 of 1927) was 40 601. (16) This figure amounts to less than 25% of the total net influx into the Ciskei calculated above. This is explained by one or a combination of the following reasons. Firstly the Minister may have been mistaken; secondly, resettlement is not only carried out under the Black Administration

Act (17); and thirdly a good deal of influx into the Ciskei was voluntary - in the sense that it was not directly carried out by government agents. Many people were left with no realistic alternative but to go to the Ciskei and did so under their own steam.

By far the most important source of people resettled in the Ciskei is the rural Cape - the farms and villages. It has been estimated that close on 70 000 of net immigrants into the Ciskei come from the farms alone. A further 11 000 to 12 000 were drawn from small country towns. (18) Investigation has indicated that evictions from white farms are consequences of declining employment on the farms, particularly casual labour. Mechanisation plays a relatively small role in the expulsion of labour from farms in the Karoo and Eastern Cape, the regions from which the bulk of rural immigrants come. More important is the centralisation of ownership and consolidation of land holdings which, in stock farming districts, allow the shedding of labour. (19)

Some families that had lived on farms were simply evicted. Others left when life became intolerable, hoping that they would find sanctuary in the Ciskei. Some were promised land, which they could farm, by opportunistic Ciskei politicians (see below), though very few received any. Some people who left the farms went to the country towns; others went to cities such as Port Elizabeth and Cape Town, from which they were frequently expelled under influx control regulations and sent to the Ciskei. Those who moved voluntarily to the Ciskei saw it as the only secure site of residence, where state housing could be obtained, or they moved there in order to gain access to social security payments which were only paid out inside the Ciskei, at a particular magistrate's office. (20)

A second significant form of resettlement for the Ciskei was the urban removals that occurred on a large scale during the 1960s and 1970s. Towns located relatively near the Ciskei would have their townships for Africans relocated inside the Ciskei. Relatively near in the government's terms could mean up to 40 kilometers distant. Small towns such as Stutterheim have had their location moved, turning African workers into "frontier commuters". The most important instance of urban relocation in

the Eastern Cape has been the attempt to eliminate Duncan Village, the African suburb of East London, and move all Africans from East London to Mdantsane, a new town 20 kilometers away, inside the Ciskei. Many thousands have been moved. The S.P.P. estimate that up to 110 000 people have been moved out of Duncan Village between 1964 and 1982 - however, many thousands may have returned to Duncan Village once or several times. In 1980 about 40 000 still remained in Duncan Village, while the population of Mdantsane was estimated to be greater than 300 000.

One important example of large scale voluntary resettlement was the mass exodus from the Transkei in 1976. Many thousands of people, estimated at between 32 000 and 51 000, fled the Herschel and Glen Grey districts. These districts had recently been transferred from the Ciskei to the Transkei, which was about to become independent. The people feared the actions of the Matanzima regime. In addition, they were encouraged to move to the farm Thornhill, which had recently been incorporated into the Ciskei, by ambitious politicians seeking to increase the size of their following. The thousands who moved found disastrously inadequate facilities when they arrived in Thornhill in July 1976. Many of those who survived the appalling winter slowly left Thornhill, some, it appears, returning to Herschel. (22)

Other forms of resettlement have contributed to the overcrowding of the Ciskei. Amongst them are the implementation of both influx control regulations and measures in terms of the coloured labour preference policy throughout the Cape, west of Aliwal North after the Eiselen Line moved east in 1967. Even farms are subject to coloured labour preference policy. In addition there have been squatter and labour tenant removals from farms, black spot and homeland consolidation removals and removals within the Ciskei itself, usually connected with betterment or irrigation schemes.

The causes of resettlement were briefly discussed in Chapter three. What the brief survey above has reiterated is that there are several forms of relocation and that the causes of resettlement are complex, making simplistic explanations questionable. Two fairly common explanations rendered inadequate by examination of

the Ciskei data are 1) that resettlement can only be understood in "ideological terms" - as part of a grand apartheid plan that demands conformity; and 2) that resettlement is primarily designed to develop the cheap labour system through migrant labour. Neither explanation is entirely incorrect, but nor are they remotely adequate.

Arguments which revolve around "apartheid ideology" tend to ignore the objective processes at work which dispossess people and render them homeless. (23) Most important is the process of expulsion of people from the land as capitalist accumulation proceeds in the countryside. What happens in South Africa is that for political reasons those expelled from the land, if they are African, are prevented from migrating to the large industrial towns. Instead a form of urbanisation occurs in the bantustans. The resettlement programmes have evolved in an efficiently functioning capitalist social formation and the links between the development of capitalism and the evolution of relocation are visible to those who penetrate the apparently irrational appearance of events.

One must not, however, go to the opposite extreme and attempt to explain relocation in terms of the economic requirements of capitalist development. An article by Marian Lacey suggests the following line of reasoning: migrant labour, which is cheaper and easier to disorganise than settled urban labour, is the basis of capitalist development in South Africa; the pre-condition for migrant labour is the existence of large pools of unemployed people in the bantustans; and resettlement of people to the bantustans is essentially the extension and deepening of the migrant labour system. (24)

It is true that many men in resettled families become migrant workers, though it is instructive to note that while resettlement escalated in the 1970s in the Ciskei, migrant labour grew very slowly (compare tables 5.1 and 5.2). Some resettlement camps or towns have high proportions of men of working age undertaking contracted employment in distant places. However, the connection between resettlement and migrant labour is more complex.

The key question is whether migrant labour is necessarily cheaper for capital when the families in the bantustans have no other means of support and are totally dependent on migrant workers remittances. In the resettlement camps too, the state has to provide housing and basic social services. The houses eventually built in Sada, for example, are hardly different from many existing in Guguletu or Soweto. Migrant labour may not be suitable for sophisticated production processes where high levels of training and job continuity are required. This is an additional reason to question the cheap migrant labour thesis as the central explanation for resettlement.

It is certainly true that some resettlement towns exhibit relatively high levels of migrancy to and from distant work places. In the Ciskei, Sada is a case in point. However, there are also many resettlement areas that have extremely high levels of unemployment, far higher than needed for a pool of labour. The S.P.P. report argues that

"There is good reason to believe that these poorer places may be representative of most resettlement sites in the Ciskei"

Further:

"The incidence of poverty among rural communities is in all likelihood as high as among the mass of resettled people." (25)

Why has relocation continued under these circumstances? The migrant labour argument cannot answer that question. Relocation is a consequence of the political and economic form of capitalist development in South Africa, as discussed in Chapter three. In this section it has not only been intended to repeat the argument that resettlement is a complex product of the form of capitalist development in South Africa. In addition the point that needed to be made is that resettlement has contributed to poverty throughout the Ciskei, though it is more serious in some regions. This has implications for the social organisation and control of settlements in the Ciskei.

3. The Sites of Relocation.

The sites at which resettled people are deposited can be distinguished in two main categories. Those which display some basic characteristics of urban living, particularly the existence, in the vicinity, of some employment possibilities, and those which contain some basic services can be classified broadly as resettlement towns. For those whose only resemblance to urban living is a concentration of people, with, perhaps, minimal services, the term closer settlement is used. These conform to the conception of resettlement camps - totally inadequate settlements. These definitions should not be regarded as absolute categories but, rather, the polarities of a continuum.

In the Ciskei the categories tend to follow a regional pattern. In the south-eastern part, in the periphery of the East London-Berlin-King Williamstown axis, resettlement sites tend to be classifiable as towns; Mdantsane, Zwelitsha and to a lesser extent Dimbaza are the best examples. However, even in this region the huge sprawling settlement of Ndevana lacks basic urban facilities and is as underdeveloped as any settlement in the Ciskei. (26) Resettlement towns tend to have a relatively higher standard of living, a higher proportion of the population employed in industry and forms of administration and control more closely approximating conventional African townships in South Africa. The Mdantsane Town Council exemplifies the most highly developed administrative structure in a resettlement town.

Closer settlements, on the other hand, are located predominantly in the north-western part of the Ciskei, in the Hewu district, though there are some such sites in Victoria East and Peddie in the west - Glenmore and Kammaskraal, for example. In the semi-desert Hewu district, however, there are a large number of closer settlements some of which are quite well known, such as Thornhill, Oxtan and Zwelidinga, and others whose existence is barely recorded such as Tentergate and Tentergate No 2. (27) These places are primitively constructed, the standard of living in them is very low, unemployment is high and very rudimentary forms of administration exist. Sada is also situated in Hewu but while there are few employment opportunities in the vicinity, Sada is well integrated into the migrant labour network and exhibits more urban characteristics.

There is an additional form of resettlement that is difficult to research but appears to be very important in some districts. In many cases refugees from farms and country towns have moved to rural villages in the Ciskei. There they have either asserted their hereditary rights to land or, at least, accommodation, or they have become tenants or sharecroppers. The Gaga Valley area in Victoria East, for example, appears to have rapidly filled up in this way. (28) Indeed, the quite substantial rate of population increase in Victoria East can only be fully explained when this form of resettlement is taken into account. Manona has described the effects of this process in the village of Nyanyso in the Peddie district. (29)

4. Social Cohesion and Disintegration in the Ciskei.

Attempts to re-establish chiefships in the 1950s were based on very little substance, as has been shown in Chapter four. The political and ideological relations on which they were based had been weakened by the influence of missionaries and schooling and also by the form of direct rule imposed between the mid-nineteenth century and 1951. At an economic level traditional relationships had been weakened by shrinking land holdings, increased landlessness and the variety of land tenure systems created for the Reserves. The position of chief was often further nuanced by the betterment schemes of the 1950s and early 1960s.

In spite of the disappearance of conditions of existence for traditional Xhosa or Mfengu culture, the people living in the Ciskei had not been politically or culturally assimilated into the dominant structures of South African society. Old systems had broken down but nothing had been provided in their place. In consequence remnants of old political and ideological structures remained, albeit in distorted forms.

An adequate understanding of social forms in the Reserves rests on a conception of historical time that presupposes the existence of relatively autonomous political, ideological and economic spheres. The concept of "relative autonomy" is one which many social scientists writing in the historical materialist tradition have scorned. It does not conform to the marxist orthodoxy which argues that history can be understood in terms of

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a cultural and political superstructure which always conforms to a determining economic base. When the superstructure defies explanation, this approach argues, our understanding of the base must be inadequate.

But, as Althusser argues, the spheres, or levels, do not have exactly "the same type of historical existence. On the contrary, we have to assign to each level a peculiar time ... and history." (30) This is not an escape route, a way of avoiding the necessity of reconciling base and superstructure. Its implications for historians are quite the opposite. Concepts like "unevenness of development", "survivals" or "backwardness (in consciousness)" have to be interrogated and explained. The level to which the phenomenon pertains has to be analysed, as well as the articulation of that level with the whole of society. (31)

The persistence of elements of traditional Xhosa and Mfengu society should be explained not only in terms of the changing economic base but also in terms of an historical study of culture in the Ciskei. Little work of this kind has been done and less from an historical materialist perspective. The most useful work is that done by Philip Mayer whose work provides an impressively broad sweep of history, and the work of Cecil Manona who prefers microstudies. (32) Both utilise quite eclectic methodologies. Mayer, though not a marxist, makes full use of marxist analyses and refers to Althusser's work.

Mayer's work shows how Xhosa traditionalist (or "Red") culture was able to persist, albeit in new guises, at the clan and village level. This occurs in spite of and is a form of response to the disintegrating social and economic circumstances that confronted inhabitants of the Ciskei. Mayer argues that, as late as the 1950s:

"The Red way continued to provide a coherent moral philosophy which instructed people how to live their lives in the villages in ways as uncontaminated as possible by those of the whites whom they held responsible for the evil days that had befallen the people."

(33)

Red culture provided a form of insulation from the moral decay that threatened people ravaged by a racist form of capitalism, and by the migrant labour system. Yet at the same time Mayer demonstrates that the moral tenets of Red society - the sanctity of the homestead ("umzi"), fitted in remarkably well with "the requirements of a smoothly working system of oscillating migration" (34) While sufficient conditions for its existence remained, this traditionalist Xhosa culture had the complex role of both enabling the continued cohesion of rural villages and supporting the continuation of the migrant labour system.

What Mayer is arguing is that in spite of the collapse of the non-capitalist mode of production and the destructive effects of direct rule on chiefly structures resilience existed at the umzi level at least until the 1950s.

Amongst the school people, however, the expectations created by mission influence gave rise to an ideology of protest somewhat earlier, though it did not take a mass form, by and large.

5. The Undermining of Social Control.

Since the 1950s, however, four general processes have combined to radically undermine whatever elements of conservative social relations and ideology remained. ⁽¹⁾ They are the betterment schemes of the late 1950s and since; ⁽²⁾ resettlement and overcrowding; ⁽³⁾ extension of migrant labour and its increasing importance; and ⁽⁴⁾ the changing political structures.

The betterment schemes are examined through an example in Chapter six. Two aspects of the schemes bear on the argument here. Firstly, there is the fact that while many betterment schemes achieved little else, most did entail the abolition of scattered homesteads. They were regrouped into densely populated compact villages. Secondly, in many cases the use of land was reorganised under betterment schemes. Even when people were not deprived of their land rights, the reallocation of land to specified uses, cattle culling, and reorganised production processes disrupted existing patterns. In addition the method of implementing betterment provoked opposition. Though "the people" were meant to be consulted, this rarely occurred and this provoked deep resentment not only against the white officials but against

the headmen who were clearly powerless to alter policy on their own.

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The impact of resettlement will be dealt with in greater detail. In the case of resettlement towns, the effects are quite obvious. Urban communities oriented towards wage labour accelerate the development of the forms of consciousness that one might expect in capitalist societies. Very often traditional customs, such as male initiation, remain, as they do in Cape Town or Port Elizabeth, but they become relatively meaningless rituals rather than essential facets of everyday culture. The Mdantsanes and the Zwelitshas of today present bantustan government with entirely new problems - problems which certainly could not be met by the structures of social control envisaged in the Bantu Authorities Act.

The more rudimentary towns and the closer settlements share some features of the towns. (35) Most importantly, they have no rural base and a proportion of their inhabitants are dependent on wage labour. Like the towns, a substantial section depends on social security payments which, small as they are, are often the sole income of a household. There are important differences, too. Some closer settlements may be culturally homogeneous having the same point of origin though others may be randomly thrown together. Some inhabitants of closer settlements have fairly comfortable relations with the people who were moved to adjacent land to make room for the grim rows of rudimentary shelters, some are deeply resented. Some are blessed with regional chiefs who pay some attention to their concerns, for whatever reasons, others are cynically neglected. A generalisation that is possible, though, is that people moved to closer settlements are soon forced into a process of questioning, dismayed as they are by their new surroundings. Often they have been made false promises; sometimes they merely had false hopes.

Sada is the largest long-settled closer settlement and in many ways represents the future for more recently established rural ghettos. A sprawling township, it now has a population of between 35 000 and 40 000 people, including the mud hut settlement

on its western periphery. Most arrived during two waves in the early- and mid-seventies and were refugees from farms from which they had been forced to leave, physically or otherwise. They came from all parts of the Eastern Cape and some from beyond, making up a fragmented new community. Far from fitting into the existing political order it seems that the newcomers were resented by the local Shiloh chief and his followers.(36) The settlers found themselves in a rudimentary settlement located on what formerly had been a cattle-post for the Shiloh people. The latter were compensated with an irrigation scheme, but it had not been very successful and failed to mollify the cattle owners of Shiloh.

As for the people of Sada, they have no agricultural future and are fully aware of it:

"We have no land here and no livestock. In Whittlesea we had one cow but no land. The office people made my wife sell the cow before she left Whittlesea, because they said there was no room for livestock in Sada.

This is a township so no livestock is allowed. The land outside the camp is for Shiloh people only and people inside Sada cannot use it." (37)

For people who had been squatters or labour tenants on farms the decline was still worse. Though some have found employment nearby most income derives from migrant labour, mainly on the Witwatersrand.

In spite of the urban nature of the settlement (though jobs and services are thin on the ground), the political structure created peculiarly resembles Bantu Authorities style rural structures. Sada is divided into zones/wards and in each zone there is a headman appointed by the Ciskei government. The headmen from all zones sit on a committee which people must approach if they have complaints or require housing or social security payments. Local jobs are often also allocated through this structure. But the headmen are not like traditional headmen; they do not necessarily emerge from a traditional lineage - indeed, their roots may be extremely shallow. One, I was informed, was a recently

settled shopkeeper from Paarl. (38) The leader of the township was not a chief, but a commoner M.P. in the Ciskei government, who also happened to be a shopkeeper. Access to jobs, housing or influence for Sada citizens is not obtained by hereditary right, but rather by paid-up membership of Sebe's Ciskei National Independence Party. Even the distribution of contracts for migratory jobs seems to be influenced by this new form of patronage politics.

Thus control over the inhabitants is obtained through the ability to dispense extremely scarce vital resources - in return submission to party and state is required. As a teacher remarked:

"... Ciskei citizenship cards, even C.N.I.P. membership cards (with proof that dues are paid) - having these extends to all things here - it is most important."

(39)

But economic blackmail only works when there are rewards for the compliant, and not only are these extremely scarce, but they are increasingly distributed in a class biased fashion. It is difficult to attract members of the Ciskei state-petit-bourgeoisie to Sada. They have to be promised decent housing. This has meant that families have been ejected from their houses, at the slightest pretext, to make way for teachers and nurses. Often two families are ejected from one house to make way for one middle class family. They are forced to lodge in still worse conditions of overcrowding or to obtain mud huts in neighbouring Emandakeni. (40) Further, though Sada is relatively favoured in this respect amongst closer settlements, local and contract jobs are scarce and even the greatest submission cannot guarantee employment. So, while traditional forms of control have been remodelled to suit a community where there is little traditional ideological cohesion and absolutely no substance to it, the new structures are limited by the availability of resources to distribute. Even if housing improves, the battle for jobs has become desperate as the Hewu district overflows with unemployed resettled people. The ability of the Ciskei government to maintain order through consent, or at least passivity, is strained to the limit, ultimately resting on disorganisation, demoralisation and force.

The effect of migration into existing rural communities, as has been noted, is not widely researched. Indeed it would be a very difficult and time-consuming subject to research. (41) Where the impact of resettlement of this kind has been examined it has been the by-product of broader research into a particular village. Manona has written up studies of two villages where resettlement has taken place. The findings of his study of Burnshill in the Keiskammahoek district would seem to represent a relatively common situation.

Centrally he has shown that

"The immigration of a large number of landless people into the village has increased landlessness which is contributing a great deal to the decline in agricultural production." (42)

As a consequence, though the level of migrant labour has not increased dramatically, it has assumed increasing centrality vis-a-vis agriculture in the village. The importance of control over land has declined and "the economic power has shifted from the senior to the working generation." (43)

Young adults are increasingly independent of their parents and traditional marriage customs, including lobola, have suffered a serious decline. Kinship relations have weakened, coinciding with the weakening position of old people, and thus elders and headmen. Manona concludes:

"... today young people no longer conform to the norms and values which their parents uphold. The declining hold of tradition is noticeable in both sections of the community (old residents and immigrants)". (44)

Perhaps what immigration into villages has done has been to hasten the process of overcrowding and thus undermine the role of the land in culture. Increased dependence on wage labour accelerates the changing consciousness.

