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A F R I C A N S T U D I E S I N S T I T U T E

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Title: Industrial Decentralisation, Bantustan Policy, and the Control of Labour in South Africa.

by: R Tomlinson & J Hyslop

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A F R I C A N S T U D I E S I N S T I T U T E

African Studies Seminar Paper to be presented at Seminar in RW 319 at 4,00 p.m. on Monday , 6 August 1984.

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INDUSTRIAL DECENTRALISATION, BANTUSTAN POLICY, AND THE CONTROL OF LABOUR IN SOUTH AFRICA[1]

by R. Tomlinson[2] and J. Hyslop[3]

1. Most of the institutional and financial data has come more or less directly from Tomlinson, R., Addleson, M., and Pretorius, F. 'The Institutional and Financial Arrangements for Industrial Decentralisation', 1984.
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During the last two decades, industrial decentralisation and growth centre policies have been widely applied throughout the world. In this paper the authors describe a rather distinct application of those policies, namely that directed to facilitating the control of labour in South Africa. We also assess the extent to which the policies have "succeeded"[1] and can succeed. Success cannot be judged in terms of criteria that may be used when evaluating decentralisation policies elsewhere in the world. In South Africa, such policies have been explicitly designed to further the system of apartheid and thereby the control of labour. Their success or failure lies in the extent to which they are able to do that. We have stressed how the recent emphasis on industrial decentralisation reflects the current and lasting crisis in Bantustan[2] policy.

The term 'crisis' is used in the Gramscian sense.

> "A crisis occurs sometimes lasting for decades. This exceptional duration means that incurable structural contradictions have revealed themselves (reached maturity) and that despite this, the political forces which are struggling to conserve and defend the existing structure itself are making every effort to cure them, within certain limits, and to overcome them." (Gramsci, 1978; also see Saul and Gelb, 1981, 3.)

We illustrate how the industrial decentralisation strategy, which constitutes a central part of the South African state's attempts to 'cure' and 'overcome' the structural contradictions confronting it, within the limits of maintaining the system of Bantustans and controlled labour migrations, is inevitably destined to fail. Thus, we conclude that the state will not easily be able to surmount the present crisis of labour control.

The paper has been divided into four sections. In the first, we describe the two periods of crisis in labour supply prior to the Nationalist Party assumption of power in 1948. In the next two sections, dealing with the period from 1948 until P.W. Botha took power in 1978, and then the subsequent period, we describe the formation of Bantustan policy and the steadily increasing role of industrial decentralisation therein. In the final section, using regional multiplier analysis, the inevitable failure of the industrial

decentralisation policies is demonstrated.

TWO CRISES OF LABOUR SUPPLY AND CONTROL: BEFORE 1913 AND FROM 1913 TO 1948.

The last quarter of the 19th century saw the completion of the European conquest of the African communities within the present boundaries of South Africa. However, despite the opening of the Kimberley diamond fields (1867) and the Witwatersrand gold fields (1886), a number of factors related to the availability of black labour limited the development of capitalist production.

i) The mines faced a situation in which insufficient numbers of migrant workers were willing to offer themselves for employment (Trapido, 1971; Legassick, 1983, 178-9).

ii) The predominantly Afrikaner white farmers lacked the capital to engage in a fully commercialised agriculture based on wage labour (Greenberg, 1980).

iii) The success of African peasant agriculture in some areas of Southern Africa was a source of competition for white farmers, and provided an alternative to labour migrancy for large sectors of the rural African population (Bundy, 1983; Palmer and Parsons, 1983).

iv) The pre-Anglo Boer War (1899-1902) Afrikaner republics had relatively weak administrative structures which were consequently unable to implement policies of labour coercion which might ensure a supply of labour sufficient for employers' needs (Greenberg, 1980).

During the years proceeding 1913, political, economic and ecological changes allowed the groundwork to be laid for a solution to this impasse. The African peasantry was destroyed by a combination of cattle disease epidemics (the late 1890's and 1911-12); drought; indebtedness to traders as the money economy penetrated the countryside; and government policy which gave aid to white farmers and only a small section of the most prosperous peasants, and which directed railway construction toward white agricultural areas and away from black areas (Bundy, 1983; Pirie, 1983). The destruction

of the Afrikaner republics allowed the creation of an effective administrative structure in the Transvaal and the Orange Free State, under British supervision. Thus, on its creation in 1910, the South African state inherited an administration capable of instituting new and effective forms of labour control.

In 1913 the state acted to stabilize and guarantee the flow of cheap labour from the rural areas which the collapse of peasant agriculture had begun to produce. The Native's Land Act, No. 27 of 1913, formalized the unequal division of land which had been imposed on black South Africans through conquest. The Act allocated 7 percent of the land area of the country to blacks, a figure increased by subsequent additions to 13 percent. Blacks could only own land within these areas; they were now excluded from the open market in land in the remainder of the country. The Act entrenched the then predominant pre-capitalist forms of land tenure and agricultural production within the "Native Reserve" areas. The resulting overcrowding and enforced land shortage ensured a reliable flow of labour to the mines and the urban areas in general (Native Lands Commission, 1916). The families of the migrant workers remained in the Reserves. Subsistence farming and traditional social systems thus bore a portion of the costs of the reproduction of the labour force (Wolpe, 1972). By 1913 the state had overcome the first 20th century crisis of labour supply and control, and had ensured that the mine owners and white farmers would be able to obtain sufficient cheap labour.

During the inter-war years, South Africa embarked on a period of substantial secondary industrialisation. This commenced with the protectionist policies of the Pact government which came to power in 1924. However it was only after South Africa went off the gold standard in 1932 that the economy and industrial investment grew rapidly. This was made possible by a rise in the gold price, itself a reaction to the Great Depression.

The Second World War, by disrupting normal trade links gave impetus to import-substitution industrialization. After 1945 mineral developments in

the Orange Free State, the Korean War minerals boom, greater foreign investment and stricter exchange controls furthered the process of industrial growth. In sum, South Africa had entered upon a period of rapid industrialization (Legassick 1983; Legassick and Wolpe, 1976).

The possibility of Blacks deriving any substantial benefits from this boom was forestalled by two sets of legislation. The first set involved job reservation for Whites. The owners of the mines had responded to a fall in gold prices by attempting to replace relatively expensive white labour with less expensive black labour. This led to the Rand Revolt of 1922, which was put down by the Smuts government after several days of fighting. However, the alliance of white labour, Afrikaner agricultural capital and petty-bourgeoisie resulted in the fall of the Smuts government and the election of the Pact government. The Pact government resolved on a "civilized labour" policy which reserved skilled employment for whites. The policy survived the dismissal of the government in 1933. By law, blacks were to remain unskilled.

The second set of legislation deals with the mobility of the black labour force. Pass laws were brought into effect in 1911 (Fagan Commission, 1948), but their essence was summarized in the recommendations of the Stallard Commission (1922). The recommendations were enacted by the Native (Urban Areas) Act No. 21 of 1923. The recommendations were:

> "(1) to enforce the principle of limiting the number of Natives in urban areas to the labour requirements of such areas;
>
> (2) to provide for controlling the entry of Natives into urban areas; and
>
> (3) to provide for the withdrawal of superfluous Natives from urban areas." (Fagan Commission 1948, par. 3)

The Act has subsequently been amended many times. Perhaps the greatest change in policy was the 1945 Bantu (Urban Areas) Consolidation Act No. 25. In terms of the Act certain Blacks were granted urban rights, and the subsequent acquisition of these rights was made subject to prohibitive conditions. For

example, section 10 (1)(b) specifies that urban rights may be acquired if the person has worked in the relevant urban area for one employer for more than ten years, or for more than one employer for fifteen years. Migrant labourers were deemed to work for discontinuous periods.

Regardless of these restrictions, the black urban population grew rapidly, at a rate in excess of 4 per cent per annum, as indicated in Table 1. This was a response to the impoverished condition of the Reserves (Native Lands Commission, 1916; Economic and Wage Commission, 1925; Native Economic Commission, 1932; Fagan Commission, 1948; Tomlinson Commission, 1954; ...), and the new possibility of jobs in industry. The urban population growth resulted in the development of a substantial strattum of disaffected, unemployed or underemployed urban blacks (Legassick, 1974), as well as a more militant labour force and the spread of trade unions. A major expression of black dissatisfaction was the 1946 strike of 70 000 mineworkers, which was put down with considerable loss of life.

Table 1: Black Population in Metropolitan Areas, 1921-1970

Year	Population Size	% p.a. compound Growth Rate
1921	419 638	
1936	800 371	4,36
1946	1 225 309	4,28
1951	1 583 910	3,64
1960	2 139 520	3,40
1970	2 677 484	2,27

Source: Simkins, 1983a.

Over the same period African nationalists produced a new, militant leadership which came together in the Youth League of the African National Congress (ANC). They advocated a radical Africanism and a strategy of mass action. Their ideas triumphed within the ANC in 1949, when the movement adopted a 'Programme of Action' committing the ANC to the use of boycotts,

strikes and civil disobedience. At the same time key Youth Leaguers such as Mandela, Tambo and Sisulu were elected to the leading bodies of the ANC (Lodge, 1983, 20-28).

The response of the Smuts government to this labour and political activism was twofold. One was the constitutional plan proposed by the Native Affairs Commission. It suggested the 'democratisation' of black self-government, with "a council of fifty ... which was to be the apex of a country-wide representative system, based on General Councils in the Reserves ... and an official Location Advisory Boards Congress for the representation of African interests in the urban areas" (Davenport, 1977, 244).

The second response, embodied in the recommendations of the Fagan Commission (op. cit.), was the adoption of a differential policy towards migrants and permanently urbanised workers. The latter were to be accorded certain rights and privileges in the urban centres, not least of which was the recognition of their permanence.

THE CRISIS OF LABOUR CONTROL (1948-78): THE IMPLEMENTATION OF APARTHEID

It was at this juncture, 1948, that the Nationalist Party came to power. The policy of apartheid was introduced, in all its severity. Biological (Mixed Marriages Act No. 55 of 1949; Population Registration Act No. 30 of 1950), spatial (Group Areas Act No. 41 of 1950), and political (Bantu Self-Government Act No. 46 of 1959 ...) separation became legally entrenched.

