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UNIVERSITY OF THE WITWATERSRAND

MA Journalism and Media Studies Research Report

SON OF BABELEGI

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A research report submitted in partial fulfilment of the requirements for the degree of the University of Witwatersrand's Masters by Coursework and Research Report in Journalism studies.

Declaration

I declare that this research report is my own unaided work. It is submitted for the degree of Masters of Arts by Coursework and Research Report in the Department of Journalism at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any other degree or examination at any other university.

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24 October 2014

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ABSTRACT

In this long-form journalism project I narrate the history of Babelegi Industrial Park and the socio-economic mayhem that its decline – which began after the 1994 political settlement that ended apartheid – has visited upon its surrounding communities, particularly the Temba Township within which it is officially located. Babelegi is a product of the apartheid government's industrial decentralisation drive that aimed to further its policy of separate development. It is one of the so-called growth points that aimed to create job opportunities for black South Africans away from places decreed white areas. This essay goes beyond the statistics, and the academic and policy debates, and tells the story of real people afflicted by the scourge of unemployment and poverty. It explores the evolution of Babelegi and its subsequent decay and looks at how government policy, or the lack thereof, has impacted on the resultant situation in the area. It focuses mainly on the socio-economic effects – including unemployment, poverty, crime and drug abuse – as well as the flight of business from the area. Further, the essay evaluates whether, how and to what extend the new industrialisation initiatives are assisting in revitalising Babelegi.

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1. INTRODUCTION

This writing project has as its primary rationale the illumination of the socio-economic effects of deindustrialisation, using apartheid-era "growth point" Babelegi Industrial Park and the community in which it is located as a case study. Growth points, together with "border industries", were key levers of the apartheid-era's industrial decentralisation policy, which aimed to create jobs outside South Africa's main metropolitan areas for the country's black citizens. These have invariably crumbled post-apartheid. The project seeks to better understand the economic policy choices made after the dawn of the new democratic dispensation in 1994 and how they influenced the unfolding state of affairs in the manufacturing sector in general and in Babelegi in particular while assessing the prospects of a turnaround.

The report comprises two components with the first part being background research to set the scene. Further, it outlines the methodology employed in compiling the project. The second and main part is a journalistic account that presents the history of the industrial park, its evolution, the status quo and the socio-economic mayhem that its subsequent decline has wrought on the surrounding communities, particularly on the Temba Township within which Babelegi is located. The account is modelled as a human interest feature story aimed at a mass audience.

The lessons from this failed industrialisation initiative are particularly relevant against the backdrop of the renewed drive to industrialise South Africa. A raft initiatives and policies aiming to promote industrialisation has recently emanated from the government. These include the National Industrial Policy Framework of 2007, the industrial policy action plans, special economic zones and the minerals beneficiation policies. The programmes are predicated on a widely-held belief that industrialisation is a panacea for what is easily the single biggest challenge facing South Africa, which is unemployment. Joblessness

forms part of the trio of ills bedevilling the country and threatening its very socio-economic fabric. Poverty and inequality complete the complement. However, the latter two are intrinsically linked to the former.

According to Statistics South Africa (StatsSA) poverty trends report, as at 2011 a whopping 23-million of South Africans lived in poverty. This is out of a population on some 49-million people. Even more menacing is the legendary inequality that is reputedly among the highest in the world. The Gini coefficient, which measures inequality, stands at 0.70 with zero representing perfect equality and one perfect inequality. At the heart of both poverty and inequality is an unemployment rate running at about 25 percent of the working population when using a measure that excludes those who have given up searching for work. Factoring in those who have given up looking for jobs hikes the unemployment rate to 35 percent.

This is the context within which industrialisation is receiving growing attention. But over the past twenty years or so the opposite has happened, with the country shedding significant manufacturing capacity. Over that period the contribution of manufacturing to the gross domestic product has steadily declined. In 2013 it contributed 15.2 percent to gross domestic product (GDP) versus 19 percent in 1993, according to StatsSA.

The global financial crisis in 2008 made a bad situation worse with manufacturing sector in 2014 accounting for 1.65-million jobs in the economy, according to figures provided by industry association Manufacturing Circle. Before the crisis, 2-million people worked in manufacturing. For glaring evidence of the deindustrialisation phenomenon, Babelegi – which is a shadow of its former self and to all intents and purposes a ghost town – provides a stark demonstration.

2. BACKGROUND/LITERATURE REVIEW

2.1 History

Babelegi came into being back in 1968 when the development of a 176 hectares piece of land started on a site about 50 kilometres outside Pretoria and near Hammanskraal (Rogerson 1974). It was an important piece in the apartheid grand scheme of separate development that sought to create employment opportunities for black South Africans away from places designated white areas. These decentralised industrial estates were known as border industries or "growth points" (Wellings & Black 1982).

In the specific case of Babelegi, progress was swift with what had been a bare piece of land being transformed into a reasonably sized industrial town (Rogerson 1974). Wellings & Black (1982) point out that another important distinction for Babelegi was that of all the Bantustan growth points contributions of private capital consistently exceeded government investments.

Babelegi owes its origins to the failure of the border industry scheme to stop the influx of black workers into "white" metropolitan complexes of the then Southern Transvaal, Durban, Cape Town, Port Elizabeth and Cape Town (Rogerson 1974). He asserts that under the "separate development" policy of the Nationalist party government, decentralisation of economic activities – particularly in the manufacturing sector – was undertaken in a bid to create work opportunities for African workers on the borders of designated "Bantu Homelands", but this did not yield the desired results. Black job seekers continued to stream into the "white towns". Rogerson adds:

> It was against this background that the present government performed a political volte-face on its earlier policy and permitted the entry and establishment of white enterprises in the homelands. This inflow of European capital was to be channelled towards selected industrial growth points of which Babelegi was the

> first, and stands alone in having attracted manufacturing activities to any great magnitude (Rogerson 1974).

A Financial Times (1992) survey of South Africa quotes Hermann Dedekind, the manager of Springbok Clothing in Babelegi, as saying: "In the 1970s, it was a fantastic offer to establish here. But now you really wonder if it was worth it to come here. If it hadn't been for the huge incentives of the 1970s, we wouldn't have come." Rogerson (1974) agrees that an amalgam of government incentives, availability of cheap labour and space for expansion attracted businesses to the area resulting in Babelegi creating 1,370 jobs for Africans within its first year of existence and the figure approaching 5,000 two years later. Babelegi's initial progress was encouraging as Butler *et al* (1977) posit:

> The development of Babelegi has proceeded rapidly since 1970, when the first ten enterprises were initiated. By March 1974 there were fifty-six agency enterprises in Babelegi, employing 5,559 Africans and 186 whites. About R10.2 million had been spent on infrastructure, buildings, and white housing by the corporation. About one-half of the employment had been provided by textile, wearing apparel, and leather firms—traditionally employers of abundant, cheap, mostly female labour. Over 1,000 persons worked in metal fabrication and related firms, making such things as aluminium windows.

The area where Babelegi is located became part of Bophuthatswana in 1977 when the Bantustan ("independent homeland" for Setswana-speaking South Africans) gained independence. The industrial town then became the biggest and most successful industrial centre located within a Bantustan (Wellings & Black 1982). A variety of incentive schemes were put in place to attract businesses to these decentralised industrial nodes. These included low interest on loans to finance assets, cheap factory leasing rates and tax incentives (Butler et al, 1978).

Further, manufacturing enterprises in these areas received transportation rebates and preferences on government tenders. Businesses were also encouraged to move to the so-called growth points through the reimbursement of relocation costs. By 1977, 8,000

black and 300 white workers were employed in Babelegi, they add. The employment figures rose to 14,500 by 1982 and breached the 20,000 mark towards the 1990s as the industrial park continued to grow (Wellings & Black 1982; Bloom 2011).

Temba, the township within which Babelegi is officially located, means "place of hope". This reflected on the people who had hope of making a living in the area. Though the township's existence predates Babelegi, it grew to where it is as a result of it. "Temba's growth could probably be ascribed to the development of Babelegi (the nearby industrial growth point), as well as … (its) close proximity to the PWV (Pretoria-Witwatersrand-Vereeneging) area" (Van Huyssteen 2000). The township was set up on what had been Bezuidenhout's farm during the forced removals of black South Africans from what were declared white areas.

They were brought by truck and before long, a tent-town emerged. The farm was bought by the South African Native Trust to resettle people that were not allowed in white South Africa and were forcefully removed from places such as Lady Selbourne, Orlando and Klipspruit in Pretoria and Johannesburg areas. The inhabitants of the tent-town were in despair and named the (place), which was without services such as water, Sofasonke, (which means we will die united). The town expanded even more when another group of victims of forced removals were resettled there, this time from Wallmansthal (Van Huyssteen 2000).

Van Huyssteen (2000) states that the residents of Sofasonke later decided to rename their township, Temba, after the apartheid government began rolling out infrastructure, mainly permanent housing structures. When industry arrived in the form of Babelegi the future looked rosier for the settlement and facilitated an influx of people.

2.2 Status quo

Even a cursory look at Babelegi today reveals shocking decay with many factories standing empty and in a state of disrepair. It is now near desolate, except for throngs of job seekers who line the streets every morning hoping to find jobs. Related to the decline of the industrial park have been a jobs bloodbath and the rise of a variety of socio-economic challenges in the surrounding communities. The single most important challenge in the area is unemployment that beats the averages of the country as a whole and the City of Tshwane, in which Babelegi is located. The unemployment situation has led to other social ills including crime, drug abuse, poverty and growing incidents of civil unrest.

According to North West Development Corporation [NWDC], which runs the facility, there are 86 enterprises operating in Babelegi 22 of which conduct their business on private sites. The total number of units is 325, meaning that less than half are occupied. Bloom (2011) posits that there are now only about 2,000 workers employed at Babelegi. "It is full of empty factory buildings that once employed 20,000 people, but now only 2,000 work there because of red tape and strict labour laws that discourage hiring," he writes. Last available jobs numbers from the NWDC are from June 2012 and indicated that 6,050 were employed at Babelegi. Food and Agriculture Organisation of the United Nations (1984) states that the full employment potential of Babelegi stands at about 40,000 jobs. However, the initial progress that saw the industrial park create jobs has been reserved.

Babelegi now employs less people than it did in 1977. This is amid the crunching joblessness that afflicts South Africa as a whole. As Baker (1992) states, "unemployment is probably the most severe problem South African society is experiencing and it is

conceivably the root cause of many other problems, such as high crime rates, violence, and abject poverty". The situation with regards to the need to resolve the unemployment problem has not changed much from when Baker highlighted it in 1992. If anything, it has become worse. The government recognises the problem with the blueprint economic policy plank, the National Development Plan, placing the fact that "too few people work" at the top of the challenges facing South Africa it has identified.

According to Statistics South Africa (2013), in the second quarter of 2014 the unemployment stood at 25.5 percent when those who have given up looking for jobs are excluded. The all-in number, including those who have stopped looking, was pegged at a whopping 36,8 percent. This translates to a total of 4.7 million unemployed people countrywide.

In the areas surrounding Babelegi, the picture is even bleaker. According to figures quoted in the Integrated Development Plan of the City of Tshwane, unemployment in the North Far East region of the City of Tshwane, under which Babelegi falls, beats the national average, and is pegged at 50.3 percent, including all those who are economically inactive, among a population of 240,000. However, the socio-economic impact of the decline of Babelegi affects a broader settlement as the industrial park borders North West's Moretele Local Municipality, which is regarded as one of the most impoverished areas in the country. In the Moretele 57.7 percent of the population is unemployed while the percentage of households earning less that R800 a month stands at 60.2 percent.

Meanwhile, in Temba hope is dissipating as a range of socio-economic challenges run rampant. For instance, the South Africa Police Service crime statistics for 2012 rank the Temba precinct in the top 10 nationally in five crime categories – theft not mentioned

elsewhere, malicious damage to property, assault with intent to do grievous bodily harm, sexual assault and arson.

Residents believe the spike in the rate of crime is in part a result of the widespread drug abuse, especially one known as *nyaope*, among the youth in the area. The provincial government says no research on the prevalence of substance abuse are has been conducted, but acknowledges that the problem is out of hand in the Hammanskraal area, which covers Temba (Moeng 2013). The Gauteng provincial government and the National Youth Development Agency launched a pilot programme to rehabilitate nyaope addicts in Hammanskraal in 2012. *Nyaope* is concoction that includes heroin, anti-retroviral drugs, rat poison and dagga in its mix. The other main socio-economic challenges afflicting the area are poverty and drug abuse. The City of Tshwane's blueprint strategy document, 2055 Vision, highlights the concentration of pockets of poverty in areas in the greater Temba area in its mapping of the socio-economic conditions obtaining in the municipal area.

It is, therefore, not surprising that on a daily basis, multitudes flood the streets of Babelegi searching for employment. Tiger Wheels chief executive officer Eddie Keizan recounted the company's experience when it opened a new plant in Babelegi 1998 in an interview with the New York Times. "There were hundreds and hundreds of people outside our gate, just sitting there, in the sun, for days and days," he is quoted as saying (LaFraniere 2004). "We had no more jobs, but they refused to believe us." Keizan ended up ordering that a corrugated iron roof structure be erected to shield the job seekers from the midday heat.

Tiger Wheels eventually shut the Babelegi plant, which was one of the bigger employers in the industrial park, in 2008. The company blamed a combination of unskilled workers,

high labour costs and crime for the decision. Further, Keizan said in the interview that HIV/Aids is a big challenge with the business losing at least one worker a month. "It's the 30-to-45-year age group. Each one of them has accumulated years of skill and understanding of what they do. It's horrible."