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Under certain conditions an almost symbiotic relationship could be said to exist between the migrant labour system and non-capitalist social structures and institutions. Mayer's discussion of

this issue has been mentioned above. The most important pre-conditions for the maintenance of this relationship are sufficient land, cattle and time to farm them. Also important is the ability to retire at a sufficiently early age so that the older men could enjoy the fruits of twenty or thirty years' double labour, and play their essential cultural and administrative role as elders.

In certain parts of South and southern Africa the "developmental cycle of the domestic unit" that conforms to these conditions has been maintained to a greater or lesser extent. Its nature and prevalence has been the subject of one of the most lively debates amongst sociologists studying South Africa in recent times. (45) While conditions for the reproduction of social relations resembling those under pre-capitalist modes of production may still exist in parts of southern Africa, they are very rare and restricted to isolated rural communities. This emerges from the examples already cited, where betterment and different forms of resettlement have seriously altered economic, social and political relations.

There is further evidence, however, that suggests that in the Ciskei even areas relatively untouched by palpable external intrusions have moved steadily, if more slowly, along the path towards the total disintegration of old ideological and social structures. The work of De Wet and Bekker on the Amatola Basin illustrates this process by example. (46)

The Amatola Basin, in the northern part of the Middledrift magisterial district, though subject to betterment villagisation in the 1960s, saw few major direct intrusions from the outside since the early sixties. The total population has increased very slowly, by not more than 25% between 1962 and 1982. (47) No white settlement had occurred in the valley and hardly any modern economic structures or infrastructure had developed. Nevertheless the gradually worsening land shortage had led to a drastically increased dependency on migrant labour as the major source of income, to the extent that one third of the area's population of 6 000 is generally absent. Half the homesteads in Amatola derive more than half their monthly income from remittances from

distantly employed relatives, even though most families are involved in the agricultural economy of the basin to an extent, even if they have no rights to land or cattle. The quitrent held land is used by the owners themselves or sharecroppers or tenants.

As productivity on the land has declined, power has shifted away from elders and landowners to those who earn money and, importantly, the young and middle-aged women in the basin whom, Bekker and De Wet argue, often effectively head households and take major decisions, in addition to farming and running numerous voluntary associations. (48) The Tribal Authority - the "Gaika Mbo" - is, as are similar bodies elsewhere in the Ciskei, linked to a Regional Authority which in turn comes under the Ciskei legislature. The Tribal Authority is meant "to maintain the traditional values of local government by consensus" or, put another way, to maintain social control, partly through recourse to traditional ideological and political superstructures, or their dim shadows. However, the elderly all male group of appointed councillors under a chief has "little legitimacy in the eyes of Basin residents." (49) This has occurred for two reasons - firstly, the fact that the Basin, physically and structurally isolated as it may be, has become so deeply integrated into and dependent on the migrant labour system that existing social hierarchies have been overturned. Young and middle aged men bring in wealth; their wives run much of what is left of the agricultural economy. No longer do the retired men have much control; it could be argued that the "development cycle" has been broken or is breaking. In addition the local bodies have little autonomy from the Ciskei government and thus almost no effective decision-making powers.

"Councillors are required to carry out directives from above in a community they know less and less; sub-headmen have few means of articulating villagers' grievances at the level of local government." (50)

* * * * *

In this section it has been shown that in towns or villages products of, or affected by, resettlement, betterment or in-migration, the old political and administrative structures have lost their substance. Even areas unaffected by direct intervention - only by the restrictions on land occupation - growing economic pressures have whittled away the last vestiges of administration and social control along the old lines. And yet, it was in the 1950s that the state attempted to reactivate the chiefly system, in a new form, in a reorganised pattern of political control. It is the new chiefs who are examined in the following section.

6. The New Chiefs.

When the South African government set about erecting new political structures in the bantustans in the 1950s it tried to pick up on those elements of past traditions amongst Africans that could contribute to the new system of administration. However, the plan as a whole overrode the sensitivities of African cultures. As a teacher in Bophuthatswana said:

"A white man once said to me that he cannot tell one black face from another. It is just the same with the government. They cannot tell one tribal system from another. They treat them all as if they're just the same when they introduce these new plans." (51)

Chiefship was a peg on which to hang local administration, without too much democracy, and it became the basis for representation at legislature level. It became a new locus of subaltern power.

Appointment to the position of chief in the Ciskei offers the attractions of status and a high salary as chief and member of the Ciskei Assembly. Equally important is the fact that it offers access to economic power in the district over which the chief has jurisdiction. Decisions about land transfers, irrigation schemes and the allocation of trading licences, for example, entail the authority of the chief concerned. Thus the chiefs have been inserted into the patron-client structure of Ciskei rule which rests on the state's virtual monopoly over meaningful economic resources. Perhaps it should be noted here that not only official chiefs but often "commoner" members of the Ciskei parliament are incorporated into the state structure in this way.

Particularly since the emergence of the one-party state in 1979 - 1981, distinctions between chiefs, M.P.s, bureaucrats and party officials, at the higher levels, have become increasingly difficult to discern. (52)

Economic and political power is partially proportionate to the number of subjects within a chief's domain. This has led to some abuses. The most famous of these is the Thornhill affair. The excision of Glen Grey and Herschel from the Ciskei in 1976 led to some restructuring of the Legislative Assembly and local government in the northern districts. Jockeying for power, chiefs attempting to consolidate their position encouraged thousands of people to leave Glen Grey and particularly Herschel and to settle in parts of Hewu, having promised their new subjects houses, infrastructure and grazing. Instead the unexpectedly large influx of about 40 000 people arrived to find nothing but tents. Before long many became diseased and many died. Kammaskraal similarly was a resettlement camp located where it was partly due to the influence of Chief M. Njokweni, then a member of the Ciskei Cabinet. Njokweni, it is believed, "had asked that the (Woolridge and Alexandria) people should be resettled at Kammaskraal so that his business interests could benefit". (53)

Yet a further example derives from the activities of the notorious Sebe family. When Lennox Sebe was made a chief in 1976, he encouraged landless families to settle on a farm recently added to the Ciskei. The place is called Ndevana. Before long it became a vast rural slum, housing well over 40 000 people, few of whom could pursue agricultural or pastoral activities. In nearby Ilitha the Sebe family run a supply store owned by former Ciskei Security and Army chief Charles Sebe's wife, and a bottle store owned by Lennox Sebe's wife Virginia. (54) The M.P. for the Sada area is a Mr Myataza, a local businessman. He appears to be one of those "commoner chiefs" in practice; and had encouraged settlement at Sada. (55) The official entrepreneur phenomenon is not restricted to the chief or M.P. level of government. In Sada in 1981, for example, amongst the headmen appointed were a shopkeeper, recently imigrated from Paarl and a teacher from King Williamstown. (56)

Certainly there are superficial resemblances between the structure of officialdom in the Ciskei today and the patterns of political organisation from the distant past of the Nguni people. The strength of a chiefdom was dependent on the number of followers a chief had. However, under that system, an essential form of sanction over chiefs was the ability of people to move from one chiefdom to another, or even to start a new one. That freedom of movement no longer exists. The old safeguards against severe forms of exploitation no longer exist. Chiefs and headmen are appointed from above, and are often without roots in the community over which they have jurisdiction. They are not responsible to their subjects in any direct way. The ability of the people to move between chiefdoms is severely limited by anti squatting controls. Thus, once settled, the people have little control over their own lives.

* * * * *

In this chapter it has been argued that the old structures which provided social and political cohesion and order in the Ciskei have been breaking down. The central reasons for this have been discussed. The question that remains is what is taking the place of old ideologies and social structures. There are two ways of establishing this. On the one hand surveys such as the Surplus Peoples Project and the SALDRU project can attempt to gauge the consciousness of the people in the region. This is not generally successful - attitude surveys or the like are a poor guide to changing forms of consciousness. What the surveys do indicate, however, is the change, the confusion, the disillusionment and the anger which is growing.

A more adequate guide to changing political consciousness is the study of the actions of the people. The bus boycott in Mdantsane has shown the broad groundswell of anger that exists amongst the people of a town like Mdantsane against the Ciskei state. The bus company in Mdantsane is owned by the Ciskei Transport Corporation, a state body which took over the company after a previous bus boycott following a fare price rise in 1975. (57) The 1983 boycott soon escalated into a major confrontation between commuters, mainly workers on their way to work in East

London, and various armed apparatuses of the state. Indeed, sustained worker and student organisation in Mdantsane indicate a high level of class and political consciousness. (58)

Even a small town like Dimbaza has seen both political confrontations with state bodies and conflicts between workers and their industrial employers. (This is briefly examined in Chapter six). There is no doubt that in the towns in the Ciskei high levels of political consciousness exist that transcend the traditional limits of bantustan politics. The situation in the closer settlements, however, seem far more marked by demoralisation and fear. (59)

African Population of the Ciskei - Comparative by Magisterial District 1970-1980

	A	B	C	D	E	F	G (A-B)	$\left(\frac{D}{C} \times \frac{100}{1}\right)$	$\left(\frac{F}{E} \times \frac{100}{1}\right)$	$\left(\frac{B}{A} \times \frac{100}{1}\right)$	P/A	'Unnatural'	
	Total 1970	Total 1980	Male, 1970	Male 1980	Female 1970	Female 1980	Total Increase	Per- centage Increase Males	Percentage Increase Females	Percentage Increase Total	Percentage Increase (2)	Population Growth (3)	
HEWU	31 904	74 065	14 021	34 566	17 883	39 499	42 161	146,5%	120,8%	132,1%	8,8	32 421	
KEISKAM- MAHOEK	26 531	38 280	11 576	16 834	14 955	21 466	11 749	45,4%	43,4%	44,3%	3,7	3 650	
MDANISANE	105 564	178 743 (4)	48 114	88 014	57 450	90 729	73 179	82,9%	57,9%	69,3%	5,4	40 952	
MIDDLE- DRIFT	36 734	47 926	16 431	21 328	20 303	26 598	11 192	29,8%	31,0%	30,5%	2,7	-22	
PEDDIE	30 291	58 725	13 335	25 797	16 956	32 928	28 434	93,5%	94,2%	93,9%	6,8	19 187	
VICTORIA EAST	26 896	65 616	12 212	30 335	14 684	35 281	38 720	148,4%	140,3%	144,0%	9,3	30 509	
ZWELIT- SHA	92 829	166 998	42 114	74 203	50 707	92 795	74 117	76,2%	83,0%	79,9%	6,0	45 840	
=====													
C I S K E I	Total	350 741	630 353	157 803	291 077	192 938	339 276	279 612	84,5%	75,8%	79,7%	6,0	172 537
=====													
Urban	102 380	228 539	47 949	110 743	54 431	117 816	126 159	130,0%	116,5%	123,2%	8,2	94 804	
Rural	248 361	401 794	109 854	180 334	138 507	221 460	153 433	64,2%	59,9%	61,8%	4,9	77 613	

Source: Department of Statistics : Evidence to the Quail Commission, 1979; 1980 population census preliminary results, 1981.

TABLE 5.2.

MIGRANTS AND COMMUTERS FROM THE CISKEI IN R.S.A. 1970 - 1981.

Year	Migrant Workers		Commuters
	No	% (1)	No
1970	52 000	5,4	-
1971	52 000	5,3	-
1972	52 000	5,2	-
1973	52 000	5,1	-
1974	53 000	5,1	-
1975	53 000	5,1	-
1976	53 000	5,0	34 200
1977	54 000	4,9	34 600
1978	54 000	4,9	36 200
1979	54 000	4,7	37 100
1980	56 000	4,6	38 100
1981	60 000	4,5	38 400

Source: C.C. Mastoroudes, "Die Geraamde Grenspendelaars per Nasionale Staat en Tipe Vervoer, 1976 - 1981", unpublished paper, Benso, Pretoria, 1982; C.C. Mastoroudes "Die Geraamde Getal Trekwerkers vanaf die Nasionale State in die R.S.A. Werkzaam, 1970 - 1981", unpublished paper, Benso, Pretoria, 1982.

(1) % of total migrants from bantustans.

TABLE 5.3.EMPLOYMENT IN THE STATE SECTOR IN THE CISKEI1973 - 1981

Year	Black	White	Total
1973 (a)	8 247	293	8 540
1974 (a)	11 577	276	11 853
1975 (a) (March)	13 131	276	13 407
1975 (b)	12 191	271	12 462
1976 (b)	12 638	266	12 904
1977 (b)	12 283	267	12 550
1978 (b)	12 007	260	12 267
1979 (b)	12 043	254	12 297
1980 (c)	13 180	250	13 430
1981 (c)	14 246	246	14 492

- (a) Derived from Benbo "Black Development in South Africa", Pretoria, 1976, Table B 19.17.
- (b) Derived from Benso "Statistical Survey of Black Development 1980"; Pretoria N/d (1981), Table 105. The reduction in 1975 may be due to the excision of Herschel and Glen Grey.
- (c) Derived from A.A. Ligthelm "The Development of the TBVC Countries : A Review", Development Studies Southern Africa, Vol. 5 no 1, 1982, Table 43.

FOOTNOTES CHAPTER 5.

- (1) Forced Removals in South Africa, The S.P.P. Reports Vol 2, The Eastern Cape, Surplus Peoples Project, Cape Town, 1983, pp 112 - 117.
- (2) Major general studies of resettlement include 1) Cosmas Desmond, The Discarded People, Penguin, London, 1971; 2) Gerry Maré, African Population Relocation in South Africa, S.A. Institute of Race Relations, Johannesburg, 1980; and 3) Ethel Walt (ed) South Africa - A Land Divided, Black Sash, Johannesburg, 1982.
- (3) Surplus Peoples Project 1983, op. cit.; Pippa Green and Alan Hirsch, The Impact of Resettlement in the Ciskei - Three Case Studies, SALDRU, Cape Town, 1983. See also Nancy Charton, "Resettlement in the Ciskei", paper presented to the Urban/Rural Conference, Stellenbosch, 1982.
- (4) See comments on census material by J.C. Sadie "An evaluation of demographic data pertaining to the non-white population of South Africa : Part III the Bantu population", S.A. Journal of Economics Vol. 38 no 2, 1970. The figures used must be regarded as reflecting trends, but may be quite inaccurate.
- (5) The Ciskei Commission was a committee of experts appointed by the Ciskei government to investigate the advisability of seeking independence for the Ciskei. Though the Commission recommended against independence under existing circumstances, the Sebe government went ahead anyway. The evidence (C.C.E.) is held roughly sorted in boxes in the Corey Library, Rhodes University, Grahamstown. It was under embargo until 1983, but I was allowed to examine it in 1981. C f. Report of the Ciskei Commission (Quail), Conference Associates, Pretoria, 1980.
- (6) 1980 Population Census Estimates. As the definition of urban has narrowed between 1970 and 1980, the trends would under-numerate urbanisation.
- (7) P. Smit & P.C. Kok in Bevolkingsherverspreiding in die R.S.A. 1970 - 1980, R.G.N., 1981, estimate a population increase of 76% in the Ciskei (compared with my 79,7%) and the Surplus Peoples Project Report Vol II, 1983, op. cit. on p 28 estimates net population influx into the Ciskei at 161 283 (compared with my 172 537).
- (8) Republic of South Africa Population Census 1970 Report 02-02-03.
- (9) C.C. Mastoroudes "Die Geraamde Getal Trekwerkers vanaf die Nasionale State in die R.S.A. Werkzaam, 1970 - 1981", unpublished paper, Benso, Pretoria, 1982, Table 1.
- (10) Surplus Peoples Project Report Vol 2 op. cit., 1983, pp 329 - 331.
- (11) *ibid.*
- (12) *ibid.*

- (13) *ibid.*
- (14) *ibid*, p 336.
- (15) Report of the Commission of Enquiry into the Economic Development of the Ciskei (Swart Commission), Republic of Ciskei, 1983, p 53.
- (16) R.S.A. Hansard No 10, October 1981, Col. 662.
- (17) C f. Surplus Peoples Report Vol. 1 (Law Chapter).
- (18) Surplus Peoples Project Report Vol. 2, *op. cit.* pp 92,93.
- (19) This was established through interviews with agricultural extension officers in the various districts. The interviews are listed in the bibliography.
- (20) Derived from interviews conducted in Sada, Dimbaza and Elukanyweni, June/July 1981. These are written up in detail in Pippa Green and Alan Hirsch, 1983, *op. cit.*
- (21) The 1980 Census data is very inaccurate here: see 1980 Population Census *op. cit.*; and the Surplus Peoples Project Vol. 2, 1983, *op. cit.*, pp 177 - 182; c.f. also the Report of the Ciskei Commission (Quail), 1980, *op. cit.*
- (22) Daily Dispatch - various, July 1976 to March 1977; Control, Development Studies Group, Johannesburg, 1979, pp 94 - 96; and Surplus Peoples Project, Report Vol. 2, 1983, *op. cit.*, pp 108 - 110.
- (23) Some arguments contained in Ethel Walt, 1982, *op. cit.* (see Chapter 5) suggest this approach. See also Alan Baldwin, "Mass Removals and Separate Development" Journal of Southern African Studies, Vol. 1 No 2, 1975.
- (24) Marian Lacey "The Resettlement policy in its historical perspective" in Ethel Walt, 1982, *op. cit.*
- (25) Surplus Peoples Project Report Vol. 2, 1983, *op. cit.*, pp 339, 340.
- (26) *ibid*, p 72.
- (27) *ibid*, p 84.
- (28) Pippa Green & Alan Hirsch, 1983, *op. cit.*, p 17.
- (29) C.W. Manona, "Ethnic Relations in the Ciskei", in Nancy Charton (ed), Ciskei, Croom Helm, London, 1980, pp 113 - 119.
- (30) Louis Althusser "The Object of Capital" in Louis Althusser and Etienne Balibar, Reading Capital, New Left Books, 1970, p 99.
- (31) E.P. Thompson has objected to Althusser's conception of relatively autonomous levels as "an academic fiction", but what he appears to object to is not so much the idea of relative autonomy as the structuralist conception of levels which exclude human agency. It would seem to me that Thompson overstates the differences between his own approach to relative autonomy and Althusser's, and that the real

difference is over the question of agency - Althusser's conception of history having no subjects. I feel Althusser's clumsy schematic language influenced by structuralism and his real structuralist tendencies deflect attention from the real theoretical intervention marked by his work. I use his terminology here not because it is unproblematic but because it points clearly to the central questions.

Thompson himself writes:

"Certainly "relative autonomy is a helpful talisman against reductionism - against collapsing art or law or religion abjectly back into class or "economics""

but adds, quite unfairly

"... but without substantial addition or substantive analysis it remains nothing more than a warning notice." (p 289).

(Thompson's tussle with "relative autonomy" and "levels" is found in E.P. Thompson "The Poverty of Theory" in The Poverty of Theory and other essays, Merlin, London, 1978, pp 283 - 290).