The Bantustans became, in effect, 'social sinks' for that portion of the black labour force which was "superflous" to the needs of the economy. In order to hasten this eventuality, the relocation policies of the government were implemented on a massive scale. The 'need' for relocation was exacerbated by white farmers shedding squatter labour as white agriculture, benefitting from state subsidies, became increasingly mechanised and commercialised (Greenberg, 1980, 85-101). While the full extent of the

relocations are unknown, in a recent study it was found that about three and a half million relocations occurred between 1960 and 1980 (Surplus Peoples' Project Report, 1983). Not all the relocations were to the Bantustans. Some were from 'white' to 'black' or 'coloured' of 'Asian' parts of town, and some people were moved more than once.

One of the consequences of the relocations to Bantustans can be seen in the declining productivity within those areas. Thus, "One must locate the really dramatic decline in [Bantustan agricultural] production per capita in the period after 1948" (Simkins, 1981, 263, emphasis in orginal).

The social sink function of the Bantustans is intimately tied up with their role in social control. Blacks dispersed among the Bantustans in a condition of rural immeseration represent less of a threat to white hegemony than an urbanised and potentially unionised work force and/or a massive urban lumperproletariat. Thus the Viljoen Commission (1958, para. 425) would advocate decentralisation on the grounds that

> "The urbanization of the population has led to the massing of large numbers of Natives, who have broken away from tribal relationships that had given their lives a context and a meaning, and have congregated in the large industrial cities ... (and) ... fall an easy prey to immorality and political subversion."

In essence, the focus of Bantustan policy had changed from one of supporting the reproduction cost of labour, to one of social control. The form of the control mechanisms and the means of implementing Bantustan 'development' are described in the ensuing paragraphs. The most significant contribution to the development means came from the Tomlinson Commission of 1954. The Commission's purpose

> "was to justify separate development, and then to suggest how this might be achieved. The first task it did to the Government's satisfaction - 'The Government welcomes the unequivocal rejection of the policy of Integration and of any theories of a possible middle course, as well as the justification by the Commission of the policy of Apartheid'" (Tomlinson, 1983a, 545).

Many of the Tomlinson Commission proposals were initially rejected by the Government, the response to them being contained in the White Paper

of 1956 (WPF - 1956). But with the elaboration of the Bantustan policy, the Commission's proposals came increasingly to be implemented. In the subsequent period a number of Acts were passed, the purpose of which was to set in motion the creation of Bantustan 'statelets'. For example, in terms of the Promotion of Bantu Self-Government Act No. 46 of 1958, the official presentation of reserves as a location for "surplus" blacks was changed to one in which they were presented as "homelands". This involved the creation of ethnic political institutions with each Bantustan being designated for a specific ethnic group. Another example is that of the Bantu Investment Corporation Act No. 34 of 1959. The Corporation was set up to promote industrial decentralisation initially to the borders of the Bantustans (the 'border areas' policies), and since 1968 in the Bantustans.

The concept of apartheid proposed by the government represented an attempt to legitimise this policy. The move towards the "independence" of the Bantustans was a response to "the pressure being exerted on South Africa" (Verwoerd, 1961, cited in Butler et al., 1977, 31). As propounded by the Government, each African ethnic - "tribal" - group (Zulu, Xhosa, etc.) was a "nation" and each nation had its "homeland", the homeland being the Bantustan where the relevant ethnic group had the right to live. In these terms, the different nations had the right to develop in their "own" way. The independence of the Bantustans provided a useful basis for a number of aspects of state policy. In particular the notion that blacks had political rights in their Bantustans provided a rationale for denying them any in CASA (common area of South Africa or the non-homeland parts of South Africa).

In addition, if labour migrancy could be presented as an "international" phenomenon, criticism of the relevant labour policy and especially of relocation could be defused. Government officials have thus ingenuously asked why a Transkei worker in Johannesburg should have political rights when a Turkish Gastarbeiter in Stuttgart did not. In sum, the Bantustan policy provides "A terminology and an implicit justification for the most

recent and systematic phase of labour repression" (Trapido, 1971, 318).

Bantustan ideology and the presumption of independence are completely implausible. Firstly, in terms of the Bantu Authorities Act No. 68 of 1951, chiefs became salaried officials of the Government and recalcitrant chiefs could and have been dismissed by it. By strengthening the powers of the traditional chiefs, and by creating homeland governments, usually heavily based on these conservative chiefs, the South African Government has been able to deflect political conflict and labour repression away from itself towards the Bantustan authorities. For example, in the Ciskei, where unions are banned, the Government there has occasionally held more political prisoners than the South African Government per se. By assuming responsibility for social control, the Bantustan governments help to stabilise the political situation in CASA.

The Bantustan statelets are incapable of meeting their populations' material needs. For example, the GDP per capita at factor cost of the self-governing Bantustans was R128 in 1980 (Benso, 1982). Seventy-two percent of the GNI of the Bantustans comes from migrant and commuter labour, and this proportion is growing (Ligthelm and Coetzee, 1984). An example is that in the independent Bantustan, the Transkei, "85 percent of rural households are earning an income level lower than a conservatively calculated minimum subsistence level" (ibid., 9). (It comes as a surprise to many white South Africans to hear that many millions of black South Africans are not better off than blacks elsewhere in Africa.) About 28 percent of new entrants to the job market find formal employment in the Bantustans, but most of this is in the public sector (ibid.). South Africa supplies an average 77 percent of the public revenue of the Bantustan governments (ibid.). The inevitable consequence of such poverty is, for example, a high infant mortality rate of 130 per 1 000 births (ibid.). Indeed in some relocation sites the infant mortality rate has reached 50 percent (Sparks, 1983). A final example of the

myhtical nature of Bantustan independence is provided by the Ciskei, an independent Bantustan. In the Ciskei there is a 35 percent unemployment level. Only 25 percent of the population have land rights, and for those who do the average size of stand is one acre (Green and Hirsch, 1982).

It is no wonder that a TEBA (mine labour) recruiting official should comment that

> "The TEBA recruiter has an easy time of it these days. He must just sit back and wait for them to come in. I remember when I had to address meetings, give all sorts of parties, drive all over. Those days are over" (cited in Greenberg and Giliomee, 1983, 46).

Yet even given the above data, the Bantustans have served well an emerging petty-bourgeoisie. A small block of petty-bourgeois has been created, constituted of bureaucrats, chiefs, businessmen and politicians. They have benefitted from apartheid policy both directly, for example, salaries to chiefs, or indirectly, from the financial and other assistance provided by the Bantustan development corporations set up by the South African Government (Southall, 1977). In effect, a conservative class with much to defend has been put into power in the homelands.

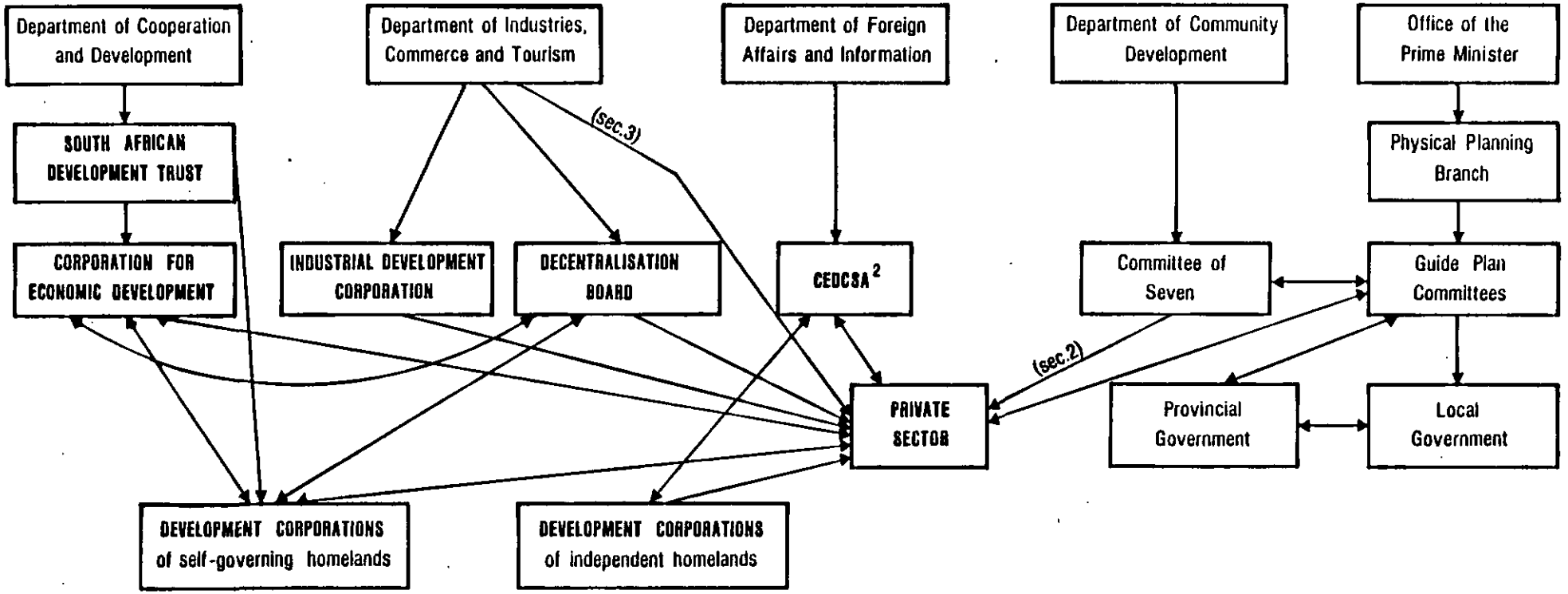
Industrial Decentralisation - Implementing Institutions:

The Bantustan development corporations referred to above are a part of the apparatus set up to implement industrial decentralisation policies. The institutional apparatus circa 1981 is shown in Fig. 1. Significant institutional changes have occurred since 1981, and these are shown in Fig. 3, 4 and 5 below.

INSERT FIG. 1 ABOUT HERE

From the Tomlinson Commission to 1978 industrial decentralisation was perceived as the means of retaining surplus labour in the Bantustans. Since 1978 the growth of the agricultural sector has also gained prominence. Because the institutions used to promote agricultural development were the same institutions, or subsidiaries thereof, the institutions described below capture

Fig 1: Institutional Arrangements circa 1981.[1]



1. Only the more significant bodies and interrelationships are indicated. The major actors are indicated in bold type.
2. Committee for Economic Development and Cooperation in Southern Africa

Source: Tomlinson et al., 1984.

the essence of the implementational arrangements for economic growth in the Bantustans.

