



UNIVERSITY OF NATAL DURBAN

**INDUSTRIAL DECENTRALISATION
UNDER APARTHEID :
AN EMPIRICAL ASSESSMENT
OF INDUSTRIAL
DECENTRALISATION IN
SOUTH AFRICA**

Paul Wellings and Anthony Black

DEVELOPMENT STUDIES UNIT

Centre for Applied Social Sciences

WORKING PAPER NO. 12

**INDUSTRIAL DECENTRALISATION UNDER APARTHEID :
AN EMPIRICAL ASSESSMENT OF INDUSTRIAL DECENTRALISATION
IN SOUTH AFRICA**

by

Paul Wellings and Anthony Black

Working Paper No. 12
Development Studies Unit
University of Natal
Durban

1984

Dr Paul Wellings is Research Fellow in the Development Studies Unit at the University of Natal, Durban. Anthony Black is presently junior lecturer in the Department of Economics at the same university, and formerly junior Research Fellow in the Development Studies Unit.

Financial assistance by the Main Committee for the HSRC Investigation into Intergroup Relations and the Steering Committee of the HSRC Investigation into Manpower Issues is hereby acknowledged. Views expressed and conclusions drawn are those of the writers and should not be regarded as necessarily reflecting those of the HSRC.

ISBN 0 86980 455 3

"MULTICOPY" Durban

**INDUSTRIAL DECENTRALISATION UNDER APARTHEID :
THE RELOCATION OF INDUSTRY TO THE SOUTH AFRICAN PERIPHERY***

Summary - This paper is concerned with industrial decentralisation in South Africa. Central to it is an analysis of the impact of decentralisation on industrialisation in the bantustans. The first section describes the evolution of the decentralisation policy and examines the results to date. Particular attention is directed towards the revised programme introduced in 1982. Section two identifies the political imperatives that have underpinned the programme since its inception and discusses the alternative thesis that a drive towards 'spontaneous' decentralisation may have emerged more recently. The third section, drawing upon the results of the authors' two surveys, focuses upon the factors that militate against the development of growth points in the bantustans. This shows that most are severely disadvantaged with respect to growth points established in 'white' areas and may therefore be largely excluded from any 'spontaneous' drive towards decentralisation. Finally, section four demonstrates that the supposed 'developmental' impact of decentralisation on the bantustan sub-economies is extremely limited, with most of the benefits draining back to the metropolitan centres.

INTRODUCTION

Although industrial decentralisation has been central to South Africa's bantustan strategy for over twenty years, it has encountered - to cite one official understatement - "relatively little success"¹ in reversing the trend towards the centralisation of manufacturing production. An explanation for this is not difficult to find. Whilst there have been many attempts to rationalise decentralisation on sound economic grounds - and therefore to see it as a solution to both alleged metropolitan diseconomies and the underdevelopment of the periphery - it was clear from the outset that "...the genuine economic cause for decentralisation was subordinated to the requirements of separate development",² Specifically, decentralisation was conceived

as a means for stabilising the state's system of influx control by providing alternatives to metropolitan employment within the bantustan sub-economies. On the other hand, there is some evidence to suggest that an economic imperative favouring decentralisation may have emerged more recently. Although the data may as yet be interpreted in a variety of ways, it is possible to argue that South Africa is in the early stages of a reorganisation of industrial production towards a regional division of labour - specifically, the relocation of labour-intensive processes to peripheral cheap labour areas - as a means for improving its limited competitiveness with respect to both imported manufactures and its own exports to the international markets.

Given these two positions, it is difficult to evaluate the revised decentralisation programme that the government introduced in April 1982. Whilst it would appear that the government initiatives have generated much greater interest in decentralisation among industrialists than at any time before, there are at least two possible interpretations of these early results. On the one hand, an increase in the number of applications for decentralisation may reflect nothing more than an appreciation of the improved incentives now available at the growth points. On the other, one might suggest that the new policy has simply fastened on to a 'spontaneous' drive towards the relocation of industry to low wage areas.

This paper, however, will not attempt to validate either of these hypotheses. For one thing, it is as yet too early to project with confidence possible reactions to decentralisation in the future.

Secondly, it is impossible to test with any real precision the assumption of the second hypothesis that decentralisation would occur on a large scale in the absence of incentives. Hence, what is assessed here is the contribution that decentralisation might make to the industrialisation of the bantustans, given that this remains the predominant official objective of the policy. In sharp contrast to the propaganda issued following the early successes of the 1982 programme, we argue that most bantustan growth points are severely disadvantaged with respect to those located in 'white' areas - a fact that is clearly reflected in the pattern of decentralisation since 1982 - and that they will therefore be largely excluded from any 'spontaneous' drive towards industrial relocation. In addition, we show that decentralisation has very little impact upon the 'development' of the bantustan sub-economies either in terms of the creation of employment opportunities or through local multiplier effects.

We would stress, though, that our objective here is not to suggest amendments to the programme that might further its 'developmental' impact for this would be to accept the legitimacy of the bantustans and the ideology that created them. Further, it would imply that planning for the benefit of the impoverished is (or could be) a meaningful process in these areas - "that is to say, within a total social and political context which makes such planning at best irrelevant and at worst a deliberate attempt to divert attention from the realities of power".³ Thus, whilst planners might wish to see what could be done within the existing political framework to improve conditions in the bantustans, they should also consider to what extent their recommendations are likely to strengthen those structures which

(1973b, pp. 401-402), the function of the growth points was twofold: "(a) to provide people in the surrounding labour supply areas of the Bantu homelands with the opportunity of commuting to jobs in manufacturing industry in the growth centres, and (b) to diffuse benefits throughout the surrounding areas via some sort of income and employment multiplier mechanism". However, the border areas were never more than marginally successful in attracting investment and their impact upon development within the bantustans proved negligible. Accordingly, and in response to the accelerating deterioration of the bantustan sub-economies, a decision was taken in 1968 to permit 'white' capital into the bantustans although this had previously been thought inconsistent with the ideology of 'separate development'. Simultaneously, the Physical (later, Environment) Planning Act was introduced in 1967 to provide for stricter control over industrial expansion in the metropolitan centres of Pretoria-Witwatersrand-Vereeniging (PWV), Port Elizabeth-Uitenhage, Bloemfontein and Cape Town. In terms of the Act, restrictions were placed on both the proclamation of industrial land (Section 2) and extensions to existing factories (Section 3), both pieces of legislation being specifically designed to regulate the employment of Africans.

The exact impact of this policy is difficult to gauge with precision but it is clear that it had important implications for job creation in the metropolitan areas, while having very little effect on industrial development in the bantustans.⁵ There were several reasons for this. In the first place, industrialists could respond to coercive legislation in several ways besides relocation; (a) by deciding not to

expand at all⁶ - indeed Glaser (1983, p.24) suggests that industrialists staged a "general investment strike" in the years immediately following promulgation of the Act; (b) by expanding with the use of non-African labour; and (c) by increasing production through the substitution of capital for labour.⁷ Secondly, some companies decided to close down rather than run potentially uncompetitive businesses on site or face the risks of relocation. The textiles and clothing industry, for example, actually contracted between 1968 and 1978 in PWV primarily as a result of the Act.⁸ Thirdly, companies were able to expand operations in Natal where metropolitan areas were free from controls.⁹ Finally, the incentives were generally not considered attractive enough to compensate for the disadvantages of growth point locations.

Reactions to the Act amongst industrialists were characterised by "consternation, confusion and protest".¹⁰ As a result, the government decided in 1971 to confine Section 2 controls to PWV only and to lift Section 3 restrictions on industries defined as either 'locality-bound' or labour-intensive with respect to white workers. In spite of this, though, and despite the fact that the rate of refusal of applications made under the Act between 1968 and 1978 stood at only 10 percent,¹¹ rejections under Sections 2 and 3 still affected about 220 000 and 100 000 jobs respectively in this period, discounting possible losses in job opportunities through capital substitution/closures and failures to expand.¹² On the other hand, official figures tend to overstate the 'positive' impact of the policy since a considerable proportion of jobs would have emerged at the growth points independently of state intervention. Thus, on the

assumption that non-metropolitan areas would have at least retained a constant share of employment, Bell (1973a) argued that only 11 600 out of 87 000 jobs generated at growth points in the 1960's (roughly 13 percent) were products of government policy. Arguing along similar lines, Gottschalk (1977, p.54) calculates that in the first five years of the policy from 1968, an average 9,2 jobs were lost in the metropolitan centres for every one created in the growth points. Thus, despite periodic revisions of the incentive packages obtaining at growth points, official sources indicate that only 192 990 jobs were decentralised between 1960 and 1981.¹³ Of these, about 150 000 were decentralised to border and bantustan growth points (1960-1980) - an annual average of 7 500 - whereas an average 115 000 blacks were entering the labour force in these areas every year.¹⁴ Not surprisingly, then, decentralisation policy was restructured once again with the introduction of a new programme on 1st April 1982.

Unlike previous amendments to the system this contains some significant modifications. In the first place, whilst industrialisation within the bantustans is still regarded as the major priority of the programme (and this is reflected in the level of incentives offered at bantustan growth points), the level of assistance is also structured in accordance with the 'development' needs of (eight) 'functional regions' which cut across bantustan borders. Second, while the number of growth points has increased, the stated intention is to focus incentives on a more limited number of points. Third, the incentive packages have been upgraded and reorganised to place greater emphasis on longer term assistance and

the payment of short term incentives in cash rather than tax concessions to bridge cash flow problems. Fourth, attempts are to be made to mobilise funds from the private financial sector for the continued development of growth points. To this end, the Southern African Development Bank was established in September 1983. Finally, direct controls on the growth of metropolitan areas are to be replaced by indirect fiscal disincentives. The institutional and financial systems underpinning the programme have also been reorganised.¹⁵

Several types of growth points are now distinguished (see Table 1); (a) 'industrial development points' (IDP's) - "points where alternative agglomeration advantages could be created to counterbalance the existing metropolises"; (b) 'deconcentration points' - "points adjacent or close to the metropolitan areas towards which industrial growth could be deconcentrated to lessen the pressure of overconcentration in the metropolitan areas"; (c) 'other development points' - "points with less potential to develop as counterbalances to the existing metropolises and/or where the development needs of the sub-region are not as great as in other areas"; and (d) 'ad hoc cases' - where certain industries may be granted incentives on merit at locations other than established growth points.¹⁶ The incentives vary across regions, between different types of growth point, and between 'white' areas and the bantustans, and some idea of the variation can be gauged from Table 2. In addition, it can be seen why the incentives obtaining at places like Dimbaza in Ciskei have been described as "possibly the world's best industrial concessions".¹⁷ For instance, since cash grants per labourer often exceed wages, it is possible for an employer (at least under Transkeian regulations) to

make a profit without producing anything or while trading at a loss.¹⁸ Furthermore, it is clear that whilst incentives are generally more attractive in the bantustans, the differentials are not always significant. As we will argue later, these differentials close appreciably if the positional, infrastructural and agglomeration advantages of growth points established in 'white' areas are taken into consideration.

Reactions to the new programme have been very positive in certain quarters¹⁹ and, whilst it is too early to speculate with confidence on the long-term prospects for the policy, it would appear that the new initiatives have stimulated much greater interest among industrialists than hitherto (see Figure 1). For instance, a survey of manufacturing companies (albeit slightly biased towards larger firms) in the major metropolitan centres demonstrates a not inconsiderable level of interest in decentralised expansion or relocation (although not necessarily to the bantustans), particularly in PWV and Durban (Table 3). The same survey also indicates that anticipated employment growth rates for existing firms appear to be significantly higher in at least two bantustan growth points (Isithebe and Butterworth; average approximately 6,0 percent per annum) than those given by a comparable sample of metropolitan industries (average approximately 3,0 percent; see Table 4). Significantly, too, the involvement of foreign capital also seems to be increasing; for the period 1982/84, foreign investors accounted for 5,8 percent of 'approved' applications for decentralisation and 18,4 percent of the jobs.²⁰ Interestingly, a large share of this investment is directed towards the bantustans in

sharp contrast to the earlier hesitancy of multinationals to establish operations in these areas.²¹ Of particular interest here is the dominance of Taiwanese companies which contributed 52 percent of the jobs arising from foreign investment.²²

Not surprisingly, then, given the dismal record of decentralisation up to now, the official reaction to these results is one of optimism.²³ Inevitably, too, this has generated a number of premature and extravagant claims in terms of the impact and viability of the policy.²⁴ However, it should be stressed that only about 40 - 50 percent of these 'approved' jobs will actually materialise (see Figure 2); for example, only 41 percent of decentralised jobs that were 'approved' in the calendar year 1981 had been established by the end of the 'grace period' in 1983.²⁵ More importantly, though, Table 5 indicates that, if consideration is given to variations in 'drop-out' rates (believed to be higher in the bantustans), more jobs are likely to be established in 'white' areas than the bantustans from projects 'approved' between 1982 and 1984. Moreover, the jobs will be heavily concentrated at a small number of growth points (see Figure 3). For example, Isithebe - located on the edge of KwaZulu only 100km from Durban and 80km from the major port at Richards Bay - accounted for 31 percent of all applications and 46 percent of the jobs in 1982/84 directed towards growth points in the non-'independent' bantustans.²⁶ One of the most successful of the bantustan IDP's, 12 350 people are now employed in Isithebe and the number of manufacturing plants established there has risen from 1 in 1971 to 86 in March 1984.²⁷ Similarly, Babelegi in Bophuthatswana - situated very close to the PWV industrial complex - is the most successful of

the growth points in the 'independent' bantustans with 14,500 workers currently employed.²⁸ Equally, East London and Ladysmith accounted for 18 percent and 8 percent of the jobs in border and middle hierarchy growth points,²⁹ while Pietermaritzburg and Atlantis each accounted for 29 percent of jobs in 'white' deconcentration points.³⁰

The concentration of decentralised activity in those centres which are most advantaged economically has been a feature of the programme from the beginning. But what is different about the current situation is that, although few of these centres are in the bantustans (for reasons discussed in section three), the 1982 programme would appear to favour a process of concentration. What this might imply is a significant relaxation of the political objectives of the programme, heralding a possible shift away from the obsession with industrialising the bantustans at any cost and a corresponding move towards a sense of economic rationality. These objectives and this 'shift' are the subjects of the following section.

2. POLITICAL AND ECONOMIC IMPERATIVES FOR DECENTRALISATION

Whereas the government has continued to insist that "... the economic benefits of decentralisation are tremendous",³¹ most critics of the policy have regarded it as "...entirely political, economically irrational and in contradiction to economic trends".³² Those of the latter persuasion might well find confirmation of their analysis inter alia in that; (a) the declaration of growth points - most of which have been located where positional, infrastructural and

agglomeration advantages are negligible - has been determined by the need to allocate several to each of the bantustans and a need to satisfy the demands of influential white constituencies anxious to achieve growth point status; (b) the net level of employment generated as a direct result of the programme is negative in balance; (c) the state must bear the burden of underwriting infrastructural development and paying incentives while effectively reducing its taxation base (both corporate and personal) by restricting economic growth in the metropolitan areas; (d) notwithstanding possible advantages to individual companies, there is considerable opposition to decentralisation among industrialists whose interests are badly affected by restrictions on metropolitan growth and the high level of taxation required to help finance the policy and other facets of apartheid administration. Clearly, on balance, the return on investment in decentralisation is not 'positive', being substantially lower than would have accrued if the capital had been applied in another direction and/or location.