- (32) See, for example, chapters by both in Philip Mayer (ed), Black Villagers in an Industrial Society, Oxford University Press, Cape Town, 1980.
- (33) *ibid*, p 48.
- (34) *ibid*, p 58.
- (35) Dimbaza would be classified as a "rudimentary town" in terms of the Report of the (Riekert) Commission of Inquiry into Legislation Affecting the Utilisation of Manpower, Pretoria, 1978, para 3.637, vis-a-vis "fully fledged town" which would be applied to Zwelitsha and Mdantsane.
- (36) Interview, Sada, June 1981.
- (37) Interview, Sada, June 1981.
- (38) Interview, Sada, June 1981.
- (39) Interview, Sada, June 1981.
- (40) Interview, Sada, June 1981.
- (41) The Surplus Peoples Project Report Vol. 2, 1983, *op. cit.* while being a marvellously comprehensive survey in most respects, does not examine this form of resettlement, undoubtedly because of the analytical problems it poses.
- (42) C.W. Manona, "Marriage, Family Life and Migrancy in a Ciskei Village", in Philip Mayer (ed) 1980, *op. cit.*, p 202.
- (43) *ibid*.
- (44) *ibid*, p 203.
- (45) Some of the most substantial contributions have been Colin Murray's Families Divided: The Impact of Migrant Labour in Lesotho, Cambridge, 1981, David Cooper's An interpretation of the Emergent Urban Class Structure in Botswana : a Case

- Study of Selebi-Pikwe Miners, unpublished Ph.D. thesis, Birmingham University, 1982 and A.D. Spiegel's Migrant Labour Remittances; Rural Differentiation and the Development Cycle in a Lesotho Community, unpublished M.A. thesis, University of Cape Town, 1979, and other works by the same authors.
- (46) S.B. Bekker & C.J. de Wet, "Some Human and Structural Constraints on Rural Development. The Amatola Basin : A Case Study", paper presented at a Rural Development Conference, University of Bophuthatswana, February 1982.
- (47) *ibid*, p 8.
- (48) *ibid*, p 7.
- (49) *ibid*.
- (50) *ibid*.
- (51) John L. Comaroff, "Chiefship in a South African Homeland", Journal of Southern African Studies, Vol. 1 No 1, 1974, p 43.
- (52) The case of Myataza in Sada is but one example of a secular chief.
- (53) Surplus Peoples Project Report Vol. 2, 1983, *op. cit.* p 324.
- (54) Daily Dispatch, 4/10/78.
- (55) Interview, Sada, June 1981.
- (56) Interview, Sada, June 1981.
- (57) Nicholas Haysom, Ruling with the Whip, Centre for Applied Legal Studies, University of the Witwatersrand, Johannesburg, 1983.
- (58) See the South African Labour Bulletin, Vol. 7 No 4/5, 1982.
- (59) Surplus Peoples Project Report Vol. 2, 1983, *op. cit.* *passim*.

CHAPTER 6.

INDUSTRIALISATION AS A FORM OF ECONOMIC INTERVENTION

IN THE CISKEI.

As the social, political and economic circumstances of the Ciskei have changed, the objectives and forms of economic intervention by the State have altered. This is not to suggest a uniform correspondence between the political imperatives of the Ciskei and its patron in Pretoria, and the economic programmes undertaken. Nevertheless, it is possible to detect important shifts and developments in economic development policy in the Ciskei and to broadly identify phases related to political developments.

This chapter is primarily concerned to locate and explain the nature and implications of industrial development in the Ciskei between 1973 and 1981. In so doing, it first examines other economic development schemes, and some of the institutions involved in the execution of development policy. This sets the scene for a contextualised analysis of industrial development policy and practice in the Ciskei.

I Agricultural Schemes - From Betterment to the Ciskei Marketing

Board.

1. Betterment in the Ciskei.

It was not much more than 30 years ago that the South African state first attempted serious intervention in the economy of the Ciskei. During the 1940s the first steps were taken with regard to the implementation of betterment in terms of the 1939 proclamation. (1) As elsewhere in the Reserves, betterment schemes in the Ciskei were intended to rationalise agriculture by removing some people from the land, establishing larger land-holdings, culling cattle, demarcating land for suitable purposes and reorganising production patterns along "scientific" lines. The state's concern was with perceived declining productivity on the land in the Reserves and it sought to remedy this through the provision of knowledge and technical assistance. The collection of scattered homesteads into villages was justified in terms of the rationalisation of land use, but would, incidentally make administration

and control easier. A detailed survey of betterment is unfortunately not yet possible for want of in-depth research though superficial surveys are available. (2)

To illustrate betterment practices in the Ciskei a case study will be examined. Those aspects which typify the implementation of betterment in the Ciskei will be drawn out of the study.

In 1947 the Keiskammahoek "locations" Gxulu, Cata and Emnyameni were proclaimed betterment areas. (3) After surveys were conducted, the essential features of the plan decided upon were: to treat the three locations as a single unit and to move the families already landless and those to be rendered landless by the scheme into a single rural township; to abolish the cultivation of certain areas in order to prevent soil erosion; to fence off and limit grazing areas; to limit the number of farmers and their stock; and to establish a small irrigation scheme. (4)

The most problematic feature of the plan was the intended deprivation of a large number of families of their rights to land which they had been farming. The purpose, as stated, was to settle the area with "a stable peasantry, i.e. with a minimum of half economic units." (5) An economic unit implied self-sufficiency in farming for a family of average size and the irrigated units were meant to provide that. The remaining dryland units were to supply at least half a family's needs. Those with land rights who were moved off the land were to be financially compensated and would be able to grow garden crops in the new village. Those moved would be selected by the village councils, subject to the approval of the Native Commissioner, though it was understood that the poorest would be selected. (6) The similarities between the measures proposed here and the general proposals of the Tomlinson Commission (see chapters one and three) are evident, though the agricultural proposals of the Commission were more drastic. No half units or garden cultivation was envisaged by the Commission. (7)

During the course of negotiations between betterment officials and headmen in the 1950s, and in the process of implementation of the scheme in the early 1960s, major modifications were introduced.

It was decided that all land holders would retain the right to farm some land. Though villagisation was to proceed, instead of one large semi-urban township three smaller villages were created, one in each location. The irrigation scheme and the restriction of grazing areas were retained.

One of the central reasons for the abandonment of elements of the scheme was the strongly expressed opposition of many of the people involved, to the scheme. If a headman attempted to allow unpopular measures to proceed, he was strongly reproved. In one case the opposition to the deprivation of people of their rights to farm was expressed by the razing of the Cata headman's hut and the killing of three of his pigs. (8)

J.B.McI. Daniel has argued that had the betterment schemes been carried out as envisaged in the Ciskei, the number of people made landless would have been very large. Under circumstances where no alternative forms of employment existed the schemes would have precipitated social turmoil. (9)

What remained of the scheme was not so much a betterment scheme as a villagisation programme to which a small irrigation scheme and fenced grazing were attached. The scheme was still resented as only the thirty families on the irrigation scheme gained anything in material terms. (10)

The objectives of the scheme had shifted from an ambitiously conceptualised restructuring of agriculture in the area, to a project which involved some stabilisation of land and the relocation of people into villages which provided convenient administrative units. Most of the rural villages in the Ciskei today are the products of betterment schemes which were undertaken during the 1950s and 1960s. Only ten percent of those families allowed to remain on the land had full economic units by 1980. (11) The betterment schemes clearly had relatively little effect on the level or form of agricultural production in the Ciskei. (12)

2. Model Projects of the 1970s.

The planning of agricultural land and the implementation of modified betterment schemes, or as they came to be known, veld rehabilitation schemes, continued into the 1970s. By 1978 about 79 percent of agricultural land in the Ciskei had been planned in

this way. (13) The implementation of planning had been successful insofar as stock numbers had fallen, land had been demarcated and people had been villagised, but as far as agricultural practices themselves were concerned, relatively little had changed. As the Laker Report stated:

"This situation has arisen because Ciskeian farmers were not prepared to accept rehabilitation plans which did not embody the previous system of land use." (14)

Though, for example, a series of regulations for rotational grazing existed, they were not legally enforced. (15)

In 1975 the planning emphasis of the Ciskei Department of Agriculture shifted significantly. Instead of spending its resources on wide-scale but shallowly implemented rehabilitation schemes it began to focus on specific development projects. (16) Amongst those devised, the most important have been the irrigation schemes at Tyefu, Shiloh and Keiskammahoek. Perhaps the nature of these schemes is most aptly summed up in the fact that expensive security fences had to be erected around the Shiloh scheme to prevent the poverty stricken people of Sada stealing the crops. (17)

Although it was claimed that the central purpose of these schemes was the maximisation of agricultural production in the Ciskei, (18) political objectives were clearly incorporated in their formulation. As the Secretary for the Department of Agriculture in the Ciskei, Gary Godden, M.B.E., wrote in 1978 (with reference to the Keiskammahoek scheme):

"A fundamental policy decision taken before the scheme was planned was that it should be a settlement scheme, designed to enable selected Ciskeians to earn a reasonable living from intensive irrigation farming." (19)

Referring to the Tyefu and Keiskammahoek schemes the then Deputy Minister of Cooperation and Development, Dr Andries Treurnicht, stated, rather more bluntly:

"There is little doubt that these schemes will make a significant impact on agricultural production in the Ciskei and at the same time establish a stable group of middle class farmers." (20)

In order to illustrate the nature of the schemes the Keiskamma-hoek Irrigation Scheme will be discussed in some detail.

Essentially the scheme produces milk through selected settlers on tiny leased farms under strictly controlled conditions. The 900 hectares under irrigation by 1981 consists of a central unit run by the project management on which cows not in milk are kept, and from which they are leased out when in milk. The "settler" farmers lease four hectare farms on which they keep a herd of six in-milk cows, and also grow some crops mainly for consumption. When the cows run dry, they are exchanged for in-milk cows from the central herd. The cows are milked at specified times at one of a number of modern milking sheds nearby. The project as a whole is run by "high calibre expatriates" and their assistants. (21)

Comprehensive controls are exercised over the settlers who have to perform satisfactorily during an initial trial period. If the selection board so decides, the leases of the settlers may not be renewed. Settlers are, officially, chosen with regard to their agricultural experience. The project manager believes that people with experience on white farms are most suited. (22) The selection board is made up of the Secretary for Agriculture and Forestry, or his nominee, a nominee of the President (of the Ciskei), the local magistrate, a representative of the settlers and the local chief.

The irrigation system is centrally controlled. The use of land is closely specified by the project management who initially allocated each plot as follows:

House and environs	0,1 ha
Subsistence Crops	0,1 ha
Cash crops	0,5 ha
Pasture (including lucerne)	3,3 ha

Even the pasture allocation was centrally determined: (23)

Kikuyu	1.25 ha
Lucerne	1,00 ha
Maize or grain (summer)	0,5 ha
Japanese radish & Italian rye grass (summer)	0,5 ha

In short, the settlers' productive activities are determined by the project management. The only variable factor is the degree of effort the farmer and his family put into the work, and then again the settlers face the possibility of expulsion if production does not achieve a minimum level. The average income of a farmer was planned to be, in 1976 terms, R2 200 per annum - calculated to be subsistence plus three times an average urban labourer's wage.

The scheme involves substantial capital investment estimated in 1981 to be R5,6 million. (24) A total of 350 settler families were to be accommodated when the scheme was completed - setting the capital investment per farmer at approximately R16 000. The running costs of the scheme are also high - at R1,5 million in 1980/81. (25)

Nancy Charton has described the relationship between the project management and settlers as follows:

"People who work on these schemes become a kind of employee. It is a new form of state capitalism in which you have a different kind of wage labour." (26)

Indeed, there would seem to be every justification for this view. The relationship resembles very closely what Jairus Banaji has termed disguised wage labour. (27) Not only does the settler not have juridical ownership of the land, but neither has he possession, in the sense that all his productive activities are externally determined. The irrigation system which switches on and off at preset times, independent of the settlers control, epitomises his powerlessness. Flexibility lies only in the intensity of labour, and even that is limited by the threat of expulsion.

On the other hand, insofar as evidence would suggest that the creation of a class of yeoman farmers was clearly an intended consequence of the scheme, Charton's statement would require revision. The target level of income per settler is sixty times the average income earned off the land in the Ciskei. (28) Even if the target level has not been achieved, differentiation at the level of income and living standards between settlers and most surrounding peasants is extremely visible.

A further reason to qualify the state capitalism argument is the fact that, despite claims made in the plans and policy statements, the project, though highly productive, is not profitable. The recently published Report of the (Swart) Commission of Enquiry into the Economic Development of the Republic of Ciskei pointed out that the scheme, among others, is "a net drain on government resources." (29)

The Tyefu Project, on the banks of the Great Fish River in the north-western corner of the Peddie district, is very similar to the Keiskammahoek scheme in overall conception. Even the plots issued to selected leasehold tenants are, at 4 hectares, the same size as those issued to the Keiskammahoek farmers. The difference is that, instead of producing milk, the settlers produce vegetables and crops such as tobacco and cotton on their irrigated plots. As the land used for the scheme was "tribal controlled" the government had to compensate the people moved off to make way for the settlers who did not necessarily come from the area. Those moved off were provided with quarter-hectare irrigated plots as compensation. Similar schemes exist in lesser states of development at Shiloh and Zwelédinga, both in the northern Hewu district.

The schemes have come in for widespread criticism from economists. The most often heard objection to the schemes is that they benefit a small minority of farmers whereas the vast majority of Ciskeian peasants (in a loose sense) are sub-subsistence farmers in dryland regions, where no irrigation is possible. Only 3 percent of the Ciskei is potentially irrigable. (30) If the poverty of the rural areas of the Ciskei is to be combatted, it is argued, attention should be paid to the problems of dryland agriculture. (31) And yet a high proportion of the Ciskei Department of Agriculture and Forestry budget has been spent on irrigation projects. (32)

Schneier has taken the criticism still further by arguing that not only has the large investment in Keiskammahoek failed to create a substantial number of jobs and thus spread the welfare effects of the project, but existing small-scale milk producers had "lost access to markets where they previously sold

milk and amasi, as certain areas became controlled." (33) "Control" is framed in terms of health standards, but means little else but the monopolisation of markets by the scheme.

It is thus difficult to understand the purpose of the schemes in terms of social welfare or economic growth motivations. Neither are the schemes profitable and nor do they benefit more than a handful of Ciskei farmers. Possibly they are better understood in terms of their political objectives. The bottom line is revealed by one of the Ciskei government's advisors. He writes:

"... one of the most urgent requirements (of the Ciskei government) is to win the support of rural communities. Homeland leaders need their support." (34)

It would appear that the "homeland leaders" in the Ciskei were attempting to use the schemes to build up a section of the rural community with an interest in maintaining the prevailing political system. At the same time the schemes were undoubtedly designed as showpieces. The Keiskammahoek and Tyefu schemes cannot fail to impress the superficial observer.

There were obstacles in the way of the former political objective - building up a supportive rural middle class. Firstly, in the Keiskammahoek scheme, the paternalism of the consultants who drew up the plans and of the project management, is counter productive. The planners wrote into the plan this note: "Under present circumstances project management must necessarily be provided by whites" (35) The timing of the project made it almost inevitable that embittered white ex-Rhodesians would occupy several management posts. (36) The manner in which the management has exercised controls over the settlers indicates a relatively authoritarian form of management not conducive to winning allies for the Ciskei government.

A second obstacle was the need for visible results from the project as quickly as possible. It seems likely that this heavily drained state resources in the initial period. Thirdly it is possible to speculate that the Ciskeian bureaucrats and politicians who have been drawn into the schemes as directors of

Ciskei Agricultural Services would seek to squeeze the farmers - not through paternalism but through contestation of the distribution of surplus value created. There is no evidence for this argument at this stage, but it is an hypothesis worth pursuing judging by the performance of, in some essential ways, similar parastatal corporations elsewhere in the third world. (37) For these reasons, I would argue, the schemes thus far have not succeeded in creating a class of supportive yeoman farmers, though it is still possible that this will be achieved. They have succeeded in creating at least two showpieces - Tyefu and Keiskammahoek.

3. The Ciskei Marketing Board.

The body which acts as marketing agent for the products of the schemes, and all commercially produced agricultural commodities in the Ciskei, is the Ciskei Marketing Board (C.M.B.). It is briefly examined here as a bantustan state apparatus centrally involved in the formulation and execution of agricultural development programmes.

The C.M.B. was created shortly after the appointment of Gary Godden as Secretary for Agriculture and Forestry. (38) Established in 1977, its objects were stated to be the introduction of "an orderly marketing system favouring Ciskei producers" and the elimination of "health hazards" in agricultural marketing. Its de facto role has been to attempt to completely control and monopolise all agricultural markets in the Ciskei.

Milk, an important example, became a controlled product in certain districts in terms of regulations promulgated in 1979, as the Keiskammahoek scheme came on stream. Being a controlled product, milk could only be sold, in those districts, by licencees or by the C.M.B. itself. Licencees had to meet stringent health regulations only obtainable through modern dairying methods. While this prevented the importation of milk supplied by dairies in Queenstown and East London, it also finally buried a few existing small scale milk producer cooperatives in the Ciskei. Most of the co-ops having been taken over by the Department of Agriculture and Forestry, and neglected, had already disintegrated, but the remainder were wiped out by licensing procedures ostensibly

meant to promote health standards. (39) In fact, the regulations were more likely to promote disease and ill health as controlled prices were higher than previous prices and the volume of milk (legally) marketed fell. (40) Malnutrition, especially among children and infants, is the most important cause of ill health in the Ciskei. (41)

Another activity of the C.M.B. has been the attempt to monopolise the wholesale marketing of fruit and vegetables in the Ciskei, particularly in large markets such as Mdantsane. There the C.M.B. established a large wholesale market, a stone's throw away from the new market on the South African side of the border. (42) At the same time the state banned unlicensed vegetable hawkers in the Ciskei. (43)

Again the measures are understandable as protectionist, insofar as they are an attempt to cut down income leakages out of the Ciskeian economy. However, the hawkers, banned at the same time as the Ciskei National Development Corporation established a supermarket in a tripartite arrangement with Frasers, the international trading company, and Ciskei investors, were unhappy and protested vigorously. (44) Some were offered jobs in the new supermarket, but on condition that they had Ciskei citizenship documents. (45)

The chief role of the C.M.B. is clearly to control the marketing of agricultural commodities in the Ciskei. As can be seen, however, it was contributing to the organisation of the commercial sector along certain lines whereby the right to trade came increasingly to be conferred by the state. This will be discussed in more detail in the following section on the Ciskei National Development Corporation.

II The Ciskei National Development Corporation.

One of "a tremendous proliferation of quasi-government institutions", as Chief L.L. Sebe put it, (46) the Ciskei National Development Corporation came into being in April 1976. Its broad objects were set out as follows:

"To plan, finance, coordinate, promote and carry out the development of the Ciskei and the population of this National State in fields of industry, commerce, finance and other businesses." (47)

Not surprisingly, in view of such a broad mandate, the C.N.D.C. has been involved in a wide range of economic activities in the Ciskei engaging in wholly owned industrial enterprises, financing home loans, running two garages, half owning a bus company, running several agricultural schemes and heavily financing privately owned industry, to mention but some of its multifarious schemes.

Its history begins with the establishment of the Bantu Investment Corporation in 1959. The B.I.C. spawned its first regionally oriented offspring in the Xhosa Development Corporation (X.D.C.) in 1965. The X.D.C. officially served both the Ciskei and the Transkei though the latter bantustan received a greater deal of attention - because it was the most constitutionally advanced bantustan (a model, or trial run) and because the Transkei is far bigger than the Ciskei in every way.

The C.N.D.C. has recently changed its name to the Ciskei Peoples' Development Bank. However, throughout this section I will refer to the activities of corporations in the Ciskei as the C.N.D.C.