The function of the Corporation for Economic Development, formerly the Bantu Investment Corporation, (CED) depended on whether the Bantustan was 'self-governing' or 'independent'. With regard to self-governing Bantustans, the CED was responsible for large industrial projects (factory size in excess of 500m^2), the construction of industrial parks, and other projects such as commercial agricultural projects. The relevant Bantustan development corporations (DCs) were responsible for small, local industrialists, commercial development and tourism. When a Bantustan became independent, its DC assumed all the above functions. However since CED staff were seconded to the DCs, and since the CED had management contracts for various of the DC activities, the centrality of the CED is obvious. The dependence of the DCs on the CED will become even more apparent when we look at their financing.

When the CED or a DC was approached by an industrialist, the industrialist was referred to the Decentralisation Board (DB) (see Fig. 1). The DB decided on whether to approve the project in principle, meaning whether and what level of concessions could be made available to the industrialist. It was then up to the industrialist concerned to obtain a 'soft' loan from the CED or DC concerned. The DB would pick up the costs of the subsidies on, for example, rail transport. The procedure described applied to projects in the self-governing Bantustans.

When a Bantustan became independent, responsibility for budgetary aid and development assistance was passed on to the Department of Foreign Affairs and Information. The Department's equivalent of the CED is the Committee for Economic Development and Cooperation in Southern Africa (CEDCSA). The CEDCSA essentially functioned to provide technical and financial assistance to the governments of the independent Bantustans.

The Guide Plan Committees and the Committee of Seven are discussed below when dealing with sections 2 and 3 of the Physical Planning Act. The one institution not mentioned again is the Industrial Development Corporation. The Corporation has pursued decentralisation since its inception in 1940. Since its area of responsibility has excluded the Bantustans, it is not relevant to the present study. As a matter of interest, the Corporation's role has been that of "providing loan and other financial facilities at subsidised interest rates to industrialists establishing themselves in the decentralised areas of the Republic" (IDC, 1982, 7).

Implementing Institutions - Financial Arrangements

The financial arrangements are shown in Table 2. From the table it can be seen that the DCs of the self-governing Bantustans were owned by the CED and the South African Development Trust (SADT). The latter two instutions each held 50 percent of the equity of the DCs. However, the CED was itself wholly owned by the SADT. Various transport, agricultural and other companies were owned by the DCs. In all instances, therefore, ownership and control belongs to the SADT. The SADT is an agency of the Department of Cooperation and Development, which is notorious for its being responsible for population relocation - the SADT assuming a large role therein.

INSERT TABLE 2 ABOUT HERE

The DCs of the independent Bantustans are owned by their respective governments. The CED and SADT shareholding in these DCs was given to those governments without charge.

All the DCs have low debt/equity ratios, refer Table 2. With the exception of Bophuthatswana, the debt source is invariably again the CED. The institutional dependence of the Bantustan development agencies on the South African government is fully revealed. Bophuthatswana is an exception due to its proximity to South African economic care and so being the site of

Table 2: The Financial Structure of the Development Corporation prior to the Formation of the Development Bank of Southern Africa.

Development Corporation of:	Total Net Assets (Rm)	Debt/Equity[2]	Equity Source	Major Debt Source
Bophuthatswana (1982/83)[1]	260,5	0,26	Bophuthatswana Government	CED (22%), Loan Stock Issue (54%), Foreign (22%)
Ciskei (1982)	90,5	0,60	Ciskei Government	CED (99,7%)
Transkei (1981)	147,1	0,03	Transkei Government	'Internal' (93%)
Venda (1981/82)	28,9	0,18	Venda Government	Unspecified
Gazankulu (1981)	18,5	0,42	CED and SADT	CED (100%)
KaNgwane (1982)	31,5	0,73	CED and SADT	'Market'
KwaNdebele - a Development Corporation is currently being established				
KwaZulu (1982)	85,2	0,76	CED and SADT	CED (96%)
Lebowa (1982)	28,2	0,46	CED and SADT	CED (100%)
Qwa Qwa (1982)	9,2	0,07	CED and SADT	CED (100%)
Other				
Corporation for Economic Development (1983)	876,8[3]	0,78	SADT	Local Stock and Loans (56%), Investments in CED Savings Bank (25%), Minority Shareholding (18%)
Industrial Development Corporation (1983)	638,9[4]	0,57	Department of Industries	Export Finance Notes (47%), Foreign Loans (31%), Local Loan Stock (20%)
Small Business Development Corporation (1983)	139,6	0,55	Private sector (50%), S.A. Government (50%)	South African Government (96%) - interest free

Source: Annual Reports of the respective Development Corporations; and see Tomlinson et al., 1984.

1. The figure in brackets indicates to which year the data apply.
2. Long-term debt including minority shareholders' interest/equity.
3. The amount excludes CED holdings in the Development Corporations.
4. The amount represents 20,6% of the IDCs application of funds, as this was the amount allocated to industrial decentralisation.

profitable industrial and tourism ventures, and due to its wealth in minerals.

The financial contributions of the Department of Cooperation and Development and Foreign Affairs and Information are shown in Table 3. For the sake of brevity, this being a lengthy paper, we will immediately address the current financial situation. Expenditure on, in declining magnitude, budgetary aid, land consolidation, relocation, and development will exceed R2 billion or $1,6 billion in 1984/85. Other relatively minor programme expenditures are excluded from the table. The order of magnitude indicates that the South African Government's priorities are the constitutional development of the Bantustans rather than the relief of poverty therein. With indelicate irony and consistent thinking, the section on relocation in the Department of Cooperation and Development's annual report is included in the chapter, 'Constitutional Services'.

INSERT TABLE 3 ABOUT HERE

Industrial Decentralisation Policy:

In repetition, industrial decentralisation was necessitated by two conditions in the Bantustans. The first was (and is) the growth rate of the labour force relative to employment creation in the Bantustans. The second was (and is) due to the impoverished state of Bantustan agriculture. For example, arbitrarily selecting an income of £60 per family per annum, the Tomlinson Commission estimated that if such an income level was to be available to the rural population of the Bantustans, then a 'vast resettlement project' involving about 50 percent of that population into towns in the Bantustans was necessary. Nowadays figures of up to 89 percent have been mentioned (Tomlinson, 1984a). Thus decentralisation was (and is) necessary in order to increase the proportion of the black population which can peacefully be retained in the Bantustans (Bell, 1973).

Table 3: Relevant Programme Expenditures of the Department of Cooperation and Development and the Department of Foreign Affairs and Information, 1978/79 - 1984/85 (Rm)[1]

Institution/Purpose	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85
Department of Cooperation and Development							
Development of Black areas, towards self-determination							
- consolidation of Black areas[2]	42	69	90	81	65	162	128
- development towards self-determination[3]	110[9]	132	147	198	186	218	294
Assistance to Governments of self-governing homelands[4]	122	166	247	440	488	621	786
- plus a direct charge on the State Revenue Fund[5]	177	192	204	219	196	207	227
Department of Foreign Affairs and Information[6]							
Development assistance[7]	-	28	161	257	433	506	517
- plus a direct charge on the State Revenue Fund[8]	184	136	60	45	120	121	120

Source: Republic of South Africa, Estimate of Expenditure to be defrayed from the State Revenue Account, relevant years; and see Tomlinson et al., 1984.

1. Except for 1984/85, the data represent not the budgeted expenditure but the actual expenditure, obtained by looking back at the previous year's data, for example, from the 1979/80 data when looking at the 1980/81 estimate. The expenditure amounts in the table are total expenditure, not the amount to be voted.
2. Purchase of land and settlement.
3. Primarily the settlement of persons and employment and income generation. Also the infrastructure, social services, government planning and administration, development of human potential and land conservation.
4. Administrative and technical assistance, financial aid.
5. Grants made in terms of the Bantu Homelands Constitution Act No. 21 of 1971, sec. 6(2)(c).
6. The Department of Foreign Affairs and Information became involved with independent homelands, and largely replaced the Department of Cooperation and Development with respect to these homelands.
7. Technical and budgetary aid, flour subsidies, industry incentives, relief of distress, manpower provision and other aid.
8. The counterpart of 5, as applied to the independant homelands and the Acts through which they obtained financial aid. The expenditure amounts vary so greatly due to the way in which expenditure was categorized.
9. This is the amount to be voted. The actual expenditure amount, usually higher, was unavailable.

The initial border area policy of pursuing decentralisation to locations bordering on the Bantustans was a resounding failure. From the point of view of the number of jobs created, the Tomlinson Commission estimated that 20 000 new jobs per annum in the manufacturing sector were necessary, and also a further 30 000 jobs per annum which could be created as a result of the multiplier effects of development in the agricultural and manufacturing sectors. Between the period 1959/60 and 1969/70 Bell (1973) credits the policy with creating about 11 500 jobs in total. In part as a result of such figures the government, in 1968, called for investment in growth points in the homelands. This represented a return to the recommendations of the Tomlinson Commission, namely that sites within the homelands be selected for investment, that investment be concentrated in these sites in order to obtain the benefits of agglomeration economies, that various incentives be offered for investment at these sites, and that development corporations be created in order to help implement the policy.

It is interesting to question the original rationale for not allowing investment by whites in the homelands. The official pronouncement was that white investors should not be allowed to compete with black investors. Glaser (1983) correctly suggests that this was in order to facilitate the formation of a black petty-bourgeiosie in the homelands. But this means that the policy was ill-conceived, as the formation of a black petty-bourgeosie would have occurred on a larger scale as a result of investment by South African and foreign capital than as a result of self-generated expansion.

In 1968, as well, the government attempted to exercise the 'stick' side of the carrot and stick approach. In terms of section 2 of the Physical Planning Act No. 88 of 1967 (now known as the Environment Planning Act), controls were instituted over the further zoning and use of industrial land. One result was to drive up the price of industrial land. For example, Atlanta in the USA is similar to Johannesburg with respect to many indices dealing with population size and levels of economic activity. The price of industrial

land in Atlanta is 10% of that of Johannesburg. Another result is that these controls have been used to prevent job creation for blacks in the metropolitan areas. Thus as early as 1969, the Minister of Labour claimed that as a result of the section 2 controls on the zoning and use of industrial land, the creation of 220 000 jobs for blacks in the metropolitan areas had been foregone (cited in Gottschalk, 1977).

