

DEVELOPMENT FROM BELOW AS A REGIONAL PLANNING APPROACH IN
SOUTHERN AFRICA

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ABSTRACT

Starting from the background of the modernisation/dependency debate, the author examines traditional top-down and bottom-up approaches to regional planning. The major findings of this document are that South African regional policy has been dominated by political rather than economic criteria. Furthermore, the evidence indicates that regional policy has shown particularly poor results, and will continue to do so. The author finds that neither top-down nor bottom-up approaches constitute a comprehensive approach to regional development in Southern Africa. The suggested outcome is a combination of the two approaches. The bottom-up school's major contribution is seen to be the promotion of rural development and community based decision making. The Transkei case study however highlights the importance of a simultaneous urbanisation policy to allow agriculture in Transkei to become viable. Transkei's relative disadvantage in attracting industry requires that the emphasis falls on the existing metropolitan and secondary cities to accommodate rapid urbanisation. Implicit from this is that the South African government abandon the political ideal of apartheid and concentrate on a more economically efficient industrial location policy, whilst simultaneously providing substantial support for rural development policies, optimally within a more conducive institutional environment.

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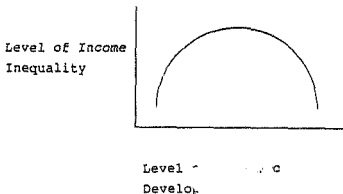
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Ch. 1. INTRODUCTION

Early development planning theories and their associated regional planning policies were primarily based on economic theories. The major thrust of these theories lay in the assumption of 'trickle down' or 'spread' effects both in interpersonal income and regional terms. In the latter regard, Hirschmann (1958, 83) views regional inequality as inevitable. He writes that "there can be little doubt that an economy, to lift itself to higher income levels, must and will first develop within itself one of several regional centres of economic strength." This in the course of the development process means that international and interregional inequality of growth is an inevitable concomitant and condition of growth itself. However, in terms of the widely accepted Kuznet's (1955) view, this inequality would peak in the middle stages of development and then decline thereafter (El Shakhs, 1980). In this way, a lessening of spatial and aspatial inequality would occur. (See fig. 1).

Diagram 1 The Kuznets Curve



Experience has shown however, that the 'growth' orientated strategies have not achieved the desired results. In addition, it has been argued that "traditional regional policy instruments have essentially only accentuated existing market trends", that is, there has been a further strengthening of the existing core areas (Stohr and Todtling, 1978, 86). Although in some cases targeted national economic growth rates were achieved, it became clear that income inequality, disease, malnutrition, illiteracy, poverty and unemployment had reached proportions as never before in human history.

Thus the feeling was that the trickle-down type approach encouraged growth without development; development being seen as involving an increase in output, and a better distribution of this output, through greater participation of the poor.

As a reaction to trickle-down policies, and their increasingly apparent failure, a number of changes in development economics theory occurred. New schools of thought that arose included the 'redistribution with growth', 'basic needs' and more recently a regional planning school of thought dominated by the works of WB Stohr (Stohr & Taylor, 1981; Stohr & Todtling, 1978; Stohr & Todtling, 1976; Stohr, 1981) aimed at development from below.¹

Taylor (1979, 4), writes on Stohr,

¹ In this dissertation the terms "Development From Below Strategies" and "Bottom-up strategies" are used synonymously.

the author argues convincingly that the conceptual bases of current development practices are heavily reliant on neo-classical economics strongly concentrated on large scale, vertically organised, institution-based processes to the neglect of non-market and informal processes, and a strong emphasis on economic process to the exclusion of processes of a social and political nature. The empirical evidence they consider, suggests that the overall result of existing policies has been a widening, rather than a narrowing, of disparities, and that growth centre/hinterland spread effects have generally been small and limited in geographical extent.

From their analysis of case studies, and Taylor conclude that in the context of policies for broad spatial development, it is difficult to justify growth centre policies for lagging areas.

The results of their analysis suggest that regional policy must concentrate on the following issues:

- a. levels of decision making, primarily on a territorial and community basis.
- b. the mobilization of individuals, social groups and territorially organised small communities for the achievement of common benefits in social, economic and political terms. (The emphasis here is that economically less developed social groups give clear priority to their own self determined standards and subordinate external economic and other interactions to these standards).
- c. the channeling of economic, social and political backwash effects, to facilitate greater spatial equity of living conditions. To this end -

1. greater attention should be paid to non-market and non-institution based activities and to the requirements of small-scale human and environmental relations;
2. one must facilitate the shifting of decision-making powers from today's mainly functional (vertical) structure towards a (horizontal) territorially based structure;
3. policies must be adapted to specific historical, institutional and political conditions in each country or region.

1.1 OBJECTIVES

The objectives of this dissertation are firstly, to analyse the major theoretical underpinnings of the top-down strategies with specific regard to the development of growth centre theories. Secondly, the historical development of South African regional strategy is traced, providing insight into the dominance of political criteria over economic criteria by the South African Government. Thirdly, the current successes and failings of the South African strategy to date are analyzed. Specific areas of concern include job creation, costs of job creation and generation of self-sustaining economies in the homelands.

The fourth objective is to outline the major aims, objectives and criteria for implementation of 'bottom-up' strategies. Special consideration will be placed on the issues (points a, b and c) summarised on the previous page and on the nature of policies used in the past to achieve bottom-up

growth. The fifth objective is to consider the effect of a bottom-up strategy on a specific region in South Africa. Transkei will be used as a case study, and particular attention will be placed on evaluating the impact of a bottom strategy to policy and decision making, interregional relationships, and employment creation in both urban and rural areas.

The sixth objective, taking both bottom-up and top-down strategies, is to identify any areas of interface between the two approaches which could advantageously be used simultaneously, to the advantage of Transkeian development.

Finally, in terms of the above analysis, planning implications will be discussed on the basis of a regional planning approach in South Africa, with specific emphasis being placed on planning implications for the Transkei.

Ch. 2. TOP-DOWN & BOTTOM-UP DEVELOPMENT PARADIGMS

2.1 INTRODUCTION

The term 'development' has in the past been used/understood by development planners/economists to mean different things, and the effectiveness of development policies has been measured in different ways. The term 'development' has often been used synonymously with 'growth' and measured in terms of an increase in a country's gross domestic product. More recently, however, the term development has been seen as involving the promotion of peoples' 'well being', success of policies being measured in terms of both material and non-material aspects such as healthful diets, medical care, labour opportunities, housing and political freedom. The more recent concern focuses on issues of equality and inequality, or the unequal access of people to a society's resources (both material and non-material).

Problems of unequal development are experienced at a number of levels. These levels include the international level (between the advanced industrialized countries and the third world countries), within countries (between rich minorities and poor majorities within a specific country), and structural differences between different sectors (between mining sectors and agricultural sectors). Finally spatial differences occur in so far as 'who gets what resources and where?'. Fair (1982,3) explains,

The differences in levels of development between regions can be explained not only in terms of their different resource endowments or their

favourable or unfavourable locations, but also in terms of their place in the political and economic system of the nation in which they are enmeshed and the international system to which the nation itself is tied.

There are two main paradigms that currently dominate thinking about development - they are the modernization (or diffusionist) paradigm and the dependency paradigm.

These two paradigms embody fundamentally different perspectives as regards what causes underdevelopment. The main bone of contention between the two paradigms is "does the centre as a source of innovation and economic activity diffuse benefits to a less developed periphery or does it drain the periphery of its wealth and manpower? Is the centre, a country's metropolitan core, a generative or parasitic agent in the development/underdevelopment process". (Fair, 1982, 4)

Before discussing top-down development strategies it is helpful to locate the strategies within the debate between the modernization and the dependency paradigms.

THE MODERNISATION PARADIGM

The underlying philosophy of this paradigm is that if underdeveloped countries are to progress to the same level of development as the first world countries then they should adopt the same western values, production systems, technologies and administration systems.

Rostow's (1960) theory of the 'stages of growth' is a classic example of the modernisation school. Rostow envisaged countries as passing through a number of stages of development from traditional society to a stage of 'high mass consumption' which characterises the most advanced countries and their economies.

Rostow assumed that all countries begin from a common baseline and undergo unilinear transformation along a development continuum of economic and social change. The theory uses growth as the major measuring indice, that is growth of GDP and development are used synonymously. It is assumed that a diffusion of growth will occur from the more developed to the less developed areas, thus eradicating poverty from an economy. Implicit here is that workers from the traditional sector would move to the modern sector, obtain higher incomes and thus achieve a higher standard of living. In the same way at an international scale, by following a modernisation approach, less developed countries would catch up with the more developed countries. This was to be achieved by the growth of the manufacturing industry and the gradual replacement of imported goods by locally made goods (Fair, 1982, 8).

Friedmann (1966) translated Rostow's model into spatial terms. Friedmann concentrated on nodes, networks and surfaces. Nodes were seen as the focus of human activity - they were arranged hierarchically. Networks were concerned with the lines of communication and movement which connect the nodes to one another. Surfaces were produced by human activity around a node such as trade areas, and urban spheres of influence.

Together these elements give rise to spatial patterns. Some initial trigger, for example colonial settlement, would set off development in a particular locality. Once development began, the process would tend to be cumulative causing an agglomeration or nodal pattern of activity. Thus the pattern of economic activity is spatially uneven. This leads to the emergence of a core and a periphery where the core tends to dominate (economically, politically and socially).

The modernisation paradigm assumes that this growth could be diffused to the less developed regions. This would be achieved by spread effects from the core to the periphery, via purchases from, and investments made in the hinterland ... also by the absorption of unemployed persons : ... core.

The most important trickling down effects are generated by purchases and investments placed in the hinterlands by the growth points ... the latter may also raise the productivity of labour and per capita consumption in the hinterlands by absorbing some of their disguised unemployment (Hansen, 1982, 17).

Within the modernisation paradigm, the policy of implementing 'growth centres' is seen as a means of reducing inequalities in the space economy. (The theoretical workings of 'growth centre' policy follow later in this chapter.) The major theoretical underpinnings of growth centres, rests on the assumptions that firstly, concentration of investment will achieve economies of scale. Secondly, the assumption that economic growth will diffuse down the urban hierarchy and thirdly, the assumption that economic growth will diffuse into those areas surrounding the growth centres.

The major criticisms of the top-down approach, are expanded in later sections of this document. As such, they will only be noted at this stage as a means of providing some background to the dependency theorists critique that follows this section. The most commonly noted areas of criticism centre on the failure to achieve trickle-down effects (Stohr and Todtling, 1978); the widening, rather than the narrowing of disparities between regions (El Shakhs, 1980); the poor rates of job creation achieved by top-down strategies (Friedmann and Sullivan, 1975); and finally the increased dependency of the peripheral economies on the core areas (Dos Santos, 1970).

THE DEPENDENCY CRITIQUE

The concept of 'dependency' evolved in Latin America during the 1960's and was originally used to describe the relations between the South American countries and the More Developed Countries (MDC's). It has since found favour in some writings about Africa and Asia. The rise in popularity of the dependency paradigm can be largely attributed to the failure of top-down strategies to demonstrate the benefits of spread or trickle-down effects.

There is no unified body of thought which characterises dependency. The various formulations of dependency, include those based on Frank's (1966, 1967) "development of underdevelopment", dos Santos's (1968, 1970) "new dependency", and Cardoso's (1972, 1973) dependent capitalist development and dependency as a result of imperialism. Chilcote (1984) emphasises that there

is a differing emphasis by different advocates of 'dependency'. Opinions on what is central to the 'dependency' debate vary.

the literature on dependency moves in many directions, and critics set forth a multitude of positions. Some critics attack the nationalist inclinations of some advocates of dependency who oppose outside influence. Many argue that attention to external considerations of dependency avoids considerations of the internal class struggle, and others believe that dependency obscures the analysis of imperialism (Chilcote, 1984, 297).

Tomlinson (1981), in his analysis of the varied approaches to dependency found that there were two central themes that emerged from the literature. These themes relate to "external trade dependency" and less development countries (LDC's) "class structures" in terms of their position in the international capitalist economy.

External trade dependence refers to a LDC's reliance on external sources of demand for economic growth. Dos Santos (1970, 231) defined dependency as characterising a situation in which the economic development of a certain country "is conditioned by the development and expansion of another economy to which the former is subjected." This dependence can take the form of a LDC being reliant on a MDC for the demand for, and the price of its primary exports. If the LDC exports secondary goods, the LDC can become dependent on MDC technology, spare parts, management and access to MDC markets.

Tomlinson (1981, 20) indicates that the more common dependence is on one or a few primary exports resulting in an LDC becoming vulnerable to price

fluctuations and external demand for their products. Chilcote (1984, 307) further expands this phenomenon, referring to

fluctuations in the balance of payments, which in dependent countries often leads to deficits caused by trading in a highly monopolised international market, the repatriation of foreign profits, and the need to rely on foreign capital aid.

The impact of this dependence on fluctuation of demand and of price results in the LDC becoming dependent on the expansion of an external economy for their own expansion.

Marxist analysis makes a central contribution to dependency theory in terms of class structures in LDC's.

Class structure is particularly relevant if one views economic and policy change as being propagated by specific classes in their struggle with other classes to accumulate wealth. (Tomlinson, 1981, 20)

The external dominance of a nation's economy hinders the formation of an indigenous industrial bourgeoisie in the LDC's. External control of the national economy determines the areas and priorities of economic growth in the dependent economy, thus limiting local initiative and capital from indigenous entrepreneurs. The means of ensuring co-operation from the LDC is attained by the formation of a compliant managerial bourgeoisie, whose role is to ensure stable and protected conditions of production for the Multi National Corporations (MNC's), for example by giving them the internal market as part of an import substitution industrial strategy (Sklar, 1979). The managerial bourgeoisie

usually derive their incomes from high paying jobs in the state apparatus. The state in turn is generally supported by the MDC's and their country of origin by means of technical and economic aid. The relationship between the MNC's and the managerial bourgeoisie is self perpetuating as Cardoso (1973) explains

development benefits all classes associated with international capital ... but it undermines national interests that are not linked to the multinational corporations, such as local entrepreneurs (Cited in Chilcote, 1984, 303).

Valensuela and Valensuela (1979, 550) support the above opinion, and go on to add that there is in fact co-operation between the managerial bourgeoisie and foreign investors.

Such persons often pursue their interests by means of economic partnership or collaboration with foreign investors ... the managerial bourgeoisie has a pronounced tendency to coalesce with bourgeois elements at comparable levels of control in foreign countries.

Thus, because the MNC's provide support for the managerial bourgeoisie, it is in the interest of this class to ensure that policy, both political and economic, serves to further the interests of the MNC's. The net result of this dependent situation, is that the LDC's become underdeveloped.

[As] the structure of dependency deepens, [this] leads dependent countries to underdevelopment, and aggravates the problems of the people as those countries conform to an international and internal structure strongly influenced by the role of multi-national corporations as well as by the international commodity and capital markets (Chilcote, 1984, 307).

Although dependency theories have most often been formulated using nations as the base level of analysis (Tomlinson, 1981, 19), the theories do have regional application. At the regional level urban metropolises or cities are seen as centres of domination. These centres are usually viewed as offshoots of colonialism and are considered as operating in the service of international capitalism. The promotion of growth centres, viewed by the modernisation theorists as a means of stimulating the diffusion of growth, are viewed by the dependency theorists as an instrument used to drain the periphery of their resources rather than being concerned with developing the less developed areas. Thus growth centres are an instrument for "... the mindless pursuit of economic growth regardless of the social cost" (Richardson 1978 cited in Fair, 1982, 22).

The most important criticism of dependency theory relates to the way in which its advocates have concentrated mainly on criticising modernisation theory, and explaining why modernisation theory is responsible for the lack of progress made by development attempts, without offering any real alternatives as to how changes could be implemented. As such, the dependency debate's only real contribution to the generation of planning strategies lies in its ability to isolate the shortfalls of past top-down or modernisation strategies, and to draw attention to the continuing plight of those 'classes' who, because they are not politically or economically powerful enough to be involved in the planning of their own development, have been ignored by the bourgeoisie who have tended to be more concerned with furthering their own political and economic aims.

Browett (1980) summarises the dependency schools contribution as follows:

What we are left with, is a barren analytic approach which can explain what has happened in the past ... but which, as yet, offers few, if any, insights as to how changes can be implemented in the structures it has interpreted. In brief, it provides an understanding of the basic structural causes of the contradictions within capitalism but does little to generate proposals for their elimination (Cited in Fair, 1982, 34).

Because of the dependency theories' failure to provide any alternative to past top-down strategies, and whilst accepting that top-down strategies had in fact failed to live up to expectations, a number of reformist approaches within the modernisation school were introduced. These included basic needs, the redistribution with growth concepts and bottom-up theory, the purpose of this chapter is to contrast with top-down theory the theoretical underpinnings and practicability of the bottom-up approaches which gained increasing interest through their apparent emphasis on rural and regional development and community participation in development planning.

2.2

TOP-DOWN DEVELOPMENT STRATEGIES

INTRODUCTION

From the early 1950's, until very recently, the 'top-down' development paradigm has dominated spatial planning theory in the development of the less developed countries (LDC's). The results of top-down strategies are summarised in the following chapters. The purpose of this section is to outline the theoretical traditions underpinning the top-down school, and to provide a brief summary of the

effects of top-down spatial policies so that they can, at a later stage, be compared with the bottom-up school.

The dominant foundation of the top-down theory is that "development (whether spontaneous or induced) in a relatively few dynamic sectors and geographic clusters will, it is to be hoped, spread over time to the rest of the spatial system" (HANSEN, 1981,15). There are two dominant traditions - neo-classical theory and the cumulative causation theories. The former's importance lies in the viewing of spatial inequality as an aspect of the development process, which will decline as development proceeds. It therefore serves as an argument against the need for regional policy. The latter, however, see regional inequality as a response to spatial cumulative causation processes, and argue for regional policy.

THE NEO-CLASSICAL REGIONAL GROWTH THEORY

The neo-classical model explains trends in spatial inequality through reference to autonomous economic forces.

In terms of neo-classical economic theory ...

interregional disparities and interactions are basically conditioned by regional differences in access to production factors and to markets ... core regions are characterised by scarcity of natural resources and of labour whilst peripheral areas usually have a scarcity of capital and technology.

Core regions should therefore have high returns for natural resources and labour, while peripheral areas should have high returns for capital and technology (Richardson, 1969. Cited in Stohr and Todtling, 1978, 96).

Again in terms of neo-classical economic assumptions relating to the mobility of factors of production, Richardson (1969) goes on to add that factors are expected to move from areas of low return to areas of high return.

Natural resources and labour should therefore flow from peripheral areas to core regions, while capital and technology would be expected to flow in the opposite direction from core regions to the periphery. These flows would increase factor supply in areas of scarcity and reduce it in areas of abundance, whereby factor prices would be expected to equalize over space. As a consequence, income should also equalize over space (Stohr and Todtling, 1978, 96).

Thus, capital and labour are assumed to move to areas of greatest return, which are assumed to be where they are most scarce (Tomlinson, 1981). In the same way, given the above assumptions, and because capital will be scarce in peripheral areas, and since labour will be attracted to core areas to realize higher wages, "the labour flow will be expected to restrain wage increases in the core and to bid up wages in the periphery as the shortage develops there" (Tomlinson, 1981, 14-15). This, coupled with a capital flow to the periphery, should in turn promote its development.

The neo-classical model is criticised on two major aspects. First, the assumption that all production factors would tend towards spatial equilibrium of supply and demand was not always the case in practice.

Such a tendency is counteracted by different degrees of mobility and heterogeneity of factors, and by increased factor returns due to

the unequal spatial distribution of external and scale economies (Stohr & Todtling, 1978, 96-97).

What the above means is that capital concentrates in the core due to its agglomeration economies available there.

Second, in terms of the movement of labour and capital, evidence suggests that the processes involved are far more complex.

Although labour in aggregate terms moves from (usually low wage) peripheral areas to (high wage) core regions, this movement should not be considered in aggregate terms, but should be disaggregated, since migration is highly selective. Migrants from peripheral to core areas usually come from the more mobile and more productive population strata (i.e. the potential high-wage earners) of peripheral areas (Stohr & Todtling, 1978, 97).

The effect of the above phenomenon is two-fold. The production potential of the peripheral area is lessened, and the average wage levels of the periphery also decline.

UNBALANCED GROWTH

Unbalanced growth has three notable advocates; namely Perroux (1955), Myrdal (1957) and Hirschmann (1958). Unbalanced growth is important because it contextualises later regional policies. Hirschmann (1958) and Myrdal (1957) pointed to problems with the seeming inevitability of trickle down or spread processes. Perroux (1955) provides the origins of the much applied growth centre theory.

Perroux (1955) initiated the unbalanced growth debate with the formulation of the 'growth pole' concept (pole de croissance). Perroux based his theory largely on the concept of external economies and industrial dependencies together with Schumpeter's theory of innovations. The growth pole was described specifically in terms of an abstract economic space.

In contrast to the balanced growth approach, "Perroux maintained that analysis of sustained growth of total production should concentrate on the process by which various activities appear, grow in importance and in some cases disappear" (Hansen, 1981,19). Perroux (1955) emphasised polarised or unequal growth. He suggested that growth did not appear everywhere at the same time; rather it manifests itself in points or 'poles' of growth, with variable intensities, and it spreads by different channels and with variable terminal effects for the economy as a whole.

The fundamental concepts that arise from the growth pole theory are that poles are firms or industries (or groups of industries) from which growth and change is initiated. The growth effects of the poles can be transmitted by forces between poles, with growth being directly related to the activity of the poles themselves and to the economic activity between them. One firm or industry becomes dominant over many when the percentage flow of goods from the 'dependent' industry to the 'dominant' industry is greater than the percentage flow from the 'dominant' to the 'dependent' industry or firm. Thirdly, the bigger the industry, the greater is its sphere of influence/dominance over the other industries that

sell to it. Finally, a firm or industry is said to be propulsive when it has great size; has a high level of interaction with many other firms, and has a high degree of dominance.

Hirschmann (1958) had a similar focus when he advocated that development strategies should concentrate on relatively few sectors. These sectors should be determined by measuring the backward and forward linkage effects in terms of input and output maxima. Growth was seen to be transferred from the leading sectors of the economy to the followers, from one firm to another. Hirschman identified both polarisation and trickle-down processes including the benefits of agglomeration and associated external economies, which included polarisation and trickle-down processes via inter-regional trade and capital investment to underdeveloped regions. He also asserted that it is better to enhance the growth of existing poles, and argued that spread would occur because of the use of the less developed area as a resource base, and because of subsequent investments in these peripheral regions.

Myrdal's (1957) work on cumulative causation was published at about the same time as Hirschmann's (1958). Although developed apart from Hirschmann, Myrdal's theory contained a number of conceptual similarities that coincide with those of Hirschmann. He suggested that once a centre started growing, internal and external economies would further its growth 'cumulatively', at the expense of other areas. Capital was seen to flow to the growth centres because of the agglomeration economies available there, and because that was where the

market is. This resulted in increased incomes and demands resulting in further investment. The peripheral areas are maintained at a disadvantage because savings flow to the core from the hinterlands. 'Spread' effects were seen as positive and in opposition to the above backwash effects, as are factors such as increased outlets for the hinterland's products and raw materials. Finally there are certain non-economic factors that favour the core areas.

These are caused by inadequacies of the hinterlands ... Their inability to support adequate health and education facilities, their generally conservative outlook - related to the acceptance of more primitive forms of tradition and religion - are all detrimental to the experimental and rational orientation of an economically progressive society (Hansen, 1981, 18).

Friedmann (1972) further developed the diffusionist idea. He attempted to formulate a systematic and comprehensive centre-hinterland development model. Friedmann stated that development occurs as a result of innovation. This development originates in only a small number of points. These 'points' are located at the 'point' of highest potential interaction within a communication field. Innovations diffuse from the core areas to areas of lower potential interaction, while peripheral regions are dependent on the core regions and their development is largely determined by institutions in the core. Peripheral regions are dependent on core regions by virtue of market relations as well as administrative organisation.

GROWTH CENTRE THEORY

Growth centre policies for regional development have been the major means of implementing regional top-down strategies. A growth centre is seen as being large, relatively rapidly growing, highly interlinked and with linkages occurring locally. The original concept clearly stems from Perroux's growth pole theory. Whereas growth poles, as defined by Perroux, existed in a purely economic space or a theoretically open economy, growth centres are the geographical application of a growth pole. As mentioned earlier, growth centre theory is heavily influenced by the works of Hirschman (1958), Myrdal (1957), Friedmann (1972) and Richardson (1969).

There are three prominent principles that provide the backbone to growth centre policy. Firstly, the concentration of investment in centres will achieve economies of scale and thereby facilitate the centres' sustained economic growth. Secondly, economic activity diffuses down the urban hierarchy. Growth centres, by filling in the gaps in the urban hierarchy, speed up the diffusion of innovation, thus promoting growth. Thirdly, spatially there are optimal locations for growth centres at which maximum growth can be achieved.

The above three points are therefore concerned with the existence of agglomeration economies, the diffusion of growth and the subsequent spread effects of development to the growth centre's hinterlands.

"Agglomeration economies are those economies available to firms, that bring about their location in close proximity to one another and cause an agglomeration of people and economic activity" (Nourse, 1968 cited in Tomlinson, 1981, 214).

Tomlinson (1981, 214-5) describes the factors that characterise the existence of agglomeration economies as being of four types namely transfer economies, scale economies, localization economies and urbanisation economies.

Transfer economies result in savings in transportation costs because of firms locating in close proximity to one another. Scale economies are mobile - the increased management expertise available to the firm, and immobile - those economies which are achieved only with adjacent location. It is immobile scale economies which create spatial agglomeration. Localization economies (external to the firm but internal to the industry) include the availability of a large skilled labour pool, the development of markets for raw materials with resultant savings in costs, and the facilitation of research. Finally, urbanisation economies are characterised by a large and flexible labour force, high level of public services, commercial and financial services.

Important to note, however, is that although the above factors contribute to the existence of agglomeration economies, what the theory does not explain is, how growth is initiated at any particular location and the optimum size of new growth centres that will result in agglomerations. It does not give any indication of size and the relationship between size and growth rate.

Because of this 'incomplete' theory, present thinking in relation to policy making is that one should minimise the number of unknowns until a better understanding of growth initiation has been gained. Therefore investment should be concentrated on existing agglomeration economies and proposed growth centres should already have a number of existing external economies - to implement 'new town' type strategies involves inefficient use of resources and involves planning with too many unknowns (Richardson, 1978. Rondineilli, 1983).

With regards to the role of diffusion of innovation, this was seen to be a function of social communication, and a process of learning, accepting and decision making. The city was seen to serve an important role through its high level of communication, education and training. Innovations were seen as jumping between larger centres and from centres at higher levels to centres at lower levels. In terms of the barriers to channels of communication, the most important constraining factor is the distance between nodes.

Growth centres contribute to the process of diffusion because of three supposed effects of such centres. These are that they remove threshold limitations ... that they reduce the time it takes for innovations to diffuse; and that they increase accessibility which affects especially household exposure to, and adoption of, new innovations (Tomlinson, 1981, 125).

In attempting to diffuse growth to the rural areas, the emphasis is placed on the use of the urban hierarchy as a carrier of growth, to bridge the gap between the greater cities and smaller villages.

The role of the growth centres is therefore, to take agglomeration economies to the periphery and is so doing to link the periphery into the diffusion network.

Myrdal (1957) and Hirschmann (1958) indicate that the spatial interaction between growing and stagnating regions limits growth. A growing centre will attract labour, capital and commodities, but these inflows have backwash effects resulting in the loss of skilled workers and locally generated capital in other regions. Furthermore, it was also felt that economic growth was usually propagated along the major transport routes linking the most important centres together (similar to Friedmann's (1966) 'networks').

THE EFFECT OF TOP-DOWN SPATIAL POLICIES

Borrowing from Stohr and Todtling (1978) it is evident that the growth orientated policies have had some unexpected side effects. These effects can be grouped under quantitative and/or qualitative aspects.

When considering the quantitative aspects (job creation, reduction of unemployment, income disparities, net out-migration) the following results are evident. Firstly, spatial development policies have for the most part been only partially successful in changing spatial inequalities in material living levels. (Stohr and Todtling, 1978, 90). The evidence suggests that where there was success at the inter-regional level, this was usually accompanied by an increase in disparities at the intra-regional level. Secondly, in terms of the

use of concentrated investment in specific growth centres, the spread effects down the urban hierarchy have been very small with the backwash of benefits to the core regions having been much larger than was anticipated. The increased income in lower order centres or rural areas created strong income multiplier effects in higher order towns, but not the other way round. Thus there was a lack of spread effects to the lower urban hierarchy. Thirdly, the effects of improved inter-regional accessibility were more beneficial to the existing core areas, with benefits to the periphery being only marginal. Fourthly, the impact of financial investment incentives has offered more attraction to capital intensive branch plant industry, which offered only limited benefit to local employment creation.

As regards the qualitative aspects of development (relating to the question of which sectors are promoted in the peripheral areas, the levels of technology that are used, the control/ownership relations of plants and the organisational characteristics of plants) Stohr & Todtling (1978) suggest that the following results are evident. Firstly, regarding technology levels, mainly capital intensive industries are boosted. There has been little contribution to employment because of the capital intensive nature of production; there appears to be no active policy promoting sectors with high intra-regional multiplier effects. Secondly, regarding control and ownership of industries, mainly 'branch plants' are evident - the reason being that they find it easier to bridge large distances. Job creation from these branch plants is of relatively low skill level. Further,

the evidence collected suggests that branch plants are the first places where employment is reduced during macro-economic fluctuations. It is unlikely, however, that this argument would be as valid in terms of the South African regional planning strategy, because the incentives offered are so profitable, that industry can still make profits even whilst producing no goods (Wellings and Black, 1986, 15).

The policies discussed have to a greater or lesser extent been partially successful in their quantitative aspects such as the number of jobs created, the amount of investment, the level of regional unemployment and net out-migration.

In terms of the qualitative aspects, relating to the causes of poverty and the structural aspects of spatial disparities, there has been only marginal impact. This factor has in itself resulted in the shifting of disparities from one level to another, rather than the elimination of the problems, there has been a shifting of the problem from the inter-regional level, to the intra-regional level.

A general criticism offered against this type of modernisation economic approach is that far too much emphasis has been placed on economic, quantitative considerations. This economic consideration has dominated to such an extent that actual development issues of the more qualitative nature have been ignored. Thus a new emphasis has been created.

The challenges to regional development planning in the LDC's thus lie primarily in the ability simultaneously to expand the economy and equitably distribute its resources in an effort

to hasten the spatial transition process (El Shakhs, 1980, 139).

The above quote shows a new orientation to development planning - the assumption that spread effects are a function of growth would seem to have only limited validity. Clearly economic growth is not enough to promote 'development' per se. If development is seen as an increase in output and a better distribution of that output to the region as a whole, redistributinal policies are going to be needed, and the issue of poverty must be tackled head on. Seers (1977 cited in Taylor, 1979, 9), advocates that the new paradigm should have as its primary focus objective, social development with focus on specific human needs and not only economic growth. Thus planning policies should fit ecological constraints, priorities should be given to rural development and to the prevention of poverty in the areas where it is most widely experienced.

The peripheral economy should attempt to move away from its dependence on the core region's markets, the core region's institutions, core based decision-making. Rather, there should be a concentrated effort to mobilize the periphery's potential (mostly in the provision of labour) in a manner that can best benefit the periphery. A prerequisite for such a change in attitude away from supporting the core, would seem to be the devolution of decision-making power to the peripheral areas.

In summary then, the shortcomings of the 'top-down' approach necessitate a new approach with a framework that tackles the structures (institutional,

cultural) in the peripheral areas; which concentrate on the peripheral needs and problems and which motivate a dynamic regional economy.

2.3 BOTTOM-UP STRATEGIES

INTRODUCTION

The bottom-up school aimed to counter the negative effects of top-down planning, a major area of concern being the apparent failure of 'trickle down' from the urban to rural areas. The solution to this problem was not seen to be as simple as redistributing national income. The bottom-up school concentrates rather on the promotion of self sufficiency, the promotion of more rural job opportunities, the more effective utilization of a LDC's natural and human resources, the provision of a minimal level of health facilities and education for all. Thus ...

Instead of optimising selected factor components, (top-down) thus creaming off the human and natural resources of favoured segments, the basic objective is the full development of a region's natural resources and human skills, initially for 'basic needs' of all strata and then for other development objectives (Stohr, 1981, 43).

The dominant theoretical underpinnings of the bottom-up school clearly take cognisance of the dependency paradigm and its criticisms of the capitalist approach to development. The perceived success of the Chinese approach to development has also boosted support for a change away from a modernisation approach. A project's success should be measured not in terms of its profitability, but in terms of its contribution to the local people's quality of life, especially the impact on the rural poor. Critical to a project's success is the fullest use of local labour and low levels of capital intensive technology (Ayazi et al, 1978).

The development (in the widest sense) of the rural poor is viewed as a central issue within the bottom-up approach. As such, institutional arrangements should support the rural masses.