1. The C.N.D.C. and Commerce.

Up to 1974, by far the most important single activity of the C.N.D.C. was the purchasing of white owned trading concerns in the Ciskei and their transfer into the hands of black "Ciskeians" through cheap loans. While it had spent R387 726 on C.N.D.C. owned enterprises in industrial, commercial and financial spheres, and only R99 885 towards "agency" system private industrial investment, the C.N.D.C. had spent R1 420 950 on business loans "to Xhosa" in the Ciskei by 31 March 1974. (48) The strategy adopted during the 1960s and early 1970s matches that applied in other bantustans - concentrating on buying out white owned businesses and transferring them to African owners. The second half of the process was not always immediate and the C.N.D.C. held on to some businesses. By March 31st 1975, 196 loans had been made to African businessmen of which 115 went to general dealers. By that time R1 751 386 had been lent to African businessmen in the Ciskei. (49)

Though the emphasis of C.N.D.C. operations shifted away from financing African traders towards agency system industrial development, (as Table 6.2 indicates), loans to African businessmen still increased quite substantially to a cumulative total of R7 000 000 by 1982. As table 6.1 indicates, the number of trading licences issued increased from a total of 239 in 1973 to 774 in 1977/78. Later figures are not obtainable but indications suggest that the rate of issuing of business licences slowed down quite markedly after the late 1970s. (50)

Major South African companies have contributed to the development of an African business class in the Ciskei through the establishment of the Ciskei Institute of Management in 1978. (51) First set up at the University of Stellenbosch and then transferred to the University of Fort Hare, (52) the Institute is in large part funded by the Old Mutual and the Stellenbosch Farmers Winery. (53) It caters to African businessmen (and women) by holding evening classes on cash planning, basic book-keeping, staff control and related topics. Its staff are available to visit students at their businesses during the day to advise them on specific problems. (54)

The activities of the C.N.D.C. and related state bodies in the sphere of commerce have caused conflict and raised controversy in two interrelated areas: the issuing of trading licences and the establishment of large scale commercial enterprises solely or partly under the auspices of the C.N.D.C.

The licensing system itself has come in for criticism from economists concerned that free enterprise should spread in the Ciskei. In his evidence to the Ciskei Commission, Mr Michael O'Dowd of the Anglo American Corporation pleaded for the scrapping of the licensing system which he claimed restricted trade and competition. (55) The report of the Commission of Enquiry into the Economic Development of the Ciskei (Swart), echoes that argument. It calls on the Ciskei government to allow no "restriction on competition". (56) In addition it argues that the government should:

"do everything possible to make it feasible for the informal sector to operate in a more formal way or ... eliminate barriers to the development of the formal sector." (57)

What both O'Dowd and the Swart Commission fail to realise or acknowledge is the fact that the licensing system has become an essential part of the patronage network of the Ciskei state. The ability to allocate trading licences gives the government and the C.N.I.P. more muscle. Nowhere is the patronage structure within the state more clearly exhibited than in the trade licensing system.

In chapter five, it was found that in some cases traders had become chiefs and in other cases chiefs had become traders. On the one hand the state clearly provides access to economic gain; on the other hand, loyalty to the state and the party is rewarded.

At the same time as establishing loyal allies to the regime, the trade licensing system can antagonise those prospective traders who lose access to the right to trade. The hawkers who were stopped from trading in vegetables in Mdantsane exhibited a great deal of anger. Four hundred protested publicly against the restrictions imposed on them. (58) Twenty-five women, who refused to pay admission of guilt fines as many had done, were tried and fined R15 or 30 days for trading at the Mdantsane bus terminus without licences. (59) Hawkers had complained bitterly that licensed stalls had been allocated to women who were prominent supporters of Sebe's C.N.I.P. (60)

As far as C.N.D.C. activities in the commercial field are concerned, these gave rise to serious tensions. In Mdantsane particularly, the fledgling commercial bourgeoisie has on several occasions been up in arms against unfair competition from the C.N.D.C. and associated companies involved in tripartite agreements. Two ventures especially inflamed the Mdantsane businessmen. Firstly, in 1977, there was the establishment of the Mdantsane Cash and Carry wholesale store, managed and partly owned by Frasers. Frasers is a large commercial organisation which specialises in tying up bantustan markets. As a "tripartite agreement", the remainder of the company was owned mainly by the C.N.D.C. and by Ciskeian individuals through a public share issue. As there were only 5 000 R1 shares, public involvement in the company was not spread very wide. It amounted to approximately 1 percent of the initial investment. (61) A specialist

wholesale furniture company followed by similar arrangement two years later. (62) Discontent simmered amongst Mdantsane businessmen, reflected in bitter struggles on the Mdantsane Town Council. (63)

Early in 1979 conflicts burst into the open with the announcement by the C.N.D.C. that it was to expand its Mdantsane Hotel. Members of the Mdantsane Town Council responded angrily saying that the "C.N.D.C. is milking people." (64) Mdantsane businessmen, well represented on the Council, were clearly upset that the C.N.D.C. with its financial clout was sewing up important potential business ventures. Mr F.S. Meisenholl, general manager of the C.N.D.C. responded sharply saying that the C.N.D.C. aimed to "satisfy the needs of the people and not the ambitions of a few individuals." (65) Under pressure, the C.N.D.C. issued more public shares in several of its commercial enterprises, but made no major concessions to the businessmen.

It would be simplistic to argue that the C.N.D.C. was acting as a paternalistic and almost voracious external force against the wishes of all members of the Ciskei ruling class. On the contrary, there may well be a division amongst even the small Ciskei commercial bourgeoisie - between those who have an interest in tripartite agreements and those who oppose them. Unfortunately it has not been possible to gather adequate evidence on this issue, but it would seem likely that senior politicians in the Ciskei are able to gain material benefits by obtaining shares or possibly kick-backs from tripartite investments. These politicians sit on the boards of directors of the various parastatal corporations and would thus have privileged access. Gerry Maré has suggested such a situation in an analysis of Kwazulu. (66) Since the Ciskei government took official control over the C.N.D.C. in 1981, the opportunity for this type of activity is likely to have increased. As the structure and management of the C.N.D.C. has not changed, it would seem unlikely that the senior politicians are very concerned to alter the nature of its activities.

2. The C.N.D.C. and Home Loans

In the early 1970s C.N.D.C. involvement in the home loans market was restricted to providing cheap housing finance for white

managerial staff working for the C.N.D.C. or in an agency system factory. In the latter part of the 1970s, however, the C.N.D.C. focussed its attention on the question of home loans for Africans. There were two reasons for this. Firstly, in spite of attempts to persuade them otherwise, building societies refused to grant loans against property in the Ciskei as they were not satisfied that the form of leasehold operative in the bantustan townships was equivalent to freehold. Barriers to private land ownership in the bantustans had led to the emergence of a form of leasehold in the townships which the building societies did not regard as sufficiently secure. (67) It therefore fell to the C.N.D.C., the central financial institution in the Ciskei, to finance home loans.

An additional reason for C.N.D.C. involvement in the home loan market was the fact that the institution was paying far more direct attention to the cultivation of a middle class in the Ciskei. This is reflected in its general activities. It is also directly written into the Ciskeian Corporation Act (No 16 of 1981) which transferred the C.N.D.C. to the Ciskei government. One of its objects identified in the Act is:

"The development of Ciskeian citizens as entrepreneurs and thus to create a strong middle class." (68)

Another object embodied in the Act is:

"Continuous improvement of the standard of living of the Ciskeian people as a whole in a free enterprise system." (69)

Read together and contrasted with the vaguely stated original aims cited above, it is clear that the C.N.D.C. was intended to play a more direct role in class formation - not only in the productive sphere.

A home-owner building loan scheme for Mdantsane has been the C.N.D.C.'s first major housing initiative. In 1979 the first home-owner house was completed in Mdantsane. It belonged to a school principal who had been assisted through a low interest loan from the C.N.D.C. (70). By July 1981, 2 522 "Ciskeians" had

been assisted to buy or build their own homes, mostly in Mdantsane. (71) Table 6.3 shows how the issuing of housing loans by the C.N.D.C. escalated dramatically in 1978. In the four-year period between 1974 and 1978, the C.N.D.C. had issued 525 loans for housing. In the following four-year period, to 1982, the C.N.D.C. issued an additional 2 361 housing loans. From 1980 government employees and officials were granted 100% low interest loans on house building or purchasing - the deposit was 100 percent guaranteed. (72)

3. The C.N.D.C. and Industry.

The involvement of the C.N.D.C. in industrial development in the Ciskei has two major aspects. On the one hand the C.N.D.C. has either established or bought out a number of industrial enterprises which are wholly owned. On the other hand the C.N.D.C. has been centrally instrumental in the establishment of privately owned "agency" industrial enterprises in the Ciskei.

One of the many features the C.N.D.C. has in common with other arms of the Department of Cooperation and Development, is the fact that it raises a good deal of its revenue through the production and sale of liquor. In August 1977 (73) the C.N.D.C. erected a sorghum beer brewery in Mdantsane at an initial cost of R2,2 million, producing 13 million litres of beer per annum and employing 129 people (74) making it the most capital intensive plant in the Ciskei. In subsequent years the factory has expanded rapidly. Connected with the factory are "modern beer outlets in the form of recreation centres" (beer-halls) which distribute some of the brewery's product. The brewery has no difficulty in selling its products as it is protected as the sole producer of beer consumed in the Ciskei, under Ciskeian Law. Just as beer-halls have been important sources of revenue for Administration Boards in the urban townships the beer industry, completely monopolised by the C.N.D.C., is one of its few profitable activities. Other wholly owned enterprises are not necessarily as profitable. The C.N.D.C. owns a complex of factories in Sada employing several hundred people - some on a home industry basis. This complex makes little profit, if any, but cannot be closed down. (75) In addition to owning three hotels, two motor vehicle

service stations and one bakery, the C.N.D.C. owns the Ciskei Transport Company, which has issued shares to Ciskei citizens. (76) The company owns two bus lines - one that runs between Mdantsane and East London and another that runs between Zwelitsha and King Williamstown. The companies were bought from private firms after a series of bus boycotts in the mid-1970s threatened their existence. The boycotts were directed against bus fares which are high because of the distance between residential areas in the Ciskei and the factories at East London and King Williamstown. More recently C.T.C. services to and from Cape Town and Port Elizabeth were opened. (77)

It is possible to divide enterprises owned by the C.N.D.C. into two broad categories - those which are profitable because of the monopoly powers of the Ciskei government, and those which are owned for strategic reasons; either because they provide essential services such as the garages and the bus companies, or because it would be politically unpopular to close them down such as the factory complex in Sada. (78) The dividing line between the two categories is not always entirely clear (as in the case of the garages).

As Table 6.2 indicates, by 1982 "Industrial Development" was responsible for approximately half the total cumulative expenditure of the C.N.D.C. It stood at R63,6 million out of a total of R134,7 million. In 1974 industrial development had accounted for a mere R99 885 as one of the smallest items on the books of the C.N.D.C.

In the early 1970s the C.N.D.C. began to prepare the way for industrial investment in the Ciskei. The C.N.D.C. engages in four main activities in this respect. Firstly, it invests in basic infrastructure at the designated growth points. This involves laying roads, railway sidings, electrical lines and the like at the designated growth points. According to its 1982 Annual Report, the C.N.D.C. had spent a total of R4 431 695 by 31st March that year. (79) Clearly other governmental agencies foot the bill for some aspects of infrastructural developments.

Secondly, the C.N.D.C. erects buildings according to the specifications of investors. Both the buildings thus erected and the land they stand on are leased to investors at subsidized

TRP

rates. As buildings and land would normally amount to a major part of the cost of investment, this aspect of C.N.D.C. activity forms an important incentive to investment. This is clearly indicated in Table 6.4. As it shows, in 1979 at about R4,3 million, the cost of buildings alone amounted to 30% of the total value of investment in agency industry (excluding infrastructure).

Thirdly, the C.N.D.C. provides low interest loans to investors. In 1979 over 40% of the cumulative total capital invested in agency industry, was loan capital provided by the C.N.D.C. It was not possible to establish exactly why this was the case but it would appear to be a product of the low interest rates, the availability of finance and the lower collateral standards demanded by the C.N.D.C., at least in the earlier period. (80)

The fourth activity of the C.N.D.C. is to provide a range of incentives in order to attract industry. Amongst the important incentives are: the provision of tax rebates against wages paid, up to a certain wage level and rail and harbour rebates. Incentive levels are not set by the C.N.D.C., but centrally, by the C.E.D. and the Decentralisation Board.

Additional activities of the C.N.D.C. include advising industrialists on labour matters, and stepping in when disputes occur. Normally disputes are transferred to the Ministry of the Interior. (81) The C.N.D.C. also find markets in South Africa and overseas for commodities produced in the Ciskei. (82)

* * * * *

The C.N.D.C. is a complex organisation. It is the only governmental institution, indeed the only financial institution involved in the financing and stimulation of non-agricultural economic development in the Ciskei. As such it is a juggernaut in a land of economic dwarfs. Yet it is not independent - it has in the past depended on the Corporation for Economic Development to make up the difference between its expenditure and its income. By 1982 the C.N.D.C. had accumulated a R13 million debt to the C.E.D. (83) The vast proportion of its 46 million R1 shares were held by the S.A. government but were transferred to the Ciskei. (84) Now that it is called the Ciskei Peoples' Development Bank, it will be dependent on the Development Bank of Southern Africa

(the C.E.D.'s successor), and on the financiers of the Ciskei government. Seventy-five percent of the Ciskei finances are supplied by the South African government. (85)

III The Development of Industry in the Ciskei.

1. Industrial Development in East London and the Ciskei.

It would not be putting it too strongly to say that industrial development got off to a late start in the Ciskei. Indeed, at a time when in South Africa as a whole, industry had already become a much greater sector than mining, the Ciskei had no industry to speak of. Earlier chapters will have indicated why this was a general condition in bantustans; they were not well located for industry and industrial development in them was blocked by state measures until the late 1960s.

There were also regional obstacles to the development of industry in the Ciskei. Most important amongst them was the industrial development of East London, just off the south-eastern edge of the Ciskei and the region's only natural harbour. Even with the Buffalo River mouth and ample supplies of cheap labour on its doorstep, East London was not an obvious choice for industrial development. The location of money, markets and infrastructure in the major metropolitan centres of the P.W.V., Durban/Pinetown, Cape Town, and even Port Elizabeth, proved strong magnets for industrial development. East London did not have local supplies of raw materials other than food, or cheap power and its hinterland, though populous is very poor. (86)

During the Second World War, nevertheless, like the other large towns of South Africa, East London saw rapid industrial development. Between 1939/40 and 1945/6 the value of gross output (at current prices) of East London's industrial sector doubled. More remarkably, it increased by 300% during the following four-year period. (87) The sectors most prominent, other than construction were food, textiles and chemicals. An important factor in East London's development then as now was the intervention of the state. Already the region had been identified as an important site for industrial decentralisation. In the late 1940s the Industrial Development Corporation attracted several major firms to the area. The largest of these was the giant Good Hope Textiles factory just outside King Williamstown. Firms were drawn to the region with the promise of I.D.C.

financing and the arrangement of exemption from wage regulating measures embodied in Industrial Council agreements and Wage Board determinations. (88)

When the Border Industries programme was launched in 1960, East London was among the first towns to be identified as a "growth point". As incentives improved during the 1960s more firms were attracted to East London. These measures may or may not have attracted industry away from the metropolitan centres. What they did do, though, was to ensure that firms in any case planning to invest in the region, would probably choose East London from amongst alternative sites. This situation would soon change.

From the late 1960s and during the early 1970s industrial development in East London began to slow down. After averaging a growth rate between 5% and 7% per year between 1945 and 1972, the growth rate dropped to below 4% per year between 1972 and 1976. The slowdown continued into the late 1970s. (89)

One reason for the slowdown was the impact of booming energy costs in the region. Escom's differential pricing structure became increasingly problematic as energy costs soared in the 1970s. In 1977 electricity cost more in the Border region than anywhere else - an anomaly attributed to excess capacity. The cost per kilowatt hour to industry in the region was 2,77 cents as opposed to 1,95 cents in the Western Cape and 1,33 cents on the Witwatersrand. (90) Also important were the increased transport costs brought about by the fuel crisis. East London was badly hit because of its distance from the major markets. (91)

Bantustan consolidation and moves towards independence also undermined capital's confidence in the region. Consolidation meant uncertainty over the future of certain areas and for a while there was a fear that East London would be incorporated into the Ciskei. The poor track record of the Transkei after independence and concern amongst capitalists about taxation levels, nationalisation and political instability contributed to declining interest in investment in East London. (92)

Ironically, that investment which did take place in the region was increasingly located at growth points in the Transkei

(Butterworth and Umtata) and, later, in the Ciskei at Dimbaza. Bantustan growth points had become subject to higher incentive levels than those operative in the border areas. (See Appendix A on incentives). The East London municipality invested a good deal of money into an industrial growth point at Berlin - between East London and King Williamstown and on the Ciskei border - but it failed to take off. The reason quite simply, beyond uncertainty about the region as a whole, was the fact that investors were getting a far better deal in the bantustans. (93) A further reason is the fact that wage levels though low in East London, are significantly lower in the bantustans. (Wage rates are discussed in sub-section 6 below).

2. The Beginnings of Industrialisation in the Ciskei.

When the industrialisation programme for the bantustans began in the early 1970s, there were just two small factories in the Ciskei, both located in Alice. One was a small pottery factory, and the other a building materials producer no doubt based in Alice for its proximity to the expanding University of Fort Hare.

When the time came to choose the Ciskei's main industrial growth point, Dimbaza was chosen. In 1969 Cosmas Desmond had visited Dimbaza, then called Mnxesha; in the course of his investigation into resettlement. Desmond was shocked by what he saw, and wrote:

"... here was grinding poverty, squalor and hardship equal to the worst places I had seen (during a survey of resettlement) - I doubt whether I have ever seen anything worse than this. It was as bad as any of the horror pictures from Biafra." (94)

Indeed, the combination of Desmond's book and the British I.T.V. film "Last Grave at Dimbaza" established Dimbaza as a symbol of the worst excesses of resettlement and not without reason. Most of the early inhabitants of Dimbaza had been forcibly removed from farms and from country towns west of the redrawn Eiselen line which demarcates the "coloured labour preference" area. Many were elderly or very young and many died during the early years.

Those who survived, depended on tiny state provided rations. For housing people had to make do with flimsy temporary structures.

Since late 1972 the fate of Dimbaza has altered. Not only were housing conditions considerably improved with the erection of brick houses, small as they are, but Dimbaza was shortly to be identified as the first priority industrial growth point for the Ciskei. Dimbaza was probably chosen for a combination of reasons including a deliberate attempt to counter-propagandise against the critics of resettlement. Dimbaza was to become the model success for the population and industry relocation programmes. Several additional factors probably contributed to the choice of Dimbaza rather than, say, Sada or another equally notorious resettlement site. Amongst these were the fact that Dimbaza is located on a convenient branch line of the Johannesburg-East London railway, not far from the junction. Dimbaza's relative proximity to East London and King Williamstown, sources of important services, and residential sites for white managerial and technical staff was also important.

By 1974 the basic infrastructure for Dimbaza's industrial park had been laid down and the C.E.D. and X.D.C. had prepared a package of financial incentives. No railway station existed but sidings were later built. No services existed, but some could be obtained from King Williamstown, about 20 km by road or rail to the east.

