

A STUDY OF BANTU RETAIL TRADERS
IN CERTAIN AREAS
OF THE EASTERN CAPE

by

R. B. Savage, B. Com. (Honours)

* * * * *

Thesis submitted to Rhodes University
in fulfilment of the requirements
for the Degree of Master of Commerce

The investigation here reported was partly
financed by a grant from the
National Council for Social Research

June 1966

ACKNOWLEDGEMENTS

The author wishes to acknowledge his debt to all those who have helped, directly or indirectly, in the preparation of this work. In particular, he wishes to thank the following:

Rhodes University who awarded him a Research Scholarship;

The Officials of the Department of Bantu Administration and Development who generously gave up much of their time to supply information and advice;

The many traders, both White and Bantu, who patiently submitted to interrogation;

Mr. B. Zondani, interpreter and assistant - without him this study could scarcely have been written;

Mrs. H.S. Mostert of the Institute of Social and Economic Research, for the efficient manner in which she handled the typing of the manuscript in draft and final forms;

Finally, very sincere thanks are due to Mr. J.A.I. Agar-Hamilton, Director of the Institute, for his encouragement and guidance in the direction of this project.

R.B. Savage
Institute of Social and Economic Research,
Rhodes University, Grahamstown.

June 1966

CONTENTS

		<u>Page</u>
	ACKNOWLEDGEMENTS	
	LIST OF ILLUSTRATIONS	
	LIST OF TABLES	
<u>Chapter</u>		
1	INTRODUCTION	i
2	TRADING CONTROLLED Government Policy - Field of Research - Legislation.	11
3	BANTU SHOPS Method of Research - Classification of Retailers - Bantu Retailers; Establishment - Capital at Commencement of Business - Loan Capital - Bantu Investment Corporation - Selection of Trading Sites - Land Tenure - Buildings - Fixtures and Equipment.	23
4	ADMINISTRATION Forms of Ownership - Co-operation - Management - Employees.	43
5	THE BANTU RETAILER AND HIS OWN PEOPLE Rural Areas - Townships and Urban Locations.	55
6	PURCHASING Bantu Market - Sources of Supply - Transport - Stocks of General Dealers - Stocks of Fresh Produce Dealers - Stocks of Butchers.	64
7	SELLING METHODS, CREDIT AND MONEY- LENDING Selling Methods - Pricing and 'Cashing-up' - Credit - Money-Lending.	80

<u>Chapter</u>		<u>Page</u>
8	RECORDS KEPT, AND THE SIZE AND PROFITABILITY OF BUSINESS UNDERTAKINGS Records Kept - Size and Profitability.	88
9	PROBLEMS AND PROGRESS Rural Areas - Townships and urban locations.	109
 <u>Appendices</u>		
A	'TRADING, TRADING SITES AND TRADING LICENCES' A circular issued to Bantu Affairs Commissioners by the office of the Chief Bantu Affairs Commissioner of the Eastern Cape during 1962.	113
B	'ALLOCATION OF TRADING RIGHTS TO BANTU IN URBAN BANTU LOCATIONS.' A circular issued to local authorities on the 14th February, 1963, by the Department of Bantu Administration and Development.	124
C	QUESTIONNAIRE	128

LIST OF ILLUSTRATIONS

<u>Plates</u>		<u>Pages</u>
I and II	Residential settlements in the rural Bantu areas	Frontispiece
III	A White-owned trading store (near Alice)	10 - 11
IV	A trading store leased by the South African Bantu Trust to a Bantu - previously owned by a White (near Keiskammahoek)	10 - 11
V	One of the first rural Bantu-owned stores - built before 1930 (near Alice)	10 - 11
VI	Little better than a hut (near Fort Beaufort)	10 - 11
VII	A typical Bantu-owned store within a residential settlement (near King William's Town)	22 - 23
VIII	Another typical Bantu-owned store (near Alice)	22 - 23
IX	Zwelitsha - this block of shops belongs to the South African Bantu Trust	22 - 23
X	A Bantu-owned shop in Zwelitsha	22 - 23
XI and XII	Groups of ' <u>Reds</u> ' (near Peddie)	54 - 55
XIII	A group of 'School' people outside a Bantu-owned store (near Keiskammahoek)	54 - 55
XIV	An 'umkweta' - a boy who has been recently circumcised (near King William's Town)	54 - 55
XV	Struggling (near Peddie)	64 - 65
XVI	A fairly successful Bantu business (near King William's Town)	64 - 65
XVII and XVIII	A reasonably well-stocked Bantu business (near Peddie)	64 - 65
XIX	A flourishing business in Zwelitsha	108 - 109
XX	A successful Bantu retailer in his office at Zwelitsha	108 - 109
XXI	'Mdantsane'	108 - 109
XXII	A block of shops belonging to the Bantu Investment Corporation and leased to Bantu in Mdantsane	108 - 109

LIST OF TABLES

<u>Table</u>		<u>Page</u>
1	Retailers in the Bantu areas of the magisterial districts selected for the survey	15
2	Distribution of Bantu retailers and the numbers interviewed by magisterial districts	25
3	Distributions of Bantu retailers by types and the number interviewed within each group	26
4	Dates when Bantu retail establishments (which existed at 31st March, 1965) were first occupied by Bantu	27
5	Amounts available for investment, distinction being made between general dealers and 'other' retailers	29
6	Value of buildings owned or leased by Bantu traders in the rural Bantu areas	37
7	Value of fixtures and equipment in the shops owned or leased by Bantu traders in the rural Bantu areas	39
8	Number of rural Bantu traders who owned vehicles at the time of investigation. Vehicles have been classified according to carrying capacity	40
9	Ages and educational attainments of the Bantu who managed the establishments investigated, at the time of interrogation	46
10	Number, if any, of persons employed full-time by each Bantu general dealer at the time of investigation, distinction being made between dealers in Zwelitsha and the urban locations and those in the rural areas	50
11	Age-, sex- and educational-attainments of Bantu shop-assistants employed by Bantu retailers at the time of investigation	50
12	Monthly wages paid to individual shop-assistants employed by Bantu retailers at the time of investigation, distinction being made between the sexes and those employed in Zwelitsha and the urban locations and those in the rural areas	52
13	Total annual wages paid by each Bantu general dealer, distinction being made between general dealers in Zwelitsha and the urban locations and those in the rural areas	52

<u>Table</u>	<u>Page</u>	
14	Value of average stocks held by rural Bantu general dealers	72
15	Value of average stocks, excluding groceries, held by rural Bantu general dealers	73
16	Value of average stocks held by Bantu general dealers in Zwelitsha and the urban locations	75
17	Value of average stocks held by Bantu fresh produce dealers, distinction being made between dealers in Zwelitsha and the urban locations and those in the rural areas	77
18	Average debtors of rural Bantu general dealers shown as a percentage of annual sales (estimated)	84
19	Average debtors of general dealers in Zwelitsha and the urban locations shown as a percentage of annual sales (estimated)	86
20	Annual sales of rural Bantu general dealers	95
21	The ratio of annual sales to average stocks (at cost) of rural Bantu general dealers	95
22	Annual sales of general dealers in Zwelitsha and the urban locations	103
23	The ratios of annual sales to average stocks (at cost) of general dealers in Zwelitsha and the urban locations	103
24	Businesses of Bantu general dealers in the rural areas which have closed since 1935	110



Plates I and II. Residential settlements in the rural Bantu areas

Chapter 1

INTRODUCTION

The beginning of the eighteenth century marks the start of economic relations between the colonists of the Cape and the Bantu. As early as 1702 a quarrel about the bartering of cattle had broken out between parties of Whites and Bantu, each of which had made their way, from opposite directions, into the area between the Gamtoos and the Kei Rivers.¹

The Bantu, who were encountered in the Eastern Cape, belonged to the Xhosa-speaking tribes. They were cattle farmers who also practised some agriculture, but this was considered a subsidiary activity which was left to the women. Their economy was a self-sufficient subsistence one with each family an almost entirely self-supporting unit. Each relied on its own cattle and crops and built its own dwellings. To serve its own requirements, each family made domestic utensils out of wood, grass and clay. Iron implements were, however, made by special smiths.²

The Bantu in South Africa have no tradition of trade and commerce and such exchange as did take place was in the form of barter. The economy which developed in the Border Region of the Eastern Cape

"... epitomizes the impact of an advanced economy upon one less developed, presenting in miniature a picture of economic growth in a plural society. It is a crucible in which apparently incompatible economies are being fused and in which reaction has been taking place over a century."³

It was not until the 1770's that a permanent contact occurred between the Cape colonists and the Bantu, and it was the migration of the latter towards the west which brought to a halt the eastward expansion of the frontier farmers. Following on the precedent of the relationship between Whites and Hottentots, the Dutch East India Company laid down a policy of

isolation, non-intervention and non-intercourse. Although colonists were not permitted to barter cattle with the Xhosa, the Commission, appointed by the Cape government to define the boundaries of the Colony in 1768, reported that an extensive cattle-trade was in fact being carried on between the two.⁴

Hunters and traders went to seek ivory and to obtain cattle, which the Hottentots were becoming less and less able to provide. For the purposes of exchange, they took with them articles such as beads, copper and iron.⁵ Bartering must have been profitable for the colonists because they continued to trade with the Bantu, despite the repeated attempts of the Government to prevent this traffic which was liable to lead to trouble.

In 1778, the boundary between the colonists and the Xhosa was supposed to be the line formed by the Bushman's and the Upper Fish Rivers. The "First Kaffir War", which broke out in 1779, was not directly concerned with land or boundaries, as neither party desired to maintain a frontier because this only restricted the cattle-trade. It was a war caused by cattle-stealing, cattle-plundering and other irregularities connected with the cattle-trade.⁶

By the beginning of the nineteenth century, three "Kaffir Wars" had been fought and this unrest was to underlie the pattern of events for another four score years. In 1812 a determined effort was made to drive the Xhosa back across the Fish River and a policy of non-intercourse was again proclaimed. In 1817, however, Lord Charles Somerset, Governor of the Cape, permitted a "Kaffir Fair" to be held twice a year in Grahamstown; this was some relaxation of the official policy of non-intercourse. As a result of further war on the frontier, Somerset, in 1819, entered into a verbal treaty with Gaika, the alleged paramount chief of the frontier tribes. All the territory between the Fish and the

Keiskamma Rivers, except the ill-defined Tyumie valley which Gaika retained, was declared neutral. Apart from Fort Willshire on the Keiskamma River, the land was to be kept empty of both Whites and Bantu by military patrols.

In order to check the traders who, in defiance of orders, were already journeying into "Kaffirland", Sir Rufane Donkin, the acting Governor, permitted in 1821 a fair at Fort Willshire which in due course acquired some of the characteristics of a permanent market.⁷ At first, however, only a limited amount of trade took place at these fairs.

"My father came as a missionary to the Gaikas in 1820; and I was born at the Chumie in Kaffraria in 1821 In those early days, no article of European manufacture was seen among the Natives except a few beads, a little brass wire and buttons. Cultivation was performed by a wooden implement resembling the paddle of a canoe. Bridles were bars of wood with strips of untanned ox hide for reins; a triangular piece of iron, from one to two pounds in weight, served as an axe, and its equivalent in barter was an ox; while iron pots and tin ware vessels were nowhere to be seen, and probably all the articles sold at the periodical fairs at Fort Wiltshire on our border, where alone trade could be carried on with the Kaffirs, did not cost more than £200 in the year."⁸

As a result of the increasing White penetration, an overland trading route between Grahamstown and Port Natal (Durban) was pioneered in 1828.⁹ At that time, ivory was an important export of the Bantu territories, as were hides and skins. Trade was developed by some churches and religious societies at their mission stations in Kaffraria; the policy was to encourage the Bantu to obtain useful commodities, such as agricultural implements, iron pots and European clothing, in exchange for hides, skins and other goods. Even though the missionaries did not favour the practice of exchanging beads and buttons for ivory and other products, beads were nevertheless demanded and it would appear that the frontier tribes exchanged beads for cattle with the tribes further inland.

In 1835, after the "Sixth Kaffir War", Sir Benjamin D'Urban, Governor of the Cape, extended the boundary of the Cape Colony from the Keiskamma to the Kei River, this tract of land was called the province of "Queen Adelaide". Chiefs were later promised land in this province provided they complied with certain conditions. Resident agents were appointed as advisers among the tribes and it was the intention of D'Urban

"... to substitute colonial law for tribal custom and to introduce the Kaffirs to industry and civilisation, religion and morality 'by the power of legal coercion ... humane persuasion and example' behind the presumably defensible barrier of the Kei."¹⁰

At this time, traders were instructed to discourage the barter system and to encourage the use of cash when selling goods.¹¹

The arrangements of D'Urban were short-lived; the province of Queen Adelaide was abandoned and peace on the frontier was based on a series of treaties negotiated by Andries Stockenstrom, Lieutenant-Governor of the Eastern Province, with Bantu chiefs. The treaties failed, for within ten years there was war on the frontier again. Soon afterwards, Sir Harry Smith, then Governor of the Cape, announced the annexation to the Colony of the old neutral territory between the Fish and the Keiskamma Rivers. The land between the Keiskamma and the Kei Rivers was annexed to the Empire as the new province of British Kaffraria. Land was again made available to Bantu tribes and resident agents were appointed to supervise these reserves.

During the war of 1846-47 (The War of the Axe), an urgent need arose for a port to land troops and supplies, and thus shorten lines of communication between the base at Cape Town and the frontier. A port was at last established at the mouth of the Buffalo River and was called East London. It was annexed to the Cape Colony and not made part of the dependency in which it stood. At the end of 1849, the first grants of land

were made on the west bank near the river mouth and from then on East London was to develop into an important city.

Sir George Grey, who became Governor in 1854, felt that the Bantu should be integrated with the White community.

"We should try to make them a part of ourselves, useful servants, consumers of our goods, contributors to our revenue; in short, a source of strength and wealth for this Colony, such as Providence designed them to be."¹²

Grey promoted public works, such as the building of roads, and for this purpose employed Bantu who were paid in cash. It is noteworthy that public sentiment required those Bantu who were working on roads, bridges and other White construction projects in and around King William's Town and East London to wear European clothes. Women hawking eggs and vegetables in the towns were obliged to dress like Europeans, otherwise they were considered dirty and their wares were rejected.¹³ Grey also introduced a large measure of industrial training in the Bantu mission schools and he attempted to introduce the purchase of freehold land among the Bantu.

The "Cattle-killing" in 1857, as a result of which 5,093 half-starved Xhosa out of 37,000 survivors of the original number of 105,000 in British Kaffraria were allowed to enter the Colony and to work there,¹⁴ enabled Grey in some ways to accelerate his reforms. The checkerboard of inter-mixed settlements of White and Black, which arose as a result of the deliberate policy of settling groups of Bantu on reserves in the Cape frontier districts among White areas, had both military and economic significance. It provided a barricade against combinations of tribes and uprisings and it ensured that there would be an adequate supply of labour for the White farmers. At the same time, it was felt that close proximity to the Whites, together with the establishment of Church missions and

schools, would educate the Bantu in the crafts and agricultural methods of the Whites.

A period of prosperity, brought about to a large extent by Government expenditure and the sale of hides from the "Cattle-killing", was short-lived and the commercial activity in the area declined. While the Eastern Cape was in the process of recovery, diamonds were discovered in the Northern Cape and this resulted in the exodus of large numbers of labourers. Ivory, which had in the past been the staple export of the area, disappeared with the extermination of the elephant and prosperity was further deflected when gold was discovered on the Rand, lines of communication being laid direct from the ports. The overland route from the Cape to Natal became disused with the growth of the coastal trade, an outcome of the replacement of sail by steam. The Eastern Cape was no longer to be the focal point of interest.

After 1870, ground became of such value to the Whites that even the friendly or neutral tribes of Kaffraria were obliged to occupy less land than they had previously been allocated. The pressure of population of both men and cattle on the limited land available for Bantu occupation increased as a result of White administration and the introduction of medical and veterinary science. This, together with the failure to adapt the Bantu economy which was founded on an abundance of land, to different circumstances led to denudation of the vegetation, soil erosion and poverty in the Bantu reserves.

In 1913, the Bantu Land Act¹⁵ scheduled certain areas of South Africa for Bantu occupation and provided

"that, except with the approval of the Governor-General, a Native might not acquire from a person other than a Native, nor a person other than a Native from a Native, any land or interest in land in any area outside the Native areas described in the

"schedule to the Act and that, without such approval, no person other than a Native might acquire any land or interest in land in a scheduled Native area."¹⁶

At the time, it was realized that the areas thus made available were inadequate and correcting measures were later taken in 1936. By an Act passed in that year,¹⁷ the South African Bantu Trust was established, the responsibility of this body being to purchase land for Bantu occupation in specified areas and to administer land so acquired. A large proportion of the Bantu, who are of working age, seek employment outside the Bantu areas,¹⁸ which are small and within which there is virtually no industry.

Over the years, the Whites have integrated the Bantu into their economy and thus have become dependent on their services and co-operation. At the same time, the Bantu have learnt a great deal from "Western Civilization".

Attention is now to be paid to the development of the Bantu as consumer and as trader - the former representing the demand function and the latter the supply. The importance of the Bantu as consumer ought not to be overlooked and it was the increasing contact with the Whites which led to the moulding of Bantu wants. Changes in demand are particularly noticeable in regard to clothing, nutrition, housing, implements and domestic appliances. The Tomlinson Commission had the following to report:

"As regards alimentation, we find the use of field foods, the traditional porridges and kaffir corn beer alongside a liking for cool drinks and white bread in urban area. Besides the ornamented conical-roofed huts of the Xhosa, the beehive huts of the Zulu, and the pedi 'lapas', we find corrugated iron lean-to's, daub-walled thatched houses and modern western dwellings even in the Bantu areas, but more especially in the urban residential areas. Where implements are concerned, we find the hoe alongside of the double furrow plough and the primitive braiding instrument alongside of the sewing machine. In the huts, we find the sleeping mat beside an iron bed, wooden bowls beside plates and wooden spoons next to knives and forks."¹⁹

According to the findings of the Tomlinson Commission, the demand for manufactured goods in the Bantu areas has developed considerably over the last few decades and apart from some luxury and semi-luxury goods, there are very few modern factory products which are not used in the Bantu areas. Quantity and quality, however, differ from those purchased²⁰ by the Whites.

In this study, consideration has been given only to the Bantu in retail trade in the Bantu areas (which are predominantly rural) and in the smaller urban complexes outside these areas. Retail trade in the rural Bantu areas of the Eastern Cape has until recent years been the near-monopoly of the Whites, who still retain the bulk of this business. White traders provide the channel through which most goods are 'imported' into these areas and it is through them that a large part of all local produce is 'exported'. They act as 'middlemen', buying local produce for resale on the local domestic market. They are an important source of credit and their trading stations are important social centres in the normal run of events of the local communities. White traders have always offered other services apart from merely supplying material needs. They act as postmasters and there are frequent calls for their advice, and in cases of illness and birth, for their motor cars.

The fact that by 1910 a few Bantu already owned shops²¹ in the rural areas is significant in view of their background and the many obstacles with which they were confronted. Official encouragement has been given to the Bantu to enter retail trade in the Bantu areas since about 1934 and especially in recent years the number of shops owned by them in these areas has noticeably increased. An indication of this development up to 1952 is given by the report of the Tomlinson Commission. In 1936 there were only 119 Bantu general dealers (9.1 per cent of the total) in the Bantu

areas. By 1946, this figure had increased to 433 (24.0 per cent of the total) and by 1952 to 1,199 (45.5 per cent of the total).²² According to the Minister of Bantu Administration and Development, 2,373 general dealers' licences were issued to Bantu in the Bantu areas in 1959.²³ The Bantu are becoming increasingly 'business-conscious', although they are hampered by severe limitations.

References and Notes

1. Robertson, H.M.: "150 Years of Economic Contact between Black and White : A Preliminary Survey", Part I, The South African Journal of Economics, Vol.2 (1934), pp.403, 404.
2. Schapera, I.: "Economic Changes in South African Native Life", Africa, Vol.I (1928), p.174.
3. Hobart Houghton, D. (ed.): Economic Development in a Plural Society, (O.U.P., 1960), p.12.
4. Neumark, S.D.: Economic influences on the South African Frontier 1652-1836, (Stanford University Press, 1957), p.98.
5. Marais, J.S.: Maynier and the First Boer Republic (Maskew Miller, 1944), pp.4, 5.
6. Neumark, S.D.: Op. cit., pp.102, 103.
7. Walker, E.A.: A History of Southern Africa (Longmans, 3rd Edition, 1957), p.156.
8. Brownlee, C.: Reminiscences of Kaffir Life and History, pp.371-2, quoted by Robertson, H.M., op. cit., p.410.
9. Hobart Houghton, D. and Walton, E.M.: The Economy of a Native Reserve (Shuter and Shooter, 1952), p.65.
10. Walker, E.A.: op. cit., p.186.
11. Hobart Houghton, D. and Walton, E.M.: op. cit., pp.65, 66.
12. Speech to Cape Parliament quoted by du Toit, A.E.: The Cape Frontier: A Study of Native Policy with Special Reference to the Years 1847-1866 (Archives Year Book for South African History, 1954, Vol.I), p.88.
13. Hobart Houghton, D. and Walton, E.M.: op. cit., p.66.
14. Summary of the Report of the Commission for the Socio-Economic Development of the Bantu Areas within the Union of South Africa (U/G 61/1955), p.8.
15. Bantu Land Act, no.27 of 1913.

16. Rogers, H.: Native Administration in the Union of South Africa (Government Printer, Pretoria, 2nd Edition 1949), p.144.
17. Bantu Trust and Land Act, no.18 of 1936.
18. "Bantu areas" generally refers to areas scheduled in terms of the Bantu Land Act no.27 of 1913, as amended, and to areas released in terms of the Bantu Trust and Land Act, no.18 of 1936, as amended, of which the South African Bantu Trust or a Bantu is the registered owner (unless the context indicates otherwise).
19. Summary of the Report of the Commission for the Socio-Economic Development of the Bantu Areas within the Union of South Africa, *op. cit.*, p.14.
20. *Ibid.*, p.135.
21. Blue Book on Native Affairs, 1910 (U.17/1911), pp.179-182.
22. Report of the Commission for the Socio-Economic Development of the Bantu Areas within the Union of South Africa, Vol.9 (Pretoria 1955), Chap.22, p.13.
23. Assembly 16th June 1959, Hansard no.20, cols.8078-9.