The deindustrialisation of Babelegi has defied the obvious advantages working in its favour that could be leveraged. These include existing tailor-made manufacturing infrastructure and low lease rates compared with similar facilities in the urban centres. Babelegi is part of the Temba Township and is surrounded by a plethora of villages making labour accessible. In addition, it is just off two main national arterial roads (the N1 and the N4) and a railway line.

2.3 Rejuvenation initiatives

But the renewed industrialisation drive of the government is starting to bear fruit with a few new investments in Babelegi in recent times. The investment from Swiss company Nestle is one such example. It has invested half a billion rands in a new cereals factory, which started operating in July 2012. In the process the company created 126 new jobs in addition to those that existed already. The government incentivised Nestle with a tax allowance deduction of R168 million for their investment and training needs.

Another recent big investment in the area came in 2010 when Indian company KTL Automotive Tubular Products set up a R217 million plant to manufacture chassis frames. The government is again a key player in this project having contributed the bulk of the funding for setting up the project. The trickling in of new investments notwithstanding, the town remains a shadow of its former self. This is despite regular municipal and provincial government promises to revitalise the area. The Gauteng provincial government has for years been saying that it has earmarked Babelegi for green-economy

projects. The then premier, Paul Mashatile, announced in 2009 that plans were afoot to revitalise Babelegi (Cox 2009). Mashatile's successor as premier, Nomvula Mokonyane (2010), reiterated the intention the following year at the same occasion, saying: "The provincial government will work with the private sector to rehabilitate the Babelegi Industrial Park, which is expected to become a hub for energy-related industries and contribute to the creation of green jobs."

So has the City of Tshwane with the mayor, Kgosientsho Ramokgopa (2012), also having spoken about plans to revitalise the area and even made a budget allocation for that, committing R325 million towards helping resuscitate business activity in the area. According to the City of Tshwane, the municipality and the Gauteng provincial government are unable to upgrade Babelegi because of a dispute relating to the ownership of the industrial park. In the past, the industrial park fell under the North West but became part of Gauteng after the 2009 national election. However, Babelegi has been part of City of Tshwane for longer as a cross-border area of the municipality. The North West provincial government owns the industrial park. Gauteng and the North West had long reached an agreement that Babelegi be transferred to the former, but this has not happened as the two provinces have not been able to agree on a price.

3. METHODOLOGY

The journalistic account, which constitutes the main section of this writing project, is a mishmash of reportage, opinion and analysis. It adopts an eclectic approach using primarily personal experiences, observations, interviews and immersions to distil facts about the topic. These techniques allow for the development of characters and scenes, employing some of the techniques used in literary/narrative journalism. "Literary journalism is characterised by subjects chosen from the real world; exhaustive (and often

immersion) research; novelistic techniques borrowed from fiction; personalised voice; literary prose style; and aims to find underlying meaning" (Ricketson 20017).

The writer gives a personal account of growing up in the vicinity of the industrial town. Experiences of others are also tapped. The observations part of the journalistic account paints a picture of the prevailing conditions in Babelegi and its milieu. It entails several tours of the industrial park – operating and derelict factories were visited for closer observation. The surrounding villages and the township of Temba was also be visited to gain proper insight into how, and to what extent, the drastic deindustrialisation has had a socio-economic impact on the communities.

In addition, the writer undertakes immersions in various situations in Babelegi and its surrounding communities to live the experiences of the subjects of the narrative. The immersion subjects include job seekers and workers in Babelegi, the unemployed and other subjects affected by the unfolding situation. Anecdotes from the participant observations and immersions anchor the story.

Importantly, interviews are conducted with affected parties including workers and members of the community. These are used so as to weave in contextual analysis, illuminating the history, the status quo and the prospects of Babelegi. Further, they contribute to interpreting relevant data. Another cohort of interviewees comprises the bureaucracy including facility manager NWDC and the City of Tshwane.

The interviews with state-related entities focus on the forward-looking picture in terms of interventions to arrest the decline and rejuvenate Babelegi. Other interviews comprise politicians, job seekers, the unemployed and other affected community members. The latter group's views are canvassed on what went and is still going wrong in Babelegi, and what needs to be done.

However, the bulk of the story is told through the eyes of real people who have suffered the emergence and the subsequent demise of what has effectively become a ghost town. In undertaking the project a diary of observations and immersions is kept. For these and for impromptu interviews notes were transcribed. In addition, for formal interviews notes were taken.

Public records are used to establish and verify facts relating to the journalistic account. Some of the records used include unemployment data, population figures, income levels, historical factory occupancy rates, indigent household numbers, crime statistics and other socio-economic indicators. The records are sourced from various institutions including Statistics South Africa, the North West Development Corporation, the trade unions and various industry bodies.

In addition to the above methods, extensive secondary research is undertaken with a view to finding and evaluating already published information and data. In this respect, information from previous research, media reports and books is integrated into the account. As American writer Lee Gutkind (95) posits: "To reconstruct stories and scenes, nonfiction writers must conduct vigorous and responsible research. In fact, narrative requires more research than traditional reportage, for writers cannot simply tell what they learn and know; rather, they must show it." But much of the information gleaned from secondary research is used in compiling the background research and analysis which provide the framework for the journalistic account.

4. PROJECT EVALUATION

The unavailability of up-to-date data and the scale of the primary research that would have been required proved a limitation. In addition, access to many factory premises is strictly controlled. The report focuses its assessment of impact of the decline of Babelegi

on the Temba township mainly and its immediate surrounds. This is despite the fact that the industrial town employed workers in the wider Hammanskraal area, which is quite a vast area. The use of memory and accounts of others compromises accuracy, but were possible the information has corroborated or verified through secondary sources.

The writing project raised several ethical considerations. These were mainly that it would not have been possible to obtain consent of all the parties that form part of the story that they be written about. This was especially the case in the instance of observations and immersions undertaken. These were handled in the following manner: All interviewees were made aware of the purpose of the project. All but one agreed to speak on record. The identity of one opting for anonymity was withheld and the information corroborated. None of the subjects of immersions and observations have been identified in a way they could be recognised as they were not required to give their consent.

5. ANALYSIS

Prior to the new political dispensation in 1994, Babelegi and other growth points were visibility vibrant as they created jobs for increasing numbers of people. However, this doesn't mean that overall the industrial decentralisation project of the apartheid government was a success. On the basis of a broad cost/benefit analysis, the project was, in fact, an expensive failure. It created artificial industries that had no prospects of surviving on merit. "For instance, since the cash grants per labourer often exceed wages, it is possible for an employer (in many instances) to make a profit without producing anything while trading at a loss" (Wellings & Black 1982). The two authors estimate that the government spent R500 million on the growth points project in just 1984 with each job created then having cost between R60,000 and R100,000 in direct and infrastructure

investments. Despite the huge investments, decentralisation still did not live up to the authorities' own expectations in terms of the set job creation targets.

Eventually, most of the growth points, as in the case of Babelegi, started battling for survival. The onset of the steady decline coincided with the dawn of democracy when South Africa ceased being a pariah state (Mills 2011). The trade policy reform that the new government implemented resulted in an influx of cheap imports that rendered many manufacturing enterprises uncompetitive. Mills adds that particularly affected were enterprises in the clothing and textiles sector as imports, especially from China, flooded the market.

The trade policy reforms accompanied the withdrawal of incentives that had drawn some of the businesses to Babelegi and other growth points in the first place. As a result many enterprises collapsed, igniting the jobs bloodbath the industrial park has suffered. Other factors have been cited as having contributed to Babelegi's virtual collapse and these include scarcity of skills resulting in low productivity and the unionisation of workers that pushed up wages that were atrociously low in the growth points (LaFrainiere 2004).

But industry body Manufacturing Circle blames the lack protection for local industries against unfairly incentivised imports, especially from China but also from other parts of the world including Europe, for the deindustrialisation. In the same vein, Marais (2010) blames rapid tariff cuts of the African National Congress government for contributing to the virtual collapse of the manufacturing industry. He states:

> Mistakenly, the Finance Ministry had long regarded tariff policy as a form of industrial policy, with quicker tariff cuts triggering sharper shifts in the patterns of industrial production. Thus the average on manufactured imports in the late 2000s was (down from 23 percent in the 1990s; on imports from the European union it was under 5%, and on imports from the South African Development Community it was almost zero.

Fig (2007) blames the deindustrialisation of places such as Babelegi partly to the calibre of most of the investors they had attracted. "These (industrial towns) largely attracted fly-by-night investors, many from Israel and Taiwan, who were drawn by high labour subsidies, low wage levels and tax holidays," he states. "When apartheid ended, so did the subsidies and most of the investment subsequently dried up."

City of Tshwane (2008) adds that the introduction of toll roads has also had an effect on businesses in Babelegi. "Toll fees on the N1 from the N4 junction to Babelegi presently hinder business development all along this corridor due to the added expense of transporting materials… (The industrial park) will benefit from the removal of toll fees."

Policy issues aside, Rogerson further questions the very logic of setting up an industrial town where Babelegi is. The two most critical requirements, access to markets and sources of raw materials, were absent, he states. He then cites an example, which was not untypical, of a manufacturer of steel windows and door frames that had moved to Babelegi. "All this firm's inputs used in manufacturing – apart from steel sheets imported from Belgium – are derived from the Southern Transvaal, which also makes 90 percent of the finished products," Rogerson says. In addition, the business had neither linkage to others in the industrial park nor any connection to the economy of the area.

The key challenges that businesses still operate the area have identified include lack of security, the high cost of transport and poor service from facility manager the NWDC, according to a study the City of Tshwane commissioned in 2011 and conducted by the Council for Scientific and Industrial Research (CSIR 2012).The other challenges include market-related problems, high costs of labour and energy, and a lack government incentives. The economic downturn, high rental fees, employee behavioural issues, lack

of skilled labour force, unreliable power supply and the high cost of raw materials complete the complement of challenges the industrialists in Babelegi identified.

Notwithstanding the localised challenges that those operating there have identified, the decline of Babelegi mirrors the broader trend across the manufacturing sector in South Africa, which has been attributed to lack of competitiveness in a globalised world. Trade liberalisation that ensued in the post-1994 period is widely credited for the flagging fortunes of the South African manufacturing sector. Fig (2007) states:

> The accession to office of President Nelson Mandela and inauguration of the World Trade Organisation occurred in the same year – 1994. Trade liberalisation took place without insulating local industry from the shock of global competition. As a result, sectors such as clothing and textiles could not compete with cheaper imports and large numbers of jobs were shed as the sector began to collapse.

But Mills (2011) argues that the deindustrialisation that happened particularly in the growth points was a result of a deliberate strategy. He says:

> South Africa's de-industrialisation strategy is working well. Take Dimbaza, 20km of King William's Town. It was created under the apartheid government's 'border' industry scheme, with ridiculous subsidies (peaking at more than 50% of wages per worker) to ward off competition. After 1994, rather than wean at least some of these industries to become self-sustainable, the government cut them off completely. The Dimbaza Industrial Park wilted and died. Today there are just three factories operating where once there were 200. Similar sad sights are repeated elsewhere.

The ruling party, the African National Congress, took over power at a very difficult time when the Cold War had ended and globalisation forced governments around the world to expose previously protected industries to fierce competition against which many simply could not cope and folded, Mills further argues. Mbeki (2009) argues that allowing in cheap imports served a political purpose for the economic oligarchs, mostly located in the powerful minerals-energy complex (MEC). The MEC refers to a core set of

industries associated with large-scale minerals mining, energy generation and their associated industries (Fine & Rustomjee 1996).

Mbeki further states that the oligarchs succeeded in the convincing the then emerging black political elite to embrace globalisation as a means of maintaining the system of cheap labour the MEC required. They needed trade liberalisation for the purpose he outlines thus:

> There are several ways of keeping down the costs of labour, the use of brute force being one, but, as we have seen, it is not a method that is sustainable in the long term. A far more effective method is to keep down the cost of the products the working class consumes. In South Africa the growing tendency is to import these products from cheaper producers (Mbeki 2009).

In addition, the MEC needed access to global markets and financing from outside capital markets hence South Africa had to reciprocate through opening up its own market (Fig 2007). The government has argued strenuously that the trade policy reforms were necessary to open up export markets and rid the economy of inefficiencies. Hirsch (2002) quotes former finance minister Trevor Manuel, during the national budget speech in 1999, as saying: "Integrating South Africa into the world economy has been a major challenge. We inherited an uncompetitive, inward looking, protectionist economy. Since 1994, we have sought to open up the economy in a measured and sustainable way."

Hirsch adds that the clothing and textile industries, which have been among the hardest hit by the liberalisation of trade, were highly protected. "Behind tariffs higher than 100% for clothing and not far below 100% for textiles, the industries had fallen out of step with world production and marketing trends."

But Gqubule (2006) posits that the importance of boosting exports has been exaggerated in South Africa and this has resulted in the liberalisation of trade that has had adverse effects on the economy. He says:

> In South Africa exports accounted for 25% of GDP (gross domestic product) in 1946, double current levels in developed countries. The country has always had a high level of trade due to the important role of commodity exports. By 1994, after a few years of largely ineffective trade sanctions, South Africa was slightly less integrated into the world economy, with exports accounting for about 22% of GDP. This was still higher than the then average for G7 countries and most East Asian Tigers. In 2001, the export to GDP ratio was about 26%... The figure has since declined following the appreciation of the rand and deliberate policies that prioritised the foreign sector over the domestic economy.