It is rightly argued that centre down organisation never allowed planning to reach the grass roots level. Instead it strengthened semi-feudal class relations, placed the commanding heights of the economy in fewer hands, further strengthened structural rigidities - spatial, sectoral and others - and kept millions of people out of the modern production system - and made the rich richer, the poor poorer (Misra & Natraj 1981, 276).

Cognisance needs to be taken of the social and political processes affecting the population's lives, and institutional arrangements need to reflect this concern (Ayazi et al, 1978). Bottom-up policies promote the transformation of existing, or the creation of new, institutions to promote development in line with self-determined objectives as opposed to foreign or far removed institutions imposing their values. For this reason, recommended planning areas are of a very small scale (Weaver, 1981) - the emphasis is on small interactive villages, co-operatives and communes. At this level it is felt that independent peasant based organisations can be formed which promote co-operative/collective participation in the management of development work (Almeyra, 1978).

The above is a very notable move away from past top-down strategies which involved outside institutions imposing development priorities and policies on the local communities. For these economies, agriculture is seen as the propulsive industry, and the primary

aim of development is to provide employment for all. Only once the whole labour force is active, are more labour saving modes of production considered. As these units accumulate members, so their decision-making powers increase. Finally, as more jobs become available in the rural areas than in the urban areas, the dominance of the urban centre will lessen. The rural areas will also benefit more as the profits derived from surplus production are re-invested locally (in health, education, physical and service infrastructure). This is not to imply, however, that the bottom-up approach is limited to rural development. The use of bottom-up strategies within a third world context, where the majority of population is rural, would however, result in the greatest emphasis falling on rural development.

REQUIREMENTS FOR IMPLEMENTING A BOTTOM-UP STRATEGY

The decentralization of decision making is a major focus of the bottom-up approach to regional planning and effective local level representation is a prerequisite for efficient implementation of projects (Stohr, 1981). There is within the bottom-up school a definite trend away from today's centralized (functional and vertical) levels, towards a more (horizontally) territorially based level of decision-making structures.

The 'road' to development is not seen as necessarily following in the footsteps of the more advanced regions. It is suggested by the bottom-up school that if the periphery follows the core's decision-making, and acts in support of the core's decisions, the periphery can become trapped in supporting the core in an unequal relationship. This dependency

relationship is seen not only in regional terms, that is between the urban areas and their hinterlands, but also on a national and international level. Herbert (1984, 136) writes:

In practice the theoretical underpinnings of neo-regionalism seem to derive from a version of dependency theory, and particularly from its conception of the world trading system as an exploitative hierarchy in which the core-periphery relations operating on a global scale are mirrored in the internal organisation of dependent countries.

Once trapped within such a 'dependent' position, it becomes very difficult for the periphery to break the relationship. The reason for this is that having followed the core's decisions, peripheral development increasingly becomes integrated with that of the core. To break off such a relationship without having the capacity to continue with the current activity and without having the necessary means to achieve self-sufficiency, would be detrimental to the economy of the dependent country.

The periphery is at a distinct disadvantage because it provides only the basic resources to the core, such as unskilled labour and raw materials. The core in turn, uses its capital, knowledge and technology to process and to market the final goods. The problem that arises from these trade relations, is that the core has invariably paid unfairly low prices for the peripheral resources (Rondinelli, 1986), and very little of the profits derived from the periphery's resources are reinvested back into the periphery. Rather, the trend is for profits to be re-invested in the core, thus strengthening its position relative to the periphery. Politically and

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socially, for the periphery to jeopardise any job creation in circumstances where people live in extreme poverty is unfavourable and unrealistic; however, the bottom-up school does advocate that one should attempt to avoid the situation in the first place. By attempting to mobilize a region's natural and human resources internally, one can minimize dependence.

This is not to say that development from below advocates a policy of regional autarchy - rather, the policies should aim at channeling today's widely uncontrolled economic, social and political backwash effects to facilitate greater spatial equity of living conditions (Stohr, 1981). Clearly, traditional market forces have not, at least in the short run, managed to create the equilibrating and optimizing mechanisms attributed to them by neo-classical economics.

Thus to summarize the question of decision-making powers, the 'bottom-up' school of thought takes the stance that the eventual reversal of polarization trends is contingent on achieving an equitable social and spatial distribution of political power.

To this end, the modernization policies adopted in the core regions, ought not to be simply transplanted into the rural areas (Hendry, 1978). As opposed to the use of core-based high-technology, and capital intensive policies, the existing regional situation should be considered, and the existing needs and potentials of the region should be evaluated (Hendry, 1978). Decisions on the use of the periphery's resources should be taken by the local population in these areas (Almeyra, 1983). To

make such regionally sensitive decisions would require decision-making powers to lie in the relevant region itself. In this way, one could avoid the situation where the core's goals dominate the rural area's development policies.

Closely linked to the decentralization of decision-making is the necessity of a convincing policy by central government to promote rural development. To this end, it is essential that the relevant government give legal recognition to the establishment of communes/co-operatives/integrated villages, thus making the establishment of such units easier (Ayazi et al, 1978). If these grass roots level units are to be successful, vital too is that local government organisations and commune services are established within a region. A good example of such action is the Chinese approach to regional planning (Gray, 1984). The central focus of the Chinese plan is firstly the provision of basic needs; secondly, to ensure that the population has productive work; thirdly the provision of essential commodities and medical, health and education facilities. Planning occurs within a well defined national framework for local control of decisions regarding use of resources, planning for production, infrastructural improvements, work distribution and employment of surpluses (Wu and Ip, 1981). In this way, those involved in production are directly responsible for the quality of their work. In addition to this devolution of power, national policies constantly support the rural sector by numerous methods including the reduction of agricultural taxes, price support mechanisms, bonuses for extra production and so on (Wu and Ip, 1981). In terms of urban versus

rural development and the role of industry, the Government promotes the development of small scale industries that are supportive of agriculture. Industry "may be engaged in the production of inputs, such as inorganic fertilizers for improvement of agriculture, in the repair of agricultural machinery or in processing of agricultural products (Wu & Ip, 1981, 175).

Another major issue requiring government intervention, relates to the question of land tenure and the effective utilization of a country's natural resources. Past top-down strategies are blamed for having resulted in land being unevenly held and not intensively used (Hendry, 1978). At independence for instance, Mozambique had modernised farming covering an area of 2.5 million hectares. However, it was found that 1.5 million hectares of this land was only utilized to about 20 per cent of its full capacity (Almeyra, 1978, 37). To implement a bottom-up strategy, it is vital that the full potential of the land is realized. For this to occur the land must be put into production and under the bottom-up approach this production would be labour intensive employing the rural masses. Thus the land would need be redistributed. The methods of redistributing the land has varied from country to country. Kenya, Zimbabwe and India have had a policy of buying back formal sector owned land and then dividing up the land for peasant farming. In some socialist countries like Yugoslavia private land, owned by absentee landlords, was confiscated and then developed into co-operatives.

El Shakhs (1980) indicates that there is a change in attitude required by government as regards national

planning and the integration of core and peripheral economies. Under the top-down approach, the issue of integrating the core and peripheral areas into the same economy was seen as a way of encouraging economic growth/development of the peripheral economy. The 'distance function' (between the core and the periphery) was seen as a negative concept - distance was seen as an obstacle to economic integration and in turn to the ultimate goal of spatial equilibrium. The 'bottom-up' proponents argue, however, that the 'distance function' should be seen as a positive concept - it stimulates a spatially disaggregated interaction and decision-making system.

On this issue El Shakhs (1980, 146) writes:

Increased spatial interaction, urban industrial development, and integration among such units (regions or countries) tend to accentuate their initial disparities and reinforce development dependencies favouring those relatively advantaged units. This process has frequently been intensified by external or internal colonization policies, increased flows of labour and capital, economies of scale and of agglomeration, and a 'cumulative causation' process of concentration. Spatial systems thus enter a process of dependent development and integration focused on their emerging core regions.

IMPLEMENTING BOTTOM-UP POLICIES

The theory of 'bottom-up' strategies and related policies is often very muddled and remains largely untested in practice (Hebbert, 1984). To determine the nature of implementation policies one can draw on the available information relating to Kibbutzim,

socialist co-operatives or integrated villages. The dominant theme throughout is the use of policies to slow down urbanisation and to reduce urban-rural wage differentials through upgrading the peripheral areas and a devolution of decision-making powers. (The important policy emphases are underlined for clarity.)

The nature of bottom up policies varies - they can operate from the supply side and the demand side.

The supply side policies are mainly involved with the control of regional resources (Stohr and Todtling, 1978). The bottom-up school places great emphasis on the full utilization of local resources and local technology before the use of imported skills and technology (Ayazi et al, 1978). Integrated resource mobilization of rural resources is more important than economic profitability. The reason for this stance is that during a downturn in the economy, the peripheral economy is invariably more seriously affected. The fact that employment was previously contingent on core needs/demands results in unemployment in the periphery. For this reason 'bottom-up' theory advocates mobilizing regional resources for regional demand, so that a collapse in external demand will not have such harsh effects on the local economy. In the same way, technology levels need not necessarily compete with those levels in the core areas. This competition results in the peripheral areas having to use capital intensive technology thus limiting the capacity to provide regional employment opportunities through labour intensive employment. Furthermore, projects must attempt to promote self sufficiency amongst communities. To this end each

planning unit (commune, co-operative or integrated village) must concentrate on producing necessities using local technology and the fullest employment of local labour as is possible (Stohr, 1981).

In terms of natural resource use, policies could range from regional ownership of natural resources to communal control of the processing methods, waste disposal and the distribution of profits (Almeyra, 1983). The objective is to ensure that the decisions affecting the economy and quality of life in the periphery, are taken by people resident in the periphery. In this way, the situation where the core dominates the periphery and where core needs determine the nature of the economy, can be avoided. The policy implemented in China has been to allow local control of surpluses generated in agriculture and small scale industry in the rural areas.

Local control of production, ... and the development of small scale industries in China are all structured to provide the generation of rural surpluses as well as their retention in the same local unit for the use and benefit of the local population (Wu & Ip, 1981, 176).

These policies, by stimulating regional control of the natural resources, will prevent the core area exploiting the peripheral natural resources to their own benefit, and which invariably results in too much concentration on certain sectors (usually raw material provision) and a general lack of diversity in the regional economy. Thus, when those specific raw materials are no longer needed, or the natural resource has been depleted, the regional economy has very little to sustain it, and the economy collapses. This, in turn, results in numerous other development problems, the most obvious of which are

unemployment and out-migration. Thus, in terms of natural resource use, the core area's demand for natural resources tends to have short-term benefits, and at best, limited development value. It is important within the 'bottom-up' school to develop rather than a more diversified economy based on the production of as many of the region's resources as possible (Stohr, 1981). In this way, demand for the product should be long-term thus guaranteeing the supplier a market. In the same way, by developing as wide a range of resources as possible, a general collapse of an economy can be avoided, which can be the result when only a few primary sectors, based on core needs are developed.

With respect to employment, the emphasis is on the promotion of rural development (Chopra, 1982b). From the literature it is evident that rural development is seen as the main policy involved in the generation of more employment opportunities. The literature (Rondinelli, 1986; Bell, 1986) mentions a number of case studies illustrating how past rural development initiatives have failed to interest the targeted communities or to produce positive results. The main criticisms of past schemes are varied, but there is consensus that major problems centred around a lack of local involvement in decision making (Rondinelli, 1986); a lack of understanding of new initiatives implemented by top-down policy makers; the introduction of foreign and complex technology; a lack of understanding by decision-makers of the relevant communities' needs, aspirations and culture (Frazer, 1981); a lack of participation and interest by the target communities in the implementation of projects; a lack of flexibility in planning

approaches (Ayazi et al, 1978); an apparent lack of conviction by the relevant governments of the opportunities and benefits to be gained from rural development, (Rondinelli, 1986) reflected by insufficient funding and central government legislation; and finally a dominant emphasis on industrialization and urban development in place of rural development (Stohr, 1981).

Countries (India, China, Algeria, Yugoslavia) have responded to the above mentioned criticisms in a number of ways. To the problem of a lack of involvement by the local communities in decision-making, policies encouraging the decentralization of decision-making powers are most common:

policies and programmes affecting agrarian and rural systems should be formulated and implemented with the full understanding and participation of all rural people, including youth, and their own organisations at all levels, and that development efforts should be responsible to the varying needs of different groups of the rural poor (Arema, 1983, 15).

Implementation has shown varying degrees of power devolution down to the commune/integrated village/co-operative level. In China, decision-making powers are decentralized down to the commune level where an elected body - the Revolutionary Committee - has the role of implementing and coordinating state policy and the representation of the local community's viewpoints (Wu and Ip, 1981). Responsibilities are wide ranging, from population registration, to the control of migration, to ensuring that local conditions from below are also reflected in policy decisions. To ensure that there is a good understanding of the type and nature of problems experienced in the rural areas, cadres from

the urban areas have to spend time at the grass roots level by doing manual labour and living in the rural areas for a specified time.

In Algeria the situation is similar with the central government channelling finances to the communes. Finances allocated to the communes are managed by the commune authorities on the basis of local decisions (Sutton, 1981, 363-4). In Yugoslavia state owned farms are considered 'social property' or 'agrokombinats'. These are,

administered directly by the workers, who make decisions independently (though in accord with the general plans of the Republics and the Federal Government) concerning the life on the enterprise ... The workers form homogeneous groups ... these organisations decide about work relations and the results obtained, that is to say, about the utilization and distribution of income after deduction of management expenses and investments (Almeira, 1983 27-29).

Indications from the literature are that this policy has been very successful. Food production has increased significantly, and the standard of living equally so. Furthermore, because of the wide ranging successes the Government has been able to concentrate more on historically less developed regions.

The attack on problems relating to the implementation of new technologies and more modern farming practices, is two pronged. Firstly, the decentralization of decision making power has brought planning back to the grass roots level, resulting in local communities deciding to use methods they are familiar with, or can most easily adapt to (Weaver, 1981). Secondly, there is a

general consensus that labour saving techniques and modern methods are not advisable. Rather, attention in project design must be given to,

directing greater attention towards the creation of gainful employment as a basic aim of rural development, even when this may lead to a reduction in productivity gains or involve the promotion of apparently unsophisticated technology (Ayazi et al 1978, 47).

That the relevant Government is firm in its conviction about the promotion of rural development (as opposed to urban/industrial development) is reflected in the apportioning of funds and the provision of services to the rural areas (Rondinelli, 1986).

India's views on the rural versus the industrial sector can be traced back to Gandhi, who expressed the desire that local communities take the full responsibility for development using local and regional resources to the fullest extent. Vital too, was that each individual had the chance to develop to his or her personal best. To this end Gandhi felt that industrial growth was a negative aspect.

I do not want to accept something when I see that its effects outweigh whatever good it brings with it. I want the dumb millions in our land to be healthy and happy ... there are too many idle hands (Gandhi, 1952 cited in Misra and Natraj 1981, 277).

From the literature it would appear that Gandhi's views are extremist. The bottom-up school does not totally exclude industrial growth, and nor does development planning in India reflect such strong

condemnation of urban/industrial growth. However, clear from India's sixth plan (1980-85) is the dedication of Government policy towards promoting rural development. Misra and Natraj (1981, 275) indicate that planning in India is adopting a more bottom-up approach than in the past.

The accent is shifting from sectoral growth to a judicious blending of growth and distribution; from centralized planning to multi-level, if not decentralized; from expenditure-oriented to physical-achievement-orientated; from a bureaucratic and mechanistic approach to popular participation; and from economic development to human development.

Vital too, was the provision of service infrastructure.

The new programme also took care of other infrastructural needs like extension services, technical guidance, supply of inputs, marketing and development of local skills (Padmanabhan, 1983, 19).

Similar concern for the provision of service infrastructure was shown in Algerian planning (Sutton, 1981, 365) and in China. In China, distributing facilities were organised into a nationwide network - the All China Supply and Marketing Co-operatives. Through this co-operative, contracts were made with work teams (the basic unit for agricultural production in China) to supply the co-operative. The co-operative in turn supplied the day to day goods to the local people. "These co-operatives thus served as a central exchange for goods between urban and rural areas by bringing goods to the villages and supplying produce to the cities" (Wu and Ip, 1981, 171).

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The Chinese government also ensures the provision of credit facilities and short and long term loans at low or interest free rates.

In terms of education and training, the orientation is towards levels commensurate with local needs and aspirations. The type of training need not be identical to that offered in the core areas (Higgs and Moore, 1980). Bearing in mind the aim of the 'bottom-up' school of diversifying the regional economy, and of mobilizing the widest possible range of natural and human resources, education must be directed towards the regional needs (Galli, 1981). It is very unlikely that these will be similar to those of the core, because the core has attained a far more mechanised, technology-orientated level of development. An obvious example of such an application would be to train people to become agricultural experts as opposed to computer programmers.

The most commonly discussed demand side policies (those policies involving the guidance of regional preference patterns) relate to the degree of intra-regional interactions, communication and transport integration (Stohr and Todtling, 1978, 9). The need for the above mentioned type of policy is emphasized in an attempt to promote the diversification of regional economies.

Stohr and Todtling (1978) advocate the use of selective spatial closure to inhibit transfers (to and from a region) which reduce their potential for self reliant development. In this way the overall efficiency of all production factors of a less developed region could be increased in an integrated

fashion. By internalizing the production and marketing of commodities, it is thought that the local economy could be boosted. Subsequent development impulses such as the establishment of agro-based industry, the demand for services and infrastructure, would be expected to flow upward from the local, to the regional, to the national level (Stohr and Todtling, 1978).

Integral to rural development is the economic protection of regional and local industries (usually agro-based) by way of credit and marketing subsidies; appropriate land reform supplemented by price support; restructuring of land taxes in favour of the peasant farmer, and agricultural subsidies; the creation of independent peasant based organisations promoting collective participation and increased institutional access to income generating assets; the provision of minimum public services; the devolution of state bureaucratic functions to increase participatory democracy and local level decision-making regarding local and regional matters (Lo and Salih, 1981, 146). The result of the abovementioned points would be the assumed increase in overall efficiency of all production factors. (Notably absent from the literature, is any explanation as regards who, or what institution, will finance the suggested subsidies.) Further, development impulses would be initiated internally and urban or service centres would not dominate the periphery to the extent they have in the past. Rather, centres would correspond to the region's needs, their major function being as marketing centres, for the collection and sale of surplus production. In addition, these centres would provide various provisions for the local

inhabitants including fertilizers, farming equipment, clothing and processed foodstuffs such as salt, sugar and cooking oil.

As previously mentioned, development impulses would be expected to flow upward from the local, to the regional and then to the national level. Thus urban centres would develop as a function of their respective hinterlands demands and not the reverse. The implications of the above policies are seen to be the reduced dependence on imported necessities, on equipment and expertise, and the increased national ownership and control of subsoil assets and improvement of the national capacity for negotiating with transnational corporations.

THEORETICAL POTENTIAL OF BOTTOM-UP STRATEGIES

At a theoretical level, the most outstanding benefit of a bottom-up strategy is the manner in which it directly tackles rural development, an aspect only indirectly tackled in the past by top-down theorists. In past top-down strategies rural areas have experienced very little benefit and in some instances have even shown a tendency towards increased poverty (Stohr and Todtling, 1978).

The policy of the promotion of agriculture has the advantage of being labour intensive, (although it is also labour displacing) thus giving employment opportunities to the rural masses whilst at the same time being more cost effective in terms of job creation than urban development. Increased emphasis is placed on the provision of basic needs facilities (El Shakhs, 1980), in the rural areas including health, physical infrastructure and education which

have definite benefits for the rural poor in terms of social implications, access to markets and human development. The emphasis on human development has the advantage that it is a long term investment, enabling the population to be employed in more varied capacities, and equipping them to help themselves. At a practical level, however, Hebbert (1984) argues that the emphasis on rural development has not materialized;

decentralized models of government ... have not been particularly distinguished in their rural bias or redistributive achievements. (Hebbert, 1984, 142)

The theoretical underpinning of the bottom-up school's prediction that decentralization of decision-making would promote greater emphasis on rural development, lies in the assumption that local control of local resources would lead to the promotion of rural development. Implicit too is the assumption that decentralized government would be far more sympathetic to public participation in decision making. Hebbert rejects this argument:

Too often it transpires that decentralized institutions are just as likely to entrench the power of countereelites as to open up new avenues of participation (Hebbert, 1984, 141).

Hebbert goes on to suggest that, in terms of the local control of local resources argument, regional governments are often too close to the wealthy minorities on whose political support, social esteem or commercial collaboration they depend. Referring to the Yugoslave case, Hebbert illustrates that regions compete within any political system. The evidence he provides (1984, 143) shows that regional

differences amongst the Yugoslavian Republics has increased since decentralizing administrations. The cause for this increased regional inequality is that regions differ in their ability to make use of autonomy. Hebbert (1984, 143-144) explains that fiscal decentralization is more advantageous to prosperous regions which are able to generate internal resources. Further, decentralization limits the amount of resources available for central redistribution to the less favourable regions. In terms of the administrative capability of the various regions, experts and administrators are a scarce resource, and particularly so in the third world countries. Finally, Hebbert explains that decentralization or any move toward federalism opens up a field of political competition between regions - political competition that invariably benefits the historically strong regions.

In economic planning terms the emphasis is primarily on increased food production for local demand, thus enabling a country to become more self-sufficient and avoid wasting income derived from exports on importing basic food stuffs. Industry is seen as evolving in response to agricultural demand, and will concentrate on processing local production and manufacturing goods required for rural production (fertilizers, clothing, housing materials and farming equipment) and consumption goods (salt, sugar, cooking oil, soap and matches).

Industry will not be promoted if it is a drain on the economy or if it relies on the use of skills not readily available. By using appropriate technology, local labour can be used, and the import of more expensive highly trained personnel can be avoided.

The bottom-up school's priorities for economic development as mentioned above, have however been criticized in respect of the promotion of 'selective spatial closure', a term coined by Stohr (1981). Weaver (1981) has emphasized that "the exploitative nature of the core periphery relations must be ended by a conscious choice to use regional resources for regional purposes" (1981, '95). It is in terms of this argument that Stohr (1981) recommends regionally initiated controls "to inhibit transfers to and from regions which reduce their potential for self reliant development" (1981, 45).

Hebbert (1984) argues, however, that this type of strategy "is one generally thought too challenging even for nation-states" (1984, 136), and that the "frontiers of even the smallest, most open economy define a significant system of economic interdependence" (1984, 138).

In terms of institutional changes, the emphasis is on local level participation in decision-making to avoid the situation which existed in past top-down strategies where urban interests were promoted at the expense of the rural poor (Rondinelli, 1986). In line with this decentralization of power, is a more sympathetic allocation of central government funds to the rural areas, thus providing a much needed capital input for rural development. To assist rural development, use is made of price controls (to prevent unfair terms of trade), and access to low interest loans, and credit facilities is improved. Furthermore, rural contributions to the GDP will be locally invested to provide more facilities in the rural areas.

Without, wishing to 'labour' previously made points, it is important to consider the above theoretical benefits of those institutional changes in terms of the previously made criticism, namely that in practice regionally decentralized government has not shown a particularly noteworthy emphasis on rural development. Secondly, the bottom-up theorists do not consider adequately the prospects of the relatively disadvantaged regions.

It is also worthwhile to consider the motivation of the bottom-up school's advocacy of decentralized government, because it explains to an extent why bottom-up theorists have so marked a pre-occupation with regional control of decision-making. In part the motivation centres around the argument that core regions have been exploiting peripheral regions, and that the peripheral regions are institutionally incapable of halting this unfair relationship. Thus there is a strong emphasis on regions turning in on themselves and reverting to a more self-sufficient path of economic development.

There is, however, a second major debate which provides motivation for decentralized government, and that is the contention that the nation state is in long term decline as a political institution, and that regional government is in ascendancy (Hebbert, 1984, 137). Friedmann and Weaver (1979) referred to the 'world historical forces' of globalism and regionalism. This argument, operating at an international and national level suggests that "internationalisation of transactions leads to decreased resources for central control, and in turn to increased regional protest" (Hebbert, 1984,

137). Hebbert, however, argues that the role of the hard shell nation state is likely to be hardened rather than softened by the world economic crisis. Furthermore, Hebbert suggests that historical precedent supports his hypothesis.

Therefore, although the bottom-up approach clearly tackles some of the major problems previously experienced by past planning strategies, they do, however, have a number of practical problems as regards implementation.

A major problem relates to the implicit assumption that rural development can function without urbanization as a prerequisite. The bottom-up priorities presuppose that there is access to land for the rural population, and that sufficient land exists for each family to partake in viable farming. This is not the case in many LDC's. If there are land access problems, or an overpopulation of the rural areas to a degree that makes viable farming impossible, then a prerequisite for rural development is the removal of surplus population from the rural areas. Such a situation would require active urbanization policies to reduce rural overpopulation.

With respect to decision-making processes, bottom-up theorists fail to tackle the issue of implementing such a policy (Hebbert, 1986). That the rural communities should have decision-making powers is frequently stated, but how or why the existing centralized bureaucracy is going to implement such a policy is not discussed. Questionable too, is whether one needs only local level decision-making. Central government functions such as the national

budgeting procedure, requires centralized planning. Furthermore, the decentralization of planning and administration presupposes that there are sufficient suitably skilled personnel in the rural areas to implement planning policy at the local level. The number of planning and administrative organisations required to implement policy at the grass roots level would be phenomenal and very expensive to implement and finance. With both skilled personnel and capital being in short supply in LDC's (Rondinelli, 1986) this is clearly a problem area.

So too can the proposals as regards the provision of village services in the rural areas be criticised, as such provision is very costly and not explained, is where financing should come from. This leads one back to the question of urbanisation. One of urbanisations strongest features at least at the theoretical level, is its ability to generate its own finance for much of its physical and service infrastructure. In the third world situation however, this tends not to be the case where the national economies are generally weak. However, urban growth still has the advantage in that the provision of services in an urban area tends to be more easily implemented because of its compact spatial arrangement. The compact spatial arrangement reduces costs of provision and the cost to the user because of economies of scale and location. Access to services is also easier in the urban areas, which allows a greater number of people to use them. Finally, urban employment is generally better paid, profit margins for producers are higher and productivity per unit of labour is higher. These factors together with effective production techniques in the urban areas also provide income

for the central government through taxes. If the political will exists, some of this finance can be re-invested in the financing of rural development (Dewar et al, 1984a).

The above point leads onto a final issue that is not given adequate consideration by the bottom-up theorists, that is, what is the priority to be adopted in the case of a country wishing to embark on a bottom-up strategy as regards industry that is capital intensive but very profitable? Although providing only limited job creation, such industry does contribute to the national economy through taxes and an increase in the GDP. Bottom-up policies indicate that such industry is not to be promoted, but this can be interpreted as "killing the goose that lays the golden egg" in the sense that such industry, by providing the national economy with excess funds which can be re-invested in the rural areas, is a benefit to rural development (Lee, 1981).

2.4 DEVELOPMENT FROM THE BOTTOM AND/OR THE TOP

It is the opinion of the author that bottom-up and top-down strategies, if implemented separately in a LDC are not satisfactory planning strategies. This is not to say they have nothing to offer to a development strategy, rather that they both ignore important aspects of development. Top-down strategies, although having shown results in terms of increased GDP have tended to concentrate on urban and industrial development whilst ignoring to a large extent the plight of the rural poor (Rondinelli, 1986). Bottom-up strategies on the other hand are far more sympathetic to the issues of

rural development and the upliftment of the rural poor. However, bottom-up theorists are too radical in their efforts because they tend to ignore the necessity of urbanisation in the third world context. The most obvious example illustrating the short sightedness of the bottom-up approach, is the instance of a LDC which has an overpopulation problem so severe that rural development and, more specifically, the agricultural sector cannot become effective. The cause may be that there simply is not sufficient land available to support a completely rural development orientated strategy. An effective urbanisation strategy could in this instance result in surplus rural population being absorbed into the urban economy, thus reducing the population density in the rural areas and thus alleviating land pressure problems.

The bottom-up theorists (Stohr & Todtling, 1978; Stohr, 1981) were very effective in highlighting the inadequacies of the top-down approach - however they seem to be guilty of what is probably the worst mistake. In the same way that top-down approaches were not comprehensive enough to tackle both urban and rural development and as a result only really tackled the urban problem, the bottom-up approach is very similar in this respect. They tackle rural development without giving sufficient consideration to the role and importance of urban development. More specifically, the bottom-up approach ignores the situation where urbanisation is a prerequisite for the success of a rural development strategy.

The role of urbanisation can be seen as a means of absorbing rural surplus population and of increasing a country's GDP through secondary and tertiary

activities (Dewar et al, 1984a). The role of rural development is to provide employment for the greatest part of the rural population possible and at the same time ensuring that the resources found in the rural areas are used to gain the maximum benefit for the national economy, and in so doing making the rural areas economically more profitable. The role of rural areas are not only to produce food for a subsistence economy (although this might initially be the primary concern) but also to provide inputs for the urban manufacturing economy. The urban areas rely on rural produce for their manufacturing industry, and the rural areas rely on the urban areas for a market for their produce (Bratton, 1986; Sinha, 1984). Thus both economies are interlinked, which underlines the importance of a national development strategy which takes cognisance of both urban and rural development.

Past experience (Rondinelli, 1986) has shown however, and the dependency theorists have indicated this very clearly (Sklar, 1979, Chilcote, 1984) , that the trade relations between urban and rural areas have in certain instances been very unfair, with the urban areas gaining unfair benefit. This exploitation of the rural areas has most commonly taken the form of viewing the agricultural sector, as a source of cheap food for urban workers, and so restraining pressure on wages, and as a means of generating capital, from exports, for industrialization.

Many economists saw agriculture as a sector to be 'squeezed' to obtain the resources needed for urban industrial development, and thus agriculture received a relatively small share of national investment. (Rondinelli, 1986, 234-235).

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The abuse of these trade relations does not, however, justify the condemnation of urbanisation that has been forthcoming from the dependency theorists. What it does highlight however, is that pricing policies and controls need careful attention in a development strategy to prevent unequal terms of trade and to protect the rural producer (Sinha, 1984).

An aspect closely linked to the point above relates to the orientation of a country's production towards external demand. There are a number of faults with this, the most obvious being that in order for the LDC to compete in international trade, it has to produce its goods as cheaply as possible. Maasdorp (1984, 226-227) found in his survey of Durban industrialists, that capital intensive methods often had advantages over labour intensive methods in some industries, in enabling industrialists to compete effectively in export markets. Thus labour intensive production can be more expensive than capital intensive production, but by adopting capital intensive production, however, one reduces the amount of employment created and reduces the size of the internal market/industrial potential. Another result is the promotion of structural underdevelopment which results from a country relying on revenue from its exports to purchase its basic food supply. Fluctuations in demand for its exports can result in food shortages and starvation. It is preferable for a country to concentrate firstly on producing a sufficient quantity and variety of crops for its own consumption and then to concentrate on the export of surplus crops and the further processing of rural resources for international demand.

An issue which receives almost as much emphasis as the urban versus rural development debate, is that of decision-making, and the decentralization of decision-making powers. The institutional arrangements of a country are critical to a country's planning because the powers that be, ultimately decide who gets what and where. Centralized decision-making has the theoretical advantage in that it facilitates efficient coordination in policy implementation. In practice, however, Rondinelli (1986) suggests that central government technical ministries have shown little knowledge or interest in the spatial dimensions of regional development. Furthermore, Rondinelli adds that, "central administration often has been unresponsive to local need, is unduly complex, and inordinately slow" (Rondinelli, 1986, 257).

It would appear then that Rondinelli (1986) and Hebbert (1984) have isolated problems affecting both centralized and decentralized decision-making structures. Hebbert is, however, not opposed to the idea of decentralized decision-making, but stresses that bottom-up theorists have not paid adequate attention to the manner in which such changes should be implemented. Hebbert suggests that the most effective means of implementing such change is in a step-by-step fashion with the modernisation process and with simultaneous use of policies related to nation-building, market integration, demographic mobility and technological diffusion. Furthermore, Hebbert (1984) is adamant that a political system that consists only of territorial parties cannot function effectively that a degree of centralization is still necessary to ensure that the

historically stronger regions do not simply become even more dominant. Decentralized decision-making has the advantage of allowing a greater section of the population to voice their opinion, thus being more representative of the population as a whole, and as such, whilst bearing the previously made criticism in mind, it is imperative that attention be given to "strengthening the administrative and financial capacity of local governments and organisations to initiate regional development projects" (Rondinelli, 1986, 258).

Under past top-down strategies, the rural population has been largely ignored, or has had planning projects imposed on them without prior or sufficient consultation. This has resulted in discontent with top-down approaches and a great deal of suspicion of new planning approaches or policies aimed to benefit the rural population. To a great extent the failure of past projects has been as a result of a lack of understanding of local level needs, desires and aspirations, implemented by often caring but paternalistic planners (Aremo, 1983).