The first firm to be established in Dimbaza was the allegedly charitable company Zipha Nywerhede, owned partly by the Nederduitse Gereformeerde Kerk and partly by the X.D.C. In August 1974 it began production (95), employing 50 people in the manufacture of spectacle cases. (96) Later it diversified into the production of leather gloves and industrial protective clothing, and by 1981 employed about 200 people.(97) In that year its name was changed to Mfesane Enterprises, and it opened a tannery employing about 60 people. The tannery was partly financed through a R20 000 grant from Barclays National Bank and was intended to include disabled people among its employees. (98)

The company, which may be unique as a bantustan corporation/ church joint venture, is claimed by its owners to be non-profit

making. It was portrayed as an attempt to relieve poverty in the Ciskei. (99) This has not meant a particularly generous wage policy, though - in 1975 Zipha paid women as little as R4.50 per week. In that year the minimum wage allowed for metal workers in South Africa under the Industrial Council agreement was R20.25 per week. (100) Perhaps the most significant aspect of the project was that it was the first company to be established in Dimbaza and it was clearly an attempt to encourage other companies to move to Dimbaza. The relationship between the N.G.K. and the National Party could lead one to speculate about how the decision to invest was made.

Amongst the other firms established during the initial phase in Dimbaza were: Dimbaza Handicrafts, no longer in existence; Black Forest Clocks, a branch of an East London based firm, which set up a watch assembly factory and is also now defunct; and Dimbaza Overalls which manufactures overalls and plastic balls. In all, by early 1975, the four firms employed about 150 "Ciskeians" and six whites. According to an investigative report in the Cape Times in 1975, starting wages stood at between R3.00 and R4.50 per week for women and between R6.00 and R7.00 for men. (101) Total investment amounted to a little over R150 000 of which two-thirds was made up of X.D.C. loans and X.D.C. financed buildings (see Table 6.4). Put plainly these enterprises and several that followed in the next few years were set up by small-time operators, taking advantage of the incentives and of the X.D.C.'s willingness to assist almost anybody who wanted to start a factory in the Ciskei. Most important amongst the incentives was clearly the cheap finance - subsidised loans and new buildings at no capital cost and let at low rentals. The attraction of a cheap and stable labour force was undoubtedly also important though there must have been uncertainty about the future.

Indeed, uncertainty about the political and economic future of the region was undoubtedly one of the main reasons that very few investors of any substance entered the Ciskei in the early stages of the industrialisation programme. Equally important is the fact that investors seeking to take advantage of the newly revamped incentives available in bantustans, could obtain similarly

structured incentives in more favourably located bantustans. Most important rivals to Dimbaza were, and are, Isithebe in Kwazulu, which lies roughly halfway between Richards Bay and Durban and Babelegi which lies about 50 km north of Pretoria, in Bophuthatswana. Isithebe lies alongside the Tugela basin, an industrially booming region, and within range of the major urban markets of Natal. Babelegi lies merely 50 km from the P.W.V. region, probably the largest urban market in Africa. Whereas by 31st March 1976 a total of ten firms with investments totalling R3,5 million, employing 963 people existed in the Ciskei, 70 firms, employing 8 680 people, with capital investments totalling R17 million, were operating in Bophuthatswana. Kwazulu lay between the two. (102)

3. A new Type of Investment - Dimbaza Foundries.

It is often assumed that the type of company that would set up industrial production in a bantustan would be labour intensive, entailing a relatively small capital investment. Perhaps the most obvious examples might be clothing manufacture, hand-woven or knitted textiles, electrical goods assembly and the manufacture of simple wood or metal products. For a large part this expectation would be justified by the type of firms established in Dimbaza in its first few years. The most significant exception was the establishment of Dimbaza Foundries in March 1977.

The initial cost of the factory was about R850 000 (103) and its initial complement of workers was 65 (104) resulting in a cost per job in terms of capital invested of over R13 000. This was nearly three times the value of capital per worker previously invested in Dimbaza (see Tables 6.5 - 6.10). The plant was set up by three young engineers, one of whom, Mr Neil Rosser, told me that the most important reason for the foundry being located in Dimbaza was the availability of cheap finance in the form of loans and payment of building costs. (105) Of the original investment of R856 999, only R268 000 was raised by the private investors. The buildings put up by the C.N.D.C. cost R372 177 and were rented to the firm at the low rate of about R18 500 per year. In addition the C.N.D.C. loaned the firm R216 622 at the subsidized interest rate of 2% per year. (106)

A further reason for its location offered by its technical director, Neil Rosser, was the fact that labour in the Ciskei was not only cheap, but it was also well educated. (107) This is frequently cited as a reason for locating in the Ciskei where, compared with other bantustans, the literacy rate is relatively high as is the proportion of high school educated people. A similar point was made by the manager of Van Leer, (108) a plastics plant located in Dimbaza in 1980, who claimed that older educated people were unobtainable, whereas young high school educated men and women were available due to widespread unemployment and expanding educational systems. With its mission influenced history, the Ciskei has long had a relatively higher educational level than most bantustans.

Dimbaza Foundries claimed in 1978 to be "... the only employers of black apprentice pattern makers and boring-mill operators in South Africa." (109) At that time job reservation and racist apprenticeship regulations prevented blacks from becoming skilled workers or apprentices in the iron and steel industry (and in most other industries). By being located in Dimbaza the foundry could get round these restrictions and train blacks to do what twenty kilometers away was reserved for whites (and coloureds) and jealously guarded by craft unions. Not only did they take advantage of these exemptions from South African labour regulations but they also, as they were entitled to, paid wages below those set down as minimum in the Industrial Council agreement covering the iron and steel industry. Rosser admitted to paying 20% below "S.E.I.F.S.A. rates" (Steel, Engineering and Iron Federation of S.A.) but it is quite possible that, at least for some job categories, that they paid still lower rates. (110) Further opportunity for cost cutting may have existed as regards conditions and hours of work. Though the Ciskei then was still expected to comply with minimum regulations laid down by the South African Factories Act, the conscientiousness with which the regulations were enforced was difficult to establish. In this respect it may be noted, in passing, that the Swart Commission has recommended for industry in the Ciskei:

"... the removal of negative restrictions other than those absolutely essential for public health and safety."

(111)

Additional reasons explaining the location of the factory include the existence of an ISCOR depot at Berlin which is about 30 km from Dimbaza by rail.

The foundry was expanded several times in the years following its establishment in 1977. In 1981 the plant was purchased by Lonrho possibly because of cash flow problems or the urgent need for capital for expansion. (112) The original management remained and supervised a R3 million expansion which doubled the output of the plant and expanded the range of products.

The foundry's products have since its establishment been castings for mining machinery. Originally it supplied the South African mining industry, but in recent years exports have expanded quite dramatically, no doubt assisted by the 50% rebate to which Dimbaza firms are entitled at East London harbour. By 1981, 50% of the plant's output was exported to countries including the United States of America, Hong Kong, Greece, Bolivia and the Federal Republic of Germany. (113)

4. Large South African Corporations in the Ciskei.

Though most investments in industry in the Ciskei in the earlier period (1974-79) came from small or medium capital the late 1970s saw the growing involvement of large South African Corporations. An important early example was the establishment of a subsidiary of L.T.A. Construction as a tripartite company in the Ciskei in 1978. (114) In terms of the agreement, L.T.A. Construction (Ciskei) was to be partly owned by the South African parent company and the C.N.D.C. In addition 6 000 shares of R1 were to be sold to Ciskei citizens in multiples of 100. Eighteen months later a second, similar, share issue took place. At the end of its first financial year dividends of 10c per share were paid. (115)

L.T.A. is amongst the largest construction companies in South Africa and is owned by South Africa's largest private industrial company, the Anglo American Corporation. This, the

first tripartite agreement in the Ciskei, would soon reap rewards. In 1979 L.T.A. Ciskei was awarded three major contracts : additional buildings for the University of Fort Hare, just outside Alice; the extension of the Mdantsane sewerage network; and the construction of a shopping centre in Mdantsane. (116) In addition to these major projects L.T.A. has been awarded several contracts to build factories in the Ciskei.

L.T.A.'s entrance into the Ciskei was well timed in view of the now commonplace fact that there is a tremendous building boom in bantustans in the years immediately preceding and following the granting of "independence". However, they were not allowed to monopolise the fruits of freedom. Murray and Roberts, the largest construction company in South Africa, moved in shortly afterwards with its own tripartite venture and won the contract to build the government complex at the new capital, Bisho. (117)

Several other major South African companies have investments in the Ciskei. Federale Volksbeleggings is represented in the form of an electronic appliance assembly plant, initially called South African Television Manufacturing Co. and now named Federale Electronics. The products assembled include Pioneer Hi Fi equipment which originates from Japan, and Telefunken television sets - in association with the German company AEG-Telefunken. (118)

Both Anglo American Corporation and De Beers have interests in manufacturing in the Ciskei, Anglo through its subsidiary L.I.T.E.T. (119) De Beers have a part interest in a shoe factory set up by Taiwanese capital. (120) There may well be other major South African companies involved in ventures in the Ciskei. Some of those already mentioned were uncovered quite fortuitously.

5. Foreign Investment in the Ciskei.

A further development in industrial investment in the Ciskei in the late 1970s, as will have been gathered, was the entry of foreign capital into the Ciskei. In June 1982 Chief Lennox Sebe was quoted as saying that

"Ten out of the 33 industries already established in Dimbaza have foreign interests in them or are owned by overseas concerns." (121)

What this means, precisely, is not clear, but it does correctly reflect the growth of foreign interest in investment in the Ciskei. Three forms of foreign interest in the Ciskei can be discerned. Firstly, there are foreign companies who license production of their products and supply technology, in exchange for royalties of some kind. Secondly, there are foreign firms, which often supply the technology, which enter into partnerships with local companies. Thirdly, there are wholly owned subsidiaries or branches of foreign companies. It is often, however, difficult to obtain accurate information about the precise relationship between foreign firms and their Ciskei interests.

Amongst the earliest of foreign investors was the German company Heideman Werke which in 1976 established a bicycle manufacturing plant in Dimbaza in association with two South African companies. (122) The latter companies later merged and the plant which sells bicycles across southern Africa now trades as C.K. Hurwitz Cycles.

Other European capital includes the very large (R8.8 million) woolwashing plant called Southern Combing. (123) The plant, which is jointly owned by "a European consortium" and O.S. Blenkinskop Pty. Ltd. (and the C.N.D.C.), was moved lock, stock and barrel from Spain where labour costs were too high and health regulations too stringent. (124) Van Leer, which makes plastic mesh, is a wholly owned subsidiary of a Dutch company. (125)

Capital from the United States is also present in Dimbaza, in a small way so far. The U.S. Optical Company was moved, complete from Miami, Florida, to make spectacle frames in Dimbaza. It is officially owned by the C.N.D.C. and the plant's South African managers, but American interest seems likely. (126) International Stretch Products which makes braided polypropylene and macramé products is part American owned. (127) Both plants were established in 1982.

Taiwanese capital moved into the Ciskei in the form of three companies in 1982. One, Thrustor Manufacturing Industries, produces overalls and protective clothing. (128) Ciskei Padlocks is a second Taiwanese company (129) and Kayo Shoe Manufacturers from Taiwan, makes sports shoes in partnership with the Anglo American Corporation. (130)

Foreign investors moved into the Ciskei in the late 1970s for a combination of reasons. Firstly, the ground had been proven by the earlier small scale investors. They had shown that the combination of low wages and incentives offered by the development corporations made investment in certain sectors of industry a distinct possibility. A second reason for some factories, in common with those investing in some border areas, is that "dirty" industries have few controls placed over them. Southern Combing is an example here. Thirdly, the preferential treatment accorded goods manufactured in the Ciskei in South Africa made it a good site from which to creep under South African tariff barriers. The production of Taiwanese takkies in Dimbaza exemplifies this.

* * * * *

As suggested in the text, it is possible to divide investment in the Ciskei into two periods. The first period, between 1974 and 1979 was a period dominated by small scale investment at a slow rate. From the late 1970s large local and international companies began to invest to an increased extent. It may well be possible to talk about a third phase beginning with the announcement of dramatically increased investment incentives for the Ciskei in terms of the Regional Development Programme in 1982. That will be discussed in the concluding chapter.

6. Production Patterns and Wage Rates.

In attempting to establish the nature and reasons behind investment in industry in the Ciskei, two related issues call for examination - the capital intensity of production processes and the nature and cost of labour employed. These issues are explored in this section.

It has already been shown that the plants that were established in the Ciskei under the Agency system in its early years, say 1974 to 1978, were predominantly small scale labour-intensive light industrial enterprises, derived from small capital. Quite simply, it was a case of ambitious small businessmen attempting to take advantage of cheap loans and rentals, as well as cheap labour. They would very probably not have been able to raise

the capital other than by locating in a bantustan and exploiting development corporation loans. In Tables 6.5 - 6.10 it can be seen that during this period the capital labour ratio was relatively low in most sectors. The sector which demonstrates this most clearly is the Textile Clothing and Leather sector where in 1979 nine factories existed at a total investment cost of R2 036 225 (cumulative total at current prices) of which the C.N.D.C. and related bodies had contributed R1 122 725, nearly sixty percent. A total of 755 people were employed, an average of about 84 workers per factory. The cost per job, very roughly calculated, was about R2 697. As the names of some of the factories indicate - Sotho Weavers, Tribal Hand Weavers and Xhosa Weavers, for example - industrialised hand weaving was the most common form of textile production. In addition to the three factories mentioned, Barkor Matte and Ranger Carpets also produce hand woven karakul rugs as their major activity and Barkor Industries spins rough mohair yarn.

Barkor in Dimbaza employed 180 people in 1981 of whom only the manager and one other employee were men. The reasons cited by the manager for choosing to employ women were that they were "more willing" and formed a stable labour force. (131) Most were unskilled when hired and were trained on the job within a month. The weavers worked simple mechanical hand looms, three workers per 3 meter by 9 meter loom. They were paid piece rates without any specified minimum and could earn, according to Mr Day, the manager, between R20 and R40 every two weeks. (132) The spinners were paid similar piece rates according to the weight of the yarn produced though the supervisors, all black women, were paid straight rates (unspecified).

The amount invested in the enterprise was about R240 000, of which the greater proportion was contributed by the C.N.D.C. - the buildings cost R140 000. Clearly the capital expenditure on machinery was very low, approximately R600 per worker. The products, mainly karakul woven rugs, but increasingly rough woven outer garments, were marketed mainly in South Africa. In spite of the low costs of production Barkor's products were not very price competitive internationally, according to the manager Mr Day. The handmade rug market was very stiff and producers in

the Ciskei had to compete against the products of countries such as Mexico and India. Mr Day complained that compliance with the Factories Act as regards the provision of toilets, change rooms and rest rooms, pushed up costs unnecessarily, in his view. (133)

Though international competition may be severe, a glance at Table 6.13 indicates the very clear wage bill advantages of locating in Dimbaza. Wages in East London, or the Border region, were not very high in 1976. In almost every case, as Table 6.14 indicates, they were well below the national average. However, wages in Dimbaza were still further below East London levels. In the textile industry, for example, the national average for African workers was R23.57, in East London it was R15,65, and in a typical plant in Dimbaza in 1976 it was R4.50 per week. In the other sectors for which data is available for Dimbaza the same pattern is reproduced although the difference is a bit smaller in the metal products sector. The latter industrial sector is the only one in the Ciskei where more men are employed than women (see Table 6.6). For this reason and also because men are in a better position to market their skills learnt in the Ciskei, the gap between wages paid in East London and Dimbaza to male operative metal workers is not as large. (134) It is the women's wages that are so extremely low, for the simple reason that women are legally blocked, through the implementation of influx control measures, from marketing their labour outside the Ciskei. Men, though severely restricted, have potential opportunities. It is not surprising, then, to note that while in the early stages more men were employed, capitalists soon woke up to Ciskeian realities. Thus in the wood products sector in 1977, 244 African men and 169 African women were employed, in 1979 the figures were 212 women to 158 men (Table 6.8). In the food and beverage sector 100 African men and 200 women were employed in 1977 but in 1979 the number of men dropped to 60 while the number of women increased to 290 (Table 6.9). Apart from wage levels, employers proffer two reasons why they prefer to employ women: firstly, they were a stable work force, (135) clearly they could not afford to lose their jobs and were thus, by and large, a docile labour force. In addition, they were quite "dextrous";

as an electronics factory manager said:

"The employees are mostly matriculated females. Assembling intricate electronical (sic) components, some of which are minute, needs the fine delicate touch of a woman's fingers, as proven worldwide." (136)

7. Industrial Relations in the Ciskei.

In spite of the very oppressive conditions under which they work and live, workers in the Ciskei have, from time to time, openly attempted to resist their exploitation. However, only a few isolated instances of worker action have been recorded.

To complete a picture of worker resistance would require, in addition to accounts of organised worker action, a knowledge and understanding of unorganised and informal forms of resistance ranging from desertion to industrial sabotage. Unfortunately no one has studied informal and unorganised worker resistance in the Ciskei and it was beyond the scope of this study.

Trade Unions, though only officially banned in 1983, have never been allowed to operate in the Ciskei. In many factories no form of worker representation exists. A manager of a rug making plant in Dimbaza told me in 1981 that when workers had grievances they could raise them, individually, either with a supervisor or directly with him. He seemed to think it quite unsurprising that absolutely no industrial relations structure existed within the firm at all. (137) A worker at a Crama Industries (renamed Federale Electronics), the Dimbaza branch of East London based S.A.T.V., an electronics assembly plant, explained that there are no committees at all at her factory. She said that although the workload was very heavy, workers were too afraid to complain. The workers know that there are many unemployed people in Dimbaza and that if they complain they are simply told to leave. (138)

There are recorded instances of industrial unrest in the Ciskei, though the record of events is usually not very clear. In Dimbaza in 1977 school pupils, presumably partly in response to scholar revolts elsewhere in South Africa, took up stones and petrol bombs. About 500 left their schools on 26th September

1977. First they marched to the Administration Board offices which they set alight, incidentally damaging several police vehicles. They then entered the factory area of Dimbaza where they damaged at least nine factories and called upon workers to strike. Unclear reports suggest that in at least one factory, the bicycle factory, workers responded by leaving the factory and demanding higher wages and better working conditions. The entire workforce was apparently dismissed. Work came to a halt at most of the other factories, but it is not clear whether a rolling strike had occurred or damage to factories or even the sheer fear of employers caused the stoppages. (139) Five days after the unrest in Dimbaza began the Ciskei Legislative Assembly approved Regulation 252, the notorious coverall security law which provides for everything from detention without trial to banishment.

In 1979 several bus drivers' strikes were reported in the Mdantsane and King Williamstown areas. In one case 55 strikers were found guilty of contravening the Riotous Assemblies Act for protesting against low wages in Mdantsane. (140) In another case, bus drivers in Mdantsane struck because of an increase in bus fares. The drivers were receiving the brunt of bus travellers' anger and were concerned about their safety. They, too, met with harsh responses from their employers, Gompo Bus Co. and the security apparatuses of the Ciskei. (141)

The only major strike involving a trade union occurred in Mdantsane in 1980. The Mdantsane Special Organisation is effectively the civil engineering and construction branch of local government in Mdantsane. The rapid growth of Mdantsane meant that in 1980 there were over 2 000 workers building and repairing the giant township. A workers' committee was formed early that year to convey workers' grievances to their employers. Whether Thozamile Gqwetha, founder and first organiser of the South African Allied Workers Union (S.A.A.W.U.) in the East London region was involved from the start of organisation or was drawn in at a later stage, is not clear. However, when workers' grievances over wages, working conditions and two dismissals were ignored by management and over 1 000 came out on strike, Gqwetha

lent his assistance. Worker leaders were detained, but far from weakening it this action strengthened the strike and the leaders were released. (142)

S.A.A.W.U. had attempted to open an office in Mdantsane but Gqwetha was told by (then) Colonel Charles Sebe "do what you like in the Republic and come back here (to the Ciskei) to sleep."