The domestic sector needs to be expanded in order to insulate the country from the volatility of the exchange rate, Gqubule further states. The volatility and strength of the rand are, in fact, some of the main bugbears of the manufacturing sector. In an October 2012 presentation to the standing committee on finance of the Parliament of the Republic of South Africa, the Manufacturing Circle argues:

> The volatility and the strength of the rand often makes it very difficult to compete with imports from manufacturing economies where there is a greater degree of monetary policy intervention to keep their currency at advantageous levels. It also makes it difficult to nurture and develop exports as exporters have to reduce their margins to unsustainable levels to compete. The argument of a currency that trades at more competitive levels on a sustained basis is also supported by the inability for the exchange rate differential to compensate for the inflation differential between South Africa and its main trading partners, thereby rendering otherwise internationally competitive local manufacturers less competitive over time.

For many years after South Africa liberalised trade in the aftermath of apartheid, various stakeholders including the trade unions clamoured for a national industrial strategy to boost the fortunes of local manufacturers and consequently retain and create jobs. In fact, it has been argued that an industrial strategy should have preceded the trade policy reforms to put South Africa on a sounder footing to compete on global markets without sacrificing job opportunities.

The government finally heeded the call in 2007 with the National Industrial Policy Framework, which spawned the Industrial Policy Action Plan, which is in its fifth iteration. The plan (2013) states: "Sustainable long-term development should be

underpinned by higher growth, export and labour-intensive, value-adding economic activity, led by manufacturing." This was on the recognition that manufacturing represents a higher potential in resolving the most pressing socio-economic challenge facing South Africa – unemployment. In addition, there is a growing recognition within the government that domestic sources of economic growth need to be explored and tapped into more. The National Development Plan (2012) endorses this approach without deemphasising the importance of exports. It states:

> Employment scenarios prepared by the Commission suggest that most new jobs are likely to be sourced in domestic-orientated businesses, and in growing small- and medium-sized firms. While most jobs are not created directly in exporting firms, the sectors that are globally traded tend to have more potential to stimulate domestic spin-offs. Given South Africa's low savings rate and the need to invest at a higher rate, it is important to grow exports and expand output in those sectors.

This points to an emerging consensus on a two-decade long debate that has polarised even cabinet ministers. Former trade and industry minister Mandisa Mpahlwa had to put up fight in the mid-2000s against pressure from the Trevor Manuel-led national treasury for deeper tariff cuts. Marais (2010) quotes former minister Mpahlwa as saying: "Proposals for unilateral trade liberalisation, outside a coherent industrial and trade policy represent a fundamental misreading of the South African and international empirical evidence."

6. SON OF BABELEGI: JOURNALISTIC ACCOUNT

6.1 PREFACE

It is Saturday morning in September 2013 and I am in the Temba Township, next to the small town of Hammanskraal, to attend a funeral. On my way here I had used the route that goes past Babelegi Industrial Park, which has over the years become almost a ghost town. I had not noticed anything odd when I drove through the industrial park. The evident decay and squalor are all too familiar sights, having been born and bred in the neighbourhood.

I was born in the vicinity in the mid-1970s when Babelegi was at its peak after the project had been initiated in 1968. In the childhood and early teenage years, it was the sustenance of the Temba and broader Hammanskraal area's economy. But the dawn of a new political dispensation in 1994 and the concomitant economic policy reforms sounded a death knell to this experiment in industrialisation. Bureaucratic neglect and inertia aggravated the situation. Now in broad daylight, rodents crisscross the streets, most of which are desolate. Most of the factories have been ransacked. Similar monstrosities are littered across South Africa. They are largely the ruins of the apartheid government's policy of separate development which spawned crazed industrialisation schemes in some of the most improbable of areas.

Later, on the same day of my attending the funeral, a conversation with an old friend, Jerrybenz "Bra Benz" Monageng, drives home the oddity of the situation in Babelegi and how it has resulted in a plague of joblessness and its associated ills of crime and drug abuse in our neighbourhood. We have both, over the years, watched in horror as the industrial park gradually became a wasteland while the bureaucracy at all levels stood by and twiddled its thumbs.

6.2 THE GENESIS

It was back in 1966 when Bra Benz first heard of a plan to build factories on a piece of land near Hammanskraal. His grandfather, a school principal and member of the Temba Schools Circuit Board, broke the news. It all sounded mightily implausible. For this reason, Bra Benz and a sibling received the news with incredulity and amusement. They had associated industry with big cities. The brothers fancied working in the glitzy and glamorous Johannesburg. Little did Bra Benz know then that what came to be known as Babelegi Industrial Park would come to shape his life through years of working there.

The circuit board had hosted a delegation from the national government that let them in on a plan to set up an industrial park in the area. One MC Botha was part of the delegation – Bra Benz recounts the event as his grandfather relayed it. Botha was the minister of education and Bantu administration in the cabinet of the chief architect of apartheid, the notorious Hendrik Verwoerd who died at the hands of an assassin in September 1966. At the time of the visit, the authorities were still looking for a piece of land on which to build factories.

The Amandebele-Ba-Lebelo came to the rescue. The tribe leased or sold off, depending on whom you speak to, a 176-hectares piece of land on which Babelegi was subsequently developed. The land issue remains a sore point to the tribe to this day. Babelegi facility manager North West Development Corporation [NWDC] insists it owns the land while the Amandebele-Ba-Lebelo are adamant that it has been leased out for 99 years. The NWDC is not paying rent to the tribal authority.

The Babelegi project started in earnest in 1968 with the clearing of the land, followed by the laying of rail tracks and the development of bulk infrastructure, notably the sewage, electricity and water systems. The factories were built on what had been grazing land in

Bra Benz's childhood and early teenage years. He had been a herdboy who took cattle out to pasture on the very land that the industrial park now occupies. The first ten factories opened their doors in 1970, employing 1,370 workers, according to records. An employment and development frenzy followed. Within four years, 5,745 people were employed at 56 businesses. Three years later in 1977, the job numbers had risen to 8,300. In 1982, some 14,500 people worked there.

Babelegi's originators had initially estimated that the industrial park would eventually create 40,000 jobs, but that was never to be. At its height, nevertheless, it employed more than 20,000 workers – not an insignificant number in this rural and semi-rural setting. It indirectly provided livelihoods to many more. Accurate, current and reliable records are hard to come by. But the last unaudited figures available from the NWDC indicate that as at June 2012 only 6,050 people were employed there. Other estimates have put the remaining jobs at just 2,000. Hundreds of factories stand idle. Of the 325 undeveloped and developed sites, only 86 now have functioning enterprises. The remaining sites house structures in varying states of decay.

The job numbers illuminate the lull now enveloping Babelegi and the crunching socio-economic challenges facing its surrounding communities. More concerning is that the industrial park is a prototype of the fate that has befallen large sections of the South African manufacturing sector in the post-apartheid era and contributed to one of the highest unemployment rates in the world at more than 25 percent. The industrial park highlights the context within which the sector operates and how public policy choices have in certain instances been self-defeating for the country as a whole.

The National Party government, when it built Babelegi, had intended to create jobs for areas that fell under the traditional leadership of chiefs Kekana, Maubane, Mathibe, Makapan, Moepi, Mokgoko and Nawa, and cover villages including New Eesterus,

Dilopye, Stinkwater and Suurman to the West of Babelegi. To the north, there is Majaneng, Makapanstan, Mathibestad, Bosplaas and Maubane, among others. In the east, the area stretches more than 100km – all the way to the village of Marapyane in Mpumalanga. These are some of the settlements in the purlieu of Babelegi.

The territories under the said chiefs straddle the present-day provinces of Gauteng, North West and Mpumalanga. The Nats, as members of the National Party were called, aimed the project as a form of influx control to stop black South Africans from moving to the cities. Building industrial parks in far flung places was a key cog in the policy of separate development, which created nominally independent black homelands, variously known as Bantustans. These were the ten pockets of land set aside for black South Africans in terms of their ethnic groups. Industrial decentralisation was the pretext under which the apartheid government undertook Babelegi and other similar projects across South Africa. It was one of the so-called economic "growth points" created in or near the Bantustans.

The Babelegi project was the first and the most ambitious in scale among the growth points located within the Bantustans. Others included Botshabelo in the QwaQwa [now Free State], Isithebe and Ezakheni in KwaZulu [now KwaZulu-Natal], and Dimbaza and Butterworth in Ciskei and Transkei respectively [now both part of the Eastern Cape]. All other Bantustans had growth points of varying sizes. These were projects of the Bantu Investment Corporation, an entity created through an act of Parliament. The express aim of this piece of legislation, the Bantu Investment Corporation Act of 1959, was "to constitute a corporation the object of which is to promote and encourage industrial and other undertakings and to act as a development, financial and investment institution among Bantu persons in the Bantu areas", it reads.

An inordinate amount of money, some of it borrowed, was ploughed into building infrastructure and incentivising businesses to invest in the growth points. In fact, it was mainly to facilitate financing for industrial decentralisation that the state-owned Development Bank of Southern Africa [DBSA] was established later in 1983. The following year it took over the administration of 79 loans, valued at R352 million, that the central government had advanced the Bantustans to promote economic development. Some of the long-term loans are still being serviced to this day. The incentives offered to investors in the growth points included reimbursements of relocation costs, low interest on loans, wage and transport subsidies, training rebates, tax incentives, and low rentals.

Babelegi was supposedly meant to carry the residents of its surrounding areas. The Setswana word, translated into English, literally means "those who carry others on their backs". The one material consequence of this industrialisation project was the growth of the nearby Temba Township, which Babelegi is now considered to be part of. Other settlements around Babelegi also kept up pace with its development. While Temba predates the industrial estate, it is at the same time its product. The original residents were victims of forced relocations from places in other parts of the country designated white areas. The South African Native Trust [SANT] had acquired the land for the specific purpose of creating an African labour reserve for the capital city, Pretoria. SANT was a statutory body whose establishment the Native Trust and Land Act of 1936 provided for.

In 1942, the first batch of residents was settled in tents with no basic amenities on what was at the time Bezuidenhout's farm. They named their new place of abode Sofasonke, isiZulu for "We will die united". The uninhabitable living conditions they found when they were dumped there inspired this expression of solidarity. The original residents

came from Lady Selbourne, about 2km from the Pretoria central business district, while others were uprooted from places as far away as Orlando and Klipspruit in Soweto. The residents changed the original name, Sofasonke, to Temba, meaning "hope", when the government started rolling out basic services, including water and sanitation, and built houses. The township grew some more when other victims of forced removals from Wallmansthal, about 33km north of Pretoria towards Hammanskraal, were settled there in the 1960s in terms of the National Party's Group Areas Act of 1950. The act created racially segregated residential zones.

Things got even better for the Temba residents when Babelegi was established. The most vivid and abiding memory of the time is that of the buzz in the streets, with masses of people walking to and from work, taxis hooting for passengers and busses rumbling past in the mornings. These are the days that seem to evoke melancholy among locals and make them muse over the good olden days. The irony is not lost on me as this was at the height of apartheid. Home was on the same street as the main bus station and shopping centre in Temba, just about 200m away. Hawkers selling products including *vetkoeks*, boiled maize, fruits and loose cigarettes would set up their makeshift stalls along the street in the wee hours of the morning. The buzz was already at its peak when we woke up in the morning to prepare for school and intensified again in the late afternoon into the early evening.

Other earlier personal memories of Babelegi include having a maternal grandmother who worked at a sweets factory in my late childhood years, and the regular indulgences that came with that. Then there were occasional trips to the Springbok Clothing Manufacturers factory to buy clothes for church and other special occasions. Huddled together with my three siblings – two brothers and a sister – in the backseat of the family's yellow Ford Cortina, the short jaunt always brought a smile to our faces. Many

factories had shops that sold all manner of merchandise to the public at wholesale prices, which was another important benefit for the surrounding communities.

The encounter with Bra Benz is purely by chance. We meet at a funeral we are both attending and he asks for a lift home afterwards. The conversation that ensues is what brings back memories of growing up in the area. It was as ordinary as it can get in the late 1970s and 1980s. One of the biggest events on the township's calendar was the annual, usually colourful, pass-out parade at the nearby Hammanskraal police training college. We would not miss it for anything. The innocence of childhood made us oblivious to the politics of the time as we went about the business of growing up. But that was not to be for long. Another favourite pastime in the childhood years was hunting birds with *ketties*, Y-shaped sticks from trees to the prongs of which were attached elastic straps cut from old tyre tubes. We fashioned the slingshots ourselves. Just opposite our homestead lay a thick patch of bush that was our hunting ground.

We arrive at Bra Benz's home from the funeral service shortly and he invites me in. We sit on the veranda of his house in the Rockville section of Temba and continue reminiscing. It is not difficult to surmise where the name, Rockville, comes from. The landscape is rocky and dusty all at once. The street on which Bra Benz's home is located is a bumpy dirt road – a stark reminder of how little things have changed for some in the first 20 years of democracy. Save for a white-painted plastered wall and the veranda, the abode is a quintessential four-roomed "matchbox" house so characteristic of South African black townships. These are the work of the loathed apartheid government of the past. Ironically, the matchboxes are a considerably better effort than the low-cost houses of the democratic order, the so-called RDP [Reconstruction and Development Plan] houses.

Bra Benz's house is a stone's throw away from Tshwane River – the haunt of the mermaid, as we believed when we were growing up. The urban legend emanated from many a schoolmate drowning and dying in the river while swimming there during my early schooling years at Refitlhile Primary School, which is not far off from Bra Benz's home. For some odd reason, we believed that the malicious mermaid was the cause of the drownings. We had nicknamed our school *Komeng* – Setswana for a traditional initiation school. All I can recall is that this had something to do with the military-style discipline that was enforced. Corporal punishment was earned for even the smallest of transgressions.