Thus decentralisation is seen to be serving a variety of political objectives, the most important of which seem to be:

- (a) a means for increasing the number of job opportunities in the bantustans so as to retain a greater proportion of blacks within these areas while simultaneously ensuring that migration is geared more efficiently to the demands of the urban labour markets. As Legassick (1974, pp.13-15) noted, the dilemma for the South African state has always been how to engender the development of industry without "... simultaneously encouraging a

rise in the permanent black urban population". Decentralisation was thought to be at least part of the solution. Zille (1983, p.65), for example, contends that decentralisation is "... aimed at providing the economic base for the population distribution needed to retain ethnicity as the fundamental organising principle of society". The objective, though, was not to develop the bantustans as competitive sub-economies capable of satisfying the job demands of all their 'citizens' but to ensure that the pools of cheap migrant labour reserved in these areas corresponded efficiently to the precise demands of metropolitan employers. As Harsch (1980, pp.75-76) observed, "... anything more than a very limited level of industrialisation in the bantustans could, by providing alternative sources of employment for Africans, undermine the migratory labour system that much of the South African economy is based on".

- (b) an attempt to defuse popular protest and labour organisation in the urban areas by furthering the potential of the bantustans to accommodate a large resident population.³³ The Viljoen Commission (1958), for example, advocated decentralisation on the grounds that further urbanisation of the African population would increase the likelihood of 'political subversion'. Conversely, the option of decentralisation could be used by employers to threaten recalcitrant workers. Moreover, by relocating sections of low wage industry to the bantustans, decentralisation would strengthen the material base of their 'governments' and thereby help to deflect political and trade union grievances away from

the South African state towards the bantustan authorities.

- (c) a means of fostering class formation in the bantustans. As noted above, white industrialists were prohibited from the bantustans prior to 1968, partially in order to protect local capitalists, but the policy now appears to be aimed at developing bureaucratic and technocratic class fractions complementary to the interests of 'white' capital.³⁴

- (d) an attempt to legitimise the bantustan policy in both local and international forums and to ensure the compliance of bantustan leaders with the promise of economic development. Thus, for Hirsch (1983, p.153), "... the evidence suggests that while the state desired some development of the bantustan economies, the elimination of unemployment and (the) creation of viable economic structures were not the policy priorities. The highest priority was, in fact, the immediate strengthening of emerging political structures in the bantustans". This is evident, he suggests, in the way that capital-intensive projects have been encouraged and the number of growth points consistently extended to "maximise visibility"³⁵

Thus, from this perspective decentralisation may be understood as an attempt to arrest the impending collapse of the bantustan sub-economies - thereby stabilising the migrant labour system - by securing conditions suitable for industrial investment in these areas.³⁶ Further, by propelling decentralisation towards a stage of 'self-sustaining' growth, the state may have hoped to shift at least

part of the burden of 'developing' the bantustans onto private capital. It is held, then, that the failure of this strategy is primarily the result of the fact that capital's first loyalties are to profit and accumulation, and its response to decentralisation is therefore premised upon economic rather than political factors. According to Glaser (1983, p.8), therefore, the government has so far failed to overcome an "investment boycott" on the part of industrialists.

On the other hand, it might also be argued that decentralisation may be underpinned or reinforced by certain economic imperatives. Lacey (1982, p.48), for example, contends that "... decentralisation must be seen as a part of the process of reorganisation of industrial production which has been brought about by changed conditions for capital in South Africa". This arises from the fact that although the South African manufacturing sector has grown very rapidly since the last War, it is "... simply not competitive in international markets"³⁷ and remains subordinate to and dependent on the state for subsidies and other forms of support. Historically, the manufacturing sector has manifested a high propensity to import together with a low propensity to export³⁸, and the inflow of foreign capital has been essential to its continued growth. Even during the boom of the 1960's, it was still evident that South African industrialists were "... neither able to break sufficiently into export markets, nor generate local production of capital goods".³⁹ And, at present, "... there are no signs whatever that South Africa is achieving a breakthrough into exporting more sophisticated manufactured goods, and if

anything South African manufacturing has been becoming more vulnerable to foreign competition in the home market".⁴⁰

It is argued, then, that the resolution of this crisis - particularly under conditions of declining foreign investment and falling gold revenues - will depend upon a significant improvement in the competitiveness of the manufacturing sector, especially in view of the constraints on domestic market expansion imposed by a highly skewed income distribution. As Legassick and Innes (1977, p.459) note: ".. the possibilities for continued accumulation are crucially dependent on South Africa's ability to extend its export earnings". One way in which this might be realised is through the relocation of capital - notably, labour-intensive or highly deskilled forms of production - to non-metropolitan areas where labour costs are lower.⁴¹ Clearly, export-oriented industries would benefit through lower cost structures particularly at a time when domestic inflation (despite a serious decline in the value of the Rand) may be eroding their ability to penetrate foreign markets. Similarly, import-substituting industries would improve their standing against their international competitors provided that decentralisation diseconomies do not counterbalance the advantages of relocation. It is in this context that Bell (1983; 1984) has argued that a substantial proportion of industrial relocations to decentralised areas from the mid 1970's were 'spontaneous' in the sense that they would have occurred in the absence of incentives. He suggests, then, that South African capitalism is undergoing a reorganisation towards a regional division of labour - a local manifestation of the restructuring of capital at the international level - and that artificial mechanisms designed to

encourage decentralisation will become unnecessary as the process moves beyond its present embryonic phase. Associated with this is the view that several of the allegedly 'political' imperatives of the policy may no longer be entirely contradictory to the interest of capital. For instance, the establishment of incentives and infrastructure in low-wage un-unionised areas may serve well the interests of industrialists facing a concerted challenge from emergent unions in the metropolitan centres.

Obviously, several counter-arguments may be raised against this thesis. In the first place, the recent burgeoning of interest in decentralisation among industrialists cannot be cited as conclusive evidence of strong economic pressures in favour of it. The empirical evidence presently suggests that it is "... state intervention in the form of incentives which seems to have played the most important role in promoting decentralisation".⁴² Secondly, whilst there is some evidence of a sectoral bias towards more labour-intensive forms of production in decentralised areas (see section four), they do not seem to be significantly more export-oriented. Similarly, it remains to be demonstrated convincingly that there is a disproportionate number of industries being affected by 'excessive' competition from imports among those that are decentralising at the moment, although there may be some indications that this is the case in textiles and clothing.⁴³

In the absence of consistent supporting data, Bell's thesis remains speculative. What is interesting, though, is that the proportion of

manufacturing employment located in decentralised areas has shown a steady and not insubstantial increase since the 1970's (rising from 12,3 percent in 1972 and 12,9 percent in 1978 to 19,3 percent in 1984; see Figure 4). Certainly, the provision of incentives at growth points has been central to this process but one might also argue (considering that by 1981 only 35 percent of jobs in decentralised areas had been established under the auspices of the Decentralisation Board; comparing data in Figures 1 and 4) that, just as Rogerson (1975a; 1975b) noted a move towards the 'suburbanisation' of industry in the 1960's, so an imperative towards decentralisation may exist in the present. What we would suggest, though, is that if there is a 'spontaneous' element to decentralisation, then it will act increasingly to focus industrial relocation on a relatively small number of advantaged growth points. Thus, if the findings of section three are correct, 'spontaneous' decentralisation will be directed largely towards the metropolitan peripheries or established towns rather than IDP's located deep within the bantustans. Clearly, this would work against the objective of bantustan 'development', yet a close reading of the 1982 programme would imply that there is a certain level of state support for it.

Whereas the 1982 package is in many ways a typical product of a compromise between the conflicting interests of apartheid ideology and manufacturing industry, it also bears evidence of a growing sensitivity to the needs of capital. While the increase in the number of declared growth points and the allocation of advantages to those situated in the bantustans suggests a continuation of attempts to link decentralisation to the ideology of separate development, the creation

of functional regions, the intention to concentrate resources on particular growth points, the attempts to persuade the business community to underwrite the programme, and the attractive incentives assigned to 'white' deconcentration and development points reflect a hitherto unprecedented level of pragmatism and possibly recognition of a drive towards the relocation of capital in areas where labour costs are lower but where locational, agglomeration and infrastructural economies are not significantly inferior to those obtaining in the metropolitan centres.

3. LIMITATIONS TO GROWTH POINT DEVELOPMENT IN THE BANTUSTANS

(1) Fiscal Constraints

A major constraint on the development of growth points in the bantustans is its "extraordinarily expensive"⁴⁴ cost to the South African state. One estimate is that each decentralised job represents a total investment (direct and infrastructural) of between R60,000 - R100,000 per job, approximately four times its metropolitan equivalent.⁴⁵ Obviously, recurrent investments in infrastructure will diminish gradually in the larger centres but there seems little reason to expect this disparity to close significantly in the short term.⁴⁶ Thus, in almost all the bantustan growth points (an important exception being Babelegi) investments by the Development Corporations consistently exceed the contributions of private capital.⁴⁷

Furthermore, whilst the argument is advanced that the growth points will eventually outgrow their dependence on incentives, there is little likelihood that this will be possible in the foreseeable future. Survey data for the Isithebe (KwaZulu), Umtata and Butterworth (Transkei) IDP's (Table 6)⁴⁸, and for manufacturing companies in the metropolitan centres (Table 7)⁴⁹ show that the provision of incentives is the most important factor influencing industrialists' decisions to invest at growth points (wage subsidies being considered the most important; see Table 13). Interestingly, the metropolitan data illustrate how the significance of incentives as a location factor increases with their value (from urban areas through deconcentration points to IDP's). Associated with this is a tendency for inter-urban relocations to be determined solely by 'traditional' economic considerations.

Similar results were obtained by Tomlinson et al (1984a)⁵⁰, see Table 6), in whose survey 79 percent of the respondents said that their present growth point location would not have been considered in the absence of incentives, and 49 percent said that incentives were necessary to operate at a profit.⁵¹ Broadly comparable figures are cited by Dewar et al (1984)⁵² and Green and Hirsch (1982a, p.43).⁵³ In the former survey, while 62 percent of industrialists claimed that they could continue business without incentives, only 49 percent said that they would continue.⁵⁴ On the other hand, because most of the latter companies were relatively small they go on to suggest that only 19 percent of jobs in centres included in their survey would be lost if incentives were withdrawn and a further 8 percent would be in

doubt. However, whilst the termination of incentives may not result in an immediate and wholesale exodus of investment - because of certain inertial factors - it will obviously have a very considerable impact upon the inflow of new investment from the metropolitan centres. Taken together, then, these observations provide little support for Bell's ideas of 'spontaneous' decentralisation. It should be stressed, though, that the prospects for decentralisation in the absence of incentives are not as easy to evaluate as the foregoing discussion might suggest.

Also important to considerations of public expenditure is the fact that while most incentives are intended to assist companies for a period of 7 to 10 years, in practice the majority of companies have managed to secure incentives for longer periods. Dewar et al (1984, p.63), for instance, note that 40 percent of the companies in their survey that were established before 1960 were still receiving incentives in 1983 and a further 20 percent expected to receive incentives in the future. Thus:

"at the present time, it appears unlikely that incentives will be phased out, even though this intention is frequently expressed by government officials. It appears to be relatively easy for industries to extend concessions by replacing machinery or expanding premises and applying for incentives de novo on these improvements; many companies opting for the 1982 incentive package will be able to extend their period of subsidised operations yet again, and it is likely that long established industries will continue to receive incentives so as to protect them from competition from new, heavily subsidised industry"⁵⁵

Indeed, in our surveys in Butterworth, respondents frequently complained that the 1982 package had given an 'unfair' advantage to

new competitors in the Ciskei and that some 'adjustments' to their contracts should be made as compensation.⁵⁶ Certainly, given the state's need to encourage the few industrialists who have taken advantage of incentives at bantustan growth points to continue operations for 'demonstration' purposes, investors clearly have considerable opportunities for re-negotiating contracts on their terms. In addition, the new emphasis on long-term incentives in the 1982 package seems to suggest official recognition of the cost-ineffectiveness of bantustan centres and a commitment to permanent subsidisation.⁵⁷

The state's burden is also certain to be increased by 'concession-hopping' - companies migrating from one growth centre to another in order to retain a full package of incentives - although this is strictly illegal,⁵⁸ and by corruption (claims for 'ghost' employees, non-existent machinery and training schemes etc.).⁵⁹ Furthermore, while the impact of incentives is probably ".. not so much to encourage inefficient industries but inefficient location",⁶⁰ decentralised areas will attract their share of 'lame ducks' - uncompetitive businesses which use incentives to continue trading or to make quick profits - particularly in the bantustans where the bureaucracies are not so efficient.⁶¹ Stanwix (1984, pp.230-231), for instance, argues that several companies that he interviewed in Isithebe had relocated primarily as a result of their failure to raise capital for technological improvements and thus remain competitive while paying metropolitan wages.

In short, given the dependence of bantustan industries on incentives, the state's ability to accelerate its subsidisation of decentralisation must be questioned. In addition to its investment in infrastructure, the state is faced with a sizeable and rapidly growing bill for incentives (see Figure 5). Simultaneously, the financial burden of propping up the bantustans is becoming increasingly onerous for the South African state. Although the disbursements from Pretoria have tended to outstrip inflation and appear to have assumed some priority during the present recession, their impact on bantustan development has been insignificant (Thomas, 1981) while a sizeable proportion has been wasted on bloated bureaucracies⁶² and siphoned off by corrupt public servants.⁶³ As a result, amidst talk of a 'revenue crisis' among government officials⁶⁴, the government intends to trim its spending on bantustan 'development' and possibly tie expenditure to approved projects.⁶⁵ Moreover, at the same time that the state is being confronted by a rapidly escalating bill for incentives and infrastructural development in decentralised areas, the Environment Planning Act - by restricting economic growth in the metropolitan centres - negatively affects the state purse via its impact on corporate earnings and hence corporate tax. For instance, notwithstanding denials by government spokesmen,⁶⁶ there is growing concern among observers that the Port Elizabeth/Uitenhage area is "... being crippled by the Government's decentralisation policy"⁶⁷ (specifically, by diverting potential investors to decentralised areas) and industrial spokesmen have continually warned against the dangers of restricting industrial growth in the cities.⁶⁸ It is possible, then, that the new fiscal disincentives presently being

considered by the government as an alternative to the Environment Planning Act may imply a relaxation of state control over metropolitan expansion. But whilst this will ease the state's 'revenue crisis' it will also be prejudicial to the decentralisation programme. Thus, unless incentives are to be gradually phased out, or financed by increased corporate taxation, or (more likely) concentrated at a smaller number of growth points, it is certain that the state will become increasingly dependent on the private financial sector to underwrite decentralisation.⁶⁹ It is, however, too early to evaluate the state's early initiatives in this direction.

