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Industrial decentralization and regional development in South Africa

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if its capital stock is augmented by investment from outside" (Hoover and Giarratini 1984: 320). Logically, then, the multiplier will be smaller if any regional income is spent outside the region - "a region really can get richer by taking in its own washing" (ibid: 319).

In sum, the demand and supply-driven models of regional change should not be viewed as being at odds, but rather as being complementary. It is clear from the above discussion that there are many (and often conflicting) approaches to theories and policies of regional development. In both theory and application, many policy initiatives have been found to be faulty and have not proved successful in bringing about development. However, any inherent weaknesses in development theory and policy are compounded in a regional development planning framework, because of their failure to incorporate the spatial dimension. Some of these transgressions will be briefly examined.

REGIONAL PLANNERS' SPATIAL TRANSGRESSIONS

Gore (1984: 181) asserts that the confusion in applying conceptions of space to regional development planning is due to three main factors. Regional planners have worked with conceptions of space derived from physics. They have then attempted to apply this to their conception of relative space in the social sciences. Finally, they have failed to conceptualize space as an integral element of social interaction.

According to Gore (1984), regional planners work with an "incomplete relational concept of space", which means that they do not properly consider the relationship between society and space. This in turn

is because of the tendency to reify space, adopt functionalist perspectives and because of their spatial fetishism.

Reification "occurs when an abstract concept is endowed with the capacity to act like a human being" (Gore 1984: 187). Thus planners specify "the region as the entity which attracts, or fails to attract industry". They are thus led to believe that mere industrial investment within a region leads to regional development (Wellings 1985). However,

> industrial investment takes place at discrete points in space and at specific historical conjunctures, and the observation that these points are enclosed within some spatial construct called a region provides no justification for the assumption that the developmental impact of the investment will be contained within the region, or indeed that it will 'spread' beyond the investment points at all (Wellings 1985: 422).

Functionalism is closely allied to reification. It refers to the confusion of cause and effect. For example, it is often assumed that the mere creation of growth poles and or service centres and industrial estates will engender (regional) development. Of course, this is not necessarily so - as was noted earlier, supply of industrial infrastructure does not necessarily result in significant demand and regional multiplier effects.

Spatial fetishism or "the Ecological Fallacy" refers to instances where a spatial construct such as "a city" or "a region" becomes of central importance in development policy. It is also assumed that regional conditions and potentialities obtain homogeneously throughout the region. Hence, the "region" receives investment attention without consideration of the social and political structures which determine implementation.

As Gore (1984: 55) states - "in the absence of analyses of the relationship between spatial equity and social equity, the pursuit of interregional equity becomes a meaningless goal". This is exemplified by the state allocating funds to "regions" which are deemed to be suffering from inequalities (since regional equity is seen as a goal that must be achieved). Consequently, the "success of these planning strategies is judged with reference to some yardstick of development which is indexed to spatial constructs rather than social groups" (Wellings 1985: 423). However, the impact of policy is felt differently by different individuals and social groups at different locales - "what is missing from the analysis is some consideration of the social and political structures which determine how development expenditures are distributed" (ibid: 3). Also, regional policy has on occassion served to reduce inter-regional inequality, but at the same time, it has often exacerbated intraregional inequality (Stöhr and Todtling 1978).

Having noted these transgressions, it becomes necessary to distinguish between spatial and aspatial policies and their effects.

SPATIAL AND ASPATIAL POLICIES AND THEIR EFFECTS

Many regional strategies attempt to achieve a more desirable spatial pattern of 'development' by changing the spatial distribution of infrastructure, economic activities and urban population (Gore 1984: 211). Spatial means are employed to achieve spatially defined objectives. However, in some instances, aggregate economy manipulations and sectoral resource planning could achieve the same effect.

Although "aspatial" policies do have spatial effects such as distributing economic activity and population, the corollary may also be true: On the one hand spatial policies may be employed to reduce, say rural urban disparities. On the other hand, aspatial policies may counter these effects, for example through the manipulation of sectoral budgets. Governments can thus give with one hand (spatially) and take away with the other (aspatially).

It is important to note then, that purely spatial policies do not necessarily affect the underlying determinants of social and economic change. If they do have **spatial** policy effects such as the reduction of disparities, these may merely be **redistributions.** Depending on inter alia, the prevailing state of the economy, different effects and strategies may be perceived:

- in a **stagnatory** economic climate, poor regions are made better off at **the expense** of other regions;
- where **situations of growth** prevail, a share of growth is **directed** to the poor regions; and
- in conditions of **economic decline,** a government deflects "a greater share of the misery of national decline away from the poor region" (ibid: 217).

It is worth quoting Gore's (1984) conclusions in full:

1. Spatial policies cannot achieve their objectives unless they work in concert with sectoral and macro-economic policies.
2. The only changes in the spatial patterns of 'development' which it is possible to

achieve through spatial policies are spatial redistributions.

3. Spatial policies can only achieve the spatial redistributions they are designed for in conditions in which the underlying pattern of social and economic interaction remains the same.
4. Spatial policies are innately conservative in the sense that they do not seek to affect the underlying processes of social and economic change.
5. Spatial policies can only achieve the spatial redistributions which they are designed for if existing processes of social differentiation within a country are perpetuated.
6. Spatial policies can provide the appearances of a spatial solution to social problems.

Some of Gore's assertions are contentious. Whilst noting many of his observations about the poverty of regional development theory and regional planners' inadequacy in combining development theory and the spatial dimension, one point becomes obvious. As Rondinelli (1985: 263) puts it, "Gore rejects all current regional theory and spatial analyses because **they do not interpret social interaction from his perspective** ... believing that the only useful studies are those that prescribe fundamental social and political change" (emphasis in original).

Again, policy interventions, especially those with an explicit spatial dimension, should not be invested with undue potency - "any single set of policy interventions in any political system is likely to have only limited effects" (ibid: 267). At best regional policies establish conditions that enable many people to enjoy place prosperity. But these policies need to be **supplemented** by other policies. Regional policies often have a political dimension, and invite (frequently expedient) state intervention. However it

is not sufficient to say, as Gore does, that attempts to deal with regional development can only falter and reinforce social and political anomalies, unless state policies change to reflect socialist principles (Rondinelli 1985; Weaver 1985).

CONCLUSIONS

A re-evaluation of RDP goals and objectives and theories does not auger well for either the discipline as such, or for the resolution of regional problems. Indeed, as Tomlinson, (in conversation in 1986), has observed, regional planning no longer even appears as a subject in the American Planning Associations list of constituent disciplines.