Plate III. A White-owned trading store

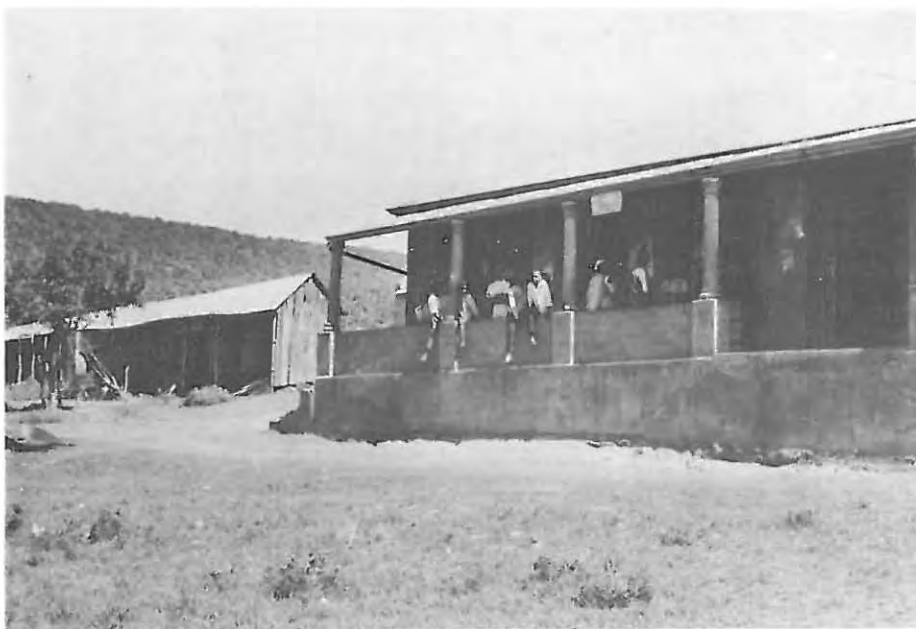


Plate IV. A trading store leased by the South African Bantu Trust to a Bantu - previously owned by a White

Chapter 2

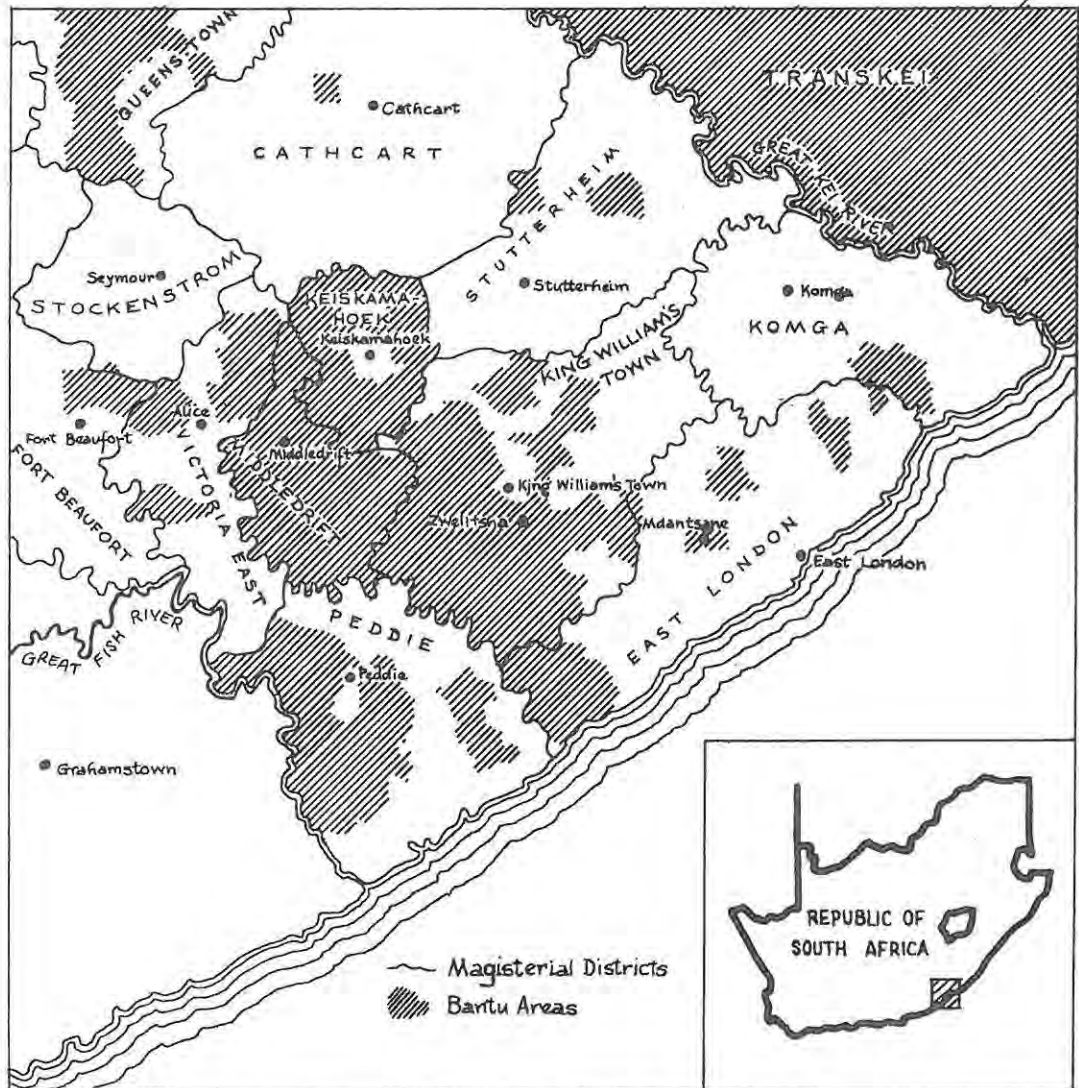
TRADING CONTROLLED

The term 'Eastern Cape' does not have any precise geographical connotation at the present time, and for the purpose of this study it is taken to refer to the stretch of land between the Great Fish and the Great Kei Rivers, extending in the North to the Amatole mountain range. The region is predominantly rural, comprising a patchwork of White-owned farms and Bantu reserves, and the only urban complex of any appreciable size is that of East London, which is the sole industrial centre. In King William's Town there are, however, a few small industrial undertakings and on the outskirts there is a large textile factory, in which the Industrial Development Corporation is a main shareholder.

In the Bantu areas there are only two townships of any significance; the one is Zwelitsha, which is roughly two miles from King William's Town, and the other is Mdantsane, some fourteen miles outside East London. Whereas construction began in Zwelitsha in 1946, building in Mdantsane only started during 1963. The population of the latter township, however, already exceeds that of the former and eventually will be considerably larger. A large proportion of the working population of Zwelitsha is employed at the textile factory, mentioned above, and Mdantsane borders a developing industrial area.

A large number of sections of Acts of Parliament, Proclamations and Government Notices are in force dealing with trading by Bantu and over and above all these the Department of Bantu Administration and Development has issued circulars to cover the position. The following discussion relates only to present Government policy and the more important legal provisions.¹

The Eastern Cape showing magisterial districts, Bantu areas and main towns



Government Policy

It is the policy of the Government to encourage the entry of Bantu into commerce in Bantu areas and, although up to 1959² no direct assistance was given to them, they have for many years received preference in respect of any new trading rights in these areas. Government policy has also been consistently opposed to the granting of any trading rights to Asiatics within the Bantu areas.

In accordance with the policy,³ Bantu are not permitted to trade in urban areas⁴ outside urban Bantu locations,⁵ which from now on will be referred to simply as 'urban locations'. This does not imply, however, that urban locations are considered Bantu areas (in fact they are not), nor that Bantu are encouraged to trade within these locations. Although in the past the Department of Bantu Administration and Development apparently was not opposed to Bantu engaging in trading activities in urban locations,⁶ it no longer adopts this attitude. Only where Bantu cannot satisfy their needs without undue inconvenience from existing businesses outside urban locations, does Government policy permit the granting of trading rights in these locations. Such rights are only granted to Bantu.

The number of Bantu retailers⁷ in Bantu areas has increased significantly as a result of Government policy.⁸ In the rural regions which were covered in this survey, Bantu retailers were only trading in these areas. In no instance was a Bantu retailer found in an urban area outside an urban location. Prior to the removal, after 1963, of large numbers of Bantu to Mdantsane, there were in the urban locations of East London between eighty to ninety Bantu retailers. Although at the time of the investigation there were still a large number of Bantu retailers in these locations, they were omitted from this study because the commercial activities of Bantu within a city are of such magnitude that they provide scope for separate

research. In the locations of the small towns there may be a few Bantu shops.

The purchasing power in the rural Bantu areas being considerably smaller than that in the urban locations, Bantu naturally prefer to trade in the latter. Prosperous townships, such as Zwelitsha and Mdantsane, offer, however, trading opportunities as attractive as those of urban locations, but at the present they are few in number.⁹ In the Eastern Cape, with its checkerboard of white and black, it is possible in some cases for townships in the Bantu areas to serve the function of urban locations. Hence, the locations of King William's Town and Alice are to be transferred to Bantu areas.

Field of Research

The following magisterial districts were chosen in which to conduct this investigation; East London, Fort Beaufort, Keiskammahoek, King William's Town, Middledrift, Peddie and Victoria East. Bantu areas make up a large part of these districts. As mentioned earlier, the Bantu retailers of the urban complex of East London have been omitted from this survey, but otherwise every other Bantu retailer within the area has been included.¹⁰ Hawkers, pedlars, speculators and the like have been specifically excluded.

All the Bantu retailers, who were included in this survey, conducted their businesses in Bantu areas, apart from five who were trading in the locations of King William's Town and Alice, which are relatively small towns. Consequently in providing statistics on areas and populations and retailers in these areas, attention has primarily been paid to Bantu areas. Table 1 sets out the scope of the research undertaken, omitting the five businesses in the urban locations. The number of White retailers within the Bantu areas of each magisterial district has been included in the table,

Table 1

Retailers in the Bantu areas of the magisterial districts selected for the survey

Magisterial districts	Areas of (a) districts (sq. miles)	Areas of (b) Bantu areas (sq. miles)	Populations (c) of Bantu areas (in 1960)	Numbers of retailers in Bantu (d) areas (as at 31st March, 1965)		
				Bantu	White	Total
East London	693	141	16,600	9	1	10
Fort Beaufort	495	22	5,600	8	1	9
Keiskammahoek	218	193	20,300	6	12	18
King William's Town	854	508	67,500	31	21	52
Middledrift	279	278	28,000	5	23	28
Peddie	669	278	20,300	9	3	12
Victoria East	369	115	13,900	14	6	20
Total	3,577	1,535	172,200	82	67	149

Source: (a) The areas given above of the magisterial districts are according to Research Report no.7 of the Bureau of Market Research, University of South Africa (1963), pp.191, 192.

(b) The areas given above of the Bantu areas are estimates supplied by the Department of Bantu Administration and Development at the time of investigation (rounded off to the nearest sq. mile).

(c) Populations of Bantu areas are estimates based on the returns of the Census taken in 1960 (rounded off to the nearest 100).

(d) The numbers of retailers in Bantu areas were supplied by the Department of Bantu Administration and Development.

although White retailers do not form part of the subject of this survey. It should be remembered, however, that a significant number of White retailers carry on businesses from just outside the Bantu areas. Whites are the only non-Bantu to hold trading rights in the Bantu areas under consideration.

LEGISLATION¹¹

(a) Bantu areas

Licensing Procedure

Section 24(3) of the Bantu Trust and Land Act no.18 of 1936 (as amended) states:

"No licence to carry on any profession, business, trade or calling in any scheduled Bantu area or on land in a released area of which the Trust or a Bantu is the registered owner, shall be issued or renewed save with the permission of the Minister first obtained, who may grant or refuse permission for the issue of any licence or any renewal thereof and may, notwithstanding anything in any other law, direct that any such licence shall be issued or renewed, as the case may be. A certificate under the hand of the Secretary for Bantu Administration and Development shall be conclusive proof of such grant, refusal or direction."

The provisions of this sub-section do not apply to the renewal of any licence which was in force at the commencement of the Act. The powers of the Minister (of Bantu Administration and Development) with respect to the issue and renewal of licences, save only his power to direct such issue or renewal, have been subsequently delegated to the several Chief Bantu Affairs Commissioners in respect of their areas of jurisdiction.¹²

As a result of the wide powers afforded to the Minister in terms of this sub-section and of Government policy to encourage Bantu to open businesses in Bantu areas, no Whites have been granted new trading sites in the Bantu areas under consideration within recent years. On the other hand, Bantu have either opened new shops or have leased shops from the South

African Bantu Trust, which has taken over White-owned stores in the course of buying up White-owned land for the purposes of Bantu occupation. A few Bantu have even bought out White traders on their own account. In townships, the restriction of granting trading sites only to Bantu was finally made absolute in terms of regulation 5 of chapter 3 of Proclamation no. R293 of 1962. Trading in townships is regulated in terms of this chapter.

The licensing procedure relating to Bantu, adopted in the rural Bantu areas, is described below in broad outline, but it can vary according to the circumstances. A Bantu who wishes to open a shop on land belonging to the South African Bantu Trust must apply to the Bantu Affairs Commissioner for a trading site. The approval of the local headman and the 'Bantu Authority' is required. The applicant must supply certain information to the Commissioner (see Appendix A), who reports to the Chief Bantu Affairs Commissioner, who in turn submits the application with his comments to the Secretary for Bantu Administration and Development.

Should the application be approved in principle, the applicant must then approach the Divisional Council in whose area the trading store is to be erected. It is the duty of this body to satisfy itself that the building in which the business will be conducted is suitable from a public health point of view and that the applicant is of good character.¹³ A plan of the proposed premises must, along with other information, be supplied to the Council. The Council, satisfied that the building meets public health requirements and that the applicant is of good character, will issue a certificate of 'Registration of Business'.

A copy of this certificate must be forwarded by the applicant to the Bantu Affairs Commissioner, who applies to the Chief Bantu Affairs Commissioner for his approval of the issuing of a licence. Only after this has

been given, may the Department of Inland Revenue issue the applicant with a licence which entitles him to commence business.

The renewal of a licence every year is virtually automatic, but the approval of the Chief Bantu Affairs Commissioner is required. Anything adverse, for example a criminal offence or non-compliance with the terms of the 'Permission to Occupy', may, however, preclude the renewal and result in termination of the trading rights. The transfer of a licence is, broadly speaking, subject to the same procedure as outlined above for new licences.

In 1955, the Tomlinson Commission reported that the application procedure (with respect to licences) was not satisfactory; this is still the case.¹⁴ The procedure remains cumbersome and for a Bantu wishing to open a shop it is confusing. He must first approach the Bantu Affairs Commissioner in order to obtain a site. The approval of the local headman and the 'Bantu Authority' is required. Thereafter, the applicant must approach the Divisional Council and after dealing with this body, he must go back to the Commissioner. The duties of the Divisional Council could adequately be performed by the Department of Bantu Administration and Development: this would save time and expense, remove any possibility of conflict arising between the two bodies and ensure uniformity in 'public health' standards.

Whether an application is approved or not, depends to a large extent on the recommendation of the Bantu Affairs Commissioner, and it is submitted that too great a responsibility is placed on Commissioners, whose duties already cover a wide field. Trading is a specialized branch of activity and calls for specialized attention.

Over-trading

The Department of Bantu Administration and Development enforces a

two mile radius in respect of businesses of the same or approximately the same nature, even where the existing business is outside a Bantu area: in rural White areas no radius rule is legally enforceable. This two mile radius may, however, be relaxed if the population is very dense, or the circumstances otherwise justify it. In the course of rehabilitation, provision is made for residential settlements, and trading sites are only made available within these settlements.

Townships are planned most carefully and provision is made for shopping centres. Licences are allocated on the basis of a quota, determined by the number of households to be served by each business.

If Bantu traders are to be assisted, then trade control is essential. Should the Bantu be allowed to open up shops wherever they like, it is most probable that a large number would soon find themselves in difficulty. Failures would more than likely discourage potential 'new-comers' and stultify the policy of encouraging Bantu to enter commerce. On the other hand, trade control, however desirable, should not eliminate all competition.

Prevention of Trade Monopolies

To prevent monopolies in rural Bantu areas, Proclamation no.104 of 1933, as amended, was promulgated:

"No person who is the holder of a general dealer's licence and no person married (whether in community of property or not) to the holder of a general dealer's licence shall take out or attempt to take out a licence to trade on any other site which is within a distance of twenty miles of the site already occupied or owned by him or his or her spouse as the case may be;"

The Proclamation also prohibits such a person from purchasing, leasing, acquiring or taking transfer of a second right as described above. There are a few other provisions, but the main purpose is that of preventing any person from gaining monopolistic control. The Minister of Bantu

Administration and Development may, in his discretion, relax the main provisions referred to above in the case of Bantu. The Proclamation makes it extremely difficult for a person to conduct a number of businesses and ought possibly to be revised.

Delivery

Sub-section (b) of section 1 of Proclamation no.72 of 1958 makes it illegal for persons outside Bantu areas to sell or deliver or take orders to sell or deliver in Bantu areas. Permission is, however, sometimes granted to persons to do so. Cases were encountered where traders were not observing this law.

Prohibition on Barter

As far back as 1836, traders were instructed to discourage the barter system and to encourage the sale of goods for cash. In terms of Proclamation no.305 of 1947, the barter system,

"under which credit notes, tokens or other non-negotiable instruments, or goods, wares, merchandise or livestock are given by traders and others to Bantu in payment of or in exchange for livestock and produce offered for sale by Bantu,"

is prohibited in Bantu areas. Cash must be paid for any produce or livestock offered for sale, but barter between two Bantu, where neither is a trader or active in any trading profession, is specifically excluded from the provision of the Proclamation.

The Proclamation aims to safeguard consumers from possible exploitation. The regulation is, however, difficult to enforce and barter, in fact, does take place, but to what extent would be difficult to say.

(b) Urban locations

Should a Bantu wish to open a shop in an urban location, he must make application to the local authority. (Government policy with regard to trading in urban locations is set out in Appendix B). Some local

authorities have been opposed to allowing Bantu to trade in the locations because of the detrimental effect on businesses outside these areas.

The Bantu, as a group, lack business experience and training and consequently require every possible assistance. It is therefore necessary to regulate trade, but this should only be done by 'Specialists'.

References and Notes

1. "The more important legal provisions" refers to those which prevailed in the Eastern Cape at the 31st March, 1965.
2. The "Bantu Investment Corporation of South Africa Limited" was established by Act of Parliament no. 34 of 1959 with the object of promoting and encouraging the economic development of Bantu persons in the Bantu areas (as defined in the Act which was later amended by section 15 of the Bantu Laws Amendment Act no. 46 of 1962). The activities of this body are set out in chapter 3, pp. 30-33.
3. The current policy of the Government with respect to the allocation of trading rights to Bantu in 'urban areas' (as contained in Circular Minute no. A.12/1-A.8/1, and issued to local authorities on the 14th February 1963 by the above-mentioned Department) is set out in Appendix B.
4. 'Urban areas' refers to areas outside Bantu areas and under the jurisdiction of urban local authorities, unless the context indicates otherwise.
5. 'Urban Bantu locations' refers to areas within 'urban areas' set aside for Bantu occupation.
6. A Survey of Race Relations in South Africa 1963 (South African Institute of Race Relations, Johannesburg, 1964), p. 150.
7. 'Retailer' means a person who sells, from a fixed establishment, merchandise direct to the consumer for the latter's personal and household use, and any reference to 'numbers of retailers' signifies not the actual numbers of individuals involved but the numbers of establishments.
The words 'Retailer' and 'Trader' have been used synonymously.
8. The Minister of Bantu Administration and Development stated:
"The policy to give preference to the Bantu in regard to trading in their own areas, is pursued vigorously as is illustrated by the following figures. Up to 1948 a total of 5,063 trading sites had been granted. 59 per cent of the total sites was granted to Bantu

and 41 per cent to non-Bantu. For the period 1949 to 1960 a total of 1,348 trading sites were granted - 94 per cent of the total to Bantu and 6 per cent to non-Bantu. During 1961 and 1962 a total of 274 trading sites was granted, 99 per cent to Bantu and 1 per cent to non-Bantu. Of the total of 6,685 trading sites granted, 68 per cent are at present being held by Bantu and 32 per cent by non-Bantu."

(Senate Debates, 10 June 1963, Hansard, col.4126.)

9. Any reference to townships means townships in Bantu areas, unless the context indicates otherwise. Within these complexes, Bantu are encouraged to open businesses of their own.
10. 'Every other Bantu retailer' refers only to licensed retailers. Little illegal trading was found to exist in the Bantu areas. As one could expect, a limited amount of dagga-running does take place, and a few Bantu operate undertakings without having obtained the necessary authority.
The following were excluded:
 - (a) Bantu, who held only one or more of the following trading licences;
 - (1) 'Miller'.
 - (2) Restaurant, Refreshment- or Tea-room keeper.'
 - (3) 'Eating-house keeper.'
 - (b) The Bantu who has recently opened a hotel in Zwelitsha and who has an 'Off-sales'. (In addition he holds an 'Aerated or Mineral Water Dealer' licence.)
11. A circular issued to Bantu Affairs Commissioners by the office of the Chief Bantu Affairs Commissioner of the Eastern Cape during 1962 and covering 'Trading, Trading Sites and Trading Licences' is given in Appendix A.
12. The area covered in the survey falls under the jurisdiction of one Chief Bantu Affairs Commissioner. Each magisterial district (in which this investigation was conducted) had its own Bantu Affairs Commissioner.
13. Section 5 of Ordinance 15 of the Province of the Cape of Good Hope of 1953 (as amended).
14. Report of the Commission for the Socio-Economic Development of the Bantu areas within the Union of South Africa Vol.9 (Pretoria 1955), chapter 22, pp.10, 11 and 12.



Plate VII. A typical Bantu-owned store within a residential settlement



Plate VIII. Another typical Bantu-owned store

Chapter 3

BANTU SHOPS

Literature on Bantu retailers in Bantu areas is meagre. The Report of the Tomlinson Commission provides useful information, and the University College of the North has recently published a booklet which deals with Bantu retailers in the "Bantu Commissioners'" districts of Pietersburg and Bochum in the Northern Transvaal.¹

Method of Research

Initially, contact was made with the office of the Chief Bantu Affairs Commissioner, whose staff provided valuable information with regard to legislation, trading regulations, administrative action, procedure and the distribution of retailers. The investigator and a Bantu assistant spent five months in the field (from the end of March to the beginning of September 1965) collecting material for this study. There were eighty-seven Bantu retailers trading in the magisterial districts selected for this investigation. This figure does not include Bantu retailers in the urban locations of East London. The original intention was to question in detail every retailer and this was carried out in the districts of Keiskammahoek and Middle-drift, up to six hours being spent with each trader. It became clear that no useful purpose would be served by continuing to question in detail every retailer, and consequently the investigator decided to interview only 50 per cent of the remainder, but to visit the others so as to ensure that the sample was representative. On the whole this proved to be satisfactory. A list of retailers in alphabetical order was compiled for the rural areas of each magisterial district and a similar list was drawn up for each urban area. For this purpose, Zwelitsha and Mdantsane were considered as separate urban areas. From these lists, every second retailer was

selected for interview.

A questionnaire was used as the basis for oral interrogation, being adapted slightly according to circumstances.² The difficulties encountered in the rural areas were considerable. Because of the distances, it was not possible to contact traders prior to an interview, postal communication being considered unsuitable. One of the main problems encountered was to find traders at their shops; some stores had to be visited four or five times before the owner was found in attendance.

At the beginning of an interrogation, it was left to the Bantu assistant to approach the retailer by himself and explain the purpose of the visit. On the whole retailers were extremely suspicious at the outset, but once their confidence had been won they proved to be most co-operative. To give an idea of the suspicion aroused, one Bantu trader was emphatic that the person required was in Port Elizabeth and it was only after a lapse of a quarter of an hour that he sheepishly admitted that he was in fact the person. Only one business selected for investigation had to be omitted because the owner was teaching at the time in another part of the Cape and the person in charge was unable to provide much information. To supplement information gathered from the Bantu retailers, assistance was also obtained from White traders, book-keepers and suppliers of merchandise.

Table 2 shows the distribution of traders by magisterial districts and the number of traders interviewed within each district. Although originally the investigator had decided to interview 50 per cent of the Bantu retailers in Mdantsane, he later found on discussion with the Bantu Affairs Commissioner that to do so would serve no useful purpose because, the township being in the early stages of development and the population warranting many more shops, the retail businesses conducted there at the time of the investigation were not representative of those soon to be established.

Table 2

Distribution of Bantu retailers and the numbers interviewed
by magisterial districts

Magisterial districts	Bantu retailers as at 31st March, 1965 ^(a)	Bantu retailers interviewed
East London	9	3 ⁽²⁾
Fort Beaufort	8	4
Keiskammahoek	6	6
King William's Town	35	19
Middledrift	5	5
Peddie	9	6
Victoria East	15	9
Total	87 ⁽¹⁾	52 ⁽³⁾

Source: (a) The numbers of Bantu retailers in Bantu areas were supplied by the Department of Bantu Administration and Development and the numbers in urban locations by the local authorities concerned.

Notes: (1) The number of Bantu retailers in each township and each urban location (East London excluded) is set out below:

<u>Magisterial districts</u>	<u>Townships* and Urban locations (of)</u>	<u>Bantu retailers</u>
------------------------------	--	------------------------

East London	*Mdantsane	4
King William's Town	King William's Town	4
	*Zwelitsha	11
Victoria East	Alice	1

(2) Only three of the nine Bantu retailers in the magisterial district of East London were interviewed, because it was decided to omit the Bantu retailers in Mdantsane.

(3) Excluding the four Bantu retailers in Mdantsane, approximately 63 per cent of the total were interviewed.

Classification of Retailers

It is misleading to classify retailers according to each type of trading licence which they hold, because sometimes a retailer may hold a number of different types of trading licence in respect of the same establishment. To obviate this difficulty, the following classification has been made:

- Group A: General Dealers. (Includes those retailers who hold, in respect of the same business, in addition to a 'General Dealer' licence one or more of the following types of licence; 'Aerated or Mineral Water Dealer', 'Fresh Produce Dealer', 'Patent and Proprietary Medicines' and 'Restaurant, Refreshment- or Tea-room Keeper'.)
- Group B: Fresh Produce Dealers. (Includes those retailers who hold, in respect of the same business, in addition to a 'Fresh Produce Dealer' licence one or more of the following types of licence; 'Aerated or Mineral Water Dealer' and 'Restaurant, Refreshment- or Tea-room Keeper'.)
- Group C: Butchers.³

Table 3 shows the distribution of Bantu retailers by types (as classified above) and the number interviewed within each group. It is worthy of note that all White traders in the Bantu areas covered by this survey held a general dealer's licence apart from other licences.