(2) Labour

The availability of especially cheap and plentiful labour in the bantustans is obviously a major stimulus to decentralisation (consistently ranked second behind incentives; see Tables 6 and 7), a factor stressed by a variety of studies.⁷⁰ Although reliable data are difficult to obtain and questionnaire responses must be treated with caution, the wage disparities between the bantustans and the metropolitan centres are clearly of considerable dimensions.⁷¹ Part of the reason for this is that black skill levels are generally higher in the metropolitan centres. For instance, Dewar et al (1984, p.77) found that on average 74 percent of jobs in their survey of growth points were classified as unskilled; this rising to 87 percent in the bantustan sub-sample (also see our Table 12). However, a comparison of wage levels within individual skill categories still reveals startling disparities particularly at the lower end of the spectrum. In Dewar et al's (1984, p.81) survey, for example, wages for unskilled

males in the bantustans averaged out at R107 per month compared to R285 per month in the metropolitan areas. Equivalent figures for females were R94 per month and R279 per month. Other figures suggest that industrial labourers in Transkei and machinists in Isithebe are paid at 43 percent⁷² and 45 percent⁷³ respectively of average rates obtaining in the cities. In addition, the working week is usually longer in the bantustans and archaic labour legislation allows employers to avoid metropolitan health and safety norms as well as sick leave and compensation regulations.⁷⁴

These wage disparities are essentially products of differences in the supply of labour. As a result of influx control and the forced removal of black communities from 'white' South Africa to their respective 'homelands', the bantustans are areas of massive unemployment so there is virtually no competition among the few employers to bid up the price of labour. Muller (1984, pp.2 and 7), for example, has shown that whilst 12 270 Transkeians were employed in manufacturing at the end of 1983 the labour supply (excluding migrants) stood at 597 000. Comparable figures for Ciskei are 19 770 and 400 000.⁷⁵ An additional factor is the over-representation of female labour in bantustan industries.⁷⁶ The reason for this is that under the present system of influx control, women have fewer opportunities to migrate to the cities than men. As a result, employers regard women as more 'reliable' than men as well as being cheaper to employ. Their productivity is also considered to be somewhat higher.⁷⁷ Being effectively trapped in the bantustans, then, women are easily exploited. Green and Hirsch (1982a, p.44), for

example, cite wages in the Ciskei as low as R40 - R60 per month for women and R80 to R112 per month for men.

A final factor - and one that is becoming increasingly important in widening wage disparities - arises from the concentration of trade union action in the metropolitan centres. Although the independent black trade unions have made significant advances in the past few years, strike action has been heavily focused upon the major industrial complexes and in certain industries, notably textiles and motor assembly.⁷⁸ And, while several unions have attempted to mobilise workers within the bantustans, they have been frustrated by highly conservative managements, unsympathetic local authorities and particularly repressive labour relations legislation. As Whiteside (1984) and Haysom and Khoza (1984) demonstrate, trade unions have virtually no means of operating legally in any of the bantustans. Transkei and Venda, for example, have passed their own Industrial Conciliation Acts which - in ironic contrast to the South African equivalent - make no provision for trade unions or employer organisations. Bophuthatswana, on the other hand, provides for trade unions but requires them to be registered and headquartered in the territory.⁷⁹ In some cases, minimum wage rates have been introduced to substitute for collective bargaining.⁸⁰

In addition, direct state repression has been employed in many instances to curb union activities. The banning of SAAWU (South African Allied Workers Union) in the Ciskei is one example of this. Led by a particularly energetic and militant executive, SAAWU has become a major force in the East London area over the past few years.

Initially, it had considerable success in improving wage rates in the city⁸¹ but the Ciskeian authorities were clearly anxious to prevent SAAWU from organising within the Ciskei - where it had strong representation in East London's dormitory township Mdantsane - and interfering with the development of its IDP's. As a result, the SAAWU executive was subjected to various forms of intimidation and harassment leading eventually to its banning from the territory in 1983.⁸²

But despite these obvious advantages to employers, labour is considered a major 'problem' for bantustan industries - ranked the most serious disadvantage by companies in both the metropolitan centres and the bantustan growth points (Table 8). The scarcity (and hence high cost) of skilled labour, and the low productivity of unskilled labour are the most frequent complaints. This is confirmed by other surveys; productivity was considered 'unsatisfactory' by 49 percent of bantustan industries in one study and 52 percent in another.⁸³ Industrialists also complain about absenteeism, poor time-keeping, an underdeveloped sense of 'industrial discipline' and high turnover levels.⁸⁴ Moreover, while training programmes are frequently subsidised by the state at growth points,⁸⁵ employers claim that workers tend to use these as 'stepping stones' to the urban labour markets.⁸⁶ Interestingly, therefore, when asked to weigh up the net effect of wage rates, wage subsidies, productivity and training costs, a surprisingly high proportion of industrialists in our surveys considered labour costs (including managerial/professional categories) in decentralised areas to be equal or even higher than

metropolitan levels. The relevant figures were 48 percent for the metropolitan sample (referring to growth points in general) and 36 percent for industries in Isithebe and Butterworth (Table 9).

It is also clear that decentralisation will be seriously affected by any significant closing of wage disparities. The prospects for this are difficult to assess. Doubtless, the independent unions will become more active in the bantustans and attempt to forge recognition agreements and to bargain with individual employers independently of the legislative framework. In August 1983, for example, although Wage Determinations secured in the metropolitan centres have been held not to apply in border and bantustan areas, MAWU (Metal and Allied Workers Union) managed to reach an agreement over wage increases with the trailer manufacturer Henred Freuhauf covering all of its factories including the one at Isithebe.⁸⁷ And, notwithstanding attempts by employers to isolate and harass union activists, MAWU is going ahead with its plans to secure similar agreements with other firms.⁸⁸ On the other hand, whereas some argue that "... cheap labour only remains cheap until someone in the ranks gets a bit of savvy and the Utopian bubble bursts",⁸⁹ there seems little likelihood that the more viciously repressive bantustan regimes such as those in Ciskei and Transkei will relax their control over trade union activities. Moreover, it is extremely unlikely that trade unions will be successful in raising bantustan wages to metropolitan levels given a continuation of the system that concentrates surplus labour in the impoverished reserves.

Such speculation is further confused by possible ambiguities in the

reaction of employers and potential investors to the emergence of trade union representation in the bantustans. Several respondents in our surveys actually felt that trade union representation would 'stabilise' the labour force by giving workers a means for articulating grievances other than absenteeism, low productivity and industrial sabotage, and by giving management a means of consulting employees. Furthermore, whilst the impetus to 'capital flight' is clearly an important one, there are no clear indications that decentralising industries are those being hardest hit by labour action in the industrial centres.⁹⁰ One further point is that low productivity in the bantustans may act to divert investment to 'white' growth points, particularly those where the labour pools are more accustomed to industrial employment. Although trade union activity is certain to be more of a factor in such centres, wage levels - while higher than those obtaining in the bantustans - are significantly lower than their metropolitan equivalents.⁹¹

(3) Infrastructure

Table 8 shows that the relatively underdeveloped state of growth point infrastructure is also considered a major disadvantage by investors. A comparison of the two sets of survey data also suggests that this problem is more serious in bantustan growth points. Similar results have emerged from other surveys.⁹² Whilst inefficient utilities were the subject of many complaints, the most serious difficulty appeared to be communications (telephone, telex and postal services) which were generally regarded as extremely unreliable. On the other hand, growth

points in established centres such as East London and Pietermaritzburg experience few problems in this direction.

(4) Distance from Suppliers and Markets

Table 10 indicates that, for the companies involved in our survey; (a) the proportion of inputs - materials/supplies, plant and services - derived locally is exceedingly small; and (b) the local market is relatively insignificant. Hence, the majority of decentralised companies are confronted with a significant increase in transport costs. As a result, distance from suppliers and markets is considered a major disadvantage of a peripheral location (Table 8). Besides the increase in transport costs, industrialists are also concerned about transshipment delays to and from suppliers and customers. Given the inefficiency of transport services within the bantustans (and certain administrative delays related to Custom's Union regulations in those that are 'independent'), delays between despatch and delivery tend to be more an exponential than linear function of distance. Comparable results have been obtained in other surveys of bantustan growth points.⁹³ Obviously, though, problems of this nature are less severe in growth points on or close to the metropolitan peripheries.

(4) Managerial Problems

In spite of the propaganda issued by the Development Corporations emphasising the more attractive facets of the social infrastructure obtaining at bantustan growth points,⁹⁴ most decentralised companies

experience difficulties in attracting skilled/managerial staff even where the costs of relocating and housing 'key personnel' are subsidised (see Table 8). Housing shortages and inadequate service, shopping and entertainment facilities are the most frequent complaints. Hence, Dewar et al (1984, pp.60-61) note that 70 percent of respondents in their bantustan sample considered the social infrastructure 'unsatisfactory'. A further 'problem' appears to be a generally negative perception of personal security and the reluctance of white South Africans to live in close proximity to blacks and have their lives even partly controlled by black 'governments'. This results in situations where white managers commute to their jobs from 'white' areas - East London to Butterworth for example - and where both black and white families living in the bantustans commute to neighbouring 'white' centres to take advantage of their superior facilities. Again, this tends to favour the growth points in established centres.

(6) Bureaucratic Problems

Several respondents in our surveys reported difficulties in dealing with government and various fractions of the bureaucracy. The major complaint appeared to be incompetence, inefficiency and delay in the handling of business affairs by the Development Corporations. In addition, a number of informants expressed concern over 'having to take care' of the right people within the authorities. Considerable evidence points to corruption at all levels of the bantustan bureaucracies.⁹⁵ Dewar et al (1984, pp.64-65) add that continual

changes in the structure of incentives exacerbates administrative problems for both the Development Corporations and individual companies. Such changes, by altering the relative competitiveness of various centres, also contribute to the "general sense of uncertainty" among investors. The planned introduction of a tax holiday in Ciskei as an alternative to the standard incentives is indicative of the growing complexity of the system.⁹⁶

(7) Political Problems

Most industrialists interviewed, anticipated few problems of a political nature; both Transkei and KwaZulu were considered reasonably 'safe' in this respect. However, it was acknowledged that political difficulties were considerably more likely to emerge in an 'independent' territory like Transkei where local 'governments' are less dominated by Pretoria. The violent confrontations between the Ciskeian authorities and the township communities - notably in Mdantsane - in the past couple of years is obviously worrying for investors who rely on the authorities for incentives and the townships for labour.⁹⁷

(8) Local Market

This factor is of little significance given that the proportion of finished products sold to customers within the bantustans is generally very low (Table 10). However, where companies are presently dependent on local customers, a major concern is that bantustan markets - given their chronic dependence on migrant labour - are unstable with limited

prospects for growth. Equally, while most companies considered public sector contracts to be lucrative and generally reliable, there was speculation that the growth potential of this market is also limited given the stated intention of the South African government to cut back on its fiscal handouts to the bantustans in the present recession, and introduce measures to control the inefficient and corrupt use of public revenue by the bantustan authorities.

(9) Other Problems

- (i) Agglomeration economies and linkages: very few of the bantustan growth points have yet developed to a point where inter-industry linkages are significant and 'lateral linkage' (the relocation of industries to growth points to take advantage of agglomeration economies) is an important factor in encouraging decentralisation. In our surveys, very few firms reported business of any kind within the growth points; what linkage there was being confined to minor sub-contracting, repair work and services. Similar results are reported by Dewar et al (1984, pp.44-49).⁹⁸ Part of the reason for this may be that a relatively large share of industries in the growth points are branch plants rather than autonomous operations.⁹⁹ As Dewar et al (1984, p.49) explain;

"...because of their large share of routine production processes and the lack of their own administrative and research activities, branch plants very often create low skill and thus low paid jobs. Smaller branch plants show

more instability in the face of macro-economic fluctuations because their headquarters tend to reduce employment first in the peripheral branch plants. Further, branch plants tend to have linkages over larger distances and therefore make fewer regional purchases, have a smaller multiplier effect and contribute to leakage out of a region".

In addition, although the state has claimed that the enticement of 'propulsive' industries to growth points is an important priority given the extensive multiplier effects they are alleged to induce, very few decentralised industries are of this type.¹⁰⁰ So, although Davies et al (1980, pp.8-9) have commented unfavourably on the "apparently underdeveloped capacity for forward and backward linkage generation" in the East London area, it is clear that this capacity is significantly more developed in development points like East London than in the bantustans. Thus, in sharp contrast to the figures in Table 10, Davies et al (1980, Tables 2 and 3) found that, for East London companies, 26 percent of manufactured output was sold within the city while 27 percent of inputs were derived locally.

- (ii) Housing Shortages: this is an acute problem for white and particularly black staff in most bantustan growth points. Squatter settlements are beginning to emerge on the outskirts of the planned settlements in large IDP's such as Isithebe and Butterworth and the undersupply of public transport has become more of a problem as workers are forced to find accommodation further away from the factories. In Isithebe, for example, Ardington (1984, p.89) calculates a shortage of about 3,000 houses in Sundumbili Township where the present number is

1,800.¹⁰¹

(iii) Land Ownership: restrictions prohibiting the purchase and hence mortgage bond financing of land in most bantustans (Ciskei is an exception) is also considered a negative factor by some industrialists (Ratcliffe, 1979, p.404).

Clearly, then, the bantustan growth points are seriously disadvantaged in many respects and their ability to attract investment depends ultimately upon the provision of incentives (superior to those offered by their competitors) and the continuation of wide wage disparities with respect to the metropolitan centres.¹⁰² It is not surprising, therefore, that the most successful growth points have been those situated in existing large centres or located on the metropolitan peripheries. Hence, if there is any 'spontaneous' drive towards decentralisation it will not apply to growth points located deep in the bantustans, but to those situated on the 'borders' close to established industrial centres.¹⁰³

4. 'DEVELOPMENTAL' IMPACT ON THE BANTUSTANS

Whilst the 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. Thus, it is frequently asserted that industrial decentralisation will provide a means for 'developing' the bantustans.

This assertion is examined under the headings that follow. Of course, such an exercise might be considered to be premised upon an acceptance of the division of South Africa into autonomous polities demarcated on racial lines. However, our attempt to develop a critique of decentralisation in these terms is intended to demonstrate - in contrast to the official line - that it should be understood more as a form of exploitation, whereby super-cheap peripheral labour is brought into production for the benefit of metropolitan capital. In addition, given that the future of decentralisation will be largely a function of state intervention, any serious analysis of the programme will have to consider what objectives decentralisation is supposed to realise and what impact a failure to meet these objectives is likely to have on government policy.