Regional policy cannot be expected to address all grievances in a region.

> Rather, such grievances are part of a political process in which resources are allocated between different groups in society, and crudely, the greater the threat which regional and local groups make to the stability of the state, the greater the political justification for regional policy (Gore 1984: 77).

So, how do we steer a course out of the RDP imbroglio?

Whilst a conflict perspective is suitable for analysis of the dynamics surrounding the regional problematique, it is held here that this can result in analyses that are "long on philosophy, yet short on policy". Both functionalist and conflict perspectives should be utilised, and Rondinelli (1985b) proffers some policy measures and guidelines. Although more applicable to integrated rural development, these are deemed to apply to regional planning as well. Policy-makers should:

(i) do a detailed and careful analysis of the regional economy - the roles of cities, towns and linkages;

(ii) determine the institutional capacity of local governments, non-government organizations and sub-national administrative units;

(iii) ensure that local officials, community groups and private investors participate in the identification and design of projects; and

(iv) develop a knowledge of the operation of regional economies, for example, the growth and dynamics of regional labour markets.

Regional strategies on their own are insufficient instruments for national development - success in changing patterns of urban development depends on broader economic policies concerning the international and inter-regional terms of trade, export and import practices, wages and prices, and the allocation of investment to promote regional distribution.

"Place-oriented" development policies are not enough to achieve social equity on their own. But social welfare and income redistribution programmes cannot alleviate poverty either, unless they are underpinned by sound development policies. This means that "place-oriented" and "people-oriented" development programmes should work in tandem to stimulate socially equitable economic growth (Rondinelli 1985b).

Added to this is the fact that regional development has to include the political dimension. This can be provided for, by ensuring that the "regions have a sound economic base that permits them to participate in the country's life on a relatively equal footing." (Hilhorst 1972: 167). Four areas of research are thus indicated:

1. Regions and how they function.
2. Identification of constraining factors in implementation and looking for "more detailed knowledge on the characteristics of growth poles that are expected to provide spread effects at a given scale" (ibid: 168).
3. Clarification of territorial power and economic activities in a given area.
4. The limits of state intervention in regional development because, "once the state has decided to give more attention to the problems of the poor, it will be necessary to intensify relations with them" (ibid: 166).

It has been shown in the preceding discussion that traditional regional development planning goals and the strategies employed in attempts to achieve them, are not sacred cows. To treat them as such, is to provide "non-solutions to non-problems" (Gore 1984). The regional planner should not claim overall developmental expertise, and should practise in tandem with other disciplines. If any regional planning expertise is claimed, it should be in the area of adequate conceptions of the relationship between society and space; an overall perspective of national, regional and local problems and proposed solutions; and a sense of planning process and prioritization. The role of the regional planner requires a brief discussion here.

The Role of the Regional Development Planner

According to Misra (1982: 25), the planning profession "suffers from a schism which continues to widen". Physical planning especially, devised positivist (definitive) solutions to developmental problems.

After World War II though, economists and development administrators challenged physical planners' hegemony, although they still employed the latters' services. Regional scientists added the broader spatial dimension, but had a classical economics, quantitative and rather insensitive bias. They produced a "plethora of literature, some of which contributed almost nothing to the understanding of development problems" (ibid: 26).

Despite the "vigorous promotional efforts" (ibid: 27) of Walter Isard, developing countries were not enamoured with the discipline of regional science. Regional science has become dissected and now stands cut into pieces and amalgamated with geography, economics, applied statistics and urban planning. The result is a new and insecure discipline called regional planning.

But, according to Misra (1982: 13), it is not only the discipline itself that is fraught with problems - many of the "grandiose, highly articulated and technical regional plans prepared by consulting firms are profoundly irrelevant, they are plans for planning's sake, and they help the consulting firms grow" - growth or stagnation of the "region" is of secondary importance. This planning for planning's sake is what Misra terms an "increasing obscurantism" in RDP. He notes at the same time that regional development planning has "gravitated towards (value free) techniques, rather than policies and management" (ibid: 13).

Misra (1982: 27) bemoans the type of planner produced today - "too much of an ethnocentric professional more concerned with his profession than with the people. In

fact, he is not part of the people; he is beyond them. He understands only a segment of the development process, but he blissfully thinks that he knows everything". And as Tomlinson and Reid (1983) conclude, "the planner is a policy analyst whose role is mostly determined by the powers that be; and that there is nothing inherent in planning, or the various planning styles, that distinguishes planners as a professional group". Only in the spatial arena may planners claim a "distinct area of expertise" - planners may covet a "special knowledge of the welfare impacts and policy relevance of space and location, land-use and design" (ibid: 11).

Although regional development planning is often concerned with political choices, Forester's (1983) conception of the planner's role is appropriate here. He sees it "as that of debunker" - by introducing the truth into debates, he shatters illusion and dispels smokescreens. But he is not in a position to determine events directly" (quoted by Boden 1986: 528). However, the planner should be aware that "planning is not only a rational, deductive thought process, but flourishes in a particular social, economic and political climate" (Boden 1986: 529), and that planning paradigms shift according to dynamic socio-political imperatives.

A broad-brush has been applied in an evaluation of regional development planning. Despite numerous problems with the discipline, it is held that these problems are mainly due to the facts that the discipline is only about 25 years old, theories are diverse, and that development is difficult to engender anyway. Regional planners are therefore faced with an exceedingly difficult task - their lack of success in bringing about (regional) development is somewhat understandable.

Curiously, it is Gore (1984) who mitigates sentence of regional planners. He notes that social and economic theories are usually ahead of spatial applications. "Sensitive application of theories of social, political and economic change in a spatial context is only possible if the regional theorist is a competent sociologist, political scientist and economist ... the regional theorist must be an impossibly flexible expert" (1984: 232).

One of the areas where theorists have been successively praised and attacked, is in the area of growth pole theory. It has been one of the chief regional strategies and has been employed worldwide as a foundation for an industrial decentralization strategy. This is to say that much of the success or failure of the formulation of such a strategy hinges on the validity and reliability of growth pole theory. The next chapter therefore evaluates the theory and its applications.

C H A P T E R T H R E E

GROWTH POLES

INTRODUCTION

The previous chapter introduced the ramifications of regional development planning and examined three of the main pathologies which the discipline seeks to redress - regional inequalities, urban primacy and rural stagnation. These three problems may actually be seen as manifestations of the problem of "polarized development", a term coined by Richardson in 1973.

