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## ACCUMULATION AND LABOUR RELATIONS IN THE TAXI INDUSTRY

Meshack M Khosa

*Siba umkhonto nehawu zomcebo welizwe lama-Africa* (We are becoming the spear and the shield of our people's economic struggle).

James Ngcoya,  
President of the South African Black Taxi Association

As an employed taxi driver, you don't have time with your family. You work from 5 a.m. in the morning to 9 p.m. at night, 16 hours a day, seven days a week. Yet you're only paid R80 per week. That's what made us realize that a taxi drivers union's will help us.

Mandla Msimang,  
Chairperson of the Vaal Taxi Drivers Union

### Introduction

The revolutionary growth of the African taxi industry has been graphically portrayed as 'one of the extraordinary socioeconomic phenomena' in South Africa and taxi operators hailed as economic pioneers in spite of the economic crisis (Barolsky, 1990). There is a growing body of literature on the emergence of the taxi industry (Barolsky, 1989; McCaul, 1990; Khosa, 1990; 1991; 1992a), and taxi feuding (Bank, 1990; Khosa, 1992b; Khosa, 1993). However, very little attention has been paid to the process of capitalist accumulation and labour relations in the taxi industry (Matiko, 1989). As a point of departure, I appraise the growth of the taxi industry on what David Harvey (1985; 1989a) calls the twin themes of 'capitalist accumulation and class struggle'. Harvey (1989a:59) suggests that capitalist accumulation and class struggle are 'integral to each other and have to be regarded as different sides of the same coin - different windows from which to view the totality of capitalist activity'.

This paper examines social, economic and political factors that govern opportunities for accumulation within South Africa's taxi industry. Evidence suggests that the roles played by taxi associations, the state, and finance capital were

central in the process of capitalist penetration in South Africa. Three forces were central in the revolutionary growth of the taxi industry in the 1980s: first, the bargaining power of taxi associations in mobilising the involvement of big business in the taxi industry; secondly, the penetration of finance capital in the Black community; and thirdly, the shift in the apartheid state from previous ruthless policies on Black trading in general to accommodation of the taxi industry in particular in the 1980s and 1990s (Khosa, 1991; 1992a). Based on oral histories of some 30 taxi drivers and owners in the Pretoria, Witwatersrand and Vereeniging area, and archival material, this paper unpacks the interplay of class and labour relations within the broader process of capitalist accumulation. The focus in this paper is on the process of capitalist accumulation, the making of the taxi capitalist, the conditions of taxi drivers in the industry, and their response to exploitative labour practices.

### Capitalist Accumulation

The Black taxi industry has grown from a few dozen six-seater sedan taxis in the early-1930s to over 80 000 ten- and sixteen-seater minibuses in the 1990s (Gawthrop, 1990; McCaul, 1990). Today, the taxi is a powerful force in the urban economy and provides some four motor manufacturing companies with a turnover of about R3 billion a year, capital investment of about R3.5 billion, and has created some 300 000 jobs (*Drive On*, May, June, October 1989; *Drive On*, July, November, December 1990).

According to the 1992 national passenger panel survey, the taxi industry increased its share of the African commuter market from 42 per cent in 1991 to 46 per cent in 1992. The market shares of the bus and train industries among Africans declined over the same period, from 21.5 per cent to 20 per cent and from 15 per cent to 13 per cent respectively (*Race Relations Survey*, 1994:360-1).

The legalisation of eight-seater minibuses in 1978 ushered in a new period: namely, an era of limited tolerance, which heralded a 'marriage of the aristocracy of finance' on the one hand, and taxi operators on the other. In general, attempts to increase levels of capital accumulation are often accompanied by more sophisticated organisational structures, technological innovation and tighter control over the labour power. The formation of taxi associations into local, regional and national associations should be understood within this context. Through lobbying at local and national levels, the South African Black Taxi Association (SABTA) secured a number of changes that benefited and protected the taxi industry. As a representative of the largest taxi operators, SABTA established a powerful platform from which to negotiate with both the state and capital. Other national taxi associations (for example, the Southern African Long Distance Taxi Association and the National Federated Transport Organisation)

which negotiated deals with the state and the private sector, were established in the 1980s and early 1990s.