(1) Employment

As outlined above, decentralisation has had very little impact upon the level of unemployment in the bantustans, absorbing - according to McCarthy (1982, p.238) - only about 7 percent of annual entrants to the labour force. In addition, whereas Blausten (1976, p.220) has argued that "there is simply no need" for cheap labour since "the tax concessions on wages make it unnecessary", wages are extremely low and very little filters down to the rural areas surrounding the industrial parks. In Isithebe, for example, whilst it is true that the development of industry there has "had a dramatic effect upon household incomes" - average household income in Isithebe equalled R412 per month compared to R109 in the nearby rural area of Nkandla - and that "local employment opportunities have wrought enormous changes

in the lives of both the local population and of those who have come into the area to take up employment", some 45 percent of these households survive below the relevant HSL.¹⁰⁴ Furthermore, only 7,5 percent of total household income is remitted to the surrounding rural area by households in Isithebe.¹⁰⁵

The extent of the 'problem' is highlighted by the simplistic accounting exercise in Table 11. Essentially, this demonstrates that if consideration is given to all sources of income accruing to Transkeian households, roughly 80 000 jobs would have to be immediately created in the manufacturing sector to push the households up to the 1984 HSL.¹⁰⁶ This compares to a total of 15 000 manufacturing jobs in Transkei late in 1984. In addition, while the Transkeian Development Corporation projects an employment creation rate of 5 000 jobs per year in its most recent Three Year Plan, there are about 25 000 Transkeians entering the job market every year.¹⁰⁷ Similarly in Ciskei, whereas a total of just under 20 000 manufacturing jobs have been created in assisted industries, there are some 37 000 entrants to the labour force every year.¹⁰⁸

Finally, whilst it is argued by the authorities that the decentralisation of industry will generate a multiplier effect within the bantustan labour market by upgrading skills to artisan levels and by giving locals the opportunity to practice professionally, develop managerial skills or set up their own businesses, virtually all the jobs created for locals by the companies that took part in our investigations were unskilled. Very few employed locals in a

professional or managerial capacity, nor did they appear to have any intention of doing so, despite the fact that most managers claimed to have experienced difficulties in prising competent whites away from their jobs in the cities. Even within the companies which were part or wholly owned by the Development Corporations - where some pressure is applied to place locals in managerial positions - there was a tendency to reserve sensitive positions for expatriates. Some companies had initiated training schemes for black artisans where such schemes are subsidised but most were prejudiced towards automation and de-skilled assembly-line production (see Table 12).

Also important to discussions of employment creation is the question of labour intensity. Planners have envisaged that the decentralisation programme would engender a type of dualistic economy wherein capital-intensive industries will be primarily based in the metropolitan centres with labour-intensive industries induced to the periphery. According to Legassick (1974, p.17), then, by the late 1960's "... a dichotomy was spelled out of the forms of industrial growth: at the existing growth points capital intensification was to be encouraged, and near the reserves labour-intensive industry." Obviously, the imperative to establish such a dichotomy was essentially political. On the one hand, it was thought that the development of labour-intensive industries in the periphery would help stabilise the influx control system and add legitimacy to the bantustan political structures. Conversely, "... a decreasing number of Blacks would be required in industries situated in and around White urban areas" (Legassick, 1974, p.28). However, the creation under apartheid of massive inequalities in labour supply and hence the

cost of labour, means that there is also a significant economic imperative favouring a regional division of forms of production. Hence, leading industrialists have recently stressed their support for some spatial differentiation of the forms of economic growth.¹⁰⁹

Interestingly, therefore, several studies have noted differences in levels of capital intensity between growth points and the metropolitan centres. However, the data published to date are not sufficient to pinpoint the determinants of these differences. For instance, one would have to consider whether; (a) those industries that have decentralised were those that were relatively labour intensive with respect to their competitors - and decentralised in order to retain or to improve their competitiveness; or (b) industries became more labour-intensive in the process of decentralising to take further advantage of labour subsidies; or (c) large industries, having disaggregated their production processes into operations that need not be in close spatial proximity to each other, have decentralised those operations that are relatively labour intensive with respect to the others. Tomlinson et al (1984a, p.10), for example, reported that 81 percent of bantustan industries in their survey considered themselves more labour intensive (with respect to their sector as a whole) while 16 percent described themselves as being more capital-intensive (suggesting type a or b above). Similarly, our comparison of industries of equivalent sizes within one sector (clothing) suggests that metropolitan companies are markedly more capital intensive (mean capital per worker = R4 103) than those in bantustan growth points (R2 545), although distributional differences between the two samples

are not statistically significant.¹¹⁰ On the other hand, 51 percent of the companies we interviewed in Isithebe and Butterworth indicated that their techniques were more labour-intensive than those that had been employed by themselves or were being employed by a parent company in the metropolitan centres, while only 14 percent intimated the reverse (suggesting type b and/or c, above).¹¹¹ Nevertheless, it would appear that differences in mean capital intensity are primarily the product of a sectoral bias in the growth points towards the more labour intensive industries such as textiles and clothing.¹¹² Thus, Stanwix (1984, p.229) notes that jobs in Isithebe's textile and clothing sector were the cheapest to establish (on average R6 600 each) compared, for example, to the fabricated metal products sector where they cost about R25 000.¹¹²

However, whilst peripheral locations are unlikely to attract highly capital-intensive operations (partly because of their needs for specialised services and skills and partly because incentives will not be approved if the cost per job to the local Development Corporation exceeds R20 000), they will attract highly mechanised industries which have deskilled their production processes. Thus, according to McCarten (1983) there has been a more rapid growth of the capital component (mechanised plant) than the labour component in manufacturing industry within the Border, Ciskei and Southern Transkei region in the past five years; the capital/labour ratio increasing by 16 percent between 1979 and 1982 and 21 percent between 1982 and 1984. Similarly, the marked bias towards the employment of unskilled labour in bantustan industries (Table 12) may be indicative of trends towards the location of highly deskilled aspects of production in

decentralised areas. Hence, Glaser (1983, p.20) is led to remark that "... what is certain is that the labour processes established in decentralised industries have by no means been consistently labour-intensive".¹¹³

Further speculation on this question will also have to consider possible changes in the level of wage subsidies. Given that this appears to be the most attractive of the various incentives (Table 13), it obviously contributes very significantly to trends towards the decentralisation of labour-intensive forms of production. Hence, several companies in our surveys suggested that labour intensity would decline precipitously once wage subsidies expire and/or labour productivity improves. It is likely, then, assuming that the state cannot continue subsidising all decentralised industries on a permanent basis, that a fraction will be unable to resist the general pressure to follow the metropolitan trend of increasing capital-intensity.¹¹⁴

Finally, certain aspects of government policy appear somewhat ambiguous if its intention is to promote the development of labour-intensive production in decentralised areas. For example, whilst the state has fixed a ceiling on public investment to deter highly capital-intensive industries from decentralising, it has at the same time attempted to entice relatively capital-intensive 'propulsive' industries to growth points because of the powerful multiplier effects they are thought to generate. In addition, whilst wage subsidies do seem to be the most attractive of the incentives, the entire package

does not appear to be aimed at particular types of industry or specific forms of production but is applied blanket-fashion across the entire manufacturing sector. Indeed, comparing the old 1981/82 incentive package to that introduced in April 1982, it is possible to detect a slight shift in weightings favouring the more capital-intensive industries. In the 1981/82 schedule, for instance, 'labour-oriented', 'capital oriented', and 'neutral' incentives accounted for 30,2 percent, 26,2 percent and 43,6 percent of non-recoverable costs to the South African government; equivalent figures for 1982/83 were 17,1 percent, 21 percent and 61,9 percent which reflect an 18,7 percent increase in the value of 'labour' incentives compared to a 68,1 percent increase for 'capital'.¹¹⁵ Further, wage subsidies apply for 7 years, whilst interest concessions on loan capital and rentals of land and buildings are valid for 10 years.

(2) The Regional Multiplier

Any impact that industrial decentralisation might have on the 'development' of the bantustans is also seriously undermined by what Tomlinson (1983, p.544) terms the "metropolitan drift of the multiplier effect of investments in the industrial development points." The share of the 'regional multiplier' (the effect of output, incomes and employment of recurrent new investment in a region) that is captured locally within the bantustans is suppressed by several factors¹¹⁶:

- (i) 'backward' and 'forward' linkages within the bantustan economies are severely limited.¹¹⁷ The results of our investigation into

this aspect of the multiplier are shown in Table 10. In each case, the proportions of plant/manufactures and service inputs (calculated by value) drawn from the local economy ('forward linkages') are negligible. Most inputs, as one would expect, are imported from the metropolitan areas of South Africa,¹¹⁸ whilst overseas companies also receive a significant share of the business. Equally, the proportions of raw materials (by value) derived from the local economies ('backward linkages') are insignificant.¹¹⁹

Such leakage is exacerbated by several factors, the most important of which appear to be; (a) the relative scarcity of 'propulsive' industries at the growth points; (b) the small size of most IDP's which suppresses the development of agglomeration economies and the emergence of 'lateral linkage'¹²⁰; (c) the concentration of decentralised industries on the bantustan peripheries which facilitates the retention of metropolitan linkages; (d) the fact that the majority of decentralised industries are branch plants which are generally less inclined to develop local linkages,¹²¹ and; (e) the underdevelopment of the periphery (lack of raw materials, poor infrastructure, scarcity of local capitals).

- (ii) 'trickle-down' effects - such as the development of commercial outlets to tap increased purchasing power in the area (from manufacturing salaries and wages) - are circumscribed by the

leakage of purchasing power out the region¹²² and depressed by the low wages paid to workers.

An indication of this is the rapid development of small 'white' towns located on the bantustan 'borders'. Surveys of businesses in Eshowe (bordering KwaZulu) and Kokstad (Transkei)¹²³, for example, show how they have 'boomed' in recent years; 53 percent of businesses in Eshowe and 42 percent in Kokstad were established in or after 1975 (22 and 26 percent in or after 1980), while 41 percent and 49 percent respectively had 'definite plans' to expand in the immediate future. This growth has occurred primarily as a result of an increase in the purchasing power of their markets across the 'borders'; both towns are now heavily dependent on black consumers commuting from Transkei and KwaZulu, a dependency which had deepened over the past five years and is expected to deepen even further in the future. In the case of the Eshowe sample, an average 56 percent of annual turnover was accounted for by shoppers crossing from KwaZulu (worth R28 million in 1982); comparable figures for Kokstad were 71 percent and R87 million.

(iii)Local Ownership and Profit Sharing: whilst most of the Development Corporations have contributed equity capital to assist decentralised industries, none are in a position to invest in more than a few companies at a time. The scarcity of managerial talent and the difficulties of mobilising capital are

the major limitations. Moreover, all of these bodies have found it occasionally necessary to sell off some of their holdings to private interests. Thus, the level of 'local ownership' is presently insubstantial. In our survey, 93 percent of Isithebe industries were fully 'foreign owned' while the level of 'foreign ownership' averaged 99 percent; the equivalent figures for Umtata and Butterworth were 68 percent and 77 percent. The indications are that whilst the Development Corporations will continue to seek equity participation in certain companies, most will be majority or fully owned by 'foreign' interests. Clearly, this has important implications for profit sharing since private companies are under no obligation to remit any share of profits or dividends to their hosts beyond company taxation.¹²⁴ Significantly, the bantustan governments are committed to encouraging private investment "by assuring that private interests will not be nationalised and that their ability to make profits and repatriate dividends will not be arbitrarily restricted and by minimising the use of direct controls of a socialistic nature".¹²⁵ Moreover, there seems little prospect that host 'governments' will be able to extract concessions on profit-sharing from assisted companies in the future. Even if such policies were implemented at all growth points (so that investors could not simply switch operations to alternative sites) it is unlikely that many companies would be prepared to invest on these terms. Indeed, several companies in our samples were quite hostile to local participation preferring to have, as one respondent put it, "as little to do with them as possible".

In sum, then, in sharp contrast to the optimistic estimates issued by government bodies,¹²⁶ most studies demonstrate that the regional multiplier generated by decentralised industry within the bantustan 'economies' is of extremely limited dimensions. Furthermore, given the general impoverishment of the reserves and the absence of agglomeration economies at bantustan growth points, there seems little reason to believe that a larger regional multiplier or 'self-sustaining growth' can be realised.

CONCLUSION

It is abundantly clear from this and other studies that "... attempts to combat problems of economic underdevelopment in the poorer areas through industrial decentralisation programmes almost by definition will fail"¹²⁷. Hence, from his analysis of the Ciskeian situation, Ward (1980, p.17) argues persuasively that:

"... the logic of the growth centre approach, with its emphasis on promoting dynamic internal economic change, is fundamentally, inconsistent. It is in conflict with the necessity to meet the needs of those left behind in the economic growth process. Indeed, it may well be that growth centres succeed only when they evolve without direct government intervention. If an area has failed to develop without outside help or official support then there would appear to be little reason for assuming that it will ever succeed as a growth centre as a result of deliberate government action. There is even less reason for believing - especially in a 'homeland' context - that there will be desirable 'spread' effects".

However, if one would be correct to dismiss decentralisation as a means for 'developing' the bantustans, one would be wrong to ignore it as a process *per se* in the South African situation. Although one must

treat the data with caution, there are strong indications that decentralisation is accelerating. Obviously, the provision of incentives is central to this process but other factors (themselves, partially a function of apartheid policy) - specifically, wide regional inequalities in levels of labour supply and trade union organisation - also encourage certain fractions of capital to decentralise. What has been argued, then, is that a regional division of forms of production may be emerging in South Africa to help improve the international competitiveness of certain types of manufacturing industry. Thus, it may be productive to direct attention away from the issue of bantustan industrialisation towards a consideration of the ways in which an 'international division of labour' is developing at a regional level in South Africa.¹²⁸

On the other hand, since it is difficult to disaggregate the effect of incentives (and disincentives) from other imperatives towards decentralisation, one might still argue that decentralisation is essentially an artificial process and will remain a function of state subsidisation. However, we could argue (perhaps prematurely) that the present pattern of decentralisation contains a more or less 'spontaneous' component that could be sustained if incentives were gradually reduced or phased out altogether, but which is confined to a relatively small number of growth points with positional, infrastructural and agglomeration advantages. Most of these will therefore be located in established 'white' towns or near the metropolitan peripheries, and most bantustan growth points except some of those perched on the 'borders' will be excluded.

Of course, this brings us back again to the question of government policy. Notwithstanding the official rhetoric that now stresses 'economic interdependence' between 'white' South Africa and the bantustans and the suggestion of a trend towards a rationalisation of the decentralisation programme, the 'development' of the bantustans as distinct sub-economies is still central to the government's regional policy. Arguments that the establishment of growth points cannot provide a means for realising this objective are in fact unlikely to deter the government if its true purpose is simply to keep blacks out of the cities and add legitimacy to the bantustan political structures. Hence, if the economic forces that now seem to be favouring decentralisation are perceived by the government to conflict too sharply with its vision of 'separate development', new attempts may be made to interfere with 'spontaneous' patterns of investment. As a result, any analysis of decentralisation in the South African context that might seek to emphasise the forces impelling a regional division in forms of production cannot underestimate the interests of apartheid ideology. At the same time, it will have to assess the possible impact of negative reactions to decentralisation policy among metropolitan capitals who resent having to underwrite the programme through corporate tax and who fear competition from subsidised industries.¹²⁹

NOTES

These notes make references to the following South African newspapers - **Sunday Times**, **Rand Daily Mail** (published in Johannesburg), **Natal Mercury**, **Daily News**, **Sunday Tribune** (Durban), **Natal Witness** (Pietermaritzburg), **Daily Despatch** (East London), and **North Coast Mirror** (Empangeni) - and periodicals : **Financial Mail**, **Frontline** (Johannesburg), **Growth** (Pretoria : formerly published by Corporation for Economic Development, now private consultancy), and **Labour Mirror** (Johannesburg : Trade Unions Council of South Africa).