Table 3

Distribution of Bantu retailers by types and the number interviewed within each group

Magisterial districts	Types ^(a)			Total
	Group A	Group B	Group C	
East London	7	1	1	9
Fort Beaufort	7	1	-	8
Keiskammahoek	5	1	-	6
King William's Town	29	5	1	35
Middledrift	4	1	-	5
Peddie	9	-	-	9
Victoria East	11	3	1	15
Total	72	12	3	87
Numbers interviewed	43	8	1	52

Source: (a) Information in respect of Bantu areas was supplied by the Department of Bantu Administration and Development, and in respect of urban locations by the local authorities concerned. (Information has been checked with other sources.)

Bantu Retailers: Establishment

The Bantu are showing a keen interest to enter commerce. This would appear to be a fairly recent development; a teacher, who qualified in 1947, was heard to observe that in his day it had been the vogue for ambitious men to teach, but that this was no longer the case. The shop-owner, he considered, held a more coveted position. Important incentives to trade are

- (a) the feeling of independence arising from having one's own business,
- (b) the status attached to running one's own business,
- (c) the widespread opinion that large profits are to be made, and
- (d) the notion that the work involved does not require extraordinary exertion.

Table 4

Dates when Bantu retail establishments (which existed at the 31st March, 1965) were first occupied by Bantu

Magisterial districts	Dates ^(a)					Total
	Prior to 1st January, 1946	1946- 50	1951- 55	1956- 60	1961-31st March, 1965	
East London	-	-	1	1	7	9
Fort Beaufort	1	1	1	5	-	8
Keiskammahoek	-	1	1	3	1	6
King William's Town	-	5	6	10	14	35
Middledrift	-	-	-	1	4	5
Peddie	-	-	5	1	3	9
Victoria East	2	1	4	5	3	15
Total	3	8	18	26	32	87

Source: (a) Information in respect of Bantu areas was supplied by the Department of Bantu Administration and Development, and in respect of urban locations by the local authorities concerned. (Information has been checked with other sources.)

Of the sixty-seven Bantu-occupied shops which existed in the rural Bantu areas at 31st March, 1965, only nine had at one time or another been occupied by White traders. Four of these were leased from the South African Bantu Trust which had bought them in the process of acquiring land for Bantu occupation. The Bantu have normally not been able to purchase White-owned trading stations because they have not had the capital, but the Bantu Investment Corporation, which was incorporated in 1959, has done much to overcome this problem. A number of White traders reported that within recent months they had been approached by Bantu concerning the sale of their shops.

Capital at Commencement of Business

Few of the Bantu retailers who were interviewed had carefully considered how much capital they would need before they commenced in business. Some hopeful Bantu even apply for trading sites on which to open general dealer's stores with an initial capital of only R400-00. Ignorance accounts for the fact that they are prepared to open businesses with such limited resources.

Approximately 58 per cent of the retailers shown in Table 5 commenced business with less than R1,501-00; in the case of general dealers, the percentage is slightly lower. All the four general dealers who were interviewed in Zwelitsha started business with an initial capital of at least R2,000-00, three of them having more than R3,000-00. Thirty per cent of the retailers who commenced business between the beginning of 1951 and the end of 1955 started with an initial capital of over R1,500-00, between the years 1956 and 1960 this percentage increased to approximately 38 per cent and between 1961 and the 31st March, 1965, to approximately 48 per cent. It appeared that a large number of Bantu commence business with too little capital - the investigator considers that a Bantu who

Table 5

Amounts available for investment, distinction being made between general dealers and 'other' retailers⁽¹⁾

Date of commencement of business	Amounts available for investment ^(a)												Total	
	Less than R501-00		R501-00 - 1000-00		R1001-00 - 1500-00		R1501-00 - 2000-00		R2001-00 - 3000-00		R3001-00 and over			
	A	B	A	B	A	B	A	B	A	B	A	B		
Prior to 1st Jan., 1946	-	-	1	-	-	-	-	-	-	-	-	-	-	1
1946-50	-	-	-	-	-	-	1	-	-	-	-	-	-	1
1951-55	1	-	4	-	2	-	1	-	2	-	-	-	-	10
1956-60	-	1	2	1	3	1	3	1	1	-	-	-	-	13
1961-31st March, 1965-	1	1	2	2	8	-	2	2	4	-	5	-	-	27
Total	2	2	9	3	13	1	7	3	7	-	5	-	-	52

Source: (a) Estimates⁽²⁾ based on information supplied by Bantu retailers.

Notes: (1) General dealers are indicated in the table by the letter "A", and "other" retailers, which refers to fresh produce dealers and one butcher (only one butcher was interviewed), by the letter "B".

(2) Where Bantu have leased or inherited stores, or have been in the possession of vehicles prior to commencement of business, constant values have been allocated to these savings.

intends opening a general dealer's store in the rural areas requires at least R1, 500-00 - and consequently they have to struggle to survive.

Loan Capital

The low earnings of Bantu workers make it extremely hard for them to accumulate capital and until the establishment of the Bantu Investment Corporation in 1959 it was exceedingly difficult for the Bantu to raise loans. Most Bantu are unable to borrow from commercial banks and other lending institutions as they can offer no acceptable security. Seldom was a case found where a Bantu retailer had borrowed from a member of his own race; this is not surprising as few Bantu have the money to make loans. The Department of Bantu Administration and Development, before granting trading sites to Bantu in Bantu areas, investigates whether the applicants are to be financed by non-Bantu. This is to ensure that members of other races (e.g. Whites and Indians) do not trade in Bantu areas as undisclosed principals.

Bantu Investment Corporation

The Bantu Investment Corporation was created by Act of Parliament no. 34 of 1959, which has subsequently been amended. It is a public corporation, in which the South African Bantu Trust is the only shareholder. The objects of the Corporation are, to quote the preamble of the Act (which established it),

"to promote and encourage industrial and other undertakings and to act as a development, financial and investment institution among Bantu persons in the Bantu areas,"

To achieve these aims, the Corporation at present undertakes the following tasks:⁴

(a) Financial assistance to Bantu businessmen and industrialists

The prime function of the Corporation is to assist Bantu, who require financial aid for commercial or industrial undertakings in the Bantu

areas. Bantu can apply for financial assistance for the extension of existing or the establishment of new undertakings. Every applicant for a loan is investigated, *inter alia*, as to the payability of the undertaking, the business experience of the applicant, the profits the business yielded or can be expected to yield and the security which can be offered. The Act specifically provides, however, that the Corporation may lend money 'without security'. The conditions on which every loan is granted are determined by the Board of Directors.

(b) Establishment of industries within the Bantu areas

The Corporation establishes and conducts industrial undertakings, where Bantu are unable or unwilling to do so, or where sufficiently competent Bantu are not available to manage them. The intention is that the Corporation should start an undertaking, employ as many Bantu as possible and train them so that eventually they can take it over.

(c) Housing Loan scheme

The Corporation has evolved a 'house-building loan' scheme to enable Bantu to build their own houses according to their individual tastes within the Bantu areas.

(d) Mobilization of Capital

A scheme to mobilize Bantu savings has been started by the Corporation in order to finance development in the Bantu areas. Any Bantu, whether he lives inside or outside the Bantu areas, can invest his money with the Corporation and facilities are provided for savings accounts and for fixed and indefinite period deposits. The rates of interest offered are in accordance with those of building societies elsewhere in South Africa.

(e) Furnishing of advice, information and guidance

In addition to providing financial assistance, the Corporation also

furnishes advice, information and guidance to Bantu in the conduct of their businesses. Every Bantu in the Bantu areas, who wishes to start or extend a business, may make use of this service irrespective of whether or not he has received or is about to receive financial assistance from the Corporation.

Between its inception and the 31st March, 1965, the Corporation had assisted or was on the point of assisting fourteen Bantu retailers within the magisterial districts selected for the investigation. For this purpose it had lent or had approved of loans worth approximately R44,500-00. Loans varied in size from R400-00 to R10,000-00. Two loans worth approximately R1,000-00 had been repaid in full and no retailer had, up to the 31st March, 1965, failed to repay a loan.

In the Transkei, where the Corporation has been particularly active, it has recently bought a White trading station, some nine miles from Umtata, to serve as a training centre where Bantu can be instructed in shop-management. A course is at present being prepared and from six to eight Bantu will attend at a time. The previous owner is to remain at the station in the employ of the Corporation as manager-instructor. The duration of the course will depend on the candidates - how quickly they can absorb the training - and if they meet the required standard they will be helped financially to go into business themselves. This scheme is the first of its kind to be introduced by the Corporation throughout the Republic of South Africa and became necessary because difficulty was being experienced in finding suitable Bantu who wished to take over White trading stations. If successful, the scheme will be introduced in other areas.

A number of retailers complained that the rates of interest charged by the Corporation were excessive. They are, however, similar to the rates charged by building societies. A few had no idea of how much interest

they were paying and some regarded the legal agreements with the Corporation as yet another way of becoming ensnared, refusing to borrow money for this reason. According to traders, it takes a long time to obtain a loan from the Corporation and it appeared that none of them had sought any assistance other than financial - possibly they were not aware that the Corporation is prepared to assist traders in the conduct of their businesses even if they have not received financial assistance. One shopkeeper was puzzled as to how the Corporation could assist him. He had heard that it 'gave money away', but what surprised him was that the money had to be repaid.

Selection of Trading Sites

(a) Rural areas

Traders in most rural areas today are spared one problem which faced their predecessors. In the past huts were scattered far and wide and large concentrations of dwellings were uncommon. Now, however, each rehabilitation scheme in a Bantu area has resulted in a residential settlement. Trading sites are only made available within these settlements. Traders still, however, have the responsibility of making the important decision concerning the settlement in which they propose to open.

Some Bantu traders have been required to move as a result of planning. Only in exceptional cases, however, are they paid compensation.⁵ On the other hand, White traders have not been moved, but some of their businesses have been seriously affected by planning.

The Department of Bantu Administration and Development has for many years enforced a radius rule in the rural Bantu areas and continues to do so. This rule may, however, be relaxed if the population is very dense, or the circumstances otherwise justify it. It appears that within certain magisterial districts the Divisional Council has enforced a radius rule

for an even longer period of time, although strict legal authority has been lacking. Apparently a rule of five miles was once applied and as a result of discussions with the Department it was reduced to two miles. Disputes have arisen on a number of occasions between the two bodies concerning the rule.

In connection with the control of trade, it must be remembered that a given area can carry more Bantu traders, with their lower standard of living, than Whites. An income of R1,500-00 a year would, for example, be a very good inducement for a Bantu to carry on his business, although not many Whites would regard it as such. The recent growth in numbers of Bantu traders has affected the businesses of some White traders and the latter are consequently anxious to sell their stores. One White trader has found that within recent years he is competing against two Bantu traders. Although the combined annual sales of the latter do not amount to more than R12,000-00, the sales of the former have been seriously affected. Even as regards Bantu traders, it was felt that certain areas were at saturation point. Naturally Bantu traders, who enjoyed the protection of trade control, approved of it, but Bantu, who had been debarred from trading in a particular area as a result of it, were violently opposed to control of this nature.

On the whole the Bantu have chosen to trade in the areas in which they had been brought up. One Bantu trader, however, determined to escape the rivalry of the Whites, chose a site as far removed from them as possible, only to find that his store, while certainly free from competition, was equally devoid of customers.

(b) Townships and Urban locations

The townships in Bantu areas have been planned most carefully and provision has been made for shopping centres within each. Where Bantu

have been permitted to trade in urban locations, the local authority concerned has decided where shops may be opened.

Land Tenure

(a) Rural areas

Most of the land in rural Bantu areas belongs to the South African Bantu Trust which leases sites to Bantu traders. The latter are issued with a 'Permission to Occupy', which is for an indefinite period, adequate provision being made for termination for good reason. For a quarter of a morgen site, traders are charged R24-00 per annum. On the whole Bantu traders did not appear to be satisfied, and they complained about the lack of security of tenure and the fact that rent had to be paid.

(b) Townships and Urban locations

Traders in the townships are encouraged to hold their sites under a 'Deed of Grant'.⁶ This deed may not be transferred to any person other than a Bantu, who has been approved by the Secretary for Bantu Administration and Development. As a general rule, urban local authorities lease sites in the locations to traders.

D. Hobart Houghton and G.S. Lumsden, in writing about the disabilities which affected the Bantu traders as a class, said in 1958;

"One of the major difficulties of which there was general and widespread complaint was the lack of security of tenure and the inability to acquire property on freehold. The adverse effect of this in mortgaging property to raise loans for capital development is a severe deterrent to expansion."⁷

A year later the Bantu Investment Corporation was formed, and the investigator has found that at present the inability to acquire property on freehold in the Bantu areas is not a severe deterrent to expansion, because Bantu are able to raise loans with the Corporation within the terms of their land tenure in whatever area they happen to be.

Buildings

(a) Rural areas

Divisional Councils (as has been previously mentioned) are obliged in terms of section 5 of Ordinance 15 of 1953, as amended (Ordinance of the Province of the Cape of Good Hope), to satisfy themselves that buildings meet public health requirements. Standards differ widely. The standard enforced in the magisterial districts of East London and Peddie is high, while in the Bantu areas of Fort Beaufort and Victoria East it would appear that no standard is enforced at all. A natural consequence of this is that the buildings in the latter areas are inferior to those in the former.

On the whole, stores belonging to Bantu general dealers are much smaller than White trading stations, too small to carry the large variety of goods which one expects to find in the latter. Bantu fresh produce dealers' shops tend to be smaller than those belonging to Bantu general dealers.

A typical Bantu-owned shop, in a planned area, stands on a quarter-morgen plot which according to Departmental regulations is required to be fenced. It is surrounded by huts and one or two small houses, while a road of sorts runs past it. Apart from a board which is provided by one of the large suppliers and which advertizes the name of the shop, there is little to distinguish it from the occasional rectangular dwellings. The white-washed building is approximately fifteen by thirty-five feet in area. An interior wall separates the store-room from the rest of the shop and windows provide adequate ventilation and light. The walls are of baked brick and the floor is cement. The whole shop is spotless and the shop-keeper takes great care to keep it that way. The wooden counter stretches the length of the shop and the wooden shelves are partly stocked with groceries. A roughly made display case and two small scales are the only

articles on the counter. Numerous advertisements adorn the walls and dangle from strings attached to the roof, evidence of the concentrated effort being made by factories to secure a foothold in the Bantu market.

In some cases the buildings consisted of little more than huts, but in others they were most impressive. One Bantu, the owner of two large shops in an urban location, bought out a White trader in a rural Bantu area. He did not consider the newly purchased premises large enough and so had a shop built which, for its rural situation, was most imposing. The buildings in most cases had weathered reasonably well and the dwelling houses of the more successful Bantu traders were usually quite respectable. Few Bantu had insured their shops on their own account, but where they had leased them from the South African Bantu Trust they were obliged to do so, the policies being ceded to the Trust. The same was the case where Bantu had been granted loans by the Bantu Investment Corporation. Table 6 indicates the value of the buildings.

Table 6

Value of buildings owned or leased by Bantu traders
in the rural Bantu areas⁽¹⁾

Magisterial districts	Value of buildings ^(a)					Total
	Less than R501	R501-1000	R1001-1500	R1501-2000	R2001 & over	
East London	-	1	1	1	-	3
Fort Beaufort	3	-	1	-	-	4
Keiskammahoek	1	2	1	-	2	6
King William's Town	2	3	2	3	-	10
Middledrift	1	2	-	1	1	5
Peddie	1	1	1	1	2	6
Victoria East	5	1	1	1	-	8
Total	13	10	7	7	5	42

Source: (a) Estimates based on information supplied by traders.

Note: (1) Value refers to replacement value at the time of investigation.

(b) Townships and Urban locations

Buildings in townships and urban locations must also meet public health requirements. In Zwelitsha, a well-built block of three shops and auxiliary buildings, one of which is used as a shop, are owned by the South African Bantu Trust and are leased to Bantu. The other buildings are all owned by Bantu and are of a high standard. A typical Bantu-owned shop in the township is spacious, with adequate facilities for storing stock and with an office, positioned so that a sharp look-out can be maintained on the activities within. It cost between R2000-00 and R3000-00 to build and is insured (either on the owner's behalf or that of the Bantu Investment Corporation). In Mdantsane, the only shops in existence at the time of the investigation belonged to the Bantu Investment Corporation which leased them to Bantu. It is, however, the policy of the Corporation to sell these buildings eventually to the shopkeepers.

In the urban location of King William's Town, the buildings are the property of the municipality which leases them to Bantu. They are on the whole very small and not suited to their purpose. The one shop in the urban location of Alice belongs to a Bantu and, although it is a little small, it would appear to be adequate.

Fixtures and Equipment

(a) Rural areas

These are very simple. Fixtures usually amount to no more than a wooden counter and shelving, which are adequate enough. Equipment, on the whole, consists of one or two counter scales and a roughly made 'display-box', although the more successful general dealers have 'floor-scales' for weighing skins and hides. Six general dealers, of those interviewed, had cash-registers and two had telephones. Table 7 gives an indication of the value of fixtures and equipment to be found in rural Bantu shops.

Table 7

Value of fixtures and equipment in the shops owned or leased by
Bantu traders in the rural Bantu areas⁽¹⁾

Magisterial districts	Value of fixtures and equipment ^(a)				Total
	Less than	R101-00	R501-00	R1001-00	
	R101-00	-500-00	-1000-00	& over	
East London	-	3	-	-	3
Fort Beaufort	3	1	-	-	4
Keiskammahoek	-	4	2	-	6
King William's Town	3	6	1	-	10
Middledrift	2	2	-	1	5
Peddie	3	2	1	-	6
Victoria East	3	5	-	-	8
Total	14	23	4	1	42

Source: (a) Estimates based on information supplied by traders.

Note: (1) Value refers to replacement value at the time of investigation.

Table 8 gives some idea of the large number of Bantu traders who own vehicles. It appeared that vehicles are indirectly a cause for the downfall of many Bantu businesses, because instead of investing their limited resources in stock, which attracts people, a large number of Bantu buy vehicles. Bantu traders buy these ostensibly for the purpose of collecting supplies and as a matter of convenience in conducting their businesses, but there are two other motives behind this expenditure. Firstly, ownership of a vehicle is a symbol of social status; secondly, a vehicle in its early days is a lucrative source of income when used as a 'pirate' taxi. Instead, however, of keeping an account of all expenses and making provision for replacement, Bantu traders are accustomed to treat their takings purely as income. A large number of them also prefer to spend their time driving about and in consequence their businesses suffer. On the other hand, one or two of the traders who were interviewed had refrained from buying vehicles because of the expense involved and a few

others, who were vehicle owners, had realized that their businesses might have been more prosperous, had they invested their capital in stock.

Table 8 shows the number of Bantu traders interviewed who owned vehicles. The latter have been classified in terms of carrying capacity. Where a Bantu trader (few did) owned more than one vehicle, only the one with the greatest carrying capacity has been included. It should be pointed out that the majority of vehicles had been bought second-hand and were not comprehensively insured.

Table 8

Number of rural Bantu traders who owned vehicles at the time of investigation. Vehicles have been classified according to carrying capacity

Rural Bantu traders	Non-Vehicle owners	Vehicle owners ^(a)			Total
		Cars or trucks, 3/4 ton & under	Trucks over 3/4 ton and under 3 ton	Trucks, 3 ton & over	
Number	17	16	3	6	42

Source: (a) Information supplied by traders.

(b) Townships and Urban locations

Needless to say, fixtures in the shops owned by the South African Bantu Trust in Zwelitsha and by the Bantu Investment Corporation in Mdantsane are of good quality, and in most cases the same can be said about fixtures in Bantu-owned shops in Zwelitsha. Equipment ^{in shops} in Zwelitsha is distinctly superior to that found in Bantu stores in the rural areas. In a shop in Zwelitsha one could expect to find a 'display-refrigerator', cash-registers and a telephone. Few retailers in Zwelitsha own large lorries but a number have either a car or light truck. Heavy vehicles are not necessary as suppliers, for the most part, deliver to the township free.

In the urban location of King William's Town, shop fixtures are no

better than the buildings which house them. The two general dealers who were interviewed in this location had counter scales, refrigerators and cash-registers, and the one had a telephone. The only other retailer, who was interviewed in this location, was a fresh produce dealer and he said that he could not even afford to purchase a counter scale. The shop in the urban location of Alice had adequate fixtures and equipment.

The establishment of the Bantu Investment Corporation in 1959 was a most significant development; up to that time no direct assistance had been given to the Bantu, although for many years they had received preference with regard to new trading rights in their own areas. Bantu-owned shops in Zwelitsha are, perhaps naturally, far superior to most of those which were visited in the rural areas, and the shops at Mdantsane will most probably fall into the same category. Townships (like those mentioned) provide excellent opportunities for Bantu retailers; they are well-planned and within them Bantu retailers are protected from competition with other races and from over-trading.

References and Notes

1. (a) Report of the Commission for the Socio-Economic Development of the Bantu Areas within the Union of South Africa vol. 9, (Pretoria, 1955), Chapter 22.
- (b) Swanepoel, J.: Kleinhandelsake binne die Bantoeekommissarisdistrikte Pietersburg en Bochum 1961 (Noordelike Pers, Pietersburg 1964).
See Bibliography for further reading.
2. The questionnaire used is given in Appendix C.
3. The only Bantu who held butchers' licences had no other types of licence.
4. According to a 'hand-out' supplied by the Bantu Investment Corporation.
5. A Bantu, wishing to trade in an unplanned area, must furnish the Bantu Affairs Commissioner with a written undertaking that should it become necessary for him to move he will do so without payment of compensation.

6. See Schedule M of Proclamation no.R.293, 1962.
7. Hobart Houghton, D. (ed.): Economic Development in a Plural Society, (O.U.P., 1960), p.290.

Chapter 4
ADMINISTRATION

Forms of Ownership

Sole proprietorship is the most common form of ownership among Bantu retailers, though partnerships and even private limited liability companies are not unknown. Bantu businessmen have grave misgivings about joint forms of ownership and the lack of trust on which this is based extends sometimes to members of their own families. Of the eighty-seven retail establishments covered in this survey, seventy-six were 'one-man' concerns and the remainder were partnerships. Over the years only two companies had ever been formed specifically for retail trade - they were private limited liability companies - and, after a fluctuating existence, both were subsequently liquidated. It was also possible to trace fifteen past partnerships and of these roughly half had been dissolved on account of disputes.

In discussing forms of ownership, the Tomlinson Commission had this to report in 1955:

"...Bantu partnerships and companies are not as successful as Bantu one-man concerns. Witnesses referred to the fact that as yet Bantu do not fully understand the implications of these forms of organisation and misunderstandings arise sooner or later. Furthermore, there is a general lack of proper bookkeeping and control which leads absent partners and shareholders to mistrust the others."¹

Ten years later these conditions, to a large extent, still prevail. Only a few Bantu retailers had any idea of the difference between partnerships and companies and not one was able to differentiate between a private and a public company. This is surprising as a number of them had previously held shares in one or both of the private companies referred to above. On

being asked his views on partnerships, one Bantu retailer replied that it would be a long time before his people had reached the stage of business development when they could reap the benefits of this form of ownership. Partnerships consisting of Whites, who had had considerable commercial experience, he said were often failures, and so he could not see at the present how Bantu partnerships could be successful.

Co-operation

Bantu businessmen experience great difficulty in co-operating with one another, primarily because there is a widespread tendency to regard the other as a competitor rather than as a colleague. In one case, a comparatively well-off Bantu left a large urban location and bought a trading station in a rural Bantu area where he was in competition with White traders. He laid in a relatively large stock of fancy goods which were not suited to the demands of the country people. A Bantu trader in a neighbouring area (not a rival) remarked that this 'townsman' was too proud to seek the advice of experienced rural Bantu traders, though to be fair to him, the latter in their turn would probably have been too jealous to assist him.

Bantu retailers have recently established a Ciskeian Bantu Traders⁶ Association, but this cannot be considered a strong and stable body speaking with authority. Probably it will be a long time before an association of this nature reaches the stage of development when it will be able to play an active part in Bantu business. Some of the reasons for this are set out below.

- (a) The fierce rivalry among Bantu retailers.
- (b) Scepticism concerning the indirect and long term benefits of membership of an association of this nature which is producing little or nothing at the moment.
- (c) Lack of business experience.
- (d) The financial position of Bantu retailers.

The finances of some are so precarious that they cannot afford to pay even moderate membership dues whereas others, who are comparatively well-off, feel that because they are doing so well there is no need to participate.

(e) Distances between stores.

The remoteness of stores in the rural areas makes meetings difficult to arrange and attendance expensive both in terms of time and money.