#### • Finance Capital

Until very recently, taxi operators found it difficult to raise finance to purchase and insure their vehicles. Finance houses were unwilling to finance taxi operators because few had credit records or references, they kept no books of account, the finance houses were not aware of the profitability of the taxi operation, and there were cases of racial biases by bank managers in granting hire purchase credit. The exclusion of Africans from owning freehold land rights precluded them from advancing immovable security for overdrafts, loans and mortgages. Hire purchase or loan schemes did not play a significant role in the taxi industry prior to 1980. Sources of finance were either savings, the resources of family members or *stokvels*. Once in the taxi industry profits were rarely consumed, but were ploughed back into more and newer vehicles.

It was through the intervention of SABTA that a number of favourable financial deals were raised through some major houses in South Africa. Wesbank and Stannic (which specialises in vehicle finance) introduced concessions to taxi operators. An unprecedented breakthrough in banking history was made in July 1986 when SABTA negotiated a special finance scheme with Wesbank (*Drive On*, September 1989). The advent of the SABTA/Wesbank finance scheme prompted one operator to pronounce: 'It is no longer a bureaucratic nightmare to obtain finance from the bank to buy a taxi' (*Drive On*, July 1986). Between July and December 1986, Wesbank financed R35 million worth of vehicles throughout South Africa. By September 1988, the finance scheme was said to be operating at 100 per cent. Deals negotiated by SABTA rose from 2500 in 1987 to 4000 (R130 million worth of minibuses) by the end of 1989 (*Drive On*, September 1990).

The majority of taxi operators do not own their taxis outright however. They make interest payments on credit schemes, some of which have begun to experience unprecedented defaulting problems. Cases of debt-defaulting or operators absconding altogether are replete in numerous columns of the official journal of SABTA, *Drive On*. SABTA has time and again complained of a high rate of non-payment of instalments and even published names and photographs of chief defaulters (*Drive On*, August 1990). Monthly repossession has risen to 80 vehicles in 1993 (*Weekly Mail*, 10 September 1993).

If a taxi owner who is in default fails to contact his bank, the bank really has little choice but to repossess the vehicle and this is not in the interests of either party and certainly not the course of action desired by the Wesbank (*Drive On*, May 1990).

Speculation and over-accumulation in the taxi industry may be possible explanations for the increasing rate of defaulting. Repossession of vehicles has met with popular protest against financial institutions. In Cape Town, for example, some 400 protesting minibus taxi operators parked in the middle of streets in February 1990 in protests against high instalments and the increasing rate of repossession. Taxi operators demanded that Wesbank lower its monthly repayments and return repossessed vehicles. Wesbank promised to reduce instalments from R3000 to R1600 a month and to return minibuses confiscated by the bank (*Drive On*, February 1990).

The past 15 years or so of economic crisis has been characterised by financial innovation and speculation, rising debt ratios, exploding interests rates and increased borrower risk (Bond, 1990). Within the taxi industry, two features are likely to be reinforced. First, the practice of 'redlining'. There is evidence that some financial institutions which claim to be committed to small business development are already encircling the taxi industry (in places like Soweto) as undesirable and risky to support. Secondly, financial institutions might have material interests in devaluation which is linked to redlining and repossession of vehicles. Repossessed vehicles, whether surrendered or forcibly retrieved, are refurbished and sold to would-be operators, often at inflated prices.

#### • Industrial capital

The Black taxi industry has been vital for the survival of the motor industry in South Africa which experienced a deep crisis in the 1980s (Duncan and Payne, 1993). Instead of retrenching workers in the 1980s, Toyota and Nissan switched them to minibus production lines in Durban and Pretoria. Six South African minibus manufacturers have now produced 23 different minibus models. The four major suppliers of minibuses to the taxi industry are Toyota, Nissan/Datsun, Delta Motor Corporation (formerly General Motors) and Volkswagen. Manufacturers are evidently jealous of their business with taxi associations which buy between 300 and 350 minibuses from them each month (*Drive On*, November 1990).

Underlying this relationship, one senior Nissan official pledged that: 'Datsun has entered into a *marriage* with SABTA and we can assure you of our continued support and assistance for our mutual benefit' (*Taxi*, 3(3), September 1982, emphasis added). For its part, SABTA warmly welcomed the *marriage* between taxi operators and industrial capital:

Let there be no doubt that Nissan have been part of our progress. They have been our bedfellow for so long as we have to arrange a date to celebrate this special marriage (James Ngcoya, SABTA president, *Drive On*, May/June 1986).

The withdrawal of foreign capital which led to the collapse of the Rand in 1985, and the severe recession that followed, affected the import-intensive motor industry severely (*Financial Mail*, 12 May 1989). Prices of vehicles increased dramatically - for example the price of a Toyota Hi-Ace rose from about R9000 in 1980 to about R80 000 in 1994 (*Drive On*, January 1994).