The Committee of Seven shown on Fig. 1 administers the section 2 controls. It has eight members made up from various government departments, and its role is to determine whether industrial township rights may be granted on land already zoned for industrial purposes. In the opinion of most observers, the Committee views its role as being to restrict wherever possible further additions to the supply of industrial land, and as such the Committee's actions are responsible for the high price of industrial land, especially in Johannesburg.

The Guide Plan Committees rather obviously draft Guide Plans which indicate the land usages (zones) within the areas of the Plans. The Plans are used to preempt the further zoning of industrial land. And, as mentioned, even if the land is zoned for industrial purposes, the section 2 hurdle above still has to be crossed.

Once the section 2 hurdle has been crossed, the industrialist then has to deal with section 3 of the Act. In terms of section 3 of the same Act, the Minister of Planning could declare 'controlled areas' within which "No person shall, without the prior written approval of the Minister establish or extend a factory" (section 3(1)). "'Extension' in relation to a factory means any increase in the number of Black employees in such a factory" (section 3(5)(c)). The subsequently proclaimed controlled areas were the Pretoria-Witwatersrand-Vereeniging area, Cape Town, Port Elizabeth-Uitenhage, and Bleomfontein. According to Glaser (1983, p.24), these regulations led to a "general investment strike reflected in the stock market slump of 1968/69" (emphasis in original). The government's response to the 'strike' was

revealed in the 1971 White Paper.

The 1971 White Paper restated the Act, especially section 3 of the Act. The Pretoria-Witwatersrand-Vereeniging area was now to be the only controlled area and the section 3 restrictions were lifted with regard to locality-bound and white labour-intensive industries. From June 1973, the latter industries were defined as having a ratio of 1 white to 2 black employees. A result of these recommendations was the loss of job creation for blacks in CASA. Between 1968 and 1980 waivers of this legislation affecting 115 000 jobs were refused. Very few of the jobs were subseuqently decentralised (Maasdorp, 1982).

Until 1975, the decentralisation effort had been primarily directed at employment creation for blacks in the border areas and subsequently in the Bantustans. Additional growth points had been created for the employment of Coloureds and Indians outside the metropolitan areas. As far as whites were concerned, the one exception had been a growth point designated at George for the employment of white women! This is where the current Prime Minister has his constituency. In 1975 a National Physical Development Plan was promulgated, a result of which was the designation of additional growth points in CASA. This has been interpreted as being directed to setting up sites which would facilitate the access of regional Afrikaner capital to the subsidies and other support offered at the growth points (Gottschalk, 1977).

Thus by the end of the 1948-78 period, there was an extensive policy of decentralisation. The costs, through minimal compared to current expenditure, were substantial. Between 1970 and 1980, the cost to the South African tax payer in direct investments, subsidies, rebates and so on was of the order of R740 million. A similar amount was spent by the private sector. The public figures exclude infrastructural expenses, surely a large sum as well (Financial Mail, December 11, 1981). During the period 1970-78 34 900 decentralised jobs were 'created' (Maasdorp, 1982). According to Louw (1983), the opportunity cost of this expenditure was such that for every job decentralised, the same capital spent in the metropolitan areas of CASA would have created

two to five times more jobs.

The current period ends with the replacement of Vorster by Botha as Prime Minister. The differentiating characteristic of the two administrations is that whereas Vorster sought to maintain the purity of the classic apartheid system, Botha sought to create alliances or to buy the passivity of sections of the dominated groups, by means of a series of modifications in the functioning of the system.

It was not as if the need for change was unapparent. The homelands and their leaders have failed to gain mass support, especially among the urban black labour force. (A possible exception is that of Gatsha Buthelezi of KwaZulu.) The widespread strikes of 1973 marked the beginning of a new militancy amongst urban workers, and provided the impetus for the formation and development of a new generation of black trade unions. The unions are better organised than their predecessors, and highly effective in winning their wage demands (Friedman, 1980). The Black Consciousness movement revived popular political participation, with the riots and "stay-at-homes" of 1976 posing a direct challenge to authority. South Africa has become strategically isolated as a result of the military collapse of its Portuguese ally in Angola and Mozambique in 1974, and of the impending collapse of the Rhodesian regime. In the late 1970's, the African National Congress revived its guerilla campaign, and the organization's support grew rapidly.

At the same time, the implementation of apartheid had run into difficulties. While the growth of the black urban population had 'stabilized' to a rate of 2,27 percent per annum between 1960 and 1970 (see Table 1), as a result of relocation and the influx control laws, in a government report it was estimated that by the year 2 000 black urbanization could increase from the current figure of 38 percent to about 75 percent (Human Sciences Research Council, 1983). While the figure of 75 percent is high relative to other estimates, especially that of Simkins (1983a), the potential breakdown

of Bantustan policy is evident.

THE CRISIS OF LABOUR CONTROL (1978 TO PRESENT): BOTHA'S 'REFORMS'

The Botha government's 'reform' initiatives are a response to the dual challenge it currently faces. One is mass resistance to its policies and strategic isolation. The other reflects the seeming impossibility of maintaining the black population distribution required by the apartheid system. "Repression alone was no longer regarded as a sufficient method of containing the situation ... Leading representatives of both the state and capital, such as the Prime Minister and Mr Harry Oppenheimer, warned repeatedly of the dangers of a 'revolution' unless the original apartheid formula was adapted or reformed." (Zille, 1983, p.61). Botha's aim is to defuse the opposition through creating a complex set of alliances between the white power block and sections of the dominated social groups, while at the same time keeping intact the essentials of apartheid, namely the Bantustans and influx control.

In respect of the reforms, the position of urban blacks is to be considerably eased, the intention being to induce a split between the political and economic interests of urban and rural blacks. Influx control is to be made more palatable to urban blacks by shifting the control functions from the police to the private sector and administrative branches of the state. As reflected in the 'Orderly Movement and Settlement of Black Persons Bill', the government's intention is that the right of blacks to stay in urban areas will be determined by their having a job and a house. Control over the supply of 'approved' accommodation will largely lie in the hands of government Development Boards (formerly Administration Boards). Control over the supply of jobs will largely be in the hands of the private sector. The sector's cooperation in enforcing influx control will be ensured by increasing the penalties of hiring labourers without urban rights. It is thereby quite conceivable that in the future a person who loses his/her job or house will loose his/her right to

stay in the urban areas.

It appears that South Africa is moving towards a system in which there are four categories of blacks: permanent urban residents with more or less the same privileges as those having section 10 rights under the existing Act; temporarily authorised blacks who have been given a permit to work or seek work in the urban areas; blacks living on the Bantustan borders in townships and 'closer settlements' who commute[3] to work; and unauthorized blacks, the majority, who cannot work, seek work, or stay in the urban areas. Rather than representing reform, current government policy moves represent a tightening on the controls of black mobility.

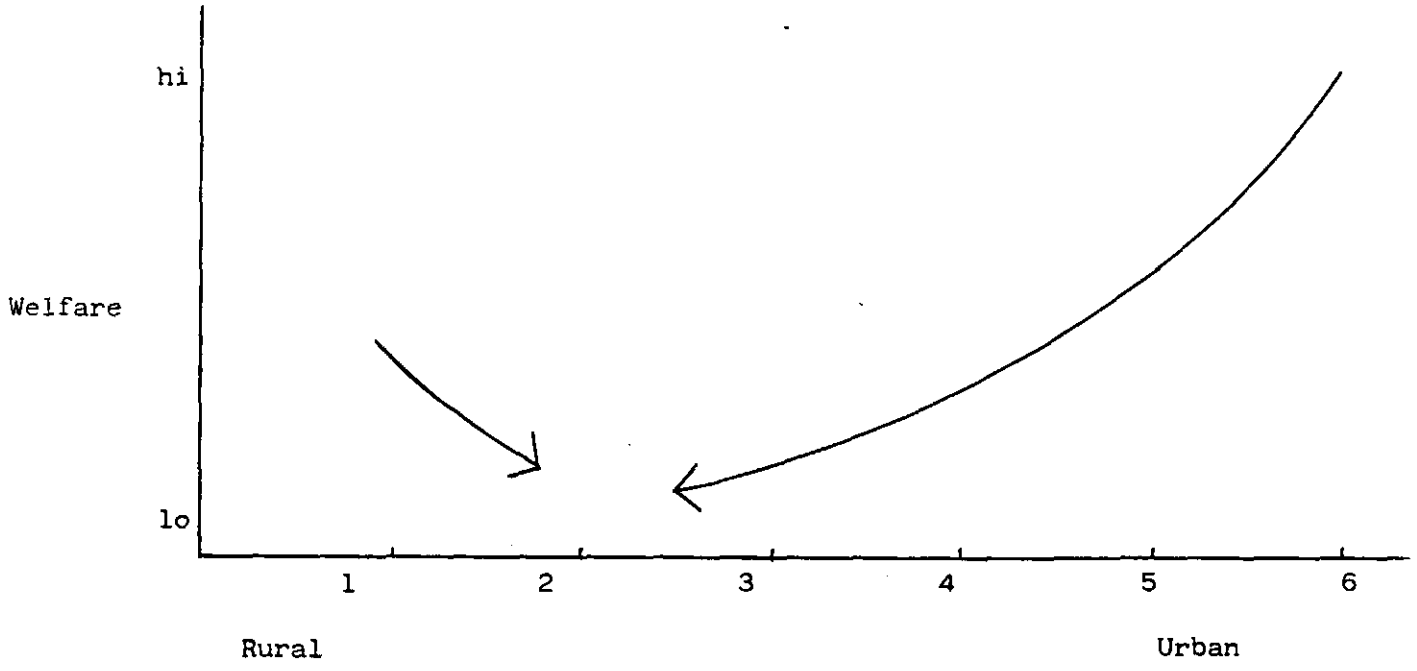
Because of concommitant dispossession of land in the rural areas resulting from population growth, resettlement and 'betterment' planning, the welfare curve sketched below (Fig. 3) of the results of current policy indicates little hope for landless blacks, the unemployed or working poor in the rural areas, and those to be resettled.