(f) Heterogeneity of retailers and clash of personalities.

Although the prospects are at present bleak, it is encouraging to see that the Bantu are beginning to realize the importance of group action.

Management

All the establishments investigated were managed either by the owners or members of their immediate families, though in the case of partnerships not all the owners necessarily took an active part in the management. Bantu shop-owners appeared reluctant to leave anyone in charge of their businesses, more particularly those not closely related, and, the general feeling was that any deputy, especially an 'outsider', would be unreliable and might very well help himself out of the till.

The ages and educational attainments of the Bantu who managed the establishments investigated are given in Table 9. Naturally in the case of those partnerships in which more than one person actively participated in the management, the ages and educational attainments of those involved are included.

Approximately 67 per cent of the Bantu shown in Table 9 were over the age of forty and only two were under the age of thirty-one. Roughly 70 per cent had passed at least Standard VI and of these 35 per cent had also obtained teachers' diplomas. All the Bantu who managed the general dealers' businesses investigated in Zwelitsha, except for one, had passed Standard VIII. Only three of the Bantu shown in Table 9 had studied book-keeping; two had done so at Lovedale College near Alice, and the third at

459



Plates XI and XII. Groups of 'Reds'



Plate XIII. A group of 'School' people outside a Bantu-owned store



Plate XIV. An 'umkweta' - a boy who has been recently circumcised

a college in Johannesburg. Other Bantu said that they were anxious to learn book-keeping, and one young shopkeeper was so keen to make a success of his business that he was studying the subject by correspondence.² A lack of elementary book-keeping knowledge is a serious hindrance to Bantu businessmen.

Table 9

Ages and educational attainments of the Bantu, who managed the establishments investigated, at the time of interrogation^(a)

Ages (in years)	Educational attainments					Total
	Less than Std. II	Stds. II & III	Stds. IV & V	Stds. VI & VII	Stds. VIII & over	
Under 26	-	-	-	1	-	1
26 - 30	-	-	-	1	-	1
31 - 35	-	-	3	2	5	10
36 - 40	1	1	1	1	3	7
41 - 45	-	1	1	5	2	9
46 - 50	-	1	1	2	6	10
51 & over	2	1	4	6	6	19
Total	3	4	10	18	22	57

Source: (a) Information supplied by retailers.

Eight of the Bantu who were interviewed were full-time teachers in addition to being shop-owners. Trading by school-teachers and their wives is not allowed, except that applications by teachers in Community schools (as opposed to schools erected by the Department of Bantu Education) may be considered, provided the School Board and 'Regional Authority' approve. Favourable consideration will only be given where teachers can assure the authorities that trading will not interfere with teaching. It is to be expected that teachers will have an interest in trading as they are among the few who have any money to invest. Where, however, they attempt to teach as well as trade, often their shops are not very successful unless, of course, their wives take a personal interest in the

business. On the whole there is a tendency for teachers, who own shops, to regard them as a sideline, since they are already assured of receiving a monthly income, whereas Bantu who depend on their shops for their livelihood make a greater effort to ensure that their businesses are successful. Chiefs and headmen and their wives are not permitted to trade.

Most of the Bantu shopkeepers, who were interviewed, had had no previous business experience and this naturally was a serious handicap. Some, however, had picked up the rudiments of business management whilst employed by firms in towns, and a few had previously been hawkers, the experience so gained proving to be most valuable. A small number had also acquired useful knowledge from the two private companies already mentioned. The four general dealers' businesses investigated in Zwelitsha were efficiently managed, those in charge having had some earlier experience.

Certain Bantu showed surprising initiative in view of their lack of business experience. One enterprising shopkeeper found that over the Christmas season his sales declined. One of the main reasons was that his normal customers went to town to do their Christmas shopping, partly because it was the custom to do so and partly because the shops in town provided more favourable conditions. He overcame this decline in sales by running a Christmas hamper scheme organized on the following lines. Contributors to the scheme brought in a certain amount every week and as a receipt their books were stamped. The shopkeeper deposited the money in a special bank account and before Christmas he transferred the amount to his ordinary account. Contributors received hampers of the goods which they had ordered up to the amount contributed. This form of voluntary saving appealed to a number of customers and apart from off-setting a

decline in sales for the month of December, it created goodwill.

Another shopkeeper, disturbed by the fact that a newly established super-market in a nearby town had attracted so many people, determined to discover how it did so with the intention of employing the same method himself. He spent many hours in the shop merely observing the techniques used and finally concluded that a limited number of 'catch-lines' was the main attraction, but that the rural Bantu tended to purchase only these lines. He thereupon decided that with his comparatively small turnover, he could not profitably adopt this technique and that his best plan would be to abide by the prices charged by other rural traders.

Not only Bantu men but Bantu women also are showing an increasing interest in retail trade, a number of the latter appearing to be quite capable of running a business. Women, on the whole, were found to be less reluctant to spend long hours behind counters and to be more sympathetic towards customers. One Bantu woman, in particular, impressed the investigator by her astuteness. Since her husband was a teacher, she was left in charge of the shop. Competition in the area in which she was trading was keen, and realizing that she could not compete against the neighbouring White trader in terms of prices, she resolved to be particularly kind to prospective customers. She decided that one way of creating goodwill was to attract the children. She did this by exchanging a few bones which they brought to the shop for pencils which they required at school. Although she later sold the bones, the transaction was not profitable, but she realized that the profit derived from increased sales, a consequence of enhanced goodwill, easily compensated for this.

Only a few of the owners of the establishments investigated had (or had a share in) more than one shop and each kept a careful check on all his businesses. Some relied only on personal supervision, but others kept a

close watch on the records. One trader recorded all goods dispatched to his branch at selling price and once every month took stock there at the same price. He explained that the difference should equal the sales of the branch and if there was a shortfall the person in charge was called upon to account for it.

Employees

Employees (excluding managers) may be conveniently divided into two broad groups for the purpose of this survey:

Group 1	'Shop-assistants'	Those who mainly serve behind counters.
Group 2	'Others'	Those who are employed mainly on back-ground jobs such as carrying, weighing, packing and driving lorries.

In constructing the following 'employment' tables (10-13), members of the immediate family are excluded even though some of them have devoted much time to their respective businesses.³ Part-time labour and temporary labour, which includes the services of external book-keepers, are also omitted unless for a particular table the contrary is specifically stated. Payments in kind (such as food, accommodation and 'other requirements') are taken into account.

Table 10 shows the number of persons employed full-time by each Bantu general dealer interviewed. Of the eight fresh produce dealers interviewed, only the one in Zwelitsha employed any persons; this particular retailer engaged three girls as shop-assistants. The one butcher (also in Zwelitsha) who was interviewed employed one middle-aged man to assist in the running of the shop.

Fifty per cent of the rural general dealers who were interviewed employed no-one, whereas six out of the seven general dealers interviewed in Zwelitsha and the urban locations employed two or more persons. The explanation for this would appear to be that the businesses of Bantu general

dealers in the rural areas are on the whole considerably smaller than those in Zwelitsha and the urban locations visited, and that in the former areas greater use is made of family labour.

Table 10

Number, if any, of persons employed full-time by each Bantu general dealer at the time of investigation, distinction being made between general dealers in Zwelitsha and the urban locations and those in the rural areas

Areas	Number of persons employed ^(a)							Total general dealers
	None	1	2	3	4	5	Over 5	
Zwelitsha and urban locations	-	1	1	1	1	1	2	7
Rural	18	9	5	3	-	1	-	36
Total	18	10	6	4	1	2	2	43

Source: (a) Information supplied by general dealers.

Table 11 gives the age-, sex- and educational-attainments of the Bantu shop-assistants who were employed by the Bantu retailers interviewed.

Table 11

Age-, sex- and educational-attainments of Bantu shop-assistants employed by Bantu retailers at the time of investigation^(a)

Educational attainments	Age groups (in years)										Total
	Under 21		21 - 25		26 - 30		31 - 35		Over 35		
	M	F	M	F	M	F	M	F	M	F	
Less than Std. II	-	-	-	-	-	-	-	-	-	-	-
Stds. II & III	-	-	-	-	-	-	-	-	2	-	2
Stds. IV & V	2	2	1	-	-	-	1	-	1	-	7
Stds. VI & Std. VII	1	3	-	16	-	1	1	1	-	-	23
Stds. VIII & over	-	2	-	2	1	2	-	-	-	-	7
Total	3	7	1	18	1	3	2	1	3	-	39 ⁽¹⁾

Source: (a) Information supplied by retailers.

Note: (1) Approximately 59 per cent of all full-time employees were shop-assistants.

Approximately 74 per cent of those employed as shop-assistants were females and of these roughly 86 per cent were under the age of twenty-six. A possible explanation of the relatively large number of females being employed as shop-assistants is that more attractive jobs may be open to males only elsewhere, and that Bantu retailers may find females more efficient. The reasons for the large percentage of females employed as shop-assistants being under the age of twenty-six are probably that girls under this age are normally not tied to looking after homes, and that Bantu retailers prefer to employ them as they are a means of attracting customers.

Approximately 77 per cent of all employees shown in Table 11 had at least passed Standard VI, the percentage in the case of females being more than three times greater than that of males. The overall percentage (of 77 per cent) is higher than that shown for those in control in Table 9.

The monthly wages received by shop-assistants employed by the Bantu retailers interviewed are given in Table 12, which shows that approximately 79 per cent of these assistants were earning less than R21-00 a month (food, accommodation and 'other requirements' have been taken into account). Shop-assistants employed by Bantu retailers in Zwelitsha and the urban locations visited appear on the whole to earn more than their counterparts in the rural areas. Approximately 83 per cent of the shop-assistants employed by the Bantu retailers who were interviewed in Zwelitsha and the urban locations were receiving more than R15-00 a month, whereas the comparative percentage for the rural areas is only thirty-three. In addition to their wages, shop-assistants (as well as other employees) in Zwelitsha and the urban locations are normally allowed two weeks paid leave a year - this is required by law; in the rural areas the arrangement is far less formal.



Table 12

Monthly wages paid to individual shop-assistants employed by Bantu retailers at the time of investigation, distinction being made between the sexes and those employed in Zwelitsha and the urban locations and those in the rural areas

Areas	Monthly wages ^(a)					Total
	Less than R16-00	R16-00 -20-00	R21-00 -25-00	R26-00 -30-00	R31-00 -35-00	
Zwelitsha and urban locations	)M -	1	1	1	1	4
	)F 4	14	-	1	1	20
Rural	)M 3	-	1	-	2	6
	)F 7	2	-	-	-	9
Total	14	17	2	2	4	39

Source: (a) Information supplied by retailers.

Total annual wages, including the wages of part-time and temporary employees, paid by the Bantu general dealers who were interviewed are given in Table 13. As mentioned previously, only one of the fresh produce dealers who was interviewed employed any persons and he paid out in the region of R500-00 in annual wages. The butcher who was interviewed had only been in business for a few months.

Table 13

Total annual wages paid by each Bantu general dealer, distinction being made between general dealers in Zwelitsha and the urban locations and those in the rural areas

Areas	Total annual wage groups ^(a)						Total	
	Less than R101	R101- 250	R251- 500	R501- 750	R751- 1000	R1001- 1500		R1501- 2000
Zwelitsha and urban locations	-	1	-	1	1	3	1	7
Rural	18	10	4	1	1	-	-	34
Total	18	11	4	2	2	3	1	41 ⁽¹⁾

Source: (a) Estimates based on information supplied by general dealers.

Note: (1) Two rural general dealers had only opened their businesses during March 1965.

On the whole Bantu general dealers in the rural areas do not appear to pay out much in annual wages. Approximately 53 per cent of the rural dealers shown in Table 13 were paying out less than R101-00. Six of the seven general dealers who were interviewed in Zwelitsha and the urban locations were paying out over R500-00 and the annual wages of four of these dealers amounted to more than R1000-00.

Bantu retailers on the whole have very little faith in their employees; personal supervision would appear to be most important. One general dealer related that at the end of one year his final accounts showed sales of roughly R85,000-00, a gross profit of R7,000-00 and a net profit of R150-00. The ratio of his gross profit to sales was approximately 8 per cent and his net profit to sales less than 1 per cent. The following year he was able to devote more time to his business and as a result of careful supervision his gross profit to sales ratio rose to over 14 per cent and his net profit to sales to over 8 per cent. In the shop of one prudent Bantu, customers are required to pay at one of the two cash-desks which are controlled by the owner and his wife.

A great deal is generally expected of employees by Bantu retailers who are reluctant to increase wages. Turnover of labour, especially in Zwelitsha, would appear to be high. It is likely, however, that as the Bantu gain more experience in retailing they will realize that increased wages can lead to increased profits.

References and Notes

1. Report of the Commission for the Socio-Economic Development of the Bantu Areas within the Union of South Africa vol.9, (Pretoria, 1955), Chapter 22, p.20.
2. In the area covered by the survey, very few Bantu schools provide for those who wish to learn book-keeping and there are no commercial

colleges for Bantu, though the University College of Fort Hare offers a diploma course in commerce and administration for those who have passed the 'Senior Certificate' or an equivalent examination. (Matriculation exemption is not required.)

3. 'Members of the immediate family' refer to the wife and children of the owner, and brothers, sisters and parents of the owner and his wife.

Chapter 5

THE BANTU RETAILER AND HIS OWN PEOPLE

The emergence of a large number of Bantu retailers is most significant and is in utter contrast to their traditional subsistence economy. This occupational group of people is likely to constitute an important part of the growing Bantu middle class.

Rural areas

In spite of the rapid growth in numbers of Bantu retailers within recent years in the rural Bantu areas which were covered in this survey, most of the retail trade in these areas remains in the hands of the Whites. A large number of White traders remarked that Bantu consumers preferred to buy from them because they distrusted their own people. Since so many alleged that this was the case, one wonders if there is not a certain amount of truth in what they say, although little evidence was forthcoming to support this allegation.

The Bantu generally support the shops which are nearest to them, and which can offer them at the lowest prices the widest variety of goods.¹ It should be noted here that Bantu consumers are apt to be particular in their buying, and as a consequence traders must be careful to select the right stock. Traders who pay good prices for local produce and who undertake milling also attract trade. There are other factors as well which influence customers, such as available credit facilities, the attitude which traders adopt towards the people and the services offered. The personality and the integrity of a trader are important and once he has gained the confidence of the people, they are likely to remain loyal supporters of his store. Regular buying at one place has its advantages, because once a Bantu becomes well known to a particular trader he is able to solicit help from

him in time of need.

The fact that generally White traders carry a considerably wider variety of stock than their Bantu counterparts naturally attracts to them most of the trade. It would appear that most Bantu traders buy little or no produce from the people, and not one of them (in the area covered in this survey) was licensed as a miller at the time of investigation. The Whites are far more experienced in the art of trading and over the years have cultivated the support of the people. In addition, they normally allow more credit than their Bantu competitors. It is consequently not at all surprising that at present the Whites continue to dominate the rural Bantu market, but this does not mean that they are having it all their own way.

The businesses of some Whites have been affected by the recent growth in numbers of Bantu traders. There were, however, White traders who were reluctant to acknowledge this, but it was obvious that their trade had declined. One White trader emphatically denied that his Bantu opposition was causing him the slightest concern, yet further investigation revealed that this particular trader sent away people who only came to buy commodities from his shop, which they could not obtain at the neighbouring Bantu store.

In competing against other traders, the Bantu appear to realize that if they are not strictly honest in their dealings with their customers their businesses will eventually suffer. It also appears, however, that there is a tendency for the Bantu, especially the better educated, to be extremely jealous of one another and a few traders said that this was one reason why they were not supported. A number of traders stated that the Bantu were very critical when it came to buying from their own people. In two cases it appeared that the people did not support Bantu stores because the owners openly supported the Government. No evidence was uncovered of Bantu traders exploiting nationalist sentiment, although this could well be a future development.

The importance of the role which the White traders continue to play in the rural Bantu areas ought not to be underestimated. Should the Whites disappear now, the interests of the people would suffer. Among other advantages, the Bantu would be denied the benefits of the superior trading experience of the Whites and the wider range of commodities and larger credit facilities which they normally have to offer.

Rural Bantu traders are at a serious disadvantage when competing against the Whites, because they not only lack the capital, training and experience, but also over the years the Whites have established themselves amongst the local communities. That the Bantu have been able to compete at all is possibly explained by the fact that as a people they have a much lower standard of living than the Whites. They are, therefore, satisfied with a return from their trading which is considerably less than that with which their White counterparts would be content. Most of the successful rural Bantu traders, who were interviewed, stressed that they had a hard struggle in the beginning. For a long time they sold mainly foodstuffs, on which the profit margin is relatively small. Gradually, however, they built up stocks of clothing, materials and blankets - commonly referred to as 'Softs' - and now they are comparatively prosperous. As one could expect, a number of Bantu traders have not survived, but sufficient interest in business exists amongst the Bantu for there to be others eager to take the place of those who have failed.

In spite of the fact that the rural Bantu are most price-conscious and will often walk miles to save a small amount on a purchase, 'price-cutting' as a competitive device is rarely, if ever, adopted and various other methods are used instead to attract trade. During the course of many years of trading with the Bantu, the Whites have developed a number of techniques to promote sales and not surprisingly Bantu traders have tended

to adopt the same measures. Most White and Bantu traders allow their customers credit although, as one could expect, the latter on the whole allow less than the former. The method by which and the extent to which credit is granted will be dealt with in Chapter 7. Some White traders also advance money to Bantu who wish to seek employment in the towns. A charge is generally made on these advances. By assisting the Bantu in this way, traders not only attract trade, but also increase the earning capacity of their customers. On no occasion did the investigator come across Bantu traders making advances for this purpose, but it is quite conceivable that a few did in fact do so. It is worthy of remark that the Bantu are not permitted to hold recruiting licences.

The practice of giving the purchaser at the conclusion of a sale a little extra - known as a 'Basella' - was found to be most common amongst both White and Bantu traders. A number of the Bantu traders, who were interviewed, said that at Christmas time, they also gave their customers small gifts; from this one presumes that their White competitors did the same. In one case, a Bantu trader differentiated between his 'School' and 'Red' customers. To the 'School' people he gave gifts and for the 'Red' people he provided a feast. The distinction between these two groups of people is that the former are the products of the mission and the school. They are adherents of Christianity and are eager to follow 'Western' ways. The latter are the traditional Xhosa, who abide by the indigenous way of life, including the pagan Xhosa religion. It should be pointed out here that the 'Red' people naturally do not celebrate Christmas in the Christian sense and for this reason are not tied rigidly to the date of the 25th December. They are mainly celebrating a festival of re-union, which is possible at this time of the year, as relatives and friends who are employed in the towns normally take advantage of the general public holidays to return

home. In addition, many also go on leave over Christmas.

For many years White traders have made a number of services available to their customers. Bantu traders on the whole have followed this trend.

The services commonly provided by White traders are;

(a) Postal Service

This involves the posting and distributing of letters and selling stamps. (A few run Postal Agencies for the General Post Office.)

(b) Medical Advice

(c) Delivering Messages

The traders most concerned are the fortunate ones who have telephones.

(d) Cashing Postal Orders and such like

(e) Transport in cases of emergency

Some traders make a charge for the petrol used.

In addition to these services, White traders are frequently called upon to act as advisers in family and other matters, and in times of need are regarded as friend and helper.

Over and above these accepted services, a White trader might perform some special service which further promotes goodwill. For example, he might deliver goods purchased to a point on the road nearest to a customer's 'kraal', provided this is en route when conducting his own business. Some might even go out of their way to render this service.

Most Bantu traders collect and post mail for the people and a very few run Postal Agencies. As in the case of White traders, the delivering of messages is mainly restricted to the few who have telephones. Although the investigator did not come across Bantu traders cashing Postal Orders, it is quite likely that a number did in fact do so. Most Bantu traders who own vehicles give lifts to the people both in cases of emergency and otherwise, but few offer this service free and the same applies to the delivery

of goods. Bantu traders on the whole do not as yet fulfil the role of advisers in medical and other affairs.

The majority of Bantu traders interviewed did not compete in terms of prices and the few who did, only reduced the prices of certain lines. Where White traders allowed quantity discounts, their Bantu competitors invariably followed suit. Some of the more successful Bantu traders, who carried relatively large stocks of 'Softs', said that they reduced the prices of redundant lines in order to get them off the shelves.

Some Bantu traders, who were interviewed, refused to cut prices as they were convinced that by so doing they could only lose. They failed to appreciate that it is possible to compensate for the loss arising out of reduced prices by the profit derived from increased sales. They did realize, however, that they could not charge more than their White competitors and so priced their goods accordingly. The normal procedure is to send a young child - commonly called a 'picanin' - to the neighbouring White trader's store to buy certain items in order to ascertain the prices at which they are being sold.

Other Bantu traders, who were interviewed, appreciated that reduced prices did not necessarily mean reduced total profits. They had, however, decided against cutting prices mainly because they feared the development of a 'price-war' and did not feel that they were in a position to compete on a price basis with White traders.

During the course of discussing different pricing policies with White and Bantu traders, an interesting point emerged: apparently the rural Bantu become extremely suspicious of a trader if he attempts to attract trade by frequently making price changes. The people are quick to take advantage of price reductions, but resent price increases. Consequently, it would appear that the 'Loss-Leader' technique of reducing the prices of

one or two lines for a short period in order to attract customers could not profitably be employed in the rural areas.

Bantu traders in explaining how they conducted their businesses showed that they were gradually developing a certain degree of business acumen. At the same time, it appeared that the people were becoming more prepared to accept them. Nevertheless, it will be some time before Bantu traders as a group fully assume the role which White traders have played in the rural Bantu areas for so many years. This is not only due to the lack of experience of the Bantu, but also to their lack of capital. At present, the majority of Bantu general dealers keep very small stocks of 'Softs'. This explains why most of them welcome periods of famine as a time to do good business, whereas their White counterparts complain that during such periods business is bad. In times of famine, because of their limited means, the people have only sufficient money to buy food and consequently the sales of the average Bantu general dealer rise. This does not imply that the sales of foodstuffs of White traders do not also increase, but in their case they suffer at the same time a decline in the sales of 'Softs', on which the margin of profit is much greater.

When considering the rural Bantu market, it must be continually borne in mind that the people are extremely poor. To supplement the meagre income derived from farming, a large proportion of the population, who are of working age, migrate to the industrial and mining centres of the Republic. Wages sent or brought back by migrant workers are a most important source of income to the local communities; this was confirmed by both White and Bantu traders. A progressive Bantu trader expressed concern about the consequences of 'Labour Restrictions', as he felt that they would have a detrimental effect on his business. He had already noticed a decline in the spending power of the people of his location.

A few Bantu traders showed enterprise by approaching the Department of Bantu Administration and Development, requesting that pensions be paid out at their stores. According to reports of traders, payments of pensions give rise to sale peaks. At present pensions are, for the most part, paid out at the stores of White traders. Naturally the Whites are keen that this should continue, but whether it will or not is a different matter in view of Government policy, which is to encourage the development of Bantu businesses in Bantu areas.

Townships and Urban locations

Bantu retailers in the townships within the Bantu areas are particularly fortunate because their numbers are restricted and they only have to compete against one another. On the 31st March, 1965, the population of Zwelitsha, which was estimated at between 12,000 and 15,000 people,² was served by eleven shops - eight of these were licensed as general dealers' businesses. On the whole the retailers of this township appeared to be considerably more prosperous than the average inhabitant and consequently held a coveted position.

Within recent years Zwelitsha has developed considerably. A large proportion of the working population is employed by the Good Hope Textile Corporation at its factory which adjoins the township. At the time of the investigation, in addition to the shops in the township, there was an established Bantu-owned dry-cleaner's business and a licensed hotel. A few Bantu owned brick-fields and one conducted a very successful transport business.

The general dealers in Zwelitsha sell mostly groceries and in order to attract customers prefer to use tactics other than 'price-cutting'. Prices for the most part are in accordance with those charged by shops in King William's Town. The methods most commonly adopted to foster trade are

- (a) The giving of 'Basella', and
- (b) Delivery.

It is noteworthy that all the retailers who were interviewed in Zwelitsha reported a sharp drop in sales over Christmas. There are apparently two main reasons for this. Firstly, many Bantu go away on leave at this time of the year,³ and secondly those who remain prefer to do their Christmas shopping in King William's Town.

The Bantu retailers in the locations of King William's Town and Alice are fortunate in that only Bantu are permitted to trade within urban locations, although they are far less fortunate than their brethren in Zwelitsha as they are much nearer to town shops. In the location of Alice, the one Bantu retailer, a general dealer, enjoys particularly favourable trading conditions because the Municipality has only permitted the issue of one trading licence. As is the case in Zwelitsha, general dealers in these two urban locations sell mostly groceries.