Emphasis has also been placed on promoting urban development through the use of rural resources with limited benefits accruing to the rural areas. To offset the existing feelings of mistrust and to gain better insight into the needs, desires and aspirations of the local population, it is necessary that rural communities are included in planning for their development. To ensure that they are not merely advisory, it is vital that there is a decentralization of decision-making powers to the local level (Rondinelli, 1986). The decentralization of decision-making also avoids the

situation where the urban elite gain control of a country's development priorities and control development to suit their own purposes. However, the decentralization of decision-making should not be looked at too radically. Bottom-up theorists have tended to ignore issues of national planning, tending to over-emphasise community based planning and decision-making (Hebbert, 1984). What has been ignored is how the transition will be made from an existing LDC with top-down decision-making towards the use of bottom-up decision-making. Specifically, no motivation is suggested for persuading existing centralized governments to decentralize. The promotion of mininationalism is unlikely to gain favour with centralized government if this creates new power bases for potential alternative government (Hebbert, 1984, 146).

Some top-down decision-making will be necessary to co-ordinate local level decision-making. In some instances some territories will be better off than others, and the weaker ones will need more assistance. This has to be controlled at the regional and national planning level, requiring a degree of centralized control. The allocation of the state budget, pricing controls and marketing strategies all require a level of control - control that co-ordinates the local level decision-making. It should also be recognised that decentralizing decision-making and the administrative affairs to the local level, presupposes that education and skill levels exist at the local level to co-ordinate local, regional and finally national planning. This is clearly not the case in most LDC's where skilled and highly trained manpower is in short supply (This feature is highlighted in the case study that

follows). Therefore, for the purpose of defining a suitable institutional framework, for intervention, a degree of decentralization of decision-making to the local level as regards the rural development priorities (including types of technology, range of crops, land tenure arrangements), is important, but one cannot simply hand over control of an economy to the local level (Hebbert, 1984). Regional and national planning require a degree of centralized decision-making to guide the national economy, for example by executing a redistributive function, to protect weaker regions.

Between the bottom-up and top-down approaches a far greater number of development issues can be directly tackled. In fact for a development strategy to be successful, the author shares the sentiments of Rondinelli (1985) and Penouil (1981) in that both bottom-up and top-down strategies must be used together. The simultaneous use of both approaches must not be viewed as a means of 'copping-out' or of 'sitting on the fence' because of a lack of any other alternative. Both approaches have demonstrated their benefits and both show glaring inadequacies. Most of the criticism has been against the modernisation or top-down approaches, and some more radical critics may well argue that as a development effort, top-down strategies have failed so badly, that they do not warrant consideration. However, in the authors opinion, the usefulness of the top-down approaches was initially overrated in the sense that it was expected to tackle all development problems. This is a naive expectation: Top-down policy clearly concentrates on urban growth and the benefits of this growth accrue for the most part to the urban dwellers. Top-down policy pays very

little attention to rural development 'per se'. The urbanisation process does, however, have one major benefit for the rural areas - by absorbing surplus rural population off the land, and by lessening land pressure problems it enables a rural development strategy to be implemented more successfully (Dewar et al, 1984a). A rural development strategy offers direct attention to the rural poor, and the development of rural resources.

Ch. 3. BACKGROUND TO SOUTH AFRICAN REGIONAL PLANNING POLICY

3.1 THE SPATIAL MANIFESTATION OF GROWTH IN SOUTH AFRICA

The study of space economy ('space economy' refers to the geographical or spatial pattern of economic development, or the manner in which the economy becomes spatially manifest) is important in terms of the South African situation because the country is characterised by a highly unequal distribution of economic activity and welfare between the core areas, the inner periphery and the outer-periphery. These phenomena have serious implications for regional planning in Southern Africa.

Regional policy in South Africa must be seen in the context of capital accumulation characterised by severely uneven development. The country's largest agglomeration, the Pretoria-Witwatersrand-Vereeniging complex (PWV) has emerged historically as the chief repository of physical and social infrastructure and as the most concentrated site of capital accumulation in Southern Africa ... the core areas as a whole - the PWV, Cape Town, Durban-Pinetown, plus minor metropolitan areas like East London, Pietermaritzburg and Bloemfontein - generated fully 72 per cent of the Gross Geographic Product (GGP) in 1955, a figure that remained high at 65,8 in 1975 (Fair, 1975, 52).

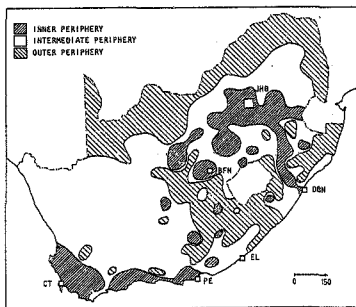
Tomlinson (in conversation) supports Fair (1975) in indicating that whilst 20 per cent of South Africa's population live in the PWV area, they contribute 43 per cent of the Gross Domestic Product, whilst the homelands, comprising 38 per cent of SA's population contribute only 4,3 per cent of the GDP.

The South African space economy has 'nodes' of population and development, which are interconnected by lines of communication and movement channels. These channels or 'networks' allow the flow of capital, goods and services via roads, railways and telecommunications. The 'surfaces' that have arisen are created by human activity and are manifested as 'trade areas' and 'urban spheres of influence'.

The diagram below shows the South African space economy in graphical terms.

DIAGRAM 2

THE SPATIAL MANIFESTATION OF GROWTH IN SOUTHERN AFRICA



SOURCE: Board, Davies and Fair, 1970

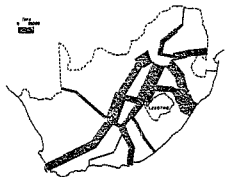
THE INNER PERIPHERY

The inner peripheral areas are characterised by well-developed networks which link them to the core areas. Such networks include road, rail, air and telecommunication services. The diagrams included below illustrate the dominance of the major nodes in Southern Africa.

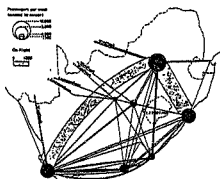
DIAGRAMS 3, 4, 5, 6



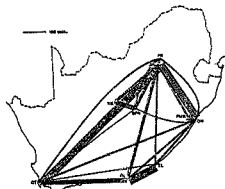
VOLUME OF ROAD TRAFFIC



VOLUME OF RAIL FREIGHT



DOMESTIC AIRLINE TRAFFIC



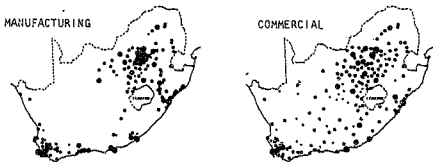
TRUNK TELEPHONE TRAFFIC

SOURCE: Board, Davies and Fair, 1970

In a similar way, the core and inner peripheral areas dominate the economic activity in the region. Fair (1982) emphasized that the inner periphery displays a well-graded system of metropolitan centres, characterised by a high growth rate and development potential.

These inner peripheral areas of South Africa show marked contrasts in levels of economic development compared to the less developed areas. The inner peripheral areas are characterised by large scale, sophisticated manufacturing, construction and service sectors, as well as mining and large scale commercial agricultural sectors. Most secondary and tertiary activities are also located close to the main metropolitan core areas. The diagrams below show how manufacturing and commercial activities have become centred around the main nodes and networks.

DIAGRAMS 7 & 8



SOURCE: Board, Davies and Fair, 1970

THE INTERMEDIATE PERIPHERY

From the previous diagram (pg. 63) showing the South African space economy, it should be noted that those areas shown as intermediate peripheral economic space, include most of the commercial farming activities and mining activities within the Southern African economy. These intermediate areas have a fairly good provision of basic infrastructure and a range of service centres, which are closely linked to the core.

OUTER PERIPHERY

The outer periphery, consisting predominantly of the homelands (Maasdorp, 1984), by contrast, does not have such a wide range of centres as the intermediate periphery. Economic activity is generally small scale, with largely subsistence agriculture being predominant. Simkins (1984, 142) indicates that more than 80 per cent of households in the outer periphery earned less than the minimum living level of income in 1980.

The output of the outer-periphery is generally low and is heavily dependent on income earned in the more developed sector through labour migration and remittances. In terms of the outer peripheral areas, per capita GDP was R202 (1980), but per capita GNP is R547. Income from migrants and commuters accounts for almost two thirds of the per capita GNP (DBSA, 1984).

Ligthelm (1984, 544-5), using the Transkei as an example, summarises the types of conditions found in these outer peripheral areas:

the quality of human resources and their access to basic services is also very poor. Some examples in Transkei are: almost a third of the rural population (which is in the most cases more than 90 per cent of the population) has received no training; infant mortality is 130 per 1 000 births, which is amongst the highest in the world; the average distance to clinics in rural areas is 7 km; rural households spend on the average 3,5 hours per day collecting water, while the per capita consumption of water is only 10,8 litres compared with a hygienic norm of between 20 and 50 litres; food shortages are a general occurrence and almost a fifth of all children between six months and two years show signs of the four most important nutritional diseases; and serious housing shortages are encountered, particularly in urban areas.

3.2 DEVELOPMENT OF THE SOUTH AFRICAN REGIONAL PLANNING POLICY

The existing space economy in Southern Africa is not only the result of natural resource distribution. Numerous other factors have been involved including political, social and economic factors.

the pattern of regional inequality, which exists in South Africa today, is not a pattern which has always existed, nor can it be attributed in "toto" to inherent and immutable variations in natural resources. The roots of regional inequality are to be found in the inter-relationships between inherent resource attributes and the material conditions of production and distribution, a relationship which is in a constant state of transformation (Dewar et al, 1984a, 9).

The background to the existing South African strategy can best be analysed by looking at planning policy, and the role politics and economics have played in South African planning policy over the years.

The very first attempts at the promotion of development can in fact, be traced back to the 19th century. After the Second British Occupation and the arrival of the 1820 settlers, the 'modernisation' of the rural areas became an issue. Priorities included the establishment of district towns, military posts, trade centres, improved farming methods, and the expansion of the public service including administration, education, health, banking, transport and postal services. It is notable that very few attempts were made to improve living conditions in those areas occupied by blacks.

THE MINING REVOLUTION (1866 - 1918)

The major impact of the mining revolution in South Africa was the very rapid economic growth. This economic growth had significant spatial implications in the form of the rapid urbanisation of both blacks and whites.

The growth of the mining sector and the resultant rapid inflow of people to the mining areas gave rise to the development of a number of large towns and stimulated a variety of manufacturing and commercial activities which were located in those towns or at the major sea ports handling the trade to and from the mining areas (DBSA, 1984, 40).

Thus, the mining activities and related service activities created agglomeration forces and there was a concentration of economic activity. Economic activity in the urban areas centred on the mining activity. However "the market for agricultural goods, a by-product of the mining settlements and ports, stimulated both white and black farmers and

put them into competition with each other" (Dewar et al, 1984a, 11).

The mining sector had only a limited capacity to stimulate service-industry job opportunities for whites. It was not long before unemployment among the whites became a problem. These 'poor whites' were largely the rural poor who had moved to the urban areas to raise their standard of living. With the unemployment problem, the 'whites' became resentful of the blacks who were continuing to urbanise. The blacks, it was thought, were exacerbating the unemployment problems of the whites because of their willingness to work for lower wages.

Partly as a result of this conflict, the 1913 Land Act was passed. The major purpose of this Act was to prevent blacks from owning land in prescribed white areas, and to set aside 13 per cent of the total land area for black ownership (Dewar et al, 1984a, 13). The effect of this act was to drive blacks into wage labour. Because of the small percentage of land given to the blacks, the Reserves became overburdened.

Land was overgrazed and its fertility diminished; crop yields began to fall on poorer and smaller arable plots; the great majority of households relied in part on remitted migrant wages for existence and reproduction (Beinart & Bundy, 1978, 294).

Clearly the overpopulation of the Reserves was a major issue in their resultant underdevelopment. In terms of this problem, the Native Land Commission (1916) was instituted to investigate the quality of life in these territories. The Commission

recommended that additional land be purchased for the Reserves because of this overpopulation. These recommendations were not, however, acted upon until 1936.

Agricultural conditions in the reserves continued to deteriorate, and in 1929 the Native Agricultural and Lands Branch in the Department of Native Affairs was established to assist Reserve agriculture. The emphasis of this organization tended to be mainly on soil conservation rather than including the Reserves in other government programmes for agricultural development, and as a result little was achieved as regards the stimulation of agriculture in the Reserves. Concern about this deteriorating situation was subsequently expressed by the Native Economic Commission of 1932.

1936 - 1948

It was only in 1936 with the Native Land and Trust Act that the recommendations of the Native Land Commission were accepted by parliament and there was a release of land for black settlement and a recognition of the need for the development of the outer peripheral areas. The amount of land granted however, was one million hectares less than the 1916 proposals.

The overcrowding of the Reserves and the rapid economic growth of the core areas during the post war boom, further encouraged blacks to urbanize. This factor was seen by the existing government as a problem, and as a result the Government thought it especially necessary to curtail the rapid inflow of black people to the urban areas and to improve the

socio-economic conditions of the outer peripheral areas.

In an effort to contain the urbanisation problem, an investigation by the Fagan Commission was instituted in 1946. The report of the Fagan Commission (1948) criticized the migrant labour system, and suggested that Blacks be regarded as a permanent urban phenomenon, living under family conditions in the urban areas. Also mentioned in the report was the belief that rural urban migration could be slowed down by the creation of industries in the Reserves.

1948 - 1979:

The Nationalist Government which was elected to power in 1948, further developed the idea of racial segregation. Elected on a racial segregation ticket, the Nationalist Government rejected the suggestion of the Fagan Commission that Blacks be regarded as permanent urban residents. Furthermore, whereas the Fagan Commission had suggested reducing rural urban migration, the Government intended reversing the flow.

1948 (and the coming to power of the Nationalist Government) saw a change in state policy from one of controlled allocation of migrant labour to an all-out attempt to stem the flow of blacks to the white urban areas and to displace black urbanisation to the Homelands (Dewar et al, 1984a, 15).

The Government thought that the 'Homelands' (previously called 'Reserves') were the simplest means of resettling the blacks in areas separate from the white areas and appointed the Tomlinson Commission (1950) to investigate the development of

these areas. In 1954 the report of the Commission was issued - its suggestion was that a choice must be made between integration and segregation. The Commission's opinion was that segregation was preferable.

A scheme of industrial decentralization was suggested as the major instrument to stimulate the development of the outer periphery. The Commission considered whether industry should be decentralized to the Reserves themselves or to 'border areas'. The aim of using a border area to locate industry was to allow the commuting of black labour to a work place in 'white' South Africa, thus avoiding direct investment into the Reserves. The Government in its White Paper (1956) rejected the idea of investing in the Reserves themselves, opting rather for the border industry concept. The Commission had also suggested agricultural reforms in the Reserves, and that the Reserves be developed into economically viable units to stem the flow of workseekers to the white areas. These suggestions of agricultural and economic reform were also rejected by the Government in the 1956 White Paper, although various of its recommendations were subsequently acted on.

The border areas identified by the Government for investment included Rosslyn, Hammasdale, Newcastle, Ladysmith, Pietersburg, Berlin, Brits and Rustenburg. The major instruments used to implement the decentralization scheme were positive measures aimed at attracting job opportunities to decentralized areas, the control of industrial development, and the control of migration of blacks to the existing core areas.

Although the broad concept offered by the Commission was welcomed by the Government, many of the policies and proposals for ensuring a separate development were rejected.

The Tomlinson proposals were never fully implemented: political factors prevented the allocation of the massive resources needed to establish urban based industry... (Dewar et al, 1984a, 16).

Since the Tomlinson Commission report, and until recently, the focus of regional policies in Southern Africa has been on the decentralization of economic activity and the development of the outer periphery. The desirability of developing the outer periphery was emphasised by the Viljoen Commission, 1958, which argued against the social costs of further concentration. Decentralization was also seen to have certain political advantages.

The Viljoen Commission (1958) ... advocated decentralization on the grounds that further urbanisation of the African population would increase the likelihood of political subversion (Wellings and Black, 1986, 11).

By 1968 the 'border area' concept had failed to induce growth by 'spill over' in the homelands. The success of the 'border area' concept is aptly summed up by Wellings and Black (1986, 2).

... The border area's were never more than marginally successful in attracting investment and their impact upon development within the bantustans proved negligible.

The Government therefore, in a radical departure from its previous stance, agreed in 1968, to encourage decentralization to the homelands (Maasdorp, 1982, 239).

At the same time, (1968) the Government instituted the Physical Planning Act No. 88 of 1967 through which controls were instituted over the further zoning and use of industrial land in the metropolitan areas of the PWV, Port Elizabeth-Uitenhage, Bloemfontein and Cape Town. In terms of the Act restrictions were placed on the proclamation of industrial land (section 2) and the extension of existing factories (section 3). In terms of extensions, Bell (1973, 242) quotes statements indicating that "no permission (to extend) will be granted to any industrialists if there is any increase in the Bantu labour". The aim was partly to ensure that there was no further increase in the number of blacks employed in the metropolitan areas. An additional purpose of this Act was to force industrialists to locate in the outer periphery, and as a means of regulating the employment of Africans in the urban areas.

Reaction to this act included "consternation, confusion and protest" (Wellings and Black, 1986, 3). Using official statistics, Gottschalk (1977, 57) found that there were 3,1 jobs vetoed for African workers in 1968 for every job created. Furthermore, 9,2 jobs were blocked for every one job created for African workers during the first five years of the industrial decentralization strategy. Tomlinson and Addleson (1984) added that a further result of the Act was a rapid increase in the price of industrial land in the metropolitan areas.

Largely because of these negative responses to the Act, the Government agreed in the 1971 White Paper to confine section 2 controls to the PWV and to lift

section 3 controls on industries defined as 'locality bound' or labour intensive with respect to white workers. Despite this softening of Government policy, between 1968 and 1978, rejections under sections two and three still affected respectively about 220 000 and 100 000 jobs (Wellings and Black, 1968, 4).

Prior to 1975 the industrial decentralization policy had focussed on border areas and the homelands, to the exclusion of the rest of the country. This situation was significantly changed with the introduction of the National Physical Development Plan (NPDP). The NPDP involved the establishment of thirty eight planning regions, and the designation of growth points. (From this point onwards, reference is made to Industrial Development points, which is the current term used by the SA government.) The NPDP excluded metropolitan areas and the homelands. The motivation behind the NPDP however, remained very much orientated towards the promotion of separate development.

It harps on old refrains - the social costs of excessive population concentration, and white depopulation of the platteland. The objective is to attain a more even geographic distribution of population, efficiency and equity considerations being borne in mind within the limits of separate development policy (Maasdorp, 1982, 244).

Maasdorp (1982, 224) goes on to add that the NPDP could be criticized in many respects, the most glaring being the lack of evidence provided as regards the social costs of concentration in the existing metropolitan areas, the exaggeration of interregional income differences, the failure to examine the causes of platteland depopulation, and

the failure to realize that the real problem is not an inter-regional but an inter-racial income gap.

The NPDP's success was not marked and the industrial decentralization policy continued to show poor results, particularly with regard to job creation. McCarthy (1982, 238) indicates that between 1960 and 1980, 150 000 jobs in total were created in the border areas and the homelands compared to the 115 000 new annual entrants to the labour market in these areas, which was totally inadequate. Green and Hirsch (1982a, 43-44) provide similar evidence in their analysis of job creation in the Ciskei between 1970 and 1980. "When well over 100 000 people were relocated to the Ciskei, barely more than 3 000 industrial jobs were created in that region."

THE 1982 REGIONAL PLANNING STRATEGY

The 1982 White Paper revealed some significant modifications to the past industrial decentralization strategy. Firstly, regional planning was to be conducted according to economic boundaries covering the whole of South Africa, including the 'Independent and Self Governing States'. South Africa was divided into eight functional regions. These economic regions transcended political boundaries. The Government still, however placed highest priority on industrial decentralization within the homelands. This emphasis was reflected by the level of incentives offered in homeland locations. Secondly, the stated intention was to focus incentives on a more limited number of points. Priority for investment was to be determined by market forces. Thirdly, the incentive

package was improved by providing long term assistance for investors, plus the use of short term cash payments to investors to avoid cash flow problems. Fourthly, the importance of the metropolitan regions to economic growth and job creation was recognized, and it was not intended to limit unnecessarily their economic growth. To this end, direct controls are being replaced by indirect fiscal disincentives. These are the Croeser levies on employment and turnover, which are being used to finance the Regional Service Councils (RSC's). Finally, the role of the private sector in the development of Southern Africa became a priority. To serve this purpose, the Development Bank of Southern Africa was established in 1983 to mobilize funds from the private financial sector.

Several types of Industrial Development Points (IDP's) were distinguished, each type of point having a different priority. Five different types of points were identified. These included:

1. Metro areas - in these areas, "conditions for existing agglomerations make establishment of industry most favourable."
2. Deconcentration Points - "points adjacent to metropolitan areas to which industrial growth could be deconcentrated."
3. Industrial Development Points - "points where alternative agglomeration advantages could be created to counterbalance the existing metropolitan areas."
4. Other industrial points - "points with less potential to develop as counterbalances and/or

where the development needs are not as large as in other areas."

5. 'Ad hoc'-cases - "exceptional cases where the relevant decentralization authorities may decide to grant certain incentives on merit."

The regions, deconcentration points and development points have not been listed in order of priority for allocations under the incentive scheme. As a general principle, the industrial development points receive highest priority (Maasdorp, 1985, 226).

POLICY DEFICIENCIES OF THE 1982 PROPOSALS

Numerous weaknesses of the 1982 policies are mentioned in the literature. Drawing on the works of Zille (1983a and 1983b), Maasdorp (1985), McCarthy (1985), Adleson and Tomlinson (1985), Wellings and Black (1986) and Kok (1986) the major weaknesses include the following. Firstly, at a theoretical level, the new policy has not addressed itself to the question of how many growth centres the economy can sustain, or more specifically, how much government-assisted decentralization the economy can sustain. The selection of a possible 44 IDP's and 12 deconcentration points (Decentralization Board 1984, 21-25) would seem to indicate that "the same mistake is being made as in the past, and the degree of dispersion may be substantial" (Maasdorp, 1985, 225). The 'limited number' of areas which have the greatest potential for success have not been identified. Thus although official policy has indicated that only a few centres will receive priority (Wellings and Black, 1986, 4), the Government is still plagued by the

problem of attaining viable homeland development. Simon Brand, at the time economic advisor to the Prime Minister, explains the predicament faced by the Government. Whilst agreeing that far too many development points had been identified for the decentralization strategy, he explains that,

... everyone wants to be on the list. If one just chose the six most favourable areas, they would all be in white areas. All the black states want to have places like that (development points) as well (cited in Zille 1983b, 66).

Obvious from the above, is that sound economic principles, must, in the South African policy, come second to the attainment of homeland development. This pre-occupation with separate development is the second major problem with the 1982 policies.

It operates within an important ideological constraint, that is, the imperative of 'homeland' development sets the limits for the identification of regions. The ten homelands are divided among seven regions each of which requires at least one growth centre, and this is more than one might regard as optimal, given the past experience not only in South Africa but abroad (Maasdorp, 1985, 224).

The third major problem, is one that has continued to plague Government policy since the initial stages of the industrial decentralization programme. The 1982 policy again refers to the problems of over-concentration experienced in the metropolitan regions, but these problems are not defined and are not proved. To a degree, it can be argued that the official policy has softened in this respect since the White Paper recognizes the metropolitan area's important economic contribution, and the aim was not to 'unnecessarily limit' industrial growth.

However, limits continued to be placed on the PWV and the Durban-Pinetown regions. The costs incurred by these limitations are carried by the taxpayer in subsidising decentralization.

The cost implications of decentralization is the fourth area of criticism. This aspect is further discussed in the following section concerned with the results of regional policy in South Africa. At this stage, however, Tomlinson (in conversation) mentions calculations to the effect that the direct subsidy cost now exceeds R1 000 million. In addition, Wellings and Black (1986) report that the cost of creating decentralized jobs is about four times the cost of equivalent jobs in the city. Furthermore, they go on to report that their surveys have revealed that

the provision of incentives is the most important factor influencing industrialists's decisions to invest at growth points (Wellings and Black, 1986, 14).

On the effect of incentives to industrialists's decisions to decentralize, Bell (1984) has argued that the introduction of incentives has merely reinforced an existing trend, and that a substantial proportion of those industries that have decentralized would have done so spontaneously. This issue is elaborated upon in the following chapter, but if one accepts that Bell is even partially correct, then the cost per job in enticing those industrialist who otherwise would not have decentralized to the new growth centres would be even higher.

Fifthly, the cost of job creation in the new growth centres has been exacerbated by the selection of sites for decentralization which have in some instances had no existing infrastructure. Besides the fact that initial investment in basic and service infrastructure is considerable, the effectiveness of this investment has been diminished because of the manner in which investment has had to be dispersed over a large number of points. Maasdorp (1985) and Addleson and Tomlinson (1985) make reference to the problems expressed by the industrialists as regards the locations selected by the Government. The major complaints include the lack of physical infrastructure and social services, a shortage of skilled and managerial labour, and the increasing "real cost of labour" (Maasdorp, 1985, 227).

THE WHITE PAPER ON URBANISATION

On the 26 March 1985 the State President requested the President's Council to advise him on ways in which the process of urbanisation could best be ordered in such a manner "... as best to counter the present social, economic and physical problems resulting from rapid urbanisation" (White Paper, 1986, 2).

One of the most significant results of this report was a change in Government policy regarding the priorities for urban investment. The new emphasis is now placed on the stimulation of certain metropolitan areas and large towns and not so much on the promotion of remote border areas. Paragraph 6.10.5 of the White Paper states that

recognition should be granted to the key role played by the various metropolitan core areas (including in particular, the central business districts of Johannesburg, Durban and Cape Town) as first-order centres in a broad metropolitan, regional and national context. These areas should continue to be actively and qualitatively extended and promoted.

The new emphasis is on deconcentration as opposed to decentralization, with industrial growth being located at dispersed points 50 km or so from the cities. Priority is given to those cities located along the currently identified development axes "particularly those which are advantageously located in relation to the Self-Governing National States and the Independent States ..." (White Paper, 1986, 31).

A further major aspect highlighted in the 1986 White Paper is the issue of rural development. Paragraph 6.13 states that:

The Government acknowledges that rural development is an important element of ordered urbanisation, ... and should not be seen in isolation (White Paper, 1986, 30).

The IDP's are given priority in the pursuance of rural development. The stated intention is that the number of centres which are to be developed should be limited in order to ensure that the cumulative advantages of concentrated decentralization are achieved (paragraph 6.13.8). There has been a definite shift away from the creation of 'new' growth centres as a means of employment. Paragraph 6.13.6 states that:

the rural development strategy should mainly be orientated towards the purposeful development of existing towns into vital centres where the full

spectrum of economic, social and administrative services are offered in order to provide employment opportunities for people who cannot be absorbed by the primary sector (White Paper, 1986, 31).

The urbanization White Paper is commendable in the sense that greater emphasis is to be placed on the development of urban areas that have a natural ability to generate employment and growth. Related to the above is the move towards deconcentration rather than decentralization. This can be interpreted as acknowledgement by Government that metropolitan and secondary cities are the most likely vocations for industrial expansion (Rondinelli, 1983). Equally important has been Governments acknowledgement that there must be an active pursual of rural development in conjunction with urban development. However, the most negative aspect of Governments policy only became evident some time after the urbanisation White Paper. In July 1986 (Business Day, July 28) it became evident that citizens of TBVC states will not be allowed to work anywhere they choose in South Africa. The result of this must surely be, than the government will continue to promote the creation of separate economies, both urban and rural in the outer periphery. The implications of such a strategy have been spelled out throughout the history of South Africa's industrial decentralization programme.

3.3 TOP-DOWN STRATEGIES IN SA: THEORY VS PRACTICE

To analyse top-down regional planning policy in South Africa, analysis must concentrate on the nature of the implementation of the growth pole or centre theory. In this section, the fundamental criteria of growth centre strategies will be

compared with the South African implementation of decentralization.

Firstly, in terms of the theory, a 'growth centre' should be an existing, growing centre which naturally attracts labour, capital and commodities. Within the context of the South African strategy there is a different emphasis entirely - the designated growth centres in Southern Africa are chosen in terms of a 'lack of development'. Further, the centres do not have the natural ability to attract labour. Rather, owing to high population increases and unemployment, the demand is for the provision of jobs. The implications of such a policy are that by attempting to form new agglomerations where currently none (or few) exist, the strategy is more likely to fail, and secondly by choosing the areas with the highest demand for jobs, emphasis was on the outer peripheral economic space. In these areas, the market potential for investment is lowest.

It has been argued (Bell, 1984, 16) that the private sector will decentralize to make use of the cheap homeland labour. Wellings and Black (1986) however find strong evidence to suggest that the Government incentives are the main attraction to industry.

Tomlinson and Addleson (1984) question the presumption that labour is, in fact, cheaper in the homelands.

If one pays x producing 10 units a month R100 per month, and y producing 25 units a month R200, y is the cheaper labourer. Industrialists in the homelands actually complain of the low productivity of homeland labour which lacks an "industrial culture" (Tomlinson & Addleson, 1984, 16).

Secondly, a prospective growth centre should have an existing well-defined physical, social and service infrastructure. In this respect again, the South African strategy differs markedly from that of the theory. Many prospective centres in the South African strategy are very small and in some instances are even 'new towns'.

The implications of this policy in terms of South Africa are, the considerable cost of providing the necessary basic service and physical infrastructure. It is certainly questionable whether it would be more advisable to share infrastructure and to avoid duplication. In addition by following a "new town" approach, and bearing in mind the current lack of knowledge of agglomeration economies and how such an economy is created, it is in no way guaranteed that the infrastructure that is provided, at great cost, will in fact be fully utilized.

Thirdly, the theory indicates that a prospective 'growth centre' should have an existing well-developed communications infrastructure - it should be integrated into the major networks. Because of the location of growth centres within the outer periphery in the South African strategy, the 'centres' are usually far removed from the major communications and goods networks. The implication of such physical location of growth centres within the Southern African context are that the 'centres' are not adequately connected to the markets of the country. Not only is the basic communication infrastructure lacking, but the existence of goods, capital and information flows (which are a vital part of commerce and industry) are minimal.

However, in this respect there has been a slight change in government policy. The 1982 White Paper and the 1986 White Paper on urbanisation both indicate that the Government will now promote urban growth in line more with economic criteria, namely in centres which exhibit natural or greatest growth potential. However, the subsequent indications from Government that the TBVC states will remain areas subject to influx control, implies that the pursuance of urban growth within these countries will continue. In this context, the above criticism therefore remains valid.

Fourthly, a prospective growth centre should exist as part of the upper urban hierarchy of towns such as Bloemfontein and East London. The South African policy which concentrates on areas with a demand for, but an existing lack of, development, results in centres being located almost exclusively in the outer periphery. Thus towns in the South African concept are predominantly very low-order hierarchical towns. Within the South African strategy, the high-order towns are, in fact, given the lower-order priorities.

The implications of the clear contradiction of the theory are that, by choosing low-order towns, the agglomeration potential of these centres is severely limited. This, in turn, must limit the potential of the centre to become self-sufficient. Further, by choosing low-order towns, the centres are spatially very distant from the major markets and suffer accordingly in terms of integration into the country's economy.

Fifthly, in terms of numbers of growth centres, the theory indicated that concentration of investment should be the priority (Richardson, 1978). In what was an over-ambitious move, the South African policy opted for the promotion of development in a large number of points spread over a wide area. The number of centres is a function of the unemployment and potential job demand in the periphery.

The wide spread of 'centres' spatially, is largely a politically-induced factor. Because of the fragmented nature of the homelands, many centres have to be created over a wide area of the country. The implications of this change from the theory are that a vast amount of money has to be spent on duplicating infrastructure at many points in the Southern African economy. In addition, the amount of money available for rural development and industrial decentralization is limited. Thus very little concentration of investment can occur in so many centres. This factor limits the potential for any of the centres to become self-sufficient or even attractive to investment.

3.4 CONCLUSION

The South African space economy is characterised by nodes of development and large areas of under-development. The dominant nodes include the PWV, Cape Town, Durban, Pietermaritzburg and Bloemfontein, while the outer-periphery/underdeveloped areas are predominantly the Independent and Self-Governing States.

Inherent growth potential is highest in the inner peripheral and core areas, whilst it is lowest in the outer peripheral areas.

Since the 1820's there have been policies aimed at the development of the rural areas of Southern Africa. It was, however, with the advent of the mining revolution that the rural problem also became a Black/White problem.

It was the urbanisation of Blacks and Whites that resulted in conflict and competition for urban-based jobs. Because of rural poverty and urban opportunity, this conflict was exacerbated by a very high degree of rural-urban migration. The competition for urban-based jobs resulted in the 'feeling', and eventually the policy, that Whites should live in the urban areas and that the Blacks should live in the outer-periphery or 'reserves'.

It was not long before these 'reserves' with their inherently low potential for development and their very high populations, became problem areas. The immediate result was that urban areas became the targets for Black in-migration. This was immediately seen as a problem by the Government which was attempting to halt Black urbanisation, or at least trying to keep it down to a level where jobs could be provided. Thus it became the priority for the Government to generate employment opportunities for the Black population in the outer periphery. It was thought that the creation of employment would halt the migration of Blacks to the urban areas.

So, after making the official choice of separate development, according to the findings of the Tomlinson Commission, a policy of industrial decentralization was instituted by the Government.