1. Decentralisation Board (1983), p.4.
2. Ratcliffe (1979), p.399.
3. Selwyn (1980), p.7.
4. More comprehensive accounts of South Africa's decentralisation policy are available in inter alia : Bell (1973a); Dewar et al (1984), pp.3-15; Maasdorp (1982); and, Tomlinson (1983), pp.546-550.
5. For further discussion, see; Bell (1973a), pp.100 and 228-229; Gottschalk (1977), pp.51-52; Maasdorp (1980), p.12; and, Ratcliffe (1979), pp.399-405.
6. Ratcliffe (1979), p.403.
7. Rogerson (1982a), p.61.
8. See, Emdon (1977) and Rogerson and Kobben (1982), pp.27-28.
9. See, Maasdorp (1982), p.241 and Ratcliffe (1979), p.403. There is evidence that this did happen in the textiles and clothing industry; Rogerson and Kobben (1982), p.29.
10. Dewar et al (1984), p.6.
11. Rogerson (1982a), p.59.
12. Rogerson (1982a), p.61.
13. Decentralisation Board (1983), p.4.
14. According to McCarthy (1982), p.238.
15. For details, see Tomlinson and Hyslop (1984), pp.10-15 and 30-37, and Tomlinson et al (1984b).

16. Decentralisation Board (1983), p.23.
17. Advertisement, 'Africa's most beautiful business climate', *Financial Mail*, July 27th 1984.
18. In Butterworth, for example, employers may draw up to R110 per month for each worker whilst minimum monthly wages are R75 for men and R70 for women; 'Transkei Special Report', *Rand Daily Mail*, August 30th 1984, p.3.
19. For example, see Brand (1983), du Toit (1982), Mohr (1983), van der Kooy (1982), van der Merwe (1983).
20. These figures exclude the 'independent' bantustans for which comparable data were unavailable at the time of writing; Decentralisation Board (1983), p.19; (1984), p.12.
21. Rogerson (1982b) shows that multinationals have tended to prefer decentralised locations on or close to the metropolitan peripheries, while Bailey (1977) and Coker (1983) discuss their hesitancy to invest in the bantustans. Blausten (1976), p.220 notes that foreign industrial investment in the bantustans totalled R7,25 million against a South African contribution of R1300 million between 1971 and 1974 (0,6 percent of the total), while 'approved' foreign projects in decentralised areas (excluding the 'independent' bantustans) represented an investment of R231,9 million between 1982 and 1984 (6,3 percent of the total).
22. Taiwanese companies appear to be involved mostly in the textiles and clothing sector particularly in Transkei and Ciskei. See, for instance, 'Taiwan-backed industry will provide work for 2,000 Transkeians', *Sunday Tribune*, February 12th 1984; 'Business booms in Transkei', *Growth*, 3,2, February 1983, p.22; 'Cut cost garments from Dimbaza', *Growth*, 2,9, September 1982, p.22; 'Transkei-Taiwan link', *Growth*, 2,7, July 1982, p.25; and '1000 shoes a day', *Growth*, 2,4, April 1982, p.22. Other important developments are the planned investment of Clickets (Holland) in Ciskei creating 3,000 jobs (see, 'Ciskei hopes to click with Clicketballs', *Sunday Times*, August 5th 1984), and the relocation of Israeli companies to the Ciskei (see, 'Ciskei: attracting industry', *Financial Mail*, August 3rd 1984, p.45).
23. See Decentralisation Board (1983), p.30, and 'According accolades', *Growth*, 4,3, Spring 1984, p.5.
24. See, for example, 'Plans for 64,000 jobs in two years', *Daily News*, August 20th 1984 with reference to Natal; and, 'R2 000m plan for national states', *Daily Despatch*, June 27th 1983.
25. Calculated from Tomlinson et al (1984b), p.8. In addition, Todes and Watson (1984), p.22 argue that the 'drop-out' rate of companies with approved applications will be highest in the years immediately following the introduction of a new incentives

package since many apply simply to find out what incentives they would be eligible for. It is also possible to argue that the recession may be inflating the figures by increasing the relative attractiveness of growth point locations; see, Tarr (1982), p.6 and Todes and Watson (1984), p.22.

26. Isithebe was placed first overall in terms of the number of jobs in approved projects (excluding 'independent' bantustans) in 1982/83 and second in 1983/84. Other important bantustan IDP's are Ezakheni - 17th in 1982/83 and first in 1983/84 - in KwaZulu (near Ladysmith), and Madadeni - unplaced in 1982/83 and fifth in 1983/84 - also in KwaZulu (near Newcastle). For details see, 'KwaZulu: Hungry for Growth', *Sunday Tribune*, September 30th 1983.
27. It is anticipated that the present sites at Isithebe will be full in about five years time; for further details see, 'Isithebe and N Coast: an industrial magnet', *North Coast Mirror*, August 26th 1983; 'Boom at Isithebe', *Natal Mercury*, February 4th 1983; 'Industry moves to KwaZulu'; *Daily News*, January 5th 1983; 'Isithebe gears up for clothing industry', *Growth*, 2,6, June 1982, p.15.
28. For details, see Best (1971), Palmer (1980), and Rogerson (1974a).
29. East London was placed second overall in terms of the number of jobs in approved projects in 1982/83 and third in 1983/84. Ladysmith was placed 6th in 1982/83 and 11th in 1983/84. Another important middle-hierarchy growth point is Newcastle - 21st overall in 1982/83 and 13th in 1983/84. For details, see 'Newcastle: grows and grows day-by-day', *Growth*, 3,6, June 1983, pp.35-39; 'Newcastle's on the map', *Sunday Tribune*, September 30th 1984. In addition, Bloemfontein - once subject to the Physical Planning Act - is likely to become an important growth point in the future; placed 12th in 1982/83 and 6th in 1983/84. For details, see, 'Natal, OFS capitals court industrialists', *Sunday Times*, July 15th 1984; 'Bloemfontein: the total city', *Growth*, 3,7, July 1983, pp.35-43; 'Bloemfontein: all the things that make for growth', 'Centre City beckons industry', 'All out for industrial growth', *Sunday Times*, October 21st 1984.
30. Pietermaritzburg was placed 3rd overall in 1982/83 and 12th in 1983/84. For details see; 'Natal, OFS capitals court industrialists', op. cit; 'Pietermaritzburg: magnificent concessions', *Sunday Tribune*, October 16th 1983; 'Pietermaritzburg: Natal's growing capital', *Sunday Tribune*, October 21st 1984. Atlantis - near Cape Town - was placed 5th overall in 1982/83 and 6th in 1983/84. For details, see, 'Atlantis heads for R700m', *Sunday Tribune*, July 15th 1984; and 'Atlantis: step forward in SA's industrial growth', *Growth*, 2,7, July 1982, pp.14-15.
31. Interview with Minister of Finance Barend du Plessis in *Sunday Tribune*, July 1st 1984.

32. Dewar et al (1984), p.19.
33. See, Belcher (1979), p.684 and Legassick (1975).
34. See, Glaser (1983), p.27 and Southall (1977).
35. Hirsch (1983), p.154. See also Zille (1983).
36. See, Belcher (1979), p.686 and Rogerson (1982a), p.59.
37. Yudelman (1984), p.276.
38. See, Legassick and Innes (1977), pp.459-461.
39. Legassick and Innes (1977), p.460.
40. French (1979), p.92. Also see, 'Exports:Heading for a grim Future', *Financial Mail*, October 12th 1984, p.39.
41. For further discussion, see Lacey (1982) and Legassick and Innes (1977), pp.471-472. Interestingly, the Swart Commission's (1984) inquiry into Ciskei proposed the conversion of East London into a free port or export-processing zone.
42. Tomlinson and Hyslop (1984), p.30.
43. Tomlinson et al (1984a), p.18, for example, note that only 4,0 percent of companies in their sample of bantustan industries were "geared primarily" to international markets. Similarly, Wellings' (1984) figures for Isithebe and Butterworth/Umtata (Table 10) were 17,0 percent and 9,8 percent (of total value of sales) compared to a national average of 10 percent (calculated for 1980 from *South African Statistics 1982*). As regards the latter point, see 'Textiles : Frayed at the edges', *Financial Mail*, October 26th 1984, p.107; and, 'Clothing: Patching up', *Financial Mail*, November 9th 1984, p.101.
44. Tomlinson and Hyslop (1984), p.38.
45. Exchange rate : 1,0 Rand = 0,54 US\$. Dewar et al (1984), p.76. Stanwix (1984, p.229) cites R21 000 as the average direct investment per job in Isithebe. The Decentralisation Board estimates R25 000 per job direct investment in South Africa as a whole. No figures are given for infrastructural investment. See, 'Creating each new decentralised job costs at least R25 000', *Rand Daily Mail*, July 2nd 1984.
46. See, Decentralisation Board (1983), p.17 and Tomlinson (1983), p.555. For an overview of the state's present commitments to decentralisation via the Decentralisation Board, Development Bank, Industrial Development Corporation, Small Business Development Corporation, and the Department of Community Development, see 'Decentralisation : much ado ', *Financial Mail*, November 16th 1984, p.44.

47. Hirsch (1983), p.150. For example, in KwaZulu up to 1983, state investment amounted to R130 million compared to a contribution of R61 million from industrialists (Stanwix, 1984). Similarly, state investment in the Ciskei totalled R57 million in 1983 compared to a private contribution of R28 million. However, these achieved near parity in 1984; CPDB (1984), p.11.
48. A personal survey of 30 manufacturing companies in Isithebe (KwaZulu) and 28 in Butterworth and Umtata (Transkei). This formed part of a broader investigation looking at commercial and service as well as manufacturing companies in Durban, East London, Bloemfontein and Lesotho; see Wellings (1984) for full details.
49. A personal survey of 218 manufacturing companies in the four metropolitan centres. In this study, 22 manufacturing companies were also interviewed in Isithebe and 17 in Butterworth.
50. A postal survey of 75 companies in the bantustans.
51. Tomlinson et al (1984a), pp.22 and 27.
52. A postal survey of 85 companies in 12 centres (border, deconcentration points, bantustan growth points and isolated white towns), and 19 field surveys in Butterworth.
53. A field survey of several companies in Ciskei.
54. Dewar et al (1984), p.62.
55. Dewar et al (1984), pp.62-63.
56. For further detail on this point see 'Relocation incentives . the first shall be...' **Financial Mail**, May 18th 1984, p.84.
57. Dougie de Beer, chairman of the Decentralisation Board, remarks that "... 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, and the longer term incentive have therefore been specifically geared to take care this problem", in 'Decentralisation : its aims and objectives', **Growth**, 2,10, October 1982, p.5. Also see, McCarthy (1982), p.248.
58. Dougie de Beer has recently pointed out that 'concession-hopping' is "not on". "Its certainly been contemplated", he said, "but we have entered into a firm agreement with the National States to ensure that this does not happen"; see 'Relocation incentives; the first shall be ...' op. cit.
59. See 'Border industry perks abused', **Labour Mirror**, 4,3, March 1984.

60. Dewar et al (1984), p.62.
61. See, for example, 'Bizzare exploits with Ciskeian development aid', *Sunday Times*, April 1st 1984; 'Accountability motion passed', *Daily Despatch*, June 22nd 1983; and, 'TDC's R15m spending spree', *Sunday Tribune*, November 25th 1984.
62. See, for example, Streek and Wicksteed (1981); F. van Zyl Slabbert, 'Time to get off the gravy train', *Sunday Tribune*, July 8th 1984; and, 'Homelands : blunder and waste', *Financial Mail*, June 29th 1984, p.45.
63. See Streek and Wicksteed (1981); P. Mann, 'Apartheid's child becomes a monster', *Sunday Tribune*, June 24th 1984; and, 'Witnesses accuse TDC', *Rand Daily Mail*, October 15th 1984.
64. Tomlinson and Hyslop (1984), p.38.
65. See, 'Govt reins in free spenders', *Sunday Times*, September 9th 1984; and 'Homeland hand-outs to be trimmed', *Sunday Times*, October 28th 1984.
66. See, 'Decentralisation : its aims and objectives', op. cit.
67. See, 'It is just fated to be the Ghost on the Coast?', *Sunday Times*, October 21st 1984. A number of minor incentives for this region were introduced in 1982 but despite a recent improvement (November 1984) in this package, most observers do not believe that this will arrest the present crisis; see 'Regional Development : Lame duck aid', *Financial Mail*, November 2nd 1984, p.92; and, 'Incentives too little, too late-motor chiefs', *Sunday Times*, November 4th 1984.
68. For example, see, 'Don't cripple Durban/Pinetown complex with disincentives, Freakes warns', *Sunday Tribune*, September 23rd 1984.
69. See Sutcliffe (1983). The state has therefore launched a wide-ranging ideological assault on business opinion. See, for example, 'The message to the private sector : get involved', *Sunday Tribune*, August 28th 1983. Significantly, Dougie de Beer notes the "crucially important note to be played by the private sector, and particularly the private financial sector in funding the decentralised regional development programme," in 'Decentralisation : its aims and objectives', op. cit.
70. See, for example, Belcher (1979), pp.683-684, Gottschalk (1977), Johnstone (1970), p.128, and Bell (1983; 1984).
71. Official data from the last census of manufacturing industry in South Africa (1979) indicate that average black wages in the bantustans (Transkei and Bophuthatswana were excluded from the census) ranged from 30 and 34 percent of their metropolitan equivalents in Kangwane and the Ciskei to 49 percent in Qwa-Qwa

and Venda; calculated from 'Census of manufacturing, 1979 : principal statistics on a regional basis', Report No. 10-21-40 (Pretoria : Central Statistical Services, 1984), pp. 22-29.

72. See, 'Witnesses accuse TDC', op. cit. Similarly, the metal workers union MAWU has claimed that companies in Isithebe and Ezakheni - such as the American Firm Tidswell Housing - are paying labourers R100 per month compared to R300 per month in factories on the South African side of the 'border'; see, 'Blacks slam overseas firms', *Sunday Times*, October 21st 1984; 'Foreign investment : Border disputes', *Financial Mail*, November 2nd 1984, p.49; and, 'American firm in wage probe', *Sunday Tribune*, November 25th 1984.
73. See, 'Isithebe machinists earn 45 percent less than urban counterparts', *Sunday Tribune*, November 11th 1984.
74. For further details, see Green and Hirsch (1982a), p.45; Lawyer (1983) and Whiteside (1984). See also, 'Blacks slam overseas firms', op. cit; and 'Labour legislation : homeland tangles', *Financial Mail*, September 28th 1984, pp.56-58. The differences in labour legislation between the bantustans and the rest of South Africa are well documented by Whiteside (1984). In South Africa, for example, the Basic Conditions of Employment Act and the Machinery and Occupational Safety Act cover matters relating to employment and occupational safety. Both were enacted in 1983 but neither is applicable in the bantustans. KwaZulu, for one, is still implementing the Factory, Machinery and Building Work Act of 1944 and the Shops and Offices Act of 1964. The latter applies in Ciskei but is not strictly enforced (Green and Hirsch, 1982a, p.42), while companies employing less than 20 people are subject to no regulations at all; see 'Ciskei takes daring step with big cut in personal tax rate', *Sunday Tribune*, November 18th 1984.
75. 'Ciskei : attracting industry', op. cit.
76. For further discussion, see Dewar et al (1984), p.84.
77. As one industrialist in the Ciskei remarked: "They work harder than men : two thirds of our workforce is female"; see, 'Dimbaza - no longer "Dim Town"', *Natal Mercury*, August 1st 1984.
78. For a useful overview of recent developments in black trade unionism in South Africa, see Bonner (1983). The sectoral and spatial concentration of trade union activity is discussed by Sutcliffe and Wellings (1984).
79. The situation in KwaZulu is further confused by its promulgation of the Industrial Conciliation Amendment Act - a derivative of former South African legislation - in 1981 which was declared inapplicable in the bantustans by a South African proclamation in 1970. Unless KwaZulu takes 'independence' this Act is illegal. All other bantustans have yet to replace the outdated Black Labour Relations Regulation Act of 1953.