#### • Taxi insurance

Formal insurance companies have generally been reluctant to insure minibus taxis as they perceived them as high risk business. It was not until 1987/8 that SABTA negotiated special insurance packages with SA Eagle, through a specialist transport agent, Louis Volks and Associates. As a self-proclaimed 'insurance for the people', Louis Volks, claimed to operate insurance services for almost 80 per cent of all legal taxi operators in South Africa. SA Eagle charges the individual SABTA member premiums equal to 15 per cent of the value of the vehicle, as opposed to the normal 25 per cent. It was estimated that some R171 million is spent each year in insurance, with an average of R3800 per vehicle per year (*Drive On*, February, 1990). Until recently, there has been no Black-controlled insurance company which catered for Black business in South Africa. In line with the 'Black economic empowerment' philosophy, the first Black-controlled insurance broking operation, Afsure, was launched in February 1992 in Johannesburg. On inception, Afsure was appointed the official broker of SABTA (*Drive On*, February 1990).

#### • Petrol companies

Taxi operators have become a major consumer of petrol: SABTA has been a powerful consumer body spending over R750 million (800 million litres) on fuel (McCaul, 1990). This accounts for almost 12 per cent of all retail petrol in South Africa, making SABTA the second largest consumer of fuel after the government. SABTA members purchase about 3.5 million litres of oil a year, and travel 440 billion kilometres annually (*Drive On*, January 1991). Shell, Total, BP, Castrol and Cera oil companies have become staunch partners with the organised taxi industry. Other oil and accessory companies, such as Trek Petroleum, Unipart, Goodyear Tyre and Rubber Company, and many other suppliers of spares negotiated some form of discount and kick-back with SABTA (Barolsky, 1989:10; McCaul, 1990)

With the meteoric rise in the significance of the taxi industry, advocates of capitalism were quick to point out that capitalism was colour blind and argued that taxi operators were participating in the process of capital accumulation. The boom was in part fuelled by the creation and accelerated availability of credit finance, over speculation and increased indebtedness, together with government

policies of promoting enterprise culture, privatisation and deregulation. As taxi associations became more and more organised, this paved the way for capital to expand and new investment opportunities were found.

### The making of the petty capitalist

Until recently licensing regulations have been the chief legal constraints obstructing the establishment and development of Black entrepreneurs in urban South Africa (Riley, 1993). The application of the so-called 'One-Bantu-One-Business' policy had very serious consequences on the taxi industry (Khosa, 1991; 1992a). Prior to 1977, Africans were only allowed one business undertaking; companies and partnerships were prohibited, as were African financial institutions, industries and wholesale concerns.

Only those who qualified for urban rights under the Urban Areas Act of 1945 were entitled to trading permits. To get a taxi permit, any applicant had to be in urban areas legally, be a registered tenant, be in possession of a Daily Labourer's Permit, and have a good employment record. Newcomers in cities who had no urban rights were refused a Daily Labourer's Permit which was a precondition for a taxi permit. The enforcement of this policy inexorably curtailed the growth of the taxi industry in the 1950s and 1960s (Khosa, 1991; Khosa, 1992a). The following case study examines the history of one taxi operator in order to unravel these intricate processes of class formation.

#### ♦ Simon Ndlovu: From farm slave labour to a taxi capitalist

Simon Ndlovu was born in Natal in 1937. Orphaned at an early age, Ndlovu was forced to work for a farmer who was likened to a snake and known as 'Nyokeni'. In his own words:

[A]t a tender age of seven I was Nyokeni's slave and I had nowhere to run to as we were living in his farm at Utrecht in Natal. I can scantily recall my father who died when I was still an infant. He died at the farm having worked for [Nyokeni] for the rest of his life [sic]. I worked in the farm for a number of years without pay. We were subjected to satanic sjamboking for simple mistakes like failing to bring cows on time for milking, waking up later than 4.30 a.m., or being slow in working. My job also included reaping mealies and potatoes. Working for more than 14 hours a day and no pay at the end of the year and occasional assaults from Nyokeni and his White farm manager was our lot (Interview with Simon Ndlovu, January 1990).

It was a mandatory practice for farm labourers who lived on White-owned farms to surrender one male child to work for a farmer if they wanted to continue

living on the farm and to keep their cattle on the property. However, Simon Ndlovu escaped from Nyokeni in 1951 and left for Johannesburg where he worked as a tea-boy, messenger, gardener and domestic servant in White suburbs. From his meagre savings, Ndlovu bought a second-hand vehicle in 1966 and entered the taxi industry in 1967, using a leased licence. It took four applications and three years before Ndlovu was granted his first taxi permit.