Initially this industrial development would be stimulated in the South African 'border areas' only, but as a result of the failure of growth to spill over the borders (into the 'homelands') investment was then allowed in the 'homeland areas' themselves. Again, however, the results have been far less spectacular than was envisaged, and the Government in the White Paper (1982) emphasised that sectors other than industry are also to receive attention. Furthermore, because of the high costs in providing infrastructure, fewer points will be developed as IDP's, and more cognizance is to be taken of market factors in locating 'growth centres'.

A notable positive trend is that the South African Government has, in the 1982 and 1986 White Papers, shown an increased awareness of the necessity to promote development in higher order towns which have greater potential for self sustaining growth.

However, a number of discrepancies from the original theory continue to be part of the South African strategy, namely the choice of centres in the outer periphery; the choice of centres in terms of areas lacking natural development potential, and the choice of towns which are part of the lower urban hierarchy. (This is a result of the above two points). These problems are particularly relevant with regard to the TBVC states, which remain hindered by influx control.

Ch. 4. THE RESULTS OF A TOP-DOWN APPROACH IN SOUTHERN AFRICA

4.1 THE AIMS OF SOUTH AFRICAN REGIONAL POLICY

The major aim of the South African regional economic policy, as stated by the DBSA², is:

Regional economic policy in Southern Africa is aimed at obtaining a more balanced distribution of economic activity in Southern Africa and promoting the economic development of the outer periphery (DBSA, 1983, 46).

As has previously been mentioned, industrial decentralisation is to be the driving economic force to achieve the above aims. The Tomlinson Commission (1954) had been appointed to make recommendations on the economic development of the homelands. Having diagnosed major problems of overcrowding and population growth relative to the growth of employment opportunities, the Commission called for a vast resettlement project and the need to remove 50 per cent of the people off the land. This meant the creation of urban areas and the creation of non-agricultural employment.

Aside from the above stated goals, a further perceived goal of "legitimizing the homeland governments both in the eyes of their own people and internationally, is apparent. In 'legitimizing' the Homeland Governments, the general aim clearly, is to provide these Governments with some sort of power base/economy which will encourage blacks to settle

² The DBSA is the main instrument for directing capital flow to the homelands.

in these areas. Such 'legitimation' would take over from the current influx control measures. The following quote sums up this argument:

The objective of decentralization in South Africa is

to give sufficient economic content to the policy of homeland development so that the governments that are created in those states are not simply fictitious governments but that they have an economic base to create their sources of tax revenue to enable them at least in some respects to act independently from the South African Government ... Influx control must be controlled more through economic measures so that people will voluntarily remain in and go to areas rather than being forced to do so (S Brand, cited in Zille, 1983a, 75)

The White Paper on urbanisation (1986) tends to indicate a change of attitude by the South African Government as regards the enforcement of influx control. Paragraph 4.3.4 states that:

In future, freedom of movement to and within urban areas will apply to all citizens of the RSA on a non discriminatory basis.

However, so as not to totally abolish the idea of separate development, paragraph 4.3.5 of the White Paper emphasises that separate living areas for various population groups in the towns and cities will still be observed at dispersed locations within 50 kilometres of the cities.

Wellings and Black (1986, 22) express the opinion that ...

Whilst the Governments new rhetoric stresses the 'economic interdependence' of 'white' South Africa and the bantustans, the 'development' of the latter into separate sub-economies remains a central objective of the apartheid regime.

Wellings and Black's predictions have subsequently been confirmed with respect to the TBVC countries. The leading article in 'Business Day' on July 28 reads as follows:

The most dire predictions of the left have been fulfilled by Government's reversion to a form of grand apartheid which treats residents of Venda, Bophuthatswana, Ciskei and Transkei as aliens in SA.

The above article goes on to add that "unauthorized" South Africans from the TBVC regions will not be regarded as permanent residents and that labour controls will continue.

4.2 RESULTS OF THE SOUTH AFRICAN POLICY

The degree to which the South African regional economic policy has achieved success in terms of the stated goals can be gauged in a number of ways.

In terms of a reduction of economic imbalances the question really at issue, is whether or not the outer-peripheral areas have become more attractive to investment; whether they are reducing the relative attractiveness in terms of migration to the existing metropolitan areas and whether the economies generated there, are viable, self-sufficient units or not.

Job creation rates have been notoriously low throughout the implementation of South Africa's industrial decentralization programme. Between 1959/60 and 1969/70 there were only 11 500 jobs created Bell (1984). Because of this dismal rate of

job creation decentralization into the homelands was encouraged. The subsequent results were only marginally better. Between 1970 and 1978 the official figures record only another 34 900 jobs (Maasdorp, 1982, 242-3). The table below shows some interesting trends, particularly significant is the substantial increase in job creation following the 1982 incentives. The most recent figures for the 1984/5 period show a continuing increase. However, these figures require careful interpretation. Firstly, it must be noted that usually only less than half the 'proposed jobs' are actually created. Secondly, the contribution of the new jobs, although a substantial increase since 1982, is still minimal compared to the "two million or so unemployed in the Bantustans ..." (Tomlinson and Hyslop, 1984, 6).

TABLE 9: PROJECTS ESTABLISHED, CAPITAL INVESTED AND EMPLOYMENT CREATED UNDER THE AUSPICES OF THE DECENTRALISATION BOARD, 1975-1985

YEAR	PROJECTS ESTABLISHED OR EXPANDED	PRIVATE SECTOR CAPITAL INVESTMENT (R/M)	EMPLOYMENT CREATION
1975	59	68,2	5 730
1976	91	87,9	6 738
1977	136	174	12 469
1978	123	112	8 408
1979	178	132	11 178
1980	152	140	11 421
1981	214	245	11 792
1982/83 ²	777	2 459,6	65 342
1983/84 ²	1 190	1 201,63	69 914
1984/85 ²	1 216	1 178	77 486

1. The data refers to projects in CASA and the non-independent homelands. Up to and including 1981, the reporting year was the relevant calendar year. Thereafter, it is April 1 to March 31 of the following year, April 1982 being when the new decentralisation concession package began.
2. The figures for 1982/83, 1983/84 and 1985/86 reflect proposed projects. In practice slightly less than half of the proposed projects are actually implemented.
3. The halving of the proposed capital commitment between 1982/83 and 1983/84 results from there having been two projects in 1982/83 which alone accounted for a R1,2 billion investment.

SOURCE: Tomlinson and Addelesh, 1986. SAJE, (forthcoming).

In terms of the issue of whether or not the IDP's are reducing the relative attractiveness of the existing metropolitan areas, there is heated debate. The Decentralization Board figures would tend to indicate that the increased incentives since 1982 have had a marked effect. Bell (1986) does not contend the significance of the increase in job creation as much as he contends that a substantial proportion of the increase was due to spontaneous decentralization. This argument is important to an evaluation of the decentralization policies validity because, if decentralization has been occurring predominantly as a result of the incentive package, then such decentralization might well stop should the decentralization incentives be halted. On the other hand, if Bell's analysis is correct, then it can be argued that the incentive package is merely re-reinforcing an existing trend, and that if the incentives were withdrawn, a substantial proportion of the decentralized industries would continue to operate in the decentralized locations. So too, assuming Bell is correct, has the decentralization policy been particularly ineffective. In fact it can be argued that the incentive scheme has been protecting decentralized companies from competition, thus reducing the efficiency of the companies (Tomlinson and Addleson, 1986).

Bell's (1984, 1986) analysis shows that between 1956/7 and 1965/6 the proportion of manufacturing employment situated in the major industrial areas increased from 79,6 to 81,9 per cent. Between 1965/6 and 1979 this percentage dropped constantly from 81,9 per cent to 76,9 per cent. In the homeland and border areas between 1967/8 and 1979 these areas increased their percentage from 11,75

per cent to 15,54 per cent. Bell goes on to add that in terms of annual growth rates, between 1961/2 and 1967/8 the main industrial areas experienced a growth rate of 5,9 per cent, a rate that fell during the 1967/8 to 1979 period to 2,1 per cent. The corresponding rate of growth in the homelands and border areas increased slightly from 5,2 per cent (1962) to 5,3 per cent in 1967/8 to 1979.

Bell and Padayachee (1984, 435) argue that this trend is in response to international competition from the newly industrializing countries and Japan and this has had the effect since the late 1960's of encouraging industrialists to look for cheaper labour. The advantage of cheap labour is that it allows industrialists to maintain their profitability. To an extent, Maasdorp (1985, 228) finds supporting evidence for Bells argument. Maasdorp (1985) found that the textile industry in the Durban Metropolitan Area has been experiencing difficulty in finding suitable labour to operate in the shift-orientated industry. Maasdorp's study revealed that both White and Indian workers were becoming less amenable to shift-work as other opportunities open. For this reason, the decentralized areas were becoming advantageous. Factories in these areas are close to residential areas, and as a result shift work is easier for the employee.

Several counter arguments have been raised by Wellings and Black (1986), Tomlinson and Hyslop (1984), and Hirsch (1983). Firstly, the empirical evidence (Table 9) indicates that state intervention in the form of incentives has played the major role in promoting decentralization. Secondly, Hirsch

(1983, 11) argues "... if decentralization is such a tempting prospect to capital, why have so few capitals taken it up?" Hirsch goes on to ask "... why has the state been forced to assist capital to the extent it has through cheap loans and investment ...". It must, however, be noted that Bell's contention is that a significant number of labour intensive industries have in fact been decentralizing without using the Decentralization Board's incentives. As such they are not included in the Decentralization Board's statistics. Thirdly, whilst there is some evidence of a sectoral bias towards more labour intensive forms of production in decentralized areas, they do not seem to be significantly more export orientated, nor has it been shown that there is a disproportionate number of industries affected by excessive competition from exports. (Wellings and Black, 1986, 12). Finally, Wellings and Black (1986) draw attention to the considerable hostility within the business community towards the decentralization policy.

It is important to consider the nature (labour or capital intensive) of jobs created in the decentralized locations, as this feature has a direct bearing on both the cost per job created and the number of jobs created. Furthermore, it has a direct bearing on the validity of Bell's (1986) argument discussed above.

Outside of Bell, the literature, including Wellings and Black (1986), Kok (1985), the Kleu Commission (1983), and Maasdorp (1985), expresses the opinion that in addition to the actual shortfall in jobs created the jobs are of a capital intensive nature.

It is clear that the progress made with the decentralization programme has left a good deal to be desired and that such progress has apparently been of a more capital intensive nature (Kleu Report, 1983, 20).

Wellings and Black (1986, 25) refer to studies by McCarthy (1983) which illustrate that there has been a more rapid growth of the capital component, in the Border, Ciskei and Southern Transkei regions, than the labour component. Similar opinion is expressed by Glaser (1983, 20) who states that labour processes "have by no means been consistently labour intensive".

Also, in an attempt to force/encourage industrialists to locate away from the PWV, Maasdorp (1982) suggests that between 1968 and 1980 permission for waivers for 115 000 jobs were refused as a result of section 3 of the Environment Planning Act. Furthermore, Maasdorp estimates that only 34 000 of the job opportunities were subsequently decentralized (Maasdorp, 1982). What is obvious is that job creation is being 'stunted' in an effort to control the spatial location of these jobs. Further, those jobs created are done so at subsidized costs.

The net effect of the capital intensive nature of job creation, the cost to the Government in providing incentives, and the duplication of infrastructure is that the cost per decentralized job is approximately four times its metropolitan equivalent (Wellings and Black, 1986, 14).

In terms of the policy's ability to help stimulate viable economics in the outer-periphery, there appears to be general consensus that the policy has fallen short of expectations. Numerous authors, including Dewar, Todes and Watson (1984) Tomlinson (1983) McCarthy (1983) Maasdorp (1980, 1982, 1985), indicate that little success has been achieved in the creation of self-sustaining growth poles. They point out that the IDP's lack the ability to generate agglomeration economies, to attract propulsive industry, to capture the multiplier effects, create linkages or to diffuse benefits to the surrounding region.

In attempting to explain then, why there has been an increased investment in the decentralized locations, a survey conducted by Wellings and Black (1986, 14) found that "the provision of incentives is the most important factor influencing industrialists decisions to invest in growth points". Green and Hirsch (1982b, 43) found similar evidence in their research,

Industrialists ... consistently indicated that the cheap capital/loans ... were the most important incentives other than the conditions of the labour force.

This being the case, it would appear that the Government has accepted that incentives will have to operate indefinitely to maintain investment in the decentralized locations. Dewar et al (1984, 63) indicate that "it appears unlikely that incentives will be phased out". Wellings and Black (1986) refer to a comment made by Dougie de Beer, Chairman of the Decentralization Board confirming that "the

Government appears to have accepted the cost ineffectiveness of the homeland growth points.

One of the most salient points of the new incentives is that there is a general acceptance now that the regional development areas and points have a more or less permanent cost disadvantage inherent in the establishment of industries in those areas (Wellings and Black, 1986, 15).

It is generally acknowledged that despite the number of jobs created in the industrial development points, little success has been achieved in the creation of self-sustaining growth poles ... A number of authors (Todes & Watson, 1984a,; Tomlinson, 1983; McCarthy, 1983; Maasdorp, 1980) have pointed out that the IDP's lack the ability to generate agglomeration economies, attract propulsive industries, capture the multiplier effects, create linkages or diffuse benefits to the surrounding region.

In terms of the promotion of economic development in the outer periphery the 1956 Government White Paper, stated that after a period of 50 years an approximately equal proportion of Whites and Blacks should be reached in European Territory. This goal has failed. "Even the most conservative estimates of the de facto black population in the Common Area of South Africa in 2000 indicate the failure of this goal" (Tomlinson & Hyslop, 1984, 38).

An attempt to explain this apparent failure or alternatively, to assess the success of this goal, analysis will centre on the impact on agricultural production, urban development and job creation.

There is little doubt that the rate of employment in the outer periphery has increased, particularly with the 1981 White Paper incentives. Further, as has previously been mentioned, the amount of capital investment in the outer periphery is also rising rapidly. However, in an effort to evaluate the policy's impact on the development of the outer-periphery, one must assess the 'multiplier effects' - or the effect of an investment on regional incomes and employment.

A paper by Tomlinson and Hyslop illustrates the problems currently experienced in Southern Africa. They go so far as to say that "new evidence indicates that the Bantustan Governments are not able to bear the costs of the decentralization concessions" (Tomlinson & Hyslop, 1984, 43/4).

Similar studies by Dewar et al (1984a) and Wellings and Black (1986) also indicate that the effect of the regional multiplier in the homelands is suppressed by numerous factors. The most important of these factors include 'trickle down' effects, and the effect of local ownership and profit sharing.

In terms of the backward and forward linkages Tomlinson and Hyslop (1984) and Wellings and Black (1986) draw attention to the fact that the majority of the inputs are in fact drawn from the metropolitan areas of South Africa.

The proportions of plant/manufacturers and service inputs drawn from the local economy (forward linkages) are negligible (Wellings and Black, 1986, 26).

Trickle-down effects have also been limited. There has been very limited tapping of local purchasing power in the area, leakage of purchasing power out of the regions being the dominant process. This has been manifest in the growth of small white towns located on the borders of the homelands, making use of the increased purchasing powers of the homeland population.

The scarcity of managerial talent and the difficulties involved in mobilizing capital are regarded as the major limitations to local ownership and profit sharing.

Also as previously mentioned, although the decentralization trend is 'picking up' the actual job creation rate falls far short of what is required.

Dewar et al (1984a) suggest that the impact of growth centres in the outer periphery has been very limited. They suggest that regional impact has been small because the wages paid are low and so, subsequent income circulation is only minimal (Tomlinson & Hyslop, 1984, 38). Dewar et al Watson (1984a) add that the centre's hinterland has registered very limited impact because most of the inputs in the production-cycle are imported with very limited use of local resources.

... agricultural production has largely stagnated. Attempts at promoting agricultural production in these areas have placed too much emphasis on large scale capital intensive projects ... little has been achieved in promoting rural development or alleviating poverty in the rural areas of the outer periphery (DBSA, 1984, 49).

In the same way it is argued that the growth centres, as alternatives to the existing core areas, have failed to advance. Job creation in all sectors has been small and as a result, the degree of urbanisation has been very limited. Those towns or 'centres' that do exist, lack viable economic bases. Bell, (1984, 14) writes that the crux of the matter is that the actual number of jobs created is very small. "Taken overall, therefore, these numbers of extra jobs clearly cannot be expected to have had any significant impact on the geographical distribution of the Black population..."

Lastly, a point made in evaluating the previous goal is worth re-iterating - the 'growth centres' in the South African strategy have failed to achieve any degree of self-sufficiency or to generate any agglomeration tendencies. This in itself is an indication that the goal of developing the outer periphery has failed, partially at least. The limited success that has occurred, is in terms of job creation.

Legitimizing the homeland Governments is a difficult if not subjective goal to evaluate. Tomlinson and Hyslop (1984, 8) interpret the philosophy behind this goal as being that, "a stronger industrial base in the Bantustans fosters the growth of the dominant petty bourgeoisie. This factor in turn gives Bantustans greater credibility in the eyes of the international community and in those sections of their own population.

In terms of the above, any measure of the success of this goal must be in terms of the creation of an

economic base, or of a group of people who benefit from this policy and in whose interests it is to carry on with the South African apartheid strategy. This being the case, people would voluntarily inhabit and invest in the homeland or outer peripheral areas. This would also reflect a more balanced distribution of economic activity. In terms of the success of the South African strategy Bell (1987) writes:

Though some significant changes in the inter-regional distribution of manufacturing employment have occurred since the late 1960's the degree of industrial decentralization actually achieved to date is relatively small and certainly falls far short of what is needed to make blacks voluntarily remain in and go to certain areas rather than being forced to do so.

The 1986 White Paper revealed a changing priority towards deconcentration points for investment in terms of the urbanisation policy. This emphasis reinforces to an extent a trend that has been occurring in the past. Maasdrorp (1985) indicated that although the IDP's received priority from the Government, "it is the deconcentration points which may be favoured by investors" (Maasdrorp, 1985, 226). Wellings and Black (1986) indicate that a preference for deconcentration points has been evident for some time. The concentration of decentralized activity in those centres which are most advantaged economically has been a feature of the programme from the beginning.

4.3 CONCLUSION

From the above discussion it can be seen that although investment in the outer-periphery has increased, and although job creation appears to have been fairly high, the Government's stated goals have not been achieved. It appears that the problem lies in the actual potential of the outer periphery to support the amount of people that is required. The following exert outlines clearly the problems facing the South African strat.gy:

At the heart of the problem is the lack of competitiveness of these peripheral, artificially-stimulated growth points relative to the other industrial centres of South Africa their disadvantages measured inter alia, in terms of such factors as lack of access to markets, lack of highly and easily exploitable natural resources, few economies of scale, inadequate financial and other back-up facilities, and inadequately trained labour force (due to a lack over long periods of time of extensive investment in social overhead capital), insufficient social and cultural facilities to attract skilled labour and management, and so on, are too great to be overcome through incentives" (Dewar, et al, 1984a, 174-175).

One notable exception to the above comment must be made. Large corporations can internalize the provision of services required by them, thus enabling subsidiaries of such corporations to choose locations further removed from markets and agglomeration economies. Thus it is the small companies which rely on numerous external sources of services which are more likely to base their location decisions on the existence of agglomeration economies. Furthermore, taking Bell's (1984, 1986) claims into consideration, labour intensive industry

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would appear to be attracted, although only to a limited extent to date, to the peripheral areas.

Ch. 5. TRANSKEI: A CASE STUDY

5.1 INTRODUCTION: TRANSKEI - A PART OF THE SOUTH AFRICAN POLITICAL ECONOMY

In using the Transkei as a case study, it is vital to look at the historical specificity of this region within the context of the development of South Africa. The Transkei is an integral part of the South African economy. Although the South African Government has acknowledged this principle in the 1982 White Paper, prior to 1982 Transkei was viewed as an independent economy and even since the 1982 White Paper a certain amount of circumspection is expressed about the Governments preoccupation with homeland development (Wellings and Black, 1986, 22).

One cannot ignore the fact that the establishment of the 'Homelands' is a means of implementing separate development of all races in Southern Africa. Indeed, the Homeland system and the policy of industrial decentralization must be recognised as a means for the South African Government to create separate development of races and to provide the Homeland governments with "a certain minimum economic power" (Brand, 1983, 38).

An analysis of the transition of the majority of local inhabitants in the Transkei region from pastoral cultivators to peasant producers and finally to wage workers in the South African economy is vital to any analysis of Transkei's current development opportunities and constraints - including an understanding of the growth and development of South Africa and its economy.

Initially the local economy in the Transkei region was subsistence based. However, with the advancement of Europeans into the interior, and the subsequent contact with the local population, the type of production changed. It then became concerned with peasant production aimed at the regular production of goods for external markets in the South African interior. Security for the peasant farmer lay in his access to land for production and the use of family labour to ensure agricultural production on a subsistence basis.

When the British took over the Cape Colony at the turn of the century, they sought regulated trade with the indigenous population.

In 1817 they established a bi-annual trade fair at Grahamstown which the Xhosa were permitted to attend. By 1824 trade fairs were being held three times a week at Fort Willshire; this meant that Xhosas were entering the Cape Colony on a regular and legal basis (Louw and Kendall 1986,7).

During these early stages, peasant production was controlled by the demands of the market. The Europeans promoted barter and trade with indigenous tribes with a view to transforming these subsistence farmers into "a class of indigenous farmers whose prosperity was dependent upon the regular sale of their surplus produce to white purchasers ..." (Southall, 1983, 6). By the 1840's and 50's the natives were selling tobacco, firewood, cattle and milk, and selling surplus grain for cash or stock (Louw and Kendall 1986, 9). By 1865 local production had improved so dramatically that native

agriculture was of a higher standard than European agriculture.

Taking everything into consideration, the native district of Peddie surpasses the European district of Albany in its productive powers (Bundy, 1979, 71).

As the indigenous people were exposed to more and more western material goods, they too began to show concern for the material accumulation of wealth and to avoid tribal laws prohibiting such practices. At the same time there was increasing encroachment of white farmers into the region which resulted in the increasing dispossession of locals from their land. With their security becoming seriously undermined, many blacks began to rely more heavily on wage labour for survival. Those peasants still possessing land still enjoyed good profits from their production for the European market.

The discovery of diamonds at Griqualand West in 1867 and of gold on the Witwatersrand in 1886 resulted in rapid population growth and an increased demand for farm produce from the peasants. By 1890 there were many progressive black farmers who had purchased their farms outright. They invested much of their profits in fences, walls, irrigation and improved stock breeds, and adopted the most advanced farming methods of the time. They lived in brick houses (built by Europeans) and stocked them with furniture, crockery, cutlery, stationary and so on ... They were the mainstay of agricultural societies and associations, owning farms of up to 1710 morgen (Low and Kendall 1986, 10). The discovery of diamonds and gold also had an impact on the demand for manual labourers. Manual labour was

needed for the construction of roads and railways as well as for the mining operations. To solve this problem,

"legislators were in no way backward in establishing a framework of co-ercive laws and tax measures whose design and effect was to draw out a greater supply of labour from dominated and recently subjugated African communities" (Southall, 1983, 70).

The introduction of a hut tax forced adults to find a cash income. This was generally achieved by the sale of cattle and crops. Those rendered landless by the colonial incursion or who had insufficient land to provide for even a meagre subsistence were becoming increasingly impoverished. In 1894 the Glen Grey Act drawn up by Cecil Rhodes became law in the Cape. This act provided for individual land tenure in black reserves on the basis of equal distribution. To facilitate equal distribution of land, the Reserves were split into agricultural holdings of ten acres each, with no man being allowed to own more than one lot. Louw and Kendall (1986) emphasise that this Act was aimed to increase the supply of labour to the mines.

The Government was well aware that ten acres of poor land could not provide for the needs of one family, and that most of the men would be forced out of the reserves onto the labour market (Louw and Kendall, 1986, 13).

This had the desired effect of the legislation, and many were forced to go and look for work on the labour market. This situation became even worse as overstocking, overpopulation and indebtedness increased. A major effect of these problems was that surplus production from the Transkei region

began to decrease, a phenomenon that would result in food shortages for the indigenous people - structural underdevelopment of the Transkeian economy became an issue. Bundy (1979) writes "The territories produced wage labourers somewhat in proportion to the extent that structural underdevelopment had been induced by the penetration of colonial rule and capitalist economic relations" (Southall, 1983, 73).

The indigenous population had become increasingly aware of the root of their insecurity and in an attempt to move back to peasant production in place of wage labour, Africans were trying to buy back land from white settlers. This was considered to be a threat to the supply of wage labour for the mines and was prevented by the passing of the 1913 Land Act limiting the size of Transkei.

The natural rate of population increase made overpopulation in Transkei a critical issue - a situation enhanced by the continuing decline of agricultural production. Agricultural production had been devastated by the 1894-5 drought, by the rinderpest epidemic of 1897 and by East Coast fever in 1910-11. As if natural disaster, legislation and a shortage of land were not enough, relative access to markets further destroyed peasant production. The European farmers and the peasants competed for similar markets, but the Europeans enjoyed favourable legislation, state subsidies, reduced railage rates and better credit facilities - none of which were offered to the African peasants.

The lot of the new wage labourer might not have been so bad had he been receiving a good wage. This had

not been the case. The mine owners - the dominant employers - had agreed amongst themselves to pay certain minimal wages to avoid competition for labour. Furthermore, wages were kept particularly low because it was assumed by the mine owners that the labourers were also in possession of small farms in the Transkei which would supplement their income. The low wages paid, greatly improved the profitability of the mines. In fact the situation in the Transkei was rapidly worsening and the non migrant part of families were increasingly unable to eke out a subsistence for themselves, let alone supplement the migrant labourers wage. The migrant labourers wage was in fact becoming the major source of income for the whole family, a condition that still exists today (Abedian, 1983; Wakelin and Haines, 1986).

The early thirties marked the decline of reserve agricultural production.

The tale is one of increasing pressure of population on deteriorating land, and the fall was not only in productivity per head, but in the total crop produced ... in the Transkei it was conspicuous after 1930 (Wilson 1971, 55-6).

The migrant system also resulted in a shortage of active working males in the Transkei. By 1936 "the male absentee as a percentage of males aged 18-54 was 53 per cent" (Southall, 1983, 77). This greatly affected the potential local work force, not to mention family and social life. It became increasingly evident that the population in Transkei was living below the bread line - malnutrition was rife, infant mortality was high, sanitation was poor and water supplies were insufficient. The

increasing pressure on the land in the Transkei also resulted in damage to the lands carrying capacity (denudation, donga erosion, destruction of forests).

In stark contrast to the success of the Peddie district in 1865, where indigenous agricultural production was of better quality than European production, by 1940 conditions in the Herschel district were described as follows:

A lot of the area is mountainous and most of the rest is badly eroded, so there is not much left for cultivation ... There is virtually no work in the whole area ... All forms of malnutrition are obviously a problem throughout the Reserve (Louw and Kendall, 1986, 11).

With the coming to power of the Nationalist Government in 1948, the policy of controlled allocation of migrant labour was changed to an all out attempt to stem the flow of Blacks to the white urban areas. As a result urbanisation of the Homelands became the major policy. So too, the reorganization of homeland agriculture became a priority. Although Betterment Schemes had been in use since the 1930's, proclamation 116 of 1949 marked the full implementation of the Betterment Schemes. Land was demarcated by the authorities into residential, arable, forestry and grazing land. In practice resettlement was only undertaken after the publication of the Tomlinson Commission in 1955. With the co-operation of Chiefs and Headmen resettlement has continued steadily. By 1979 a total of 745 administrative areas had been planned and of these, 486 had been completed (Baskin, 1984, 3). Betterment Schemes tended to benefit only the chiefs, headmen and wealthy peasants. The mass of poorer peasants bitterly resented them. In order to

implement this rehabilitation programme, the Bantu Authorities Act (1955) was implemented, in so doing consolidating the powers of the administrative elite and returning power to the tribal chiefs (Southall, 1983, 104).

In 1960 a policy of industrial decentralization was implemented. The results of the South African policy have already been discussed (Ch. 4). Suffice to say that political factors prevented the allocation of the massive resources needed to establish urban based industry. Furthermore, the application of growth pole theory to decentralize industry was more politically based than economically viable.

5.2 SUMMARY

The picture of the current state of Transkei's economy, and the success of the adopted regional development policies to date, is 'bleak' to say the least. A quote by Prof W L Nkuhlu of the University of Transkei aptly sums up the situation. "... I wish to state that the situation in Transkei is desperate ..." (Nkuhlu, 1984, 11).

One does not have to look far to find the reasons for this gloomy outlook. On the Transkei economy Thomas (1981) writes "... even the limited information available shows that Transkei's economy is currently far from buoyant and the prospects for any dramatic improvement are rather limited" (Thomas, 1981, 1).

Agricultural production, the cornerstone of the Transkei's economy has not developed at all; in fact:

... over the last 20 years maize yields have been decreasing, this has been explained by pointing to population growth, increased soil erosion, declining soil fertility and an increased build up of pests and diseases (Baskin, 1984, 9).

Land pressure continues to be a major problem. There is an overpopulation of humans and livestock and the resultant problems include severe erosion; decline in yields; poor condition of cattle; loss of natural resources such as game, fish and fruit; increasing malnutrition and a growing class of landless people (Baskin, 1984; Haines et al, 1984).

Industrialization - the pivotal element of the South African and Transkeian strategies - has proved very costly and has shown poor growth tendencies. Baskin (1984, 15) writes, "Estimates ... show that employment in the industrial capitalist sector grew at annual rate of only 2,2 per cent compared with an estimate growth in the labour supply of 3.1 per cent between 1960 - 1980".

The demography of Transkei is also fraught with problems. As a result of the very high migrancy levels "... the two age groups which create the biggest economic, political and/or social burden - juveniles and old age people - have increased fastest" (THOMAS, 1981, 5).

In terms of institutional arrangements, there is growing resentment by the local communities about the lack of representation, and the non-democratic choice of representatives. Further, allegations of bribery, corruption and power abuse are widespread (Southall, 1983; Haines et al, 1984; Wakelin and Haines, 1986).

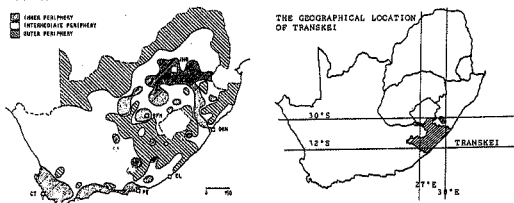
Finally, the case study itself will show that;

Transkei represents a classic case of a peripheralized, underdeveloped region, its internal economy is weak, it is highly dependent upon an external economy; it is characterized by some economic sectors which are modernized and externally dominated and oriented, and others which are fragile and primarily orientated to survival; the economic and social welfare of the people is low, but significant variations occur spatially and in terms of class (Dewar et al 1984, 49).

5.3 TRANSKEI - PHYSIOGRAPHY AND RELATIONSHIP TO THE SOUTHERN AFRICAN SPACE ECONOMY

Transkei is situated within the south east section of Southern Africa. Transkei covers an area of 43 798 km². The geographical location of Transkei is between latitudes 30 degrees and 33 degrees south and longitudes 27 degrees and 30 degrees east. Natural boundaries are formed by the Indian Ocean, the Great Kei River and the Drakensberg mountains; This state also borders on Lesotho and the South African provinces of Natal and the Cape. It is evident from the maps included below, that Transkei is located in the outer periphery.

DIAGRAM 10
THE GEOGRAPHICAL LOCATION OF TRANSKEI IN RELATION TO THE
SOUTH AFRICAN SPACE ECONOMY



SOURCE: Board, Davies and Fair, 1970.

As was stated in chapter 4, these 'outer peripheral' areas are characterized by a low level of economic activity, a poor provision of service centres, a high level of outmigration, increasing population pressures, very low levels of income, high unemployment levels, a high level of malnutrition and high infant mortality rates.

The Transkei represents a classic case of a peripheralized underdeveloped region. Its internal economy is weak and it is highly dependent upon the South African economy. Historically the region has not been viewed as an important productive area within the Southern African space economy and has received little investment in infrastructure and services. The Transkei's major contribution to the development of the Southern African economy has been through the production of migrant labour for the mining industry.

5.4 DEMOGRAPHY

Estimates as to Transkei's population, population growth rate and growth in the labour force vary in the literature. The official statistics from the 1980 Population Census suggest an overall population (de facto) of about 2,65 million in 1980 (Thomas, 1981, 3), whilst Robinson (1981, 4) suggests a figure of just under 3 million. Thomas (1981, 3) estimates the population growth rate to be 2,67 per cent a year, a figure very similar to the official statistics of 2,6 per cent. Muller (1984, 7) estimates a higher figure of about 3,0 per cent over the period 1964 to 1982. In terms of the growth in the labour force, Baskin (1984, 15) estimates a growth rate of 3,1 per cent, a figure very similar to Muller's (1984, 7) prediction on the annual growth in population.

The average population density in Transkei is 43 persons/km², with densities reaching up to 85 persons/km² in some administrative districts. The coastal areas have the highest densities, particularly in the north-eastern parts of the country whilst the drier more mountainous western areas have densities lower than 25 persons/km² (Hawkins Report, 1980).