80. In Transkei, minimum wage rates are presently fixed at just under R75 per month for men and R70 per month for women; see 'Unions have no place in 'kei labour', in 'Transkei Special Report,' op. cit., p.3.
81. For further details, see Maree (1982). SAAWU was involved in strikes in 30 East London companies between March 1980 and November 1981 involving 7 700 workers - some 25 percent of the workforce (Roux et al, 1982, p.31). Largely as a result of this, after a period of near stagnation, wages increased on average 10,2 percent in 1980 and 9,6 percent in 1981 (Roux et al, 1982, pp.20-21).
82. For details, see Green and Hirsch (1982a, p.44; 1982b) and Roux et al (1982), pp.2-4 and 26-28. One commentator remarks that "the situation is so bad that some employers have spoken out against the Ciskeian government's harrassment of trade unions - a rare spectacle in South Africa", see P. Mann, 'Apartheid's child becomes a monster', op. cit.
83. Tomlinson et al (1984a), p.30; Dewar et al (1984), p.59. See also, du Toit (1982), pp.262-263 and Rogerson (1974a), pp.127-128.
84. Labour turnover in the Transkeian textile industries was "as high as 40 percent" in 1984. However, employers may be contributing to high turnover levels by sacking women workers after their three month training periods since employers are allowed to deduct 20 percent of their wages during these periods; see 'Unions have no place in 'kei labour', in 'Transkei Special Report', op. cit., p.3.
85. For one example, see 'R100,000 training centre for Isithebe workers', *Natal Mercury*, August 1st 1984.
86. For similar observations, see Dewar et al (1984), p.60.
87. See, 'Breakthrough for Union', *Sunday Tribune*, August 14th 1983.
88. See, 'Blacks slam overseas firms', op. cit; and 'American firm in wage probe', op. cit.
89. Chief Minister of Lebowa; cited in Blausten (1976), p.220.
90. See Tomlinson and Hyslop (1984), p.29 for more discussion of this point.
91. Roux et al (1984), pp.10 and 19, for example, note that average metropolitan wages were 53 percent higher than those offered in East London at the 1976 Census and that this disparity has not closed significantly in the interim. See Dewar et al (1984), pp.81-83 for similar details.
92. Tomlinson et al (1984a), pp.31-32 and Dewar et al (1984), pp.56-

57. In Tomlinson et al's study, 27 percent of respondents found infrastructure to be 'inadequate' and 44 percent considered technical services 'unsatisfactory'.
93. Tomlinson et al (1984a), p.31 found that the increased costs of transporting inputs and finished products were considered 'unsatisfactory' by 38 percent and 22 percent of respondents respectively. See also, du Toit (1982), pp.262-263 and McCarthy (1982), p.252. Another survey of Butterworth industries suggests that they rely on internal demand for 35 percent of their market; 'Transkei Special Report', op. cit., p.4.
94. See, for instance, 'Living at a growthpoint : what's it like for Mrs Industrialist', *Growth*, 2,9, September 1982, pp.6-7; and, 'Isithebe - garden industrial park of KwaZulu', *Growth*, 2,8, August 1982, pp.16-17.
95. The current moves by the Transkei government to sack the top management of the Transkei Development Corporation (TDC) is a recent manifestation of this problem; for details, see, 'Petrol grab could sink Transkei', *Sunday Times*, September 30th 1984; and 'Transkei raps those "lordly" white officials', *Rand Daily Mail*, October 11th 1984.
96. From early 1985, assisted companies may opt to give up incentives and not pay corporate tax (presently 42 percent) instead. For details, see 'No more company tax-Sebe', *Natal Witness*, July 28th 1984. In addition, Ciskei also hopes to boost investment by cutting personal income tax, establishing a 15 percent flat tax rate above a tax-free ceiling of R8 000 per annum; see 'Ciskei takes daring step with big cut in personal tax rate', op. cit; and, 'Ciskei : brave new world?', *Financial Mail*, November 23rd 1984, pp.99-100.
97. See 'Ciskei unrest hits Border industries', *Sunday Tribune*, October 30th 1984.
98. With respect to 'backward linkages', 17,5 percent of the industries in their sample derived inputs from within the growth points and only 8,0 percent drew all or most of their inputs locally (p.44). Similarly, as regards 'forward linkages', while 41 percent of all industries were found to sell at least some of their products to customers within the growth points only 16 percent reported that all sales were made locally (p.46). No evidence of 'lateral linkage' emerged from their survey (pp.60-61).
99. Sixty percent in Dewar et al's survey (1984), p.49. In Wellings' (1984) survey, 60 percent were branch plants in Isithebe and 61 percent in Umtata/Butterworth.
100. See, Dewar et al (1984), pp.40-43. However, there are a few exceptions in the bigger bantustan growth points; see, for example, 'Magnesium breakthrough at Isithebe', *Sunday Tribune*, August 14th 1984.

101. For further comment on this problem, see du Toit (1982), p.262; Rogerson (1974a, p.128), (1974b); and, Stannix (1984).
102. See, B Simon, 'Will the perks work?', *Frontline*, 2,4, February 1982, pp.33-34; 'Decentralisation : the business view', *Financial Mail*, September 28th 1984, pp.45-46; and, 'Why it's not so easy to move shop', in 'Transkei Special Report', op. cit.
103. Such as Isithebe (now nearly full) and Babelegi. Other sites of some possible potential are; Ezakheni (KwaZulu), Madadeni (KwaZulu), and Dimbaza (Ciskei) close to East London. For details see; 'Putting Madadeni and Obizweni on the map', *Growth*, 3,6, June 1983, p.43; 'KwaZulu : Hungry for Growth', op. cit; 'Dimbaza - no longer "Dim Town"', op cit; and, 'Ciskei : job lot?', *Financial Mail*, August 24th 1984, p.100.
104. Quotations from Ardington (1984), p.108 and pp.58-59 respectively. The final figure is computed from Ardington's (1984, p.43) data on household income and Potgieter's (1983, p.64) estimate of HSL in the KwaZulu Township of Kwa-Mashu of R259 per month in 1983 (inflated by 11,8 percent for 1984).
105. Calculated from Ardington (1984), pp.118-119.
106. At present, some 85 percent of rural households and 15 percent of urban households in Transkei survive below their respective HSL's; 'Transkei Special Report', op. cit., p.2.
107. 'Transkei Special Report', op. cit., p.5.
108. 'Ciskei : attracting industry', op. cit., 'Ciskei : job lot?', op. cit.
109. According to Roland Freakes, Executive Director of the Natal Chamber of Industries, "... labour-intensive industries will be attracted away from the metropolitan areas and will be replaced by high-technology industries offering fewer jobs", in 'Industry moves to KwaZulu', *Daily News*, January 5th 1983.
110. Metropolitan sample = 22; bantustan sample = 6. Mann - Whitney 'U' Test generates a z score of 1.32 which is only significant at $\alpha = 0.2$. Source : Black (1984).
111. Source : Black (1984).
112. See, Green and Hirsch (1982a), p.43 for Ciskei; Roux et al (1982), p.14 for East London; and, Stanwix (1984), p.229 for Isithebe. Significantly, 22 percent and 18 percent of the applications for decentralisation in 1982/83 and 1983/84 (excluding the 'independent' bantustans) came from textiles/clothing/leather companies (Decentralisation Board, 1983, Annexure D; 1984, p.27). For further details on trends toward decentralisation in the textiles and clothing industry

see, 'The clothing industry - where is it going?', *Growth*, 2,8, August 1982, pp.8-9; and, 'Isithebe gears up for clothing industry', *Growth*, 2,6, June 1982, p.15.

113. For further discussion, see Dewar et al (1984), p.77 and Tomlinson and Hyslop (1984), p.29.
114. See Todes and Watson (1984), pp.29-30.
115. Calculated from du Toit (1982), p.255. Also see, McCarthy (1982), p.242.
116. For useful discussions of this issue, see Dewar et al (1984), pp.92-93; Tomlinson (1983), and Tomlinson and Hyslop (1984), pp.38-42.
117. See, Clark (1982); Maasdorp (1982), p.244; McCarthy (1982), pp.242-243; Rogerson (1974a), p.130; Todes and Watson (1984); pp.6-9 and 34; Tomlinson (1983), pp.553-554, and Tomlinson and Hyslop (1984), p.41.
118. A good example of this is the building of factories and site preparation at Isithebe which has provided a boom in business for companies based outside of KwaZulu, primarily Durban; See 'Boom at Isithebe', *Natal Mercury*, February 4th 1983. Similarly, the Natal-based TDH Group has benefitted enormously from contracts with Ciskei to construct factories and commercial buildings; see, 'R2m Ciskei textile factory contract', *Natal Mercury*, July 25th 1984.
119. Most of the Transkeian proportion (13,5 percent) is made up of timber. See also, Dewar et al (1984), p.88. Le Roux and Marais (1979, p.16) obtain more flattering figures in their 1977/78 survey; out of R38,5 million spent on raw material purchases, 70,1 percent was imported from South African and 16,4 percent from Transkei. Another estimate for Butterworth industries is that 80 percent of raw materials are purchased from outside Transkei; 'Transkei Special Report', op. cit., p.4.
120. See, Todes and Watson (1984), p.16 and Tomlinson (1983), pp.552-553.
121. This point is developed *inter alia* by; Maasdorp (1982), p.244; Todes and Watson (1984), p.10; and, Tomlinson (1983), p.555. In our surveys, however, the differences between autonomous operations and branch plants in terms of linkage patterns did not prove to be statistically significant.
122. For further discussion, see Dewar et al (1984), pp.93-96; Todes and Watson (1984), p.15; and, Tomlinson (1983), p.555.
123. Eshowe (N=32), Kokstad (N=47). Source : Wellings (1984).
124. An interesting observation is that, whilst the provision of incentives is costing the Ciskeian authorities R34 million in the

current fiscal year, revenue generated by company tax amounted to only R0,2 milion in 1982/83 and is not expected to exceed R2,0 million in 1984/85; 'Ciskei : job lot?', op. cit.

125. Joint statement issued by the governments of South Africa and the 'independent' bantustans on 23rd July 1980 in Pretoria. The recent moves in Ciskei towards the reduction of personal income tax, and the removal of company tax and regulations governing the activities of small companies are indicative of this attitude.
126. The Tomlinson Commission (1954), for example, argued that the creation of 20 000 industrial jobs in the reserves would generate a further 30 000 jobs locally. A more exaggerated claim is that the creation of 15 000 jobs in Transkei by TDC has generated a further 75 000 jobs within the local economy; see 'TDC has a pivotal role in economy', 'Transkei Special Report', op. cit., p.5.
127. Dewar et al (1984), p.104.
128. Southall (1984, p.151) remarks that the 'New International Division of Labour' school - see Fröbel, Heinrichs and Kreye (1977;1980) for example - "... has been criticised as not being sufficiently sensitive to intra-region developments".
129. Evident in complaints about 'unfair' competition from decentralised industries. See, for example, 'Border dumping of clothes claim', Daily News, November 8th 1984.

REFERENCES

- Abedian, I., 'A quantitative review of the economy of Transkei, South African Journal of Economics, Vol. 51 (1983), pp.252-269.
- Ardington, E., 'Decentralized industry, poverty and development in rural KwaZulu', Working Paper No. 10 (University of Natal : Development Studies Unit, 1984).
- Bailey, M., 'Few firms step out of line to invest in Transkei', *New African Development*, No. 11 (1977) p.237.
- Barry, R.G., 'Transkei household economic survey 1979 - some preliminary data', in *Proceedings of the 7th Biennial Conference of the Transkei and Ciskei Research Society* (Umtata : UNITRA, 1982), pp.121-131.
- Belcher, T., 'Industrial decentralisation and the dynamics of forced labour in South Africa', *Journal of Modern African Studies*, Vol 17 (1979), pp.677-686.
- Bell, R.T., *Industrial Decentralisation in South Africa* (Cape Town : Oxford University Press, 1973a).
- Bell, R.T., 'Some aspects of industrial decentralisation in South Africa', *South African Journal of Economics*, Vol. 41 (1973b), pp.401-431.
- Bell, R.T., 'The growth and structure of manufacturing employment in Natal', Occasional Paper No. 7 (University of Durban-Westville : Institute for Social and Economic Research, 1983).
- Bell, R.T., 'The state, the market and the inter-regional distribution of industry in South Africa', Paper No. 245, *Second Carnegie Inquiry into 'Poverty and Development in Southern Africa'* (Cape Town : UCT, April 1984).
- Best, A., 'South Africa's border industries : the Tswana example', *Annals of the Association of American Geographers*, Vol 61 (1971).
- Black, A., 'Government policy and employment creation in manufacturing industry', unpublished progress report (University of Natal : Development Studies Unit, 1984).
- Blausten, R., 'Foreign investment in the black homelands of South Africa', *African Affairs*, Vol. 75 (1976), pp.208-223.
- Bonner, P., 'Independent trade unions since Wiehahn', *South African Labour Bulletin*, Vol. 8, No. 4 (1983), pp.16-36.
- Brand, S., 'An employment strategy for South Africa', *Development Studies Southern Africa*, Vol. 5 (1983), pp.186-196.
- Clark, R., 'Strategic options for the development of manufacturing industries in the Transkei', mimeo (University of Transkei : Institute of Management and Development Studies, 1982).
- Coker, C., 'Bophuthatswana and the South African homelands', *World Today*, Vol. 39, No.6 (1983), pp.231-240.
- Ciskei Peoples Development Bank (CPDB), *Eighth Annual Report*, (Bisho : CPDB, 1984).
- Davies, W.J., Lochner, T.G., and C.V. Wait, 'The Greater East London/King William's Town development region : towards a strategy for survival', Report No.20 (University of Port Elizabeth : Institute for Planning Research, 1980).