Two years later, Ndlovu had accumulated enough to purchase a second vehicle, and employed a friend to help run his business. As with other taxi operators who entered the industry during the height of state repression, Ndlovu often encountered the heavy arm of the state. He recalls that:

Though I was making profits, I also lost a lot of money paying traffic fines. I had a lot of running battles with traffic officers, who were very strict during those days. The major problem at the time was lack of proper ranks at the White towns... Going up the ladder was not a bed of roses. Like any taxi driver and owner, my relationship with the traffic cops could be likened to that of snakes and frogs. But after all those victimisations we became friends (Interview with Simon Ndlovu, January 1990).

Simon Ndlovu now owns some 25 minibuses (available for hire to individuals and organisations) which operate in and around Johannesburg, Katlehong and Soweto. Ndlovu employs 40 people (including drivers, motor mechanics, and squad-men).

### **A critical appraisal**

The story of the Black taxi industry reflects both the political and economic repression of Blacks in South Africa's history and the contradictory processes generated under South Africa's racial form of capitalism. The histories of taxi operators weave together the changing social, economic and political processes that govern accumulation in the industry. The repression epoch in the taxi industry, approximately 1930 to 1976, reflected patterns of broader state repression towards the Black informal economy. Operating a taxi was a less capital intensive activity and operators did not need to employ bookkeepers or accountants to manage their businesses. Whereas literate taxi operators would take care of the administrative side of their business, others left such matters to able and experienced members of their family. Only a handful operated more than two taxis. Even if they had enough capital, the policy of the state was to encourage 'One-Bantu-One-Business' and to grant only a single permit per applicant. Arguably, the case of the taxi industry is an example of an attempt by officials to stifle the growth of one of the main entrepreneurial activities by which Black people could earn a living in the urban landscape of South Africa. For many

Africans in urban areas, it took between 10 and 20 years of working in menial jobs before they could afford a second hand vehicle to start a taxi business.

Until the mid-1980s, most taxis were driven by the taxi owners. As there were relatively few taxis, vehicles were generally kept in money-making employment most of the day. The situation has now changed; the most common vehicle on the market is a 10- or 16-seater minibus. The owner-driver has been largely replaced by the employed taxi driver, whose income depends largely on how many trips s/he can make. Wage labour is increasingly replacing self-employment in the taxi industry.

Although taxi operators come from different socio-economic backgrounds, by far the largest number were forced to enter the taxi industry as a survival strategy in an economically exploitative urban landscape. Most taxi operators are engaged in other business activities as well: liquor, coal business, hawking and dry cleaning ventures. Although some operators managed to climb up the economic ladder, the majority either have left the industry or just managed to pull through. An average taxi operator has been in the taxi business for nine years. The average age of a taxi operator is 42 years. A strong correlation exists between the number of years in the taxi industry and the size of business. Most taxi operators owning three or more taxis have been owners for more than ten years (Miller and Ferraira, 1990; Riley, 1993:42-3).

### The making of the working class

These taxi drivers are labourers, not entrepreneurs. On the kind of salaries they're paid, they'll never be able to save enough to buy their own kombis (Interview with an official of the Soweto Civic Association, 1989).

The purpose of the case study above was not to celebrate the energy, initiative, and entrepreneurship of the self-made person while ignoring the numerous men, women and often children whose energy and labour laid the foundation for success. In the words of Castells and Portes, the informal economy 'encompasses flexibility and exploitation, productivity and abuse, aggressive entrepreneurs and defenceless workers, libertarianism and greed' (1989:11).

However noble the virtues of entrepreneurship, petty commodity traders often show a 'tendency towards the hyper-exploitation of those who work with, or for, them' (Bromley, 1985:vi). In general, disciplining of labour power for the purposes of capital accumulation may take different forms: 'repression, habituation, co-optation and co-operation' (or a mix of these) (Harvey, 1989b:123). The following section documents the conditions of employed taxi drivers in the industry.

• **Conditions of the working class**

The growth in the economic power of Black operators has its unpleasant side in terms of exploitative labour practices. As operators increasingly secure fleets of kombis, they become taxi managers and employ workers in the capacity of drivers, cleaners, mechanics, taxi marshals, taxi receptionists, and accountants, to name a few (*Drive On*, March 1990). The taxi industry epitomises what Marx called the 'antagonistic character of capitalist accumulation' (1961:645). 'Accumulation of wealth at one pole is', Marx argues, 'at the same time accumulation of misery, agony of toil and brutality at the opposite pole, i.e., on the side of the working class' (1961:657).