(143) S.A.A.W.U. had, effectively been banned from the Ciskei as, for all intents and purposes, were any other trade union.

Women from C.N.I.P. had put on an anti-S.A.A.W.U. demonstration - led by Mrs N. Nene, wife of councillor and trader Steve Nene, accompanied by the wives of other traders and councillors. The same night Gqwetha's home was mysteriously stoned and set alight.

(144) Thus while it was only officially promulgated in 1983, trade unions have never been allowed to operate in the Ciskei.

The region was left with the anomolous situation of workers who lived in Mdantsane but worked in East London being organised by militant trade unions (including the General Workers Union and the Food and Canning Workers Union as well as S.A.A.W.U.), while their neighbours who were employed in Mdantsane were prohibited from engaging in any union activity. It would appear that employers planning to locate in the Border region would therefore be drawn to invest in the Ciskei rather than East London where worker militancy has prevailed since 1980.

In fact, it would appear that firms are moving out of East London and into the Ciskei for that reason. Federale Electronics started in East London, expanded to Dimbaza, where it has grown substantially. The East London plant has remained the same size and may eventually disappear. The case of Western Province Preserves is a still more dramatic illustration of this process. For many years the company, which processes pineapples, has been based in East London. In recent years the Food and Canning Workers Union and the African Food and Canning Workers Union jointly organised W.P.P.'s workers and made important gains in salary and working conditions. Recently the directors decided to move the entire plant to a site 20 km away, near Kidd's Beach, just within the borders of the Ciskei. (145)

In some factories in the Ciskei forms of worker representation are allowed or, more accurately, foisted on workers by employers. A worker in the foundry at Dimbaza when interviewed, said:

"I work as a welder in the factory. I had basic training (on the job) for two weeks and after that the supervisor taught me. I and some other workers are being sent to a trade school in Zwelitsha to learn more about welding. At the moment I work with two qualified welders from Mdantsane.

The workers are not happy with their wages and working conditions. Late last year (1980) the bosses started a foreman's committee but the workers said 'No'. We wanted our own committee. We chose a committee in April 1981 and told them to ask the bosses for an increase. But before the committee could meet with them, the bosses called a meeting of all the workers. We were told we were not allowed to have meetings inside the factory. An increase would come but only in November. Meanwhile if we had any complaints we were to go to the chief foreman (a white) who would take complaints to management. We had to take these complaints as individuals. The bosses would not recognise our committee.

We were afraid of losing our jobs and felt that continuing with the committee was too difficult. So we dissolved the committee a month later (in May)."
(146)

When Southern Combing, a woolworking factory, was established in Dimbaza in 1981, Officials from the C.N.D.C. organised the election of a Liaison Committee - known as a Works Council in terms of the 1979 South African Industrial Conciliation Amendment Act. The essential feature of a Works Council is that it is part elected, part appointed by management and chaired by management. That is why in the quote above the worker referred to a "supervisors committee", for that is effectively what they are. In the case of Southern Combing the management was satisfied with the job done by the C.N.D.C. "Those elected were well educated

and responsible, including the black personnel manager and the wage clerk." (147) Apart from the iniquitous structure, the negotiating status and rights of such committees was uncertain.

It would seem, then, that the banning of trade unions in the Ciskei should by no means just be analysed as a response to a political threat. Deliberate attempts are being taken by the Ciskei government to prevent workers fighting for improved wages and working conditions. This is understood by employers who appear to be moving to the Ciskei for that reason.

8. Changing Occupational Patterns and Class Formation.

One of the significant provisions of the Agency system was that wherever possible African rather than non-African workers should be employed - by inference as white collar technical and managerial staff, positions from which they were largely barred in South Africa.

In many cases firms needed little encouragement to train black workers for posts reserved for others in South Africa by statute or by the protectionist policies of white and coloured trade unions. The clearest case is the employment of blacks as artisans and mechanics, occupations from which they were generally barred. The alacrity with which firms like Dimbaza Foundries trained black welders can be explained in terms of those workers' inability to command higher wages in the Ciskei or attain such jobs outside the Ciskei. With the current erosion of job reservation in South Africa, experienced welders or artisans of other kinds may be able to market their skills outside the Ciskei, but this is discouraged by the influx control policies of the South African state and the craft unionism that remains amongst certain artisan categories of work.

In addition to black artisans, Africans occupy a relatively wide range of supervisory posts in factories in the Ciskei. In many factories it is only the chief supervisor or chief foreman who is not a black Ciskeian. In some cases black artisans are employed at the executive level of management, the personnel manager mentioned above being a typical example. Less typical, perhaps, is the case of Elizabeth Mtose. A matriculated woman, she had worked as a bookkeeper in a legal firm in East London

before moving to Tribal Handweavers in Dimbaza where she worked as a general secretary and telephonist/receptionist. After four years she had been promoted to a managerial position and made a director of the company. (148)

Black technicians and technologists have also emerged as an upwardly mobile grouping within industry in the Ciskei. At Ciskei Paints, for example, a woman B.Sc. graduate of Fort Hare occupies the post of paint technologist. (149) Such appointments are attractive to management as the cost of hiring a trained white or coloured technologist would be relatively high, not only because of the salaries they could command in South Africa, but because very high additional incentives would be required to persuade qualified personnel to live in King Williamstown and work in Dimbaza.

Clearly the policy of the development corporations and the Ciskei government to encourage the employment of blacks as skilled and managerial staff is politically motivated. One of the main theses of this dissertation is that since the late 1960s an accelerating initiative to build a Ciskeian middle class as a support base for the rulers has pervaded all levels of policy in the Ciskei. This I will argue in more detail below. What should be established at this stage is the extent to which a Ciskeian new middle class has been created in the industrial sector.

In absolute terms the new middle class in industry is likely to be very small. In Table 6.15 an analysis of the occupational breakdown of "Xhosa" in the Ciskei in 1970 is compared with that obtained by the 1980 census. The figures presented indicate very substantial changes in the economic activities of Ciskei residents.

Before they are examined two problems concerning the use of the data must be noted. Firstly, the 1970 figures include the Herschel and Glen Grey districts which were excised from the Ciskei in 1976. The main effect of the inclusion of these districts is that the figures for those employed in agricultural production in 1970 is artificially boosted. A second factor that accounts for a quite substantial distortion is the development

of Mdantsane during the 1970s. This means that many people falling in the categories professional and technical workers, clerical, sales, production and transport workers will have moved from East London townships to Mdantsane, inflating the increase in those categories. In addition, it must be noted, that these occupational categories are very broad and ill-defined and should only be used as broad guides of trends.

All these qualifications notwithstanding, the changes between 1970 and 1980 reflected in the occupation figures are quite marked. Those falling under the category of farm or forestry worker have decreased from a total of 57 820 to 12 360. Part of this drop can be accounted for in the excision of Herschel and Glen Grey, but certainly not the entire fall.

At the same time all other categories have increased sharply, with the exception of administrative and managerial workers. Categories such as production workers, sales worker, professional and technical worker and service workers have all more or less doubled. The number of clerical and related workers resident in the Ciskei has almost quadrupled, from 1 800 to 7 040.

Much of the increase can be explained by two factors. Firstly, there is the transference of people from East London to Mdantsane. Secondly, there is the very substantial expansion of the state sector that occurred during the 1970s which would account for a good part of the increase of clerical and professional (teachers) workers. However, it is possible to narrow down the analysis a little further.

Most people employed in King Williamstown and East London, and a large proportion of those employed in the state sector live in two districts of the Ciskei - the districts of Mdantsane and Zwelitsha. It is possible to separate these two districts out of the analysis. This is done in Table 6.16 which refers only to the districts of Hewu, Keiskammahoek, Middledrift (in which Dimbaza falls), Peddie and Victoria East, known collectively as Statistical Region 70 in the 1980 census. Table 6.16 exhibits the same broad trends that are indicated in Table 6.15, suggesting that it has not only been the creation of Mdantsane and the expansion of state structures in Zwelitsha, that have altered occupation patterns in the Ciskei.

It is not possible to arrive at any analysis of substance on the basis of the census material presented. Some very broad generalisations about the changing social division of labour are perhaps possible. Firstly, the rural sector has rapidly fallen away in importance in terms of the employment of labour. Secondly, the proportion of Ciskei residents employed in industry, commerce and the service sector, including the state, has risen very rapidly. Within these sectors the sizes of both the working class and the new middle class have grown significantly. Thirdly, it is noticeable that a substantial proportion of those employed at the upper end of the spectrum are women. More than half those classified as professional, technical and related workers are women, probably made up largely of nurses and teachers. Curiously, this is reflected in the enrolment figures at the Fort Cox Agricultural College. Formerly an exclusive male preserve, now a large proportion of students at Fort Cox are women. (150) This reflects a general trend in the Ciskei - that women, who have a much smaller choice of employment opportunities do not have to leave school to work as do young men who support their families.

Industrial development within the Ciskei is not the central cause of the changing division of labour. If there is a central factor it is the expansion of the state sector. The basis of the change, within the Ciskei, is the collapse of the rural sector as a means of sustaining a significant proportion of the population. By the end of 1981, 6 024 Ciskeians were employed in the industrial sector within the Ciskei. (151) This amounts to less than one percent of the de facto population of the Ciskei. Though its effects on class formation are still relatively small, they are significant insofar as internal industrialisation has facilitated the development of an internal working class (as opposed to migrant or commuter) and a very small new petit bourgeoisie located in industry.

* * * * *

This chapter has attempted to present an account of the development of industry in the Ciskei between 1974 and 1981 in the context of the application of state economic policy in the Ciskei.

First it looked at agricultural programmes since the Second World War and argued that, in the 1970s, policy shifted towards a focus on special agricultural projects. These projects were designed as showpieces in an attempt to impress both the international community and the internal population of the Ciskei. In this sense it was an attempt to give credence to a developmentalist image the state in the Ciskei was attempting to cultivate. At the same time it was designed to build up a class of yeoman farmers on the land. The circumstances within which the strategy was formulated and implemented was riddled with contradictions, however, and the programme has thusfar met with little success as regards Sebe's expressed desire for a cadre of middle class farmers.

The C.N.D.C., too, shifted gear in the 1970s. Previously it had been almost exclusively concerned with the creation of "Bantu traders" in the Ciskei. In the 1970s its attention was focussed upon creating the conditions for industrial development. In addition it catered to the urban middle class through its home loan scheme.

Industrial development began slowly, in Dimbaza, with the establishment of a small, charity funded spectacle frame factory. It would be an exaggeration to claim that since 1974 it has changed the face of the Ciskei. But, with the entry of large South African corporations and foreign investors into manufacturing in the Ciskei in the late 1970s, the beginning of a new era has been clearly marked. A few trappings of pre-capitalist rural, social and ideological relations remain in the Ciskei, but by vigorously promoting industrialisation (along with home ownership and capitalist farming) the ruling class has acknowledged that the terrain of class struggle in the Ciskei has shifted.

TABLE 6.1.NUMBER AND TYPE OF BUSINESS LICENCES ISSUED IN THE CISKEI.

	<u>1973 (1)</u>	<u>1977/8 (2)</u>
Retail and Allied Total	209	722
(General Dealers)	(125)	(302)
Catering and Accommodation	15	42
Transport	9	?
Personal Services	3	3
Recreational and Cultural Services	-	2
Light Manufacturing Industries	-	5
Professional Services	3	-
Total	<u>239</u>	<u>774</u>

Sources: 1972 derived from Benbo Ciskei Economic Revue (sic) 1975. Table 7.6.1; 1977/78 from Benso, Statistical Survey of Black Development 1980, Table 83.

- (1) These figures exclude Herschel and Glen Grey and are therefore comparable though some categories have changed, accounting for some of the blank spaces.
- (2) Figures quoted in the Daily Dispatch (26/7/79) in 1979 are lower than these - I have no idea why, though they were probably out of date as these figures were officially released in 1980.

TABLE 6.2.
CUMULATIVE C.N.D.C. EXPENDITURE BY 31/3/82.
(R'000 000)

Industrial Development (Agency) *	63,6
C.N.D.C. Projects	4,8
Infrastructure	4,4
Business Loans (to African businessmen) *	7,0
Housing Loans *	12,4
Transport	18,2
Commerce	20,2
Miscellaneous	2,2
Agriculture	1,9
	<hr/>
Total	134,7

Sources: Ciskei National Development Corporation, Annual Report, 1982. The figures are extracted from two tables within the report. Those marked with an asterisk are marginally higher than indicated in the unnumbered table on p 7 of the Report from which the others are drawn.

TABLE 6.3.CUMULATIVE C.N.D.C. EXPENDITURE ON HOUSING LOANS.

Year	Number of Loans	Total Value (R)
1974	50	189 215
1975	67	259 545
1976	91	406 955
1977	114	615 727
1978	575	1 679 473
1979	1 052	2 874 513
1980	1 590	4 594 443
1981	2 299	8 063 543
1982	2 936	12 763 223

Sources: For 1974 to 1981 - derived from the C.N.D.C. Annual Report 1981, p 27. For 1982 derived from the C.N.D.C. Annual Report, p 14.

TABLE 6.4

PRIVATE AND C.N.D.C. INVESTMENT IN "AGENCY" INDUSTRY (1)

1974 - 1981 CUMULATIVE.

Year	(1) Private Investment	(2) Buildings	(3) Loans and Share Purchases	(4) Sub Total State Exp.	(5) Total	(6) Private Inv. (4) C.N.D.C. Inv.(1)
1974	51 600	78 275	21 610	99 885	151 485	0,52
1975	199 100	301 531	185 877	487 408	686 516	0,41
1976	-	-	-	-	-	-
1977	2 659 300	2 655 677	1 026 431	3 682 108	6 341 400	0,72
1978	3 949 000	3 384 316	2 203 037	5 587 353	9 536 353	0,71
1979	4 084 000	4 296 769	6 029 376	10 326 145	14 410 145	0,40
1980	5 894 762	-	-	11 987 879	17 882 641	0,49
1981	10 782 952	-	-	21 841 642	32 624 594	0,49

Sources: Benso data, unpublished

(1) Excluding expenditure on infrastructure.

TABLE 6.5

INDUSTRY, INVESTMENT AND EMPLOYMENT IN DIMBAZA BY AGENCY SYSTEM 1974 - 1981

	1974	1975	1976	1977	1978	1979	1980	1981
(1) <u>TEXTILE, CLOTHING AND LEATHER</u> <u>Factories No:</u>	2	2	3	6	7	9	11	14
(2) Private Investment	31 000	49 300	156 600	637 300	784 700	913 500	1 090 063	2 992 791
(3) XDC/CNDC Investment, shares, loans and buildings	72 678	91 209	215 500	490 534	865 651	1 122 725	1 564 715	7 142 242
(4) Total Investment	103 678	140 509	372 100	1 127 834	1 650 351	2 036 225	2 654 778	10 135 033
(5) Employment: whites	2	2	7	6	13	16	18	21
(6) Employment: 'Black' male	-	-	-	15	22	32	-	-
(7) Employment: 'Black' female	-	-	-	391	486	706	-	-
(8) Employment: 'Black' total	60	51	155	406	508	738	964	1 143
(9) Total (inc. 'Other')	62	53	162	412	521	755 (1)	982	1 164
(10) Capital/Labour ratio (current prices) (4) ÷ (9)	1 672.23	2 651.11	2 296.91	2 737.46	3 167.66	2 696.99	2 703.44	8 707.07

(1) One 'other'

Source: 6.5 - 6.10, Benso Unpublished Data.

TABLE 6.7

INDUSTRY, INVESTMENT AND EMPLOYMENT IN DIMBAZA BY AGENCY SYSTEM 1974-1981

	1974	1975	1976	1977	1978	1979	1980	1981
(1) <u>CHEMICALS & CHEMICAL PETRO- LEUM, COAL, RUBBER & PLASTIC Factories No:</u>	-	1	1	1	-	N O	2	3
(2) Private Investment	-	25 000	65 000	75 000	75 000		678 306	758 306
(3) XDC/CNDC Investment, shares loans and buildings	-	76 792	139 700	146 149	146 149	E N	658 140	1 088 298
(4) Total Investment	-	101 792	204 700	221 149	221 149	T R Y	1 336 446	1 846 604
(5) Employment: White	-	1	2	2	3		11	16
(6) Employment: 'Black' male	-	-	-	22	3		82	111
(7) Employment: 'Black' female	-	-	-	-	18		-	-
(8) Employment: 'Black' total	-	17	20	22	21		-	-
(9) Total (incl. 'Other')	-	18	22	24	24		93	127
(10) Capital/Labour ratio (current prices) (4) ÷ (9)	-	5 655.11	9 304.55	9 214.54	9 214.54		14 370.00	14 540.19

TABLE 6.8

INDUSTRY, INVESTMENT AND EMPLOYMENT IN SECTORS NOT CONFINED TO DIMBAZA.

AGENCY BASIS

	1974	1975	1976	1977	1978	1979	1980	1981
(1) WOOD & WOOD PRODUCTS Factories No:	-	3	3	4	2	3	4	4
(2) Private Investment	-	50 000	362 000	641 000	365 000	392 000	729 742	725 217
(3) XDC/CNDC Investment	-	172 814	415 400	646 394	520 727	679 301	1 233 347	1 301 142
(4) Total Investment	-	222 814	777 400	1 287 394	885 727	1 072 001	1 963 089	2 026 359
(5) Employment: White	-	7	12	9	9	14	16	20
(6) Employment: 'Black' male	-	n.a.	n.a.	244	138	158	-	-
(7) Employment: 'Black' female	-	n.a.	n.a.	169	159	212	-	-
(8) Employment: 'Black' total	-	179	374	413	297	370	433	566
(9) Total (incl. 'Other')	-	186	386	422	317(1)	402(2)	449	586
(10) Capital/Labour ratio (current prices) (4) ÷ (9)	-	1 197.92	2 013.99	3 050.70	2 714.09	2 666.67	4 372.14	3 457.95

(1) 11 'Others'

(2) 18 'Others'

TABLE 6.9

INDUSTRY, INVESTMENT AND EMPLOYMENT IN SECTORS NOT CONFINED TO DIMBAZA.AGENCY BASIS

	1974	1975	1976	1977	1978	1979	1980	1981
(1) FOOD, BEVERAGES AND TOBACCO								
<u>Factories No:</u>	-	-	1	1	1	1	1 (0 in D)	2
(2) Private Investment	-	-	559 000	969 000	970 000	970 000	1 395 900	4 181 421
(3) XDC/CNDC Investment	-	-	1 450 000	1 653 884	1 709 094	1 668 646	2 026 377	5 064 926
(4) Total Investment	-	-	2 009 000	2 622 884	2 699 094	2 638 646	3 422 277	9 246 347
(5) Employment: White	-	-	18	14	20	21	30	49
(6) Employment: 'Black' male	-	-	-	100	50	10	-	-
(7) Employment: 'Black' female	-	-	-	200	300	290	-	-
(8) Employment: 'Black' total	-	-	321	300	350	350	356	656
(9) Total (incl. 'Other')	-	-	339	314	370	374(1)	386	705
(10) Capital/Labour ratio (current prices) (4) ÷ (9)	-	-	5 926.25	8 353.13	7 294.85	7 055.20	8 866.00	13 115.38

(1) 3 'others'

TABLE 6.10

INDUSTRY, INVESTMENT AND EMPLOYMENT IN CISKEI, SECTORS NOT CONFINED TO DIMBAZA

AGENCY BASIS

	1974	1975	1976	1977	1978	1979	1980	1981
(1) NON-METALLIC MINERAL PRODUCTS (not coal or oil) Factories No:	1	1	1	1	1	1	1	1
(2) Private Investment	10 600	16 600	15 800	15 400	15 500	15 500	15 900	15 900
(3) XDC/CNDC Investment	20 902	37 181	57 800	89 800	135 664	165 885	187 324	187 324
(4) Total Investment	31 502	53 781	73 600	105 200	151 164	181 385	203 224	203 224
(5) Employment: White	2	1	2	2	2	2	2	0
(6) Employment: 'Black' male	-			4	6	7	-	-
(7) Employment: 'Black' female	-			15	19	32	-	-
(8) Employment: 'Black' total	10	12	19	19	25	39	34	28
(9) Total Employment	12	13	21	21	27	41	36	28
(10) Capital/Labour ratio (current prices) (4) ÷ (9)	2 625.17	4 137.00	3 504.76	5 009.52	5 598.67	4 424.02	5 645.11	7 258.00

TABLE 6.11

Capital investment and employment in all enterprises established according to the agency system

31 March 1980

	Number of Enterprises	Capital Investment (R)			Employment			
		Industrialists	CNDC	Total	White	Black	Other	Total
1. DIMBAZA	22	3 671 977	9 256 322	12 928 299	77	1 504	2	1 583
Manufacturing								
Textile, Wearing apparel and leather	11	1 090 063	1 564 715	2 654 778	18	964	-	982
Wood and wood products	2	216 257	715 491	931 748	6	79	2	87
Paper and paper products, printing & publishing	1	17 200	99 519	116 719	3	17	-	20
Chemicals and chemical, petroleum, coal, rubber and plastic products	2	678 306	658 140	1 336 446	11	82	-	93
Basic metal industries	5	596 000	1 534 068	2 130 068	15	148	-	163
Fabricated metal products, machinery & equipment	5	1 074 151	4 684 389	5 758 540	24	214	-	238
2. OTHER	4	1 925 285	2 731 557	4 656 842	32	744	25	811
Manufacturing								
Food, beverages, tobacco	1	1 395 900	2 026 377	3 422 277	30	356	4	390
Wood and wood products	2	513 485	517 856	1 031 341	10	354	21	385
Non-metallic mineral products	1	15 900	187 324	203 224	2	34	-	36
TOTAL	26	5 597 262	11 987 879	17 585 141	119	2 248	27	2 394

Source: BENSO 'The Republic of Ciskei', 1981, op. cit., Table 17.1.