INSERT FIGURE 2 ABOUT HERE

With regard to the position of urban blacks mentioned above, the government hopes to develop a black 'middle class' through encouraging small business and through jobs created as a result of providing 'self government' to black 'municipalities' in CASA. The recent formation of the Small Business Development Corporation reflects the former goal. And the Black Local Authorities Act No. 102 of 1982 reflects the latter goal. In addition, in the same way that Bantustan governments deflect the political 'heat' from the South African, so too the urban governments will serve this purpose to some extent.

In sum, the government seeks to cultivate the development of a series of profound social divisions amongst blacks. In the Bantustans, those sectors tied to state patronage - the bureaucracy, rich peasants and merchants -

Fig. 2: Policy Induced Location and Classification of Blacks



1. Households - on white farms
   - having land in the Bantustans
   - which may supply migrant lavourers to the urban areas in CASA
2. Households - which are landless in the Bantustans
   - which may be located in closer settlements far from cities and towns
   - which may supply migrant lavourers to urban areas in CASA
3. Households - in Bantustans but on CASA's urban fringe, living in squatter or closer settlements
   - which may supply commuter labour to urban areas in CASA
4. Households - which are "illegally" in CASA
5. Households - having labourers with section 10(1)(d) rights (i.e. residence in urban areas in CASA conditional on employment)
6. Households - having permanent resident rights in urban areas in CASA.

Source: Adapted from Simkins, 1983b.

Note: The welfare curve is illustrative of welfare levels, and should not be taken to reflect actual levels of welfare.

acquire interests which conflict with the mass of the Bantustan population. In the urban areas, permanently urbanised black workers have privileges and security not enjoyed by labour migrants; and the new black bourgeoisie and middle class emerge with government assistance to counterbalance the socially "dangerous" classes.

Coloured (mixed-race) and Indian people are to be bought off by being given a say in central government. The recent constitutional referendum prepared the way for this innovation. It is unclear that a majority of the Indian and Coloured population support the move. They were not allowed a referendum. The constitution is so structured that it ensures continued white domination,

As white voters were continually reassured during the election campaign, they lose nothing as a result of the new constitution, but have much to gain.

Most importantly, the government hopes to strengthen the dominant groups within, and the economic basis of, the homelands. It thereby hopes to co-opt the Bantustans within a 'confederation of states' which can be sold to the world as a partnership of diverse but viable territorial entities (Maré, 1983). Botha defines a confederation as coming "into existence when two or more independent States create interstate structures by treaty in order to promote co-ordinated actions for the realisation of common goals" (cited in Zille, 1983, p.61).

The schema, then, is of a central government of whites and co-opted Indians and Coloureds; ethnically separate municipal governments in CASA; and Bantustans which are to be the basic unit of government for blacks. The obvious precondition to the scheme's achieving any legitimacy and, indeed, feasability, is an improved economic base in the Bantustans (Brand, 1983). To this end the Botha government has greatly increased expenditure on the regional program. The program is now more broad based than simply that of industrial decentralisation. Expenditure on rural development, the 'informal' sector, tourism and so on by the Bantustan development corporations is

increasing. But the lynchpin remains that of industrial decentralisation. The incentives for decentralised investment are now so generous that those in the Ciskei, for example, are officially described as the "best in the world". This being the case, it is not surprising that investors have obtained support, for example, from the Banque National de Paris, the Central Bank of Argentina, Hill Samuel and the Dow Bank (Southall, 1982). During the 1982/83 annual report period of the Decentralisation Board, foreign companies from the countries listed in Table 4 below had their applications approved for the right to invest in the Industrial Development Points (IDPs - formerly the 'growth points'). It is appropriate, therefore, to turn our attention to the decentralisation program and to summarise it prior to assessing its potential for 'success'.

Table 4: Approved Applications for Decentralised Investment from Foreign Companies, 1982/83.

Country	Expected Capital Investment (Rm)	No. of Approved Applications	Expected Employment Creation
U.K.	58,8	8	1 622
Taiwan	47,7	29	7 648
USA	19,2	7	2 663
West Germany	5,8	3	113
Phillipines	5,3	1	1 410
Australia	2,3	1	77
Israel	2,3	3	269
Zimbabwe	1,0	3	93
Total	142,9	55	13 895

Source: Decentralisation Board, 1983.

Industrial Decentralisation - Policy Changes:

Following on the description of the program in the previous section, the need for change was indicated by the Riekert Commission (1979). The

Commission stated that:

> "In view of the political, economic and social implications of the ever-growing Black labour corps and the concomitant unemployment, any measure which like section 3 is designed to curb the creation of job opportunities in a particular area and to stop a person from working where his presence is lawful and housing is available for him, is unrealistic and indefensible." (Para 5.84(9))

In effect, the Commission contributed to the formulation of Botha's reforms. Provided that a black had urban rights and accommodation, then it was unwise to prevent the creation of employment for that person. The government's response was to agree to do away with the section 3 restrictions, but still to pursue decentralisation by other 'control measures' (WPT - 1979). These measures are not yet in place, but involve "the recovery of costs of infrastructure and other public services in the metropolitan areas from employers and other residents" (Van der Kooy, 1982, p.215). Notably, at the same time the government for the first time accepted "that there is a common economic system in South Africa". The Bantustan economies were no longer to be thought of as somehow independent.

The major policy change, and the policy now in operation, is described by the government's 1982 White Paper (WP - 1982). South Africa (including the independent Bantustans) has been divided into eight regions. The regions are differentiated through reference to three criteria. These are their rate of unemployment, per capita incomes and development potential. Incentives for industrial decentralisation are weighted to the regions of greatest need. Within the regions, five types of urban centres have been identified. These are:

(i) metropolitan areas - areas where industrial investment is most attractive due to the available agglomeration economies. There are four metropolitan areas, and the PWV is the only 'controlled' area.

(ii) deconcentration points - growth centres close to the metropolitan areas which are attractive sites for the 'spill-over' or 'suburbanization' of industrial investment. Historically these have been the most

successful growth centres. Most are close to or in Bantustan borders. In the former case they are served by commuter labour.

(iii) industrial development points - growth centres in the more peripheral regions of South Africa. Many are in the Bantustans. There are forty nine industrial development points (IDPs). The purpose of the IDPs is to decentralise employment opportunities.

(iv) other industrial points - growth centres with less potential than the IDPs and/or where there is less development urgency. Essentially these are centres which have not been included above but which hitherto benefitted from concessions.

(v) ad hoc cases - growth centres which may be designated on an ad hoc basis.

In fact, the Decentralization Board has been willing to consider incentives at over 200 centres (Mohr, 1983).

The incentives for decentralisation are of two types. There are "those aimed at compensating industrialists for certain longer term disadvantages in the areas concerned", for example, railage rebates and subsidies on electricity. And there are others "aimed at alleviating certain short-term financing problems especially during the initial years after the establishment of the industries", for example, cash subsidies on the wage bill, interest subsidies, and the reimbursement of relocation costs. The short term incentives last for a specified period, in the case of the wage subsidies, for seven years. The generosity of the incentives is such that cash grants per labourer may exceed the wage paid to that labourer. One company made a profit of R100 000 in its first year of operation, even though it did not produce a thing.

As can be seen from Table 5, the new incentive package provoked a marked increase in private sector interest. Note 2 of the Table is important. The jump from 214 projects in 1981 to 777 in 1982/83 and 816 projects for the balance of 1983 does not represent a jump of projects implemented. Historically, slightly less than a half of the approved projects are followed through. More

telling is the private sector capital investment increase from R245 million in 1981 to in the region of a half of R2 460 million during 1982/83, and R3 324 million for the balance of 1983.

Table 5: Projects Established, Capital Invested and Employment Created under the auspices of the Decentralisation Board, 1975-1983[1]

Year	Projects Established or Expanded	Private Sector Capital Investment (Rm)	Employment Creation
1975	59	68,2	5 730
1976	91	87,9	6 738
1977	136	174	12 469
1978	123	112	8 408
1979	175	132	11 178
1980	152	140	11 421
1981	214	245	11 792
1982/83[2]	777	2 459,8	65 342
Balance of 1983	816	3 324,2	116 036

Source: Decentralisation Board, Annual Reports 1981 and 1982/83; and also discussions with Decentralisation Board officials.

1. The data refers to both in and outside of the homelands. Up to and including 1981, the reporting year was the relevant calendar year. Thereafter it is April 1 to March 31 of the following year, April being when the now decentralisation concession package began.

2. The figures reflect proposed projects. In practice, 42,8 percent of proposed projects are actually implemented.

The authors have encountered two arguments which purport to explain, at least in part, the increase of private sector involvement. One is similar to that raised by Murray (1983), namely that decentralisation represents the fragmentation of one's operations for the purposes of labour control. That is, companies remove their productive activities and locate their parts_

dispersed among non-unionised, low-wage regions and countries. The other has been adopted by Bell (1983) with specific application to South Africa. He argues that decentralising companies do so as a result of international competition, the international competition reflecting the international division of labour and the move of labour intensive industries to Third World countries.

These two positions have limited applicability. While less competitive sectors of industry, especially smaller Afrikaner owned business obtained important benefits from the low wages prevailing in border and homeland industries in the early stages of industrial decentralisation, and while the greater restrictions on labour organisation and depressed wages are clearly an incentive for any business to engage in the decentralisation programmes, Murray's analysis of decentralisation in Italian industry cannot be transposed to South Africa. The type of decentralisation he discusses is a product of the utilisation of 'new technology' and the strength of unionisation in the 'traditional' sectors of the working class in the advanced industrial countries; neither of these factors yet plays as central a role in South Africa as they do in the core industrialised countries. Furthermore it can be demonstrated that on their own the wage and labour organisation considerations were not the decisive factor in the current expansion of decentralisation. A number of factors point to a different explanation than those based on Murray and Bell.

First, the sudden increase in scale of decentralisation activity coincides with the announcement of the new incentive package. While the current recession in South Africa no doubt creates increased competitive pressures, the present scale of decentralisation activity cannot support either of the two current arguments above. Second, the sectoral composition of decentralising industries appears to be weighted to capital intensive industries, industries for which labour costs and activism are less critical. Last, South African industry enjoys substantial protection from imports. The onus, in this case on Bell,

is to demonstrate a relationship between industries among which decentralisation is occurring and 'excessive' competition from imports.