In terms of urban/rural ratios, it seems that about 95 per cent live in the rural areas. (Robinson, 1981, 4; Thomas, 1981, 4). Those living in rural areas live in scattered homesteads or consolidated villages. These villages arose as part of the consolidation policy in the late 1950's. The aim of this policy was to combine the arable and grazing lands of individual homesteads and to

provide more services. About half of the rural population now lives in these villages (Robinson, 1981, 4).

Of the urban population, about one half live in Umtata, (38 000) and Butterworth, (24 500). (ROBINSON, 1981, 4). The five per cent rate of urbanisation is low. "Compared to most other Third World countries such a rate is still extremely low" (Thomas, 1981, 4).

The age structure of the 'resident' Transkeian population is characterized by a large number of dependants. In 1980 it was estimated that some 42 per cent of the total were under the age of 15 (Thomas, 1981, 5).

In conclusion relative to the amount of land available in Transkei, the population is very large, resulting in a high population density, a feature which is compounded by the high population growth rate. The impact of population pressure not only affects the access to land and the viability of agriculture, but generates a huge demand for employment for physical and social infrastructure which creates great demands on a limited central Government budget. The prohibitive population pressure limits the viability of rural agriculture because of a shortage of land.

5.5

EMPLOYMENT

Employment creation is regarded as the top priority in development planning in Transkei. The ability of the Transkeian economy to create employment is particularly low. Osmonde, Lange et al (1982,25)

indicate that in the north-east region only 13 per cent of the labour force is locally employed. The situation in the north-west region is even worse. Vandeverre et al (1985, 9) indicate that in this region only 9 per cent of the labour force is employed in local wage jobs. The south-east region is substantially better off in this respect, with 30 per cent of the labour force locally employed. However, the South west region includes Umtata, which has a significant impact on the amount of local employment. An important phenomenon to note, is that in all three of the above regions, as much as 50 per cent of all local employment is in the public sector (Osmonde, Lange et al, 1982, 1983: Vandeverre et al, 1985).

THE MIGRANT LABOUR SYSTEM

Muller (1984, 8) indicates that in 1982 two fifths of the Transkeian labour force was employed in a migrant capacity.

Numberous problems characterise the migrant labour phenomenon. The most obvious are serious social pressures that arise from separating families. There are however, a number of other serious problems that face regional planners/economists as a result of migrancy employment. First, "the relatively high returns on migration in comparison with subsistence production combine cumulatively with the legacy of underdevelopment to undermine the emergence of a peasant sector" (Muller, 1984, 10). Secondly, although migrant labour provides a certain amount of remittances to bolster local incomes and profits, tax revenues accrue to the country in which the labour is employed whilst the social costs fall

on the migrants' home country (Muller, 1984, 19). Thirdly, migrancy fails to relieve rural land pressures because although the migrant himself can/could be classified as an urban worker, his family still remains in the rural areas of Transkei. The homelands have therefore become the dumping grounds for the old, the disabled and the young.

A number of 'problems' for the Transkei are however, eased by the migrant labour system. The most obvious of these effects is the provision of employment. Considering that about twenty per cent of the labour-supply in Transkei is unemployed, (Muller, 1984, 8; Nkuhlu, 1984, 4), if there were to be a decline in the migrant labour opportunities, unemployment and increased social dissatisfaction would result. It must be remembered that "with more than half of all economically active men being employed as migrants for at least 8-9 months a year, migrant-earning trends have played a major role in determining household income levels" (Thomas, 1981, 14).

Moll's (1984) survey of the 'Lower Roza Administration Area' in the Qumbu district, considered as one of the more prosperous peri-urban areas in Transkei (Moll, 1984, 39), illustrates the trend Thomas refers to. Moll found that migrant remittances were a very important source of household income, constituting about 33 per cent of total household income. This figure was particularly remarkable in view of Moll's findings that migrants remitted only 20 per cent of their income. Moll's 20 per cent remittance ratio is, however, notably low in comparison with other similar studies performed in Transkei. Abedian (1983, 268) suggests

that about 40 per cent of migrants wages are remitted. Both figures, however indicate that a remarkably large part of household income is based on migrant wages. More recent surveys by Wakelin and Haines (1986, 444) found that less than 20 per cent of household consumption is produced on the land, the remainder of income coming largely from remittances.

Of the numbers of people employed as migrant labourers, and of the creation of job opportunities in Transkei, Nkuhlu (1984, 6) writes: "The Transkei is not in a position to absorb the 420 000 Transkeians who are now employed in the RSA, nor to provide employment for the additional 27 000 expected to enter the labour market annually."

Finally, it must also be remembered that the income level of migrants is far higher than any comparable job Transkei could offer. i.e. "... a person could be unemployed for 9 years; work one year as a miner and still be better off than a worker who had spent the entire period in the subsistence sector ..." (Muller, 1984, 10).

PUBLIC SECTOR EMPLOYMENT

The Government/Public sector provided a large share, 34,00 per cent (Muller, 1984, 7), of the employment opportunities in Transkei in 1982. This job creation is largely the result of the development of a government bureaucracy. In terms of future job creation, this sector will reach, or may already have reached, a stage where it cannot expand any further. Nkuhlu (1983, 3) writes, "It is estimated that about 54 000 people are employed by the

Government this year. ... As far as I can see the Government is no longer able to absorb the annual increase of matriculants."

PRIVATE SECTOR EMPLOYMENT

The promotion of the private sector enjoys a very high priority in the South African and also in the Transkeian regional strategy. The promotion of the industrial sector was till recently seen as the major vehicle of this job creation. As was previously mentioned, private sector employment in Transkei is small. Muller (1984, 89) suggests that 22,4 per cent of the local employment opportunities are in the private sector. The number of persons employed in the industrial sector is small relative to the potential demand.

Estimates of the number of persons employed in the industrial sector vary. Muller (1984, 8) estimates only 14 000 in 1982, while for the same year the Transkeian Department of Interior suggests 28 000. Thomas (1983, 240) suggests a maximum of 20 000. The message from these estimates is however, the same. Considering that the demand for jobs is about 27 000 per year (Thomas, 1983, 227), industrialization has not managed effectively to provide job opportunities which can offer labour non-migrant employment in Transkei.

There are numerous reasons for this lack of job opportunities, the main reason being that investors do not find Transkei an attractive investment proposition. It seems that not even the Government subsidies will provide a suitable stimulus. Muller (1984, 9) writes:

Even the substantially increased incentives announced at the Good Hope Conference in 1982 are unlikely to be able to attract sufficient industries to overcome the legacy of structural underdevelopment and isolation from major markets.

The reason for this lack of investment is that the existing metropolitan areas of South Africa are still far too attractive for private investment compared to the essential underdevelopment in Transkei --

... it is impossible to fly in the face of the basic dynamic causing economic concentration: The presence of large markets, the possibilities of economies of scale in production, backward and forward linkages between industries, efficient communication services the presence of financial and other back-up services; the presence of high-order social and cultural services ..." (Dewar et al, 1984a, 93/4).

Dewar et al can be criticized on the above comment in the sense that, the more recent empirical data (as discussed in chapter 4) suggests that industrialists have become more responsive to industrial decentralization and deconcentration. Bell (1984, 1986) has also drawn attention to the increasing trend of spontaneous decentralization particularly to the deconcentration points. Although debate continues around Bell's findings, his empirical evidence, especially in his more recent work (1986, 277), is certainly worthy of consideration (Tomlinson and Addleson, 1986). Particularly significant are Bell's findings in relation to the changing spatial division of labour in the manufacturing industries. Bell's (1986)

analysis suggests that since the 1960's a combination of market forces, control of population movements in the metropolitan areas, restrictions on the use of black labour in the metropolitan areas, and the effect of increased trade union organisational activity (since the 1970's) have all played a part in encouraging a process of industrial deconcentration (Bell, 1986, 284).

Equally significant are the findings of Green and Hirsch (1982) and Wellings and Black (1986) indicating that industrialists consistently refer to the incentive package, and particularly the wage subsidies as the primary motivating force encouraging decentralization. If one accepts that the incentives are the primary motivating force in industry decentralizing, then, even whilst acknowledging Bells findings, it appears that the amount of private investment in Transkei, particularly in the industrial sector, will be dependent on the cash incentives offered by the Transkei Government. Muller (1984, 9) suggests that these limits of 'generosity' for the Transkeian Treasury might already have been reached.

THE RURAL SUBSISTENCE SECTOR

The rural subsistence sector in Transkei experiences major problems. First, there is a shortage of land available for families to successfully grow an annual crop. A survey by Leeuwenberg, (1977, 16) showed that in 1977, 67,3 per cent of people in Transkei could never produce enough to feed themselves and only 8,9 per cent could always produce enough to feed themselves. A more recent survey by May (1985) based on the Umzimkulu

district, a region which "as a whole compares very favourably with the rest of the North East Region". (May, 1985, 23) indicates that the performance of subsistence agriculture in Transkei is poor.

The findings of May, although based on a limited survey are indicative of the problems experienced with subsistence agriculture in Transkei. The most significant findings were that less than 14 per cent of the households surveyed were capable of producing enough maize to meet their own needs. Secondly, more than 48 per cent of the sample population was landless. This figure is well above other figures quoted by Baskin (1984) and Muller and Tapscott (1984) indicating figures of 20-30 per cent and 23,3 to 28,6 per cent respectively, and as such should be considered somewhat higher than average. Wakeling and Haines (1986, 450) indicate that even for the few that have plots, agriculture as a means of subsistence is limited because the plots of land are too small. Thirdly, only 2.5 per cent of the landholders had any hope of meeting the requirements for self-sufficiency in terms of maize production. Moll (1984, 27) in his analysis of the Qumbu district found that only 4 per cent were self-sufficient in maize production. Finally May, who suggests that cattle ownership is a means of providing a degree of economic security, a source of food and milk and a saleable item, indicates that 53 per cent of the households sampled did not own cattle. Finally, Moll (1984, 37) also found that the poorest group in his survey were those surviving off agriculture only.

The critical nature of the above statistics is highlighted when one considers 95 per cent of Transkei's resident population live in rural areas.

A major problem which relates to the above findings, is that of population pressure on the land. This pressure can partly be attributed to a high natural birth rate and cultural preferences but mainly to the small amount of land granted to Transkei by the South African Government, a feature made worse by influx control legislation. The major cultural aspects affecting land pressure are the result of excessive commitment of Transkeian savings to stock, and the phenomenon of communal grazing. There is a strong tendency for a person to keep stock longer than he would if the cost of grazing had to be borne by that person. By the same token, stock owners are in possession of far more stock units than they could conceivably afford were they to carry the burden of providing grazing for these animals.

what makes the 'cattle complex' problematic is that in fulfilling his own ambitions, the individual disregards the costs he imposes on others, when his cattle consume the grazing, erode the land, spread disease etc. The basic reason for this disregard is free communal grazing (Southey, 1981, 48).

Population pressure is also increased as a result of the policies of the South African Government (since 1948) stemming the flow of blacks to 'white South Africa'. This increase in population density places a great burden on the productivity of agricultural land and has caused a decline in agricultural production.

A further problem is migrancy. In the employment section of this chapter, and above, this phenomenon has been discussed. The returns on a migrant job are far higher than those which can be earned as a

subsistence agriculturalist. Thus ... "The relationship between migrant employment and subsistence employment seems clear. As long as the prospects for migration improve, the commitment to the drudgery and risks of peasant existence decline" (Muller, 1984, 11).

SKILL LEVELS IN TRANSKEI

Besides its agricultural land, Transkei's only other major natural resource is its people. There is however, a major deficiency in the Transkeian labour market and that is the quality of available labour. This low quality of labour available is partly responsible for and partly a result of, the region's structural underdevelopment. The low-skill levels encourage a lack of investment because the investors perceive the phenomenon in a negative light. At the same time, those industries which do locate in the region use mainly unskilled labour and this does not have any beneficial impact on the local skill levels. Nkuhlu (1985, 5) indicates that 87 per cent of the jobs created are in the unskilled labour category.

The shortage of skilled labour is also a feature in the public sector. "Virtually all government departments have numerous vacancies for engineers, architects, economists and technicians. This limits the capacity of the country to plan and implement development projects" (Nkuhlu, 1984, 3).

Because labour intensive industry attracted to the region further promotes these low-skill levels, and because other industry, requiring more highly-skilled labour will not locate in the region until

the skill-levels have been increased, it would appear that the Government will have to make some effort to correct the situation. Nkuhlu (1984, 11) writes "... The Government must initiate a training programme based on ... skill requirements. ... Financial incentives must be used to influence local nationals to obtain qualifications in the required fields" (Nkuhlu, 1984, 11).

UNEMPLOYMENT IN TRANSKEI

The degree of unemployment in the Transkei is very high. Nkuhlu (1984, 4) and Muller (1984, 8) offer the highest estimate at 20 per cent. Thomas (1984, 2) suggests 16,5 per cent, and Dewar, Todes and Watson (1984, 81) suggest 16,0 per cent. In terms of absolute numbers, 16,0 per cent represents some 145 000 people. More recent studies (1985) by the DBSA on the rural areas in Transkei indicate that in terms of the eighteen villages surveyed, of the 5 707 potentially economically active people, 27,9 per cent were unemployed. (DBSA, 1986, 58)

Findings by Dewar et al (1984a, 81) relating to job creation as a result of industrial decentralization, indicate that at Butterworth and Umtata, over the twenty years prior to 1984 only 11 000 jobs were created. Compared to the increase of 27 000 job seekers per year, this is minimal. It is estimated that unemployment increases at about 4 000 per annum (Dewar, Todes & Watson, 1984, 81). Compared to current job creation trends this is critical.

The situation is aggravated by the fact that currently, two out of five persons in the labour market are migrants. The number employed in migrant

jobs appears to have been falling in recent years. "Available statistics on migrant employment suggest a recruitment peak of about 425 000 men in 1978 followed by a decline to about 345 000 in 1979 and 1980" (Thomas, 1981, 6).

It seems that the unemployment issue is bound to become even more critical if job creation in Transkei continues at such a poor rate. Thomas (1981) writes,

Should the RSA economy cool off considerably and few new employment opportunities become available for 'outsiders', Transkei's internal socio-political stability could be endangered seriously as a result of increasing unemployment (Thomas, 1981, 7).

Finally, concerning the serious shortage of employment opportunities available to people in Transkei, is the fact that 'commuter' job opportunities to Transkeians are minimal. "Transkeians are poorly placed to engage in commuter labour. The nearest metropolitan area, East London, is more than adequately serviced by Ciskeians" (Muller, 1984, 14).

CONCLUSION

The phenomenon of migrancy has both benefits and constraints. The major benefit is from the number of employment opportunities it offers and the subsequent income that is remitted to families in Transkei. The major problems are social, and the negative effects migrancy has on agriculture.

The public sector is currently very large, but opportunities for future growth of employment are

very limited, thus requiring the private sector to contribute the majority of jobs in the future. The performance in the private sector has, however, been poor and it seems that even with the current incentives, Transkei has no alternative for the existing metropolitan areas.

The subsistence sector is beset with problems: the shortage of arable land; a vast number of people wishing to use the rural land; unequal access to land; and the comparative attractiveness of migrant labour job-opportunities.

There is a good supply of cheap labour, but this opportunity seems to be greatly reduced by the fact that the skill-levels of the labour force are very low, and act as a strong deterrent to investment.

Unemployment is currently a very serious problem in Transkei. The future looks depressing considering the poor record of job creation in the private sector, the overburdened existing agriculture sector, and the fully-staffed public sector. The problem becomes even more serious if one considers the number of people currently employed in migrant labour in South Africa.

5.6 AGRICULTURE IN TRANSKEI

Because of the lack of natural resources in Transkei, the existing resources of agricultural land are central to any planning strategy.

Devoid of any exploitable mineral resources, far away from major industrial centres or harbours, poorly located to compete with Ciskei - East London, Central KwaZulu and other industrial growth points, and ill suited to mass tourism or

other significant service industries, Transkei has little else other than its land resources to offer as a base for economic development ... no wonder ... that development plans have placed major emphasis on agricultural development (Thomas, 1984, 2).

AGRICULTURAL PRODUCTION

"The aim of agriculture is to create a class of full-time peasant farmers who could produce crops and livestock for sale in the local and export market" (Nkuhlu, 1984, 5).

The success of agricultural production in Transkei has been limited. Maize production and the livestock count are almost identical to what they were in the 1950's (Robinson, 1981, 6). Baskin (1984) however suggests that maize yields have in fact been declining over the last twenty years. This has been explained by pointing to population growth, increasing soil erosion, declining soil fertility and an increased build up of pests and diseases.

There are, however, many reasons responsible for this failure. Public sector funding for rural development comes almost exclusively from the Central Government budget. In terms of the apportioning of the 'economic cake', for the year 1983/84, from total Government spending of R627 million, spending on rural development - including schools, health, roads, pensions, drought relief and agriculture - amounts to some R168 million.

The table below shows the rural related-spending in Transkei for the 1983/'1 budget:

TABLE 11 RURAL DEVELOPMENT RELATED SPENDING IN TRANSKEI
(1983/84 BUDGET)

	R'000	%
Traditional leaders and tribal district administration	2 097	1,2
Agriculture	10 344	6,2
Education	53 899	32,1
Health	27 914	16,6
Pensions	58 000	34,6
Parastatal organizations and special projects	6 910	4,1
Post Offices	575	0,3
Government transport and road constr.	3 650	2,2
Social Welfare and drought relief	3 057	1,8
Other construction and repairs	<u>1 500</u>	<u>0,9</u>
	<u>167 946</u>	<u>100,0</u>

SOURCE: Thomas, 1984, 5.

Taking a closer look at the above table, it is interesting to note that only about 6,2 per cent of rural-related spending is specifically for agriculture. Even more significant is that in terms of the total central Government budget, agriculture receives only 1,6 per cent of the total. Clearly then, although the importance of agriculture is stressed by development economists in Transkei, the budgeting would tend to indicate that agriculture and the idea of an 'integrated rural development' (IRD) strategy is not enjoying the emphasis it deserves. "... The apparent acceptance of an IRD strategy by Transkei's planners and policy makers, is in no way reflected by the current pattern of allocation of public funds" (Thomas, 1984, 6).

Future budgeting does seem to indicate a larger share of funds to this sector for the 1983 - 1988 planning horizon. It is proposed that projects relating to peasant farming should add up to R115 million over the next five years, representing an increase of 18,1 per cent. Although this does represent a dramatic increase, Thomas (1984, 7-8) notes that

although the five year planning period started in 1983/84 the budget has not revealed absolute spending in the order of magnitude suggested. A further limiting factor could be the impact of the recession in South Africa. Considering that South Africa provides Transkei with most of its budget GNP = R1 907 million (1982) of which the R1 153 million comes largely from migrants' (Nkuhlu, 1984, 1).

The current economic squeeze in South Africa could lead to lower budget grants from South Africa to Transkei resulting in less jobs for Transkeians, and a cut in the number of Transkeian migrants, resulting in less remittances.

Another major problem affecting Transkeian agriculture is the growing land pressure and landlessness. The increased land pressure and landlessness in Transkei is caused by an overpopulation of humans and livestock. Robinson (1981, 6-7) outlines the symptoms of this phenomenon

... replacement of cattle by smaller stock; increasingly severe soil erosion, critical shortage of manure, decline in crop yields; poor condition of cattle in drought years resulting in heavy stock losses; progressive disappearance of such natural resources as game, fish and fruit, increase of malnutrition and the emergence of a growing class of landless people (Robinson, 1984, 6-7).

This overburdening of the land results in a loss of agricultural potential. This is a phenomenon that has also been found in a number of the South African 'Homelands or National States'.

Most policy planners have tended to emphasize the importance of agriculture in development plans ... However, a thorough analysis of the possibilities of rural development leads almost inevitably to the conclusion that a massive outwards migration of people from rural KwaZulu is a necessary condition for the development of its agricultural potential (Buthelezi Commission, 1982, 172).

The phenomenon of rural land pressure is closely linked to the incidence of urbanisation. In the following section on 'Industry in Transkei' the reasons behind the lack of urbanisation will be analysed. Needless to say, in Transkei, a similar problem exists to that which was referred to above in KwaZulu. Rural population pressure is inhibiting agriculture. The effect is that agricultural output from already established plots is diminishing and with population growth, more and more people need to be fed.

The existence of the above problem of landlessness has been investigated by Baskin (1984), May (1985), Wakelin and Haines (1986). Baskin's (1984, 5) survey reveals

We have thus deduced that right across the Transkei in all regions, magisterial districts and villages, the degree of landlessness falls within the range of 20 - 30 per cent. If anything, this range understates the degree of landlessness, for many households contained more than one family but had to remain as one because the younger married members could not obtain a separate kraalsite let alone arable land.

Traditionally the allocation of land, to which all Transkeians are entitled, has been the responsibility of the chiefs and headmen. The 'historical background' of Transkei revealed that the problem of landlessness is not a new one, and that it began largely as a result of European migration into the Transkei region and the subsequent influx control measures instituted by the South African Government, which resulted in there being a shortage of land in Transkei. Thus the situation exists where it is not possible to allocate an economically viable plot of land to all Transkeians. The Chiefs and Headmen continue to have the responsibility of allocating land to their subjects. A major problem that exists in this regard, is that the allocation of a limited supply of land has become subject to increased corruption and abuse. Land has been allocated on a preferential basis involving bribery and personal favours (Hammond-Tooke, 1975, 211; Southall, 1982, 89; Baskin, 1984, 12). This unfair allocation of land is exacerbated by the fact that some land owners are accumulating far larger portions of land than others, leaving even less to be sub-divided between the poor.

COMMERCIALIZATION OF AGRICULTURE

The commercialization of agriculture is part of the 'modernisation' paradigm of development. It is envisaged by protagonists of this approach, that agriculture in this form, will bring about more widespread development and upliftment in the rural areas.

Fundamental to the above are the following assumptions, made in terms of the 'modernization' paradigm. Firstly, it is assumed that 'backward' peasant farmers will change their agricultural methods as a result of the demonstration effect provided by commercial farms. Secondly, the assumption that extra jobs and income will be provided for the rural surplus population by the emergent farmers and estates. Thirdly the internal multiplier will operate, by which the benefits of the export product will be retained within the region from which it originates, to provide for future investment. Fourthly, better-off farmers will have higher rates of savings and will re-invest in the rural areas. Fifthly, that a level of bureaucratic efficiency exists: That there is a plentiful supply of skills and resources and finally that the creation of a surplus rural population will help to stimulate the formation of urban centres (Dewar et al 1984a, 97).

Dewar et al (1984a) go on to add that in practice, the demonstration effect has enjoyed some success and the exposure to new techniques and methods has given the locals new ideas. However,

the demonstration effect has been prevented from operating more widely by, on the one hand, the numerous and complex structural factors inhibiting general agricultural development, and on the other, by the huge gap between the high technology cash cropping of the estates and the subsistence - type agriculture practised elsewhere in the region.

As regards the improvement in skill levels, it has been found that the farmers serve more as a labour force instructed in a top-down fashion, than

independent farmers learning a new range of modern skills.

In terms of the creation of extra jobs and improved incomes, the cost of agricultural job creation is still considered to be high in relation to Transkei's resources (R6 300 per job). Further, the number of jobs created by such schemes³ is small in terms of the present and future demand for jobs in Transkei.

Incomes have also been found to offer little competition for migrant wages. An analysis by Dewar, Todes and Watson (1984a, 102) illustrates clearly the futility of much of the agricultural pursuits by individuals on the present schemes.

The success of the creation of an internal multiplier is based on the assumption that export earnings will remain within the Transkei region. However, analysis shows that

... it seems unlikely that estate farms can break into the South African market to any significant degree and chances of breaking into markets beyond this are even more remote. The chances therefore, of generating revenue sufficient to provide a basis for future development must also be regarded with some scepticism (Dewar et al 1984a, 104).

In terms of bureaucratic efficiency, it has been mentioned before in this chapter (Employment) that there is a critical shortage of suitably skilled personnel in Transkei.

³ To date the main commercial farming enterprises have been a number of relatively capital intensive schemes (Ncora, Magwa and Majola Tea Estates).

Bearing the above in mind, it is obvious that it is extremely difficult to run high technology farming. As a result, this kind of expertise has to be imported (usually from South Africa) at great cost.

ORGANIZING RURAL DEVELOPMENT

At present, the Department of Agriculture and Forestry is the key department organising rural development matters. It has a limited capacity though, due to staff shortages, lack of senior management, lack of an efficient countrywide network of offices and a lack of transport and communication facilities. Bearing in mind the complexities of the agricultural issue it is not surprising that ... "Recent years have, unfortunately, repeatedly shown that departments find it difficult to initiate within their own spheres innovative, grass roots based development efforts" (Thomas, 1984, 9).

CONCLUSIONS

Agricultural potential is Transkei's major asset, because of a general lack of any other major natural resources. Its performance has been poor over the last 30 years and will continue to deteriorate as the population increases. Verbal support for the agricultural sector is sufficient, however, the policy support is not represented in the budget allocations and real expenditure. Commercialization of agriculture has had only limited success because there are so few employment opportunities relative to the migrant option. Furthermore, the incomes obtained from agriculture are low and offer little competition to migrant earnings. In terms of access

to markets, the existing South African markets tend to be too competitive for Transkei produce.

5.7 INDUSTRY IN TRANSKEI

As has already been mentioned in the employment section, the private sector has a very small share in total employment creation. In evaluating the current success of this sector in Transkei, there are a number of questions to be looked at. Does the growth centre generate any self sustaining growth? To this end, important issues include the success attained in attracting industry, and the formation of agglomeration economies. Secondly, it is important to ascertain the regional impact of the policy. More specifically, what has the impact been on employment creation, income generation and service provision in the centres themselves and in the hinterlands?

The most important characteristics of propulsive industries are that they are large, modern, fast growing, capital intensive, form part of the most advanced sector of the economy and have a high degree of backward and forward linkages to other industrial sectors (Dewar et al, 1984a, 66).

Two major problems suggested for this failure to attract industries are, first, that there is a shortage of skilled labour available locally. Thus the skilled labour component for any industry, needs to be imported at great cost. Second, that the comprehensive back-up services required for industry, as well as the required physical infrastructure, is not available.

In considering the formation of agglomeration economies in an urban area, one is primarily concerned with the provision of essential back-up services (banking, financial, repairs, communications, utility services) and then the provision of labour for industry, and finally a market for products produced. In terms of Transkei, it has been found that in the development 'poles' these services are inadequately provided. The service structure in Butterworth and Umtata are both insufficient because they are "... not large enough to generate sufficient thresholds to make the establishment of an adequate range or level of services a viable proposition" (Dewar et al 1984a, 71).

Within the South African industrial decentralization strategy the disadvantages of locating in the outer-periphery, and in Butterworth and Umtata specifically, were envisaged as disadvantages which could be offset by incentives to industrialists, making up for the lack of facilities and agglomeration economies in the growth centres. In fact it can be argued that the incentives are very lucrative to an investor. The fact remains however, that to date, very little industry has been attracted into Transkei. Because incentives are offered in a 'blanket system' to all types of industry and to all aspects of the production process (labour, capital, transport, training, relocations, housing, electricity) the problem arises where 'lame ducks', (firms which rely on subsidies to survive), are making use of the incentives. Branch plants tend to promote low-skilled and low-paid jobs (Stohr & Todtling, 1978). Branch plants also tend to have linkages over larger

distances and therefore make fewer purchases, have smaller multiplier effects and contribute to leakage outside the region.

On this issue of industries gaining incentives and not providing very much benefit, Nkuhlu (1984) argues that in the past, emphasis has been on job creation and not on the 'type' of jobs created, or on the multiplier effects a particular industry could have on a region.

The recommendation is that preference be given to industries that use local raw materials or are likely to use services of other industries in the region. In this way industrialists would have a multiplier effect which is not the case at present.... Industries whose only contribution to Transkei is wages paid to unskilled labour, are still being accepted it is unwise to accept industries that are not likely to contribute to enhancing the level of skills of Transkeians, use no Transkeian produced raw materials or parts and produce products that are of no use to Transkeians (Nkuhlu, 1984, 6-9).

Nkuhlu's final comment that many of the industries locating in the region are of no use to Transkeians is, however, somewhat short sighted in the sense that job creation in Transkei is of primary importance, and any industry that provides additional employment does have a direct benefit. Where Nkuhlu is correct though, is that the South African tax payer may well be subsidising some unprofitable industries who rely on the incentives offered to operate. This is, however, a feature that has arisen from the South African Government's persistence with promoting industrial development at the various IDP's. It is for this reason that the Transkei Development Corporation (TDC) has to accept

any industry which will provide employment for Transkeian labour.

Thus the failure to attract industry to the decentralized industrial points is not entirely the fault of the incentive system. As was previously mentioned, the South African strategy based on industrial decentralization through 'growth poles' deviates from the theory, in that the 'growth poles' have been located too far from the existing core areas, in centres that to date have grown very little and may in the future continue to be ineffectual.

Baskin (1984, 9) predicts that even the substantially increased incentives announced in the 1982 White Paper "are unlikely to be able to attract sufficient industries to overcome the legacy of structural underdevelopment and isolation from major markets."

The above prediction by Baskin receives support from studies by Wellings and Black (1986) and Bell (1986) whose findings indicate that there is a tendency for industrialists to relocate to the deconcentration points rather than the IDP's. Further, the 1982 White Paper and the subsequent 1986 White Paper on urbanisation illustrate a changing emphasis of the South African Government towards the promotion of centres with a greater natural potential for generating growth.

In terms of the regional impact of the policy, the first point to look at is the benefit to the pole itself. Questions to be asked are: Has there been an increase in incomes? Has there been an increase

in employment? Has there been an improvement in the types of urban services available?

The wages offered by industries in Butterworth are low in relative terms. For unskilled labour, they are between 35% and 57% of the national average and in absolute terms R104,06/month as opposed to the household subsistence level of R236,56/month (Dewar et al 1984a, B4).

With respect to unemployment, the creation of a total of approximately 11 000 job opportunities in Butterworth and Umtata (Thomas, 1983, 47) relative to the over 150 000 unemployed, represents a minuscule amount, a phenomenon worsened by the fact that it appears that those industries moving to decentralization points are becoming increasingly capital intensive (Wellings and Black, 1986; Kok, 1986; Maasdorp, 1985).

In terms of the urbanisation of population rather than having resulted in a much better supply of urban services, industrial growth has simply resulted in an overburdening of the existing services in Butterworth and Umtata. This phenomenon is made worse by the fact that there is a general rural to urban migration occurring as people search for employment. "This rural urban trend places increased pressure on Umtata and Butterworth to provide housing, utility and social services as well as jobs for a rapidly increasing population" (Robinson, 1981, 8).

In terms of the impact of the pole on its hinterland, as was outlined in Chapter 2 the growth pole should have such an impact through the purchase

of raw materials and foodstuffs from the hinterland; through wage remittances to rural families; through absorption of surplus population off the land and through the spread of capital from the pole into the hinterland.

The previously mentioned study by Dewar, Todes and Watson (1984a) shows that the problem facing Transkei is that raw materials are, in many cases, produced more cheaply and reliably in South Africa than in Transkei. The South African goods are cheaper because they are greatly subsidised (Bembridge, 1986) and finally, as was discussed in the previous section on agriculture, agriculture faces numerous problems with commercialization.

It has already been mentioned that industrial wages are very low because of the unskilled nature of employment and the labour surplus market. Bearing this fact in mind, it is clear that the amount of money remitted can be very small. "In terms of the scale of rural poverty, ... the effect of remittances from the pole must, ... be minimal" (Dewar et al 1984a, 88). The magnitude of the problem to be faced in Transkei is apparent when one considers that 60 per cent of the presently rural population will have to be urbanised to allow the commercialization of agriculture (Development Strategy, 1980-2000) This means that 200 000 extra jobs need to be created in industry by the year 2000. The seemingly impossible nature of this task is reinforced when one considers that only 11 000 jobs have been created in Butterworth and Umtata in the last 15 - 20 years.

The spread of capital from the 'pole' into the region, occurred in advanced capitalist economies when diseconomies of scale arose and economic activity moved away from the pole to cheaper land and labour, and less congestion of land uses and traffic. The 'growth poles' in Transkei are however, both far too small to experience such diseconomies and are growing at far too slow a rate to experience such diseconomies in the foreseeable future.

CONCLUSION - INDUSTRY

To date, few industries and no propulsive industries have located in Transkei. The reason for this lack of investment is unquestionably the lack of agglomeration economies and the poor quality of labour available. Although the incentives offered to industrialists are substantial, they still do not compare with the perceived disadvantages of locating in the Transkei.

The regional impact of the policy has been minimal with incomes being low, unemployment being high, job creation remaining very low.

The effect on the hinterland has been small, with local purchasing power still centering on the South African markets where food and produce are more readily available and at lower cost.

Industry has failed to absorb any major proportion of the rural population - there has not been anywhere near enough urbanisation and the prospects for the future are dismal.