I remember Meneer Putuka, who I had heard passed on not so long ago. "Meneer" is Afrikaans for mister and this is how we referred to our teachers. He would make us wash our hands in ice-cold winter tap water before lashing our puny little palms with a steel wire. That could have been for anything from late-coming to noise-making to not doing homework. Then there was Morena [the Lord], as the grey-haired and bespectacled Meneer Magongwa insisted on being called. When he called out your name you had to stand at attention and shout out: "Morena". You ignored the expectation at your peril. He was the oldest, meanest and most eccentric of the whole teaching lot. Whenever we spotted his car – a light blue Volkswagen microbus – on our way to school, we would sprint like hell for the school gate. With him you did not have to be late for school to earn a hiding; he just had to get there before you did.

As we were growing up, so was our locality too. The catalyst for all this development was Babelegi, which was growing phenomenally on our doorstep – about 5km away from home. More and more people streamed into Temba and the surrounding areas. The industrial estate came to define the evolution of the broader Hammanskraal area – now an expansive collection of rural, semi-rural and informal settlements, and a township.

Many homes had tenants renting rooms. House owners also erected backyard shacks to take advantage of the influx of people. At one point in the mid-1980s, Bra Benz reminds me, the Bophuthatswana government of Lucas Mangope ordered its security forces to demolish the backyard shacks in Leboneng, a section of Temba that is closest to Babelegi and had their highest concentration. The ostensible reason was that the shack dwellers were taking jobs away from the locals and had to go.

Soon the patch of bush where we hunted birds and we had cleared a portion to create a soccer pitch started to disappear. In its place came, first, government offices, then a few shops, and then in quick order a shopping complex, a post office, a bus rank, and a groceries' wholesaler. The shopping complex became the centre of activity and its Kudu Cinema was a popular hangout spot for those growing up in Temba in the early 1980s. Here and at all times you would find groups of locals shopping, playing dice and engaging in other forms of gambling. The cinema doubled as a community hall and hosted all sorts of activities, such as beauty pageants, choir competitions, music festivals and more.

In addition, the people from the surrounding villages did their shopping there. New interests captured our imagination. Videogame machines and table soccer at nearby shops began to hog all our attention. At the nearby Kgetsiyatsie Middle School they build a public tennis court and I took to the game with vim and vigour. The development of the area accelerated after the Bantustan of Bophuthatswana, under which the industrial park and the township fell, gained "independence" from the rest of South Africa in 1977.

Later, in high school, the allure of the Babelegi, for many youth growing up in the 1980s and early to mid-1990s, came from the possible employment opportunities there. I aspired higher. The legal field held a special appeal for me. But as fate would have it, I ended up a lowly journo. Lawyers, teachers and nurses were just about all there was in

terms of occupational role models in my neck of the woods at the time. I cannot pinpoint exactly when and how the fascination with being a lawyer began. This was the time when every other employed person who lived in Temba worked at Babelegi. Many of my high school contemporaries who did not go to institutions of higher learning acquired jobs there. They seemed to live large by the township's standards and were the toast of the town. This was especially the case with those who worked for the bigger, better-paying employers such as Borden Foods [now Nestlé], Tiger Wheels and several others.

I have known Bra Benz from the late eighties. We met at a time when the innocence of childhood was beginning to wear off. The new preoccupation was now politics. A lot of time was spent reading and exchanging political literature. Most of it was banned but we somehow got our hands on it. It had dawned on me and a few of my peers that ours was an abnormal society. Bra Benz worked at Babelegi at the time and was involved in the trade union movement. That caused him some troubles, including losing a job in one instance. Together with some of my peers, we endeavoured to interest students and the youth in general to join the anti-apartheid movement. With growing politicisation, I began to see Babelegi for what it was – a lynchpin of the apartheid system.

Bra Benz started working at Babelegi in 1974 at a company called Greenfields. Labour recruitment was centralised and the Bantu Investment Corporation ran the function on behalf of the companies. One Mr Joubert, a large Afrikaner man, ran the corporation's office and would pick up labourers from the streets for jobs at the factories, Bra Benz tells me. His office was the first port of call for anyone looking for a job at Babelegi and that is how he got to work at Greenfields, which manufactured lockers, toolboxes, cases for movie film and trunks. Armed with a junior certificate from the local Hans Kekana Middle School, Bra Benz started on a salary of R14 a week. It was little and he left after

just nine months. It could have been worse. He recalls a factory named Heritage, a producer of military fatigues, which paid its workers R3 per week. Then there was Springbok Clothing Manufacturers, which was famed for low wages but at the same time one of the biggest employers in the industrial complex. It produced clothing that included suits and international brands such as Levy jeans. Springbok supplied major national retailers. It has been documented that workers in the clothing sector in Babelegi started at R5 a week in 1975. Qualified and experienced machinists got R10 to R11 a week, which was 50 percent lower than their counterparts earned in Johannesburg.

But Babelegi continued to grow. "Most of the factories came in the mid-1970s," Bra Benz says. The most notable among these was American company General Electric [GE] that manufactured copper wire and assembled Defy fridges, irons and stoves. It paid R21 per week, which was relatively high. Bra Benz remembers how everyone in Babelegi at the time wanted to work there. GE disinvested in 1985 at the height of the economic sanctions the United Nations imposed on South Africa because of apartheid. The big players of the time included Peugeot Bicycles, which came to be associated with the now defunct Pretoria soccer team Arcadia Shepherds that it sponsored. Carparts was another, manufacturing suspension parts mainly for Mercedes Benz. But Tiger Wheels was for long time one of the most important employers in terms of the quality of jobs and their numbers. Bra Benz worked there from 1979 to 1985. After commissioning a new plant in 1999 at a cost R315 million, its production capacity rose to 1,5 million alloy wheels a year. Tiger Wheels eventually folded in 2008 following in the footsteps of many others before it that did not last that long.

6.3 THINGS FALL APART

The growth momentum of Babelegi held up until around the mid-1990s when it came crumbling down like a house of cards. Factories closed en masse. While it happened, the bureaucracy at all levels did not do much. The affable and mild-mannered Bra Benz was there to witness it all. His greying hair and beard are tell-tale signs of advancing years. But the diminutive sexagenarian remains sprightly and as socially conscious as ever. These days he busies himself with community issues such as the street naming process the municipality is undertaking in the township. He reels out names of illustrious sons and daughters of the township he feels deserve the honour. He speaks about Babelegi with tinges of nostalgia and disbelief.

Bra Benz is a native of Hammanskraal after being born and bred in the village of Bosplaas, some 10km to the north of Temba. He assumes an air of resignation when he speaks of the many challenges the community faces today. Unemployment, substance abuse, crime and the interplay among the three top his list. He points at his steel pedestrian gate that has been partly dislodged by potential thieves who tried but failed to uproot it. There has been a spate of thefts of anything made out of metal around the area. Locals blame substance-abusing youngsters who sell stolen metals to the scrap yards that have mushroomed all over the place. Many homes have woken up in the mornings to find their yards waterlogged because outside taps have been stolen and the pipes left gushing water. Here, Bra Benz is making a point about the rampant crime in the area.

Official statistics bear him out. Temba is in the top five of the 137 policing precincts in Gauteng province in terms of crime, according to the South African Police Services [SAPS] figures. It only trails Johannesburg Central, Honeydew, Pretoria Central and Hillbrow. In the 12 months to March 2013, a total of 10,322 cases of crime were reported at the Temba police station. When it comes to drug-related crimes, the policing

precinct comes second in Gauteng, and for the categories of assault with intent to do grievous bodily harm and sexual crimes it occupies the top spot. Other crimes for which the precinct lies in the top ten include burglary at residential and non-residential premises, common assault and robbery, stock theft, arson, and malicious damage to property.

Babelegi itself is plagued by crime. With all the abandoned buildings and overgrown grass it is obvious why that is the case. There are streets lights everywhere but finding one that works is rare. Passing through the industrial park at night previously, one notices how dimly lit it is. NWDC Babelegi manager Nelson Letsoalo names crime as easily the greatest challenge facing the industrial park now. He points to the vandalism that afflicts vacant units and the theft of electricity cables, which often results in lost production at the remaining factories. Not even the deployment of security personnel helps. "Security is a serious problem for us [the NWDC] and [power utility] Eskom," he says. "When you have groups of 10 to 20 armed criminals raiding a place, the security guards are easily overrun. This even threatens their lives." This happens regularly in Babelegi. The cost of reconnecting electricity can be prohibitive. "Cable theft is huge and many of the companies are leaving as a result of that," adds Solly Mogaladi, the municipal mandarin responsible for the City of Tshwane's region 2 within which Babelegi falls. "We've set up a joint operations committee that includes the metro police, officials from our city planning department and the SAPS to try and nip the problem in the bud."

I gaze towards Babelegi from Bra Benz's veranda and a huge blue-painted roof appears on the skyline. This is the recently-built steel recycling facility of Unica Iron and Steel. From a distance, the new development gives the industrial town a semblance of functionality. But on looking closer, as I decided to do, the veneer crumbles. The R101, or Old Warmbaths Road, separates the steel recycling plant on the Babelegi side from the

village of GaRamotse. Locals are listlessly going about their business. Some are *braaing* meat and a couple are drinking alcoholic beverages at the adjacent Highway Supermarket and Liquor complex that houses a shop, a liquor store and a hair salon. A few stalls selling sweets, potato chips and cigarettes, a carwash and an internet cafe in a cargo container border the establishment. It is just after 11am on a Tuesday morning and I am driving in and around Babelegi to take in the scenery. A group of young people are playing dice while others are idling about.

Elsewhere in Babelegi, the Auto Pedigree car dealership that was at the mouth of 3rd Street has closed down and so have many other businesses along this arterial road. Only the signage remains. The nearby bus stop is dilapidated. The steel benches remain if only because they are rooted in a concrete foundation. The window frames have been plucked out of what used to be a bus ticket outlet, the roof is gone and the brick walls have been partially dismantled. I notice some activity at a few of the factories. These include Radium Engineering, which manufactures agricultural implements such as spreaders, graders, rotary cutters and pasturators. Primador also shows signs of life. Here they produce showers, windows and doors. A small crowd of people sits across the street from the Blue Ribbon Bakery. They are under the shade of trees next to the perimeter palisade fence of a company called Tembop Recovery. This company was in the news sometime in 2011 when the crack police squad, the Hawks, raided it on suspicion of illegal activities. It was alleged then that Tembop had masqueraded as a platinum refinery while no such activity took place. It had, in fact, been a front for an international metals smuggling operation.

Further down the street is a brickyard and I stop to have a look. The electricity infrastructure has been vandalised, with cables cut off and the circuit breaker box emptied. The corrugated iron roofing of the two shade ports in the yard has been

partially removed. I pass the Babelegi water treatment plant and more vandalised, empty factories. Again, I stop to capture the decay on a digital camera. The cracks on the surface of the tarmac road glare at me. The street, like most others here, is eerily quiet. Only a faint din of machines, clanking metal and birdsong can be heard. A herd of cattle is lazily grazing on the lush, green pastures alongside the road.

While taking pictures, I happen upon a group of three men napping under the shade of a tree on the lawn outside a factory building. They spot me and one of them accosts me to enquire what I was doing. He looks rugged and tired, and my nose picks up an unmistakable stench of alcohol on his breath. I dismiss him with a white lie to avoid telling a long story or pointing out to him that it is none of his business. "I'm looking for an empty factory to rent and need to take pictures of the buildings to show my business associates," I say. He remarks that he thought I was from *Daily Sun* newspaper. I don't ask why. But before he disappears, I venture to ask why they are sleeping under the tree. They have been waiting for the owner of an adjacent plastic and card box recycling business to arrive, he says. They have been told that he is in Brits, some 80km away, and have no idea how long it will be before he comes back – if at all. The three collect discarded plastic bottles and cardboards in the surrounding areas to sell to the recycler.

I walk back to the car and drive down about 100m to an intersection where I turn right into 9th Street. Suddenly, Babelegi comes to life. This is easily the busiest street in the area. The first structure with a fading Coca Cola advertisement mounted onto its walls and a corroding roof is on my left. It used to be a restaurant in years gone by. Now it is decaying all-round. Immediately, two men run into the middle of the road to waive me down. On realising I have no intention to stop, they make way for the slow-moving car. The two had jumped off a steel shelter inscribed with the word "Tilers". One flashed a placard bearing the same message. There are about a dozen of them under the shelter.

Opposite it stands Samca Tiles, a ceramic tile manufacturer. It has a shop that sells directly to the public, which explains the cars parked outside, the human movement and the group of tilers camping outside.

A billboard proclaiming "Durro Industries" marks the next factory and lists the products on offer. Steel and aluminium windows and doors, and showers are again the products. It strikes me that though the facility is kempt, there is little apparent activity. Only two guards are chatting near the security personnel booth. I later I learn that the factory has just relocated to Alberton in the south of Johannesburg and about 120km away. Several of its workers took voluntary severance packages, while others moved their places of abode closer to the company's new location. A few have opted to commute to work daily. It is telling that Babelegi manager Letsoalo cannot say for sure why Durro Industries has relocated. The business is on a privately-owned site, he says. But the reason could be anything in the refrain of the industrialists' complaints. These include lack of security, unreliable power supply and its high cost, lack of government incentives and skilled labour, and poor service from the NWDC. Other problems identified are the weak national economy, employee behavioural issues, market-related problems, and the high costs of transport, rent, raw materials and labour. This is according to a 2011 Council for Scientific and Industrial Research (CSIR) study done on behalf of the City of Tshwane. Letsoalo lets it slip that Primador is another company that is in the process of relocating. It is moving to Rosslyn, some 35km away. The company is an NWDC client.