Polarized development essentially involves a debate around the issues of convergence and divergence. These issues are inherent in regional policy makers' choices of the timing, nature, magnitudes and form of allocation of investments among sectors and regions for different planning horizons. The debate has two facets. On the one hand, writers such as Hansen (1981) believe that the equilibrations of the market mechanism will hasten the convergence of regional incomes without sacrificing aggregate national growth. On the other hand, scholars such as Stöhr (1981) have no such faith in either the market mechanism, or in the inevitability of regional convergence. Rather such authors suggest that radical interventions are required, in the form of selective closure and agropolitan development, for example.

As a result of the convergence / divergence debate, polarization and a "polarization reversal" strategy evolved, based on three measurable phenomena: income inequality (namely the 1965 Williamson hypothesis,

which examined the issue of regional disparities and their relationship to national economic growth), regional urban primacy, and personal income distribution. Williamson's work was based on the hypothesis of divergence and convergence introduced by Hirschman (1958) and others; whilst that of El Shakhs (1972) examined the evolution of the city system, and argued that urban primacy firstly increases and then declines in the process of development. This latter argument provided empirical support for research into optimal settlement policies and encouraged the role of growth centres and the city system in regional development.

So, according to later observations by Lo and Salih (1981: 125),

> the basis for regional development policy was thus theoretically and empirically established. It emphasized: initial concentration on fast-growing areas, out-migration from, together with ameliorative social programmes in, the lagging regions; letting market forces take their natural course for subsequent trickling down to the periphery; and eventual nationally integrated development when the economy achieves the state of full industrialisation.

The work of Kuznets (1954) added the personal income dimension to the regional income inequality and the urban primacy aspects of Williamson and El Shakhs. "Kuznets law" stated that as a nation entered a period of modern growth, income would be distributed unequally. Only after some time would forces bringing about equality predominate, as depicted on the well-known inverted u-shaped Kuznets curve.

Latterday research has tended to confirm this hypothesis. The Kuznets effect in the early stages of

economic development is difficult to avoid because of the existence of i) unbalanced two-sector growth; ii) lack of an effective policy of income equalization, and high disguised unemployment, in both the farming and modern sectors (Lai 1988).

The net effect of all this research in earlier decades was to suggest that a) industrialization with modern technology could be decentralized to benefit rural areas, and b) growth poles could integrate the space economy and ameliorate problems of regional development. This would be necessary because especially in capitalist systems, economic development tends to favour certain geographic areas (such as regions and cities), at the expense of other areas (Gilbert and Gugler 1981: 27). This "unbalanced" spatial form of development invited a policy response - different specifications of the nature of growth pole strategies abound, and will be discussed shortly. But they essentially aim to promote regional growth by establishing and promoting growth in a few large urban centres (Gore 1984; Hoover and Giarratani 1984).

So it was that:

> Regional planning doctrine in the 50's and 60's revolved essentially around the idea of growth centres. It was, in all, an entrancing notion that had gained plausibility from its commonsense appeal. Wasn't economic growth a result of industrialization? And weren't industries found concentrated in locations that favoured further accumulation? And wasn't it true that these burgeoning centres of progress helped to spread jobs and income over wider and wider areas, until the entire national space was integrated into a single market area? (Friedmann & Weaver 1979: 172).

However, the growth pole theory was one of a series of fashions and fads which gripped those eager to find solutions to poverty in poor countries. This was particularly so in the late 1960s and early 1970s, when the concept was applied by both developed and developing countries. Growth poles were seen as an effective substitute after the failure of the big-push, growth of national income and trickle-down paradigm of the 1950s and early 1960s (Higgins 1983: 3). Higgins (ibid) notes that reaction to the doctrine came fast. Amongst the major detractors of the theory were Hermansen (1972), Corragio (1974), Higgins himself in 1978, and Boisier in 1981.

IMPLEMENTATION OF THE GROWTH POLE CONCEPT

Although there had been negative reaction to the growth pole doctrine, many countries adopted the strategy as a means of achieving regional development objectives. Growth pole doctrine was part of India's Third Five Year Development Plan; the military government of Peru tried to foster decentralized development away from Lima by promoting integrated propulsive industries; and as Gore (1984: 82) observes, "as late as the mid 1970s, the Phillipines, Indonesia, Malaysia and Thailand were all pursuing a growth pole policy of industrial decentralization designed to achieve a better balance in urban growth among the regions ... " The idea was to utilize the available resource potential of peripheral regions, expand their economic base and reduce regional disparities. These countries were not alone - the explicit use of the growth pole concept also crept into South African regional strategy in the mid 1970s.

Its world-wide, though erratic currency in regional planning makes growth pole theory fundamental to an understanding of regional planning and industrial decentralization in South Africa. The rest of this chapter will provide a theoretical basis for the detailed discussion on industrial decentralization (ID) in the following chapter. It commences with an attempt to sort out the confusion regarding the strategy's nomenclature, theory base and applications.

Inherent theoretical problems are discussed and although there are many, the reasons why the theory still proves attractive to policy makers are examined. Growth pole theory certainly proved enticing for the South African Government, who found it necessary to "designate growth points to provide employment opportunities for the various national groups outside those areas where a measure of over-concentration is already evident" (South Africa 1975: 30). Here the excessive city size argument (discussed in chapter five) was also brought into play to bolster the rationale for decentralization. It was held that cities were not their "optimal size". They were overcrowded, congested and exhibited diseconomies of scale. The National Physical Development Plan of 1975 (NPDP) was to enable the authorities to "direct and control the concentration of people and the establishment of activities in accordance with a pre-determined plan" (1975: 3).

The Plan shifted emphasis away from industrial decentralization as a means of employment creation in rural areas. "This move brought settlement strategy closer in line with emerging regional strategies elsewhere in the world, that was, by the use of the growth pole strategy as a means of combating unequal

development of the national space" (Dewar et al. 1984: 64). The NPDP defined growth poles as "towns or complexes of towns which will, without much stimulus, command sufficient growth potential to develop and support a large population. These poles should be far enough from existing metropolitan areas to develop into independent cities in the future" (1975: 18). This has not happened, for reasons which will become apparent.

NPDP pronouncements had their own uniquely South African flavour though - "Politically, the Republic is committed to the separate development of its national groups" (1975: 30). Clearly then, the motivations behind regional policy and strategy were not based entirely on economic considerations. Just as in many other parts of the world, growth pole strategy was being employed for political reasons.

The form of any regional policy is highly contextual to a country and its exact determination is almost a Government prerogative. Some of the various definitions of growth poles are tackled in the next section.