5.8 INSTITUTIONAL ARRANGEMENTS

The purpose behind an analysis of the institutional arrangements in the Transkei is to broaden ones understanding of the current interventive context in terms of its social structure, power relations and administrative dynamics. This in turn highlights alliances and contradictions, strengths and weaknesses of the structure. In terms of these relationships one can begin to understand the population's perceptions of the institutional arrangements, their implications for intervention and finally one can apply this knowledge to implementation of suggested policies and projects.

RURAL SOCIO-SPATIAL ORGANISATION

DIAGRAM 12: LEVELS OF LOCAL GOVERNMENT IN TRANSKEI

<u>SPATIAL LEVELS</u>	<u>ADMIN.</u>	<u>LEGISLATIVE</u>	<u>JUDICIAL</u>	<u>POLITICAL</u>
'Nation'	Government Departments	Legislative Assembly Mostly Chiefs (2/3)	Supreme Court	TNIP Mostly Chiefs
Regions (9)	Regional Authorities	Reg. Auth.	Reg. Auth. Courts (Chiefs)	
Districts (29)	District Commissioner + Magistrate (Oversees rural development)		Magistrate	
	<u>TRIBAL AUTHORITIES</u> (Chief & Council)			
				Tribal Authority Courts (Chiefs)
Locations (30-40 per District) 2.47 sq. kms.	Headmen			
Location Services (4-5 per location)	Sub-Headmen			
Family Homestead				
		<u>PEOPLE</u>		

SOURCE: Klopfer and Krone, 1984.

Generally speaking rural spatial organisation can be broken down into four main categories. At the lowest scale 'scattered homesteads' exist. These homesteads consist merely of a group of huts clustered around some natural resource, usually a water supply or brushwood. A group of homesteads is called a 'location section'. These location sections are usually separated spatially from one another and are based upon a common lineage. In charge of this unit is a sub-headman who in turn is responsible to and appointed by a headman. Four or five location sections make up a 'location' usually about 80km² in extent (Hammond-Took 1975, 16). In charge of this unit is a 'headman' (appointed by the government) who has far reaching powers controlling the basic means of production that is the access to land, and the ability to impose taxes on his subjects. The control of the headman results in his authority being crucial to administrative processes and his far reaching powers impose (possibly by coercion) solidarity and loyalty of his subjects (Haines et al, 1984). Finally, 30 or 40 locations make up a magisterial district controlled by a magistrate.

Overlapping this traditional structure are the Tribal Authorities (of which there are 165) instituted by the Bantu Authorities Act of 1951. The institutionalisation of the tribal authorities has been criticised as being a political manoeuvre

the ... source of chiefly authority lay in a new, four-tiered administrative structure which, by emphasising the legitimacy of tradition, sought expressly to limit popular participation in decision making and to place local government in the hands of a conservative elite (Southall, 1984, 104).

The size of the tribal authorities varies, but they all have 'locations' as their basic components - these locations are never shared by chiefdoms. Criteria for the chiefdomship at the time of implementation was clear proof of descent from the last known Chief. The heads of the various tribal authorities in a 'district' together form a district authority of which there are 28 in Transkei. Districts are in turn grouped into 'regional authorities'.

The most important strand of government is now the tribal authority. The balance of power lies predominantly with the Chiefs who have become closely associated with the Government. Before the introduction of the Bantu Authorities system in 1955 Chiefs had only enjoyed limited judicial authority. With the introduction of the new system, the power of the Chiefs was greatly increased. The Chiefs were given 'ex officio' membership of the Territorial Authorities, they could claim taxes, they controlled the Regional Authorities and they are integrally involved in the judicial system (Southall, 1983). This close association has in some cases resulted in Chiefs resenting this situation because their subjects feel that they are no longer represented fairly by the Chiefs, as much as the Chiefs represent and implement Government policy (Klopper and Krone, 1984, 64). Dissatisfaction also exists because headmen are excluded from participation in the Tribal Authorities Council. The 'location' which lends itself to grass-roots intervention (controlled by a headman) is therefore not adequately represented. For this reason, participation can be hijacked by

people wishing to serve and propagate their own or state interests.

Tribal authorities are divided into Regional and District Authorities. Their main function being to serve as guide and advisor to the Chiefs in the exercise of local administration. The chiefs are entrusted with wide and varied responsibilities, the most important being law and order, control of workseekers and unauthorized influx into urban areas. The Chiefs also assumed the power to allocate land, formally a responsibility of the headman. The control of the judicial system by the Chiefs effectively prevents any official complaints by the locals against the Chiefs as regards the abuse of responsibilities. The Chief is the arbiter in the Tribal Authority courts, and as such can reject and accept cases as he sees fit. The councillors are unlikely to go against his judgement because, 'whilst the judgements of the Chief court must, in theory be ratified by his councillors, it is generally recognized that these officials are supportive of his actions' (Haines et al, 1984, 15). Clearly then, the responsibilities of the Chiefs are open to abuse. "A number of chiefs come to demand payment for their services as intermediaries between the central state and their subjects - payment from the former as well as the latter" (Haines et al, 1984, 7).

The Chief's assumed responsibility for the allocation of land is also open to abuse and widespread use of bribery (Baskin, 1984; Southall, 1983).

State pensions made via the chief or headman are also often abused. The pensions can and have been refused "where individuals (or their families) have fallen into disfavour or are seen as trouble makers (Haines et al, 1984, 16).

A further problem that faces the Chiefs role in Transkei as a representative of his subjects, is that by becoming more closely associated with the Government, he has also become associated with the South African Government and as such is viewed as a part of the South African political machine.

Greater power meant diminished legitimacy. Chiefs were no longer perceived as intermediaries between the state and its followers, but unambiguously as the instruments of the South African State (Beinhart and Bundy, 1978, 305).

In terms of planning and policy implementation, the tribal authority system is the primary administrative structure through which rural development programmes are channelled. District commissioners who oversee the Chiefs and headman, have expressed dissatisfaction with the system because of their lack of co-operation and lack of training.

Other implementation problems are that there is no government department specifically assigned to implement rural development - rather aspects are covered by a number of largely autonomous departments: Agriculture, Health, Works and Energy, Local Government and Land Tenure. Not surprisingly there has been very poor co-operation and co-ordination between departments.

CONCLUSION

Any proposed planning strategy and policies are obviously affected by the institutional arrangements. The above discussion isolates a number of problem areas which will affect the nature of proposals and the effectiveness of subsequent project implementation.

Clear from the previous discussion is that there are serious limits to the possible effectiveness of public participation in the planning process, and in the making of decisions that affect the lives of the local communities. Decision making comes from the Government via the Chiefs and headmen down to the local population, and there appears to be very little evidence of a reverse flow of information.

Any future proposals involving public participation will have to look at both the cause and the symptoms in the sense that even if the institutional arrangements and the major actors were to become more receptive to a bottom-up or grass roots decision making process, it appears that the local communities will take some convincing that the system can work for them. It is necessary to have a degree of power devolution to the grass roots level, to encourage local initiative and promote local enthusiasm.

5.9 PHYSICAL INFRASTRUCTURE

The major elements of physical infrastructure in Transkei include the road network, the provision of running water, sewerage provision and power provision.

Analysis performed in the north-eastern area (Osmond, Lange et al 1982, 29) found that improved road access and public transport provision is a high priority (second only to water provision) amongst rural dwellers. The quality of roads in Transkei deteriorates sharply as one moves from the urban to the rural areas - an aspect which negatively influences access to other activities and services for the population (particularly the rural population) and pushes up the costs of public transport.

According to Dewar et al (1984, 63) public transport concentrates on main routes, particularly those passing through Butterworth and Umtata. Access to these centres from the rural areas, and between rural areas is very poor.

Inadequate access to clean water is a major problem in Transkei, and particularly in the rural areas. Dewar et al (1984a) indicate that water supplies were adequate in only 16,95 per cent of Transkei. Almost half of the Transkei was classified as being 'needy' in terms of water supply. Wakelin and Haines (1986, 445) survey of 18 villages found that most villages were inadequately supplied, and in those that were supplied, the quality of water was poor, because humans and cattle shared the same source. Furthermore, more than half the households surveyed had to walk more than 1,5 km to obtain water. Analyses done by Osmonde, Lange et al (1982, 1983) and Vandeverre et al (1985) found similar results for the north-east, the south-east and the north-western regions of Transkei. Urban areas are considerably better serviced than the rural areas, having piped, reticulated water.

Sewerage systems in the small urban areas are predominantly of bucket systems and septic tanks. The rural areas use the most basic system of pit latrines.

Electricity is supplied from ESCOM in only four towns, namely Butterworth, Umtata, Idutywa and Umzimkulu. Most of the other urban areas of Transkei rely on diesel generation for electricity. The rural areas are predictably worst off, relying on wood for cooking and candles and paraffin for lighting. The use of natural fuels in an uncontrolled and unplanned manner has resulted in the denudation of forests.

5.10 SOCIAL INFRASTRUCTURE

HEALTH

There is a paucity of information as regards health conditions in Transkei, but the high rates of infant mortality, starvation and infectious diseases reflect the poor environmental conditions in Transkei. The infant mortality rate is regarded as a health indicator of the level of development and availability of primary health care services in a country (Klopper and Krone, 1984, 189). In Transkei, the infant mortality rates are between 130-155 per thousand (Thomas, 1983, Ligtheim, 1984). These rates are high in relation to the rates of 9,4 for whites, 18,8 for coloureds, 20,4 for Asians, 34,6 for Africans experienced in Cape Town (SAIRR 1982, 528). Most of the infant deaths result mainly from malnutrition. Tuberculosis is the dominant infectious disease experienced in Transkei,

accounting for 14 per cent of all cases reported in South Africa as a whole (SAIRR, 1982, 527).

Health facilities range from primary health care services, provided through 171 static and residential clinics plus 44 mobile clinics, and are operated by nurses. The second level of health care is provided at a number of general district hospitals staffed by doctors. Specialist or tertiary health care is found in Butterworth and Umata. This level of health care consumes the vast majority of health resources, allowing only 10 per cent of the annual budget to be spent on primary levels of care as opposed to the 60 per cent allocated to tertiary level services (Hawkins Report, 1980, 132). Wakelin and Haines (1986, 445) indicate that although people have to walk great distances to reach medical facilities, the reliance on western medicine has increased. It is interesting to note in this regard, that among the criticisms of rural clinics is that they do not dispense sufficient medicine or administer enough injections.

In terms of the above information, it is apparent that the primary level, which is care delivered at the point of contact between the patient and the health service is gaining the least support from the Government. This level also has the potential to be most accessible to the population living in the rural areas.

EDUCATION

The Hawkins Report (1980) indicates that over 50 per cent of the de facto population in Transkei had

received little or no education in 1970. Literacy levels are low, with only 22 per cent of the population having passed standard two, and only 7 per cent of the population having passed standard seven. Statistics on the levels of attendance at school in 1978 show that as much as 83 per cent of children of school going age do attend schools (Hawkins Report, 1980, 128) but that the quality of education received is unsatisfactory. The reasons for this were isolated as being due to, high pupil-teacher ratios, poorly qualified teachers and the perception by the locals that education is inferior to 'white' education.

The provision of education facilities favours the more highly urbanised south-west of the region, with the north-east being particularly badly serviced. There is a bias in Government budgeting toward spending on education in the urban areas and tertiary rather than primary and pre-school education.

5.11 PROBLEM STATEMENT

DEMOGRAPHY

1. The Transkei experiences a high population growth rate, a feature compounded by a shortage of land resulting in high population density on the land.
2. In terms of urban/rural ratios there are particularly few urban dwellers. This fact, coupled with the limited amount of land available and the large number of population, results in very high rural land pressure.

3. Because of the low urbanisation levels, agriculture is forced to support far more people than it can accommodate. This results in non-economic farming units and poor agricultural production.
4. The Transkeian age structures are such that relatively few people of a working age are required to support a large number of dependants.

EMPLOYMENT CREATION

1. There is a particularly high incidence of migrancy which has numerous social and economic problems.
2. Employment in the public sector is large, but it would appear that this sector's capacity to provide jobs has been exhausted.
3. The growth of employment opportunities in the private sector has been small. Further, the cost of creating jobs in this sector has been particularly expensive.
4. The subsistence sector is beset with problems, the major ones being the shortage of arable land, the attractiveness of migrant labour and the large population living in the rural areas.
5. In terms of labour supply available, although the large supply of cheap labour is a potential advantage to investors, the critical shortage of labour of a semi-skilled and skilled nature has

a negative effect on the investment potential of Transkei.

3. Unemployment is a critical problem in Transkei - the prospects are made less attractive by the fact that the past performance of the private sector in job creation has been particularly poor.

AGRICULTURE

1. Agriculture has performed unsatisfactorily over the last 30 years.
2. Rural population densities are prohibitive to agriculture in Transkei.
3. There is a lack of Government support for agriculture.
4. The commercialisation of agriculture faces many problems in view of the fact that the locals are slow, and in some cases hesitant, to learn new skills; the number of jobs created is small; the existing South African market is dominant; and there is a shortage of suitably skilled labour in Transkei.
5. Access to land in Transkei is unequal with landlessness being a major problem.

INDUSTRY

1. Few industries have been attracted to the Transkei.

2. Related to the point above, agglomeration economies intended to stimulate self-sustaining growth are not evolving, and the possibility of them forming in the future is bleak.
3. Although the incentives offered in this region are particularly lucrative, they still do not outweigh the perceived disadvantages of locating in the outer periphery.
4. The regional impact of the policy has been slight - incomes are still very low; job creation is inadequate compared to unemployment and the cost of job creation is prohibitive.
5. Industry has failed in its task of relieving some of the rural population pressure through the creation of urban-based employment.

INSTITUTIONAL ARRANGEMENTS

1. There is little scope for local level or community based participation.
2. Representation of the rural population is non-democratic and the appointed representatives are in some instances not trusted by their subjects.

PHYSICAL INFRASTRUCTURE

1. The region is lacking in the basic infrastructure necessary to attract private investment.
2. The rural areas have a very poor provision of infrastructure which inhibits rural development.

SOCIAL INFRASTRUCTURE

1. There is a very low level of literacy and a very small percentage of people who have passed standard six.
2. There appears to be a shortage of appropriately qualified persons and a lack of training programmes.
3. There is a shortage of staff for both hospitals, clinics and schools.
4. Financial assistance to health services is not aimed at preventative health care.

Ch. 6. PLANNING IN TRANSKEI

6.1 INTRODUCTION

Central to Transkei's development strategy is the greatest possible increase in the earnings and social welfare of the labour force. To this end, emphasis is placed on the promotion of agriculture and local industry. In an effort to improve conditions in the rural areas and to provide labour intensive employment, emphasis is placed on rural development. Related projects are under the guidance of the central Government Rural Development Steering Committee and committees established at the magisterial district level to promote community level involvement.

A number of development agencies have also been established by the National Planning Committee (NPC) to co-ordinate the implementation of the Government's planning policies and to implement central government policies. These include the Transkei Development Corporation (TDC), Transkei Agricultural Corporation (TRACOR), Transkei Appropriate Technology Unit (TATU), and Transkei Small Industry Development Organisation (TRANSIDO).

Broadly speaking, Government planning policy can be divided into policies affecting employment (included here, the primary, secondary and tertiary sectors), social development policies and spatial development policies.

6.2 EMPLOYMENT POLICIES

From the 'Development Priorities and Public Sector Spending' White Paper of 1982, it is evident that the key sectors in the development strategy are seen to be those which generate exports (forestry, hydro-electric power and tourism) and those which replace imports (crop and livestock production, forestry, fisheries, quarrying and manufacturing of locally required goods).

THE PRIMARY SECTOR

There has been conflicting debate over the reasons for the apparent failure of agriculture. Official sources have argued in the past that the quality of land given to the homelands includes some of the countries most productive, and the the reason for the failure of agriculture is that black peasants have simply not maximised their opportunities (Southall, 1983, 222-223). This argument is in stark contrast to the previous evaluation of the decline of agriculture in Transkei. However, without repeating the previous discussion at this stage, the argument previously stated is more convincing and more carefully documented than the notion that black farmers are, to put it simply, 'backward'. In fact historical evidence, previously discussed, is convincing in the manner in which it depicts the African farmer as being quick to react to favourable market forces and to reap the benefits from the capitalist system (Louw and Kendall, 1986).

As has previously been mentioned, the Tomlinson Commission suggested numerous agricultural reforms to complement the proposed industrial

decentralization programme. The Commission adopted the stance that black agriculture was deteriorating as a result of poor farming methods and as such the modernisation and commercialization of agriculture was recommended. The Commission suggested that the reserve population be divided into two classes, one dependent upon wage labour and one dependent on peasant farming.

The plot sizes recommended by the Commission were about 52 morgen per family. Those unable to obtain land would go and work as urban based wage labour. This proportion was by far the greater. Approximately 71 per cent of the Reserve population would be transformed into a landless class (Southall, 1983, 224).

In an effort to modernise agriculture, the Commission suggested that Betterment Schemes be implemented. These Betterment Schemes involved reorganizing the rural land into residential, arable and grazing land. It was also suggested that a portion of the rural population be settled on irrigation schemes to promote more effective farming methods on smaller plots of land. The recommendation that the existing tribal tenure system be replaced by a form of freehold was not received favourably by the Transkei Government. The reason for this was that freehold tenure would undermine the existing tribal structure. Furthermore, the Betterment Schemes were costly. For these reasons, the implementation of the Commissions proposals was gradual. However, Southall (1983, 225), indicates that by the 1980's Betterment Schemes have been widely implemented in Transkei, and have become "increasingly acceptable

as beneficial results became apparent". The issue of promoting freehold tenure remains a thorny one because this system would effectively undermine what is one of the Chief's major privileges, that is the allocation of plots. Wakelin and Haines (1986, 450) find that the land tenure problem has important negative effects on rural attitudes. Linked to the complaints about smallness of allocated plots, was a very real sense of insecurity of tenure, particularly in those settlements which were waiting or undergoing rehabilitation. However, bearing in mind that the Chiefs predominate in the Tribal Council, the Commission's suggestions will remain unimplemented for some time (Southall, 1983). The principle of freehold has, however, been accepted in Fingoland, and Southall (1983) argues that if it is successful, the commercialization of land values might be difficult to stop.

Since the Betterment Schemes were often poorly received, use has also been made of 'group farming'. The groups farms or co-operatives are motivated on the grounds that the land units are too small. The success of these farms has according to Southall been minimal. Southall (1983), however, does not explain in any detail why group farming and the use of co-operatives have failed. Certainly other studies in third world countries have shown that, group farming and the use of co-operatives can be beneficial (Bratton, 1986; Sinha, 1984). This is an issue that is further discussed in the policy section, but it is the author's contention that the failure of group farming and co-operatives may be largely attributed to the lack of back-up services and Government support. Grindle (1985), Bratton (1986), Dewar et al (1984a) and Sinha (1984)

indicate very clearly the important role Government has to play in this respect. Southall also suggests that the success of the irrigation schemes advocated by the Commission has been minimal. The costs of implementing the Ncora scheme (R40 million) is very high and the amount of land under irrigation is very small (Southall, 1983). Recent surveys by Wakelin and Haines (1986) find that subsistence farmers have suffered as a result of Betterment Schemes. May (1985, 18) expands on the problem explaining that betterment has been poorly implemented. The result of this has been the partial and unco-ordinated allocation of land for resettlement, which in turn has resulted in both a high incidence of landlessness, and a skewed distribution of landholdings.

The commercialization of agriculture by official agencies has shown mixed results. Little has been done about the promotion of livestock farming, but the Transkeian Government and the TDC have become involved in a few ventures - namely the Magwa and Majola tea estates, some phormium tenax projects, coffee projects and sugar projects. Forestry has, however, been the longest standing joint venture having been pursued on a large scale. Haines (1985, 543) indicates, that one possible exception to the criticisms of Betterment Schemes and estate farms is the forestry projects. The major benefit that has been forthcoming from this sector, is its positive contribution to the slowing, and even the reversing in some instances, of ecological deterioration in the Transkei.

However, what is obvious from the analysis of Transkeian agriculture since 1948-9 is that rural development has played second fiddle to the

promotion of industrial development. Thomas' (1984, 5) earlier statistics on the Transkeian budget allowances are very informative - only 1,6 per cent of the 1983/4 budget allocations was for agriculture.

Agriculture is viewed as the largest and most important sector of Transkei's economy and must therefore make the greatest contribution to meet the Government's central goals of employment creation and increased food production. To this end the Government has advocated the promotion of a class of full time peasant farmers, who would produce crops and livestock products for sale on local and export markets. In terms of implementation, the Government recognises the need for participation of rural people in project identification, planning and implementation. The Regional and Tribal authorities are seen by the Government to be the major bodies involved in the promotion of consultation with local communities.

It is important to bear in mind the potential conflicts that might arise from this arrangement. The Tribal Authorities no longer enjoy the confidence of their subjects. The Chiefs are viewed, in some cases, as being "puppets" of the South African Government and of the Transkei Government. They are also accused of bribery and abuse of their allocated responsibilities (Baskin, 1984: Haines et al, 1984). For these reasons, any planning strategy involving public participation could well be faced with a lack of co-operation, distrust and disinterest from the locals.

Highest priority is given to projects which improve crop and livestock production and promote the use of technologies appropriate to peasant farming. TATU is involved in the development and implementation of such technologies and is also involved in a number of rural development projects aimed at the community level. The goals of TATU concentrate on human and natural resource development in order to encourage economically viable development at the lowest possible cost. The technology it employs is simple and easy to understand, and involves labour intensive techniques. Encouragement and assistance is given to rural communities to undertake self-help projects which improve their living conditions, and demonstrations are given on how to reduce the capital and maintenance costs of clinics, schools and other public works. TATU is involved in a wide variety of projects including building projects (schools, clinics, self-help housing and marketing centres), the use of new building techniques (timber frame construction, ferro-cement construction and soil-cement construction), water projects (domestic water supply, irrigation schemes and spring protection schemes), agricultural projects (experimental crops, drought resistant gardening, intensive free cropping) and finally training projects (water tank making, netwire manufacture and candle-making).

The community response to TATU projects is generally positive with the locals becoming actively involved in decision-making, implementation and the planning of future projects. A good example of community involvement in such a project in Transkei is the Gabazi road reconstruction project. The Gabazi community was isolated from the outside world and

with the help of TATU's "outreach services" (aimed at assisting villages to plan, apply for and organise the implementation of local development projects), they established a strong action committee whose brief was to organise the reconstruction of the road. On completion of the road a local road improvement committee was established who are responsible for the continued maintenance of this road. Further

... the confidence inspired by the success of this project has resulted in the community looking towards solving other common problems such as inadequate domestic and irrigation water, wood fuel shortages and so on. A number of other communities have also expressed an interest in re-constructing their access roads (TATU, 1986, 30).

The promotion of appropriate technologies in rural development policy is viewed as important because, firstly it tends to be more labour intensive thus providing more employment opportunities. Secondly, appropriate technologies tend to be less sophisticated, require less technical inputs, less capital expenditure and are easier to understand - an important factor for public participation in projects and for acceptance of new proposals. Provision is also made for the promotion of commercial agriculture through carefully controlled credit facilities to individual groups.

Other areas of priority include the provision of water in the rural areas with the emphasis, in the short term, being on provision for residential use rather than large scale irrigation projects, the development of appropriate organisations and institutional arrangements for rural development and the promotion of forestry, fishing and mining.

In terms of the promotion of agriculture, TRACOR is the major government institution involved in implementation. The role of TRACOR can be seen as the promotion of agricultural development, increased food production, increased productivity and the creation of employment. TRACOR is involved in the identification, planning and financing of projects with public and private capital. TRACOR also provides technical assistance and training to locals participating in agricultural development; and ensures the access of the agricultural community to agricultural supplies and services.

The planning policies of TRACOR concentrate on the involvement of local people in agriculture, the optimal utilization of resources, the promotion of entrepreneurial activities by Transkeians, the promotion of agro-based industries and to provide financial assistance to farmers, agricultural co-operatives and other bodies.

TRACOR's funding comes predominantly from the Transkei Government's budget, and as such it is fair to assume that decision-making will be defined by the Transkei Government's policy. Furthermore, the board of directors of TRACOR are all appointed by the President of Transkei. The dominance of Central Government policy on decision making issues that immediately affect the rural communities is significant. Any distrust that the local communities feel for the Government (whether because they perceive the Government's association with the South African Government unfavourably, or because the locals feel the central Government is not really concerned about the quality of life in the rural

areas) is reflected in the acceptance of advice and projects promoted by TRACOR. This is unfortunate because if the situation arises where TRACOR does offer some sound/helpful advice, they can expect a negative reception of the advice because of feelings of distrust.

The feelings of distrust are exacerbated by the lack of local decision-making powers at the local/community level. Evident too from the literature on the implementation of Betterment Schemes is that the locals do not believe they will benefit from new farming practices or that these practices are designed for their benefit.

THE SECONDARY SECTOR

The active promotion of industry in Transkei has as its origin the Tomlinson Commission. The policies suggested by the Commission have been discussed previously, and as such it is not necessary to explain the nature of and results of these industrial policies in this section. More important is to examine the current emphasis placed on different types of industry by the Transkeian Government.

In terms of the planning priorities in the secondary sector, the emphasis is on small scale and informal sector industry. The aim is development at a grassroots level. It is important to note that this is a move away from those labour intensive large scale industries advocated in the South African industrial development programme and as such, are more sensitive to Transkei's critical employment problems.

This change in emphasis is also important because it can be interpreted as an acknowledgement by the Transkei Government that rural development does not automatically occur as a result of urbanisation or industrialization. The high priority given to rural development (although not necessarily sufficient) suggests that the national policy is now to tackle both urban development and rural development as separate, but related issues. This is further illustrated by the fact that it has been stated in the development strategy that 40 per cent of the existing rural population need to find employment outside the agricultural sector (Development Strategy, 1980-2000, 44).

Priority is given to industrial (resource based industry) ventures that develop or utilize local agriculture, forestry and human resources; that supply inputs for other industrial, construction or service industry; that can replace imported goods for local consumption, and finally those which develop a competitive advantage in their exports to the RSA or foreign markets. The increased emphasis on industry that uses local factors of production can be interpreted as an acknowledgement by the Transkeian planners of the past backwash effects, where the benefits of industry were largely experienced outside of Transkei.

The TDC has the responsibility of implementing commercial, financial and industrial projects. In a similar fashion to TRACOR this organisation also provides capital, technical expertise, specialised advice for the acquisition and establishment of industrial/commercial enterprises. The TDC provides

easy term loans, stands surety and acts as executor and administrator for any person, citizen or business in the Transkei. TRANSIDO assists the TDC through the promotion of small scale industry and the informal sector.

Funding for TDC is from the Transkei Government although project funds are obtained from the DEBSA and the capital market. Decision-making can be expected to follow that of Government, as the TDC directors are appointed by the President of Transkei.

Little emphasis is given within the Transkei's planning priorities (1983) as regards institutional policies that will be implemented to support the development of small scale enterprises and the informal sector. This lack of detailed policy is unfortunate, as it can be interpreted as showing a lack of understanding of the complex problems that face small enterprise development in the Transkei. More recently, however, (1985) the Institute of Management and Development Studies (IMDS) of the University of Transkei hosted a seminar with the main objective being to establish the criteria necessary for the active promotion of small business development in Transkei. The main resolutions of this seminar were that the Transkeian Department of Commerce, Industry and Tourism should ensure the co-ordination of small business development through the development of a Council for the Promotion of Small Business. A major function of this council would be the development of a programme addressing problems experienced by small businesses regarding access to credit/capital and management expertise in both the formal and informal sectors of the Transkei's

economy. The use of a 'rebate scheme' was suggested to encourage private sector consultants to render a variety of services to small businesses, thus ensuring a wider geographic spread of services, with less emphasis on the public sector to directly fund and implement the provision of such services. The need was also expressed for the deregulation, privatization and decentralization of services where possible, in order to improve the profitability of the private sector (Viljoen, 1985, 571-572). The above resolutions, although not yet formally included in Transkei national planning policy, serve to indicate that greater cognisance is being taken by some of the related planning/research organisations in the Transkei of the complexities facing small enterprise development.

THE TERTIARY SECTOR

The promotion of the tertiary or service sector is seen as a means of promoting employment through the stimulation of local enterprises, the involvement of local entrepreneurs and the promotion of local initiative, using labour intensive and appropriate technologies. Government priority is that commercial and financial services of a minimum standard are spread to all parts of Transkei.

The development agencies involved in the implementation of the tertiary sector policies, include TATU, TRTC (Transkei Road and Transport Corporation) and TESCOR (Transkei Electricity Supply Corporation). All of these organisations are predominantly appointed by the Transkei Government with limited project financing coming from the DBSA.

It is worthy of note that TATU also provides inputs for both the primary and secondary sectors in so far as they employ appropriate technology. The extent of TATU's involvement includes the provision of technology for rural development, research of various technology types, technical assistance to exploit, utilize and develop any natural resources in the promotion of appropriate technology use and the guidance to any undertakings and enterprises involved in any development programme.

MIGRANT LABOUR

On the issue of migrant labour, the Transkei Government recommends that an agreement be entered into with South Africa to ensure that the number of Transkeians working in the RSA as migrants or contract workers be maintained or increased.

The philosophy behind this is that the Transkei simply cannot absorb the 420 000 Transkeians currently working in the RSA. If South Africa were to provide more employment for Transkeians and particularly for those living in the rural areas, the degree of overpopulation could be decreased, a factor that is a prerequisite for rural development in Transkei.

6.3 SOCIAL DEVELOPMENT POLICIES

The Transkei Government views the promotion of education as the key policy for social development. The Government priority is based on the philosophy that through education one can generate a capable and informed population who can contribute to the growth and development of society. The improvement

in skill levels also allows the population to find work opportunities more easily both in Transkei and in Southern Africa.

The policies the Government has suggested include the provision of free basic education, expansion of training facilities, the promotion of non-formal training (to provide practical training) and adult education programmes.

In terms of health care services, the emphasis is on primary health care, the extension of clinic services, mobile clinics and community health centres.

As regards housing problems, whilst acknowledging the serious nature of the problem, the Government has indicated that they can only play a supportive role in the provision of infrastructure for the construction of housing stock, the onus lying to a greater extent on the private sector.

6.4 SPATIAL DEVELOPMENT

The major policy advocated by Government is the promotion of service centres. The Government philosophy is based on the premise that if the Transkei hopes to employ a large proportion of its population on the land, markets are needed to sell output. The promotion of rural service centres in Transkei has been criticised by Dewar et al (1984a) and May (1985) amongst others. The actual benefit that could be obtained from rural service centres, namely the provision of essential services for the rural population are not as much in question, as is the potential for these centres to function

economically. Wakelin and Haines (1986, 450) indicate that, few, if any, of the villages show any sign of economic development. Economic stagnation (even regression in parts) is rather the norm.

Dewar et al (1984a, 185) emphasise that the type of centres that would have the greatest potential for becoming a viable economic centre are those that already exist as growing vibrant centres. They go on to add that "De Novo settlement creation has limited chances of success and often simply results in a massive waste of infrastructural investment".

The service centre concept is also based on the notion that urban nodes can in some way stimulate rural development, by providing easy access to innovations, credit, markets and extension agents. May (1985, 29-32) indicates, however, that such a growth pole type of strategy would have only limited impact, in that there is no real basis on which improvements can be made to rural agriculture. The major problem he outlines is one of access to land. Furthermore, May suggests productivity is low, alternative forms of employment are limited, and that existing small towns have shown a steady decline over the past decade. Admittedly May's study is notable for its very high landlessness statistics of 48 per cent, but even using Baskin's (1984), and Muller and Tapscotts (1984) figures of 20-30 per cent, May's point is still valid in that a significant proportion of the rural population would have no opportunity to improve their agricultural production. In terms of a service centres ability to satisfy the rural population's basic needs, May found that basic needs as indicated in the survey, centred on day to day needs (building materials,

fuel, roads, transport and water provision). Wakelin and Tapscotts' (1986, 444) survey identified similar basic needs. Rural service centres have according to May, very little chance of effectively providing for such needs. Such projects rely more heavily upon local organisations than upon spatial planning, and indeed, may benefit little from the development of a hierarchy of service centres (May 1985, 32).

From this then, it is apparent, that in the Transkei basic needs cannot simply be met at a service centre, but should perhaps be tackled by local development agents and by the rural community at the village level, such as have past road projects been tackled by TATU. Dewar et al emphasise that the use of the service centre approach, is not only contingent on the provision of physical and social infrastructure, but that also required is a "significant re-orientation towards local democratic control and decision-making" (1984a, 186).

This function will be assumed by small towns whose minimum services are seen as being administrative, residential utilities, agricultural extension, health, education, commerce and industry. The major role of service centres is seen by the Transkei planning authorities to be to provide access to markets for farmers. To this end, the priorities document advocates

the establishment of a hierarchical network of physical bases from which to deliver public services; agricultural support services to increase productivity with a view to transforming subsistence into market oriented farming; the provision of basic infrastructure (Development Priorities and Public Sector Spending 1983-1988, 1983, 19).