Just beyond Durro Industries, raw sewage is flowing freely down the street. This is a few metres from a derelict factory with overgrown grass all over the place. A couple of rusting forklifts and trucks with flat tyres stand out in the open. It looks like the company left in a hurry, whenever that was. Further down 9th Street, I come across a factory owned by Swiss food and beverage multinational Nestlé. The state-of-the-art plant is

quite swanky, complete with a neatly mowed soccer pitch. This is the employer of choice in Babelegi. The last factory, Oaktree Furniture, is located on a cul-de-sac at the end of the street. "No jobs," the signage board affixed to the gate declares. It sums up the state of affairs in the neighbourhood. Indeed, there are no jobs and nothing typifies that than a scene relating to a planned municipal infrastructure development project playing out in Temba at that moment.

Throngs of jobseekers descend on the water reservoir in the township every morning. Their numbers run to more than a thousand though only 250 vacancies will eventually need to be filled. The controversy surrounding the project has stalled it and the hiring of labourers has not yet started. The summer heat reaches sweltering levels quite quickly, at midmorning or thereabouts, but this has not deterred thousands of people desperate for employment opportunities from pitching up to try their luck. They have beaten this path daily for a couple of months already. The R53 million municipal project to build a new water reservoir will add to existing capacity that services the township and its surrounding areas. In fact, it will double capacity and resolve the problem of regular water unavailability once and for all, the municipality says. But the project is running months behind schedule. It is City of Tshwane policy that main contractors on its projects should outsource 25 percent of contract value to companies based where the work is undertaken. This means that R13,25 million worth of business opportunities are up for grabs for local construction entrepreneurs. Riots occasionally break out as frustration levels among job seekers rise. They typically take the form of roads being barricaded with rocks, and discarded car tyres and all manner of waste material, which are then set alight.

It would help the community if Babelegi was revitalised. This has been a constant refrain of Hammanskraal residents over the years. Be it on community radio phone-in shows or

at public meetings, the issue invariably comes up, along with several others. The residents have watched in horror as the industrial complex wilted and, to all intents and purposes, became something of a ghost town. Often an argument surfaces that under Mangope, who was president of Bophuthatswana from "independence" in 1977 until 1994, things were better with Babelegi vibrant and jobs available as a result. The argument is simplistic but is difficult to dispel nonetheless.

It goes without saying, however, that the factory closures that have and are still taking place at Babelegi have affected nearby communities adversely. They have contributed to unemployment, poverty and the associated social ills of crime and drug abuse. Save for a new multi-million rand shopping mall and the odd school, clinic and new informal settlements, nothing of serious consequence has happened here for some two decades – nothing that has brought any tangible joy for the 340,000-odd residents of this sprawling conglomerate of settlements, falling under the City of Tshwane municipality, surrounding Babelegi. If anything, things seem to have regressed. The ruinous condition of the area's industrial estate best illustrates the state of affairs.

NWDC's Letsoalo decries the condition the industrial estate is in. "The industrial park is in a very poor state as the factory units need recapitalisation to bring them up to standard," he says. "Vacant units are not readily available as refurbishment is only done when there is a prospective tenant. This has raised the need for capital to refurbish the factories as preventative maintenance was not done in years." But he insists all is not lost. "Major investors who came recently have brought a new hope in the economic activities of the industrial park," Letsoalo adds. A steady stream of investors, mainly from China and the Far East, has come to Babelegi in recent years.

Among the bigger newcomers is the Chinese-owned woven and knitted vegetable bag supplier Harvest Bags. In early 2013 it rented an additional 3,000m^2 from the NWDC,

increasing its factory space to 11,394m^2. Other recent major investors are Nestlé – which has expanded its plant – Unica Iron and Steel, and Indian company KTL Automotive and Tubular Products. "The City of Tshwane is playing a big role in attracting investors to Babelegi. They have contributed to making Nestlé increase its investment and the KTL factory is an initiative of the municipality," Letsoalo says.

Nestlé opened two new factories to produce Maggie noodles, Milo and Cheerios breakfast cereals in July 2012. This is in addition to the Cremora coffee creamer the company has been producing there since inception. The new investment amounted to R505 million and created 130 new permanent jobs. Nestlé received a tax allowance deduction of R168 million for its investment and training needs under the provisions of Section 12l Tax Allowance Programme of the Income Tax Act. The Babelegi plant now employs a total of 439 people, 320 of them on a permanent basis. KTL opened a R217 million factory to manufacturer chassis frames in 2010. In July 2013 Unica took into commission a new 4,000m^2 factory to recycle scrap metal.

While these investments were being made, the exodus of other businesses continued, with more than 20 enterprises having departed between 2011 and late 2013. NWDC figures show that of the 86 companies operating in Babelegi in October 2013, 64 lease premises from the NWDC and 22 own their properties. The bigger employers include Nestlé, KTL, Oaktree Furnisher, Samca Tiles, textile yarn manufacturer Martilon, sock producer Glencarol and PenbroKelnick, which makes electricity-related products including resistors and transformers. The other big players are Radium Engineering, the bus company Botlhaba Transport, Sectional Poles, Airduct, Blue Ribbon Bakery and Unica.

Still counting in Babelegi's favour are the low rentals of R10,50/m^2, Letsoalo says. But in the CSIR study, industrialists still complain about high rental rates, among other things.

Letsoalo believes this could be a mere function of perception influenced in part by the fact that some Babelegi tenants pay as little as R6,00/m^2. These are companies that were in the area prior to the new political dispensation of 1994. Their rental contracts started at R0,50/m^2 and link annual increases to consumer price inflation. He draws a comparison with the smaller industrial park in the Garankuwa Township, north west of Pretoria, where the standard rental is about R15,00/m^2.

Back at the water reservoir on this specific Friday morning of September 2013, the police are keeping a beady eye on developments as the crowd intermittently becomes unruly and threatens to storm the site office of the main contractor, national construction giant Group Five. The office is a modified steel cargo container branded with the white and blue colours of the company. Smoke billows from the ambers of burning tyres barricading roads around the reservoir. The jobseekers constitute a motley crew of all ages, from those who look as if they should still be at school to those who should be readying themselves for retirement – they are all there in the scorching midday heat. But the majority are young, evidence of the youth unemployment scourge that has South Africa in frenzy, with some political analysts even going as far as predicting an impending revolution as a result.

The job seekers start congregating around the reservoir at the crack of dawn and stay until the afternoon. Clearly, it is hard to be unemployed. There seems to be a balance, at least at face value, between males and females. The sometimes loud conversations among the crowd seem to revolve around how the ward councillor [Jane Makgatho] is allegedly trying to manipulate the subcontracts and the labour recruitment process in favour of her supporters. One burly lady threatens fire and brimstone should she not make the cut for a job on the project. "If we don't get to work on the project, no one will – we will make sure," she says with a measure of impatience in her voice. "Jane is full of sh*t," she adds.

A chorus of approval greets the veiled and ominous suggestion of violence. An abortive attempt to set the councillor's house on fire has already been made. It even made national news. This is despite her denying that she is interfering with the hiring of workers on the project. Previously, in July 2013, job seekers blocked the entrance to the regional offices of the City of Tshwane in Temba to protest about the project and the police had to disperse them with a water cannon and rubber bullets. The protesters pelted police and other passing cars with stones in response. From time to time they have even looted businesses in the area. Fist fights have sporadically broken out among those on the side of the councillor and those against. Cars have been burned and least two people have been killed over the impasse. The municipality blames the uneasy circumstances on the councillor's political rivals, vested business interests and the criminal element.

"All sorts of accusations have been levelled against the ward councillor," says City of Tshwane's Mogaladi. All the councillor was involved in was the appointment of a community liaison officer and a labour desk officer. Workers were to be selected randomly, with 20 taken from each of the region's 12 wards. "There are huge fights over who gets what opportunities there," he says. "There are other people who are claiming that Group Five had enlisted them as subcontractors for the project, but [that] the councillor doesn't want them. But all the councillors wanted to know is what process was followed in appointing them as normally they are consulted on decisions of that nature. Those who are opposed to this project call themselves Sanco [South African National Civil Organisation] and include former councillors among them. At one point they were taking down people's names [and] promising them jobs on the project as a way of creating a support base. It is a political problem, not an administrative one, it needs politicians to resolve and they are attending to it."

It is difficult to be certain which account is accurate. The jobseekers and the Sanco leaders insist on a version that speaks of political interference and possible corruption. They are adamant that at the heart of the chaos surrounding the project is the ward councillor's attempt to impose subcontractors and labourers on Group Five. A source with direct knowledge of the going-ons in the project confirms that, selfish interests aside, the latter version of the story is closer to the truth than the official explanation of the impasse. Be that as it may, there is little doubt that for many who camp at the reservoir every morning this is not about playing politics or greed. An opportunity to earn an income, even if for a while, is what matters the most. Instead they have found themselves mired in a political intrigue. After all, this is one of the most impoverished areas in the City of Tshwane.

According to the 2011 national census of Statistics South Africa, of a total population of 339,182 in the 12 wards that constitute Hammanskraal zone of region 2, there are 40,425 unemployed people. This translates into an unemployment rate of 39,6 percent. In addition, there are 9,548 discouraged jobseekers who are not accounted for in the narrow definition of unemployment. Factoring them in, the joblessness rises to a whopping 44,8 percent. It is little wonder, therefore, that whenever there is a government project in the area a scramble for jobs ensues. Other government projects in the area have had similar challenges.

On the North West side, which is the closest to Babelegi, the broader Hammanskraal area borders Moretele local municipality – reputedly one of the poorest territories in the whole of South Africa. Here, according to the 2011 census, you have a population of 186,947 and an unemployment rate of 45.9 percent – just 5.1 percentage points shy of double the national joblessness level of 25.5 percent in the second quarter of 2014. The 45.9 percent figure excludes discouraged job seekers. With such high levels of

unemployment one would have expected that the bureaucracy would pull out all stops to get Babelegi back on its feet. I agree with Bra Benz that more needs to be done and that the area needs a political champion to get it onto the agenda. In our biased but shared view, the plight of Babelegi amounts to a scandal.

6.4 HOW DID WE GET HERE?

The decline of Babelegi coincided approximately with the end of apartheid in the mid-1990s. The then new African National Congress (ANC) government pulled the plug on the industrial decentralisation programme by suddenly scrapping all its associated incentives. Bra Benz blames the poor business fundamentals of some the companies for their collapse and resultant mass exodus. They had relied too heavily on government subsidies and low wages for their survival. "When Cosatu [Congress of South African Trade Unions] started recruiting seriously in Babelegi around 1995, the long-exploited workers joined in great numbers and this resulted in pressure on the level of wages being paid," Bra Benz says. "There were many strikes over wages – something that was almost unheard of in Babelegi in the past. Many of the companies could only survive under a dispensation of low wages." He recalls how difficult it was in the early 1980s through the early 1990s to organise workers. Trade unions were effectively banned in Bophuthatswana. The requirements for registering one were way too onerous. Despite the low wages many workers were earning, the unions never really gained traction until after apartheid ended and the Bantustans were dismantled.

NWDC's Letsoalo agrees that the withdrawal of incentives played a major role in the decline of Babelegi. "The industrial park was economically active during the period between 1970 and 1990 as investment came and created jobs," he says. "Most of these companies closed down or relocated as the incentives were discontinued under the new

dispensation in 1994." Many that did not desert Babelegi scaled down their operations, which had job implications as well.

The growth points consumed more wealth than they produced, says Leon Louw, the executive director and co-founder of the leading think-tank, the Free Market Foundation [FMF]. "They were costing more than they were worth and not adding value to the economy." It was, therefore, sensible that the subsidies would be ended as they protected inefficiency and incompetency. Louw has the inside track on past and present economic policy in South Africa. He was deputy chairman of the Commission of Inquiry into the Economic Development of the Republic of Ciskei, known as the Swart Commission and, through the FMF, advised the Bantustan on economic policy. The commission produced an economic development roadmap for Ciskei, which is home to the Dimbaza Industrial Park. Further, the FMF has been seized with matters of economic policy since inception in 1975.

Data supports Louw's thesis. Statistics collected at the time show that the growth points invariably undershot the job creation targets that had been set for them by wide margins. In 1975, the authorities had estimated that industrial decentralisation would create some 270,000 jobs in the growth points, but only 6,000 materialised. Again in 1981 growth points – excluding those within the independent Bantustans of Transkei, Bophuthatswana, Venda and Ciskei (known as the TBVC states) – were forecast to create 290,000 jobs but only 110,000 were produced. Further, each job was estimated in 1984 to cost the state between R60,000 and R100,000 (about R664,800-R1.12 million in July 2014 prices) in direct and infrastructure investments. In 1984 alone, the state reportedly pumped some R500 million into the growth points. This attests to the artificiality of the industrial economy that the apartheid government had fostered.

But the blanket approach that the ANC adopted towards growth points when it assumed power was unhelpful. "Imploding these places was tantamount to economic suicide," Louw argues. It is clear from our conversation that he has an ideological aversion to subsidies and state-led industrialisation, but even he agrees that weaning the growth points off government support would have been a better option. "In the place of subsidies, the government should have implemented a transitional tax exemption to mitigate the inevitable collapse as a result of the withdrawal of subsidies," Louw says. "For instance, because of its proximity to Pretoria and [being in] Gauteng, Babelegi is one of the growth points that had the potential to survive beyond apartheid."

It should have counted in its favour that Babelegi was the one growth point where private capital consistently surpassed government investments, I think to myself. Further, that it is still wobbling along proves its resilience. In fact, Babelegi remains profitable. In the 2010-11 financial year it posted a net profit of R10 265,756 and R8 492,120 in 2011-12, the income statements of the NWDC show. Other growth points have not some shown the same staying power. They have sagged and collapsed. For instance, Dimbaza – according to an article published on news website Moneyweb in 2011 – had only three businesses operating at the time, down from just more than 200 when the political transition occurred in 1994.