Ultimately, and against the current fashion, it is argued that despite many problems with growth pole theory, there is still a place for it in the regional planning armoury. The lack of success of growth pole theory can be attributed to, inter alia, the facts that polarization reversal is inherently difficult to achieve, politicians have been mercenary in applying the policy, the inherent requirements and tenets of the theory have not been adhered to, and growth pole implementation has been shoddy and impatient. It is concluded that in order to make planning recommendations, the concept should not be so much

abandoned as extended. It is suggested that this theoretical extension should take the form of the establishment of secondary cities - their tenets and implications are subsequently reviewed.

THE DEFINITION AND NATURE OF GROWTH POLES

Various definitions surround growth poles. The terms "growth centre" and "growth point" have also been used in the literature. Indeed, Gore (1984: 89) bemoans the "terminological anarchy" surrounding the concept! To avoid any semantic headaches, the terms "growth centre" and "growth pole" will be used interchangeably in this dissertation. Strictly speaking, some writers such as Johnson (1970), cited in Friedmann and Weaver (1979: 131), call larger centres "growth poles", medium-size cities "growth centres" and localities which are strategically located with respect to rural areas, "growth points".

Kuklinski (1975: 9), cited in Hansen (1981: 286) makes a further distinction between growth pole and growth centre **policies** in a regional policy framework: growth **pole** policies are seen as a **national** phenomenon, "changing not only the structure of a given region where the pole is located, but also the inter-regional proportions in the distribution of population and economic activities of a given country". Growth **centre** policy is a **regional** scale phenomenon, "transforming the pattern of urban and rural settlement inside the different regions".

A working definition is required here - perhaps Hansen's is adequate: "A growth pole is an urban centre of economic activity which can achieve self-sustaining growth to the point that growth is diffused

outward into the pole's region, and eventually beyond, into the less developed region of the nation (cited in Friedmann and Alonso 1975: 568).

To sum up, Dewar et al. (1984: 62) define growth poles simply as "urban-industrial complexes". The theoretical background to growth poles is somewhat more complex, though.

Theoretical Antecedents of Growth Poles

Richardson (1978: 164) maintains that growth pole theory was an attempt to reconcile urban and regional economics, but its origins were to be found outside regional economics. The "concept of growth poles was originally introduced and put into systematic use by Perroux in his classic article of 1955" (Kuklinski 1972: 21).

However, Perroux himself built on Schumpeter's theory of innovations, whereby the "essence of development is a volume of innovations (by entrepreneurs) spread over a wide range", and "development itself entailed a qualitative shift away from the demand-based equilibrium state" (Brookfield 1975: 88). This shift involved new combinations of production via the introduction of new goods, methods of production, markets, sources of supply, and the creation or destruction of monopoly markets.

Perroux's (highly abstract) view of growth poles revolved around how growth occurred in propulsive industries and their inter-linkages, and how this growth then spread in the economy. He was concerned with only economic space and "not with the geographical pattern of economic activity, or the geographical

implications of economic growth and intra- or inter-industrial shifts" (Kuklinski 1972: 21). In fact, he considered **geographic** space banal. French economists, notably Boudeville (1966), set about translating the growth pole idea into geographic space. They posited that industries may be spatially clustered, where the "cluster" may be urban-located and spillover effects could occur not in the economy as a whole, but in the pole's hinterland.

Tomlinson (1983: 8), citing Hansen (1972: 14), notes that a growth pole in **economic** space is characterised by its relatively large size, in a relatively fast growing sector. Furthermore, "the quantity and intensity of its inter-relationships with other sectors should be important so that a large number of induced effects will in fact be transmitted". In addition, the growth centre, in **geographic** space, requires that "the inter-relationships and induced effects occur locally" (ibid). This eventually leads to the **policy implication** that "the spatial concentration of economic activity is more efficient and more conducive to growth than dispersal" (Richardson 1978: 165).

It was also held that growth poles would help lessen core-periphery disparities, promote development of the rural hinterland and integrate the space economy. According to Dewar et al. (1984: 63), "the idea of a growth pole has become synonymous with manufacturing industry located in an urban context". Often, "mystical" growth pole potentials have been ascribed to "almost all or any urban places" (ibid). The concept has been used not only to reduce metropolitan "overconcentration" but also to tackle regional underdevelopment, in both more and less developed nations.

As was noted in the previous chapter, there are three main alternative economic viewpoints as to why spatially uneven patterns persist: cumulative causation and core-periphery models, radical interpretations and the neo-classical school (Richardson and Townroe 1986: 655). In addition to such schools of thought, Rodwin (1963) mooted "concentrated decentralization" whereby "urban industrial growth could be diffused (from primate cities) to the backward regions of a developing country, by concentrating infrastructure and directly productive investments at selected points (or subregions), which had a potential for expansion" (Friedmann and Weaver 1979: 126).

This concept was extended by Friedmann (1966) to a multiple system of growth centres, or core regions. Geographers such as Stöhr (1974) found in growth centre doctrine

> a method for negotiating the difficult transition from economic growth theory, to the theory of spatial organization (and) the resulting interaction with economists, regional scientists and regional planners led to the identification of two major problems that pre-empted much of the discussion - **optimum city size** and the **spatial diffusion** of growth (Friedmann and Weaver, 1979: 126).

Many economists and planners of the 1950s and 1960s adopted the modernization paradigm. They assumed that less developed countries' historical trajectories would be similar to those of developed countries, hence effective regional planning would speed up their spatial development. Growth centres would occupy centre stage in this quest and integrate three separate strands of spatial theory, namely the theory of

polarized development, the core-periphery concept and the concept of diffusion of innovation and the emergence of urban hierarchies (Dewar et al. 1984). The core-periphery concept posited a dualism between a core (for example a cluster of cities) and a relatively impoverished periphery. A hierarchy of urban places, such as from metropoles to regional centres to service centres, was deemed by many to be essential for development. Innovations would commence in the core areas and then diffuse down the urban hierarchy to the periphery.

"Spread" of Growth

Along with the establishment of propulsive industries with backward and forward linkages and an investment multiplier effect, spread of growth was an integral part of growth pole theory. The idea was that growth would spread out from the growth pole to its hinterland. This would occur down the urban hierarchy, from large to smaller centres, and from there to their peripheries. Growth poles were conceived of as smaller centres which might attract growth impulses and so bring to peripheral regions economic growth which would otherwise pass it by. These concepts of spread and diffusion captured the imagination of many writers - unfortunately they proved disappointing in practice.

The chief theoretician in this regard was Berry (1972), who argued that there was a correlation between the innovation process and functional city size (Dewar et al. 1984: 62). Unfortunately, Berry based his conclusions on the diffusion of consumer goods, for example television sets, rather than on facilities for production.