These services are to be provided/located in centres that are accessible to the local population, with cognisance taken of a hierarchy of functions. The envisaged hierarchy incorporates existing towns "and other places which at present suggest themselves as suitable due to accessibility or an existing concentration of activities" (Development Priorities and Public Sector Spending, 1983-1988, 1983, 19). (The provision of this additional infrastructure can also be viewed as being supplementary to those social infrastructural policies mentioned above.) The table included below illustrates the envisaged pattern of urban settlement deemed necessary by the Transkei Government.

TABLE 13: THE PROPOSED PATTERN OF URBAN SETTLEMENT IN TRANSKEI

	Number	Population		Total "Urban" Population
		per Centre		
		1983	2003	2003
		000's	000's	000's
Umtata	1	70	200	200
Butterworth	1	30	50	250
Other Regional Centres	4	3	-	-
Market Towns	20	1	15	300
Rural Nodes	90	0,4	5	450
				<u>1 200</u>

SOURCE: Development Priorities and Public Sector Spending 1983-1988, 20.

6.5 INSTITUTIONAL POLICIES

In Transkei's plan... priorities no reference is made as to the im... of local level decision-

making structures. Reference is made through TATU to encouraging local initiative and giving limited government support to innovative, motivated rural organisations. Clearly absent is any attempt to give rural communities real decision-making powers as regards their own development be it agricultural production, marketing policies, or investment of profits.

CH. 7 A CRITICAL EVALUATION OF BOTTOM-UP POLICIES IN
TRANSKEI

The assumption that Transkeian agriculture is potentially viable, is subject to a number of constraints. Studies by May (1985), Wakelin and Haines (1986), Moll (1984) to name but a few, all indicated that there is one very dominant constraint limiting the potential of Transkeian agriculture, and that is rural population density. The effect of this factor is that many of the rural population have no access to land and many of those that do, have such small parcels of land, that they are not economically viable. May (1985) and Moll (1985) indicate that between 2,5 and 5 per cent of landholders in Transkei, have sufficient land to become self sufficient in maize production. The above two points indicate that were an agriculture based strategy to be promoted, it must be noted that a large percentage of the population would not experience any benefits, and secondly that the success of the agriculture policies would hinge on large scale resettlement programmes removing the surplus population from the land.

Important to the adoption of a purely bottom-up approach would be that Transkei has a wide range of natural resources which can provide the basis for the diversification of the economy. It is very apparent from the national planning policy emphasis, that Transkei's only real potential lies in the exploitation of its agricultural and human resources. As such, any economic strategy in Transkei will rely on the maximization of this potential. The existing constraints on agriculture have been discussed above, and require no further

emphasis here. Thus it is important to discuss the second aspect of this assumption - the potential of Transkei's human resources. Bell (1984, 1986) has argued convincingly, that there has been a significant trend of spontaneous decentralization by certain manufacturing industry to maximise the potential of the cheap labour supply in the outer periphery. Although there has been much criticism of Bell's analysis from numerous sources (Tomlinson and Addleson, 1986; Hirsch, 1983; Wellings and Black, 1986), it is apparent that Bell has identified a trend to decentralize, although the scale of such investment certainly appears to be limited in terms of its job creation potential. Far more notable from the case study is the fact that very little industry has located in Transkei, and very few jobs have been generated from the promotion of this sector.

The implication of the above is that Transkei has very little potential to diversify its economy or to maximise the potential of its cheap labour other than in the agricultural sector. This being the case, bearing in mind the existing constraints that exist on the development of the agricultural sector, it is painfully evident that the Transkeian economies development depends on the agricultural sector. To diversify this sector, requires the removal of excess rural population to urban areas, or to other sectors of the economy where they do not exert pressure on the arable land.

This leads to a further problem. The emphasis placed within the bottom-up approach on urban development only as a result of agricultural demand is fundamentally inadequate in the case of Transkei.

The only way the surplus rural population can be absorbed off the arable land (thus making agriculture more viable), is if a process of rapid urbanisation takes place. For this reason, the shortage of policies aimed at the stimulation of urbanisation as a prerequisite renders the bottom-up approach in Transkei unsuitable to a large extent.

Bottom-up policies relating to the provision of numerous facilities including physical and social infrastructure, credit and marketing subsidies, price supports, agricultural subsidies (Lo and Salih, 1981) take on utopian flavour in Transkei. Transkei's economy is far from bouyant (Nkuhlu, 1984), unemployment is rampant (Muller, 1984; Thomas 1984; DBSA, 1986), and the agricultural sector is generally stagnant (Moll, 1984; May, 1985; Wakelin and Haines, 1986). The implication of this, is that the Transkeian Treasury does not have sufficient funds to offer the suggested subsidies and price supports, and what is more, any restructuring of the Transkeian economy appears to be dependent on the revitalization of the agricultural sector.

Moving now to an evaluation of implementing decentralized decision-making structures, what is most evident, is that the suggested policies are utopian in the extreme. The benefits to be obtained from a bottom-up approach are certainly desirable, and whilst in no way wishing to discredit the concept of decentralized decision-making, it is important to take note of a number of potential weaknesses in the approach.

The first criticism is that the bottom-up approach assumes that existing centralized government will be amenable to the idea of decentralizing power. Hebbert (1984) argues that it is unlikely that centralized governments would willingly hand over control if it weakens the entrenched elite's power base. Klopper and Krone (1984) have indicated that in the Transkei the Chiefs make up two thirds of the TNIP. As previously mentioned, the Chiefs enjoy wide ranging powers (Southall, 1983) in the existing Transkeian administration system, and if they stand to lose these powers through the decentralization of decision-making, it is not unfair to assume they will reject the concept. The bottom-up theorists have paid little attention to detail when suggesting how decentralization will occur (Hebbert, 1984) and as a result, the concept of decentralization, though a good one (Rondinelli, 1986), has little chance of being accepted by the Transkeian Government unless it is tempered in many respects (This will be discussed in the following chapter).

The second area of concern relates to the relationship between decentralized government and rural development. It is questionable whether decentralized decision-making structures themselves will in fact necessarily benefit the rural population. More important is that decentralized decision-making is also democratic. It can be argued that the existing structure based on chiefs, headmen and sub-headmen represents such a decentralization of decision making. The existing structures in Transkei allow a degree of regional control of regional resources - that is the allocation of land, level of taxes and distribution of pensions (Southall 1983; Klopper and Krone,

1984). The case study, however, highlighted the fact that this decentralization of power has been abused. Haines et al (1984) indicate that the Chiefs and their councillors have formed small elites, abusing their powers and showing little concern for rural development. Wakelin and Haines (1986) and Klopper and Krone (1984) suggest that the tribal system inhibits local initiative. What is apparent though, is that rural elites tend to gain control of the regional resources and decision making powers and the system becomes very undemocratic. Hebbert (1984) suggests that this has been the dominant trend throughout the world, where there has been a decentralization of decision making.

The inequalities that could result from the use of bottom-up policies, are not limited to differences within a region. Hebbert (1984) argues that differences between regions are just as likely. Differences between regions arise because some regions are historically stronger and richer than others. The reasons for this vary - some regions have poor soil and very little rain, while other do not. Some regions have better linkages to markets. A recent study by Wakelin and Haines (1986, 444-461) based on 18 villages in the Transkei highlighted the fact that conditions between villages varied substantially in terms of health facilities, provision of water, education facilities, unemployment and economic activity. Similar findings come from studies by Thomas (1981), Baskin (1984), Muller (1984), Moll (1984), May (1985) to name but a few. The impact of such regional inequality, especially in terms of access to land and markets would be that those regions favourably

situated would tend to re-inforce their strength. Furthermore, if a centralized government is to be abandoned, a critical question arises. Who or what institution will be responsible for redistributing wealth in favour of the weaker regions? The expressed aim (Stohr and Todtling, 1978) of the bottom-up school was greater equity of living conditions - yet the argument suggested by Hebbert (1984) as discussed above would seem to indicate a re-inforcement of inter-regional differences.

A further point of a practical nature that must be noted, relates to the implicit assumption by the bottom-up theorists that a level of expertise exists in the various regions, thus allowing mini-governments to operate. Hebbert (1984) argues that such a level of expertise is rarely found in Third World countries. Certainly the case study of Transkei indicates a distinct shortage of skilled personnel in the region (Nkuhlu, 1984; Dewar et al, 1984a; Moll, 1984). Finally, severe doubt can be placed on the feasibility and desirability of attempting to effect a degree of selective spatial closure (Stohr and Todtling, 1978) on the Transkeian economy. It has been established that the Transkei economy has only limited potential for expansion, and that only the agricultural sector and agro-based industry (when surpluses have been generated) can be developed in the short term. Further, the development of the primary sector is heavily constrained. The Transkeian economy has little prospect of being able to employ the Transkeian population. Rather the reduction of population pressure and unemployment hinges on the South African economy absorbing Transkeian labour. Therefore, considering that Transkei has a weak

economy, and relies to a large degree on migrant remittances from the South African economy (Thomas, 1981; Moll, 1984; May 1985), it seems unrealistic for the Transkei to attempt a strategy considered by Hebbert (1984) to be too challenging even for countries with very strong economies.

CONCLUSION

The previous discussion has examined the theoretical benefits to Transkei from the implementation of a bottom-up strategy and a related critique of the suggested policies. The critique, although tackling some of the fundamental concepts of bottom-up strategy, does not however, render the concept useless. In a previous chapter of this dissertation (Development from the bottom and/or the top) a number of issues were noted from the bottom-up policies that would be useful in the design of a regional planning strategy. By way of conclusion, it is useful to summarise those bottom-up policies which can effectively be used in an integrated planning strategy, albeit that these policies require a certain amount of modification, to make them more feasible in the Transkei context. The modification of these bottom-up policies, plus the use of other policies of a top-down nature are discussed in the following chapter.

The major contribution of the bottom-up policies to a regional planning strategy in Transkei lies firstly in the increased emphasis on rural development, and more specifically in the promotion of agricultural development in Transkei. Useful contributions from the bottom-up approach that require further consideration include, the use of

pricing controls for rural produce, policies aiding the marketing of rural surplus, policies affecting the access and distribution of arable land to the farmers and the promotion of appropriate technologies required, physical infrastructure and labour intensive farming methods in Transkei.

The promotion of urbanisation in response to rural needs also has definite advantages in terms of the development of multiplier effects, and a more spatially dispersed location of urban centres. Finally, the decentralization of decision-making has advantages to the rural population, in the sense that it has the potential to give rural communities greater control over their own development, and is generally held to make rural development planning more effective.

CH. 8 A RECOMMENDED PLANNING FRAMEWORK FOR TRANSKEI

8.1 INTRODUCTION

The emphasis of the following chapter is on a policy framework for Transkei. However, the policies in some instances are not limited to Transkei. Rather the stance is taken that the success of the strategy, involving the promotion of rural development in Transkei, is contingent on the promotion of urbanisation in South Africa as a whole (That is, the homelands included). Furthermore the author rejects the concept of any form of influx control within the boundaries of South Africa.

The major contribution of the bottom-up school of thought is in the promotion of rural development and to a degree in the promotion of decentralized decision-making. With regard to rural development, policies borrowed from the bottom-up school although not exclusive to a bottom-up approach include the promotion of collective farming (implicit here being community based decision-making), a more active promotion of rural development in terms of the distribution of the Transkeian budget, greater emphasis on the provision of rural physical and service infrastructure, the promotion of rural service centres as a function of rural production and need, and finally to policies aimed at the promotion of easier access to a wider range of services in the rural areas. It is important to note at the outset however, that the suggested rural development policies are based on the assumption that Transkeian agriculture can become a viable prospect economically. Linked to this assumption, is that population densities on farming land will

decline to an extent which will allow for the economic viability of agriculture. Implicit from this, is that a degree of urbanisation will occur in the Transkei, although the major urban growth is considered to occur in the existing metropolitan and secondary cities in South Africa (Rondinelli, 1983).

As regards the urbanisation processes which will absorb some of Transkei's surplus population, as previously mentioned the author finds the enforcement of influx control measure against Transkei and the other TBVC states unacceptable. Aside of the moral issues that influx control can be criticised for, its effect is highly detrimental to the Transkeian economy. For the purpose of this document, it is assumed in this policy section that free movement will be allowed for all people living in South Africa (including those citizens of the TBVC states). Implicit from this statement is that a policy of free urbanisation will be adopted by the South African Government which includes the TBVC states.

The promotion of urbanisation in Southern Africa is discussed after the policies relating to rural development. Due to the fact that the South African decentralization programme has shown such poor results to date, a somewhat different approach is adopted by the author in terms of recommended government policy. It must be noted that the promotion of urbanisation as a prerequisite for rural development, as is the case in this document, is a definite departure from the traditional bottom-up approach. Thus the urbanisation policies in this document are of both a bottom-up (as regards the promotion and establishment of rural villages,

service centres and rural towns), and a top-down nature (in terms of the promotion of industrialization in the metropolitan and secondary cities).

The final major section of this chapter is devoted to the issue of decision-making in terms of Transkei. Here too, there is a mix of bottom-up and top-down policies. The use of community based decision-making, especially in the rural areas is accepted, however, the author takes a sympathetic stand to Hebbert (1984) and Rondinelli (1986) amongst others, who suggest that a degree of centralization in decision-making is important to ensure that regional inequalities within the Transkei are not exacerbated.

8.2 RURAL DEVELOPMENT

The major issues that arise from the bottom-up theory as regards the promotion of rural development have been mentioned in the introduction to this section, and they require no repetition here. The purpose of this section is to apply the bottom-up theory to the generation of policies for rural development in Transkei.

Central to a bottom-up approach to rural development, is the promotion of agriculture. Erskine (1984, 458) indicates that there are a number of key factors that should also be included in a bottom-up approach to agricultural development. A summary of Erskine's findings serves as a good means of contextualising the following policy section.

The bottom-up emphasis is primarily based on the 'stimulation' of agriculture rather than the planning of rural agriculture. The emphasis is placed on encouraging "self help" rather than enforcing new projects or farming methods. Priority is placed on stimulating existing potential and ensuring motivation, by allowing fair terms of trade between the farmer and the market.

Intervention is limited to the provision of required physical and social infrastructure to improving access to markets, to supporting farmers associations, to encouraging further education, and to the provision of technical advice - for example relating to water, soil, and irrigation potential and the diffusion of new technology. Thus the role of the government is one of providing services for rural needs (Chopra, 1982a). It is useful to outline the major criteria that have in the past limited agricultural production. Without restating those problems highlighted in the case study on Transkei, a number of critical areas of concern can be isolated. Drawing on the case study, Bembridge (1984a), Lenta and Maasdorp (1984) and Hakin (1984) the critical areas of concern can be summarised as including the following, all of which are addressed on the following pages. First, there is the problem of access to land, second, labour supply problems, third, availability of capital, fourth, access to new innovations, fifth, the relative attractiveness of migrant labour, sixth, the issue of type of land tenure, seventh, access to marketing facilities, eighth, organisational problems, particularly as regards the role of central Government and ninth, access to physical and social infrastructure.

LAND TENURE ARRANGEMENTS - THE ADVANTAGES AND
DISADVANTAGES OF FREEHOLD TENURE

In 1983 the Swart Commission suggested that tenure arrangements in the Ciskei should be varied between communal rights, leasehold rights and freehold rights. Central to any policy on land tenure is the question, will freehold rights increase the productivity of agriculture, and will it result in a more even distribution of land? Before suggesting suitable policies, it is worthwhile to outline the benefits and problems of freehold tenure.

Moll (1985) provides an excellent summary of the arguments for and against freehold tenure in the South African homelands, and as such a brief summary of Moll's findings and others including Lenta and Maasdorp (1984), Sinha (1984) and Low (1984), provide a good background to the land tenure argument.

Moll (1985) concludes in his analysis that freehold tenure would be unlikely to greatly improve the use of arable land in the homelands. Moll argues that the 20-30 per cent of land that remains unused each year is not necessarily the result of the land tenure arrangements, ascribing this phenomenon more to factors such as the occurrence of drought, to fallow and marginal land. Lenta and Maasdorp (1984) support this position arguing that shortages of finance, means of ploughing, and persons not utilizing their farming rights are the major causes (1984, 41-42). The impact of these viewpoints is that it is highly questionable whether or not freehold tenure would improve the intensity of land use and overall productivity.

In terms of access to credit facilities, Bratton (1986) and Sinha (1984) argue that communal farmers enjoy far better access to credit than single private farmers. Moll (1985) suggests that considerations other than ownership of land play a significant role in access to credit facilities "not the least being good financial sense on the part of the lending agency" (Moll, 1985, 42).

A second area of consideration is the validity of the assumption that freehold would increase a farmer's desire to invest and farm his land to a higher degree (Sinha, 1984). Moll (1985), suggests that other factors such as incentives, the use of pricing policies, terms of trade, and the provision of marketing facilities would be far more significant. Certainly, Bratton's (1986) study in Zimbabwe found that the small capitalist farmer has less access to these benefits than those farmers practicing group farming on communal lands.

The most convincing argument for freehold can be based on the findings of the case study relating to the abuse of power by the Tribal Chiefs in the sense that they have adopted corrupt practices in allocating land (Baskin, 1984; Southall, 1983; Haines et al 1984). It can also be argued, though based on speculation to a degree (Moll, 1985), that the constant threat of having one's land confiscated by the Chief has resulted in a degree of insecurity. Low (1984, 301) summarises well this phenomenon.

Whilst indigenous land tenure systems have considerable flexibility as regards land allocation, this flexibility does not mean that

land is necessarily made available to those who are most willing and able to use it productively.

The above discussion does not in itself provide adequate justification for freehold or communal land tenure systems. Both have their advantages. However, what does become very evident from Moll (1985), Grindle (1985) and Sinha (1984), to mention only a few, is that a far greater emphasis appears to be placed on other considerations such as access to production assets (labour and draft power) and production services (including extension services, credit input supply and market outlets), than on type of land tenure. These aspects are discussed in the following paragraphs. At this stage, though, a tentative recommendation is made that communal tenure has distinct advantages for agricultural activities. In terms of urban and residential areas, policies are discussed in a later section to follow. However, it must be emphasised that the recommendation for communal tenure in the farming sectors is based to a degree on the following discussion dealing with relative access of rural population to production services and assets.

ORGANISING RURAL AGRICULTURE - THE PROMOTION OF GROUP FARMING: ACCESS TO PRODUCTION ASSETS AND PRODUCTION SERVICES

The promotion of communes, kibbutzim, collectives and integrated villages has been recommended by bottom-up theorists and was discussed in the theoretical section of this document. The previous discussion was not conclusive about which type of tenure was most advantageous. The purpose of this discussion is to evaluate by means of examples the

relative advantage of communal tenure. The criteria used for evaluation have previously been mentioned, and relate to the rural population's access to production services and assets. However, although the argument that follows indicates that communal farmers enjoy a wide range of benefits that individual farmers do not, many of the benefits obtained by communal farmers could equally apply to private individuals, who, although operating on a freehold tenure basis, form co-operatives. In light of this fact, the following discussion could be interpreted to apply for farmers on both private or communal land, but who operate through communes (group farms) or co-operatives.

Much of the following discussion is based on the group farming practices currently pursued in Zimbabwe. This study has particular relevance to Transkei for a number of reasons. The main similarities between the Transkei region and Bratton's (1986) survey in Zimbabwe include the fact that the survey area was characterised by a predominantly rural population. Secondly, the survey area was in the tribal trust lands of Zimbabwe which are predominately communally based. Thirdly, problems of extreme population pressure are experienced. Fourthly, the area was characterised by a high level of male migration, of up to 45 per cent (Bratton, 1986, 371). Finally, this evaluation is interesting because one of the Swart Commissions recommendations for Ciskei was that group farming be promoted, and group farming and the use of co-operatives has been used in the Transkei.

In Zimbabwe 44 per cent of cultivators belong to some form of farmer organisation or another. In

terms of the problems faced by the farmers there is basically no difference to those mentioned previously relating to Transkei and the South African homelands (Bembridge, 1984: Lenta and Maasdorp, 1984).

In terms of access to land on the Zimbabwean group farms, in general the collective organisations (group farmers) control their own land, and there is relative equity in the size of land holdings. Farmers in Zimbabwe control the use of their land by way of a 'use right' (Bratton, 1986, 374), similar to the rights in Transkei. The notable difference though, is that land holdings are far more equal than is the case in Transkei.

Zimbabwean farmers also experience labour supply problems. At certain peak periods during the year, extra labour is needed for weeding, harvesting and ploughing. Lenta and Maasdorp (1984) defined similar problems in the homelands, a feature which is exacerbated by the high incidence of male migrancy. Bratton (1986, 375) indicates that in Zimbabwe the most common practice is for communal groups to organise themselves into labour groups and to practice reciprocal labour sharing. Sinha's (1984, 68) studies showed similar results "... a commune type of organisation ... can mobilize surplus labour more effectively in the creation of infrastructure, irrigation networks and land improvement".

The advantage of communal farming practices is that procedures for pooling are more institutionalized.

Labour groups have a written roster of work assignments which is linked to a pattern of improved practices and which controls the rotation of work around the field of each member (Bratton, 1986, 375).

The extent to which communal farmers benefit over individuals is apparent from Brattons (1986, 375) findings, that 46 per cent of farmers in communes had access to extra labour, whilst only 21 per cent of individuals had access to extra labour.

May (1985) identified the contribution of draft animals to Transkeian cropping as being significant especially in terms of ploughing fields. The situation in Zimbabwe is very similar. Along with land, farmers in the survey said that draft power was the principle constraint that prevented them from producing more crops (Bratton, 1986, 376).

The response of the collectives in Zimbabwe to draft problems is very similar to that of labour problems. Those farmers that have oxen are willing to lend them to farmers without, in return for the use of labour. Bratton's (1986, 376) findings indicate that 42 per cent of farmers make use of other peoples draft animals and reciprocate by way of farming labour groups which work for the farmers who lent them the cattle. The result of this communal use of cattle is that most farmers can then plant both a winter and a summer crop. Those individual farmers who do not have access to other farmers cattle, tend not to plant winter crops; 82 per cent of those who do not borrow cattle, do not plant winter crops.

The situation as regards access to production services is again much easier for communal farmers. Transkeian and Zimbabwean farmers experience similar problems in terms of access to extension services, credit, transport and marketing facilities.

Wakelin and Haines (1986, 452) indicated that Transkeian farmers rarely made contact with extension officers. Bratton (1986, 377) indicates that only 3% per cent of individual farmers in Zimbabwe see an extension worker in a season, whereas 86 per cent of the group farmers had contact with an extension worker. The reason for this phenomenon is that it is far easier for field workers to visit a number of farmers on a communal farm than it is to see individuals. Furthermore, the communal farmers are advantaged, because they cultivate a wider range of crops, which results in the fact that group farmers are three times as likely to gain benefit from and make use of technical innovation.

In terms of access to credit facilities, the pattern repeats itself. Moll (1985, 42) indicates that lending institutions should use "good financial sense" in allocating credit to farmers. Bratton (1986, 378) found in his survey that "the recovery rates from group farmers" of credit given, "are significantly higher than from individual farmers", that is 92 per cent versus 54 per cent. The implication of this is that group farmers are a far better risk than are individual farmers. Sinha (1984, 69) expresses similar findings, "farmers, supported by communal organisations are in a much better position in this respect than capitalist farmers.

In terms of input supply such as the purchase of seed, fertilizer and chemical pesticides, the small capitalist farmer is equally disadvantaged. In the absence of subsidies or special production schemes, small farmers always pay top prices for inputs and enjoy the least reliable supplies (Bratton, 1986, 378).

Sinha (1984, 68) explains that the group farmers are able to obtain economies of scale. The most economical way of purchasing inputs is direct from the factory. Bratton (1986, 378) indicates that the group farmers are far more likely to gain directly from the factory (77 per cent versus 38 per cent). The savings on a bag of fertilizer can be anywhere between 30 and 80 per cent when purchased directly from the factory. Similarly in terms of supply of inputs, suppliers and transporters attend more promptly to a large bulk order with a single delivery point than to small and fragmented orders from scattered individuals (Bratton, 1986, 379).

In terms of access to markets the situation is similar again - group farmers are more than twice as likely (57 per cent versus 25 per cent as individuals to move their surpluses out of the communal lands to an official marketing centre.

Finally, having demonstrated that group farmers have far better access to what Lenta and Maaadorp (1984, 7) referred to as 'farm level factors' and 'conditioning factors' (that is government measures and outside influences that effect the nature of production), it is important to consider what impact this has had on agricultural production.

Bratton's (1986, 380) findings are that,

... under every set of agro-ecological conditions, farmers in groups are consistently more efficient at maize production than individual farmers.

Bratton goes on to add that group farmers sell between twice and seven times as much maize as individuals and at a higher price. Furthermore, group farmers grow a much wider range of crops than do individuals.

If one now relates the above discussion to Moll's (1985) discussion (previously covered) about whether or not free hold tenure would necessarily improve agricultural production, it seems evident that communal farming practices have a far greater benefit to production and profit making for the farmer than is the case for the individual farmer. One particular advantage of free hold that did arise was the contention made by Moll (1985) and Low (1984) as regards insecurity as a result of the threat of land being repossessed. Although the claims have not been substantiated, there is certainly a chance that this could be a problem. Vink (1984, 446) proposes that this could be prevented by policy proposals which remove the right "to interfere in any way with farming operations, as well as excessive rights to expropriation of land". This is a significantly different approach to that suggested by the Swart Commission (for Ciskei) which recommended that Tribal Authority rights should be increased (1983, 19). This was specifically in order to gain support from the Tribal Authorities to implement reforms. The evidence suggested by Baskin

(1984), Muller and Tapscott (1984) amongst others, indicates that the Transkeian Tribal Authorities in fact exploit their powers and as such the author does not accept the Swart Commissions suggestions.

Equally evident, however, is that the collective organisation relies on a well developed state apparatus which co-ordinates the provision of extension services, marketing, credit facilities and ensures an adequate provision of physical and social infrastructure to support the group farmers. Sinha (1984, 67) concludes that agriculture seems to suffer unless adequate support facilities, such as credit, marketing, storage and other infrastructure are provided.

THE IMPACT OF MARKETING SUPPORT, PRICE SUPPORT AND AGRICULTURAL INCENTIVES

The discussion above highlighted the importance of support facilities to the promotion of increased production. The purpose of this section is to illustrate the impact of government support on agricultural production, and to highlight some of the potential hazards of haphazard government support.

The example of Mexico is somewhat far removed from the Southern African situation, but does serve to illustrate the potential impact of greatly increased central government investment in rural development. In 1980, President Jose Lopez Pertillo introduced a massive initiative to improve rural conditions and improve agricultural productivity in Mexico (Grindle, 1985, 172). This initiative was known as the SAM or Mexican Food System.

The major input of the SAM was to provide subsidies for the production of staple crops; to provide price protection for grain producers; to subsidize the purchase of fertilizer, seed and credit; to drop interest rates and to provide crop insurance for both loss of potential profit as well as production costs. In addition, subsidies were provided for processors and consumers in order to offset the past unfair terms of trade between the urban and rural areas. The cost of servicing the above incentives was enormous, public investment being increased by 35 per cent.

The results of the SAM project were equally spectacular. The area of land harvested in grain increased by 19 per cent between 1980 and 1981. Grain output increased by 19 per cent over the same period, whilst general agricultural output increased by 22 per cent. Finally, the amount of imports of basic grain required by Mexico dropped from 8,2 million tons in 1980 to 2,5 million tons in 1981 (Gindler, 1985, 176).

The SAM project did, however, have its problems. The incentives were not carefully enough targeted, and the result was that many of the existing wealthy farmers gained an unfair benefit, reinforcing to an extent income disparities (Grindler, 1985, 178). The major problem, however, was that the incentives were so generous, and so widely available, that the Mexican government could not continue with the programme when the price of petroleum (Mexico's main asset) dropped world wide. What the SAM project did achieve though, was to illustrate how responsive peasant agriculture was to favourable market

conditions. A further issue that became evident was that it is vital that the required finance is made available for investment in rural agriculture. This is significant in the South African situation. If the South African Government is going to promote rural development, as was indicated in the 1986 White Paper on urbanisation, then it is vital that the Government avoids the use of any restrictions (such as section 2 and 3 of the Environmental Planning Act) in the urban areas that might hinder the economic growth of the South African economy.

Whilst accepting Grindle's (1985) findings that pricing policies and the stimulation of agriculture through the use of incentives is vital to any rural development policy in Transkei, the author remains critical of a number of aspects. The use of incentives must be more cautiously implemented than was the case in Mexico. Two major faults of the SAM project were that in many instances, the poorest section of the rural population gained least benefit from the incentives because the wealthier farmers were better able to use the incentives; and secondly, the cost of servicing the incentives is too much for a country with a weak economy.

Far more appropriate would be to monitor the relative terms of trade between the urban and rural areas, as opposed to merely raising the selling price of agricultural produce artificially. Sinha (1984) provides a convincing argument against the use of large blanket incentives. Sinha argues that increasing the price of food grain prices by too large a margin can have a negative impact, if the final urban prices are not also subsidised. Increased rural food prices will increase the urban

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prices that in turn will increase the cost of living. This increases the cost of labour in the urban areas, and thus the cost of inputs required by the rural areas, which originate from the urban areas. Thus this sets off an inflationary cycle. This inflationary cycle has negative effects on the relative advantage of local goods produced for export (Sinha, 1984, 72). The author's conclusion is that in using incentives, one must carefully analyse the existing terms of trade, support those farmers who are unfairly prejudiced, but take precautions against supporting agriculturalists who are in fact inefficient and who rely on the subsidies to keep themselves in business. It is useful to note that this criticism could apply equally to the provision of subsidies for industry as noted by Wellings and Black (1986).

The above discussion has particular significance because many authors including Wakelin and Haines (1986), Dewar et al (1984a), May (1985), Moll (1984), have indicated that the access to such services in Transkei is particularly poor. To a large extent, this may explain why, as Southall (1983) pointed out, group farming and co-operatives in Transkei have shown such poor results.

8.3 SPATIAL DEVELOPMENT POLICIES IN TRANSKEI

The previous discussions have dealt with land tenure arrangements, community organisation and the role and use of incentives. The purpose of this section is to provide a set of policies detailing the spatial distribution of activity. Important areas of consideration relate to the provision of physical and social infrastructure in the rural areas, and of

improved access to these services by the rural population.

The Transkeian Government advocated the promotion of a service centre approach in their Development Priorities Paper (1983) largely as a means of improving the access of the rural population to physical and social infrastructure, and as a means of absorbing surplus rural population into non-farming employment. A number of policy documents have been released by the National Planning Committee including the "North-East Region of Transkei Spatial Development Plan 1983-2003 (Osmonde, Lange et al, 1982), Development proposals for the South Western Region of Transkei" (Osmonde, Lange et al, 1983) and more recently the "North-West Region of Transkei Spatial Development Plan, 1985-2005 (Vandeverre et al, 1985). Haines (1985, 542) argues that these studies have a far more flexible approach to the provision of services and periodic markets, than has been suggested by Dewar et al (1984a). The flexible approach adopted in the plan for the North-West region combined with the assumption that rural agriculture can become viable, also offsets those problems previously mentioned by May (1985) and Wakelin and Haines (1986) as were mentioned in the previous section on Transkei's spatial development policies. Vandeverre et al, (1985) argue (for the NW region) that although most of the population is regarded as rural, they rely to a large extent on migrant remittance as opposed to rurally generated incomes to survive. Similar findings have been forthcoming from May (1985), Moll (1984), Wakelin and Haines (1986).

A problem that arises from this phenomenon is that most of the rural population rely on urban services, especially shops and transport facilities to survive. Not all those people who live in the rural areas farm for a livelihood, many rely on urban services for their daily needs (Vandeverre et al, 1985). In terms of this problem Vandeverre et al (1985) indicate that there is inadequate access to services in the rural areas of *Transkei*. The author's policy emphasis in service provision is largely aimed at the rural farming community. The author's stance is a typically bottom-up approach. That is, services are geared firstly to improving agricultural production, and only when agricultural production demands other functions such as sites for urban industrial growth, will they be provided. The motivation for this approach is partly based on financial constraints. The industrial decentralization strategy adopted by the South African Government provides a multitude of evidence to support the contention that the mere provision of an urban centre will not guarantee that the centre will become economically viable (May 1985, Dewar et al, 1984b).

However, although the provision of services for the rural community is vital (Bratton, 1986, Sinha, 1984), it is impractical to suggest that the required services should be spread over the entire area of *Transkei* and into every rural village. Certain criteria should be used in selecting suitable centres from which and in which services can be provided, either on a permanent or a temporary basis. Based on the bottom-up philosophy that need should dictate, criteria would include the following. Firstly, which areas (this could be a

village, a commune, or a group of villages) have the greatest potential to benefit from service provision. Secondly related to the above, which areas, currently cannot become viable because of a shortage of services. It is important that this second criteria should not be confused with the policy approach used in the past by the South African Government in prioritizing locations for industrial investment. Service provision will not be a priority in an area simply because the area has no services. An area will only become a priority area if the provision of services will improve the agricultural production of that area. Thirdly, the choice of location for further investment will be based on the existing hierarchy of towns. So as to decrease the likelihood of investment being wasted, it is recommended that investment focus on existing centres in Transkei as far as is possible. Furthermore, centres with an existing communications network which link towns to other higher and lower order centres and their hinterlands are preferable, because their primacy within the region already exists. This is not to imply that only existing towns will be promoted. If it is found that a certain area can economically support a service centre, then investment must be channelled into such an area.