According to Swai Mokoena, Southern Transvaal regional secretary of the Transport and General Workers Union, many of the taxi drivers are employed on a casual basis and they receive no unemployment or pension benefits (Matiko, 1989). This was confirmed by taxi drivers during interviews. One taxi driver complained that:

It is clear that we have been robbed for ages. These people [taxi owners] have been increasing their fleet of busses while our kids were starving. They hired us as casuals, and dismissed us when we are sick or involved in accidents (Interview with taxi driver, May 1990).

Employed taxi drivers are often forced to work extremely long hours for a pittance. Research indicates that taxi drivers often work between 16 and 18 hours a day. Daily takings vary from R100 to R200 for short distances and between R500 and R1000 for long-distances. Out of an average of R800 generated per week, a short-distance taxi driver would be paid about R100 per week. Taxi drivers consider this amount a pittance considering the extremely long working hours on the road and the average turnover handed to their taxi masters (Interview with taxi drivers, May 1990).

In a typical day, taxi operators give a target figure to drivers to bring in the evening. Mandla Msimang, one of the first recorded taxi drivers to be fired, now chairperson of the Vaal Taxi Drivers Union, said during the interview:

We are all dogs, we have no say! We should just bring money. The owner demands a certain amount from his drivers. If you bring less than the target, he fires you there and then (Interview with Mandla Msimang, May 1990).

Owners generally demand more during weekends than on weekdays. The battle over seconds and minutes in the taxi industry has raised militant consciousness among drivers. Simon Radebe, another taxi driver who was dismissed after being elected shop-steward said:

Taxi drivers are now beginning to realise that they are also

workers... We are no longer prepared to be treated by them as slaves. We have been working long hours, including weekends, while taxi owners spent time with their families, expecting us to bring home amounts of money they decided unilaterally (cited in *Learn and Teach*, 1990:79).

For taxi drivers who are paid relatively well, the concern is not so much how much they receive as the conditions of their employment. As one driver argued: Even if you give me R200 or R400, it doesn't help. As long as I'm not registered I'm not covered. Nothing is safe. When you drive at night, and tsotsis [gangsters] approach you, you fight for life and death until they shoot you. When the owner comes, he just takes his car, he doesn't care about you, yet you were fighting for his car (Interview with a taxi driver, May 1990).

Another strategy used by some taxi operators to exploit drivers is called a 'postponed-wage' system. Taxi owners pay drivers 20 per cent of their salary and 'promise' to pay the rest at the end of the month or after a specified period of probation. Taxi drivers maintain that some owners never fulfil this promise claiming the drivers failed their probation. By and large, drivers are fired without getting full pay.

Furthermore, there is a tendency for taxi owners to recruit their labour force from rural areas. Often rural drivers come to urban areas for the first time with no other means of existence and depend on back-yard shelters provided by their taxi masters; the newly recruited driver then becomes a member of the taxi owner's family. Mandla Msimang revealed that taxi owners dismiss 'assertive township guys' and hire 'docile rural drivers'. In his own words:

They house them in their yards and pay them the same amount we are complaining about. When we organise these drivers from rural areas, it's difficult. They just tell you that they came to work for their children (Interview, May 1990).

From the point of view of employed taxi drivers, another concern relates to murky 'alliances' between police and taxi owners. In such instances, police often intimidate 'comrade' taxi drivers. Mandla's case is typical:

Even myself, they've been threatening to kill me. But I'm prepared to die for the truth. At the moment I have supporters, committee members who guard me. Others were bribed, and they've fled (Interview with Mandla Msimang, May 1990).

Alliances are also forged between taxi operators and queue marshals against employed taxi drivers. Not only is this evident in the Vaal Triangle (where drivers have been unionised), but also in Soweto and Johannesburg.

These queue marshals side with taxi owners, they're bribed. They cause problems at the rank. When you approach drivers at the rank

about organising meetings, queue marshals run to the taxi owners to spy on you (Interview with a taxi driver, May 1990).

One explanation for this alliance is that queue marshals are generally paid more than taxi drivers. Queue marshals usually collect a fixed fee from every taxi which leaves a taxi rank with passengers: the greater the number of taxis leaving the taxi rank, the larger the amount queue marshals collect. Queue marshals log the arrival and departure of taxis and also give orders to taxi drivers to wait for passengers. The queue marshals (employed by local taxi associations) are intended to ensure that taxi drivers get equal business opportunities at taxi ranks.