A strict business relationship generally exists between Bantu retailers and their people in Zwelitsha and the two urban locations. In these areas, it was evident that Bantu retailers considered themselves as being among the élite. This feeling of social superiority was also observed in the rural areas.

References and Notes

1. This chapter deals predominantly with general dealers.
2. Officials of the Department of Bantu Administration and Development provided these figures.
3. The textile factory closes for two weeks over Christmas.



Plate XV. Struggling



Plate XVI. A fairly successful Bantu business



Plates XVII and XVIII. A reasonably well-stocked Bantu-owned store

Chapter 6
PURCHASING

Bantu Market

The Bantu form a vital part of the consumer market; it would be difficult to over-emphasize the importance of their ever growing purchasing-power.¹ In spite of the fact that the vast majority of them may be classified under the lowest income group, the magnitude of their buying-power is considerable because of their relatively large numbers. In the seven magisterial districts covered by this survey, the total population in 1960 amounted to 395,078, of which approximately 78 per cent were Bantu.² The opportunities which the Bantu market offers are attracting a great deal of attention.

Bantu consumers may be divided into two main groups;

- (a) The 'Rural',
- (b) The 'Urban' (For the purposes of the following discussion, the inhabitants of the townships of Zwelitsha and Mdantsane are included in this category.)

Most of the income of the rural Bantu is spent on bare necessities. This group of consumers may be subdivided into the 'Red' and the 'School' people. It must be noted, however, that this division is rapidly becoming less significant. The demands of the 'Reds' were formerly restricted to staple foods, blankets, ochre, beads and such like. Today, however, not only are the numbers in this category declining, but also many of them are adopting the European dress, which is always worn by the 'School' people.

Urban Bantu, whether 'Red' or 'School', wear European clothing and the latter, especially, are becoming more and more fashion conscious. On the whole, the urban Bantu are considerably 'better-off' than their brethren in the country and their requirements are becoming increasingly similar

to those of the Whites. In 1958 according to the Minister of Bantu Administration and Development, 10.9 per cent of urban Bantu families had radios, 17.7 per cent gramophones, 41.7 per cent sewing machines and 84.7 per cent stoves.³

Retailers in the (White) towns are, for the most part, well aware of the importance of their Bantu customers. In East London they are concerned that the Bantu locations are in the process of being moved to Mdantsane which is approximately fourteen miles away. Existing establishments cater for all sections of the community - both White and non-White - and the transfer of the Bantu population to the new township is likely seriously to affect the bi-racial economy of the city.

As mentioned previously, townships of this nature offer Bantu retailers wonderful opportunities. A King William's Town businessman went so far as to classify Zwelitsha as a 'veritable gold mine'. Trading prospects at Mdantsane, which will have a population considerably larger than that of Zwelitsha, would appear to be even brighter.

Sources of Supply

Bantu retailers, for the most part, buy the bulk of their merchandise from wholesalers. It should be pointed out, however, that a small number of factories deal directly with them. The most notable of these are the soap and tea companies. Fresh produce is mainly bought at the produce markets which are situated in the larger towns.

A few rural Bantu, who own small retail businesses some distance from wholesalers, obtain supplies from White retailers. Naturally the latter allow them little discount and consequently their chances of success are indeed slender.

A number of concerns are making an 'all-out' effort to capture the Bantu market. Posters are extensively used for the purpose of advertising, and

an abundance of these were displayed in practically all the stores which were visited. The 'Radio' and the 'Press' (including magazines) are also very popular advertising media, being most effective in the townships and urban locations. It was interesting to observe that soap factories employ the 'Special Offer' technique not only in the townships and urban locations but also in the rural areas, and in order to allay any suspicion to which 'Special Offers' may give rise, one factory uses mobile film units to introduce them.⁴ Another company, in order to promote sales, gives a series of lectures on various aspects of shopkeeping to Bantu retailers in densely populated centres. These lectures have been designed in a simple manner to suit all classes of retailers. After the lectures have been given, the local representative gives 'follow-up' lectures with his assistants until each retailer has been instructed.

In 1962, the Bantu Trade Fair Association, usually referred to as Batfair, was formed. Batfair is a non-profit making organization, patterned on trade fairs held in White areas.⁵ It aims to display to the Bantu the products of manufacturers. During June of 1965, for the second time, Batfair held a show in Zwelitsha, and an invitation was sent to all Bantu traders in the surrounding area to attend a trader's seminar covering the different problems involved in shopkeeping.

(a) Commercial Travellers

Although it is possible that in the past some wholesalers refrained from sending travellers to Bantu-owned stores merely because White traders threatened to discontinue their support should they do so, this very rarely happens today. Practically all wholesalers instruct their travellers to call on any store which is reasonably accessible and which can place orders in wholesale quantities. Generally wholesalers appreciate the importance of their Bantu customers, realizing that in the future the Bantu will play an

increasing part in retail distribution in their own areas. Whatever antagonism which White traders have shown has not influenced large factories which sell directly to retailers and whose products are in such demand that it would be unwise for a trader not to stock them.

Bantu are employed as travellers by factories and a few wholesalers. Normally they only visit Bantu-owned shops and according to reports from employers, they have proved on the whole to be most satisfactory. The employment of Bantu in this capacity has tended to reduce the hostility shown by White traders against certain suppliers and at the same time has overcome the difficulty arising from the reluctance of some White travellers to call on Bantu traders. The investigator did notice a tendency, however, for some Bantu travellers to adopt a 'superior manner' because of their position; this attitude is likely to cause resentment.

The majority of Bantu retailers who were interviewed showed indifference as to whether they dealt with White or Bantu travellers. A number, however, stated that they found it easier to negotiate with their own people. Apparently some White travellers persuade Bantu retailers to over-stock; this is a bad policy often leading to bad debts and the loss of a prospective long-term customer. Two prosperous Bantu retailers preferred dealing with White travellers because they felt that the Whites had greater power with regard to the granting of credit and could be approached to give advice on business matters.

(b) Discounts

Wholesalers and the factories which supply direct offer Bantu retailers the normal types of discount, which are

(a) Trade Discount, (b) Cash Discount, and (c) Quantity Discount.

Generally, cash discounts are substantial and add significantly to a trader's profit. On the other hand, quantity discounts are often small or

only become effective if extremely large stocks are bought, and consequently it would not on the whole be profitable for a trader to buy in bulk merely to take advantage of them.

(c) Credit Facilities

Most wholesalers today and all the factories which sell direct treat the granting of credit facilities to Bantu retailers as a normal business proposition, in which their credit worthiness is assessed. Since most Bantu retailers are financially weak and lack business training and experience, it is understandable that suppliers are cautious in extending credit to them. Some suppliers are prepared to grant credit from the outset, providing they have first obtained a satisfactory financial report. Others grant credit only after a particular Bantu has proved himself to be capable of conducting his business. The opinions of suppliers differ as regards the 'risk factor' involved. However, the general feeling is that the Bantu are making steady progress in developing businesses of their own, and that the number of successful shopkeepers is increasing.

(d) Rationing of Goods in Short Supply

Wholesalers, generally, ration goods in short supply on a strict business basis. One or two mentioned that they took particular care to ensure that their Bantu customers were adequately provided for.

On the whole Bantu traders are becoming increasingly aware of the importance of buying at the lowest prices. More and more of them are realizing that it is imperative for a trader to buy well if he wishes to sell well. Two or three Bantu retailers who were interviewed had taken considerable pains to ascertain the cheapest sources of supply. One had become an agent for a large petroleum company and was thus able to purchase paraffin at a considerably reduced rate. He bought drums of paraffin

at R6-50 each direct from the company in East London, whereas if he had purchased this commodity from one of the wholesalers in King William's Town he would have had to pay R7-96. Even though he incurred additional transport costs, he still made a profit.

An effort is being made by the Ciskeian Bantu Traders' Association to develop a 'Buying-combine'. Bantu traders have not as yet acquired the business experience necessary to operate such a scheme. This was borne out by the bad organization of a typical meeting attended by the investigator. It was poorly advertised, traders arrived at different times and no agenda had been drawn up.

Few Bantu retailers complained about the way they were treated either by wholesalers or factories. It was apparent, however, that suppliers were extremely wary in granting credit to Bantu. The majority of small Bantu retailers are able to conduct their businesses reasonably well providing they are buying on a strictly cash basis, but once they are allowed credit, they often get into financial difficulties, possibly because it leads to a false sense of security and reckless spending.

Transport (Carriage Inwards)

In the area covered by this survey, generally the most accessible wholesalers are situated in King William's Town and East London. There are, however, a few White retailers who also undertake wholesaling outside these centres. The factories which sell directly to retailers either are located or have some type of base in East London. For the most part, wholesalers and factories offer free delivery to customers within a limited radius; some are prepared to rail goods free of charge to the station nearest to a trader.

Traders, not able to benefit from 'free delivery', do not necessarily need vehicles of their own. To areas outside the 'free delivery zones', certain

wholesalers are prepared to deliver at a reasonable cost. Traders with stores situated near bus routes, stations or sidings of the South African Railways are able to overcome many transport difficulties. Private contractors can also be engaged.

In Zwelitsha and the urban location of King William's Town, retailers incur practically no transport costs and can generally rely on prompt deliveries; this will also apply to Mdantsane. The retailer in the urban location of Alice is not so fortunate being further away from the sources of supply.

In the rural areas transport is always a problem. Most of the rural Bantu traders who were interviewed considered it essential to own a vehicle, although the investigator did not feel that this was always to their advantage, often in fact leading to their failure. On the whole, their limited capital could be more profitably invested in stock and greater use made of other transport facilities. The majority of those who were interviewed kept no accurate record of what they spent on transport, and consequently it was not possible to estimate what percentage of his annual sales, the average Bantu trader paid out in transport costs.

Stocks of General Dealers

(a) Rural

The principal function of the general dealer in the rural Bantu areas is to provide an 'in-let' for goods. Because there are relatively few stores in these areas, it is necessary for general dealers to keep a wide variety of stock in order to meet the demands of the people. The present failure of the average Bantu general dealer to carry adequate stocks can be illustrated by an analysis made of the goods stocked in a typical White trading station.

On the average, White general dealers carry between R4,000-00 and R5,000-00 worth of stock. The types of goods stocked by them may vary

somewhat according to the locality in which they are trading, but can be classified under three main headings:

(1) Groceries⁶

Stocks of maize products, flour, kaffir-corn, beans, peas, tea, coffee and sugar are always kept - these items form the staple diet of the rural Bantu. Bread is also sold. A wider variety of foodstuffs is carried to satisfy the demands of the 'School' people. Soap and paraffin are commodities always in demand. Numerous brands of tea, coffee, soap and similar products are carried by all White traders.

(2) 'Soft-goods' and foot-wear

In the areas where the 'School' people predominate, a wide selection of materials, clothing and foot-wear is kept. Blankets are also stocked. However in the localities where the 'traditional Red blanket' predominates, larger stocks of blankets are kept, although it should be pointed out that no traders cater only for this group of people. Most of the money invested in stock is in goods which fall under this heading.

(3) Miscellaneous articles

This heading covers a wide variety of goods, such as hardware, patent medicines, haberdashery, farming implements and stationery.

Items falling under headings (1) and (2) form the bulk of the sales of all White general dealers; the relationship between the two depends on the fertility of the different areas. In the less productive areas, such as Tyefu's location (in the magisterial district of Peddie) which has an extremely low rainfall, the people buy nearly all their food from traders. In Pirie location (in the magisterial district of King William's Town), which is situated at the base of the Amatole mountain range and which enjoys good rains, the people grow more of their own food and consequently need to buy less than their brethren in Tyefu's location. White traders naturally prefer to sell 'Soft-goods' and foot-wear because the profit-margin on these goods is much higher than that on groceries.

The majority of Bantu general dealers in the rural areas carry considerably smaller stocks than their White counterparts. Table 14 shows the value of the average stocks held by those who were interviewed.

Table 14
Value of average stocks held by rural Bantu general dealers⁽¹⁾

Magisterial districts	Value of average stocks ^(a)						Total
	Less than R201	R201-500	R501-1000	R1001-1500	R1501-2000	R2001 & over	
East London	1	1	-	1	-	-	3
Fort Beaufort	3	-	-	-	-	-	3
Keiskammahoek	-	-	1	1	1	2	5
King William's Town	4	3	-	2	-	-	9
Middledrift	1	1	-	-	-	-	2
Peddie	1	1	1	2	-	1	6
Victoria East	3	2	1	-	-	-	6
Total	13	8	3	6	1	3	34 ⁽²⁾

Source: (a) Information supplied by general dealers.

Notes: (1) Stock is valued at 'cost' price.

(2) Two general dealers had only opened their businesses during March, 1965.

Approximately 38 per cent of the general dealers shown in Table 14 carried average stocks worth less than R201-00, and approximately 62 per cent less than R501-00. It is consequently not surprising that most of the retail trade remains in the hands of the Whites. Only a few of the Bantu had insured their stocks on their own account.⁷

On the whole Bantu general dealers in the rural areas lack the funds with which to stock their shops adequately, and consequently have specialized in groceries which have a rapid turnover. Moreover, it should be pointed out that the groceries carried by some of them are even inadequate to meet demands. The extent to which they have stocked goods other

than groceries can be seen from Table 15.

Table 15

Value of average stocks, excluding groceries, held by rural Bantu general dealers⁽¹⁾

Magisterial districts	Value of average stocks excluding groceries ^(a)			Total
	Less than R101-00	R101-00-500-00	R501-00 & over	
East London	2	-	1	3
Fort Beaufort	3	-	-	3
Keiskammahoek	-	2	3	5
King William's Town	6	3	-	9
Middledrift	2	-	-	2
Peddie	3	1	2	6
Victoria East	5	1	-	6
Total	21	7	6	34 ⁽²⁾

Source: (a) Information supplied by general dealers.

Notes: (1) Stock is valued at 'cost' price.

(2) Two general dealers had only opened their businesses / during March, 1965.

Of the traders falling within the first group (less than R101-00), some had no stocks of 'Soft-goods' and foot-wear whatsoever and others had only one or two rolls of material, an insignificant assortment of clothing and no blankets or shoes. Miscellaneous articles stocked amounted to very little. Traders within the second group (R101-00-R500-00) carried a fair selection of 'Soft-goods' and a few kept a small stock of shoes. These traders carried a limited range of miscellaneous articles. Two of the six traders within the third group (R501-00 and over) offered their customers as wide a variety of stock as the average White trader; the remainder kept sufficient stock to meet most demands.

General dealers in the rural Bantu areas not only provide the main

'in-let' for goods, but also an important 'out-let' for local produce;⁸ in addition they act as 'middlemen', buying local produce for resale to customers. What they buy from their customers will naturally depend upon the produce and volume of production of the surrounding area. The purchase of maize and wheat is, however, controlled by the Mealie and Wheat Control Boards respectively.

Produce commonly assembled in and 'exported' from the rural Bantu areas consists of hides, skins, wool and bones. Poultry and eggs are also bought for 'export' purposes. Maize, wheat, kaffir-corn, peas and beans are normally bought for resale to customers. Although in the past livestock speculation was rife, today it is carried out on a considerably reduced scale.⁹ Barter does take place, but to what extent would be difficult to say. It should be pointed out, however, that barter is prohibited in terms of Proclamation no. 305 of 1947.

All the White general dealers who were visited bought produce from customers. At the time of the investigation a severe drought was being experienced and consequently purchases of hides were higher than normal. Bantu produce dealings form a small but not unimportant part of the total value of trading transactions of the average White general dealer.

Most of the Bantu general dealers who were interviewed bought little or no produce from the people. The principal reason for this would appear to be a lack of business experience. A number failed to appreciate that buying from customers attracts trade. Many did not buy produce, such as hides, skins and bones as they did not know to whom they could resell these items, and practically all of those who were able to buy wool did not do so because they were ignorant of how to sort it. In certain cases, a shortage of funds was also a stumbling block. One or two of them speculated in livestock, but on a very small scale.

(b) Townships and Urban locations

General dealers both in Zwelitsha and the urban locations of King William's Town and Alice sell mostly groceries. Competition from town shops makes it difficult for them to sell clothing. Miscellaneous articles stocked cover a wide range of items: the total value of the sales of these items is small compared with that of groceries.

It is not necessary for general dealers in Zwelitsha and in the urban location of King William's Town to carry particularly large stocks because they are so close to sources of supply. The value of the average stocks kept by the general dealers who were interviewed in Zwelitsha and the two urban locations is given in Table 16.

Table 16

Value of average stocks held by Bantu general dealers in Zwelitsha and the urban locations⁽¹⁾

Areas	Value of average stocks ^(a)						Total
	Less than R200	R201-500	R501-1000	R1001-1500	R1501-2000	R2001-4000	
Zwelitsha	-	-	-	-	1	3	4
Urban locations	-	1	1	1	-	-	3
Total	-	1	1	1	1	3	7

Source: (a) Information supplied by general dealers.

Note: (1) Stock is valued at 'cost' price.

All the general dealers who were interviewed in Zwelitsha held adequate stocks of groceries. Only two, however, carried an assortment of clothing. Of the three general dealers who were interviewed in the urban locations, two maintained adequate stocks of groceries, but apart from a few small items, not one of them stocked clothing.

Stocks of Fresh Produce Dealers

In the rural Bantu areas covered in this investigation, the only fresh

produce dealers were Bantu; they formed a small proportion of the total number of Bantu traders. In Zwelitsha there were two fresh produce dealers and there was one in both Mdantsane and the urban location of King William's Town. In terms of a fresh produce dealer's licence a person is allowed to sell

- (1) "... fruit, nuts, vegetables, flowers, plants, tobacco, cigars, cigarettes, matches, eggs, poultry, fresh fish, honey, bread, biscuits, cakes, pastry (provided such bread, biscuits, cakes and pastry have not been baked or made by himself), confectionery, sweets or dairy produce: Provided that (except in the case of fresh fish) the articles so sold are the produce or manufacture of the Republic.
- (2) This licence shall entitle the holder -
 - (a) to sell milk from delivery carts, either personally or through employees;
 - (b) to sell tea, coffee and other non-intoxicating beverages (excluding aerated or mineral waters) at an open booth or stall without seating accommodation, for consumption thereat."¹⁰

The following persons are exempted from being required to hold this licence,

- "(1) A farmer or gardener in respect of the sale of produce raised or grown by himself.
- (2) Any person licensed as a general dealer"¹¹

In the rural Bantu areas, fresh produce dealers have a very slender chance indeed of making a success of their businesses. Demand does not warrant specialization of this nature, general dealers being permitted to sell fresh produce. It should also be remembered that a person is allowed to sell produce raised or grown by himself without a licence. By permitting the establishment of fresh produce dealers in the rural Bantu areas, the Department of Bantu Administration and Development is likely to aggravate the problem of over-trading which is beginning to arise.

In the townships and urban locations, fresh produce dealers have a

better chance of making a success of their businesses. They do enjoy one advantage over a person who only holds a general dealer's licence; they are permitted to open their shops for longer hours. It should be pointed out, however, that in order to overcome this, general dealers in the townships and urban locations often also take out a fresh produce dealer's licence.

A number of fresh produce dealers were found to stock goods which, in terms of their licences, they are not permitted to sell. Table 17 shows the value of the average stocks kept by the fresh produce dealers who were interviewed.

Table 17

Value of average stocks held by Bantu fresh produce dealers, distinction being made between dealers in Zwelitsha and the urban locations and those in the rural areas⁽¹⁾

Areas	Value of average stocks ^(a)			Total
	Less than R51-00	R51-00-100-00	R101-00-200-00	
Zwelitsha and urban locations	1	-	1	2
Rural	5	1	-	6
Total	6	1	1	8

Source: (a) Information supplied by fresh produce dealers.

Note: (1) Stock is valued at 'cost' price.

At the time of the investigation, some of the rural fresh produce dealers did not even have R10-00's worth of stock in their shops, and not one of them had any vegetables or fruit worth mentioning. Only the dealer in Zwelitsha kept a good supply of fresh produce.

Stocks of Butchers

The solitary person to hold only a butcher's licence in the rural Bantu

areas was a Bantu. In each of the townships of Zwelitsha and Mdantsane there was one butcher, and in the urban locations of King William's Town and Alice there were none.

It appeared to the investigator that in the rural Bantu areas there was no scope for butchers. In the townships, however, the demand for meat appeared to be quite considerable and butchers could be successful. Because the butcher in Zwelitsha had only recently opened his business, the stock carried by him provides no valuable data about this possibility.

In the rural areas, the stocks carried by the average Bantu general dealer are very small compared with those of his White counterpart; this is due to a lack of capital and often the position is aggravated because vehicles are bought prematurely. Bantu traders generally find it difficult to obtain credit because they are financially weak and lack training and experience. They have a lot to learn with regard to the handling of local produce. In the rural areas it would appear that there is no scope for fresh produce dealers and butchers.

On the whole, retailers in Zwelitsha and the urban locations of King William's Town and Alice perform their tasks satisfactorily. Once Mdantsane is fully established, general dealers there, being some distance from shops in East London, will possibly specialize in goods other than groceries.

References and Notes

1. According to Dr. N.J. Rhodie, the purchasing-power of the Bantu in South Africa had increased from R200-million in 1956 to R1,000-million in 1963. South African Digest, November 26, 1965, p.10.
2. (a) R.P. no.62/1963. Population Census 1960, Vol.1, Table 6, pp.13, 16, 18, 19, 20.
 (b) Of the total Bantu population of these districts, over half (approximately 55 per cent) resided in the Bantu areas.

3. Kuper, Leo: 'An African Bourgeoisie', (New Haven and London, Yale University Press, 1965), p.269.
4. Up to the time of the investigation, mobile film units had still to be used in the rural areas covered by this survey.
5. Since this was written, Batfair has been placed in liquidation. Many Batfair officers argued that, besides a lack of Government support, they had been let down by the private sector. Financial Mail, November 5, 1965, pp.410, 411, 413.
6. 'Groceries' includes the following items, soap, paraffin, tobacco and matches.
7. Generally retailers who receive loans from the Bantu Investment Corporation are required to insure their stocks and to cede the policies to the Corporation.
8. The Department of Bantu Administration and Development is, however, encouraging the direct sale of produce.
9. Livestock speculation has diminished considerably as a result of the introduction of the 'Betterment Areas' scheme by the Department of Bantu Administration and Development in 1939.
10. Licences Act no.44 of 1962 (as amended): To consolidate the laws relating to the licensing of trades and occupations; Second Schedule, Part I, Item 10.
11. Ibid., Item 10.

Chapter 7

SELLING METHODS, CREDIT AND MONEY-LENDING

Selling Methods

(a) Rural areas

In these areas Bantu shopkeepers and their assistants have on the whole not yet cultivated the manner necessary to attract trade and display a lack of interest in customers. Anyone who has seen much of Bantu business in the rural areas surveyed will recognize the following episode as typical.

The scene is a rural store empty of customers and with shelves partly stocked mainly with groceries. A remarkable variety of packets of tea of all brands and sizes fills one of them, but the corner set aside for 'soft-goods' carries no more than a roll or two of some cotton material and a few scraps of clothing. Behind the counter stands a solemn faced Bantu woman.

Two small girls with serious faces enter the store - they are on a shopping-mission for the family. The leader, who can hardly be ten years old, 'fishes' into her dress for a grubby handkerchief which holds her money and asks for a shilling packet of a particular brand of soap. Next the child asks for three shillings' worth of mealie-meal and the woman moves sluggishly to the scale, but at this point a couple of fowls enter the shop, pecking viciously at a few grains of meal on the cement floor. The woman comes momentarily to life, gesticulates violently with the trowel in her hand and the fowls leave, squawking. The children have brought no container, so the woman tears off a piece of brown paper from a hundred pound bag of sugar and meticulously makes up a packet. The child asks for a shilling's worth of peas and the procedure is repeated.

Ten minutes later, by which time she has bought a few other trifles, the

small purchaser produces a bottle and asks for paraffin. The woman waves to a drum in the corner; the girls go over to it and the younger one holds the bottle while the elder manipulates the hand-pump. It is now time to pay. A few silver coins are handed over; the woman takes the money and stares out of the door for a while. She eventually puts it into a box hidden away under the counter and hands back the change. There is a whispered consultation between the two children and a 'penny' is pushed across the counter with the request for some sweets. The woman may give them one or two extra as a 'basella'.

The next customer shuffles in, an old man wearing a dirty pair of black trousers and an ancient pair of boots laced up with string. He exchanges greetings with the woman and asks for a tickey's worth of tobacco and a box of matches. Scratching in his pocket for some money, he eventually produces a sixpence with which he pays for the two small items and then saunters off.