"Spread" was based on Central Place theory, which has been convincingly downtrodden by many writers. Friedmann (1975: 174) admitted to being one of many who wrote a "good deal of nonsense about the spatial diffusion of economic growth". As far as he was concerned, growth centre planners overlooked the fact that "central place theory requires a more or less homogeneous market economy of small producers who would make use of central places for their daily or weekly transactions", - in fact, in developing countries, peasants live mostly outside the exchange economy and "local towns are therefore rather sleepy affairs that spring to life only on days when a periodic market is set up" (ibid).

Richardson (1978: 169) viewed the "spread process" as having three distinct phases over time - a slow start followed by a bandwagon effect (gathering of momentum) and then a slowing-down process associated with saturation. It is important to note that the time frame he considered was a few decades, and not a few years - most of the implementation of growth poles has had the latter time frame.

Whilst "spread" or "trickling-down" is the favourable impact of growth on the hinterland - the supposedly unfavourable aspect is that of "backwash" or "polarization". In this case, resources and investments gravitate towards the pole, and this is mainly due to the pole's agglomeration and urbanization economies. According to Richardson (1978), backwash effects are initially greater than spread effects, but as decentralization eventually dominates the changes in a region's spatial structure in the long-run, backwash declines altogether.

The lack of "spread" was only one of a number of disappointments with the theory. However, further detractions are examined in the next section.

THE CASE AGAINST GROWTH POLES

To begin with, growth centre doctrine had always been in a "conceptual muddle" (Friedmann and Weaver 1979: 173). Planners had applied the concept to any manner of places, whether they were large or small towns or actual or intended fast-growing towns. Besides, asked these authors, how were growth and "self-sustaining" growth to be measured? Were the levels and distribution of income and new jobs sufficient criteria for success?

Spatial allocation of resources via growth centres and the "activation" of centres was also seen as problematical. Given that (especially early on), capitalist systems tend to reproduce patterns of inequality, the diversion of industries away from "natural" growth centres would be difficult. Richardson and Townroe (1986: 652) posit three broad factors which contribute to uneven development: "increasing returns to scale, constraints on the free operation of factor markets and the role of government in an industrializing economy. The economic consequences of these factors provide grounds for policy intervention". The financial inducements to "disperse" private organizations would thus have to be highly attractive and would in all likelihood impinge on government budgets.

A further problem with growth pole dogma was that the employment multipliers of initial investments were not contained in growth centres. Leakages to large

national, regional or even extra-national centres were prevalent. (This was often the result of a high degree of spatial interdependence). Furthermore, complementary business firms were absent from the centre, and demand thresholds could not be reached. Growth pole theorists also had to try and determine the threshold population size for a pole and distinguish between "natural" and "planned" poles. Yet another major difficulty was to choose the most effective instruments for policy promotion (Richardson 1978).

Salient Points which Emerge from Experience with Growth Poles

In general, regional disequilibrium is persistent, and "the fine-tuning needed for efficient and balanced pole-promotion may be too difficult to achieve, given the bluntness of available policy instruments" (Richardson 1978: 175). Further lack of success with growth poles is ascribed by Cooke (1983: 123) to geographical and sectoral confusion of the term, and the fact that most growth centres suffer from the "branch plant syndrome" - the location of well-established, and not "innovative industries", and poor combinations of industries at the pole to maximise agglomeration and spin-off effects.

Furthermore, it is politically difficult to allocate growth poles in some regions and not in others. Political appeasement requires that a large number of growth poles is allocated to many regions. But this merely "dissipates scarce investment resources rather than stimulating relatively prosperous cities on the ground of maximum development potential. This appeasement is the enemy of effectiveness in regional planning" (Richardson 1978: 176).

Higgins' (1983) review of the theory showed that the macro-economic policies of the 1960s were unable to foster welfare improvements, despite high growth rates. The basis of development planning thus shifted, and focused on disaggregation of the national economy and the need to overcome technological and regional dualism, and to encourage decentralization and urban growth.

Growth poles were assigned the mammoth task of accomplishing all of these objectives, and "the very vagueness of the concept was one of the charms that led to its feverish embrace; it seemed to offer all things to all people" (Higgins 1983: 4). What was more, growth pole doctrinaires simply equated the theory with economic base theory - it was later found to be difficult to entice new enterprises to backward regions and to spread their supposed benefits. Indeed, few of today's "innovative propulsive industries (such as electronics, aeronautics, scientific instruments, and computer soft/hardware) have anything to do with their peripheral areas" (ibid).

The techniques employed in growth pole theory were also somewhat deficient. For instance, input-output analysis, whilst able to identify flows amongst sectors or industries, was not able to identify these flows in space, except insofar as it disaggregated them at great cost and with a loss of empirical exactitude at the regional level.

In sum then, growth centre doctrine was seen by most writers (especially by neo-Marxists), as being technically and ideologically deficient, and inappropriate as a regional planning tool. However, it

was never really made clear what the alternative could have been (Higgins 1983). This was apart from Lo and Salih's insistence that "there is a need to shift the bias from mere articulation of urban-industrial problems in regional policy, towards the handling of issues of rural development" (1981: 132).

These authors reject top-down growth-centre strategy in favour of a "bottom-up" approach that embodies regional closure, and agropolitan development. Bhooshan (1981) maintains that it is more realistic to speak of "multi-level" approaches than either "top-down" or "bottom-up" approaches. Although capitalist development tends to have disruptive effects, and growth centres do not do much to spread economic growth (and development), attention must be given to some of the positive aspects of the doctrine. This includes firstly the reasons why the policy has proved so attractive to policy-makers, and secondly, the ways in which the policy could be extended.

A MORE FAVOURABLE RECEPTION FOR GROWTH POLES

The Attractions for Policy-Makers

Much criticism of the theory has been presented thus far, yet there were definitely attractions for policy-makers. After Friedmann and Weaver (1978: 125):

1. Growth Poles had common sense appeal: ("you can't be everywhere at the same time").
2. Empirical observation revealed that early capitalist urban-industrial development was polarized, and this needed to be counteracted in the view of Government.

3. The desire for technocratic authority was satisfied, since "the doctrine was rooted in several social science disciplines, and especially in economics, the most prestigious of the lot" (ibid: 125).
4. Growth poles could link national economic policy and inter-regional planning; fill the gaps in the national urban hierarchy, and help with diffusion of growth from the core to the periphery.
5. Growth poles also had a strong political appeal - "growth centre designations could be awarded like medals" (ibid 1978: 125).