#### • Working class response

Struggles over the wage rate and over conditions of labour are endemic to capitalist accumulation (Harvey, 1985:131). Moreover, capitalist accumulation cannot be isolated from class struggle (Harvey, 1989a:59). Strike actions by taxi drivers have taken place sporadically in Johannesburg, Port Elizabeth and Cape Town. For example, in October 1988, taxi drivers went on strike because of their dissatisfaction with the dismissal of some drivers and due to certain actions taken by a taxi owners' disciplinary committee. The Mdantsane East London Taxi Association drivers' strike in 1988 was also over the dismissal of some employed taxi drivers (*Drive On*, October 1988).

In Krugersdorp, some 200 taxi drivers embarked on a strike in protest against working conditions in the taxi industry and feuds between taxi associations (*Sowetan*, 8 September 1988). In Soweto (October 1989), taxi drivers went on a six-hour strike at the Baragwanath taxi rank protesting against 'bad working conditions' and claimed owners called them 'boys'. Taxi drivers contended that owners demanded the amount drivers were supposed to have made even if vehicles broke down during the day. Other complaints included: the rising frequency of robberies and hijacking of taxis, which made drivers unsafe; no insurance cover in the event of an accident or death, no fringe benefits, no pension fund; no job security (if drivers became ill and took time off, owners simply replaced them); and drivers having to pay for repairs or defects to vehicles. Taxi drivers in Soweto only resumed work after taxi owners assured them that their grievances would be attended to (*Star*, 7 October 1989).

In response to numerous exploitative labour practices, taxi drivers formed their own taxi union in 1988 (in the Vaal Triangle) and affiliated to the Congress of South African Trade Unions in January 1989. The launching of the Vaal Taxi Drivers Union won widespread approval. This was captured by the words of one taxi driver who said:

I never thought this would happen. Today passengers call me 'comrade' when they greet me. And we share our experiences and

problems as workers. Beside meeting in my taxi, we meet every week in the union meetings to discuss our problems and educate each other in the union (in *Learn and Teach*, 1990:58).

However, it is telling that SABTA and the South African Long Distance Association (SALDTA) did not immediately responded positively to this new development (McCaul, 1990:93). Although a cordial relationship seems to have developed between the organised taxi industry and organised taxi drivers, no employed taxi driver had been registered with the National Manpower Commission by May 1994. Unionised taxi drivers expect to use consumer boycotts as a bargaining strategy to highlight problems associated with conditions of their employment, such as the shortening of working hours to eight as stipulated in the Basic Conditions of Employment Act of 1983; wages to be negotiated by taxi owners and the taxi union; an end to unfair dismissal; and that drivers should not lose their jobs in the event of an accident.

According to the Basic Conditions of Employment Act, drivers for owners with more than 11 minibuses or drivers who carry more than seven passengers fall under the Wage Determination Regulation number 452. The wage determination sets the range of minimum conditions, including a basic wage of R146.09 a week for drivers (in 1990). Furthermore, drivers should be entitled to unemployment benefits, leave and other benefits. Under the Labour Relations Act, the dismissal of a driver can be referred to the Conciliation Board and the Industrial Court. However, this legislation has only been effective in the bus and train employment sectors.

The dismissal of three taxi drivers (after they had joined a taxi union) in 1989 highlighted emerging class conflicts in the industry. The case of Solomon Mthimkulu, one of the dismissed taxi drivers, is illustrative of the bargaining power the newly established union has come to assume. A well known taxi baron in Sebokeng, Mnumzana Kucebo, fired Mthimkulu on the grounds that he was a lazy driver, did not meet his daily target, and was involved in recruiting employed taxi drivers to join the taxi union. The taxi union intervened and sent two letters to Kucebo requesting a meeting. As Kucebo ignored the letters, the union wrote another letter declaring a 'deadlock' and informed him that the matter was being referred to the Conciliation Board. After discussing the matter with his attorney, Kucebo contacted the taxi union and negotiated an out-of-court settlement. Mthimkulu was paid R450 for the three weeks he had been unemployed and Kucebo offered to reinstate him. Nevertheless, Mthimkulu declined the job and is now employed by another taxi operator who also hires out his taxi services for the taxi union activities (Interview with Solomon Mthimkulu, May 1990).

Attempts for organised taxi drivers and taxi operators to sign an accord have

been fruitless on a local scale. One disappointed taxi driver said:

We've tried all means but in vain. We've talked, written to them, they're avoiding us. They don't want to co-operate. They tell us that we are their 'boys'. Yet they forget we are the ones who are sweating (Interview with a taxi driver, May 1990).