An atmosphere of lethargy is characteristic of the majority of rural Bantu-owned stores. Few shopkeepers make an 'all-out' effort to attract customers; most are quite content merely to wait for them to come.

(b) Townships and Urban locations

Business in these areas is alive. On Saturdays, especially in Zwelitsha, shops are a hive of activity, but even here shop-assistants are seldom seen to smile. Shopkeepers, however, are generally becoming more aware of the importance of the personal aspect involved in selling. One progressive retailer pays his assistants a bonus at the end of each year providing profits have increased.

Pricing and 'Cashing-up'

Bantu retailers in the rural areas are generally content to charge the same prices as their White competitors. On the whole it would be foolish

for them to do otherwise in view of their lack of capital. A few Bantu who were interviewed reduced the prices of certain lines to attract customers, but were unable to provide any data showing to what extent 'price-cutting' had been successful. To clear the shelves of redundant lines, some of the more successful Bantu traders who carried relatively large stocks of 'soft-goods' cut the prices of these lines.

In Zwelitsha and the urban locations of King William's Town and Alice, prices for the most part are in accordance with those charged by shops in town. Retailers in Zwelitsha and the urban location of King William's Town do not, however, attempt to compete with the recently established large super-market in the town, because they realize that they cannot afford to do so.

With the exception of the butcher and one insignificant fresh produce dealer, every retailer interviewed in Zwelitsha and the urban locations possessed at least one cash-register. In the rural areas, however, only six of those who were interviewed owned cash-registers. This is understandable because the size of most of the rural businesses does not warrant such expensive equipment. On the whole those who have cash-registers reconcile takings with the till reading in the usual way. For the rest, 'cashing-up' in most cases amounts to counting the money in the cash-box and entering the total in a book: a few do not even bother to do this. Generally retailers in Zwelitsha and the urban locations bank their takings. In the rural areas most of the fairly wealthy Bantu traders also operate bank accounts.

Credit

(a) Rural areas

Income of the Bantu living in the rural Bantu areas covered by this survey is derived from the following main sources:

(1) Employment in these areas and Pensions

Examples of persons employed in these areas are teachers and employees of the South African Bantu Trust. Also included in this category are those who are employed in White areas which border on or are surrounded by rural Bantu areas, such as the town of Keiskammahoek.

(2) Remittances from migrant labourers

Overpopulation and lack of employment opportunities in the rural Bantu areas drive a large proportion of the population who are of working age to seek employment elsewhere.

(3) Farming and Pastoral activities

The Bantu consume most of the produce which they grow. Sometimes, however, relatively small quantities are sold to traders. Income is also derived from the sale of skins, hides, wool, bones, fowls and eggs.

Income receipts from source (1) are regular. On the other hand income derived from source (2) is large but could hardly be classified as regular. 'Cash' income obtained from source (3) is both small and irregular. Families who rely on sources (2) and (3) for their income at times depend on traders to tide them over difficult periods. Naturally great care is taken in extending ^{them} credit because the sources upon which they rely are not certain.

Most White traders grant credit, but there are a few who feel that by allowing credit a trader eventually frightens customers away. It would appear that the attitude of the rural Bantu, especially the 'School' people, towards debt has changed. In the past, the 'traditional Red blanket' looked on the obligation to discharge a debt as inescapable and even hereditary. Today, however, there is a tendency to obtain as much credit as possible from one trader and then to go to another. The reputation of teachers in this regard is not very good. The average debtors of a typical White trader amount to between R2,000-00 and R2,500-00 - about 8 per cent of annual sales.

On the whole Bantu general dealers allow considerably less credit than their White counterparts; this is to be expected as generally their businesses are so much smaller. Table 18 shows the average debtors of the rural Bantu general dealers who were interviewed as a percentage of annual sales. Credit allowed by fresh produce dealers was so insignificant that it was not considered worth while tabulating.

Table 18

Average debtors of rural Bantu general dealers shown as a percentage of annual sales. (Estimated)

Percentage of annual sales	Average debtors ^(a)							Total
	Less than R101	R101-200	R201-300	R301-400	R401-500	R501-1000	R1001 & over	
Less than 6%	11	2	3	2	1	-	1	20
6-10%	1	2	-	1	-	5	1	10
11-15%	-	-	-	-	-	1	1	2
Total	12	4	3	3	1	6	3	32 ⁽¹⁾

Source: (a) Information supplied by general dealers.

Note: (1) Two general dealers granted no credit and two others had only opened their businesses during March, 1965.

In view of his limited capital and the restricted credit granted to him by suppliers, the average Bantu general dealer can not afford to grant much credit to customers. The average debtors of half of the dealers shown in Table 18 amounted to less than R201-00. It appeared that the Bantu were aware of the dangers involved in granting credit. Conversation with shopkeepers revealed that some had learnt this the hard way.

Credit granted to customers naturally depends on their ability to pay. A limited amount of credit will undoubtedly attract trade but a trader must be most careful not to allow customers to run up large accounts as

this is likely to have an adverse effect - instead of ensuring that the trade will continue, it may chase customers away. The Bantu Investment Corporation normally stipulates that borrowers buy and sell on a cash basis, but it only enforces these requirements when it feels that it is necessary.

It is not usual for a Bantu trader to demand security for a debt. If security is required, it normally takes the form of a head of cattle. In extending credit to the people, Bantu traders have one advantage over their White counterparts in that they are better able to establish the credit worthiness of their customers. This is more than offset, however, by the fact that Bantu traders command less respect from their own people than the Whites and consequently are compelled to have recourse to attorneys. There is further the tendency, based on old tribal custom, of relatives and friends to sponge on them. One Bantu even decided to move his business as relatives were demanding credit with no intention of paying. A few Bantu mentioned that the headman of a location could be a source of trouble. One said that in order to foster friendly relations with a headman, he had allowed him credit, but when the latter did not pay he did not know what to do. If he took the matter up with an attorney, he might well find his shop boycotted.

Lack of information made it difficult to establish the annual bad debts of Bantu traders. A rough estimate would be in the vicinity of 15 per cent of outstanding debtors, which incidentally compares favourably with the percentages given by White traders. It appears that in the rural areas some Bantu customers, especially those of White traders, do not settle up their accounts for years. Prescription of debt is unknown. Some White traders either charge higher prices for goods sold on credit, or they charge interest on the amount of credit granted. A few Bantu traders who were interviewed did the same.

The hire purchase system is not used; the nature of goods generally sold does not lend itself to this system. Instalment buying does, however, take place.

(b) Townships and Urban locations

The risk involved in granting credit to Bantu living in townships and urban locations would appear to be considerable. Retailers stressed how difficult it was to establish the credit worthiness of customers. Table 19 gives an indication of the limited extent to which credit is granted by Bantu general dealers in Zwelitsha and the urban locations of King William's Town and Alice.

Table 19

Average debtors of general dealers in Zwelitsha and the urban locations shown as a percentage of annual sales. (Estimated)

Percentage of annual sales	Average debtors ^(a)			Total
	No credit	Less than R101-00	R101-00 -200-00	
N/A	4	-	-	4
Less than 6%	-	1	2	3
Total	4	1	2	7

Source: (a) Information supplied by general dealers.

It can be seen from the above table that credit is not a popular method of attracting trade. One general dealer mentioned that he charged more for goods which he sold on credit.

Money-Lending

It would appear that in the past it was a common practice of White traders to lend money at exorbitant rates of interest. This practice continues today, but to what extent it is not possible to say. Few of the Bantu traders who were interviewed in the rural areas lent any money, but those who did generally charged excessive rates of interest. According to traders, the rural Bantu are becoming increasingly aware that it is

illegal to charge more than a certain amount as interest.

Very few retailers who were interviewed in Zwelitsha and the urban locations were prepared to lend money and none of them appeared to charge excessive rates of interest.

Generally speaking, the attitude which Bantu traders adopt towards customers does not induce trade. It would appear, however, that Bantu traders are aware of the dangers inherent in the granting of credit and this is evidence that they are developing some aspects of business acumen. In the rural areas, White traders are an important source of credit and were they to disappear, the inhabitants would suffer some stringency.

takings - the same applies to other produce bought for 'export' purposes. Some, however, pay for produce of this sort out of a separate float. Money received from produce 'exported' is usually treated as cash sales. Normally no record is kept of produce bought for resale to customers.

At the end of each day most Bantu traders enter in a book - often a ruled school exercise book - the total in their cash-boxes, but the general tendency is to make little use of this information. Traders may compare totals over a month or two in order to judge whether trade is improving or declining, but not many use this record to establish a comparison over a longer period. In most cases, once the cash has been counted it goes into the trader's pocket. Money received from 'giving lifts' is normally not included in the above record.

No distinction is made between cash sales and money received in payment of accounts. The common procedure adopted is to enter the names and amounts owed in a book: each customer keeps a 'memo-book' showing his outstanding debt. When the account is settled, the debtor's name is deleted from the trader's book. It is most unusual for a trader to send out monthly accounts.

Records of expenses incurred are in most cases non-existent. Common items of expenditure are transport, wages, rent and licence fees. Transport costs usually rank the highest, though wages may amount to more. (Only a quarter of the general dealers interviewed employed more than one person.)

Nine of the general dealers interviewed employed temporary book-keepers;² five engaged Whites to prepare their final accounts. The remaining four employed a Bantu teacher, who had taken book-keeping as one of his subjects for 'matric'. At present, he teaches this subject at a Bantu senior school and at the same time studies accounting at the

University of South Africa through correspondence. He would appear to be sufficiently competent to prepare the final accounts and balance sheets of traders. Because of the distances involved, he seldom visits his rural clients and often has great difficulty in obtaining the necessary information from them - the same difficulty is experienced by White book-keepers.

Generally Bantu traders employ book-keepers because the Receiver of Revenue requires them to furnish returns. (The businesses of the majority of rural Bantu traders are so small that they are overlooked by authority.) Very few of the traders interviewed showed any understanding of their final accounts. The following is a copy of a statement of the accounts of a fairly successful Bantu trader; they were drawn up by a White chartered accountant.

Trading and Profit and Loss Accounts for the Year Ended
28th February, 19X2

Stock on hand, 1.3.19X1	R 528-04	
Purchases	<u>5,283-41</u>	
	5,811-45	
Less Stock on hand, 28.2.19X2	<u>641-17</u>	
Cost of Sales	5,170-28	
Sales		R6,894-90
Gross Profit carried down (25% of sales)	<u>1,724-62</u>	<u> </u>
	<u>R6,894-90</u>	<u>R6,894-90</u>
Gross Profit distributed		R1,724-62
Cartage	R 264-99	
Wages	14-50	
Petrol	12-00	
Scale Assize	1-50	
Loss on Pigs sold	6-00	
Net Profit for Year	<u>1,425-63</u>	<u> </u>
	<u>R1,724-62</u>	<u>R1,724-62</u>

This particular trader values stock at selling price; the accountant was unaware of this. The owner had no idea that a number of items had been omitted from the accounts altogether and further was ignorant of the meaning of the terms gross and net profit.

The Bantu Investment Corporation requires traders to whom loans have been granted to maintain proper records, which are inspected during the year. Traders must also submit monthly returns - an example is given on page 92. The return illustrates the type of record which a trader need keep in order to maintain control over his business. The Corporation is prepared to assist traders in the conduct of their businesses irrespective of whether or not they have received financial aid: apparently not one of the traders interviewed had taken advantage of this service - possibly it is not widely known.

(b) Townships and Urban locations

In terms of regulation 14 of chapter 3 of Proclamation no. R293 of 1962,

"Every trader [in townships in Bantu areas] shall keep proper books in respect of his business transactions, and such books shall be open to inspection by the Trust or any authorized employee."

Such requirements do not appear to be in force in Bantu areas outside these townships, and it is worthy of remark that during the course of discussions with traders in Zwelitsha not one of them made any reference to this regulation.

Records maintained by the retailers who were interviewed in Zwelitsha and the urban locations of King William's Town and Alice were on the whole adequate. All the general dealers, except one, were able to produce final statements which had been drawn up by White accountants. One retailer placed such importance on records that the main task of two of his employees was to keep the books of his three businesses. The majority of those who had final accounts understood elementary accounting concepts

Monthly Return

Name of Owner:..... Month of19...
 Name of Business:..... Address:

Note: Mark all payments by cheque with cross x

Income		All monies paid out during month by cheque and cash							Credit pur- chases
Date	Daily cash takings	Goods paid cash or cheque	Wages	Transport	Cost Price value of Goods taken by owner	Cash draw-ings by owner	Sundry pay-ments	Details of Sundries	Summary of all invoices
	R	R	R	R	R	R	R		R
1									
2									
3									

The following questions must be completed at the end of the month

- | | |
|--|---|
| 1. Cash money on hand at end of the month:
R _____ | 4. Total Creditors (money you owe people):
R _____ |
| 2. Cash money in bank at end of the month:
R _____ | 5. Estimate of stock on hand at cost price:
R _____ |
| 3. Total Debtors (money owing to you by customers):
R _____ | 6. Total amount of money deposited into Bank during the month:
R _____ |

such as depreciation and gross and net profit.

Size and Profitability

(a) General Dealers

(i) Rural

Lack of adequate records made the task of collecting data on sales and profitability a most difficult one. In a few cases the investigator had to rely solely on trader's word and consequently the figures given in the ensuing two tables should be regarded as a cautious assessment rather than an exact reflection.

The sizes of Bantu businesses are best measured against that of a 'typical' White trader.³ His annual sales would be somewhere between R25,000-00 and R35,000-00, and he would carry between R4,000-00 and R5,000-00 worth of stock (at cost). It was not possible to establish the cost of goods sold annually by most Bantu general dealers, and so the value of average stocks held at cost price has been divided into the annual sales to give an indication of the rate at which stock turns over. The use of this method gives an annual stock-turnover rate which is higher than it is in reality. With this method the rate for a 'typical' White trader would be between five and nine.

The ratio of gross profit to sales is affected by the proportion of foodstuffs sold compared with that of other goods. In barren areas, where particularly large quantities of food are sold, the gross profit percentage (excluding cartage inwards) of a 'typical' White trader would be between eighteen and twenty. In more productive areas, where the proportion of foodstuffs sold is lower, the gross profit percentage is higher, ranging from twenty-three to twenty-five.

The ratio of net profit to sales naturally varies for the same reason as the gross profit ratio. In less productive areas, a 'typical' White trader

would make a net profit of between 8 and 10 per cent of sales. In other areas he would make between 13 and 15 per cent. No allowance has been made for his salary or that of his wife; in view of this, the income which he derives from trading is not very high.

Table 20 shows the estimated annual sales of the rural Bantu general dealers who were interviewed. The annual sales of roughly 82 per cent of the traders shown in the this table exceed R2,000-00, and approximately 21 per cent of the total, R10,000-00. The sales of the majority of Bantu general dealers are small in comparison with those of their White counterparts. On the whole the most prosperous Bantu general dealers are to be found in the magisterial district of Keiskammahoek. Discounting the personal aspect, a possible explanation is that the rural areas of this district are not over-traded and of the five Bantu general dealers, three rent trading stations (previously owned by Whites) from the South African Bantu Trust at a low rental.

Table 21 gives an indication of the rates at which stock turns over in the shops of the Bantu general dealers who were interviewed in the rural areas. (The method described on ^{p.} 93 has been used.) The 'ratios' of approximately 59 per cent of the dealers shown in this table exceed ten, which is higher than that of a 'typical' White trader. Owing mainly to a shortage of funds, the majority of Bantu general dealers cannot carry adequate stocks and have principally invested in fast moving goods (i.e. groceries). The annual stock turnover of one Bantu trader was exceptionally high; he carried on the average R100-00's worth of stock and had annual sales of about R7,000-00. Bantu general dealers who carried a fairly good selection of 'soft-goods' had an annual stock turnover rate very much the same as that of their White counterparts.

The limited information available makes it impossible to construct

Table 20

Annual sales of rural Bantu general dealers

Magisterial districts	Annual Sales ^(a)						Total
	Less than	R2001-00	R5001-00	R10,001-00	R15,001-00	R20,001	
	R2001-00	-5000-00	-10,000-00	-15,000-00	-20,000-00	and over	
East London	-	1	1	1	-	-	3
Fort Beaufort	2	1	-	-	-	-	3
Keiskammahoek	-	-	1	3	-	1	5
King William's Town	2	2	4	1	-	-	9
Middledrift	-	1	1	-	-	-	2
Peddie	1	1	3	-	-	1	6
Victoria East	1	3	2	-	-	-	6
Total	6	9	12	5	-	2	34 ⁽¹⁾

Source: Estimates based on information supplied by general dealers.

Note: (1) Two general dealers had only opened their businesses during March, 1965.

95

Table 21

The ratios of annual sales to average stocks (at cost) of rural Bantu general dealers

Ratios	Annual Sales ^(a)						Total
	Less than	R2001-00	R5001-00	R10,001-00	R15,001-00	R20,001	
	R2001-00	-5000-00	-10,000-00	-15,000-00	-20,000-00	and over	
Less than 6	-	-	1	1	-	1	3
6 - 10	3	2	3	2	-	1	11
11 - 15	2	1	5	2	-	-	10
16 - 20	1	1	1	-	-	-	3
21 and over	-	5	2	-	-	-	7
Total	6	9	12	5	-	2	34 ⁽¹⁾

Source: (a) Estimates based on information supplied by general dealers.

Note: (1) Two general dealers had only opened their businesses during March, 1965.

tables showing the situation at any earlier date. It would appear, however, that the number of prosperous Bantu general dealers is growing. Most of the successful traders who were interviewed had built up their businesses on the sale of groceries, gradually acquiring stocks of 'soft-goods'. This has not been easy on account of White competition.

For the same reason as given above, it is not possible to provide detailed tables showing the gross and net profit made by Bantu general dealers. The percentage of gross profit (excluding cartage inwards) to sales of the average Bantu general dealer would appear to be about seventeen and the percentage of net profit about eleven. It is stressed that these percentages are no more than an estimate based on the best information available.

The accounts which follow show the working of an efficient Bantu business. They are based on the actual accounts of a Bantu trader, a qualified teacher with a certain amount of commercial training supplemented by some business experience.

The final accounts were drawn up by a White accountant, but the records upon which they were based had been adequately maintained by the owner of the business. The latter had begun with an initial capital of about R1,200-00, investing R600-00 in stock and R600-00 in a second-hand truck. He was fortunate in that he was able to rent a spacious trading station and house from the South African Bantu Trust. He has, however, always been confronted with particularly stiff White competition.

Over a period of approximately six years, he has built up stocks of 'soft-goods'. The accounts reveal that his rate of annual stock turnover is very low, possibly a result of keen White competition. He sells large quantities of foodstuffs and the ratio of his gross profit (excluding the cost of getting the goods to his shop) to sales amounts to roughly 19 per cent.

Trading and Profit and Loss Accounts for the Year Ended 30th June, 19X2

To Stock 30.6.X1	R2,300-00		By Sales	R8,730-00
To Purchases	<u>7,200-00</u>	R9,500-00	By Household Requisitions	170-00
To Gross Profit		<u>1,650-00</u>	By Stock on hand 30.6.X2	<u>2,250-00</u>
		<u>R11,150-00</u>		<u>R11,150-00</u>

To Three-quarters Lorry Expenses	R 225-00		By Gross Profit	R1,650-00
To Wages	45-00		By Rent applicable house	30-00
To Clerical Fees due	28-00			
To Licences	15-00			
To Assize and Repair Scales	12-00			
To Advertising	12-00			
To Stationery	3-00			
To Bank Charges	10-00			
To Fire Insurance	22-00			
To Rent Bantu Trust	84-00			
To Depreciation:				
(a) Lorry (10% of three-quarters)	26-00			
(b) Plant (10%)	15-00			
To Sundry Expenses	<u>13-00</u>			
		510-00		
To Net Profit		<u>1,170-00</u>		
		<u>R1,680-00</u>		<u>R1,680-00</u>

Transport expenses, including depreciation on the lorry, account for nearly half of total expenses and they amount to approximately 3 per cent of sales. (It should be pointed out that this trader is only about fourteen miles from King William's Town.) The amount paid in wages is comparatively small. The advertising charge apparently represents the cost of a simple calendar which the trader distributed. In terms of the lease, he is required to insure the buildings against fire, the policy being ceded to the 'Trust'. His stocks are not insured.

His net profit amounts to just over 13 per cent of his sales; this percentage compares most favourably with that of a typical White trader and is evidence of the efficient manner in which he conducts his business. The income of R1,170-00 derived from trading is an extremely good inducement for the owner to remain in business. It is possible that he and his wife together could make as much if they were both employed, but there are other factors to be considered such as prestige, independence and good prospects. Compared with the income of an average White trader, R1,170-00 is small.

The business - an approximate reproduction of whose accounts and balance sheet are given below - is extremely large, being in fact the largest of all the rural businesses investigated. It is even big by White standards. When the business was started, neither of the two partners had much capital and both were without any business training. One had been a driver and the other a domestic servant.

This was one of the very few successful partnerships encountered. The owners are related and were brought up together. When they commenced business in 1954, a partnership agreement was drawn up by an attorney, but it means little to the partners and they are quite content to share everything. They live with their wives in a house adjacent to the

Trading and Profit and Loss Accounts for the Year Ended 28th February, 19X2

To Initial Stock	R4,020-00		By Sales	R44,300-00
To Purchases	<u>39,160-00</u>	R43,180-00	By Final Stock	6,820-00
To Gross Profit		<u>7,940-00</u>		
		<u>R51,120-00</u>		<u>R51,120-00</u>

To Petrol and Oil	R 560-00	By Gross Profit		R7,940-00
To Wages	720-00			
To Book-keeper's Fee	68-00			
To Repair Register	13-00			
To Stationery	9-00			
To Bank Charges	38-00			
To Insurance and Taxes	374-00			
To Depreciation	433-00			
To Sundry Expenses	<u>189-00</u>			
	2,404-00			
To Net Profit	<u>5,536-00</u>			
	<u>R7,940-00</u>			<u>R7,940-00</u>

Balance Sheet at 28th February, 19X2

Liabilities

Trade Creditors

R 2,885-00

Assets

Cash in hand
in bank

R4,130-00
2,270-00

R 6,400-00

Final Stock

6,820-00

Sundry Debtors

820-00

Shop Equipment

330-00

Less Depreciation

26-00

304-00

Motor Vehicles

5 Ton Lorry

3,860-00

Less Depreciation

280-00

3,580-00

Small Van

271-00

Less Depreciation

127-00

144-00

Capital

Balance

10,730-00

Add Net Profit

5,536-00

16,266-00

Less Drawings

1,083-00

15,183-00

R18,068-00

R18,068-00

100

shop. Both are middle-aged and it is their intention eventually to hand the business over to their sons. The one son is studying for his 'Matric' with book-keeping as a subject. Although in past years the partners had employed someone to draw up their final accounts and balance sheet, this particular year the work was done by this son. Owing to his ignorance and lack of experience, these accounts and balance sheet leave much to be desired but provide sufficient information to reveal the essential features of the business.

The two partners commenced business with a capital of about R1,300-00: they invested R1,000-00 in the building and fixtures and R300-00 in stock. Initially their only means of transport was a donkey cart. The 'South African Railways' bus used to leave their goods on the road, approximately three-quarters of a mile from the shop, and they collected them. A year and a half later they bought a small truck.

Over a period of approximately eleven years, they have built up a very satisfactory stock. Their holding of blankets is large because in this area the 'traditional Red blanket' still predominates. The rate of annual stock turnover is much about the same as that of a typical White trader. The accounts reveal a gross profit ratio to sales of roughly 18 per cent and a net profit ratio of approximately 12 per cent. Too much importance ought not to be attached to these percentages because of the way in which the accounts were drawn up. 'Wages' apparently includes the nominal salaries paid to the wives and one son. The latter is a tailor and assists in the shop.

The partners buy from a large number of sources, and although it would not appear from the balance sheet they do take advantage of 'cash' discounts. It emerged from conversation that they had never considered investing any part of their money lying idle.

It would be most difficult to estimate the return which the partners are receiving on their investment since it would be necessary to take into account the services rendered by the partners and their families. Nevertheless within a relatively short period of time they have accumulated considerable assets, evidence of the efficient manner in which they have conducted their business. It should be borne in mind that the balance sheet does not show the value of the shop buildings which must be worth about R3,000-00 and which should be added to the total assets.

The marked difference between the success of this particular store and the rather pedestrian progress of Bantu businesses in the rural areas generally calls for explanation. Much of the remarkable development must be due to personal characteristics of industry, method, enterprise and all the other virtues which lead to success in any calling. Beyond these, and this may be said without detracting in any way from the qualities of the partners concerned, it ought to be pointed out that the area in which they are trading is advantageous. Although not particularly prosperous, there are very few stores in the region, and one of these shops, which belongs to a White, has been subject to more than one boycott and is at present closed altogether.