Hope for Growth Poles

It may be premature to entirely discard growth pole doctrine. Friedmann and Weaver (1979: 180) for example, still view "centrality" as a useful concept. However, it must be recognised that lower order centres cannot be expected to **generate** socio-economic development and spontaneous growth - they are more **responsive** to changes in surrounding agricultural productivity. These centres help to "articulate the spatial organization of the rural economy through the location of services" and the establishment of transport and communication networks, public offices, government institutions and rural industries. Furthermore, the requisite resource and technical availabilities for planned urban-industrial complexes are often not readily available.

Black et al. (1987: 29,30) outline further advantages associated with a growth pole strategy. Stimulation of a selected key industry can lead to internal economies of scale, since resources are more efficiently

utilised. This could lead to external economies of scale for firms associated with the initial key (propulsive) industry. Theoretically then, a number of positive effects can result. These include the income multiplier effect (resulting from induced demand), the accelerator effect (resulting from induced investment), and the diffusion of technology and newly acquired labour skills. These external economies may feed back into the key industry through lower input prices and increased regional demand for its output.

There is a certain danger in selectivity of industry - this may reduce the growth pole's ability to adjust to cyclical or structural declines in the demand for goods produced by its propulsive industries. (This has been the case in Region D in South Africa, for example. The decline of the Port Elizabeth Uitenhage metropole is largely due to the structural decline of the motor industry.) "However, despite the lower risk associated with industrial diversification as compared to growth pole strategy, it should be borne in mind that the former approach is likely to be far less effective in generating scale economies and reaping the benefits from trade and specialisation" (ibid: 32). Any risk of structural decline at growth poles should be reduced by constant monitoring of the external environment and changes in comparative cost advantages.

If part of the doctrine is to limit the growth of core areas, this may only be successfully accomplished with major state and fiscal intervention and even then there is little record of success (Rodwin and Sanyal 1987).

Locational subsidies and investments in infrastructure may have beneficial growth effects on intermediate cities, and the regions they dominate, as in the cases

of Brazil, Nigeria and Colombia. However, intermediate cities in unitary government states such as Chile, Argentina, Thailand and Egypt, have all stagnated. This leads Friedmann and Weaver (ibid: 180) to posit that "intermediate urban centres do better when they are administrative capitals in a multi-regional (federal) country, than when their function is purely economic". Consequently, "a solution may have to be looked for in political and administrative changes, rather than in economic policy" (ibid).

PRELIMINARY CONCLUSIONS

Due to the lack of suitable alternatives to growth poles, Higgins (1983: 8) feels that "measures designed to push and pull economic activities into urban centres of retarded regions as part of a strategy for national economic development should not be abandoned altogether, for there have been successes, as well as failures." This is despite the "terminological anarchy" surrounding the growth pole and its "subspecies", such as growth points, growth foci, growth nuclei; and the concept being used to "describe a variety of policy interventions which range from the relevant to the wildly inappropriate" (Richardson 1978: 174).

In order to ensure success, specific knowledge is needed regarding a) the impact of growth and change in especially urban centres; b) the effects of changes in population, investment, employment, income, innovations, on these and other centres in the region and/or nation; c) the role of market forces, their effect on polarization, polarization reversal, and regional and income disparities; d) the effect of complementary or conflicting government interventions;

e) the nature and possible stages of growth and regional development; and f) the size and distance aspects of cities, and how this in turn relates to all the above interactions.

Accurate determination of a) to c) above is of course extremely difficult. Nevertheless, Higgins (1983: 10), moots that instead of the growth pole concept being completely abandoned, rather a move should be made to **"systems of interaction in space"**. This requires "fundamental changes in the methodological approach of social sciences involved in regional analysis, and particularly, perhaps, that of economics". Akin to this is the necessity of adopting a clinical approach and "admitting to ourselves that there is **no general theory** at hand which will enable us to deal with all cases and all objectives, and that there is not likely to be one in the near future" (ibid; own emphasis).

The "growth centre boat" then, has found itself tossed about in economic and geographic space, has had its name changed, and has been "undermined" from many quarters (including an attack from the "bottom-up"). However, it may emerge from its trough of disillusionment yet - there is "hardly conclusive evidence that the polarization principle is wrong". On the contrary, the approach reflects "over-ambitious expectations, short-run horizons, lack of political stamina, deficient investment criteria, poor locational choices, and unimaginative policy instruments" (Richardson 1978: 176).

In fact,

> given a sound localised choice, aggressive sustained policy measures, perseverance and a strong political will, resistant to "trimming"; **a growth pole will probably pay off as a regional policy instrument if the planning horizon is sensibly chosen.** But this implies too long a planning period for the comfort of most politicians (ibid: 171; own emphasis).

Perhaps a cautious, eclectic approach with cognizance of the past mistakes regarding growth centre policy and implementation, is required. In the light of all the criticism surrounding the theory and its implementation, what are some of the criteria for a successful growth centre policy? Hansen (1975: 556) thinks that many problems of regional development might be better overcome if they were treated as problems of human resource development and manpower mobility. Indeed, it is insufficient to talk of just propulsive industries and backward and forward linkages. Attention also needs to be given to **physical** linkages (such as transport and other communication linkages); other **economic** linkages, such as income flows, consumption and shopping patterns; **population movement linkages** (migration and commuting; and **political, administrative and organizational** linkages (government budgetary flows, organizational interdependencies, and so on).

It seems that there are continual changes in thinking regarding the nature of regional economic planning and these are reflected in the cyclical attitude to the growth pole concept. Hansen (1981: 34) suggests three phases:

> (1) Optimism with respect to possibilities for inducing growth in a few centres and to the subsequent generation of spread effects; (2) pessimism when the expectations of the early phase failed to materialize; and (3) a broader view of growth centres as one aspect of more comprehensive development planning.

As noted above, part of the pessimism with growth poles was due to the lack of "spread" of growth. The pre occupation with spread has constrained conceptions of the wider use of growth poles. This might include the use of growth poles in intermediate areas, in other words, viable growth centres which are neither merely relative bright spots in lagging areas, nor large congested cities. This has led to a latter-day interest in "intermediate" or "secondary city" strategies. Unfortunately the terms are often used interchangeably, when the former applies to smaller centres with more emphasis on informal and agro-industrial development, and vice versa. Secondary cities are deemed more appropriate to the planning recommendations in this dissertation and are introduced briefly in the next section. Intermediate and secondary cities are discussed more fully in chapter five.