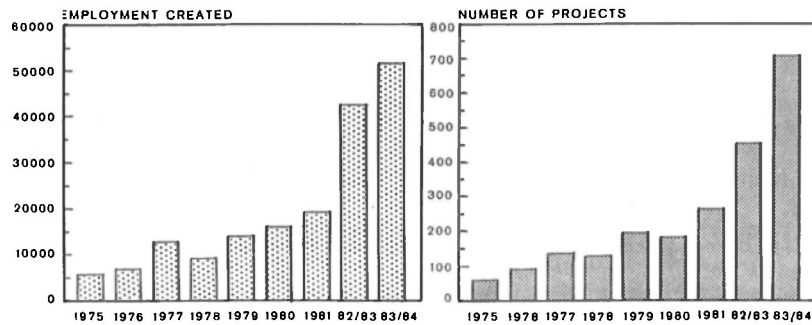
- Decentralisation Board, **Report on the Activities of the Board for the Period 1 April 1982 to 31 March 1983** (Pretoria : Department of Industries, Commerce and Tourism, 1983).
- Decentralisation Board, **Report on the Activities of the Board for the Period 1 April 1983 to 31 March 1984** (Pretoria : Department of Industries, Commerce and Tourism, 1984).
- Department of Foreign Affairs and Information, **The Promotion of Industrial Development as an Element of a Co-ordinated Regional Development Strategy for Southern Africa** (Pretoria : Government Printer, 1982).
- Dewar, D., Todes, A., and V. Watson, 'Industrial decentralisation policy as a mechanism for regional development in South Africa : its premises and record', Occasional paper No. 17 (University of Cape Town : Urban Problems Research Unit, 1984).
- du Toit, P., 'South Africa's regional industrial development plan for the 1980's : it's possible role in regional development', **Development Studies Southern Africa**, Vol.4 (1982), pp.249-267.
- Emdon, E., 'The Planning Act and the Transvaal clothing industry', **South African Labour Bulletin**, Vol.3, No.5 (1977), pp.59-64.
- French, K., 'South African capital restructuring : crisis and tendencies in the seventies', **Africa Perspectives**, Dissertation Series No.4 (University of the Witwatersrand, 1979).
- Fröbel, F., Heinrichs, J., and O. Kreye, 'The tendency towards a new international division of labour', **Review**, Vol.1 (1977), pp.73-88.
- Fröbel, F., Heinrichs, J., and O. Kreye, **The New International Division of Labour** (London : Cambridge University Press, 1980).
- Glaser, D., 'The regional strategies of the South African state : a proposed periodisation', mimeo (University of the Witwatersrand : Department of Politics, 1983).
- Gottschalk, K., 'Industrial decentralisation : jobs and wages', **South African Labour Bulletin**, Vol.3, No.5 (1977), pp.50-58.
- Green, P. and A. Hirsch, 'Manufacturing industry in Ciskei', in **'Homeland' tragedy : function and farce**, Information Publication No.6 (University of the Witwatersrand : Development Studies Group/Southern Africa Research Service, 1982a), pp.41-46.
- Green P. and A. Hirsch, 'The Ciskei - political economy of control', **South African Labour Bulletin**, Vol.7, Nos. 4 & 5 (1982b), pp.65-85.
- Harsch, E., **South Africa : White Rule, Black Revolt** (New York, Monad Press, 1980).
- Haysom, N. and M. Khoza, 'Trade unions in the homelands', Paper No. 110, **Second Carnegie Inquiry into 'Poverty and Development in Southern Africa'** (Cape Town : UCT, April 1984).
- Hirsch, A., 'The study of industrial decentralisation policy in South Africa - some comments', in **Conference Proceedings Southern African Studies : Retrospect and Prospect** (University of Edinburgh : Centre for African Studies, 1983), pp.131-160.
- Johnstone, F.A., 'White prosperity and white supremacy in South Africa', **African Affairs**, Vol.69 (1970), pp.124-140.
- Lacey, M., 'Locating employment, relocating unemployment', in **'Homeland' tragedy : function and farce**, Information Publication No.6 (University of the Witwatersrand : Development Studies Group/Southern Africa Research Service, 1982), pp.46-55.

- Lawyer, A., 'Homeland labour laws', *South African Labour Bulletin*, Vols.8/9, Nos.8/1 (1983), pp.65-78.
- Legassick, M., 'Legislation, ideology and economy in post - 1948 South Africa', *Journal of Southern African Studies*, Vol.1 (1974), pp.5-35.
- Legassick, M., 'South Africa : forced labour, industrialisation and racial differentiation', in R. Harris (ed.), *The Political Economy of Africa* (Cambridge : Schenkman Press, 1975), pp.229-270.
- Legassick, M. and D. Innes, 'Capital restructuring and apartheid : a critique of constructive engagement', *African Affairs*, Vol.76 (1977), pp.437-482.
- le Roux, J.P. and I.J. du M. Marais, 'Republic of Transkei : the present position regarding the establishment of industries' (Pretoria : Benso, 1979).
- Maasdorp, G., 'Industrial decentralisation : ideal, theory and reality', *IDS Bulletin*, Vol.11, No.4 (1980), pp.10-14.
- Maasdorp, G., 'Industrial decentralisation and the economic development of the homelands', in R. Schrire (ed.), *South Africa : Public Policy Perspectives* (Cape Town : Juta, 1982), pp.233-268.
- Maree, J., 'SAAWU in East London : 1979-1981', *South African Labour Bulletin*, Vol.7, No.5 (1982), pp.
- May, J., 'An economic assessment of essential services and subsistence production in rural Transkei', Report No.5 (University of Natal : Development Studies Unit, 1984).
- McCarten, P., 'The demand for skilled labour in the Border, Ciskei, Southern Transkei Regional Economy', Working Paper No.15 (Rhodes University : Institute of Social and Economic Research, 1983).
- McCarthy, C.L., 'Industrial decentralisation - reflections on the new initiatives', *South African Journal of Economics*, Vol.50 (1982), pp.238-252.
- Mohr, P.J. 'Some thoughts on regional economic development in South Africa, with special reference to the new industrial development policy', *Development Studies Southern Africa*, Vol.5 (1983), pp.67-75.
- Muller, N.D., 'The political economy of employment and unemployment in Transkei', Paper read at Annual Conference of Association for Sociology in Southern Africa (Johannesburg : University of Witwatersrand, July 1984).
- Osmond, Lange & Partners, 'Statistical base for planning service centres in Transkei : Transkei N.E. Region', mimeo (Umtata : Department of Commerce, Industry and Tourism, 1982).
- Palmer, P.N. 'Industrializing the national states : the Bophuthatswana example', *Development Studies Southern Africa*, Vol.3 (1980), pp.33-55.
- Potgieter, J.F., 'The HSL of the major urban centres of the RSA', Fact Paper No.49 (University of Port Elizabeth : Institute for Planning Research, 1983).
- Ratcliffe, A., 'Industrial development policy : changes during the 1970's', *South African Journal of Economics*, Vol.47 (1979), pp.397-421.
- Rogerson, C.M., 'Growth point problems - the case of Babelegi, Bophuthatswana', *Journal of Modern African Studies*, Vol.12 (1974a), pp.126-130.

- Rogerson, C.M., 'Industrialisation in the Bantu Homelands', *Geography*, Vol.59 (1974b), pp.260-261.
- Rogerson, C.M., 'Some aspects of industrial movement from Johannesburg 1960-1972', *South African Geographical Journal*, Vol.57 (1975a), pp.3-16.
- Rogerson, C.M., 'Industrial movement in an industrialising economy', *South African Geographical Journal*, Vol.57 (1975b), pp.88-103.
- Rogerson, C.M., 'Apartheid, decentralisation and spatial industrial change', in D.M. Smith (ed.), *Living under Apartheid* (London: Allen & Unwin, 1982a), pp.47-63.
- Rogerson, C.M., 'Multinational corporations in Southern Africa: a spatial perspective', in M.J. Taylor and N. Thrift (eds.), *The Geography of Multinationals* (London: Croom Helm, 1982b), pp.179-220.
- Rogerson, C.M. and S.M. Kobben, 'The locational impact of the Environment Planning Act on the clothing and textiles industry of South Africa', *South African Geographer*, Vol.10 (1982), pp.19-32.
- Roux, M., Roux, A. and P. Stewart, 'East London and the politics of decentralisation', unpublished paper (Johannesburg: SAIRR Urbanisation Commission, 1982).
- Selwyn, P., 'Southern Africa: frameworks for thinking', *IDS Bulletin*, Vol.11, No.4 (1980), pp.2-9.
- Southall, R.J., 'The beneficiaries of Transkeian "independence"', *Journal of Modern African Studies*, Vol.15 (1977), pp.1-23.
- Southall, R.J., 'Third World trade unionism: equity and democratization in the changing international division of labour', *Canadian Journal of Development Studies*, Vol.5 (1984), pp.147-156.
- Stanwix, J., 'A review of economic growth at Isithebe', unpublished report (University of Natal: Economic Research Unit, 1984).
- Streek, B. and R. Wicksteed, *Render unto Kaiser: a Transkei Dossier* (Johannesburg: Ravan Press, 1981).
- Sutcliffe, M.O., 'Recent changes in the polity and economy of South Africa and their implications for regional economic planning', *South African Geographical Journal*, Vol.65 (1983), pp.79-82.
- Sutcliffe, M.O. and P.A. Wellings, 'Worker resistance, state response and the development of South African capitalism', mimeo (University of Natal: Department of Town and Regional Planning, 1984).
- Tarr, G.P., 'Economic development in Transkei', Paper read to Institute of Credit Management (East London, October 1982).
- Todes, A. and V. Watson, 'Growth pole theory and regional development in South Africa - results of a survey in selected growth areas', Paper No.247, Second Carnegie Inquiry into 'Poverty and Development in Southern Africa' (Cape Town: UCT, April 1984).
- Tomlinson, R., 'Industrial decentralisation and the relief of poverty in the homelands', *South African Journal of Economics*, Vol.51 (1983), pp.544-563.
- Tomlinson, R. and J. Hyslop, 'Industrial decentralisation, bantustan policy, and the control of labour in South Africa', Paper read at African Studies Seminar (Johannesburg: University of the Witwatersrand, August 1984).

- Tomlinson, R., Addleson, M., and F. Pretorius, 'The impact of industrial decentralisation policy : the businessman's view', mimeo (University of the Witwatersrand : Development of Town and Regional Planning, 1984a).
- Tomlinson, R., Addleson, M., and F. Pretorius, 'The institutional and financial arrangements for industrial decentralisation', Paper read at Annual Conference of Association for Sociology in Southern Africa (Johannesburg : University of the Witwatersrand, July 1984b).
- Thomas, W., 'Financing socio-economic development in the black homelands of South Africa', *Journal of Contemporary African Studies*, Vol.1 (1981), pp.141-166.
- van der Kooy, R., 'A preliminary review of the new industrial development proposals', *Development Studies Southern Africa*, Vol.4 (1982), pp.207-224.
- van der Merwe, P.J., 'Unemployment and employment creation', *Development Studies Southern Africa*, Vol.5 (1983), pp.146-159.
- Ward, M., '"Homeland" development? Planning in the Ciskei', *IDS Bulletin*, Vol.11 (1980), pp.15-18.
- Wellings, P.A., 'Core-periphery relations in the Southern African space-economy', unpublished report (University of Natal : Development Studies Unit, 1984).
- Westcott, G., 'Obstacles to agricultural development in the Transkei', in F. Wilson (ed.), *Farm Labour in South Africa* (Cape Town : David Philip, 1977), pp.139-153.
- Whiteside, A., 'Labour legislation in South Africa and the black states', unpublished paper (University of Natal : Economic Research Unit, 1984).
- Yudelman, D., *The Emergence of Modern South Africa* (Cape Town : David Philip, 1984).
- Zille, H., 'Restructuring the industrial decentralisation strategy', in SARS (ed.), *The South African Review No. 1* (Johannesburg : Ravan Press, 1983), pp.58-71.

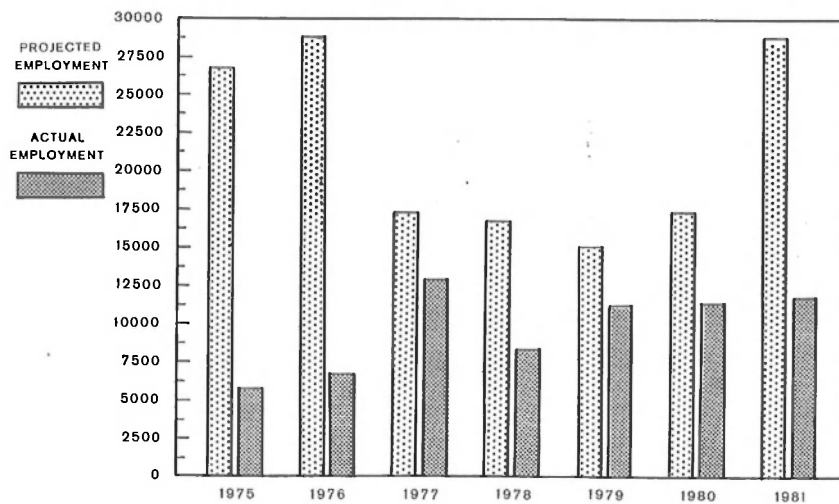
Figure 1. Projects established and employment created under the decentralisation programme, 1975-1984.



Sources : For growth points in 'white' South Africa and the 'self-governing' bantustans; Decentralisation Board reports, 1981, 1982/83, and 1983/84. Figures for the 'independent' bantustans (sometimes inconsistent) were obtained from the various Development Corporations.

Note : Figures for 1982/83 and 1983/84 are estimates assuming an average 'drop-out' rate of 50 percent across-the-board on 'approved' projects. If all 'approved' projects were established, the figures would be 908 (projects) and 84 992 (employment) in 1982/83, and 1411 (projects) and 103 064 (employment) in 1983/84.

Figure 2. Projects 'approved' under the decentralisation programme, 1975-1981; employment actually created against employment projected.¹

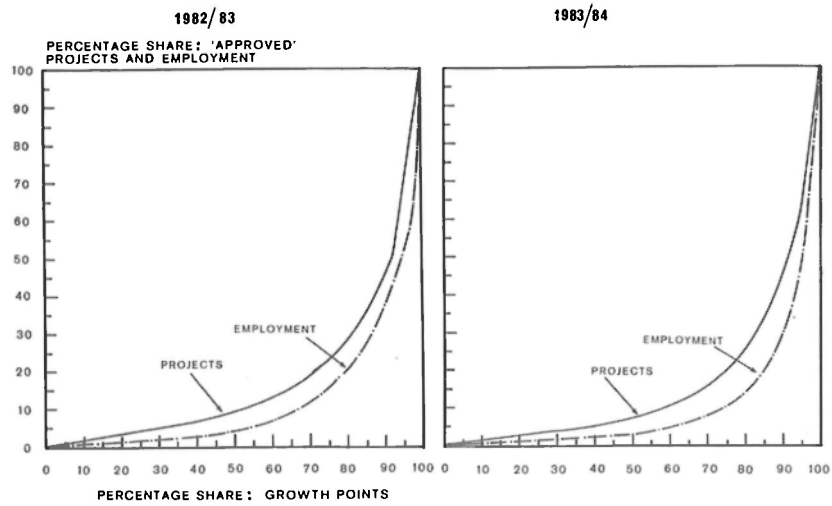


Source : Re-worked from Dewar et al (1984), p.69.