(ii) Townships and Urban locations

On the whole the annual sales of Bantu general dealers in Zwelitsha and the urban locations of King William's Town and Alice are considerably larger than those of their counterparts in the rural areas. Table 22 shows the estimated annual sales of the general dealers who were interviewed in the former areas. The sales of general dealers in Zwelitsha are for the most part exceptionally large, but it is not possible to make any comparison with past sales figures since three of the four businesses investigated were less than five years old. The same applies to the

Table 22

Annual sales of general dealers in Zwelitsha and the urban locations

Areas	Annual Sales ^(a)						Total
	R5,001-00	R10,001-00	R20,001-00	R30,001-00	R40,001-00	R50,001-00	
	-10,000-00	-20,000-00	-30,000-00	-40,000-00	-50,000-00	-60,000-00	
Zwelitsha	-	-	1	-	1	2	4
Urban locations	1	1	-	1	-	-	3
Total	1	1	1	1	1	2	7

Source: (a) Estimates based on information supplied by general dealers.

Table 23

The ratios of annual sales to average stocks (at cost) of general dealers in Zwelitsha and the urban locations

Ratios	Annual Sales ^(a)						Total
	R5,001-00	R10,001-00	R20,001-00	R30,001-00	R40,001-00	R50,001-00	
	-10,000-00	-20,000-00	-30,000-00	-40,000-00	-50,000-00	-60,000-00	
11 - 15	-	1	-	-	-	1	2
16 - 20	-	-	1	-	-	1	2
21 - 30	1	-	-	-	1	-	2
31 - 40	-	-	-	1	-	-	1
Total	1	1	1	1	1	2	7

Source: (a) Estimates based on information supplied by general dealers.

businesses investigated in the urban location of King William's Town. The annual sales of the only general dealer in the urban location of Alice show a gradual increase over the years.

The rate at which stock turns over in Zwelitsha and the urban location of King William's Town is particularly rapid. It is also high in the urban location of Alice. To achieve consistency the same method (though not altogether satisfactory) as was adopted before has been applied in giving an indication of the rate at which stock turns over in the shops of general dealers in these areas. (See table 23.)

The percentage of gross profit to sales of general dealers in Zwelitsha and the two urban locations is not high, ranging on the whole between fourteen and seventeen. The largest item of expenditure is 'wages', and net profit as a percentage of sales varies between eight and twelve. Generally speaking, incomes derived from trading by general dealers in these areas are large compared with those of their rural Bantu counterparts. Needless to say the former are wealthy by Bantu standards.

The final accounts and balance sheet which follow are based on those of a business in Zwelitsha, and they give an indication of the large return on investment which it is possible for general dealers in this township to make. This particular business is owned by three Bantu in partnership, the partners being related to one another. There is no partnership agreement and only two of them participate in the daily management of the shop; these two receive a monthly salary. The profits are divided among the partners in proportion to their shares of the fixed capital. The daily records appeared to be reliable and the final accounts and balance sheet were drawn up by a White accountant.

This is one of the few shops in Zwelitsha which carry an assortment of 'soft-goods'. Clothing stocked is markedly different from that found in

Trading and Profit and Loss Accounts for the Year Ended
28th February, 19X2

<u>Cost of Sales</u>		<u>Sales</u>	R53, 228
Stock on hand 28.2.X1	R3, 116		
Purchases	44, 720		
Railage	<u>6</u>		
	47, 842		
Less Stock on hand 28.2.X2	<u>3, 322</u>	R44, 520	
<u>Gross Profit c/d</u> (16.4% on sales)		<u>8, 708</u>	
		<u>R53, 228</u>	<u>R53, 228</u>

<u>Selling Expenses</u>		<u>Gross Profit b/d</u>	R8, 708
Salaries	R2, 232	Discount Received	96
Wages	885		
Transport	<u>260</u>	R3, 377	
<u>Administrative Expenses</u>			
Accounting	135		
Bank Charges	38		
Telephones	57		
Licences & Insurance	103		
Sundry Expenses	14		
Interest on Loan	126		
Repairs & Maintenance	106		
Depreciation:			
Equipment (10%)	153		
Furniture & Fittings(5%)	<u>52</u>	<u>784</u>	
		4, 161	
<u>Net Profit (divided in fixed capital proportions)</u>			
Partner no.1	1, 393		
Partner no.2	604		
Partner no.3	<u>2, 646</u>	<u>4, 643</u>	
		<u>R8, 804</u>	<u>R8, 804</u>

Balance Sheet at 28th February, 19X2

<u>Sundry Creditors</u>			<u>Cash</u>		
Trade Accounts	R2,147		On hand	R 72	
H.P. Creditors	30		At bank	4,424	R4,496
Accrued Expenses	<u>12</u>	R2,189			
<u>Loan a/c Partner no.3</u>			<u>Stock</u>		3,322
Balance at 28.2.X1	2,100		<u>Furniture & Fittings</u>		
Interest @ 6% p.a.	<u>126</u>	2,226	Balance at		
			28.2.X1	1,010	
<u>Current Accounts</u>			Additions at		
<u>Partner no.1</u>			1.3.X1	<u>30</u>	
Balance at 28.2.X1	1,134			1,040	
Add Share of Profit	<u>1,393</u>		Less Depre-		
	2,527		ciation @		
Less Drawings	<u>1,134</u>	1,393	5%	<u>52</u>	988
<u>Partner no.2</u>			<u>Equipment</u>		
Balance at 28.2.X1	440		Balance at		
Add Share of Profit	<u>604</u>		28.2.X1	1,530	
	1,044		Less Depre-		
Less Drawings	<u>440</u>	604	ciation @		
<u>Partner no.3</u>			10%	<u>153</u>	1,377
Share of Profit		2,646	<u>Land & Build-</u>		
			<u>ings at cost</u>		2,875
<u>Fixed Capital Accounts</u>					
Partner no.1	1,200				
Partner no.2	520				
Partner no.3	<u>2,280</u>	<u>4,000</u>			
		<u>R13,058</u>			<u>R13,058</u>

rural stores - shirts are of a relatively good quality and lingerie a better class. Very few blankets are kept. Apparently it does not pay to stock suits and other expensive items of clothing because of the large capital outlay involved and the stiff competition of shops in King William's Town. Groceries form the bulk of sales and the overall rate of stock turnover is high. The percentage of gross profit to sales is approximately sixteen.

Net profit amounts to roughly 9 per cent of sales. It should be borne in mind that the salaries of the two partners have been taken into account as well as interest on the loan of the third partner. In calculating the return on investment, the item 'capital invested in the business' is taken to refer to the fixed capital and the balance standing on current account and loan account at the beginning of the financial year. The rate of return then amounts to approximately 61 per cent which, by any standard, is extremely high. This appears to have been achieved not through skilled financial management, but rather through careful administration and favourable trading conditions.

(b) Fresh Produce Dealers

Lack of reliable information generally made it extremely difficult to establish the annual sales of fresh produce dealers. The only prosperous fresh produce dealer interviewed was the one in Zwelitsha; the businesses of the rest were very small. One fresh produce dealer had at the time of investigation about R4-00's worth of stock in his shop and possible annual sales of about R250-00. The majority of them had annual sales of less than R1,000-00. It is not possible to say what profit they made.

(c) Butchers

The only butcher who was interviewed kept adequate records. He had, however, only recently opened his business in Zwelitsha and so could not provide any significant information. Prospects appeared to be favourable.

At present, the Bantu play a minor role in retailing in their own rural areas, although they are developing in this commercial field. Within recent years a number of successful Bantu general dealers have established themselves and this number is likely to increase. Trade in Zwelitsha is booming and the same is likely to be the case in Mdantsane once it is fully established.

References and Notes

1. Roughly 69 per cent of the rural traders interviewed had passed at least Standard VI.
2. Does not include two general dealers who had only opened their shops during March, 1965. No other general dealers were able to produce final accounts.
3. The investigator approached approximately a quarter of the White traders in the Bantu areas covered by this survey. Recourse was also made to accountants and other knowledgeable persons. The final accounts of all traders - both White and Bantu - leave much to be desired; strict accounting procedure is not observed.



Plate XIX. A flourishing business in Zwelitsha



Plate XX. A successful Bantu retailer in his office in Zwelitsha.



Plate XXI. 'Mdantsane'



Plate XXII. A block of shops belonging to the Bantu Investment Corporation and leased to Bantu in Mdantsane

Chapter 9

PROBLEMS AND PROGRESS

Rural areas

Until recently, retail trade in the rural Bantu areas covered by the survey was the near-monopoly of the Whites, who still retain the bulk of this business. The Bantu, with no tradition of trade and lacking capital, training and experience, have met with great difficulty in establishing themselves. By 1910, a mere handful had opened shops, but the number has grown significantly within recent years.

Statistics which show a marked growth in the numbers of Bantu traders may be misleading. In place of a large increase of prosperous businessmen, the picture is rather that of petty traders restricted by severe limitations. Their enterprises are on the whole very small; approximately 62 per cent of the general dealers who were interviewed carried average stocks of less than R501-00, whereas the value of the stock of a typical White trader amounted to between R4,000-00 and R5,000-00. Furthermore, the mortality of Bantu businesses is high, and would probably be even higher, if the approval of the Department of Bantu Administration and Development were not required before a licence is issued. This is understandable in view of the fact that the Bantu lack capital, training and experience.

Table 24

Businesses of Bantu general dealers in the rural areas
which have closed since 1935⁽¹⁾

Years in existence	Number of businesses closed ^(a)			Total
	1 January, 1936- 1945	1946- 1955	1956 - 31 March, 1965	
Less than 2 years	-	8	16	24
2 to 4 years	-	3	14	17
4 to 6 years	-	3	5	8
6 to 8 years	-	-	4	4
8 years and over	-	1	1	2
Total	-	15	40	55

Source: (a) Information from Department of Bantu Administration and Development and personal enquiry.

Note: (1) This includes termination of partnerships. Businesses carried on by the family after the death of the proprietor have been excluded.

In contrast to this situation, the mortality of White businesses is low, and it is known that many White families have owned their trading stations through a number of generations. Bantu businesses seem to be particularly vulnerable during the first few years of their existence. Ignorance leads hopeful Bantu to open shops with very little capital. Stocks are small and consequently so are sales. Few records are kept and traders are unable to distinguish between trading revenue and profits.

Provided they are able to weather the storm for the first few years, Bantu traders are usually able to make a living out of their businesses. The school of practical experience serves a most useful purpose, but it does not lessen the need for business training. In the area covered by the survey, very few Bantu schools provide book-keeping as a subject and there are no commercial colleges for Bantu, though the University College of Fort Hare offers a diploma course in commerce and administration

for those who have passed the 'Senior Certificate' or an equivalent examination. (Matriculation exemption is not required.)

The low earnings of Bantu workers make it extremely hard for them to accumulate capital and until the establishment of the Bantu Investment Corporation in 1959 it was exceedingly difficult for the Bantu to raise loans. The Corporation is prepared to assist Bantu traders financially and by way of giving them advice in the conduct of their businesses. It is noteworthy that in the Transkei, where the Corporation has been particularly active, it has had difficulty in finding suitable Bantu who wish to take over White trading stations. Prosperous Bantu retailers in the urban locations are not likely to be tempted away easily.

Generally speaking, Bantu traders find it difficult to obtain credit because they are financially weak and lack business training and experience. Up to the time of the establishment of the Corporation, they had to rely almost solely on internal sources for expansion of their businesses - a safe but very slow way because of their small sales. In the past some wholesalers and other suppliers were possibly prejudiced against their Bantu customer, but today this is hardly the case. It is appreciated that as time marches on the Bantu will play an increasingly important role in retail distribution in their own 'homelands'.

The attitude which the Bantu adopt towards one another is significant. It appears that there is a tendency for the Bantu, especially the better educated, to be extremely jealous of each other and a few traders gave this as one reason why they were not supported. The feeling of social superiority associated with owning a business also militates against the success of Bantu traders who may gain personal satisfaction but little profit. At present it appears that Bantu traders do not exploit the Government policy of 'Separate Development' to serve their own ends.

In spite of the severe limitations with which they are confronted, the Bantu are making progress in establishing their own shops, although this development has been gradual. They are becoming more business-minded and the number of successful Bantu traders is growing.

Townships and Urban locations

Townships, such as Zwelitsha, provide wonderful trading opportunities for Bantu. They are well-planned and within them Bantu retailers are protected from competition with other races and from over-trading. Retailers are still, however, confronted with the problems arising from lack of capital, training and experience.

The four general dealers' businesses which were investigated in Zwelitsha were particularly large compared with that of a typical Bantu general dealer in the rural areas, and they were all efficiently managed. The owners were better equipped to open shops than the average Bantu both in terms of capital and experience. Only one, however, had taken book-keeping as a subject at school.

Townships in Bantu areas are to replace the urban locations of King William's Town and Alice and so what has been said above will apply to them as well.

APPENDIX A

'TRADING, TRADING SITES AND TRADING LICENCES'

This circular is issued for the guidance of all officers and a careful study of and compliance with the contents will be appreciated.

A. NEW APPLICATIONS FOR TRADING SITES:

1. Basic requirements for all applications for Trading Sites in Bantu Areas on land belonging to the Trust or private Bantu:

- (i) in scheduled and released areas where the Trust or a Bantu is the owner of the land, the Minister's approval in terms of section 24(3) of Act no.18 of 1936 is necessary for the issue of a licence and applications must be submitted in the first instance for approval in principle.
- (ii) the application must be accompanied by a sketch plan, based on the district map (Topo-Cadastral Series 1:250,000), on which must be indicated the situation of the proposed site in relation to existing similar sites in the vicinity and the distances - measured in a straight line on a horizontal plane - between such sites.
- (iii) The Bantu Affairs Commissioner must indicate:-
 - (a) whether or not the applicant is considered a suitable person to trade in a Bantu area and, if not, he must furnish his reasons;
 - (b) whether the distances indicated on the sketch plan are correct and, if not, what the correct distances are. (A radius rule of two miles has been fixed but the rule may be departed from if the population is very dense, or the circumstances otherwise justify it.);
 - (c) whether the site is 300 Cape feet or more from the middle of the nearest Public road (sections 7 and 9 of Act no.21/1940 refer);
 - (d) whether the population of the area justifies approval of the application;
 - (e) whether the Bantu Authority or Local District Council (if any) is in favour of the application;
 - (f) whether he recommends the application;
 - (g) whether the applicant is an adult; only in exceptional cases will the Department approve applications by minors.

- (iv) In Bantu areas, and only in the case of applications for General Dealers' sites, the applicant (and his wife, if any) must furnish sworn affidavits in accordance with the specimen contained in annexure A;

2. On Trust Land : Additional particulars required:-

- (i) It is the policy of the Department to grant trading sites on Trust Land to Bantu only. Where application is made by a non-Bantu the matter, fully motivated, must first be referred to the Secretary for his instructions.
- (ii) In addition to the information called for in Par. 1(ii)-(iv) the following must be furnished:-
- (a) A properly completed application form . . . ;
 - (b) whether the applicant intends trading on his own residential/ building site and, if not, the extent of the proposed site;
 - (c) what lease rent the applicant is prepared and able to pay and whether it is considered reasonable (a minimum of R24-00 per annum has been fixed for a quarter morgen site);
 - (d) whether a quarter's lease rent has been deposited . . . ;
 - (e) what period of time in which to fence the site the applicant desires and what period is recommended by the Bantu Affairs Commissioner;
 - (f) are the residents in favour of the application?;
 - (g) what capital is available to the applicant for the business? (The Bantu Affairs Commissioner must satisfy himself that the capital is, in fact, the property of the applicant.);
 - (h) what are the applicant's educational qualifications?;
 - (i) what previous business experience has he had?;
 - (j) is the Bantu Affairs Commissioner satisfied that the applicant is not being financed by non-Bantu? If not, on what are his suspicions based?;
 - (k) is the site more than 500 feet from the nearest European residential area?;
 - (l) what is the distance between the site and the nearest Bantu Township? Where Bantu Townships are in existence sites should preferably be granted within such Townships.

3. Privately-owned Bantu Land : Additional particulars:

- (i) Applications by non-Bantu will only be considered in those cases where suitable Bantu are not available;
- (ii) agreements of lease in respect of non-Bantu must not be entered into for periods in excess of 3 years and nor must provision be made for renewal;
- (iii) in addition to the information called for in Par.1(ii)-(iv) the following must be furnished:-
 - (a) Agreement of lease in triplicate. The lease must be signed by all the owners of the land (see also section 16 of Act no.18/1936);
 - (b) a minimum rental cannot be laid down but the Bantu Affairs Commissioner must indicate whether he considers the rental reasonable;
 - (c) it is not necessary to fence the site unless this is desired by the parties;
 - (d) the extent of the site will rest with the parties but unusually big sites must be specially motivated;
 - (e) in the case of Bantu applicants the information called for in Par.2(ii)(g)-(1) must also be furnished;
 - (f) the provisions of Par.1(i) are not applicable to Bantu privately-owned land situated outside released area but the agreement of lease, together with the other information, must be submitted for consideration.

4. On non-Bantu and non-Trust Land in Released Areas:

Where a Bantu applies for a Trading Site on land in a released area which is not the property of a Bantu or the Trust the matter must be disposed of in the light of the provisions of sections 11 and 12 of Act no. 18 of 1936.

5. On non-Bantu Land outside Released Areas:

The Contract is subject to approval by the Group Areas Board to whom the matter must be referred.

B. EXISTING SITES : TRANSFER OF

1. On Trust Land:

- (i) The same personal particulars required in respect of an applicant

for a new site must be furnished in respect of the transferee;

- (ii)(a) the original holder must sign a document to the effect that he transfers and cedes all his rights to the site to the new holder, who in turn will sign the document as applicant for the transfer of such rights to himself; . . .
- (b) in the case of the admission of a partner a document must be signed by the original holder and the partner indicating that the former admits the partner and that the latter desires to be admitted as a partner. (The procedure is the reverse in cases where a partner withdraws from a partnership.)
- (iii) A transfer fee of R2-00 is payable in each case in terms of Trust Regulation no.131 (Government Notice no.1170 of 1939) and must be credited to the S.A.N.Trust. The Bantu Affairs Commissioner must indicate that the fee has been deposited;
- (iv) the original and all copies of the existing Permission to Occupy must accompany the application;
- (v) the following information must be furnished in a covering minute:
 - (a) Up to what date lease rent has been paid. At the same time the lease rent can be reviewed if it is considered that it is unreasonably low or high;
 - (b) whether the extent of the site is in order. (See prescribed extents under the heading 'General'.) If the site is considered too big the holder must be asked whether he is agreeable to its reduction in extent and his answer must be furnished to the Department. The extent to which the site should be reduced in size must be indicated;
 - (c) old agreements of lease which were entered into before Act no. 18 of 1936 came into operation will be replaced by Permissions to Occupy. Occupiers must be advised accordingly and of the conditions of the Permission to Occupy and must be asked if they agree to the substitution;
 - (d) the Bantu Affairs Commissioner must indicate whether the site is fenced. If not, the new occupier must be asked whether he is prepared to fence it and, if so, when and the Bantu Affairs Commissioner must make his own recommendation;
 - (e) the Bantu Affairs Commissioner must indicate whether there has been any encroachment over the boundaries of the site.

2. On Bantu Privately-owned Land in Scheduled and Released Areas:

- (i) Here, too, the same particulars required in respect of an applicant for a new site must be furnished in respect of the transferee.
- (ii) the same documents indicated in Par.1(ii)(a) and (b) must be furnished.
- (iii) a transfer fee is not payable to the Trust.
- (iv) the application must be accompanied by the original and all copies of the agreement of lease.

3. On Bantu Privately-owned Land outside Scheduled and Released Areas:

Refer to Par. A. 3.

4. On non-Bantu Land in Released Areas:

Refer to Par. A. 4.

5. On non-Bantu Land outside Released Area:

Refer to Par. A. 5.

C. LICENCES IN RESPECT OF WHICH A SITE IS NOT REQUIRED:

1. Hawkers and Pedlars:

(These are controlled under the provisions of sec.24 of Act no.18 of 1936 and Proclamation no.72 of 1958.)

- (i) Except in exceptional cases permits will not be issued to non-Bantu as it is only fair to protect the interests of the established traders who pay high rentals and licence fees and who satisfy the needs of the public;
- (ii) the application consists only of the Bantu Affairs Commissioner's minute requesting the issue of a certificate in terms of section 24(3) of Act no.18 of 1936 and/or Proclamation no.72 of 1958 and containing the following particulars:-
 - (a) Whether the applicant is a suitable person to trade in a Bantu area and, if not, reasons must be furnished;
 - (b) the class of goods in which the applicant will trade;
 - (c) the area in which trading will take place;
 - (d) the population of the area and whether the people are in favour of the application;

- (e) whether there is a need for the sale of the particular goods on the grounds that the established businesses do not carry stocks and whether the granting of the application will have any adverse effect on such businesses;
- (f) the Bantu Affairs Commissioner's recommendation;
- (iii) hawking in offal will not be permitted because of the unhygienic conditions in which it takes place.

2. Speculators:

- (i) Applications to speculate in stock (with the exception of pigs and poultry) will not be considered in those districts in which organised Departmental Auction Sales are held. It must be specifically stated in every application whether such an organisation exists;
- (ii) all that is required is the Bantu Affairs Commissioner's minute in which the following must be stated:-
 - (a) whether the applicant is a suitable person to trade in a Bantu area and, if not, reasons must be furnished;
 - (b) the area in which speculating will take place;
 - (c) whether the Bantu in the area are in favour;
 - (d) the Bantu Affairs Commissioner's recommendation.

3. Commercial Travellers and Representatives:

- (i) Attention is invited to the provisions of Proclamation no.72 of 1958 in terms of which the entry of certain licenced persons into Bantu areas is controlled;
- (ii) applications must be submitted on the prescribed form (Annexure B);
- (iii) the Bantu Affairs Commissioner must furnish his recommendation and must indicate the source on which he has based it;
- (iv) it is emphasised that the object of the law is not so much the restriction of trade but the control of the entry of undesirable persons into Bantu areas.

D. RENEWALS OF LICENCES:

- 1. Applications for renewal must be submitted during the month of October in each year. Ministerial approval for renewal is not required in the case of licences which were originally issued before 3rd August, 1936.

2. In the case of agreements of lease, the Bantu Affairs Commissioner must satisfy himself that valid agreements exist.
3. In the case of sites on Trust land, the Bantu Affairs Commissioner must satisfy himself that the lease rent has been paid up to date.
4. The Bantu Affairs Commissioner must indicate whether or not he recommends the application.
5. Where the transfer of a licence has not yet been finalised the application for renewal must be made in the name of the transferor.
6.

E. GENERAL:

1. Erection of Trading premises:

Under no circumstances should buildings be erected or application made for the registration of the business in terms of Ordinance no.15 of 1953 until the application for the site has been approved of in principle by the Department.

2. Registration Certificates:

The Registration Certificates referred to in Par.1 above are issued by the Divisional Council or the Magistrate in those districts where there is no Divisional Council. If, in the opinion of the Bantu Affairs Commissioner, a Certificate has been refused in a deserving case and the Bantu Affairs Commissioner considers that there are sufficient reasons to approach the Minister for a directive to the Receiver of Revenue to issue a licence, the Bantu Affairs Commissioner should request the Divisional Council for its reasons for refusing the application. The reasons together with the Bantu Affairs Commissioner's comments must then be submitted to me.

3. Prescribed Extents of Sites:

(i) On S.A.N.T. land:

- (a) General dealer : quarter morgen
- (b) Butcher and baker : quarter morgen
- (c) Eating house : quarter morgen
- (d) Other : eighth to quarter morgen;

(ii) On Bantu-owned land:

The extent is subject to mutual agreement between the parties, but they should be advised of the sizes laid down in Par. (i) with the view to uniformity and to avoiding the granting of unnecessarily large sites.

4. Insurance of Trust Buildings:

- (i) The provisions of Par.23 of the Native Affairs Code 'Trust Buildings' in regard to the insurance against fire of Trust buildings leased under a Certificate of Occupation and the Cession of the Policy to the Trust must be complied with.
- (ii) ...;
- (iii) Renewal receipts in respect of existing policies must be forwarded direct to Head Office and not through this office.

5. Trading by School Teachers, Chiefs and Headmen:

Trading by School Teachers, Chiefs and Headmen and their wives is not permitted, except that applications by teachers in Community Schools, as opposed to schools erected by the Department of Bantu Education, may be considered, provided the School Board and Regional Authority are in favour of the application.