SECONDARY CITIES

Secondary cities (SCs) are those which occur immediately below metropolitan areas in a national urban hierarchy. The usual target population for secondary cities is between 100 000 and 2,5 million (Rondinelli 1983). However, in sub-Saharan Africa, smaller centres of 20 000 people may suffice. It is clear though, that secondary cities should generally be larger than the size of sites which have been chosen for growth poles in the past.

For Richardson (1977), there are two sets of conditions in which a medium-sized city strategy is usually sound. Firstly this is in the promotion of industrial decentralization out of a major metropolis into its hinterland, and secondly, where a rural area lacks a major regional service centre.

As opposed to service centres, intermediate-sized towns are to not only provide services, but also to stimulate the social and economic development of their surrounding areas. The growth of smaller cities will be **"demand led"** and rural industrial development should be "concomitant, if not preceded by a dynamic agricultural sector and a growing rural economy" (Lele 1975: 166, cited in Fair 1986: 74).

However, this still demands that areas chosen for intermediate-sized and small town growth should have some economic potential. In the face of severe capital and other constraints, resources must not be wasted. Policy-makers have now recognized that decentralization policies have failed because of the lack of sufficiently large and diversified secondary cities. It is also thought now that a balanced industrialization pattern may help to promote equitable growth. This in itself requires both accelerated and expanded development of not only industry, but agriculture and commerce too (Rondinelli 1983).

Secondary cities then, can have the potential to stimulate rural economies, reduce regional inequities, increase administrative capacity and productivity and reduce urban poverty. Much however, depends on the willingness of those in the relevant local institutions to make them catalysts for development. Nevertheless,

secondary city development has helped emphasize the importance of place rather than programme and there is a "significant and innovative shift from the conventional emphasis on the need for planners to meet basic human needs largely by throwing money at them" (Rondinelli 1986: 40).

Numerous factors influence the growth of secondary cities: physical location and natural resources, defensive positions and military bases, selection as administration and political centres, development of infrastructure associated with colonization and foreign investment the influence of transport technology; and most importantly, growth of commerce, trade and services. These factors offer only a partial explanation of the on-going expansion and diversification of SCs though. Despite planned growth, much of SC growth is the result of spontaneous actions by those taking advantage of favourable conditions.

The confirmed growth and diversification of these cities depended on the repetition of this cycle of innovation, reinforcement, consolidation of gains, expansion of linkages, creation of new comparative advantages, higher levels of agglomeration, greater economics of scale and reconsolidation of gains at new levels of development (Rondinelli 1983: 108).

Thus, the secondary city strategy acts as an "extension" of growth pole policy. Much of the latter's tenets apply - the aim will be to maximise linkages and minimise leakages. However, the focus is no longer entirely on the industrial sector only. Maximum sectoral diversification should be aimed at, and the latterday growth pole (secondary city) could even be a politico-administrative centre, with the tertiary sector as lead (propulsive) sector.

In conclusion then, against the dictates of current fashion, a case is made for an extension of some of the concepts embodied in the growth pole theory. However, this does not signal a carte blanche for policy-makers - the theoretical requirements of growth poles must still be adhered to. A good example of how the policy was implemented, but without these requirements being met, is discussed in the next chapter on South Africa's industrial decentralization programme.

C H A P T E R F O U R

INDUSTRIAL DECENTRALIZATION (ID)

"Much of my Board's time is being spent in dealing with representations from people who feel that their towns should also be identified as development points. I believe that we should never lose sight of the fact that one of the basic objectives with the revision of the regional development strategy is to concentrate development on those places where the potential for development is the largest. So we must take cognisance of this fact and guard against identifying too many places" (E.G. de Beer, Chairman of the Decentralization Board, 1985: 40).

"... expensive and a waste of assets" (Addleson and Tomlinson, 1985: 40).

"any regional industrialist whose focus is on long-term establishment and profits, should welcome this scheme. It can only be to his advantage" (Board for the Decentralization of Industry. Annual Report 1988: 4).

INTRODUCTION

Industrial Decentralization (ID) has generated so much debate in South Africa that it would seem to be a uniquely South African strategy. In fact, ID is neither a new, nor an exclusively South African manoeuvre. With growth pole theory as a theoretical underpinning, ID has been applied in many parts of the world, including the United States, Italy and the United Kingdom. In South Africa, an industrial decentralization or dispersal strategy together with an urbanization strategy and influx control, has formed the basis of regional planning in the sub continent.

This chapter is intended to be "shorter" on the history and rationale of regional strategy and ID, and "longer" on assessing and redressing shortcomings. This is

because firstly, the history of industrial decentralization is well rehearsed, for example in the work of Davies (1985); Pretorius, Addleson and Tomlinson (1986); and Glaser (1987). Secondly, this is due to the concern in this dissertation to lay the groundwork for planning recommendations. Nevertheless, in order to contextualise the discussion, some historical policy milestones will be briefly outlined. (A more thorough treatment is to be found in the work of inter alia, Pretorius et al. (1986), Glaser (1987), and Davies (1985), especially as regards the institutional ramifications of regional policy.)

Next, the rationales for ID will be discussed. It is common cause that the motivations for South Africa's ID policy are overwhelmingly political (Wellings and Black 1984, 1987) since, by a process of elimination, the policy has not made much economic sense. It will be shown that besides this failure in an economic sense, the Government's socio-political objectives of initially turning back, and later restricting black migration to the core areas, have also failed. It thus becomes clear that neither economic nor political objectives have been achieved through the decentralization of industry in South Africa.

In addition, the economic development aspects of ID will be discussed. The conclusion of this chapter, indeed of this dissertation, is that despite many theoretical and practical shortcomings, there is a limited role for industrial decentralization in South Africa.

A BRIEF HISTORY OF SOUTH AFRICA'S INDUSTRIAL DECENTRALIZATION POLICY

In the 1920s and 30s there were few attempts at industrial dispersal: rather the emphasis was on industrial growth per se. This was illustrated by the Hendry Commission, for example, which rejected ID in 1937, positing that it would render the South African manufacturing sector less efficient (Tomlinson 1986: 15).

The beginnings of an industrial decentralization strategy are to be found in the establishment of the Industrial Development Corporation (IDC) in 1940, and the Social and Economic Planning Council (SEPC) in 1942. The IDC was set up to promote national industrial development by financing or underwriting a range of state and private sector investments. Whilst the IDC eventually came to play a prominent role in the promotion of industrial decentralization, initially it did not try to constrain growth in metropolitan areas or try to develop homelands in their own right. "Indeed, most of its assistance went to metropolitan-based industries, and its outlying projects were located primarily (and eventually exclusively) in "white" South Africa" (Glaser 1987: 30).