Thus it is state intervention in the form of incentives which seems to have played the most important role in promoting decentralisation. And these programmes are based on the political strategies of the state, not on the immediate economic needs of capital, whether local or international.

Accompanying the new incentive package have been certain other changes in emphasis. One involves a new relationship with the private sector, the other institutional changes. As regards the private sector the Prime Minister has been concerned to establish "reciprocal channels of communication (in order to) plan a national strategy for South Africa, voluntarily, as a team" (Botha, 1979, p.12). Subsequently he has noted that "it was gratifying for the government to learn of the private sector's enthusiasm ... for playing a more active role in helping to solve the development problems in Southern Africa" (Botha, 1982, p.28); and that "the promotion of a regional order in which real freedom and material welfare can be maximised and the quality of life of all in Southern Africa is still our common goal" (ibid, p.16). The 1979 rapprochement between the government and the private sector achieved at the Carlton Conference, and consolidated at the 1981 Good Hope Conference, has been a notable feature of the industrial decentralisation policy. This point is expanded on below.

Industrial Decentralisation - Institutional Adjustments

The institutional changes involve, most importantly, the creation of the Development Bank of Southern Africa (DBSA) and the Department of Constitutional Development and Planning (see Fig. 3,4 and 5). The Department of Constitutional Development and Planning is discussed in some detail in the next section. The DBSA 'replaces' the CED and certain of the functions of the Department of Foreign Affairs and the SADT. These changes are all directed to centralising the flow of development capital to the homelands,

the DBSA now becoming that central institution. The need to replace the CED resulted from the fact that in the current form of 'grand' apartheid, the CED had become an anachronism. It was a top down institution, controlled and financed by South Africa. The DBSA, on the other hand, is to be a 'multilateral' institution, modelled on the World Bank. The DBSA is the first confederal institution representing progress towards the governments confederation of state initiative.

The multilateral structure of the DBSA requires that each independent Bantustan and South Africa are members of its Board, and contribute to its share capital. The private sector is also represented on the Bank's board. Voting power is in relation to the capital contribution. The resulting predominance of South Africa is indicated in Table 6 below. Non-independent Bantustans will be represented in the Bank via the South African delegation.

Table 6: Capital Contribution to, and Voting Power, in the DBSA

Member	Capital contribution (Rm)	Votes
Bophuthatswana	100	500
Ciskei	70	440
South Africa	1 680	3 660
Transkei	100	500
Venda	50	400

Source: Articles of Agreement, Development Bank of Southern Africa.

The Bank will also be provided with a R1,5 billion interest free loan within five years by the South African government. It is also expected that the Bank will raise R1,5 million, primarily on the domestic capital market. The intention is to double the flow of capital to the homelands, again over the next five years (South African Digest, 1983, 1984).

The Bank's

> "operations will ... be concentrated on aspects such as infrastructural development in which the private sector cannot, or will not, become

> involved because of the long pay back periods and the high proportion of indirect, non-chargeable benefits that such projects entail" (Press Release, June 15, 1983, 4).

The Bank's goals are: to promote economic development; to reduce regional economic imbalances; to promote public and private investment development expenditure in the Bantustans: to raise capital for such expenditure; to be a source of soft loans; and to provide technical assistance and training (DBSA, Articles of Agreement, 2).

INSERT FIG. 3 ABOUT HERE

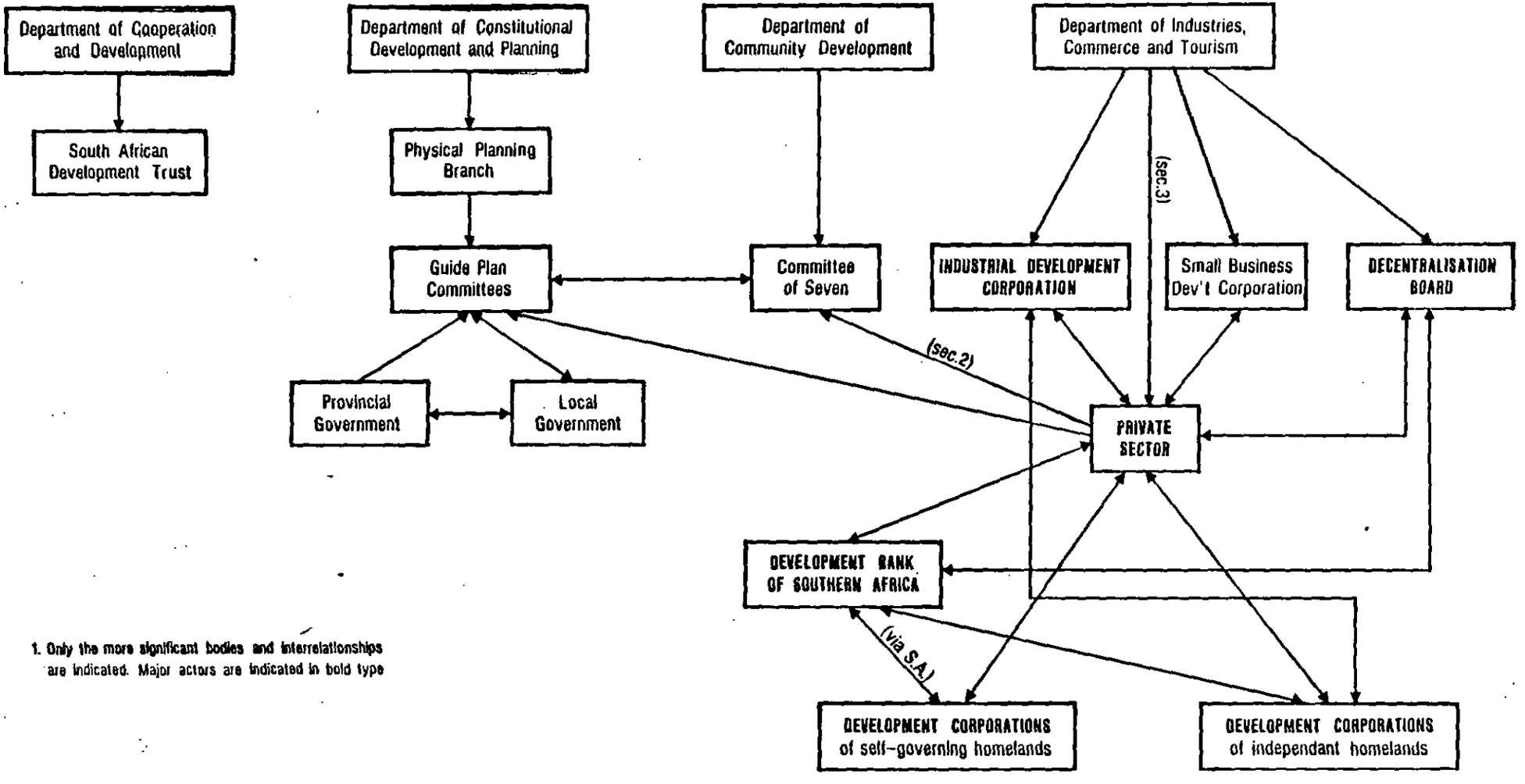
As a result of the displacement of the CED, the development corporations of the non-independent Bantustans have acquired those functions previously performed by the CED. The government's of the respective development corporations have also been given the CED and the SADT's shareholding in the corporations. As indicated in Fig. 3a, the Trust's role has been greatly reduced.

The role of the Guide Plan committee and the Committee of Seven has not changed.

The Decentralisation Board retains its function of considering applications for concessions. The Board now has the additional responsibility of ensuring coordination among the institutions engaged in regional policy formulation and implementation, and also that of evaluating and reporting on decentralisation progress to the various governments.

Another change is that the Small Business Division of the Industrial Development Corporation has been set up as the Small Business Development Corporation. The Indian Industrial Development Corporation and the Development and Finance Corporation (Coloured) have been joined to it. Although the Small Business Development Corporation specified its concerns as essentially urban and out side of the homelands, it has done business in the homelands. The stated goal of the Corporation is to facilitate the growth of small business and the associated employment creation. Obviously, the role of the

Fig 3: Implementing Bodies, 1984[1]