The ANC went further and exposed the whole manufacturing sector to international competition through trade policy reforms. It is on this score that the ruling party has attracted most reproach in what has largely been an ideologically-charged national discourse. An undisclosed statement on economic policy that the transitional executive council [TEC] submitted to the International Monetary Fund [IMF] as part of an emergency loan application in 1993 has been a sticky point in the debate. The TEC was formed in 1993 to oversee the transition from apartheid to democracy and the ANC was

its key member. Critics, mainly on the left of the ideological spectrum, have charged that the statement marks the point at which the then ruling-party-in-waiting farmed out the country's economic policy sovereignty. Leading the charge has been professor emeritus at the University of Stellenbosch Sampie Terreblanche who has repeatedly belaboured the point about a "secret deal" with the IMF in his writings and public pronouncements.

New kids on the South African political block, the Economic Freedom Fighters seem to have refocused attention on the debate with their claim that the IMF loan had an "ideological impact" on the ruling party and made it "capitulate to capitalist interests and directives". It made it retreat from radical economic policies such as the nationalisation of mines. The talk of the ANC acquiescing to neo-colonial machinations seems to have riled businessman and former Reserve Bank governor Tito Mboweni no end. He has lately, after years of silence, publicly taken on the proponents of this contention. He was deputy head of the ANC's department of economic policy at the time of the $890.8 million IMF loan. "Prof Terreblanche's assertions are in my view baseless and the musings of latter-day idealism," Mboweni writes in opinion article published in the *Business Day* newspaper in October 2013. "His [argument] that the transitional executive committee-sanctioned compensatory and contingency financing facility [CFF] was a secret agreement is not true. South Africa faced a balance of payments difficulty in 1993 which was the result of a long history of poor economic management and a siege economy. A solution to that impending crisis had to be found.

"So when the transitional executive council was approached with the view to applying to the IMF for the CCF, we agreed to it. I was on the transitional executive council subcommittee on finance and it was this committee that made the recommendation to the transitional executive council to accept this. And in the order of things, this was a tiny loan. To make a huge issue of the statement on economic policy that was submitted

to the IMF as part of the application for the facility is, in my humble opinion, extreme political childishness. It was not a secret deal as so loudly pronounced by Terreblanche and parroted by many these days. If there was any, I should know about it as I was the ANC person who had the unenviable but informative task of editing the damn thing!"

Mboweni's protestations notwithstanding, it has been widely argued that South Africa's 1993 offer of tariff bindings to the World Trade Organisation [WTO], which liberalised trade with the world, was linked to the commitments in the controversial statement on economic policy. But whether right or wrong, the overall economic policy trajectory the ANC followed when it assumed power in 1994 was a Damascene conversion for a party that had for years flirted with socialist ideas. The ANC embraced the Washington Consensus hook, line and sinker at the behest of the Bretton Woods institutions [the IMF and the World Bank], critics insist. A key prescript of this much-maligned policy philosophy is the opening up of developing economies in respect of trade and investment. Commentator Moeletsi Mbeki has been a leading voice in trying to explain the evolution of ANC economic philosophy and its embracement of orthodoxy. Both Mbeki and Terreblanche have written books, *Architects of Poverty: Why Africa's Capitalism needs Changing* and *Lost in Transformation* respectively, which expound on the subject. They similarly argue that the minerals energy complex [MEC] played a key role in ridding the ANC of its Marxist-Leninist inclinations. The MEC – which comprises large-scale minerals mining, energy generation and related sectors – lies at the core of the South African economy.

Mbeki singles out the MEC for selling the idea of trade liberalisation to the ANC. He has often argued that the reason was the MEC's desire to contain the cost of labour through reducing the price of products the working class consume. Easing access for imports was a mechanism designed to achieve this objective. Further, the MEC coveted access to

global markets and financing. South Africa had to, therefore, open up its market to gain reciprocal benefits. Terreblanche is less charitable in his criticism. The ANC and the economic oligarchs of the MEC hammered out a deal on future economic policy in other "secret negotiations" prior to the democratic dispensation, he posits in *Lost in Transformation*. The conniving took place under cloak and dagger at the Midrand offices of the DBSA. For its part, the MEC undertook to cut in the ANC elite. This gave birth to black economic empowerment that created an obscenely rich and politically-connected black high society.

Trade liberalisation, done without insulating the South African manufacturing sector from the resultant ferocious international competition, was one of the more prominent results of the political and economic elites' wheeling and dealing. It has been further argued that trade liberalisation without a coherent, comprehensive industrial development policy was bound to be catastrophic for jobs. South Africa only started to have the semblance of an overarching industrial strategy in 2007 with the National Industrial Policy Framework, which spawned the Industrial Policy Action Plan (Ipap). Ipap is a three-year rolling action plan that aims to boost South African's manufacturing capacity and create jobs in the sector.

The government has largely taken the vehement ideological attacks in its stride. In its own defence though, it has argued that it had sought to make the economy more competitive through the drastic cutting and simplification of import tariffs. The South African economy had been inward-looking and uncompetitive under apartheid because of the economic sanctions the country suffered as a result of the racial segregation policies. Some industries had lost touch with modern production and marketing trends. Therefore, the trade policy reforms were called for to open up export markets and to rid the economy of inefficiencies. Further, the government points to the range of "supply

side" measures it introduced to rev up the manufacturing sector and make it more export orientated. These imply measures targeted at improving an economy's ability to produce. The flagship projects in this regard are the motor industry development programme and duty credit certificate scheme targeted at the clothing and textiles sector. In addition, investment promotion, black economic empowerment and small, medium and micro enterprise development initiatives were undertaken. Completing the complement of supply side policies are spatial and industrial development initiatives, and the restructuring of state-owned enterprises.

The government, through its supply side measures, did succeed in inducing a growth in exports. Overall, exports rose to 28.3 percent of gross domestic product, which is the total sum of goods and services an economy produces, in 2012 from 22.1 percent in 1994, according to figures from the research and information department of the Industrial Development Corporation (IDC). But the concurrent growth in imports offset the benefits that could have potentially accrued from the rise in exports. During the period between 1994 and 2012, imports grew from 19.9 percent of GDP to 31.3 percent. The IDC pegs the average contribution of net exports – exports minus imports – to the economic growth rate of 3.3 percent during the period at minus 22.1 percent.

The high degree of import penetration contributed to the decline of industrial capacity and job losses in various segments of manufacturing. The sector lost the dominant position it held in the economy as the highest contributor to GDP with 21 percent of the total in 1994. In 2013, manufacturing accounted for 15.2 percent of GDP. In the eighteen years to 2012, according to the IDC, manufacturing, agriculture, forestry and fishing, and construction sectors lost 1.69 million jobs. Most of the losses were in manufacturing, which the National Union of Metalworkers of South Africa estimates lost 350,000 jobs between 1995 and 2008, and an additional 258,000 between 2008, when the

global financial crisis hit, and 2012. The manufacturing subsector that contracted most substantially is clothing and textiles. Statistics South Africa figures show that job numbers in clothing and textiles dipped some 63 percent from 228,053 in 1996 to 142,863 in the same month in 2005.

About half of the factories in Babelegi were in clothing and textiles, and these bled when a flood of cheap imports from the Far East, particularly China, flowed in. Before then clothing and textiles had been protected with tariffs higher than 100 percent for the former and just below 100 percent for the latter. These were excessively high and sheltered unsustainable businesses while punishing, especially the poor, with high prices, Louw points out. He adds that the talk of cheap imports is misplaced. "The imports are not expensive, but locally-manufactured products are expensive," he says. But the industry association, Manufacturing Circle, has criticised Chinese exports in particular, which that it says are unfairly incentivised in their home country. The association represents large and medium manufacturers that employ about 200,000 workers. The local industrialists have pointed out at Chinese export subsidies, currency manipulation, protectionism and a lack of respect for intellectual property as some of the factors that favour that country's manufacturers. In addition, they argue that China practices predatory pricing and dumping, low environmental protection standards and poor working conditions for its labour.

Sanco leader and former City of Tshwane municipal councillor Modise Matjila adds another crucial dynamic that applies to the case of Babelegi specifically. "The killer blow was the introduction of toll gates on the N1," he says. "I know this for a fact from our various interactions with industrialists in Babelegi over the years as councillor." He was a councillor for ward 75 for two consecutive terms until the last local government elections in 2011. In fact, he has been involved in this sphere of government since the transition to

democracy in 1994, having served on transitional municipal councils. The N1 is a multi-lane carriageway that runs from Beit Bridge on the Zimbabwean border all the way to Cape Town and has total length of 1,929km. It is the main road link between Babelegi and Pretoria. Tolling of the road commenced in 2001.

It is obvious trade policy issues and the withdrawal of incentives had a negative effect, but the user-pays principle on national roads that government adopted to fund infrastructure development and bureaucratic neglect even more so, Matjila argues. The North West provincial government should shoulder most of the blame for the flagging fortunes of Babelegi. It could not sort out the NWDC, which manages the facility on its behalf. "It (NWDC) was under judicial management for a long time as it was dysfunctional," he says. "As a result, critical decisions that needed to be taken couldn't be. During my time as councillor in the City of Tshwane we did our best in terms of the provision of bulk services." But he adds that the authorities in the Gauteng province aren't innocent. "The Gauteng provincial government spoke about Babelegi becoming a Blue IQ project [an infrastructure development programme of the provincial government], but nothing really happened in that regard."

Mogaladi agrees the North West is mostly to blame. "[If] you see it in the state it is in now, I don't think the North West province planned enough for it," he says. NWDC remains the facility manager as the asset has not been transferred to the Gauteng province where it rightfully belongs. The industrial park has been in limbo since the year 2000 when the statutory demarcation board redrew provincial borders. Previously the area fell under North West province and now lies in Gauteng within the City of Tshwane municipal area. The handover process to the municipality has been going on for ever – a good 13 years. "[Meanwhile] it's moving from bad to worse every day with maintenance work not being properly attended to – that's where we [the City of Tshwane] come in,

but on a very small scale like making sure that we cut tall grasses and we do proper reticulation of water," Mogaladi says. "If we are to neglect Babelegi for the next five years, you will find only rodents living there. But you can't just roll out infrastructure when you have not laid a proper foundation in terms of relations of ownership. Once we are sure, we will roll out infrastructure, we will talk to companies and they will come. You will see Babelegi being a different [place altogether]. One of the critical problems the country faces is this whole question of youth unemployment. The resuscitation of industry would help a lot in terms of resolving the problem in part."

Indeed, youth unemployment is a big challenge, particularly because it is undeniably linked to spiralling crime problem and rampant drug abuse in the area. It is a Saturday evening, around 7.30pm on November 2, 2013 at the landfill site in the Tambo section of Temba. Like flies attracted to rot, multitudes of people, mostly youngsters, stream into the area. I venture into the street from the nearby house we are at with a friend and attempt to do a head count, just out of curiosity. A weird stench hovers in the air, irritating the nose and throat. The crowd is separated into groups of about eight each that share a *nyaope* [a popular recreational drug in the area] joint. This is a concoction that includes marijuana, heroin, rat poison and antiretroviral drugs. At times it even contains phosphor powder, a substance that converts one type of radiation to another, just to give it an extra kick. The powder is mainly contained inside Plasma TVs and has been blamed for a spate of house robberies across the country as the usage of the drug spreads.

My silent attempt to count is rudely interrupted by an apparent drug peddler who asks me if I am looking for "stuff". I am at number 42 when I stop counting, also because many of the youngsters are in a dark area or inside the landfill site. Some are perched right on top of a gargantuan rubbish mound, apparently to spot the police from afar and warn the others. There could be nearly 200 people all in all. I am shocked to the core.

The landfill site scene gets me thinking again about growing up in the area and how completely different it was. It is right here that a place we called *Kofing* was when we were growing up. This was a gigantic puddle that that had formed as a result of sand being excavated from the land. *Kofing* – a derivative word from the English language, meaning "the place of coffee" – acquired the name because of the colour of its water. The water was muddy, but we could not resist the thrill of jumping in, even though it always got us into trouble with the elders if they found out.

When not being naughty my peers and I played indigenous and other games such as marbles, *morabaraba* and *kgati*. *Morabaraba* is a chess-like game we played on a board scratched into the soil with small stones used as pieces, while *kgati* is basically a rope-skipping game. We also improvised toy cars out of steel and aluminium wires, and used circular shoe polish tins for the wheels. Then a soccer craze set in. We fancied ourselves as the soccer stars of the future. This was, in part, because one of the best soccer talents South Africa has ever produced came from our township. The prodigy was the late Thomas "Who's Fooling Who" Hlongwane who became the most expensive acquisition in South African soccer at the time. This was after Soweto's Moroka Swallows bought him from their then National Professional Soccer League counterpart, Pretoria's Arcadia Shepherds, for R22,000 in 1982. He became something of an idol for us. More so, after he bought a maroon BMW 5 Series in which he cruised around the township. His legendary exploits on the soccer pitch made us really proud – even those who were not Swallows fans. I was and still am a fan. Playing soccer became a daily after-school ritual.

NWDC's Letsoalo explains the hold up with the transferral of Babelegi to Gauteng thus: "Babelegi was built with a loan from DBSA that has not been paid off. The liability sits on the NWDC's balance sheet and what happens with that needs to be resolved first before Babelegi can be transferred to the Gauteng province." He would not be drawn on

the amount involved. "Ya," the political principal responsible for economic development in the City of Tshwane, Subesh Pillay, exclaims when asked about the process of transferring Babelegi to Gauteng province under the stewardship of the municipality. He is a member of the mayoral committee and has been directly involved in the matter. "It's been a solid 13 years and we haven't been able to conclusively resolve the matter," he says. "The DBSA facility didn't fund Babelegi specifically; it funded a whole range of other investments in what is and used to be the North West. Some of it still remains in the North West [and] some of it is now this side [in Gauteng].