The author follows a similar approach to Vandeverre et al (1985) in recommending a range of centres. The range of centres is based on the existing urban hierarchy of Transkei. Service provision is concentrated initially on the lower section of the urban hierarchy. This is at the village level, the rural centre, which is an existing centre that has emerged as a result of a significant degree of

centrality (either as a result of public investment such as a hospital, or because of the ability to create numerous jobs in the past, such as the tea estates), and finally the rural towns which also already exist and already have a fairly comprehensive range of public and private services.

As previously mentioned, it is impractical to suggest that a comprehensive range of services be provided at every rural centre in Transkei, and for this reason, the author has opted for a hierarchy of service provision between the villages, the rural centres and the rural urban centres. Similarly, following Vandeverre et al's (1985) proposals, use is made of a number of periodic services. The advantage of this approach, is that depending on the intensity and demand for periodic functions, one can gauge the need for permanent service centres. Before the level of demand has become evident, the use of periodic services and markets allow a degree of improved access to services by the rural population. It also ensures that public investment is not wasted in areas where no demand exists, and ensures public investment is concentrated in centres with the greatest potential.

The major function of centres will be to facilitate easier distribution of basic services and facilities. Equally important is that this spatial form will allow central government to allocate resources in a rational manner. The concentration of investment will allow for a better range of services to be provided, which in turn will act as an incentive to the location the informal and non-farming sector (Dewar et al, 1984a). The increased range of services also has obvious social benefits

including easier access to health facilities, markets, and to a wider range of amenities (Vandeverre et al, 1985).

The author does not envisage the rural based urban growth as having a large impact on reducing rural overpopulation. Although a certain amount of the rural population, who are not engaged in farming practices and who currently rely solely on migrant remittances to survive, will be absorbed into urban employment of an informal or formal nature, this percentage will be small. The author views the existing South African metropolitan and secondary cities as being the major urban cores that will absorb the rural surplus population (This aspect is discussed in a later section of this chapter).

It is important to identify the range of services required, as perceived by the rural population themselves. From surveys done by Wakelin and Haines (1986), May (1985), Muller and Tapscott (1984) and Tollman (1984) the following priorities arise, although the order of priority differs from survey to survey.

TABLE 14: BASIC NEEDS PERCEIVED BY THE COMMUNITY AS PROBLEMS
IN RANKED ORDER

Range of Community Basic Needs	% of Total Sample who perceived a problem with a Basic Need
1. Building Materials	94,9
2. Fuel	92,1
3. Roads	80,0
4. Transport	75,8
5. Water	62,3
6. Medical	61,1
7. Farming	57,4
8. Livestock	51,0
9. Schools	49,8
10. Phone	47,8
11. Goods unavaiiable	41,C
12. Employment	33,6
13. Selling Goods	26,8
14. Post	24,4

SOURCE: May, 1985, 31

There are a number of noteworthy differences between surveys. Firstly, whereas May's (1985) survey indicates that employment creation is not a particularly high priority, Muller and Tapscott's (1984) and Tollman's (1984) surveys conclude that employment is particularly important. Wakelin and Haines (1986) survey showed a similar trend to that of May's (1985) as did the Vandeverre et al (1985). Similarly, the priority of education facilities differed. May's (1985) survey again found education was a lower priority, in contrast to Wakelin and Haines (1986) and Vandeverre et al (1985) findings. The various surveys show many such differing perceptions of priority by the rural population. The impact of these differences is that no 'blue print' type approach will be suitable across the

entire Transkei in terms of service provision. Clearly some survey areas had more pressing demands for services of a particular nature than others. For example, May's (1985) and Wakelin and Haines' survey areas were characterised by very high levels of migrancy. The majority of the rural population in these areas relied on migrant remittances, and this phenomenon might well explain why the provision of employment opportunities receive a relatively low priority. Thus the provision of services in rural centres must be tackled in a sensitive fashion, based on community decisions, thus allowing the communities to select their own priorities for service provision. Dewar et al (1984a, 187) highlight the fact that simple standardised and hierarchically-determined approaches are doomed to failure.

Nevertheless, included below is a brief outline of service provision for villages, rural centres and rural towns, based to a large extent on the findings of Vandeverre et al (1985, 38-43), for N.E. Transkei. Bearing in mind Dewar et al's comment above, it must be noted that this is only an example of what could be involved.

Villages are regarded primarily as service or consumption delivery areas. Priority is given to the provision of basic infrastructure. Improved access to a wider range of services is ensured through the provision of social and commercial services on a periodic basis (every two weeks). In line with Bratton's (1986) and Sinha's (1984) papers, rural agricultural production is supported by the provision of inputs including access to extension services and markets. Vandeverre et al

(1985) suggest that provision should occur on a periodic basis every two weeks. The basic physical infrastructure includes improved access to running water (May, 1985; Wakelin and Haines, 1986) within walking distance, that is ,5 kilometer (Vandeverre et al, 1985). Roads should link villages to rural service centres or the nearest rural town and should be passable by 2 wheel drive vehicles all year round. Vandeverre et al (1985) indicate the need for a woodlot within 5 km of each village, as a means of providing fuel for household use (May 1985). Health services are to be provided periodically (every two weeks) within one hours walking distance, as are educational facilities of a primary school level, although they are required on a daily basis. Public transport should take the form of a daily bus service, with stop off points within 2 km walking distance from each village (Vandeverre et al 1985).

Rural centres will act as service and production centre with a possible residential component in the long term (Vandeverre et al 1985, 38). Their major function will be to provide a wider range of higher order services, than are found in the villages, on a periodic or permanent basis depending on demand. The range of services suggested by Vandeverre et al (1985, 38-39) include all weather access roads to nearest town; reticulated water supply to major consumers (for example a clinic); electricity to provide light for a few hours per night, a woodlot in the immediate vicinity; post office facilities (on a periodic basis); water borne sewage for major users and pit latrines for small users; housing facilities for permanently located government officials; agricultural extension services (on a

periodic basis); a junior secondary and primary school; mobile clinic and shopping facilities (operating on a periodic basis).

The major function of rural towns will be to provide a more comprehensive range of permanent services aimed at rural needs including in the long and medium term agro-processing industry and the informal sector. Furthermore, the rural towns will serve as a distribution depot from where the periodic services that operate in the rural service centres will function. Services required include (Vandeverre et al 1985, 41): reticulated water within the town and to individual users; tarred roads linking towns water borne sewage disposal for fully developed areas of the town and pit latrines for peripheral areas; electricity to individual houses; bulk power to large scale users, refuse, postal and telephone services, access to woodlots in the immediate vicinity; police stations; education facilities including senior secondary schools; the provision of industrial sites or support services for small scale industry and businessmen. Marketing facilities include co-operatives, storage facilities and a credit agency.

Finally, housing should be provided for government officials, whilst provision should be made for residents to erect their own dwellings on plots services to a range of affordable standards. Furthermore, it is in terms of residential land and industrial land that use can be made of freehold tenure.

Freehold tenure for private owners especially as regards industrial investment has definite

advantages. Whereas it has been argued in this document that agricultural production could benefit communal or group farming practices, criticism has been forthcoming from a number of sources opposing the lack of freehold rights in urban areas. Haines (1985, 344) states,

the continued refusal to allow non-Transkeians to buy land ... has cost the territory a substantial sum in terms of private investment. A prohibition of the entry of white chain supermarkets, singly or in joint ventures, with local capital, even though such ventures would significantly lower prices of most goods, is a further example of such attitudes.

8.4 MANPOWER DEVELOPMENT POLICIES

The importance of manpower development receives considerable attention from the bottom-up school (Ayazi, 1978; Islam, 1980; Galli, 1981). The need for appropriately skilled personnel is vital to ensure the involvement of community participation in policy determination, project implementation and project management. Aremo (1983) indicates that past grass roots projects of a self help nature have tended to be managed and implemented from outside of the relevant community and as such have contributed little to manpower development. The impact of such practices is that the community has little chance of becoming self sufficient. Hebbert (1984) highlights the fact that skilled personnel are often in short supply in underdeveloped countries. Galli, (1981) though not in disagreement with Hebbert, (1984) stresses the need for appropriate education. Islam (1980) supports Galli's opinion and adds that "functional education" (1980, 29) is a central concern for the motivation of the rural masses.

McCullum (1980) also stresses that motivation is an important ingredient in implementing rural development initiatives.

The level of education in Transkei is particularly low (Hawkins Report, 1980). The Transkeian Planning Priorities document (1983) has also stressed the importance of promoting education. The major policies suggested include the provision of free basic education, the extension of training facilities and the promotion of internal training (Transkei, 1983). The author's view support the above emphasis to an extent, but puts the priority on what Islam (1980) termed 'functional education'.

Galli (1981), based on analysis of Guinea-Bissau, argues that the promotion of "complementary basic education" (1981, 29) is a more "classical than practical" type of education. Galli argues that greater emphasis needs to be placed on integrating productive realities into the classroom. She goes on to illustrate how the CEP or Popular Education Centres, have been introduced into 'bush schools' in Guinea-Bissau

The curricula, timed to harmonise with the productive cycle, uses the community as its classroom. It focusses on four interdisciplinary, interrelated subjects: the Community and its Culture, Handicrafts and Skills, Health and Natural Sciences, Agriculture and Livestock Production (Galli, 1981, 30).

Islam (1980) indicates that similar emphasis has been placed on functional education in Bangladesh. Here education is focussed on day to day problems, such as housing problems, health, nutrition and the rights and responsibilities of citizens and state.

Galli's (1981) survey showed that people graduating from such schools were immediately absorbed into local projects such as water supply projects and maintenance projects. Other graduates were employed in metalworking and building.

The advantages of such an educational bias in Transkei are fairly obvious. If local education were to prepare Transkeians in the use of appropriate technologies, far less emphasis would have to be placed on Central Government to supply extension officers in the rural areas. Wakelin and Haines (1986) have indicated that to date this system has worked remarkably poorly. The problem in Transkei is compounded by the fact that settlements are dispersed and extension officers are few in number. However, it is the author's opinion, and Galli (1981) bears this out, that a more functional education, would place the local population in a better position to tackle many of their own basic needs such as were mentioned above. The Government or, as was the case in Guinea-Bissau, the CEPI, has a complimentary role in the sense that it must promote the use of apprenticeship in education in activities that are required in rural development such as housing construction, metal work and water supply. However, this is not to imply that traditional disciplines should be completely ignored. Clearly they have their role to play in preparing people to co-ordinate marketing, to operate commercial activities and to act in managerial positions. What is emphasized though, is that Transkei should not place undue emphasis on formal education that would encourage graduates to move out of the Transkei on completing their education.

To conclude this rural development policy discussion, the following policies are suggested.

1. The discussion of the type of tenure that is most suitable for the development of Transkei is not resolved. The author's opinion is that agricultural production will be benefitted by the continued promotion of communal land holding (Bratton, 1986; Moll, 1985). However, there is little evidence supporting the contention made by the Swart Commission (1983, 23) that the traditional system provides "security, individualism and freedom of exchange", and as such the author adopts a similar stance as Vink (1984, 446) in recommending that the right to interfere with farming operations or to repossess land by the Chiefs and headmen, must be prevented. In terms of urban residential, commercial and industrial land, the promotion of freehold is advantageous because it encourages investment in Transkei, by the private sector which relieves some of the pressure on the Transkeian Government to supply these services and employment opportunities (Haines, 1985).
2. In terms of agricultural organisation, the promotion of group farming has definite advantages, and the evidence provided suggests that "such an organisational framework, not only improves incomes for the farmers involved, but it increases the amount of food produced (Bratton, 1984), provides for economies of scale (Sinha, 1984) and would ensure easier provision of services and marketing facilities.

3. Closely linked to the promotion of agriculture is the use of marketing support price controls/support and agricultural subsidies (Sinha, 1984; Gindie, 1985; Bembridge 1984a). Such assistance must, however, be carefully targeted to the rural population to ensure that the already wealthy and influential farmers do not derive an unfair benefit (Gindie, 1985). Subsidies, incentives and protection must be utilized to facilitate the purchase of production inputs (fertilizer, seed, pesticides and the provision of irrigation systems), and to improve access to credit facilities, marketing facilities, storage facilities and other extension services. It must be noted that the indiscriminate use of incentives can in fact have an inflationary effect (Sinha, 1984) and result in a wasting of public funds (as was the case in the SAM project), and the support of inefficient farming methods.

4. The author proposes a system of service centres aimed at providing basic infrastructure in the rural areas and improving the access of the rural population to various extension services. This spatial pattern compliments the suggested group farming structure, ensures a better provision of services and infrastructure to the rural population and makes easier access to provision of support services, especially those of a periodic or mobile nature. The role of the service centres is viewed by the author as being directly in response to rural needs, and more specifically is aimed at the promotion of agricultural production. Furthermore, a concentration of investment will only occur in

those locations which have demonstrated a degree of centrality or have the potential to produce sufficient surplus to warrant further infrastructural investment.

5. With respect to manpower development, the policy emphasis is on the promotion of appropriate or functional education. Priority is placed on the improvement of skill levels determined to a large extent by rural needs.
6. Finally, a point previously noted, is worth emphasising due to its centrality in bottom-up thinking and because of its critical nature in terms of rural development. Dewar et al (1984a) indicated that fundamental to a service centre approach was a decentralization of decision making to provide local democratic control. This is an aspect that will be given consideration later in this chapter.

8.5 A SUITABLE INDUSTRIAL LOCATION POLICY FOR SOUTH AFRICA: IMPLICATIONS FOR THE TRANSKEI

INTRODUCTION

In terms of the assumption made above regarding the potential viability of Transkeian agriculture, implicit was the absorption of surplus rural population into the urban areas. Traditionally the Sout African Government has attempted to achieve this through industrial decentralization, and more recently (post 1982) by a process of industrial deconcentration. The criticisms mentioned in the second and third chapter of this document serve to provide input for some form of remedial action, but

it is the author's contention that the more recent literature including Bell (1986), Kok (1986), Rondinelli (1983, 1985), Bluestone and Harrison (1980) and Massey (1984) introduce some issues which are significant but which have tended to be insufficiently considered by official planners.

The emphasis of this document is on the Transkei, and as such the question of a suitable industrial location policy is not dealt with in great detail. As previously stated, the author adopts a similar stance to Dewar et al (1984a), Kok (1986), Wellings and Black (1986) to mention a few critics, in emphasising that the existing metropolitan and secondary cities have the greatest potential for urban growth. However, because of the centrality of urbanisation to the development of rural Transkei, and in line with Rondinelli (1986) and Kok (1986) who indicate that "rural and urban development are inextricably related" (Rondinelli, 1986, 233) broad policy guidelines are discussed.

WEAKNESSES OF THE CURRENT INDUSTRIAL DECENTRALIZATION POLICY

The criticisms offered in chapters 3 and 4 have detailed the nature of weakness over the last three and a half decades of South African industrial location policy. A number of criticisms are particularly pertinent to improving current policy. First, Wellings and Black (1986) Zille (1983) to mention only two of many authors, have emphasized that industrial decentralization policy serves the wrong purpose, that is political, in South Africa. Second, Addleson and Tomlinson (1985) and Kok (1986), argue that the number of sites chosen are

too numerous. Third, the wrong types of industry are being attracted and subsidized (Nkuhlu, 1984; Tomlinson 1983; Wellings and Black, 1986). Fourth, sites chosen, sometimes have no existing infrastructure (Dewar et al, 1984). Fifth, decentralized jobs have proved to be particularly expensive to create (Kok, 1986; Kieu Commission, 1983; McCarthy, 1983). Sixth, the number of jobs created has been small relative to demand (Maasdorp, 1982; Tomlinson and Hyslop, 1984). Seventh, industrialists complain about the lack of infrastructure and services provided in the designated growth points (Welling and Black, 1986). Eighth, the productivity of labour in the periphery is less than in the core (Tomlinson and Hyslop, 1984). Ninth, the peripheral areas show little ability or potential to decrease the relative attractiveness of the core areas (McCarthy, 1983; Maasdorp, 1980; Tomlinson, 1983). Finally, the overly generous incentives have been subject to abuse (Wellings and Black, 1986), and it is argued by Bell (1984, 1986) and Bell and Padayachee (1985) that they may in fact have been paying businessmen to locate in areas they might well have chosen anyway.

The crux of the problem, in official government policy, appears however to have been in its choice of 'growth centres'. It has been argued that the existing metropolitan and secondary urban areas are the most likely locations for urban investment (Dewar et al, 1984a; Rondinelli, 1983). This is a significant stance to note, because the South African Government has traditionally adopted an opposite approach, although the 1982 and 1986 White Papers indicated a softening in this direction.

Rondinelli (1983) emphasises that the concentration of investment is vital to the attainment of self sufficient growth. The South African policy has traditionally focussed on the creation of new centres, a policy which is in direct conflict with Rondinelli's (1983), metropolitan or secondary city, bias. Furthermore, the Government bias toward lower order urban areas conflicts with Tomlinson's (1983) and Tomlinson and Hyslop's (1984) contention that the best opportunity for the maximisation of backward and forward linkages will occur in regions with diverse economies. Hamilton and Linge (1983) provide supporting evidence for the above contention in explaining that small firms are tied to markets, to suppliers, and to management functions. Dewar et al (1984a) emphasise that these facilities are lacking in the outer periphery, whereas Rondinelli (1983) indicates that these facilities exist in the metropolitan and secondary cities.

The impact of the above criticisms, is that if the South Africa Government is to promote a degree of decentralization, then official policy must move away from the political considerations of homeland or separate development and adopt more economically rational criteria in choosing investment priority areas. Certainly, it is the author's opinion, and this is supported by Tollman (1984), the Buthelezi Commission (1983) amongst others, that rural development in the South African periphery (especially the homelands) is contingent upon the South African Government abandoning the ideal of separate development (it is important to note that the author adopts a similar stance to Wellings and Black (1986) who suggest that this remains the South African Governments primary aim).

Rondinelli (1983, 205) supports his advocacy of metropolitan and secondary cities as priority choices for investment, by adding that such a priority would ensure a more rational choice in terms of location (including potential accessibility and economic viability), range of human resources (includes size of labour force, range of skills available), and in terms of past growth potential.

Certainly, if the choice of investment priority is metropolitan and secondary cities, and if public investment is used to upgrade existing inadequacies in the secondary cities, many of previous weaknesses identified in this chapter could be alleviated. Such public investment could include the decentralization of government functions, facilities, offices and parastatal enterprises (Rondinelli and Nellis, 1986), the upgrading of physical and service infrastructure, and the use of specifically targetted incentives.

The use of incentives can take a number of forms. Yuill et al (1980) indicate that these can be particularly attractive to businessmen because of the almost "pathological" distaste with which they are held, and because they encourage re-investment. Related to the above, there is the tax free option, such as is used in Ciskei. The potential problem with this approach is that if no profits are made, then little benefit accrues to the businessmen in any case (Tomlinson and Addleson, 1985).

The third option is that of labour subsidies, and since 1982 these appear to have had a significant impact on investment (Wellings and Black, 1986:

Bell, 1986) although they have been subject to much abuse. Finally, use can be made of capital grants which have an advantage over tax incentives in that they provide ready cash for the businessman, and are not reliant on profits being made.

Restrictions can also be used as a means of controlling urban development. Rondinelli (1986) indicates that restrictions have been successful in South Korea. However, this can partly be ascribed to the trend for industrial location in target areas of South Korea to structural changes in the economy. Within the South African context, Wellings and Black (1986), Black (1977), indicate the considerable hostility in the business sector to any form of Government restriction on industrial location.

Although the South African policy has achieved far less success than did South Korea, Bell (1984, 1986) has argued that part of this limited success must also be ascribed to a changing spatial division of labour. Clearly though, in view of the absolute rejection by businessmen in South Africa of restrictions on industrial location, the adoption of any such measures should be treated with the utmost caution. Rather it is the author's opinion, that in view of the important role the public sector will have to make in supporting rural development in the periphery, and more specifically in the provision of services, infrastructure, marketing incentives, price supports (Sinha, 1984; Grindle, 1985) heavy reliance will be placed on the private sector to ensure a strong national economy.

SOME NEW THOUGHTS ON INDUSTRIAL LOCATION POLICY

Bluestone and Harrison (1980) and Massey (1984) have brought into question some of the traditional explanations for industrial location. Traditionally industrial location was considered to be based on least cost criteria, transport costs, the price of industrial land, proximity to raw materials, the skill levels of local labour and the cost of labour. Furthermore, it is in terms of the criteria that the South African Government has targetted its incentives. Bluestone and Harrison's (1980) findings are interesting and informative, and to an extent may provide some additional information explaining why certain industries do decentralize and why others do not. Their findings suggest that firstly, modern technology has reduced the relative disadvantage of long distances as represented by transportation and communication costs. Secondly, they find that land costs are more relevant within a particular area, than between different regions. Thirdly, related to transportation costs, proximity to raw materials has declined because products nowadays require relatively more processing and relatively less material. Fourthly, in terms of labour quality, supply and cost, there has been a widespread deskilling process in certain industries in terms of which a skilled labour force is rendered less relevant and in these typically labour intensive industries, the wage costs are critical.

Bluestone and Harrison's (1980) findings can explain two phenomena. They explain to an extent why certain industrialists are responsive to the huge incentive package, whilst others are not. That is, labour intensive industries are more concerned with

the price of labour, than they are with the distance function, land costs or transportation costs of raw materials or the final product. Secondly, Bluestone and Harrison (1986) lend support to Massey (1984) who argues that labour processes and the production processes are more significant, and to Bell's (1984, 1986) and Maasdorp (1985, 228) contention that labour intensive industries have been decentralizing spontaneously as a means of improving their competitive edge.

In terms of the above, and bearing in mind that to date the South African Government has shown only a limited ability to influence the pattern of industrial location (Wellings and Black, 1986), far more appropriate would be for Government support to be based on each particular planning regions relative advantage. In those regions which have a relative advantage specific types of infrastructure can be provided. Clearly highly industrialized, capital intensive industry will have different demands and needs than regions with only agricultural potential. For example, public finance would be better channelled into basic services and infrastructure aimed at the promotion of agriculture in the Transkei, than has been the emphasis in the past, which has been on the promotion of urban infrastructure. Instead of wasting public finance on the promotion of industry in Transkei, greater emphasis should be placed on generating employment opportunities in Pietermaritzburg, Port Elizabeth and East London which can absorb some of the surplus rural population from Transkei.

8.6 URBANISATION AND INDUSTRIALIZATION IN SOUTH AFRICA

Closely related to the assumed free migration policy and the promotion of industrialization in the metropolitan and secondary cities, is the issue of urbanisation. The urbanisation question is currently receiving a great deal of attention in South Africa. In terms of this document, the major issues include housing provision, services and infrastructure provision and the promotion of economic activity.

Schlemmer (1986, 1) emphasises that, aside from population growth, death and perhaps war, urbanisation is the most commonplace and inevitable social phenomenon in the history of mankind.

Hindson (1986) comments that in Southern Africa, political ideology, more specifically apartheid, has greatly restricted the urbanisation process. The political ideology has resulted in a large mass of rural poor who are legally prevented from urbanising. This has definite negative impacts on welfare. Undoubtedly, those who migrate from the countryside to the city are frequently better off than if they had stayed in the countryside (U.N., 1984, 41).

The South African Government has argued over a number of years, that the South African metropolitan areas are overurbanised. Hindson (1986) and Schlemmer (1986) to mention only a few, argue that this is a misinterpretation of the existing situation. The author supports those sentiments of Hindson (1986) and Schlemmer (1986), and takes the stance that urbanisation in the existin,

metropolitan and secondary cities is inevitable and desirable for the development of Southern Africa (Wellings and Black, 1986; Lwar et al, 1984a). It is not within the scope of this document to provide detailed policies for an urbanisation strategy in Southern Africa, and as such the following discussion is limited to providing broad policy guidelines for the inevitable urbanisation (Schlemmer, 1986) that will occur in Southern Africa.

In terms of housing provision in Southern Africa, to date the South African Government has officially combated squatting and or slum dwelling (Kok, 1986, 17). Schlemmer (1986, 4) indicates that this policy is somewhat out of place. One gains the impression that many Third World societies have come to realise that a grudging acceptance of informal housing erected by the urban poor is emerging.

Kok (1986) finds that the literature reveals a number of positive aspects of informal housing. These include firstly, that such housing forms provide shelter that can be afforded by the urban poor. This in turn reduces the numbers of "so-called rough sleepers" (Kok, 1986, 18). Secondly, squatter settlements provide job opportunities in the informal sector especially in family based home industries. Thirdly, squatter settlements allow people the opportunity to live closer to the centres of employment than would have been otherwise possible. Fourthly, Kok (1986, 18) finds evidence to discount the suggestion that squatters "inherently display a tendency to act in a radical and revolutionary fashion". Finally, the evidence suggests that crime in squatter areas is relatively limited.

In his presidential address to the South African Institute of Civil Engineers, Heydenrych (1985, 5) referred to the problems that would have to be tackled to cater for rapid urbanisation, the most controversial of which was the fact that informal settlements would have to become recognised by the planning professions as a reality of rapid urbanisation.

... it is arguable that the greatest challenge facing the design professions in South Africa is how to respond to these informal settlements. As a starting point in my view we will be forced to acknowledge that areas such as Crossroads and Winterveld are not temporary phenomenon and are not necessarily bad. They are in fact a central component in a housing problem that would otherwise be insoluble. Accepting that then, there are two things which we can do.

In terms of service provision Heydenrych (1985) continues,

It must be preferable to identify through proper planning where we can accommodate informal settlements and then encourage them to occur in those positions by providing water and by making it known that settlers would not be harassed. Secondly, we must be organised and have the skills to move in quickly when they develop - firstly to establish goodwill with the new city dwellers and then to work with them in keeping access routes open and in providing other basic services such as refuse removal and sewerage (Heydenrych, 1985, 5).

Hindson (1986) concurs adding that all people should have the right to live where they chose. Schlemmer (1986, 14) emphasises Heydenrych's point that informal housing should be encouraged and accommodated.

The issue of land for housing for the urban poor is obviously crucial and unless new attitudes to urbanisation prevail, land will always be in short supply. As long as the supply of land lags behind the demand, the type of flexibility which could allow for the human dimension of accommodation ... will never materialize.

Supporting the provision of informal housing is also contingent on the provision of supporting services. The provision of clinics and health services, community centres and education facilities is important. There is really very little to say about such specific facilities and amenities except that they should be provided or facilitated as adequately as possible (Schlemmer, 1986, 13).

Finally, in terms of the promotion of economic activity, formal sector policies have been discussed earlier in this section, and thus we focus on the informal and small business sector. Schlemmer (1986) indicates that only limited expectations should be placed on the informal sector as an employment creator.

Job creation in this sector is certainly cheap and the most skill requirements are modest. It is however, most probably a form of activity too closely linked to the residual spending capacity of wage earners ... to have significant growth prospects (1986, 8).

On small business promotion, Schlemmer acknowledges that positive impact can be obtained from the injection of low cost capital into growth orientated entrepreneurship. A problem Schlemmer (1986, 8) identifies,

is that the existing pattern is to seek out individuals as recipient of low interest loans and support services. The individuals by

definition, have to show some promise as businessmen and thus all too often excludes the very poor and the new in-migrants to cities.

Schlemmer's (1986) contention reinforces the issue of targetting which has been discussed previously and is discussed again later in this document. The ILO (1983) argues that the expansion of the informal sector has often been constrained, neglect and indifference, and sometimes even harassment on the part of the authorities have held back much needed development of the sector, thereby limiting its potential for employment promotion (ILO, 1983, 82).

The above policy is considered to be detrimental to the expansion of this sector, and is in "sharp contrast to a more enlightened policy of providing informal activity with access to electricity, water and other infrastructural facilities (ILO, 1983, 82).

Deregulation has been suggested by the Swart Commission (1983) as a means of encouraging informal activity. That is laws that affect agriculture and the production, processing and distribution of foodstuffs; building regulations (methods of construction and design); town planning laws affecting the zoning of premises; the granting of licenses and permits to small businesses; the regulation of working hours; the regulation of commerce and industry in all its aspects, and the enforcement of minimum wages needs to be deregulated.

8.7 DECENTRALIZING DECISION-MAKING IN SOUTH AFRICA:
IMPLICATIONS FOR TRANSKEI

A major argument put forward by the bottom-up theorists, including Weaver (1981), Stohr and Todtling (1978), Stohr (1981), Almeyra (1983), Wu and Ip (1981) and Mira and Natraj (1981), was for the decentralization of decision-making down to the territorial or community based level. Weaver (1981) argued that such local level decision-making would prevent exploitation by the core, since local communities would control the use of local resources. These two factors would result in a greater investment of profits generated from rural surpluses back into the local rural economies. This would have, in theory, the impact of improving the conditions in the rural areas and resultant greater regional equity.

There has, however, been severe criticism of the bottom-up school's advocacy of decentralized decision-making. The criticism concentrates not as much on the desirability of decentralizing decision-making, but rather on the utopian approach adopted by bottom-up protagonists. It has been argued (Hebbert, 1984) that insufficient consideration has been given to costs incurred from the promotion of a number of mini-governments. Douglass (1981) argues that the small community approach is no guarantee that existing inequalities will not persist. Haddad (1981) supports Douglass contention and emphasises that decentralization of decision making, especially when seen in terms of 'spatial closure', can result in conflict between regions. That is, where differences in physical and human resources exist between regions, selective closure may in fact

favour the existing 'have' regions at the expense of 'have nots', as has been the case in Yugoslavia. Hebbert (1984) argues that historically, decentralized models of government have not been particularly notable in their rural or redistributive bias. Similarly Blaikie (1981) argues that territorial decision making can in fact help the stronger (politically and economically) classes to preserve their power.

However, the debate on centralized versus decentralized decision-making is far from resolved. Rondinelli (1986) argues convincingly that the success of rural development strategies depends on the decentralization of decision making, although his approach is somewhat removed from that of Friedmann and Weaver (1979) who suggested that the nation state was in long term decline as a political institution. Stohr and Taylor (1981) somewhat begrudgingly, concede that bottom-up theorists will have to accept a compromise in terms of territorial control. Penoull (1981) supports to an extent Stohr and Taylor's (1981) concession and emphasises that one of the greatest errors of regional approaches over the last decade has been the viewing of centralized and decentralized institutions as being in direct opposition to one another. Certainly, according to Hebbert (1984, 146) historical evidence suggests that any move toward increased territorial decision-making is a gradual step-by-step process. Rondinelli (1986) supports Hebbert by emphasising that the decentralization of decision making is a slow, halting process. McCullum (1980) states that in Korea, the Central Government had an important part in the promotion of local level decision-making.

Initiative and planning started from the village level ... however, the movement could not have succeeded had it not been for the well-co-ordinated government support across all departments (1980, 38).

CRITICAL CRITERIA FOR THE DECENTRALIZATION OF DECISION MAKING

From the substantial body of literature relating to the decentralization of decision making, and the promotion of grass roots development a number of critical criteria are consistently mentioned. The devolution of fiscal control has been emphasised by Aremo (1983) and is considered by Rondinelli and Nellis (1986, 17) as being "the core of the concept of decentralization". Greater emphasis needs to be placed on the promotion of local organisations, self help organisations and co-operative societies. (Ayazi et al, 1978: Rondinelli, 1986). Aremo (1983, 18) stresses that the role of public participation must be clearly understood.

In many of the so-called successful self-help projects or co-operatives, the peoples participation is restricted to physical labour and is excluded from planning and determination of priorities. In most cases, government authorities act on behalf of the people as if the people had no ideas of their own. This is quite wrong.

McCullum (1980) and Ayazi et al (1978) support the above viewpoint and emphasise that the success of public participation is contingent to a large degree on the governments acceptance of the role of local organisations.

An issue that receives considerable attention in the literature is that of targetting. That is not only targetting in terms of project type investment, but also in ensuring that local elites do not gain control of power to the detriment of weaker classes (Hakin, 1981; Boisier, 1981; Aremo, 1983; Blaike, 1981, Haddad, 1981).

Finally, Wu and Ip (1981) and Aremo (1983), to mention only a few, highlight the importance of central government policy in ensuring the promotion, over a long period of time, of rural development and involvement in decision-making.

TRANSKEI: DECENTRALIZED DECISION-MAKING

It is important to briefly reiterate on the findings of the case study as regards the type of decision-making that occurs in Transkei. Such an evaluation can occur at two levels. Firstly, the question must be asked whether or not Transkei and the other homelands do not in fact represent decentralized government within the South African context. Secondly, the decision making structures in the Transkei are evaluated.

As regards the notion that the homelands be regarded as examples of decentralized governments within the South African context Tomlinson (1983, 1984) is emphatic that this is not the case. Tomlinson (1984) argues that the homelands are merely a means for the South African Government to ensure separate development or 'grand apartheid'. Furthermore, Tomlinson (1983, 1984) highlights the financial dependence of the homelands on South Africa - indeed he is very critical of the manner in which the South

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