1. Only the more significant bodies and interrelationships are indicated. Major actors are indicated in bold type

Source: Tomlinson et al., 1984

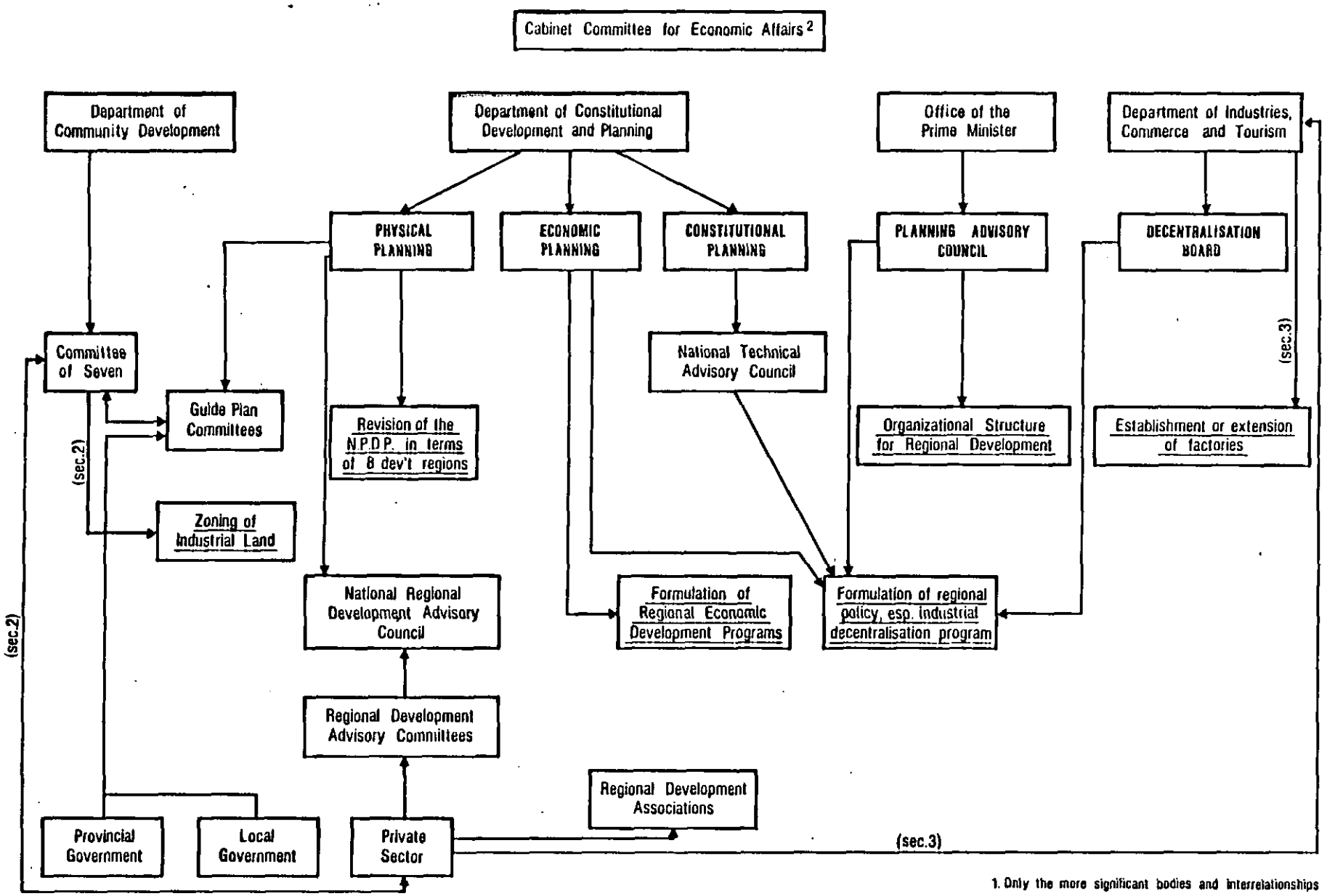
Corporation contributes to the political intent of Botha's reforms.

Figures 4 and 5 are used to indicate the current policy-making bodies. As can be seen, the branches of the Department of Cooperation and Development, together with the Planning Advisory Council in the Office of the Prime Minister, are central to policy formulation. The Physical Planning Branch is revising the 1975 National Development Plan in terms of the eight development regions mentioned above. The Economic Planning Branch is formulating Regional Economic Development Programs, a spatial off-shoot of the national Economic Development Program. The same branch is also involved in regional policy formulation, especially the industrial decentralisation program. This program is also contributed to by the Planning Advisory Council, which is also engaged in recommending on the organizational structure for regional development. These, then, are the central policy-making bodies. But there are other interesting additions to these institutions.

INSERT FIGS. 4 AND 5 ABOUT HERE

One is the Multilateral Development Council of Ministers, which supposedly is the 'supreme regional policy-making body'. Just as the DBSA is multilateral, so too the Council is multilateral. The membership of the Council consists of representatives from the independent Bantustans, and also from the Departments of Constitutional Development and Planning, Foreign Affairs, Cooperation and Development, Industries and Agriculture. On the technical side the Council is supported by various committees, especially the Economics and Finance Committees. Regional Liaison Committees exist for each of the eight development regions, and each Committee has an equal number of representatives from the Regional Development Advisory Committees (see below) of the countries concerned. Non-independent Bantustans will be a part of the South African delegation. Their purpose is the "coordination of those development matters which transcend international boundaries"!

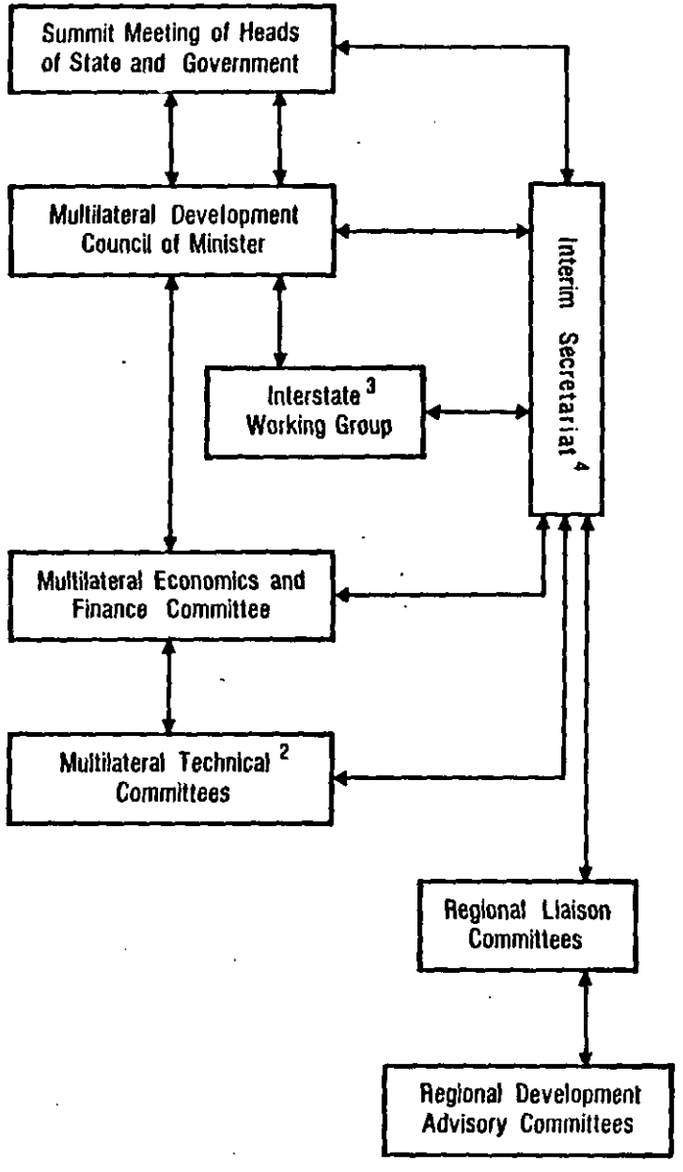
Fig 4: Policy-Making Bodies, South Africa, 1984[1]



Source: Tomlinson et al., 1984.

1. Only the more significant bodies and interrelationships are indicated. Major actors are indicated in bold type, and policies are underlined.
2. The Cabinet Committee influences macro issues such as overall financial arrangements.

Fig 5: The Multi-Lateral Policy-Making and 'Joint Action' Structure, 1984[1]



1. Source: **Multilateral Co-operation in Southern Africa, 1983** Department of Foreign Affairs and Information, Pretoria
2. There are seven committees: Agriculture and environment affairs; Industries, commerce and tourism; Transport; Posts and telecommunications; Health and welfare; Manpower and education; Financial Relations; plus various sub-committees and working groups.
3. The Interstate Working Group acts as a planning body, its function being to review progress made within the system and to recommend on new organizational structures.
4. The Interim Secretariat engages in administrative coordination. Its staff are provided by the Department of Foreign Affairs.

Source: Tomlinson et al., 1984.

The Regional Development Advisory Committees' role is to "advise the Government on all regional development matters for which the State has to accept authority" (Department of Constitutional Development and Planning, 1983, p.3). The advice is to focus mainly on "the provision of infrastructure and the promotion of a development climate within which the private sector can prosper" (ibid.). The Committees have members drawn from the various levels of government and from the private sector, and operate under the Physical Planning Branch of the Department of Constitutional Development and Planning.

An aspect of the new scheme is the greater involvement of the private sector. Besides direct consultations of the conference type mentioned above, members of the private sector participate in the deliberations of the DBSA, the Planning Advisory Committee, the Regional Development Advisory Committees, and the Small Business Development Corporation. With respect to implementation, besides being the source of investment, private sector banks are now encouraged to make loans to decentralising companies and to apply for concessions on their behalf to the Decentralisation Board, real estate agents are being urged to operate at the industrial development points, and so on. The participation of the private sector has, of course, been exacted at the cost of extremely lucrative incentives. This

> "more rewarding relationship between the government and capital reflects the Prime Minister's shift in constituencies, most obviously away from the Afrikaner right-wing. But is also appears to represent private sector involvement in and commitment to the new forms of implementing apartheid. As indicated by last year's [constitutional] referendum, much of the English speaking liberal vote views the constitutional changes as reform oriented and worth supporting. More concretely than hitherto, the private sector can no longer support a liberal facade, one distant from the politics of apartheid." (Tomlinson, Addleson and Pretorius, 1984)

THE FUTURE OF INDUSTRIAL DECENTRALISATION

There is no doubt that the government's reformulated policy of industrial decentralisation will increase the rate of employment creation in the homelands.

There is no doubt, as well, that the policy is extraordinarily expensive. Disregarding the public sector costs of the policy, about which little is known, we will briefly look again at the costs to black welfare. Louw (1983) has estimated that the capital cost of employment creation in the homelands is two to five times that of the metropolitan areas. Had the same capital been invested in CASA's urban areas the rate of employment creation would have been higher. In terms of section 3 of the Environment Planning Act, waivers affecting 115 000 jobs between 1968 and 1980 were refused. Very few of these jobs were subsequently decentralised (Maasdorp, 1982). In addition, lower wage rates apply in the homelands. In sum, employment creation for blacks has been foregone, and so too has their share of the national income.

Welfare criteria, however, are not particularly relevant to any assessment of the policy. The central criterion is the rate of employment creation in the homelands. The 1956 White Paper, responding to the Tomlinson Commission, set as well the goal that "after a period of fifty years an approximately equal proportion of whites and blacks should be reached in European territory" (Regional Investment, Oct., 1983, 3). Even the most conservative estimates of the de facto black population in CASA in 2000 indicate the failure of this goal. Moreover, in the context of such a lengthy planning horizon, especially in South Africa, we can ignore this goal. The issue centres on black urbanization rates in CASA relative to homeland depopulation.

The best indication of whether a 'self-sustaining', rapidly growing economic base can be obtained in the Bantustans is obtained through regional multiplier analysis. The regional multiplier describes the effect on regional income and employment of an investment in the region and/or of increased rates of output of enterprises already in the region. The calculation of the regional multiplier is beset with difficulties (Brownrigg, 1972; Tomlinson, 1983b). We therefore borrow from Mieryk (1965) the conceptualisation of the multiplier as occurring in three stages, and interpret the stages through

the use of linkages. The stages are:

(i) the direct stage reflects the effect of the initial investment itself, and/or the increases in output of industries which initiate the process;

(ii) the indirect stage reflects the backward and forward linkage effects of the direct stage on other industries. Interindustry transactions of this sort are 'intermediate'.