The Social and Economic Planning Council was an embryonic regional planning apparatus. Its formation and that of other planning organs "reflected the growing influence of technocratic thinking at a time when South Africa's economic and demographic profile appeared to be undergoing rapid change" (Glaser 1987: 30). The Social and Economic Planning Council reports in the early 1940's proposed the formation of a "Department of Physical Planning and Regional

Development" which would take responsibility for determining regional conditions and potentialities. The formulation of plans for the utilisation of these resources was also mooted, and a 1946 Social and Economic Planning Council report favoured some form of industrial development in the homelands, in order to stem the migration of Africans to "European areas".

In 1948 the Fagan Commission, echoing a Social and Economic Planning Council report, advised that industrial decentralization should be employed to slow down (but not halt) rural-urban migration. It was at this juncture that the National Party came to power.

The National Party was guided by the Sauer Commission which called for the slowdown and eventual reversal of the movement of Africans into white-controlled urban areas. The long term aim of such a policy was territorial segregation on an ethnic basis. In the transition period though, the Commission recommended that urbanised Africans should be given temporary residence rights and preferential access to urban jobs. Whilst in these areas, their legal status would be that of "politically rightless temporary visitors" (Hindson 1987: 75). The National Party's election victory did not "immediately result in a more vigorous or more explicitly political approach to industrial dispersal. In its first years the National Party government concentrated on tightening up direct influx control to hold labour down in the white farming areas, and less urgently, in the reserves" (Glaser 1987: 31).

Under the National Party, the Tomlinson Commission began its work in 1950, and an inter-departmental committee investigated industrial decentralization in 1951. Serious industrial dispersal initiatives

appeared on the policy agenda only in 1955, after the Tomlinson Commission report. However, the actual form of an ID policy had been suggested by the Commission in 1954 in order to retain blacks in the homelands. The limited agricultural potential in these areas could not supply enough employment, so this task fell to the development of the industrial sector. Consequently, three proposals were made: a) the Commission proposed industrial investment sites in the homelands, in order to reap the benefits of agglomeration. It was also proposed that b) official assistance would be given and c) development corporations would be established to help implement the policy.

Only the last two proposals were accepted. White investment was to be permitted only on the borders of homelands as it was felt that white capital and white presence inside homeland borders would challenge or at least dilute the segregationist policy. The White Paper, which was issued in 1956, together with the Viljoen Commission of 1958 on industrial protection, committed the government to a systematic policy of promoting industrial dispersal for the first time. It was felt that the implementation of border areas policy would help to circumvent the political dangers associated with congregations of Africans in White areas. (As a bonus, border industries would also have a supply of cheap labour). Locational disadvantages and costs associated with establishment of infrastructure were (and to some extent still are), considered expensive, but worth overcoming for political expediency.

The Bantu Investment Corporation (BIC) and the Permanent Committee for the Location of Industry (later called the Board for the Decentralization of Industry,

or Decentralization Board), were set up as institutions in 1959. These institutions were intended to promote ID in all the homelands, and to co-ordinate implementation of the border areas policy respectively. This included assessment of the investment sites which had been selected by a newly created institution, the Growth Points Committee.

Following Verwoerd's public pronouncement on industrial dispersal in 1960, a range of incentives was offered in order to entice industrialists to invest in growth points which bordered the homelands. These incentives (extended in 1964 and many times thereafter) included subsidies to social overhead capital, tax concessions, financial assistance (incorporating low-interest loans), labour concessions, transport subsidies and tariff protection. Institutionally, the Bantu Administration Department provided housing inside the homelands, and the IDC erected buildings, leased premises, and bought shares in border industries.

The aim of all these measures was clear: to halt, and even to reverse the flow of Africans to "White" areas. In order to complement these initiatives and extend 1960s apartheid policies, pass laws and the building of homeland townships were intensified; resettlement also commenced at this time. However, this segregationist goal was not satisfactorily achieved - "the 87 000 jobs created in the border areas with lesser or greater assistance from the state during the first decade of the border industry programme fell glaringly short of the 50 000 jobs a year envisaged by the Tomlinson Commission" (Glaser 1987: 36). (In fact, only 20-30 000 of these jobs came directly from ID). The Federated Chamber of Industries (FCI) also criticized the policy as an expensive experiment in industrial

development. It will be shown later that their sentiments were much the same in 1988.

Another aspect of the decade of border industries policy which is mirrored today, is that of suburbanization of industry. Industrialists escaped congestion and rising land prices by moving from metropolitan industrial cores to new industrial suburbs and smaller industrial centres on the periphery of metropolitan areas. The trend of suburbanization of industry will be discussed later, when Bell's "spontaneous decentralization" thesis is considered.

All in all, what regional planning there was, was becoming increasingly technocratic and so in 1964 the Department of Planning attempted to co-ordinate the efforts of all state departments concerned with economic and regional planning. Besides dealing with incentives, this Department was the first to functionally (and technocratically) divide the country into regions based on ethnic, physiographic, hydrographic and other criteria. Technocratic initiatives were, however, subordinated to the political imperatives of homeland self-government, and (as Vorster confirmed in 1970), the possibility of homeland "independence".

Institutional support proceeded apace. To attend to the needs of Ciskei and Transkei, the Xhosa Development Corporation was created in 1965. Later, all the homelands acquired their own development corporation. These corporations worked in tandem with the Bantu Investment Corporation (later the Corporation for Economic Development).

The years 1967 and 1968 represent two policy milestones - two erstwhile approaches to industrial dispersal were reversed. Firstly, the 1967 Physical Planning and Utilisation of Resources Act (which became the Environment Planning Act in 1977) introduced explicitly negative factors alongside the previously positive inducements to decentralize, for example:

- Section (2) of the Act restricted the supply of industrial land, thus driving up prices and forcing industrialists to move to less optimal areas outside the metropoli.

- Section (3) restricted the hiring of additional black labour although initially Durban - Pinetown rolled. The PWV has always borne the f Section (3, restrictions. (Since 1971, ictions have been applied to Johannesburg only.)

The FCI and the Associated Chamber of Commerce (Assocom) reacted unfavourably to these measures. (The FCI regarded the Act as instrumental in the decline of manufacturing investment after 1969.) The Physical Planning Act has been viewed as an important agent of industrial dispersal, but Bell's (1987) arguments appear to counter this. He holds that industrial dispersal was more a response to slower global and domestic economic growth, and intensified international competition (which caused a move to cheap labour sites), than a response to the Act. Nevertheless, in order to soften the blow of this Act, the Government improved incentives.

The second reversal of policy during this period was the decision to allow white capital inside homelands.

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