"The complication is that the land belongs to the City of Tshwane [but] there's a range of assets that sit on it that belong to the North West government. The issue has been [that] when we take ownership of this facility [that is] technically on their balance sheet, they sit with an asset they need to account for. That means that there should be some sort of compensation for them to account for the asset − that is where we remain deadlocked essentially. The view that the North West has taken is that they want to be compensated for latent value − potential future income. Our view is very simply that we are not an entity trading on the [stock exchange]. Yes we want to make a profit but ours is not a commercial profit but a social return on investment. You can't put a rand value to that potential income. When the area gets developed and people benefit that is the return. It is ridiculous to expect that we pay a premium on the potential value of the asset."

Pillay also would not reveal the price tag the North West has put on the facility, but he does say that the City of Tshwane's valuation of the capital assets in Babelegi came to some R300 million. In addition to that, the CSIR study the city commissioned shows that a total R130 million would be needed to rehabilitate, upgrade and modernise the infrastructure. It appears the courts may eventually have to resolve the matter. "We have taken two significant decisions," Pillay says. "The first is that we are now soliciting senior

counsel's opinion to confirm what we have picked up, [namely] that in terms of property law when a portion of land is transferred, legally whatever is on it is transferred with it, so there is no issue of splitting the land and the capital assets on it. The second is that we go to the point where [we] say [that] however we account for the financial transaction, it's not a matter that must undermine our developmental agenda as the state. The conflict is there but it's not a hostile conflict – they [North West government need to] understand that it's in the interest of the broader state to develop that area."

The municipality could already be doing more, but the ownership issues need to be resolved first. "At the moment you have very few companies that are operating there," City of Tshwane's Mogaladi says. "We are doing maintenance work there in anticipation of the handover of the estate. [Now when] you speak about Babelegi the only company that you can talk about really is Nestlé. But this doesn't mean there's no interest. From time to time I meet with people who want to know what the possibilities are."

6.5 IS THERE A FUTURE?

I wonder what it would take to attract other investors of the calibre of Nestlé to the Babelegi. There are quick wins that could help the turnaround. Police visibility could be stepped up, for instance, to deal with the pervasive crime problem, Letsoalo suggests. "We are already engaging the municipality in respect of deploying more metro police resources to the industrial park." But a longer-term solution that could meaningfully ameliorate crime is the erection of a perimeter wall around Babelegi to control access. In one fell swoop such a wall would almost eliminate the crime scourge plaguing the industrial park, I point out to him. Why has this not been done already? I get a sense that Babelegi is effectively on autopilot with the NWDC just holding for a pay-out and the City Tshwane not in yet fully in charge. The mind boggles – it really should not have taken this long to resolve, what is essentially an accounting technicality.

It occurs to me that the caucus leader of the Democratic Alliance [DA] in the Gauteng Legislature, Jack Bloom, comes closest to being a political champion that Bra Benz and I agree is needed. He has for years made noises about the plight of Babelegi. Bloom was sensitised to the situation at Babelegi during a tour of the Hammanskraal area in 2011, he tells me. He then wrote to the then Gauteng premier, Nomvula Mokonyane, imploring her to do something about Babelegi. "In my view, this industrial area could be revived by applying for exemptions from minimum wages and various aspects of labour law that make small business reluctant to hire new employees," he writes in the letter dated October 3, 2011. "A tax holiday for five to ten years would also assist greatly in attracting companies to this area," it adds. In the first half of 2013 the DA followed up with a petition urging the provincial government to act.

I arrive at the colonial-style building housing the Gauteng legislature in downtown Johannesburg for a chat with the feisty leader of the provincial caucus of the official opposition. It is a clear and sunny spring Thursday afternoon. He knows why I am there and sets off by bemoaning the fact that Mokonyane, who subsequently became national minister of water and sanitation in May 2014, has not responded to his letter proposing what should be done about Babelegi. "I call her the queen of promises," he says when I ask him about the promise she made in her 2009 state-of-the-province address that plans are afoot to turn Babelegi into a job-creating node focusing on the green economy. Bloom insists that the industrial estate's fortunes can be turned around with sufficient political will. I nod in agreement.

He then launches a tirade on trade unions, notably Cosatu. The unions, he argues, are an obstacle to job creation and are partly responsible for the moribund state of Babelegi and the South African manufacturing sector as a whole. I have heard that one before and immediately know where we are going with it. He does not disappoint. "I guarantee you

that if you put up a little sign up saying labourers wanted and you offered R1,000 a month, you will be deluged [with jobseekers] because that's about what the [extended] public works [programme] is offering. It's not true that people will not work for this wages – they will queue around the block," Bloom states matter-of-factly. "The minimum wage will kill a place like that. So the need is actually there, despite what Cosatu says, and I think you need labour [law] exemptions."

Intuitively, I think to myself, now that is a really awful idea. At any rate, South Africa does not have a universal statutory minimum wage – at least not yet. Only the most vulnerable of the workers such as domestic and farm workers are protected with their wages set through a ministerial determination. I wonder if he knows of the plight of the working poor and recall conversations with some of the workers in Babelegi. What about the many who worked there all their lives but have nothing to show for it? Already as it is, there are workers earning as little as R1,000 a month there. My thoughts briefly drift to as far away as South Asia. I think of the more than 1,127 Bangladeshi workers who died at a garment factory on April 24, 2013 when the building they were working in collapsed. They were subjected to the most atrocious working conditions imaginable in addition to being paid slave wages. The substantial garment industry in that country reportedly pays workers as little as $25 a month. I wonder if this is really what he is on about. As if he could read my mind, Bloom reassures that there can be no compromise over safety standards. "You got to keep basic safety standards," he says. "Otherwise, a job is a job and I think the decision should rest with the local people, not with the trade unions because basically the resistance to all this is from Cosatu."

I remain sceptical. For me, no one should die on the job, so safety standards need not be basic but high. Again, Chinese-style sweat shops are just not my kind of thing. Do we really want to join the race to the bottom, which Trade and Industry Minister Rob

Davies has repeatedly warned against? Countries' trying to outcompete one another in attracting investment on the basis of lax business regulations is what characterises this phenomenon. Bloom then suggests a referendum among the residents of Hammanskraal. That sounds only fair and democratic. "I guarantee you that public works wages [under the government's extended public works programme] will have people queuing around the block to work for them – that's their desperation," he proclaims. Bloom goes on to argue that the social cost of leaving things the way they are is ghastly. He expresses disbelief at the socio-economic conditions found in the Hammanskraal area, particularly in the village of Stinkwater. Already, he says, unoccupied youth in the area is taking to drugs in alarming numbers. He talks about seeing drugs being sold openly in broad daylight at the disused commuter train station in Hammanskraal, and multitudes of youth using them to ruin their lives. The locals know all about it. They have seen it all.

City of Tshwane's Mogaladi gives gory details about what goes on there. In his capacity as the municipal regional executive director he has tried to remedy the situation around the train station. But this has been to no avail. Drug peddling and usage centres on a group of invaded houses belonging to state-owned company Passenger Rail Agency of South Africa [Prasa]. "That place literally makes you cry tears," Mogaladi says. "There is an illegal doctor there who claims to cure all ills and does all sorts of things, including abortions. The minute one is performed the foetus gets thrown into the exposed manhole near the houses. Again there is only so much we as the city can do as the land belongs to Prasa, which has a medium to long-term plan to bring back a commuter train service to Hammanskraal. From our interactions with Prasa we know that the initial plan was to demolish the houses [but the] application to do so has been held up in the bureaucracy. What we have managed to do is to get an undertaking from Prasa that it will issue eviction notices to the occupiers of the houses. The challenge on the policing side is

that *nyaope* is not yet classified as a drug by the responsible authorities." Eventually the drug was outlawed when the amendment to the Drugs and Trafficking Act was signed off on March 28, 2014.

It was back in 2011 when Bloom toured Hammanskraal and, two years later, the situation had not been remedied. Worse still, the old train station is not the only site at which multitudes of doomed youth assemble to abuse drugs. Today, all the youth seems to be interested in are drugs and crime – things that were almost unheard of when we were growing up. Bloom cannot be way off the mark about the social cost of economic deprivation. And, indeed, hundreds of thousands of people have worked and still do on the extended public works programme across the country. Wages under this scheme are set by a ministerial determination and at present stand at a minimum of R66,34 a day, which translates to R1,326.80 a month for a five-day working week. Generally, workers on the programme work for only three days a week.

Nonetheless, I decide to conduct an impromptu survey of the views about this level of pay in the community, using R1,000 a month as a benchmark. The results are mixed. Some would while others would not work for that kind money. I remain ambivalent. Bra Benz gives a more nuanced take. He is averse to the idea of low wages, but at the same time argues that given the pervasive unemployment and poverty, in some instances, this could be accepted. "For the younger workers especially, the priority should be with equipping them with skills more than pay," he says. "This is how Babelegi somewhat benefitted the people of Hammanskraal. The many car mechanics, tailors and tradesmen you find around the township learned their trade there."

For Bloom, the key thing is to create jobs where people live and he advocates what he describes as "geographic affirmative action". This would amount to an effective wage subsidy. In fact, he argues that all townships across the length and breadth of South

Africa should be declared job zones. This is in terms of the strategy of the official opposition that it developed with the assistance of Louw's FMF. The majority of employed people around Hammanskraal commute to workplaces in Pretoria and some to as far as Johannesburg, which is about 100km away. Busses start operating from 3am to ferry people to work. "Let's say you are spending R500 to a R1,000 [a month] on a job in Pretoria to get there," Bloom carries on. "Maybe the job there pays you R3,000 and you are spending R1,000 on transport – that's where the effective subsidy is." Travelling by taxi to Pretoria for five days in a four-weeks period would set one back some R720 at January 2014 prices. By bus, the amount would be slightly lower at R600.

The cost of transport and the fact that most employed people from Hammanskraal work far away is behind persistent community calls for the reintroduction of the commuter train service. "I haven't been to a single public meeting in Hammanskraal where people have not complained about the train," City of Tshwane's Mogaladi says. "The message is clear: bring back the train." The discontinuation of the commuter train service was never a popular move with the residents in the first place. When it happened back in October 1986, it sparked rolling community riots. The service was terminated to benefit the bus operation of then Bophuthatswana Bantustan and because of ageing rolling stock that had become unreliable, according to the authorities at the time. So far, Prasa has resisted the calls to reinstate the service immediately. This is despite the fact that the existing train infrastructure is not only wasting away, but is actually causing problems for the community. Further, a feasibility study the rail agency and the City of Tshwane conducted in 2010 concluded that restoring the service was feasible. Prasa's intransigence surprises me. Apparently, it doubts the business case for the service and has balked at the cost of rehabilitating and upgrading the infrastructure. All the platitudes about South Africa being a developmental state now ring hollow.

The better quality of life that would come about as a result of less time spent commuting to and from work, Bloom adds, would be an added benefit of taking jobs to where people live. But a lot more would need to be done for Babelegi to be revitalised. A starting point could be the cutting of red tape. "The tragedy of Babelegi is that there were existing businesses, and with a little bit of consideration these could have been assisted to survive," says the then DA Gauteng caucus leader who has clearly given the issue a lot of thought. He worries that South Africa as whole may have missed the investment boat because of red tape and the stringent regulatory environment. "Now you have to play catch-up and the incentives are going have to be a lot sharper than you would have gotten away with before [as] we compete worldwide. Why would a company now want to go to Babelegi?" Bloom asks. "The infrastructure has deteriorated. The only way it would work is if you have exemptions – tax exemptions, rates and rent holidays, and, more sensitively, labour exemptions. You need the flexibility of labour. That's a step government is very unwilling to take and Cosatu will shout and scream about it."

True, Cosatu, which is part of the political alliance governing South Africa, will have a fit. It has for a while now been advocating for a national statutory minimum remuneration of R4,500 a month across all sectors as part of its living-wage campaign. Organised business has countered that the notoriously low levels of productivity of South African workers and their lack of skills make the demand for a statutory minimum wage at that level unrealistic. The government appears amenable, if not conflicted, to the idea of a national minimum wage with President Jacob Zuma announcing in his state of the national address on June 17, 2014 that the government would investigate the introduction of such a measure. The country's economic roadmap, the National Development Plan, advocates wage restraint.

Bloom insists that despite the considerable clout of the trade unions, zones where the usual regulatory prescripts could be waived are politically feasible. "What is attractive about zones with exemptions is that you don't have to roll back labour legislation," he argues. "You are just giving exemptions and there is an act [of law] to do it. In fact, it was one of the last acts the National Party passed in the late 80s – it's called the Temporary Removal of Restrictions on Economic Activities Act [of 1986]. They could actually say we take Babelegi and we remove all regulatory restrictions. The problem is that there's no real political will on the part of the government."

City of Tshwane mayoral committee member Pillay provides a window into the thinking within the ruling party on the issue of low wages. "It's a narrow argument to say reduce wages," he says. "We have taken a conscious decision that we are developmental state, so ours is not just to grow the economy. Ours is to grow the economy in a way that expands the base of ordinary people who are benefitting from development." However, he agrees that extraordinary action is required to get Babelegi back on its feet. It had reached a crossroad and if action was not taken right away, it might never recover. "It's make or break," Pillay says. "Some of the industrialists there have already been saying to us that [they] want to expand [and] want to do things but [that] Babelegi is just not [an] attractive option any longer. The access into the facility is poor, the security is poor, the urban environment is poor − so we have to do something. The view we have taken is that as the local state we are going to proceed to look at how we can develop the precinct."