(iii) the induced stage incorporates consumption linkages as the extra incomes and consequent demand created by the first two stages spread throughout the economy.

The multiplier process is not necessairly sequential. For example, a tax rebate which increases household or company income may initiate the process. Whatever the initiating source of the multiplier, the point is that due to the process, the value of the multiplier exceeds the amount of the initial investment, increase in output, or increase in consumption.

The use of linkages within the three stages of the multiplier is useful given the centrality of the location of these linkage effects to the government's policy. If the linkage effects leave the region, that is, if there are regional multiplier leakages, then the benefits of the decentralisation policy will be minimal. If, as might be expected, the leakages are to the metropolitan areas, then in employment terms South Africa's core areas will benefit more than do the peripheral areas from the Bantustan policy. This is an important point. If decentralisation benefits, for example, the PWV, then this will increase the rate of economic growth in the PWV, the rate of employment creation in the PWV. The policy must then of necessity fail vis-a-vis the location of creation of employment opportunities for blacks.

Direct Stage:

Rather obviously, the decentralisation policies attempt to attract investment to the IDPs. Desirably the investors should be 'propulsive'

industries. Theoretically, at least, it is the attraction of these industries which is the basis of a growth centre policy. That is, the growth centre should attract industries which are:

- large;
- relatively fast growing;
- highly interlinked with other industries so that a large number of induced effects will in fact be transmitted;
- the linkages should occur locally.

The first three conditions are those described by Hansen (1972). The last condition is necessary if there are not to be substantial regional multiplier leakages.

The South African application of the policy has foregone the need to attract propulsive industries. This has prompted some debate. For example, Mr de Waal of the Industrial Development Corporation is probably correct when, in opposition to Dewar of the University of Cape Town, he argues that

> "It's virtually impossible to be selective on a differentiated basis in the design of an incentive package. Many industries are so diverse that they can't be categorized. It's easier to concentrate on a region (and provide blanket incentives) than a specific type of industry" (Financial Mail, Dec. 18, 1981, p.1386).

As a result of this problem, the incentives are designed to attract investment from any source. But, having foregone propulsive industry investment, the hope must then be that the amount of investment in an IDP will be such that the IDP achieves significant agglomeration economies. That is, it is not propulsive industries which attract further investment to a growth centre, but the agglomeration economies which do so. If the growth centre fails to achieve these economies, then its continued growth must forever be contingent on continued subsidies.

If a growth centre is to achieve agglomeration economies, it is now widely recognized that there can only be about two to six such centres (Richardson, 1978). Failing this, that small part of South Africa's net capital formation which is decentralised will be spatially dispersed. The

chances of a single IDP achieving agglomeration economies will therefore be few. As noted, the Decentralisation Board has been prepared to consider assistance for over 200 locations for investment.

The type of investment which has been attracted to the IDPs is predominantly of a branch plant variety (Maasdorp, 1982). Much of the investment has been and continues to be, relatively capital intensive (Regional Investment, Oct., 1983). The implications of the latter point for employment creation are obvious, and are reflected in the employment creation data mentioned above.

Indirect Stage:

The branch plant type of investment has itself negative multiplier implications. This is because branch plants represent one aspect of a company's activities. Frequently the companies are vertically integrated, with well established linkage networks. The operation of branch plant in a IDP does not involve any intention by the company to establish local linkages. In the absence of vertical integration, it is likely that the company will have well-established linkage networks with other companies. The company is unlikely to pursue possibly dubious local input sources. Moreover, it is unlikely that backward and forward linkages could be locally realized. The needed input may not be available locally. There may be no local market, expecially at the intermediate stage, and if the company is interested in final demand linkages, the local market will lack scale. Backward linkages to homeland agriculture will be inhibited by its impoverished state. Finally, only a couple of homelands have mineral resources of any consequence.

The extent of the problem is illustrated by a study of the East London-King Williams' Town region (Davis et al., 1980). The region is in CASA, and in South African terms contains two relatively large centres. Much of the labour force servicing the centres is in the form of commuters from the neighbouring Bantustans. About 75 percent of the backward and forward linkages leave the region. Only 10 percent of manufacturing output is locally

intermediate, in contrast to a figure of 60 percent for South Africa as a whole. The "region's most chronic problem" is the lack of linkages to its Bantustan hinterland. In areas with smaller centres, or none at all, the multiplier leakages will be that much greater.

There is little possibility of capturing backward and forward linkage within the homelands. The recipients of these linkage impacts are inevitably the larger centres in CASA, especially the PWV.

Induced Stage:

Final demand linkages are especially difficult to capture locally. While the relevant product may be retailed locally, thus creating employment in the service sector, the product will almost invariably have been imported. Given the diversity of consumer expenditure, such findings are inevitable. Needless to say, within the interstices of South Africa's commodity market, some small scale or low profit local manufacturing opportunities will be feasible. But they will never be sufficient to make a significant mark on employment creation.

CONCLUSION

What we have described is both continuity and change. The continuity is indicated by the title of a recent newspaper article, 'Can the Afrikaner Share Power Without Losing Control?' (Giliommee, 1984). The core of apartheid remains the same, white dominance, the Bantustans and influx control. The sharing of power, the changing internal dynamics within South Africa, represent ever more sophisticated adaptations under pressure by the South African government in the attempt both to retain control, and to legitimize that control. The constitutional adjustments represent just such an attempt at legitimization.

The Nkomati Accord must also be incorporated within the overall perspective adopted. Earlier the authors mentioned the 'fall' of white-rule

Mozambique, Angola and Rhodesia, and the strategic isolation of South Africa which resulted. South Africa's support of terrorist groups within those countries and the disruption of their economies is serving to overcome that isolation. All South Africa's neighbours will no longer harbour ANC military bases. And, Mozambique at least, with Swaziland, Lesotho and Botswana, are explicitly dependent on South Africa economically. Once again the Prime Minister talks not only of a confederal solution to the problems of white rule, but of a constellation of states within which is included the other countries of Southern Africa, most especially, Namibia, Angola, Zambia and Malawi.

The DBSA is in many respects the institution which is central to the South African government's ambitions. Within South Africa the head of the DBSA has stated that the legitimacy of the Bantustan strategy is contingent on the Bantustans being "supported by a certain minimum of economic power" (Brand, 1983, p.38). Thus the Bank's role is to ensure that the Bantustans acquire sufficient economic development in order that they might become credible actors within the schema of a confederation. With respect to the possibility of a constellation of states, news commentaries now refer to the Bank not only as a means of channeling South African aid to the other countries, but also as the agency through which foreign donors and banking institutions should operate.

The flaw in the schema resides in the inability of the South African government to resolve the problems of black poverty within the context of the Bantustans - as opposed to a context of free urbanization. The regional multiplier discussed above illustrates the difficulties inherent in creating jobs outside of urban areas of some magnitude. New evidence indicates that the Bantustan governments are unable to bear the cost of the decentralisation concessions. The independent Bantustans, for example bear the cost of fifty percent of the concession package. On this basis, the

In conclusion therefore, we return to Gramsci's definition of crisis. We have shown that the Bantustans are incapable of acting as a depositary for surplus labour, let alone of providing employment for the bulk of their population. Poverty, the lack of political legitimacy and the repression flowing from them points toward existence of "incurable structural contradictions". These cannot be resolved in favour of the state so long as the attempts to 'cure' and 'overcome' them take place 'within the limits' of the maintenance of the Bantustan system. The present attempts of the state to 'conserve and defend the existing structure' are unlikely to succeed insofar as they are premised on Bantustan policy.

Ciskei, for example, cannot bear the cost simply of overcoming current unemployment, let alone dealing with future unemployment (Swart Commission, 1983). In the meantime, though, government spokesmen talk of a revenue crisis. The South African government is unable to bear more of the decentralisation costs. (This is presuming that the gold price does not increase markedly.) And the Prime Minister has acknowledged that the government does not know the cost of the constitutional initiatives - a sort of budgetary wild card.

The resultant problems for black poverty are obvious. If, as seems altogether likely, the Bantustans' social sink function is accentuated, then life support problems in the Bantustans and the pressures to migrate can only increase. There are no trends within the South African economy itself which will alleviate the problem. Of the four sectors - agriculture, mining, manufacturing and services; agriculture is shedding labour; the mines are not increasing their employment levels markedly and are shedding themselves of foreign labour, first of labourers from Mozambique, Botswana and so on, next of labourers from the Bantustans; and manufacturing displays a long term trend towards capital intensity (Wilson, cited in The Star, 1984). The service sector will satisfy its employment needs from urban blacks.

Blacks are being 'shut out' in the Bantustans. A description of current conditions in the Bantustans is as follows

> "In 1980 about 12 million South Africans had incomes below the poverty line. Of these, 9 million lived in the homelands. Their households were on average R120 short each month of the poverty line income of R200. A full 1,4 million people were without any measurable income.
>
> A further 2,2 million impoverished people were to be found on the farms of "white" South Africa - that is, one in two farm dwellers. In the townships, 1,3 million people were found to be eking out sub-poverty-line existences.
>
> In the homelands most families were - and are - dependent on remittances of migrant workers, which averaged at a quarter of the average monthly pay of R189 in 1980. (Collinge, 1984, 7).

Notes:

1. In the attempt to avoid excessive use of the adjective so-called or of "snigger brackets", apostrophes have only been used on the first reference to, for example, the "independence" of the Bantustans.
2. The term "Bantustan" is used in this paper with respect to the post-1948 era. The term "Reserve" is used in connection with the period 1914-1948.
3. Commuter labour refers to Blacks who travel each day from their Bantustans to jobs in CASA. While in some cases commuting times exceed three hours each way, in others the commuting distance is in fact just from the black part of town. In the latter instance, the Bantustan borders have been redrawn to include the townships.
4. Although the terms 'Coloured' and 'Indian' are increasingly resented by black South Africans who are so designated by the government, the use of these categories is unavoidable as they do correspond to existing communities, even though these communities are to some extent the result of state manipulation.

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