In order to discourage their participation in the union activities some owners increased drivers' wages (Matiko, 1989:83). One taxi driver confirmed that:

There are owners who do bribery. When they realise that we are fighting, they approach some taxi drivers to bribe them. A taxi owner will offer a driver R50, trying to persuade him not to join the union (Interview with a taxi driver, May 1990).

Although some taxi owners do concede that drivers are underpaid, others blame employed taxi drivers for stealing money and misusing their taxis. SABTA estimated that owners lose between 30 per cent and 40 per cent of daily earnings through pilfering (McCaul, 1990:94). In order to curb this system, SABTA announced the introduction of a Smartcard system to eliminate cash exchanges between drivers and passengers: commuters will buy cards and use them in the electronic equipment to be fitted on taxis (*Taxi Talk*, December 1991). This is aimed at maximising owners' profits. So far, this initiative has not been implemented in taxis.

History was made in January 1992 when the South African Taxi Drivers' Union (SATDU) was formed to protect the interests of taxi drivers and to 'turn taxi driving into a reputable profession' (*Sowetan*, 13 January 1993). SATDU claimed to have a membership of 35 000 in January 1993 and aimed to 'represent ultimately 1.2 million taxi drivers countrywide' (*Business Day*, 17 January 1992; *Race Relations Survey*, 1993:243). SABTA together with other national taxi associations have welcomed the taxi drivers union - though an accord is still to be signed (*Business Day*, 17 January 1992; *Sowetan*, 10 March 1992). Significantly, SATDU is now represented in the National Transport Policy Forum, which was established in February 1992. A draft transport policy released in March 1994 by the National Transport Policy Forum has included a clause to enforce all taxi drivers employed by taxi operators to be registered as employees according to the labour relations legislation.

### Capital accumulation revisited

The case of the South African taxi industry illustrates how complex processes of class formation and social relations are constructed and reconstituted. Capitalist penetration of the taxi industry has had a number of consequences. Five tendencies associated with capitalist development are teased out here.

*First, accumulation expands geographical limits of its markets and transforms*

*more areas of social life into profit-making activities.* Until recently, the apartheid state stifled the emergence of the African petty bourgeoisie in urban areas. Nevertheless, capital is now setting foot into spaces previously forbidden: apartheid zones (African townships) are being transformed into zones for accumulation. The infusion of industrial and financial capital into the taxi industry heralded the commodification of indigenous mutual aid systems (eg stokvels) in the Black community (in general) and the taxi industry (in particular). Faced with the shrinking motor industry, industrial capital saw the advent of the taxi industry as a godsend. As demand for kombis increased in the 1980s, motor manufacturers began increasing the rate of minibus production. The taxi boom was fuelled in part by the creation of credit finance; state- and capital-induced strategies played a vital role in the revolutionary growth of the taxi industry.

However, caution should be exercised in equating the emergence of the taxi industry with the third economic wave: the Black economic revolution. Whereas the first wave was the English mining capital, the second wave was Afrikaans economic empowerment after 1948. The capacity of the African petty bourgeoisie to expand is to a large extent curtailed by the legacy of historical suppression of African trading under apartheid and the dominance of monopoly capitalism. Moreover, as learning to survive in the exploitative economic climate is an art that takes time to learn, only a few operators managed to pull through. As one taxi operator observed:

To make a living as a taxi operator, it is sometimes necessary to work strenuous hours each day. You have to forget your family if you really hope to make a mark in the taxi industry (Interview with a taxi operator, March 1990).

A recent survey by the World Bank concludes that the great majority of Black micro-enterprises are at survival level and in the short-, medium- and long-term will not contribute dynamically to employment and wealth creation (Riley, 1993).

*Secondly, capitalist penetration tends to increase the size of large corporations and concentrates the control and ownership of capital in proportionally fewer hands.* Although this has not yet happened on a large scale, there is emerging a class of taxi barons who occupy powerful positions within taxi associations. Taxi barons have close contact with both the state and capital. On the whole, taxi barons have the power to veto new taxi applications. The taxi industry has also become a formalised enterprise, with highly organised taxi associations which employ administrators, police squads and queue marshals. The rise of formalised associations is likely to entrench the concentration of ownership and control of capital into fewer hands, with the consequence of one-person operations being marginalised, though not necessarily obliterated.

