

spree\* they go and sing and drink in low taverns with their own working men. They live in houses a little better and bigger than the common dwellings, but managed inside in much the same way'.

In quoting the above, social historian John Foster suggests further that 'all the little master had was his skill... He remained part of the work group, and his family worked beside him'. He was from the local area, and had no reason to escape from the immediate community of manual workers on his street.

**E**nterprise Centre is only one of a number of small enterprise deregulation initiatives. Although all are recent, some preliminary assessments can be made.

Thusfar these initiatives have a very mixed record of success in formalising informal sector production, and face substantial obstacles. Lack of capital and management skills are the most important of these. It is unlikely that these will be overcome in any adequate way as long as the broad approach to small industry remains dominated by a free-market orientation, as expressed in deregulation.

Removing some perceived handicaps, and then letting firms sink or swim in the open market, is not adequate. Greater intervention, by both

the state and large institutions, is essential. This would have to be directed to provision of skills and easier access to capital. Without enhanced and active support of this kind, the new firms seem destined to remain fragile, barely clinging to survival.

The potential of these newly-formalised firms to create jobs is very limited. Notwithstanding the SBDC claim to have created 180 000 'new' jobs, significant progress on the unemployment front is unlikely to be achieved along this path - at least for many years to come. Similar considerations apply to sub-contracting as a way of lowering overall production costs and improving international competitiveness.

As a result, trade union concerns about this aspect of deregulation seem to be misplaced. It is unlikely that unionised companies will be able to cut their workforces and shift parts of their production into small firms in deregulated areas. It is even less possible that a more general downward pressure on wages will arise from undercutting through the spread of the latter type of operation. Small industry will not necessarily impact directly on unions' organisation and power on the shopfloor.

The threat posed by the emergence of small industry to trade unions,

and to progressive political organisations, is more general. The major potential of this strategy lies in its contribution to political stabilisation via township upgrading and redistribution. These small firms seem capable of playing some role in meeting demand for housing and household items. And if the effective demand within these markets expands, the survival chances of these firms will grow.

To the extent that the strategy of redistribution is successful, it is likely to lead to wider class divisions within the black population as a whole. It may also increase divisions within the working class - around employment, living standards and residential areas.

The emergence of further political divisions between different strata is not inevitable, but deregulation and the redistribution strategy increase their possibility.

*\* This article is based on a research project carried out earlier this year in the Industrial Sociology Department at the University of Witwatersrand. The research group consisted of Darlene Miller, Desiree Daniels and Nadia Goga. The project was supervised by Stephen Gelb of the Labour and Economic Research Centre.*

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