6. Permissions to Occupy:

- (i) In the case of the loss of a Permission to Occupy a certified copy can be obtained from Head Office upon payment of an amount of R1-00 in terms of Trust Regulation no.132. This amount must be deposited by the Bantu Affairs Commissioner as a credit to the S.A.N.T. This procedure is applicable also to Permissions issued prior to 31st August, 1936, vide Proclamation no.219 of 1960.
- (ii) where a transfer of rights or additional grants will result in a change or addition to the existing rights, the original and all copies of the Permission to Occupy must be forwarded to this office for amendment.

7. Unlawful Control of Bantu Businesses and Credit:

Bantu Affairs Commissioners are requested to inform Bantu traders that the Department is anxious to see them build up and develop their own businesses in Bantu areas. Experience has taught that Bantu traders sometimes buy their stocks on credit somewhat injudiciously and that when they are unable to pay their creditors they virtually become managers of their own shops without the approval of the Department of this transfer of control. Every endeavour must be made at all times to obviate this practice.

8. Determination of Distances:

Where it is necessary to determine the distance between points the

provisions of the Interpretation Act no.33 of 1957 must be followed - i.e. it must be measured in a straight line on the horizontal plane.

9. Allocation of Sites in Unplanned Areas:

In such cases the Bantu Affairs Commissioner must obtain a written undertaking from the applicant that should it become necessary, as a result of future planning of the area, for him to remove from the site upon notice to do so he will remove without payment of compensation. The undertaking must be kept on the Bantu Affairs Commissioner's file and this office informed accordingly.

10. Restriction in regard to Building Lots and Residential Sites:

No Bantu will be allowed to trade on the Building Lot or Residential Site of another Bantu unless there are exceptional circumstances.

ANNEXURE A

AFFIDAVIT IN TERMS OF PROCLAMATION 104 OF 1933, AS AMENDED BY PROCLAMATIONS 102 OF 1939 AND 78 OF 1952

I, _____ hereby make oath and state in reference to my*/wife's/husband's application for a General Dealer's licence to carry on business at: (describe the site fully)

_____ * That I am married in/out of community of property to:

1. _____ or (in the case of Natives), community of property excluded, in terms of section 22(6) of the Native Administration Act no.38 of 1937.

2. *That neither I nor my wife/husband is the holder of a General Dealer's licence in respect of any trading station within a radius of 20 miles of the abovementioned site; nor has either of us any direct or indirect interest in any business carried on at any such trading station; nor am I the owner or occupier of any trading station within 20 miles of the said site.

3. *That my wife/husband is not the owner or occupier of any trading station within 20 miles of the abovementioned site nor has she/he any direct or indirect interest in the business carried on at any such trading station.

4. *That my application is put forward solely on my own behalf and not on behalf of any undisclosed principal, and that approval therefore will not involve the acquisition by any other person of a direct or indirect interest in the site.

5. That I am aware of the provisions of the proclamations above quoted.

6. That I am a Union National.

SWORN to before me: _____

This _____ day of _____ 19...

Deponent acknowledges that he/she knows and understands the etc., etc.

* Delete words inapplicable.

NOTE: Married persons must furnish separate affidavits.

ANNEXURE B

APPLICATION ON BEHALF OF COMMERCIAL TRAVELLERS, etc.
 (To be completed by a Director or Secretary of the firms
 concerned and not by the Traveller or Representative)

1. Full Name/s of Applicant Firm/s: _____
2. Address/es: _____
3. Group nature of Firm/s: _____
 i.e. European, Asiatic, Coloured or Native.
4. Area for which permit is required: _____
5. Name and Race of Traveller/Representative: _____

6. Address (residential): _____
7. Is he a South African citizen? _____
8. If not, state country of origin: _____
 And number and date of permit to enter the Republic: _____

9. State what type of Commercial Traveller your Representative is: i.e.
 (a) Is he a director or other executive or supervising agent of your firm?

 (b) Will he transact business only with manufacturers, wholesale
 dealers or holders of retail commercial licences? _____

 (c) Will he transact business with persons who do not hold commercial
 licences: i.e. members of the public generally? _____

10. Is your traveller/representative permanently employed by your firm?

11. What class of wares does he carry? _____

12. Are such wares carried as samples only or will he dispose of them
 out of hand? _____

Date: _____
 Place: _____

 DIRECTOR/SECRETARY

APPENDIX B

ALLOCATION OF TRADING RIGHTS TO BANTU IN URBAN
BANTU LOCATIONS¹

In terms of Circular Minute no.A.12/1-A.8/1, issued to local authorities on 14th February, 1963, by the Department of Bantu Administration and Development.

1.0 TRADING RIGHTS:

- 1.1 The policy in regard to the allocation of trading rights to Bantu in White Areas, and the relevant legal provisions as administered by this Department are set out hereunder for the information and guidance of local authorities.² In the application thereof it must always be borne in mind that trading by Bantu in White areas is not an inherent primary opportunity for them, but should be allowed only where necessary, within the urban Bantu residential area for the benefit of the Bantu.
- 1.2 Section six of the Natives (Urban Areas) Consolidation Act, 1945 (Act no.25 of 1945), lays down that no Bantu may without special approval acquire a right to land or any interest in land in urban areas, and the Group Areas Act, 1957 (Act no.77 of 1957), prohibits the occupation of premises by unqualified persons, except under the authority of a permit. As it is against policy for a Bantu to trade within an urban area outside a Bantu residential area, the Department is not prepared to recommend for favourable consideration any special concessions in terms of Act no.25 of 1945 and permits in terms of Act no.77 of 1957 for trading purposes.
- 1.3 Bantu hawkers, pedlars or speculators in livestock or produce should not carry on any business in White areas outside Bantu residential areas and permission for such trading must not be given. Where Bantu at present still so trade under existing rights endeavours must be made to restrict their activities to the local Bantu residential areas or to transfer such activities to the Bantu homelands. In the last-mentioned instance, this Department may be approached for advice and guidance. Your attention is invited to paragraph (g) of sub-section (1) of Section twenty-three of the Natives (Urban Areas) Consolidation Act, 1945 (Act no.25 of 1945), in terms of which the

local authority may prohibit a Bantu from working as a togt or casual labourer or from carrying on any work on his own account in any business, trade or other remunerative activity, or as an independent contractor in a proclaimed area unless the prescribed officer has by licence authorised him to do so for a period stated therein, and unless he has paid such licence fees as may be prescribed, and require a Bantu so working to carry such badge as may be prescribed, and in the manner prescribed. Such authority must not be granted where it would enable a Bantu to trade as a pedlar, hawker or speculator in livestock or produce outside a Bantu residential area.

- 1.4 As far as trading in urban Bantu residential areas is concerned, it is the policy of the Department that where, owing to distance or other factors, it is necessary to grant trading rights in such residential areas such rights must be granted to Bantu only. It is, however, the general and therefore the overriding policy, not to allow, without good reason an increase in the number of Bantu residents in White areas who are not employees. Where, therefore, it is possible without undue inconvenience to satisfy the needs of Bantu at towns in White areas from existing businesses in such towns, no reason exists for the establishment of trading concerns in the Bantu residential areas. This indication of policy therefore applies mainly to Bantu residential areas which are not far removed from towns and which have a relatively small population.
- 2.0 If it proves necessary to provide trading facilities in Bantu residential areas, this must be done on the following basis:
 - 2.1 Only individual Bantu of the Republic who qualify in terms of paragraphs (a) and (b) of sub-section (1) of section ten of the Natives (Urban Areas) Consolidation Act, 1945 (Act no.25 of 1945), to remain in the urban area in question may be considered for the allocation of trading rights.
 - 2.2 The carrying on of more than one business, whether of the same type or not, by the same Bantu, may not be allowed, not even in different urban Bantu residential areas in the same urban area.
 - 2.3 The establishment of Bantu businesses which do not confine themselves to the provision of the daily essential domestic necessities of the Bantu which must be easily obtainable must not be allowed. These also include dry-cleaners, garages and petrol filling stations. Existing dry-cleaners, garages and petrol filling stations may, however, be allowed to continue until the opportunity arises to close them or

to persuade the owners to transfer their businesses to a Bantu town in the Bantu homelands.

- 2.4 The establishment in the White areas of Bantu companies and partnerships with the object of combining their resources in order to enable them to embark upon larger and more extensive business propositions is against policy and they must not be afforded trading facilities in urban Bantu residential areas. Moneyed Bantu and Bantu companies and partnerships ought to establish themselves in the Bantu homelands where they can invest their capital on a permanent basis to the advantage of their people and own homeland. Where such Bantu companies and partnerships have already been permitted to control businesses in urban Bantu residential areas, they must under no circumstances be allowed to acquire or take over or open further businesses in the White areas.
- 2.5 The establishment of Bantu-controlled financial institutions, industries and wholesale concerns must not be allowed in White areas. They ought to go to the Bantu homelands as indicated in the preceding sub-paragraph;
- 2.6 Local authorities must themselves erect all buildings necessary for trading purposes, for lease to Bantu traders at an economic rental which must be approved beforehand by the Minister. Bantu to whom trading rights have been allocated may in future under no circumstances be allowed to erect their own buildings;
- 2.7 Trading rights may not be granted at all to Bantu originating from areas outside the Republic, that is, foreign Bantu including those from the High Commission Territories, not even in those cases where a permit has been issued in pursuance of section twelve of Act no.25 of 1945. The local authority may as licensing authority also refuse to grant a licence to such a Bantu.

3.0-5.0

6.0 POSSIBILITIES IN THE BANTU HOMELANDS:

- 6.1 The above is conveyed to you as it is the Department's desire that moneyed Bantu and Bantu-institutions possessing the means and are desirous of entering the commercial field, should turn their attention to the Bantu homelands where they can serve their own communities, not alone for their own advantage but also for the development and uplift of that community, and where they, as citizens of such homelands may with the fullest freedom aspire to the highest rung in the field of human endeavour.

6.2-6.6'

Notes

1. 'Urban Bantu Locations' are synonymous with 'Urban Bantu Residential Areas' for the purpose of this Appendix.
2. This Circular Minute continues to reflect the policy of the Department, notwithstanding subsequent amendments to the legislation referred to therein.

APPENDIX C
QUESTIONNAIRE

This questionnaire was used as the basis for oral interrogation, being adapted slightly according to circumstances.

General

- (1) Name of proprietor (or proprietors in the case of a partnership).
- (2) What trading licences do you hold in respect of this business?
- (3) How did you acquire this shop?
- (4) When did you do so?
- (5) Why did you decide to go into business?
- (6) Do you own any other business? What type, and where?

Capital at Commencement

- (1) Did you have any idea of how much capital you would need before you started?
- (2) What funds did you personally have to invest in the shop? (Did you have a vehicle at the time?)
- (3) When you started did you borrow any money? How much? From whom? At what rate of interest? Did you have to provide security? How much have you repaid?
- (4) Have you borrowed any money since you started? How much? From whom? At what rate of interest? Did you have to provide security? How much have you repaid?
- (5) Has a shortage of capital been a problem? Did you have any difficulty in raising a loan?
- (6) How much money would you like to borrow now? For what purpose?
- (7) Have you heard of the Bantu Investment Corporation? Have you approached the Corporation for a loan?

Legal Requirements

- (1) Are you satisfied with the legal requirements involved in trading?
- (2) Do you have title (quit-rent or freehold) to the land? When did you acquire title, and what price did you pay?
- (3) If you lease the land, from whom do you lease it, and what rent do you pay annually? Would you like to buy the land? Why? Have you attempted to do so?
- (4) Does the 'radius rule' afford you sufficient protection? Are you in favour of it?
- (5) Are you in favour of the '20 mile rule' re branches?

Ownership

- (1) What form of ownership exists? (Discuss other forms.)
- (2) Are you a member of the 'Ciskeian Bantu Traders Association'? Why? (Discuss possible developments and failings.)
- (3) Would you like to buy co-operatively with other traders? Have you attempted to do so? (Discuss.)

Situation

- (1) Did you choose this particular site?
- (2) Why did you choose it?

Buildings

- (1) Did you build this shop yourself or did you employ someone to do it for you? How much did it originally cost to build (excluding fixtures)?
- (2) If you bought it, from whom did you buy it, and what were the buildings worth?
- (3) If you lease it, what rent do you pay annually, and would you like to buy it?
- (4) Have any alterations been made? By whom? What did they cost?
- (5) Is the shop large enough?
- (6) Is it insured (on your own account or in terms of the lease)?

Fixtures

- (1) Who made the fixtures?
- (2) How much did the original fixtures cost to make?
- (3) If additional fixtures have been acquired, who made them and what did they cost?
- (4) Are the fixtures adequate?

Equipment

- (1) What equipment did you have when you opened the shop? How much did it cost? Was it new or second-hand?
- (2) Have you bought any equipment since you started? What, and how much did it cost?
- (3) Have you sufficient equipment?
- (4) Do you have a telephone? Is it necessary to have one? Have you tried to get one?

AdministrationManagers

- (1) Who manages the business?

(2) Details:

- (a) Sex? (b) Age? (c) Education? (Have you ever taken book-keeping as a subject?) (d) Commercial training and experience (in business before you started on your own account)? (e) Residence? (In the case of the manager not being the proprietor, what is he paid now? What was he paid when he started? How long has he been employed? Does he get food and accommodation? Is a record kept? How much does he get a month? Is he allowed paid leave?)
- (3) Do members of the immediate family assist? Which members? (Same details as in the case of managers.) What are their duties?

Employees

- (1) How many people do you employ full-time? What are their duties? (Same details as in the case of managers.) How long have you employed them? What did you pay them when you first employed them? What do you pay them now? Do you give them food or accommodation or anything else? Do you record what you give them? How much does it come to a month? Do you allow them paid leave - how long? What hours are they expected to work?
- (2) How many people do you employ part-time? (Ask similar questions as in (1) above).
- (3) Do you employ any temporary labour? (Ask questions with regard to wages, duties, etc.)
- (4) Do you employ a book-keeper? What are his qualifications? Why do you employ him? How much do you pay him?
- (5) How much do you pay out in annual wages (at the present time)? (Including payments in kind.)

Consumers

- (1) Do the people support you? If not, why?
- (2) How do you attract trade (basella and services)?
- (3) What is your attitude towards White traders?

Sources of Supply

- (1) From whom do you buy your stock?
- (2) Do you compare prices? Do you take advantage of cash discounts? Do you take advantage of quantity discounts?
- (3) Travellers from which firms visit your shop? Do you prefer dealing with White or Bantu travellers? Why?
- (4) How do you order your stock?
- (5) How often do you visit suppliers?
- (6) Are you allowed credit? Are you satisfied with the amount?
- (7) Do you feel any suppliers are prejudiced against their Bantu customers? Which ones? Have you any complaints with regard to suppliers?

Transport

- (1) Have you your own transport? What? For how long have you had it and how much did it cost? Was it new when you bought it?
- (2) Do you feel that it is necessary for a trader to have his own vehicle? Why?
- (3) What other means of transport are available to you? (Discuss them.)
- (4) Is your vehicle covered by comprehensive insurance?
- (5) Do you deliver for customers or give them lifts (free or not)?

Stock

- (1) When you started how much did you invest in stock?
- (2) How much is your stock worth now (at cost price)?
- (3) Do you normally carry more or less stock than this? What is the value of your average stock?
- (4) What commodities do you specialize in and why? To what extent do you stock goods other than groceries?
- (5) How much do you pay for the following items:
 - (a) 14 oz. tin of condensed milk?
 - (b) A gallon of paraffin?
 - (c) A yard of the cheaper types of material?
- (6) Are your stocks insured? (Discuss.)
- (7) Would you like to carry more stock? How much more, and what lines?

Local Produce

- (1) What produce do you buy from your customers? (Discuss prices paid, how arrived at, profitability, channels of distribution, etc.)
- (2) Do you pay your customers in cash?
- (3) Do you speculate? Why do you not do so? (Discuss recording procedure.)

Selling

- (1) What shop-hours do you keep?
- (2) Do you close your shop when there is no business or when you have to go out?
- (3) How do you price your goods? (Do you offer reduced prices? On which lines? Do you have a seasonal or annual sale?)
- (4) Do you allow discount for cash? Do you offer any other types of discount?
- (5) In pricing goods, do you take into account the prices charged by competitors?
- (6) How much do you charge customers for the following items:
 - (a) 14 oz. tin of condensed milk?
 - (b) A bottle of paraffin? ($\frac{1}{6}$ th of a gallon.)
 - (c) A yard of the cheaper types of material?
- (7) When are you particularly busy?

- (a) During the day?
 - (b) During the week?
 - (c) During the month?
 - (d) During the year?
- (8) How do you 'cash-up'? (Do you take into account money spent on local produce? Any other money taken out of the cash box?)
- (9) Do you bank your money? If you do not, what do you do with it?

Credit

- (1) Do you allow your customers credit? Why?
- (2) To whom do you grant credit? How much do you allow each person? What terms do you give them? Do you require security?
- (3) How much do the people owe you at present? Is this about average? If not, how much do they normally owe you?
- (4) How much of the present outstanding debt do you consider bad? Is this about normal? If not, how much would normally be bad?
- (5) How do you propose collecting bad debts?
- (6) Do you issue invoices, monthly accounts or receipts? Which?

Money-lending

- (1) Do you lend money? (Ask similar questions as under credit.)

Hire Purchase and Instalment Buying

- (1) Are customers allowed to buy on 'Hire Purchase'? (Discuss.)
- (2) Do you practise 'Instalment Buying'?

Records

- (1) Do you keep books?
- (2) Why do you keep books? (Discuss importance of keeping records.)
- (3) What books do you keep?
- (4) Do you keep an accurate record of the following items:
 - (a) Purchases?
 - (b) Goods taken from the shop for your personal use (at what price)? (If not, do you pay for these goods? At what price?)
 - (c) Wages and food (and clothing) given to employees?
 - (d) Money spent on transport (in connection with the business)?
 - (e) Other expenses in connection with the business?
 - (f) Money spent on local produce?
 - (g) Daily takings? (Do you distinguish between cash sales and money received in settlement of accounts? Do you distinguish between money received from the sale of skins, hides and other produce exported and cash sales? Do you keep separate money received from other sources?)

- (5) Do you have final accounts and a balance sheet? Who drew them up?
- (6) How often do you take stock? At what price?
(Ask to see all records kept including final accounts and balance sheets. Discuss items appearing in final accounts and balance sheets.)
- (7) Attempt to establish annual sales for past and present years.
- (8) Attempt to establish expenditure over past and present years.
- (9) Attempt to establish gross and net profit over past and present years.
- (10) Attempt to establish what control the proprietor has over his business.

Branches & 'Other' sources of income

(Discuss generally.)

Expansion

- (1) Is your business growing? (Establish reasons for answer.)
- (2) How do you propose expanding your business?

Problems

- (1) What are your main problems in transacting your business?

BIBLIOGRAPHY

Little has been written on Bantu retail traders in the Bantu areas, but a certain amount of information is available on them in large urban locations.

A. GENERAL

Books and Articles (including an unpublished thesis)Historical

- Haines, E.S.: 'The Transkei Trader', The South African Journal of Economics, Vol.1, 1933.
- Hunter, M.: Reaction to Conquest, Oxford University Press, 1936.
- MacMillan, W.M.: Complex South Africa, Faber and Faber, 1930.
- Marais, J.S.: Maynier and the First Boer Republic, Maskew Miller, 1944.
- Moodie, D.: The Record or A series of Official Papers relative to the conditions and treatment of the Native Tribes of South Africa, A.S. Robertson, 1838.
- Neumark, S.D.: Economic influences on the South African Frontier 1652-1836, Stanford University Press, 1957.
- Phillips, R.E.: The Bantu in the City, The Lovedale Press, N.D.
- Pim, H.: A Transkei Enquiry 1933, The Lovedale Press, (1934).
- Powell, F.W.: Hancock's Drift, Pietermaritzburg, 1960.
- Robertson, H.M.: '150 Years of Economic Contact between Black and White', The South African Journal of Economics, Vol.2, 1934, Vol.3, 1935.
- Schapera, I.: 'Economic Changes in South African Native Life', Africa, Vol.I, 1928, Oxford University Press.
- Schapera, I.(Ed.): Western Civilization and the Natives of South Africa, Routledge, London, 1934.
- Soga, J.H.: The South-Eastern Bantu, Witwatersrand University Press, Johannesburg, 1930.
- Du Toit, A.E.: The Cape Frontier : A Study of Native Policy with Special Reference to the Years 1847-1866, Archives Year Book for South African History, 1954, Vol.1.
- Van der Merwe, P.J.: Die Trekboer in die Geskiedenis van die Kaapkolonie (1657-1842), Kaapstad, Nasionale Pers, 1938.
- Walker, E.A.: A History of Southern Africa, Longmans, 3rd Edit., 1957.
- Walton, James: Father of Kindness and Father of Horses, Wepener, South Africa, 1958.

Contemporary

- A Survey of Race Relations in South Africa, 1930-1964, South African Institute of Race Relations, Johannesburg.
- Forsdick, A.B.: 'The Role of the trader in the economy of a Native Reserve. A study of the traders in the Keiskammahoek District.' Unpublished thesis submitted to Rhodes University, 1950.
- Hammond-Tooke, W.D.: Bhaca Society, Oxford University Press, 1962.
- Hobart Houghton, D. (Ed.): Economic Development in a Plural Society, Oxford University Press, 1960.
- Hobart Houghton, D. and Walton, E.M.: The Economy of a Native Reserve, Shuter and Shooter, 1952.
- Kuper, Leo: An African Bourgeoisie, New Haven and London, Yale University Press, 1965.
- Lewin, Julius: 'The Dice are loaded against the African Trader', Contact, August 9, 1958.
- Mayer, Philip: Townsmen or Tribesmen, Oxford University Press, 1961.
- Mills, M.E. Elton and Wilson, Monica: Land Tenure, Shuter and Shooter, 1952.
- Mkele, Nimrod: 'The Emergent African Middle Class', Optima, December 1960.
- Pauw, B.A.: The Second Generation, Oxford University Press, 1963.
- Reader, D.H.: The Black Man's Portion, Oxford University Press, 1961.
- Reyburn, Lawrence: 'African Traders. Their Position and Problems in Johannesburg's South-Western Townships', A Fact Paper, South African Institute of Race Relations, Johannesburg, R.R.83/60.
- Steenkamp, W.F.J.: 'Bantu Wages in South Africa', The South African Journal of Economics, Vol.30, 1962.
- Van Waasdijk, T.: 'Investigation into the distributive trade in blankets (Transvaal) under conditions of controlled and free markets (1947-1948)', The South African Journal of Economics, Vol.16, 1948.

Government Publications

- First Census of Distribution and Service Establishments 1946-47, Preliminary Report no.39, and Report no.70.
- Census of Distribution and Service Establishments - 1952, Part 1: Retail Dealers nos.25, 36 and 37.
- No.14 Census of Wholesale and Retail Distributive Trade - 1960-61, Summary of Wholesalers, Retailers and Agents, Preliminary Results. South African Native Affairs Commission 1903-5, Vol.1, Cape Times Limited 1905.
- Blue Book on Native Affairs, 1910, U.17-1911.

Report of the Native Economic Commission 1930-32, U.G.22/1932.
Report of the Inter-Departmental Committee on the Social, Health
and Economic Conditions of Urban Natives, G.P.-S.3826-1942-3-
 1,000.

The Native Reserves and their place in the economy of the Union
of South Africa, Report no.9, U.G.no.32/1946.

Report of the Distribution Costs Commission on 'The System of
Distribution prevailing in the Union with particular reference to
Essential Foodstuffs and the Principles of State Controlled Market-
ing', Second Report, U.G.28-1947.

Summary of the Report of the Commission for the Socio-Economic
Development of the Bantu Areas within the Union of South Africa,
 U.G.61/1955.

Report of the Commission of Inquiry into Trade Licensing and
Allied Problems, R.P.85/1964.

Hammond-Tooke, W.D.: The Tribes of King William's Town District,
 Ethnological Publications no.41, Pretoria 1958.

Rogers, H.: Native Administration in the Union of South Africa, Second
 Edition, G.P.-S.4438-1948-9-2, 900.

Laws and regulations cited in context where necessary.

B. SPECIFIC

Report of the Commission for the Socio-Economic Development of
the Bantu Areas within the Union of South Africa, Chapter 22,
 (Vol.9), and Chapter 38, (Vol.14), Pretoria 1955.

Swanepoel, J.: Kleinhandelsake binne die Bantoe-kommissarisdistrikte
Pietersburg en Bochum 1961, Noordelike Pers, Pietersburg 1964.