The starting point would be the implementation of the milestones the CSIR has identified in the Babelegi strategy it crafted for the municipality. The immediate interventions they proposed include security upgrades, a clean-up, incentives and marketing. The estimated cost comes to more than R100 million in the first three years, which Tshwane hopes to fund mainly through external sources. "We are looking at the

possibility of public-private partnerships and we will be issuing an RFI [request for information] in this regard soon," Pillay adds. No timeframes are given, but he assures that we are talking of months. "Our immediate predicament in terms of the financial management arrangements, however, is that you can't put city resources into an asset that is not yours," he says. "[Seen] from our side, two things will be particularly handy. The first is the cost of services. Our current incentive scheme provides for discounts on water and electricity but that relates to new investments or upgrades. We are now looking at an incentive scheme that is based on rates. We are currently deploying broadband. It might not appear today as we speak that broadband is a big issue but, if you think about it, communication costs are intensive for a business. One of the principal approaches on the deployment of broadband is that it has to bring down the cost of access."

City of Tshwane's Mogaladi is a bundle of energy, exudes lofty optimism and speaks with conviction. For him, the glass is half full. "Hammanskraal will be a completely different place in five to ten years," he gushes. "As the City of Tshwane we are in the process of exploring options to bring that industrial estate back to its shape. Not necessarily the way it was in the past when it used to be a textile-related industrial estate, but to come up with other initiatives. That is why as part of Vision 2055 as the city we are also looking into revitalising Babelegi. We think it will inject a lot of spin-offs, particularly for the people in the north of the region which is basically the Hammanskraal area.

"Our major focus has been on infrastructure – it is a vehicle to economic growth. If I tell a factory that is interested in investing in Babelegi that we cannot connect them to the bulk systems that we have, we are likely not to get the investment. What we are beginning with is to get the infrastructure right. You go everywhere, across the length and breadth of the City of Tshwane, there is dust all over with storm water drainage systems being installed, the tarring of roads and so on." It is for this reason that Mogaladi

deems the delays with the Temba water reservoir project a tragedy. The revitalisation of Babelegi and other infrastructure projects depend on its completion. "People don't seem to realise the strategic importance of this project," he says. "The more the project is getting delayed, the more it's [prolonging] the problem of water supply in Hammanskraal. People don't just see it in the bigger picture. In the bigger picture, it means you can't have industries coming into Babelegi. The investors want assurances that we are able to connect them to bulk services, including water and electricity networks." Already as it were, the remaining Babelegi industrialists suffer regular water and electricity outages as the infrastructure has deteriorated rapidly over the years.

But above all, there needs to be a reduction in the cost of doing business, Mogaladi emphasises. "To incentivise development in the area you need to be removing disincentives, one of the greatest of which is the N1 [tolling system]. It's an irony in a sense because it is supposed to be guaranteeing smooth delivery in terms of the distribution of products, but it has user-pays taxes that make it unattractive to use. This leaves the R101 as the only other transit point." The R101 is already taking strain, judging by the high number of accidents on this road and how it gets clogged at peak times when people go to or return from work in Pretoria. The N1 is a national road while the R101 is a provincial road. It is not within the purview of the City of Tshwane to resolve the issue, Mogaladi points out. Other stakeholders, in particular the Sanral [South African National Roads Agency Limited], need to come to the party. A special dispensation could be negotiated for businesses in the industrial park.

Pillay, on the other hand, argues that road tolling as a principle is a reality of life and business should get used to it. In his view, the cost of doing business in Babelegi needs to be looked at more holistically, as the city was already doing. "We are not oblivious to the fact that investors don't come out of goodwill," he says. "We are aware that they

don't invest on sentiment [or] have a consciousness about the developmental agenda. For them it's about 'how much am I going to make for my shareholders'. I don't think we should isolate toll gates as one issue and say they are a problem. There is a disincentive to being inland as opposed to being on the coast, especially for investors who import and export. We need to find way of bringing efficiencies into our transport and logistics costs. There is a bigger discussion around the movement of freight and goods in the city. There are broader issues around whether our road infrastructure is in fact what industrialists should use or whether they should be on rail.

"How do we optimise the port of Maputo as opposed to KZN [KwaZulu-Natal]? There is a SADC [Southern African Development Community] customs arrangement that when you use the port in Maputo you don't have to clear customs at the border − you clear at the port. We need to optimise the specific value-add that's there. For me it is really about the costs and efficiencies of doing business in the city. If you look at the total cost of being in Babelegi as opposed to being anywhere else, when you pull that basket of costs together I think there are other areas that we should look at to make Babelegi a destination of choice for an investor."

FMF's Louw is unimpressed. He believes that all that is being done so far at all levels of government to boost manufacturing in general amounts to tinkering at the edges. "Everywhere you go in South Africa machines are replacing people and it's not just because of the cost of labour – for instance, the Chinese labour is now more expensive than ours," he says. Regular outbreaks of industrial action and wage demands out of sync with productivity were behind the growing mechanisation across all industries. The government needs to overhaul the labour laws forthwith. Louw says he has a magic formula for industrialisation that doesn't require reinventing the wheel. "Who in the

world is industrialising successfully now?" he asks rhetorically. "All we need to do is do what countries that are industrialising are doing."

He gives a range of international examples including the state of Gujarat in India, special economic zones in China, Mauritius and Ghana. "These did not do Ipap – they are privatising and deregulating their economies. Instead, they implemented pro-market reforms while South Africa is going in the opposite direction and this is impacting negatively on the investment." Were he charged with turning Babelegi around, Louw would essentially lobby for exemption from the regulatory framework. "First, I would go to the National Treasury and ask that (the industrial park) be made a tax haven," he says. "I also would request the departments of trade and industry, and labour to give us exemption from the red tape and labour laws respectively. I would ask the government to exempt us from the Eskom monopoly and bring in an independent power producer. Further, the municipality should exempt the area from property rates and (state-owned logistics group) Transnet should allow the introduction of private trains to service industry. But crucially, I would ask the Reserve Bank to exempt (foreign) investors there from exchange controls. No high growth country has exchange controls."

The model the government was pursuing to grow the manufacturing sector bore the hallmarks of the growth points of the past and it would not work. The government's drive for local beneficiation of minerals, for instance, would just create artificial industries around mining towns reliant on cheap feedstock. "Just don't regulate and tax – it's as simple as that," Louw concludes. "Local industries need to compete on an equal footing with their international counterparts without any preferential treatment." The government's strategy on beneficiation seeks to deliver competitive access to minerals for local companies. Industrialists, on the other hand, seem to believe that the government is on the right track. Coenraad Bezuidenhout, the executive director of the Manufacturing

Circle, points out that local companies are already battling to get steel and the envisaged set asides of mineral produce for domestic beneficiation could assist. "The interface between mining and manufacturing must improve."

On the whole, Bezuidenhout hails the government for the renewed focus on the sector. It would benefit places such as Babelegi. "Ipap has done a lot in terms of adjusting to the realities of what is happening out there," he says. "The new incentives are better packaged and more accessible with less onerous conditions on things such as job creation targets. Further, the turnaround times for applications are fairly quick." The new incentives include the manufacturing competiveness enhancement, critical infrastructure, enterprise investment and manufacturing investment programmes. Serious shortcomings particularly in respect of policy harmonisation remain for South Africa though, Bezuidenhout says. Industrial, fiscal and monetary policies needed to be in sync with one another. The one thing that could assist the sector was a competitive exchange rate. It would stimulate exports and local demand as imports became more expensive. But more than even just the exchange rate, the volatility of the rand is the industrialists' bigger bugbear. That, together with its appreciation tendency, makes it difficult for local companies to craft medium term budgets and strategies. To resolve this problem in the long run, the authorities need to ensure that monetary policy not only targeted inflation, but the exchange rate as well, Bezuidenhout argues.

The industrialists have called for a managed float of the rand. Under such an arrangement the Reserve Bank would set a range within the currency may float freely and take action if it either breached the floor or the ceiling. The over emphasis on inflation targeting has had another unintended consequence which is high interest rates that have raised the cost of capital for business. But Bezuidenhout is quick to point out that the idea of a managed float may not sit well with free market fundamentalists who would

rather the local currency finds its level without any government intervention. Surely, the industrialists are onto something here, as research has shown that the linkage between future inflation rates and monetary policy instruments is, at best, weak.

The challenges facing Babelegi, on the whole, are not peculiar, Bezuidenhout points out. The whole manufacturing sector is trending downwards with jobs numbers down from 2 million in 2008 to 1.65 million at the end of 2013, he points out. The global financial crisis, which started in 2008, has taken its toll as it has sapped demand for locally-manufactured products in some of the key export markets, especially Europe. Weak domestic demand on the back of a shaky economy has not helped the situation. "There is a need to grow demand for local exports," Bezuidenhout says. "South Africa needs to penetrate new markets and overcome being preoccupied with this Brics (Brazil, Russia, India and South Africa) thing." The country needed to export more into the rest of Africa, which was growing phenomenally. "We should maybe be looking into negotiating a free trade agreement with Nigeria (the country was crowned the biggest economy in Africa early in April 2014 after rebasing exercise of its gross domestic product)."

But South Africans themselves have a duty to support local manufactures. "The Proudly South African buy local campaign needs to be intensified." The campaign is an initiative of the government, organised business and community organisations launched in 2001 to stimulate the economy and help create employment opportunities. Both government and corporate also need to procure as much as possible from local manufacturers. Equally important as growing demand and harmonising policies, according to the manufacturers, is the containment of the costs of doing business. "Rampant cost escalations as a result of arbitrary administered prices are a serious challenge for the manufacturing sector," Bezuidenhout says. The prices included those of electricity, water, telecommunications and port charges. "When Sanral, for instance, sets tolls on a road, it doesn't think about

the effect on economic growth." The government needed to find innovative ways of funding critical infrastructure such as roads and power generation.

Further, the government needs to clamp down on illegal imports entering the country. This could be a quick win with greater vigilance and law enforcement. "Imports are being brought into the country under wrong tariff codes to avoid paying duties," Bezuidenhout says. "There is also a widespread use of under-invoicing." This occurs when importers pay a portion of the cost of merchandise in cash in the country of origin to reduce a tariff. Most of the illegal imports are sold at prices local manufacturers and retailers are unable to match. The trade in illegal imports includes textiles, clothing and tobacco products with the latter estimated to cost the national fiscus about R5bn a year in lost tax revenue.

But for the Babelegi specifically the most urgent intervention should the resolution of the intractable ownership issues. In addition, the relevant authorities should refocus attention on the industrial park and its profit into getting the basics right. These include attending to such issues as security, infrastructure and maintenance. Then market the industrial park and provide investment incentives beyond what are generally available elsewhere in the country since Babelegi's location is not particularly advantageous. This where the rent holidays and the municipal tariff rebates Bloom and Pillay speak about could come in handy. Perhaps Louw's more radical prescription of complete deregulation needs serious engagement. This seems a long shot though, in view of the government's policy trajectory.

Though about two decades late, South Africa now has an industrial policy that can be leveraged successfully to attract investors and encourage enterprise. The National Industrial Policy Framework lays out an approach to stem industrial decline and to diversify the manufacturing base. This has spawned a raft of measures, including the

Ipap, which identifies focus sectors, and the 12I Tax Allowance Programme that Nestlé tapped for its investment in Babelegi.

Much of the focus has to be on small and medium-scale enterprises that provide goods and services to the areas around Babelegi. This would mitigate the transport logistics challenges facing the industrial estate. Resources need to be ploughed into teaching the unemployed marketable skills and trades, and encouraging them to start small enterprises and incubating them. Further, it would help if the commuter train were to be reintroduced to facilitate the convenient and cheap movement of residents to and from work opportunities outside the area. If needs be, the City of Tshwane should muster all the political pressure it can on Prasa. Alternatively, the municipality should involve a private rail operator. This would go some way in regenerating the broader economic activity in the area. Nothing else will work – neither slave wages nor grandiose plans about nodes for the green economy.

6.6 CONCLUSION

There does not seem to be a shortage of ideas on what needs to be done. Various spheres of government have at different times spoken about plans to revitalise Babelegi, but the reality on the ground belies all the pronouncements. The biggest problem is that things are at a near standstill at the moment. Someone, anyone, needs to get on with it. The predicament over the ownership of Babelegi issues may in time be resolved, but that does not portend instant prosperity.

When all is said and done, sadly it remains hard to be hopeful about Babelegi and the communities surrounding it. It has been a long 13 years and counting, but not even a mere accounting problem can be resolved. That is not very inspiring. I walk away for it all feeling even more dejected, thinking that Babelegi might be a lost cause since none of

the proffered solutions seem particularly plausible. Bloom's slave-wage prescription to attract investment is just not politically feasible, despite his arguments to the contrary. Neither is it desirable, but perhaps that is just me. If wages are high, this is in the main not because of the existing legislative framework, but the power of the trade unions. Other factors also militate against focusing solely on wages, especially if you are looking at foreign investment. For instance, it would be a long shot to attempt to compete with the $25 a month Bangladeshi workers earn in their clothing and textiles sector.

The special economic zones the Department of Trade and Industry has mooted may be too little, too late and are certainly not going to benefit Babelegi. As it stands at present, only ten industrial development zones are planned across South Africa – hardly more than one per province – and municipalities have the responsibility of applying for such a designation. The zones will have a special dispensation for companies in terms of taxes and other business regulatory prescripts. The City of Tshwane has already made its intentions clear in this regard. It wants the area stretching from the car manufacturing cluster Rosslyn Industrial Park to Wonderboom Airport declared an automotive development zone.

Nonetheless, with political will and a bit of imagination – which officialdom seems to lack – Babelegi can surely be saved. But at the rate things are going, the youth of the surrounding communities may once again end up roaming the streets of Babelegi with their *ketties*, shooting birds and playing soccer on abandoned industrial parking lots. Or probably not – it might well become a haven for the burgeoning army of drug junkies to indulge their habit.

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