*Thirdly, accumulation spreads wage labour as the prevalent system of production and draws a larger production of the population into wage labour status. It is not a coincidence that wage labour is gradually replacing family or individual labour in the taxi industry. Furthermore, social relations are becoming entrepreneurial with the consequences of exploitation in the labour process.*

*Fourthly, capitalist accumulation keeps changing the labour process through the imposition of increasingly intensive control strategies upon workers. Evidence suggests that taxi owners use a variety of strategies to control taxi drivers: the recruitment of labour from rural areas, the pacification of drivers by providing backyard accommodation, the use of quota system where daily targets are set for drivers in the evening, and the use of spies or surveillance techniques in monitoring cash exchanges, miles travelled and adherence to the speed limit.*

*Finally, capitalist accumulation leads to the development of more formal expressions of the working class. An integral feature of capitalist penetration is the formation of capitalist and proletariat classes. Nevertheless, unionisation in the taxi industry is not yet widespread, though there has been sporadic strike actions by taxi drivers throughout the country. As in other informal sector activities, the potential for unionisation in the taxi industry is largely weakened by the reserve army of labour. By and large, the drivers' wages are low and only unionised drivers have reduced the working day from 18 to about 12 hours per day. The process of capitalist penetration and the incorporation of wage labour into the taxi industry has inexorably led to class formation and differentiation, conflict and contradiction. Although taxi operators belong to local, regional and national taxi associations, so far these associations have been reluctant to introduce a labour relations policy in the industry.*

The ability to accumulate capital depends on profitability, meeting short-term obligations and remaining solvent. The degree to which capital is accumulated can be measured by the rise or fall of profits. The accumulation crisis can be manifested in several different ways: low rates of return on investment, low levels of liquidity, steady build-up of debt, and rising interest rates. As more and more operators enter the market to take advantage of the peak-hour demand, they threaten to drive other taxi operators out of business. The taxi industry is no longer as profitable as it was some 10 years ago. One SABTA official confirmed that:

The first kombi taxis in the late-1970s were undoubtedly profitable. Such was the demand from Black commuters who were increasingly able to vote with their money, that the taxi could pick and choose where it operated, and be sure to carry a profitable load (Mabogoane, 1990:2).

In the early 1980s a typical pattern was for the taxi to be fully employed during the peak period and to get in several paying trips during the 'valley' (slack) period

(*Drive On*, January 1991). SABTA's total earnings of its members declined from R1.8 billion in 1989 to R900 million in 1990 (a decline of 50 per cent). Monthly income of individual taxis had dropped from R3000 in 1989 to an average of R1500 in 1990 (*Financial Mail*, 15 February 1991). The accumulation crisis is evident in the taxi industry, the explosion in the taxi industry in the 1980s is showing increasing signs of crisis in the 1990s.

## Conclusion

Transport and urban trading policies in South Africa have historically been conceived and executed within the framework of apartheid planning and capitalist accumulation. Arguably, the repressive actions taken by the apartheid state stifled the emergence and growth of African entrepreneurs in urban areas until the mid-1970s. The Black taxi industry has come to play a pivotal role in the urban transport environment. The shift in state policy, from repression to promotion of the taxi industry, has been concomitant with a dedication to capital accumulation and the advent of Black economic empowerment. Moreover, the involvement of industrial and financial capital in the industry indicates that capital accumulation is likely to be part of the post-apartheid economy.

The story of the Black taxi industry reflects both the political and economic repression of Blacks in South Africa's history and the contradictory processes generated under South Africa's racial form of capitalism. However, the residential segregation of South Africa's urban landscape and the removal of Black townships to the fringes, paradoxically recreated the conditions for the development of a dynamic taxi industry.

Although the Black taxi industry has allowed many operators to accumulate capital on a hitherto unprecedented scale, the full might of Black economic muscle in this area was only realised after the collective actions were taken with the formation of taxi associations, especially SABTA. The establishment of national associations enabled Black taxi operators to bargain with big financial and corporate capital on a more equal footing and to harness the resources necessary for a rapid growth. Although both capital and small taxi capitalists have benefited from the taxi revolution, the benefits have been somewhat compromised by unpleasant ramifications: taxi feuds between rival taxi associations, and the exploitative relationship between taxi owners and employed drivers. In response to exploitative labour practices in the industry, taxi drivers have responded in various ways: embarking on sporadic strikes, organising and forming alliances with the powerful Black trade union movement. Capitalism is a contradictory and crisis-ridden system. Drawing Black entrepreneurs into that system draws them into a contradictory or conflict relationships with other members of the community.

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