TABLE 6.12

INDUSTRIES IN THE CISKEI 1981

NAME	PLACE	TYPE OF INDUSTRY
ASSOCIATED LEATHER PRODUCTS (PTY) LTD	Dimbaza	Splitting of Leather
BARKOR INDUSTRIES (PTY) LTD	Dimbaza	Hand Spinning of Mohair
BARKOR MATTE (PTY) LTD	Dimbaza	Hand Weaving of Carpets
CAT CLOTHS AND TEA TOWELS (PTY) LTD	Dimbaza	Interior Decor Items Tea Towels with local motif
CISKEI ADVERTISING	East London	Advertising
CISKEI METAL INDUSTRIES (PTY) LTD	Dimbaza	Ground Flat Stock Steel for Tool Making Industry
CISKEI PAINTS (PTY) LTD	Dimbaza	Paints
CISKEI SAW MILLS (PTY) LTD	Keiskammahoek	Saw Milling
CISKEI STRUCTURES AND ASSEMBLIES (PTY) LTD	Dimbaza	Structural Steel, Conveyor Systems and Agricultural Equipment
DIMBAZA FOUNDRIES	Dimbaza	Ferro Manganese Castings
DIMBAZA OVERALLS (PTY) LTD	Dimbaza	Protective Clothing
DIMBAZA PRINTERS (PTY) LTD	Dimbaza	Printers
L K HURWITZ CYCLES (PTY) LTD	Dimbaza	Bicycles
LI-LAX DIMBAZA (PTY) LTD	Dimbaza	Bedding
OPSTAL PRODUKTE (PTY) LTD	Keiskammahoek	Yellow and Black Wood Furniture
OPVOEDKUNDIGE-EN INLIGTING SISTEME (PTY) LTD	Alice	Education and Information Systems
PANMURE CHICKENS (PTY) LTD	Mdantsane	Frozen Chickens
PROCASE (PTY) LTD	Dimbaza	Spectacle Cases
PROVIDENT ELECTRICAL	Dimbaza	Electrical Contractors
RANGER CARPETS (PTY) LTD	Dimbaza	Hand Woven Carpets
SAN-REMO (PTY) LTD	Dimbaza	Upholstered Lounge Suites

TABLE 6.12 (CONTD.)

NAME	PLACE	TYPE OF INDUSTRY
SOTHO WEAVERS (PTY) LTD	Dimbaza	Hand Woven Carpets
SOUTHERN COMBING COMPANY (PTY) LTD	Dimbaza	Wool Washing and Combing
S A TELEVISION MANUFACTURING CO (PTY) LTD	Dimbaza	Pre-Production parts for Radio and Television
TINION STEEL (PTY) LTD	Dimbaza	Steel Frames
TRIBAL HAND WEAVERS (PTY) LTD	Dimbaza	Hand Woven Carpets
UNATHI TIMBER PRODUCTS (PTY) LTD	Dimbaza	Wooden Furniture
VAN LEER (SA) (PTY) LTD	Dimbaza	Netlon (Plastic Mesh)
WEMBLEY BALLS (PTY) LTD	Dimbaza	Plastic Balls
WERCO KERAMIEK (PTY) LTD	Alice	Ceramics
XHOSA WEAVERS (PTY) LTD	Dimbaza	Hand Woven Carpets
ZANDLA MANUFACTURERS (PTY) LTD	Dimbaza King Williamstown	Toys and Crochet Products
ZIPHA NYWERHEDE (PTY) LTD	Dimbaza	Leather Safety Products

Source: C.N.D.C. photostat, 1981

TABLE 6.13AVERAGE WEEKLY WAGES FOR BLACK WORKERS, 1976.

DIMBAZA		EAST LONDON (Stat. Region 06)	
Protective Clothing Factory	R5.10	Garment Workers	R10.63
Carpet Factory	R4.50	Textile Workers	R15.65
Fabricated metal factory	± R20.00	Metal Workers	R27.15
Foundry	R16.33	Metal Workers	R27.15
Bicycle Factory (labourers)	R7.50	Metal Workers	R27.15
Paint Factory (1)			
(Female labourers)	R3.50(2)		
(Male labourers)	R6.00	Chemical Workers	R23.63

(1) Average not obtainable

(2) Of a total work force of 24 in 1978, 18 were women (Benso unpublished records).

Sources: (a) Dimbaza: Confidential Memo from F Meisenholl, C.N.D.C. General Manager, to Sir Arthur Snelling, member of the Ciskei Commission, dated 19/12/78, C.C.E.

(b) East London: 1976 Census of Manufacturing (Regional) Report No 10-21-33. The statistical region 06 is wider than East London but this is not significant for the purposes of this comparison.

TABLE 6.14

AVERAGE WAGES OF AFRICANS BY MANUFACTURING SECTOR,

EAST LONDON AREA (06), CAPE TOWN AREA (01), DURBAN AREA (07), SOUTH AFRICA, 1976 (1)

	Wages : R per week			S.A.
	(06)	(01)	(07)	
Food	20,14	25,19	25,30	25,49
Beverages	25,44	30,10	30,96	30,08
Textiles	15,65	20,86	21,48	23,57
Clothing	10,63	20,91	15,36	19,04
Wood	9,42	17,89	12,25	20,17
Furniture	21,50	23,05	27,59	27,17
Printing and publishing	32,48	32,83	35,98	41,70
Chemicals, coal, rubber and plastics	23,63	22,28	33,50	34,22 (2)
Non-metallic mineral products (bricks, cement, etc)	16,88	24,08	28,70	25,83
Metal products	27,15	28,71	32,02	32,93
Machinery	23,81	32,25	32,98	35,11
Electrical machinery	24,52	36,63	27,55	36,70
All manufacturing	18,85	26,27	26,31	29,16

Sources: Figures for regions 06, 01 and 07 from Census of Manufacturing, 1976, Principal Statistics on a Regional Basis, Department of Statistics, Report No. 10-21-33.

Figures for South Africa from Delia Hendrie, Employment and Earnings Statistics for the South African Manufacturing Sector 1970 - 79, Saldru Working Papers 37 and 38, 1981.

Notes : (1) Region 06 has been used rather than the smaller region 0602 because the information available for the bigger region is more complete (see Note to Table 2). Region 01 includes the magisterial districts of the Cape, Wynberg, Simonstown, Bellville, Goodwood, Wellington, Paarl, Stellenbosch, Somerset West, Strand and Kuilsriver. Region 07 includes the magisterial districts of Durban, Pinetown, Inanda, Lower Tugela, Pietermaritzburg, Camperdown, Richmond, Ixopo, New Hanover, Lions River, Umvoti and Kranskop.

(2) Does not include rubber and plastic products.

TABLE 6.15

OCCUPATIONS OF "XHOSA" IN THE CISKEI 1970 & 1980

Principal Occupation Groups		No	%	No	%
Professional, Technical & related worker	Total	4 600	3,4	9 140	9,2
	Male	1 880	1,4	3 480	3,5
	Female	2 720	2,0	5 660	5,7
Administrative and Managerial Worker	Total	260	0,2	120	0,1
	Male	260	0,2	120	0,1
	Female	0	0,0	0	0,0
Clerical and related worker	Total	1 800	1,4	7 040	7,0
	Male	1 420	1,1	5 420	5,4
	Female	380	0,3	1 620	1,6
Sales Worker	Total	2 360	1,8	5 180	5,2
	Male	1 900	1,1	2 700	2,7
	Female	460	0,4	2 480	2,5
Service Worker	Total	11 040	8,3	19 600	19,7
	Male	2 460	1,8	7 340	7,4
	Female	8 580	6,5	12 260	12,3
Production & Transport Worker-Labourer	Total	26 940	20,2	46 260	46,4
	Male	23 440	17,6	33 560	33,7
	Female	3 500	2,6	12 700	12,7
Farm & Forestry Worker	Total	57 820	43,4	12 360	12,4
	Male	38 460	28,9	9 900	9,9
	Female	19 360	14,5	2 460	2,5
Total		104 820		99 700	

Sources: (1) C.T. Verwey "The Economic Activity and Level of Education of the Xhosa with Special Reference to the Ciskei, 1970", unpublished paper, Research Unit for Education System Planning, University of the Orange Free State, 1979; (2) Department of Statistics, 1980 Population Census Estimates, unpublished.

TABLE 6.16

EMPLOYMENT BY OCCUPATION IN THE NORTHERN AND WESTERN DISTRICTSOF THE CISKEI 1970 AND 1980

	1970 (1)	1980 (2)
Professional, Technical & related worker	1 270	3 390
Administrative & Managerial worker	60	-
Clerical & related Worker	269	840
Sales Worker	358	960
Service Worker	3 633	3 760
Production & Transport Worker-Labourer	4 331	5 620
Farm and Forestry Worker	22 653	8 240
Not Economically Active	118 545	263 560
	153 089	286 370

Sources: C.T. Verwey, 1979 (see Table 6.15) and Department of Statistics, 1980 Sample Census - Region 1301, unpublished.

- (1) Magisterial Districts of Hewu, Keiskammahoek, Middledrift, Peddie and Victoria East.
- (2) Statistical region 70 which is equivalent to the 1980 versions of the districts listed in footnote (1).

FOOTNOTES CHAPTER 6.

- (1) Union Government Proclamation No 31 of 1939 which dealt with the implementation of agricultural betterment schemes in the Reserves. See Chapter 3, Section II, part 1.
- (2) Christopher Board "The Rehabilitation Programme in the Bantu Areas and its Effect on the Agricultural Practices and Rural Life of the Bantu in the Eastern Cape", S.A. Journal of Economics, Vol. 32, No 1, 1964, and D Hobart Houghton "Land Reform in the Bantu Areas and its Effects upon the Urban Labour Market", S.A. Journal of Economics, Vol. 29 No 3, 1961, for example. For general surveys see the works quoted in Chapter 3, Section II, part 1.
- (3) Government Notices No 2260 and 2262 of 1947.
- (4) Native Affairs Department, Report on Cata Location, District of Keiskammahoek, 1952; and Native Affairs Department, Report on the Rehabilitation and Settlement of Gxulu, Emnyameni and Cata Locations, Keiskammahoek District, 1958.
- (5) Native Affairs Department, 1958, op. cit.
- (6) Chris de Wet, "Perception of Change and Changes of Perception in a Ciskei Village", paper presented to the Conference of South African Anthropologists, Rhodes University, Grahamstown, 1980, p 7.
- (7) Summary of the Report of the Commission for the Socio Economic Development of the Bantu Areas (Tomlinson), U.G. 61/55.
- (8) Chris de Wet, 1980, op. cit., p 13.
- (9) J.B. McI. Daniel, "Agricultural Development in the Ciskei: Review and Assessment ", The South African Geographical Journal, Vol. 63 No 1, 1981, p 10.
- (10) Chris de Wet, 1980, op. cit. p 21.
- (11) J.B. McI. Daniel, 1981, op. cit., p 11.
- (12) Joanne Yawitch, in Betterment : the myth of homeland agriculture, S.A. Institute of Race Relations, Johannesburg, 1981, argues along the same lines for betterment projects throughout the Reserves.
- (13) M. Laker (Coordinator), The Agricultural Potential of the Ciskei, University of Fort Hare, 1978, p 59.
- (14) *ibid*, p 64.
- (15) *ibid*, p 59.
- (16) Daily Dispatch 29/6/78.
- (17) Daily Dispatch 9/10/80.
- (18) R.F. Loxton, Hunting & Associates, A Preliminary Plan for an Irrigation Scheme at Keiskammahoek, 1976.

- (19) "Irrigation in the Ciskei - a Modern Miracle", Daily Dispatch, 29/6/78.
- (20) Daily Dispatch 27/4/79. Several months later Chief L.L. Sebe echoed these sentiments. He said, "My policy in the entrepreneurial field is to establish a large cadre of middle-class farmers." Sunday Post 6/12/79.
- (21) R.F. Loxton, Hunting & Associates, 1976, op. cit., p 64.
- (22) Interview, Mr D Page, Manager Keiskammahoek Irrigation Scheme, Keiskammahoek, March, 1981.
- (23) Steffen Schneier, Dairying as an instrument for Rural Development in the Ciskei, SALDRU, University of Cape Town, 1981, p 22.
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- (36) This was indicated in interviews at the scheme, March, 1981.
- (37) See, for example, various articles in Andrew Coulson (ed), African Socialism in Practice - The Tanzanian Experience, Spokesman, Nottingham, 1979. Clearly the analogy with the Ciskei is in almost every way inappropriate. However, in terms of the functioning of parastatal corporations, the sophisticated analytical tools developed in the study of countries like Tanzania may have some value for bantustan economies.

- (38) Godden had previously served in colonial and post-colonial agricultural administration in Malawi and Swaziland, which earned him his M.B.E. It could well prove fruitful to analyse the agricultural development structure set up under his direction in the Ciskei in the late 1970s in the light of development strategies in Malawi and Swaziland.
- (39) Steffen Schneier, 1981, op. cit., p 43.
- (40) *ibid*, p 44.
- (41) See Community Health Project, Health and Health Services in the Ciskei, SALDRU, 1983, pp 36 - 39.
- (42) Daily Dispatch 23/11/78.
- (43) Daily Dispatch 2/3/79.
- (44) Daily Dispatch 6/12/80.
- (45) Daily Dispatch 2/3/79.
- (46) Foreword by Dr (sic) L.L. Sebe to the Ciskei National Development Corporation Annual Report, 1980.
- (47) From the Promotion of the Economic Development of Homelands Act, No 46 of 1968, as amended.
- (48) Extracted from B.E.N.B.O. Ciskei - Economic Revue (sic), Pretoria, 1975 (Note: the Chambers Twentieth Century Dictionary, 1972 Edition, Chambers, Edinburgh, defines "revue" as "a loosely constructed theatrical show, more or less topical and musical"). Some expenditure in agriculture is indicated but not specified : The C.N.D.C. transfers most of its agricultural interests to the Department of Agriculture and Forestry and the C.M.B. during the course of the 1970s.
- (49) Ciskei - Land of Opportunity, Information Branch, Ciskeian Government Service, N/d (1975?), p 22.
- (50) Interview with Mr Frans Jacobs, economic advisor to the Ciskei Government, seconded from Benbo, Zwelitsha, March, 1981.
- (51) Daily Dispatch 2/11/78.
- (52) Daily Dispatch 28/8/81.
- (53) Daily Dispatch 24/8/79.
- (54) Indwe No 3, Ciskei National Development Corporation, 1978.
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- (56) Swart Commission, 1983, op. cit., p 62.
- (57) *ibid*.
- (58) Daily Dispatch, 1/2/79.
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- (60) Daily Dispatch, 2/3/79.
- (61) Daily Dispatch 13/8/77 and 18/8/77.
- (62) Daily Dispatch 1/10/79.

- (63) See Nicholas Haysom, Ruling With the Whip, Centre for Applied Legal Studies, University of the Witwatersrand, Johannesburg, 1983, p 15.
- (64) Daily Dispatch 16/2/79.
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- (66) Gerhard Maré, "Class Conflict and Ideology among the Petty Bourgeoisie in the 'homelands' : Inkatha - A Study", in Development Studies Group, Conference on the History of Opposition in South Africa, University of the Witwatersrand, 1978.
- (67) Interview, Frans Jacobs, Zwelitsha, March 1981.
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- (69) *ibid.*
- (70) Daily Dispatch 15/3/79.
- (71) Daily Dispatch 30/7/81.
- (72) *ibid.*
- (73) Daily Dispatch 29/6/78.
- (74) C.N.D.C. Untitled Document (1979?), *op. cit.*, p 3.
- (75) Interview, Frans Jacobs, Zwelitsha, March 1981, *op. cit.*
- (76) Daily Dispatch 15/11/75.
- (77) C.N.D.C. Annual Report, 1982, p 22.
- (78) *ibid*, p 21. The C.N.D.C. was planning in 1982 to sell the complex to private investors. It seems that after years of losing money the complex was finally a potentially profitable investment.
- (79) C.N.D.C. Annual Report 1982, p 10.
- (80) Interview Mr J Rich, Manager Agbro, Berlin, 1981.
- (81) Interview Mrs. D Froneman, Development Officer, Aftercare, C.N.D.C., King Williamstown, March, 1981.
- (82) Interview, Mr Frans Aucamp, Opstal Produkte, Keiskammahoeck, March, 1981.
- (83) C.N.D.C. Annual Report 1982, Notes to Annual Financial Statements, p 31.
- (84) *ibid.* p 5.
- (85) See Benso Statistical Survey of Black Development 1980, *op. cit.*, Tables 107 and 108. I have subtracted the customs union income from the independent bantustan's "internally generated account" and added it to the South African injections as it is clearly a disguised grant.