1: Figures exclude the 'independent' bantustans from the dates on which they became 'independent' (1976 for Transkei, 1977 for Bophuthatswana, 1979 for Venda, and 1981 for Ciskei)

Note : Figures later than 1981 are not yet available since the Decentralisation Board allows industrialists a two year 'grace period' to set up their factories. Thus, projects 'approved' in 1982 are given until the end of 1984 to materialise; see Decentralisation Board (1984), p.13.

Figure 3. Concentration of decentralisation activity, 1982/83 and 1983/84.¹

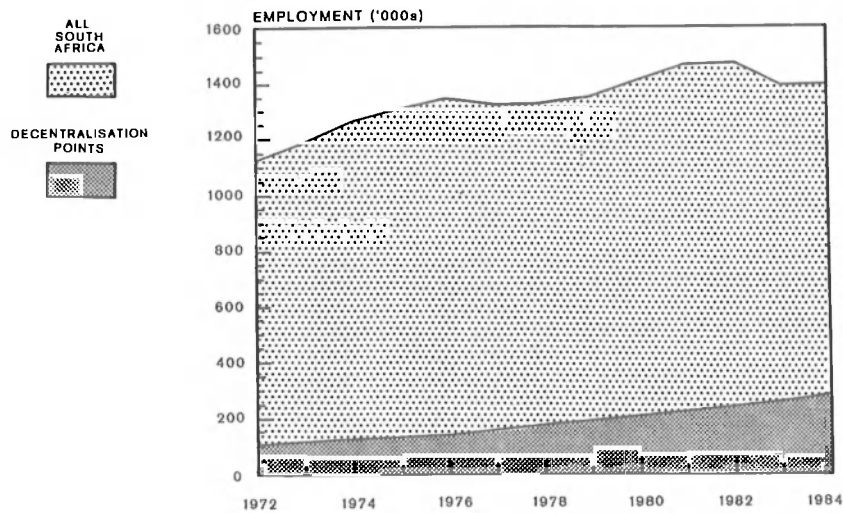


Source : Computed from Decentralisation Board data (1983, pp. 39-44; 1984, pp.21 -25).

1: Data refer to growth points in 'white' South Africa and the 'self-governing' bantustans. Comparable figures for the 'independent' bantustans could not be obtained.

Note: Index of concentration (I) = 0.70 (projects 1982/83), 0.81 (employment 1982/83), 0.72 (projects 1983/84), and 0.86 (employment 1983/84). These figures suggest a trend towards increasing concentration.

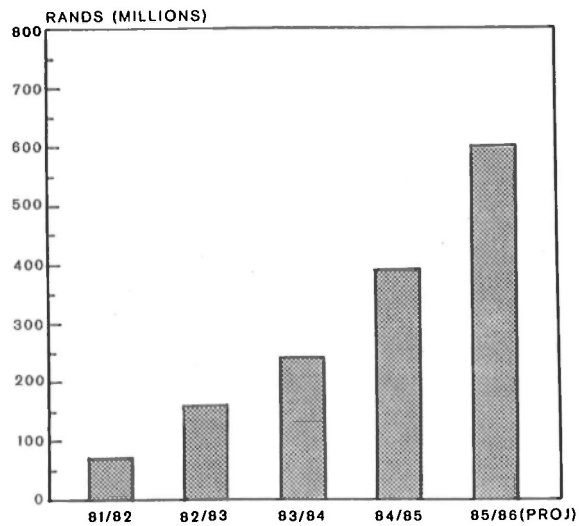
Figure 4. The locational structure of manufacturing employment in South Africa, 1972-1984.



Sources : Data up to 1981 (excluding the 'independent' bantustans) from Dewar et al (1984), p.70. Figures (also excluding the 'independent' bantustans) up to 1984 (first six months) were derived from 'Short-term economic indicators', Statistical News Release P.17 (Pretoria : Central Statistical Services, October 26th 1984). Figures for growth points in South Africa and the 'self-governing' bantustans from 1981 to 1984 were derived from communications with the Decentralisation Board. Figures for growth points in the 'independent' bantustans (required from the dates on which they became 'independent'; see Figure 2, note 1) were obtained from the respective Development Corporations.

Note: Analysis of these figures is made somewhat problematic by yearly changes in the number of growth points.

Figure 5. State expenditure on decentralisation incentives.



Sources : For growth points in 'white' South Africa and the 'self-governing' bantustans; 'Homeland incentives to cost Govt R500m', *Rand Daily Mail*, October 4th 1984. Figures and estimates for the 'independent' bantustans were obtained from their Development Corporations.

Note: 50 percent of the costs of incentives in the bantustans are borne by the bantustan authorities. However, this still represents an indirect cost to the South African government, given the bantustans' fiscal dependence on the Republic.

Table 1. Declared Growth Points in 1984

	'White' SA	'Self-Governing' Bantustans	'Independent' Bantustans	Totals
Industrial Development Points ¹	24	10	10	44
Deconcentration Points ¹	7	3	2	12
Other Development Points ¹	48	10	-	58
'Ad Hoc' cases ²	71	-	-	71
Totals	150	23	12	185

Source: Decentralisation Board (1984, pp.21-25)

1: Subject to amendment (several others in early planning stages have yet to be declared)

2: These are granted incentives on a year to year basis.

Table 2. Incentives at various growth points from April 1982

	Rail rebate (%)	% of total wage bill	Employment incentives (for 7 years)	Maximum amount per worker (R p.m.)	Training grant	Rental and interest subsidy (%) for ten years	Housing subsidy (% of interest rate)	Relocation Allowance	Price preference on tenders (%)
BANTUSTANS									
<u>IDP</u> (egs. Butterworth, Transkei; Dimbaza, Ciskei)	60	95	110	Yes	80	60	Yes	10	
<u>'Deconcentration Point'</u> eg. Babelegi, Bophuthatswana	No	80	35	Yes	25	20	Yes	4	
'WHITE' AREAS									
<u>IDP</u> ; 'Border Areas' (eg. East London)	60	80	100	Yes	60	60	Yes	5	
<u>IDP</u> ; Middle hierarchy 'white' towns (egs. Ladysmith; Newcastle)	50	80	80	Yes	45	50	Yes	5	
<u>'Deconcentration Point'</u> (eg. 1 Atlantis)	40	80	90	Yes	40	40	Yes	4	
(eg. 2 Pietermaritzburg)	20	80	25	Yes	15	20	Yes	4	

Source : Department of Foreign Affairs and Information (1982, pp.5-11)

Table 3. Metropolitan manufacturing companies seriously considering expansion or relocation in a new area in the next five years : expected location of investment.

	Cape Town	PWV	Durban	Port Elizabeth/ Uitenhage	N	%
Considering investment	3	33	34	5	75	35,7
Not considering investment	24	61	23	27	135	64,3
					210 ¹	
Location						
Another urban area	3	12	11	3	29	39,7
Deconcentration Point	-	6	7	2	15	20,5
Industrial Development Point	-	12	14	-	26	35,6
Other	-	2	1	-	3	4,1
					73 ²	

Source : Black (1984)

- 1: A total of 218 manufacturing companies were interviewed; 8 did not respond to this question.
2: 2 responses were unrecorded.

Table 4. Anticipated employment growth rates (over next five years) in the metropolitan centres and two bantustan growth points.

	Metropolitan sample (N=212)	Isithebe/ Butterworth (N=37)
	Av. % growth p.a.	
Negative	6,1	2,7
No change	25,5	10,8
1 - 2 %	17,5	5,4
3 - 4 %	18,9	8,1
5 - 6 %	12,7	8,1
Over 6%	19,3	64,9

Source : Black (1984)

Note: χ^2 analysis based on the raw data shows that the two distributions are significantly different at $\alpha = 0,001$ (df =5; $\chi^2 = 33,16$)

**Table 5. 'Approved' application for decentralisation, 1982/84 :
number of projects and jobs**

	Projects		Jobs		Average No. of Jobs per Project
	N	%	N	%	
'Independent' bantustans	352	15,2	52 800	28,1	150
'Self-governing' bantustans	481	20,7	57 734	30,7	120
Border/middle-hierarchy white towns	1 002	43,2	48 753	25,9	49
'White' Deconcentration Points	314	13,5	18 797	10,0	60
'Ad hoc cases'	170	7,3	9 972	5,3	59
Totals	2 319		188 056		

Sources: For the 'independent' bantustans, figures were supplied by the Development Corporations. For the rest; Decentralisation Board (1983, Annexure B; 1984, Annexure B).

Note: 'Drop-out' rates are thought to be higher in the bantustans. Discussions with the Development Corporations suggest a rate between 60 to 70 percent compared with 40 to 50 percent for other growth points (see Figure 2). Assuming an average 'drop-out' rate of 65 percent for the bantustans and 45 percent for 'white' South Africa, about 39 000 jobs are likely to be established in the former and about 42 600 in the latter.

Table 6. Reasons for decentralisation among bantustan industries

Reason	Umtata/ Butterworth	Isithebe	Tomlinson et al's (1984) survey
	Composite index ¹ and rank		
Incentives and assistance	2,61 (1)	2,80 (1)	2,62 (1)
Cheap/plentiful labour	2,29 (2)	2,37 (2)	2,44 (2)
Proximity to Markets	1,50 (3)	1,73 (4)	2,06 (3)
'Push' factors (specifically, Environment Planning Act)	1,36 (4)	1,90 (3)	-
Others	1,07 (5)	1,40 (5)	-

Sources: Own survey of Umtata, Butterworth and Isithebe (Wellings, 1984); Tomlinson et al (1984a, pp.13,16 and 22).

1: Computed by coding 'very important', 'marginally important' and 'not important' responses 3,2, and 1 respectively and averaging out over the number of responses. In Tomlinson et al's survey, responses were categorised 'important', 'considered' or 'irrelevant'. Here, they have been re-coded 3,2 and 1 for the purposes of comparison.

Table 7. Metropolitan survey : factors causing firms to consider relocation or expansion in a new area in the next five years.

Factor	Moving to:			Total
	Another urban area (N=28)	Deconcentration Point (N=14) Composite index ¹	Industrial Development Point (N=26)	
Availability of unskilled/semi-skilled labour	0,07	0,28	0,65	
Availability of skilled labour	0,25	0,21	-	
Availability of ancillary services	0,07	0,07	-	
'Push' Factors (eg. Environment Planning Act)	0,07	-	0,08	
Incentives	-	1,29	1,42	
Proximity to Markets	1,07	0,50	0,23	
Transport Costs	0,11	0,14	0,04	
Geographical suitability	0,36	0,07	0,23	
Others eg. rationalisation	0,29	0,14	-	

Source: Black (1984)

1: Computed by coding 'prime reasons' 2 and 'secondary reasons' 1.

Note: bold typeface indicates significant factors.

Table 10. Bantustan industries : source of inputs and location of markets¹

Source of inputs and location of markets	Umtata/Butterworth				Isithebe			
	Markets %	Materials/ Supplies %	Plant/ Manufactures %	Services %	Markets %	Materials/ Supplies %	Plant/ Manufactures %	Services %
Local	36,1	13,5	2,6	5,6	3,7	3,8	3,1	8,5
Regional Centre ²	7,5	16,1	7,4	25,6	18,5	30,8	13,5	75,0
Rest of South Africa	46,6	56,9	38,4	68,8	60,8	42,6	39,0	16,5
Overseas	9,8	13,4	51,6	-	17,0	22,8	44,5	-

Source.: Wellings (1984)

1. Coded by value of inputs and sales

2. East London for Transkei; Durban for KwaZulu

Table 11. Transkei : jobs required in manufacturing industry in 1984.

Resident population in 1984	3,08 million ¹
Number of Households	467 000 ²
HSL	2055 p.a. ³
Total Household Income Required at HSL	<u>R 960 million</u>
<u>Sources of Income</u>	
Migrant Remittances	R 279 million ⁴
Subsistence Agriculture	R 154 million ⁵
Pensions	R 37 million ⁶
Wages	R 200 million ⁷
Total	<u>R 670 million</u>
Shortfall	R 290 million 80 000 jobs at average annual wage of R1400 ⁸ and multiplier of 1,50 ⁹

Sources:

1. Resident population is given as 2,94 million in 1982 with an annual growth rate of 2,4 percent (Osmond Lange et al, 1982, p.14)
2. Average household size = 6,6 (Osmond Lange et al, 1982, p.138)
3. HSL is essentially rural for Transkei; this figure is derived from the Umzimkulu region (R1644 p.a. in 1982 and inflated by 11,8 percent up to 1984; May (1984), p.67).
4. This is projected from Abedian's (1983, p.268) 1980 figure of R229,5 million.
5. Westcott (1977, p.139) calculates that approximately 16 percent of the HSL may be met by subsistence agriculture in Transkei.
6. Calculated from May (1984, p.71)
7. About 190 000 receive wages in Transkei; 'Transkei Special Report', Rand Daily Mail, August 30th 1984, p.1. The income from this is difficult to ascertain but Barry (1982, p.126) suggests a figure of around R170 million for 1979 - probably around R200 million in 1984.
8. Approximated from survey data.
9. Based on Gavin Maasdorp's comments in, 'Decentralisation : the business view', Financial Mail, September 28th 1984, p.46.

Table 12. Skill breakdowns in manufacturing industry

Category	Metropolitan Centres (N=218)	Isithebe/ Butterworth (N=39)
	Av. %	
Managerial and professional	5,5	2,7
Clerical	9,0	3,1
Skilled	12,0	5,9
Semi-skilled	39,5	34,1
Unskilled	34,0	54,0

Source: Black (1984)

Note: χ^2 analysis based on the raw scores shows that the two distributions are significantly different at $\alpha=0,001$ (df=4; $\chi^2=44,2$)

Table 13. Evaluation of incentives

Incentives	Metropolitan Centres (N=32) ¹	Isithebe Butterworth (N=31)
	Composite index ² and rank	
Wage subsidy	3,28 (1)	2,81 (1)
Rental subsidy	1,00 (3)	1,26 (2)
Interest subsidy	1,47 (2)	1,16 (3)
Road transportation	0,63 (6)	0,87 (4)
Railage rebate	0,78 (5)	0,83 (5)
Training rebate	0,84 (4)	0,77 (6)
Relocation allowance	0,44 (7)	0,42 (7)

Source: Black (1984)

1: Companies that had located a subsidiary in a decentralised area.

2: In this survey, respondents were asked to rank the first four of a list of 12 incentives in order of importance. These ranks were assigned scores of 4,3,2,1 and 0.

DEVELOPMENT STUDIES UNIT

The Development Studies Unit is a multi-disciplinary unit within the Centre for Applied Social Sciences at the University of Natal in Durban. The Development Studies Unit was established at the beginning of 1982 with the purpose of providing a focus for research into the problems of developing areas, with a view to assisting the University to play a meaningful role in the upgrading of the quality of life in the poorer areas surrounding it.

As well as undertaking research in many areas of South Africa, the Unit offers a post-graduate Masters programme in development studies.

This work is licensed under a
Creative Commons
Attribution – NonCommercial - NoDerivs 3.0 Licence.

To view a copy of the licence please see:
<http://creativecommons.org/licenses/by-nc-nd/3.0/>