- (86) See 1) J. Barker, Industrial Development in a Border Region, Institute for Social Research, Rhodes University, Grahamstown, 1965; 2) Vera Renders & B.D. Phillips, Industrial Change in the East London/King Williamstown and Port Elizabeth/Uitenhage Metropolitan Regions 1960-1970, Institute for Planning Research, University of Port Elizabeth, Port Elizabeth, 1976; 3) W.J. Davies, T.G. Lochner & C.V.R. Wait, The Greater East London/King William's Town Development Region : Towards a Strategy for Survival, Institute of Planning Research, University of Port Elizabeth, Port Elizabeth, 1980.
- (87) J. Barker, 1965, op. cit., p 51.
- (88) See Alan Hirsch & Alide Kooy "Industry and Employment in East London", S.A. Labour Bulletin, Vol. 7 No 4/5, 1982.
- (89) Derived from the Census of Manufacturing 1963-64, 1965-66, 1967-68, Department of Statistics Report 10-21-18; Department of Statistics Report 10-21-29 (Manufacturing Census) 1972; and Department of Statistics Report 10-21-33 (Manufacturing Census) 1976. No subsequent manufacturing censuses have yet been published but the report by W.J. Davies, et al, 1980, op. cit., confirms the declining trend in industrial development in East London during the 1970s.
- (90) W.J. Davies et al, 1980 op. cit., pp 37 - 40 and Table A.
- (91) *ibid*, pp 51 - 76.
- (92) Interview Mr Max Phillips, Director Western Province Preserving, former President of the Border Chamber of Industries, East London, February, 1981.
- (93) Interviews with 1) Mr J. Rich, Manager of Agbro, President of the Border Chamber of Industries; and 2) Mr J. Curry, Production Manager Chloride; both in Berlin, March, 1981.
- (94) Cosmas Desmond The Discarded People, Penguin, Harmondsworth, 1971, p 93.
- (95) Daily Dispatch, 29/6/78. This marginally conflicts with evidence obtained from the unpublished data of Benso, reflected in Tables 6.5 - 6.10.
- (96) Cape Times, 8/12/75.
- (97) Daily Dispatch, 25/8/81.
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- (99) Cape Times, 8/12/75.
- (100) Debbie Budlender et al, Industrial Council Wage Rates, SALDRU, 1984 (Iron & Steel Main Agreement, Rate I).
- (101) Cape Times, 8/12/75.
- (102) Derived from unpublished data located at Benbo, Pretoria.
- (103) Benso unpublished data, Pretoria.
- (104) Daily Dispatch 8/3/77.

- (105) Interview, Mr Neil Rosser, Technical Director, Dimbaza Foundries, Dimbaza, March 1981.
- (106) Benso unpublished data, Pretoria. Normally such detailed information on one firm would not be available, but as it was the only firm in its category classified by Benso, detailed data was available.
- (107) Interview, Mr Neil Rosser.
- (108) Interview, Mr Tony Cross, Manager Van Leer Plastics, Dimbaza, March 1981.
- (109) Daily Dispatch 29/6/78.
- (110) Interview Mr Neil Rosser, 1981. An interview with a worker did not help establish the level of wage rates. It was clear, however, that Dimbaza Foundries paid the highest average wages in Dimbaza, probably because most of their employees were men (177 out of 180) and because as trained operatives their skills became marketable.
- (111) Swart Commission, 1984, op. cit., p 58.
- (112) Daily Dispatch 2/12/81.
- (113) *ibid.*
- (114) Daily Dispatch 1/9/78.
- (115) Indwe No 10, September 1980.
- (116) Daily Dispatch 1/10/79.
- (117) Daily Dispatch 2/12/81.
- (118) Growth, Vol. 1 No 3, 1981.
- (119) Interview, Mr Dave Hart, Development Manager, C.N.D.C., King Williamstown, March 1981.
- (120) *ibid.*
- (121) Growth, Vol. 2 No 1, 1982.
- (122) Daily Dispatch, 3/4/78.
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- (125) Interview, Mr Tony Cross, 1981.
- (126) Growth, Vol. 2 No 5, 1982.
- (127) Growth, Vol. 2 No 1, 1982.
- (128) Growth, Vol. 2 No 4, 1982.
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- (131) Interview, Mr J. Day, Manager Barkor, Dimbaza, March 1981.

- (132) Ibid. Fortnightly payments with advances to workers at the intervening weekend seems to be a common form of wage system in the Ciskei.
- (133) Interview, Mr J. Day.
- (134) Figures provided by Mr Neil Rosser of Dimbaza Foundries compared with those stipulated by the Iron & Steel Industrial Council agreement, indicate a differential of about 20% for skilled operative workers (See Debbie Budlender et al, 1984, op. cit.)
- (135) According to Dave Hart, Development Manager, C.N.D.C., the labour turnover amongst women in the Ciskei was about 1%, which is extremely low, especially for semi-skilled and unskilled workers. (Interview, 1981).
- (136) Growth, Vol. 1 No 8, 1981.
- (137) Interview, Mr J. Day.
- (138) Interview, Dimbaza resident, June 1981.
- (139) Daily Dispatch 27, 28 & 29/9/77. Both employers and workers referred to the subject of the strikes in interviews, but none were forthcoming about them.
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- (144) Daily Dispatch, 24/3/80.
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EPILOGUE

"A factory, opened in the Ciskei six months ago with Taiwanese backing, making jeans for export, is already so successful that its production line will be doubled.

"The firm, China Garments, started production at Dimbaza with 150 workers.

"The number has now grown to 520 and a spokesman for the company, Mr James Nsu said: 'We expect this figure to rise above 800 when the expanded operation goes into full production.'

"'Our growth here has been nothing short of spectacular. We have found the labour here to be extremely versatile, cost effective and easy to train.'

"The company makes high quality jeans which are mainly exported to overseas markets." (The Argus 6/4/84).

* * * * *

"A record number of new applications for industrial establishment in the Republic of Ciskei was approved by the Board of the Ciskei Peoples' Development Bank at its latest meeting.

"A total of 11 new applications, representing an investment of R25,1 million and 2 364 new jobs for the Ciskeians, were approved at the meeting, together with four expansions to existing factories.

"No less than three of the new applications originate from Israel, bringing the total number of Israeli factories already approved for establishment in the Ciskei to five, with more potential establishments presently under investigation." (The Argus 17/4/84).

* * * * *

The issue of bantustan industrialisation in general, and industrial development in the Ciskei in particular, has assumed greater importance since my research began in late 1980. When I set out, the most obvious question to ask was why industrial decentralisation, to the bantustans in particular, had failed by such a great margin to reach its stated goals. This thesis has argued that, although that might have been the most obvious question,

it was not the only important question (perhaps not the most useful question) to use as a starting point for analysis. Today it is not even the most obvious question.

An examination of contemporary developments would, instead, provoke an inquiry into the ability of the current relatively rapid rate of industrial growth in the bantustans, especially in the Ciskei, to sustain itself. Flowing from that, fundamental political issues present themselves. Firstly, what does industrialisation hold for struggles within the bantustans? The internal working class is growing and developing a particular character. Other classes and strata associated with capitalist development are also expanding. New forms of struggle are on the agenda, prefigured by strike waves in Isithebe (in Kwazulu) and Dimbaza in the 1970s, and by a series of bus boycotts, also most prevalent in Kwazulu and the Ciskei.

The second question concerns the political implications of growing foreign investment in the bantustans. Will some form of foreign diplomatic recognition follow the investments of companies based in those countries? These questions mark a new phase in industrial decentralisation in South Africa.

The thesis takes the detailed analysis of industrial investment in the Ciskei up to the end of 1981, glancing at investments in early 1982. But it would not be out of place to venture speculative arguments concerning the reasons behind the emergence of a new phase.

The introduction of a new structure and level of incentives as from April 1982, has without doubt been very important. These are briefly discussed in Appendix A. In terms of the regional development strategy, the South African government presented a restructured, coordinated decentralisation of industry programme. The strategy involves a general boosting of decentralisation initiatives and a carefully determined regional priority structure. Political and economic questions are taken into consideration. Region D, which includes the Ciskei, was given the highest priority and thus the highest level of incentives. Within Region D, which includes, as well, the eastern Cape and the southern Transkei, the Ciskei itself was situated at the top

of a hierarchy of incentive packages. According to a government report the following three criteria guided the priority structure.

" - The need for employment creation as measured by the present rate of unemployment, the absolute number of unemployed and the future need for employment

" - The need for a higher standard of living

" - The potential of a development region to satisfy its own employment needs in the future through economic growth." (1)

Clearly the Economic Planning Branch of the Office of the Prime Minister regards the Ciskei as meeting all those criteria. In an interview, a senior planner said that the Ciskei/East London region was regarded as South Africa's potentially most serious "brandpunt". Urgent measures were needed, he said, in 1981, and would be applied. (2)

A second factor which has promoted industrial development in the bantustans is, it is ventured, a growing differential between wages paid in the bantustans and those paid in the manufacturing centres. It has not yet been possible to gather concrete evidence to document this growing wage gap, and the argument must be classified as speculative. However, this speculation is based on some information. A recent Saldru survey has convincingly argued that real minimum wages for African labourers in a range of industries has significantly risen over the past eleven years. (3) Amongst the reasons for this is increased worker militancy, translated into the growth of a union movement directed at black workers.

In the bantustans, trade unions are generally not able to operate freely. In the Ciskei no trade union organisation has been allowed at all. The only union that has attempted to organise in the Ciskei, S.A.A.W.U., was banned officially in September 1983. (4)

A third set of reasons for investment in the bantustans should be sought in international economic relations. Growing foreign investment in the Ciskei, and other bantustans, must be

explained. One reason for increased foreign investment is increased confidence in southern Africa as an investment prospect, consequent on the internal reforms of the South African government and its foreign policy successes in southern Africa. Another is that, as South Africa's economy and markets expand, investing in the Ciskei as a means of creeping under South Africa's tariff protection against the import of consumer goods grows, becomes increasingly attractive. Other reasons might be sought within the economies of the investing countries themselves.

* * * * *

As bantustan industrialisation enters a new phase it becomes easier to conceptualise the phases that mark its early history. In the 1960s decentralisation policy was directed towards the relocation of industry towards the bantustans to assist the programme of reversing the rural exodus. Policy was marked by a fear of urban concentration in the metropolitan centres, which could politically destabilise capitalist South Africa. It was, in many ways, an extended reaction to the popular struggles in the towns that continued from the early 1940s to the early 1960s.

In the 1970s attention shifted to the political priorities of the bantustans themselves. Forms of development within the bantustans were designed to strengthen the newly formulated political structures, intended to maintain order. The social and political problems stemming from the demographic crisis created by influx control and resettlement, had begun to make themselves felt.

By the 1980s it became clear that the political structures in the bantustans were facing massive social problems, particularly unemployment and poverty, and strengthening political structures alone would not maintain order. At the same time the bantustans were becoming increasingly attractive investment propositions. Thus emerged the regional development strategy.

These phases are matched by shifts in power between state apparatuses. The Department of Cooperation and Development, largely responsible for the implementation of bantustan industrialisation in the 1970s has been downgraded. The new strategy was formulated by planners in the Office of the Prime Minister.

The chief financing body of the new programme, the Development Bank which replaces the Corporation for Economic Development, stands outside the Department of Cooperation and Development.

* * * * *

It remains merely to repeat assertions made earlier in this epilogue. The development of industry in the bantustans is an increasingly important phenomenon in South Africa's political economy. Its implications for internal forms of class struggle are becoming increasingly clear. So, too, are the international implications of growing foreign investment in the bantustans. Further investigation is urgently required so that those concerned with the development of democracy in South Africa may be guided to action.

FOOTNOTES - EPILOGUE

- (1) Working Group for Economic Affairs, Industrial Development Proposals - An element of a coordinated regional development strategy for Southern Africa, Economic Planning Branch, Office of the Prime Minister, 1981.
- (2) Interview, Dr J.S. Visagie, Director, Physical Planning Branch, Office of the Prime Minister, Fort Hare, March 1981.
- (3) See Budlender et al, Industrial Council Wage Rates, Saldru, University of Cape Town, 1984.
- (4) Nicholas Haysom, Ruling with the Whip, Centre for Applied Legal Studies, University of the Witwatersrand, 1983.

APPENDIX A STRUCTURES AND CONTENT OF INCENTIVES

Since the institution of an industrial decentralisation programme in 1960 the provision of various forms of financial incentives have played a central role. A study of the changing structure and content of these incentives should form a central part of an analysis of decentralisation and bantustan industrialisation.

The complexities of the incentives structure, however, made analysis very difficult. Central difficulties include: 1) the fact that incentives programmes include a large number of elements - between 10 and 15 - of varying importance; 2) the problems encountered in trying to compare changing incentives over time when not only the levels alter but the very nature of the incentives might change; 3) the difficulties presented by the wide variety of packages for different regions and growth points within them.

Ideally one might wish to construct a table which indicates changes in incentives over time and draw conclusions from changing emphases demonstrated. This is, however, impossible. Even if one focussed on one region or growth point the changing form of incentives packages over time makes quantitative comparison impossible.

Certain broad trends are evident. A rough periodisation of incentives is possible:

- 1) 1960 - 1964. This period saw the application of the first incentives. These were directed at certain border areas only and were insubstantial. Industrial decentralisation took place extremely slowly during this period.
- 2) 1964 - 1968. Industrial decentralisation remained restricted to the border areas during this period but incentives were significantly raised in 1964. During this period popular decentralisation growth points such as Hammarsdale and Rosslyn grew rapidly.
- 3) 1968 - 1973. From 1968 bantustan growth points were identified in the Transkei, Kwazulu and

Bophuthatswana: The agency system now allowed "white" investments in the bantustans. Incentives were elevated all round but were marginally higher in the bantustans. Incentives were restructured to encourage capital intensive as well as labour intensive industries; the latter had been the chief target until 1968.

- 4) 1973 - 1982. During this period incentives were steadily incremented in the bantustans, with an emphasis on those bantustans headed for independence. In the border areas little change occurred.
- 5) 1982 -- The incentives packages were substantially restructured in terms of the Regional Development strategy. Most importantly increased incentives to employment and training were offered, differentiation between regions was increased with bantustan growth points remaining most favoured. In addition electricity tariffs were equalised throughout the country and transport subsidies were increased, both promoting development at more poorly located sites within bantustans. In addition, decentralisation points nearer existing metropolitan regions, introduced during the previous period, were elevated in importance.

Below examples of incentives structures in 1973 and 1982 are presented:

TABLE 7.1
INCENTIVES FOR DECENTRALISATION TO
KING WILLIAMSTOWN AND UMTATA - JUNE 1973 (1)

	King Williamstown	Umtata (3)
1. Loans available & interest rates		
(1) Land and factory buildings	Yes 3%	No (2)
(2) Plant and current assets	Yes 3%	Yes 1%
(3) Housing for white key personnel	2½% subsidy	2½% subsidy
2. Provision of leased buildings and rentals		
(1) Factory buildings - % of cost	No	Yes 4%
(2) Housing for white key personnel - % of cost	No	Yes 2½%
3. Income Tax concession (for 2 years) on		
(1) Wages for total/additional Bantu/Coloured labour	35%	50%
(2) Book value of manufacturing plant	10%	10%
4. Cash grant for moving costs - from PWV only.	Yes	Yes
5. Railage rebates (selectively on goods made in the area).	15%	Max. : 20%
6. Rebate on Harbour dues (East London only)	25%	25%
7. Price preference on purchases by:		
(1) Bantu Authorities	10%	10%
(2) Other Central and State authorities excluding the S.A. Railways	5%	5%

Note: In many cases the stated subsidies apply for five years after which a more modest subsidy applies.

(1) Source: H.R.P.A. Kotzenberg "The Policy and Programme for the Decentralisation of Industry in South Africa", Finance and Trade Review, Vol. 10 no 4, 1973, p 166.

(2) As industrialists may not own land or buildings in bantustans they receive subsidised rents rather than low interest loans for these items.

(3) Umtata incentives applied unofficially in Dimbaza from 1974.

TABLE 7.2

INCENTIVES FOR DECENTRALISATION TOKING WILLIAMSTOWN ETC. AND DIMBAZA ETC. - APRIL 1982 (1)

	Berlin Queenstown King Williamstown East London	Dimbaza Mdantsane Berlin South
(1) Rental and Interest Subsidy (10 years) (% of a "market related" interest rate	60%	80%
(2) Housing subsidy (% of interest rate)	60%	60%
(3) Employment incentives		
(1) % of total wage bill (cash grant)	80%	95%
(2) Maximum amount per worker (R per month)	R100	R110
(4) Training grant	Yes	Yes
(5) Rail rebate %	60%	60%
(6) Re-location allowance	Yes	Yes
(7) Price preference on state tenders	5%	10%
(8) Electricity subsidy	Yes	Yes
(9) Harbour rebate - East London to all S.A. ports	50%	50%
(1) Source: Information Newsletter The Promotion of Industrial Develop- ment issued with <u>South African Digest</u> 2/4/82, Department of Foreign Affairs and Information, Pretoria.		

Where comparisons are possible between the 1973 incentives lists, it is clear that the tendency has been to increase levels generally, in the Eastern Cape in this case, and to increase differentiation between the growth points inside and outside the bantustans. (Note that in 1973 there were no official growth points in the Ciskei but similar rates would have been offered in Dimbaza as in the Transkei).

Tax concessions for wages have been converted into cash grants and have increased to potentially 95% of the entire wage bill, though the, in any case rather small, concession on capital investment has disappeared. Training grants have been introduced, as has a hefty electricity subsidy to bring energy costs in line with those in the eastern Transvaal,

the lowest in the country. The rail rebate has trebled and the harbour rebate for goods shipped out of East London to any other South African port has doubled from 25% to 50%.

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Prof. Simon Bekker, Head, I.S.E.D., Rhodes University.

Mr Andre Roux Lecturer, Department of Economics, Rhodes University, & member of the Surplus Peoples Project.

* Mr Geoff Antrobus, Lecturer, Agricultural Economics, Rhodes University.

Prof Nancy Charton, Department of Political Science, Rhodes University.

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Ms Jacqui Cock, Lecturer Sociology, Member Surplus Peoples Project.

* Mr John Clarey, A.E.O. for Albany, Bathurst & Alexandria.

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Prof J.F. Potgieter, Head, Institute of Planning Research, University of Port Elizabeth.

Mr W.J. Davies, Director, Urban Foundation, Eastern Cape.

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Mr Sisa Njikelana, Official, South African Allied Workers Union.

Mr D Montgomery, Personnel Manager, Berkshire Stockings.

Mr Max Phillips, Director, Western Province Preserving, former President, Border Chamber of Industries.

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Mr John Rich, Manager Agbro, President, Border Chamber of Industries.

Mr J. Curry, Production Manager, Chloride.

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Mr David Hart, Development Manager C.N.D.C.

Mrs D Froneman, Development Officer, Aftercare, C.N.D.C.

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Mr Tony Cross, Manager, Van Leer.

Mr Barry Botha, Managing Director, Ciskei Paints.

Mr Neil Rosser, Technical Director, Dimbaza Foundries.

Mr J. Day, Manager, Barkor.

Mr Ron Hough, Manager, Southern Combing.

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Mr M. Uhlig, Director, Tyefu Irrigation Scheme.

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Dr P.J. du Toit, Economic Planner in the Office of the Department of the Prime Minister, S.A.
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Mr C. Myers, Director, Ciskei Manpower Development Centre.

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* Mr J Every, Manager, Shiloh Irrigation Scheme.

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* Mr Jan Marais, A.E.O. for Fort Beaufort, Stockenström & Victoria East.

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* Mr Peter King, A.E.O. for Stutterheim and Cathcart.

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