However, the policy reversal still did not result in the containment of Africans in the homelands. The Government therefore had to revitalise its regional strategy, so in 1975 the National Physical Development Plan (NPDP) emerged. Although homelands remained separate and distinct entities, it was the first time that a regional plan was concerned with the rest of the South African space economy. Thirty eight "planning regions" were identified. They were organised around nodal cores and a system of urban centres, as well as the distribution of population, infrastructure, natural resources and types of economic activity. Borrowing from international literature and experience, the plan countenanced the use of growth poles, (the smaller) growth centres and then growth points.

The NPDP failed in its attempts for two main reasons. Firstly, the concept of organising economic planning around functionally demarcated "planning regions" was at odds with the desire to politically define homelands. Secondly, the institutions chosen to implement the policy were poorly co-ordinated and somewhat impotent. These included informal Regional Development Associations, (later combined to form Regional Development Advisory Committees (RDACs)), and the Ministry of Environment and Planning, (later the Department of Constitutional Development and Planning).

The next policy shift was the product of a "conceptual flurry" by various panels and committees after PW Botha's reformist administration came to power in 1978 (Glaser 1987: 43). The policy took effect after government and big business had met at the "Good Hope" Conference in late 1981. The abovementioned disparity between functional economic planning regions and politically demarcated homelands was overcome by dividing the country into eight (later nine) "development regions". The borders of development regions cut across homeland boundaries - it was now recognised that homelands were not economic and political entities, as had originally been hoped for (Davies 1985).

Development regions were assigned a "relative development need", determined on the basis of their respective rates of unemployment, per capita incomes and development potential (Claassen 1985). The incentives were revamped accordingly. They were weighted to this relative development need and were qualitatively and quantitatively more extensive. The emphasis came to rest on

(a) direct cash subsidies aimed at alleviating short-term financing problems, for example, wage and interest subsidies and reimbursement of relocation costs; and
(b) railage rebates, subsidies on electricity and on housing loans for key personnel, which were to compensate industrialists for longer term disadvantages in the areas concerned.

Within these development regions, five types of urban centres were identified:

1. metropolitan areas (four in number);
2. deconcentration points (ten);
3. industrial development points (IDPs) (forty-nine at the time);
4. other industrial points; and
5. ad hoc cases.

A discernable trend with regard to the Good Hope Strategy was the increasing emphasis given to deconcentration points, as opposed to decentralization points. These points, situated close to metropolitan areas, represented the "suburbanization" of industry and were well positioned to benefit from agglomeration economies. In the hope that "old style" decentralization goals could be met, the most attractive incentives were attached to outer-peripheral growth points.

Regarding institutional arrangements, the aforementioned RDACs are now co-ordinated through Regional Liaison Committees (RLCs). The RDACs comprise local and provincial government, and private sector representatives. These Committees are to set out and integrate the planning priorities of the various regions. Section (3) of the Environment Planning Act has been replaced by Regional Services Councils (RSCs). Essentially it is envisaged that the RSCs will distribute resources from white to black municipalities by means of turnover and payroll levies on employers. Glaser (1987) suggests that this is an attempt to depoliticise service provision and stabilise black townships.

Despite recommendations that the regional strategy should be diversified to incorporate agriculture and the informal sector, the 1982 policy remained wedded to the dispersal of industry. It was essentially a spatial strategy, with stronger links to an urbanization strategy; and weaker cohesion with industrial strategy per se.

The initial enthusiasm surrounding the 1982 policy soon waned. Business leadership especially, found the "Good

Hope Conference" inaptly named - the resulting policy was perceived as a resurrected form of apartheid. Brand (1986: 36) observes that, again, ideological, and not economic considerations predominated in policy formulation.

According to Brand (ibid), the political debate is now centred on the decentralization of power. Despite criticisms of the policy and ID apologists' (including government's) admissions of failure, the industrial decentralization policy still exists. However, there is admission that the Good Hope policy could be improved - the Development Bank of Southern Africa (DBSA) is co-ordinating a study commissioned by the Multi-lateral Council of Ministers which aims at making recommendations for a new Southern African regional strategy. Thus, 1989 could represent another policy milestone, as did the year 1982.

At the time of writing, the final report of this study is not generally available and this dissertation does not deal with this report. It is, however, worthwhile reviewing the reasons for persisting with a policy that has proved to be so inadequate in so many areas, it has been a drain on the fiscus and a waste of resources; it has not succeeded in creating sufficient jobs to meet the annual new entrants to the job market; and it has not stemmed the flow of Africans from the homelands (Tomlinson and Addleson 1985).

As Tomlinson and Addleson (1986: 155) state:

> Despite a continuously changing institutional and spatial framework, the policy remains grounded in the attempt to maintain the geographic separation of blacks and whites, by reinforcing control over the influx of the former into the metropolitan areas, and by bolstering the economic political (sic) structures of the homelands.

Clearly then ID, as a central pillar of South African regional strategy, has political, rather than economic underpinnings. These, and the latter-day ramifications of ID will be discussed shortly. Some preparatory evidence to support this assertion is necessary though, and will be offered by examining the impact of the policy on economic development. In other words, can the policy be seen as having contributed to regional development and to the welfare of the South African populace? After all, ID is difficult to achieve at the best of times because of the dominance of core-related agglomeration economies. The inherently slim chances of success of ID are exacerbated when political rationales override economic fundamentals (McCarthy 1982).

AN ECONOMIC DEVELOPMENT PERSPECTIVE OF ID

In order to contextualise the discussion on economic aspects of the policy, it is firstly necessary to sketch the economic backdrop in South Africa at large. Thereafter, the constraints to development in the homelands as far as ID is concerned, will be assessed.

To begin with, a major consideration is that the state of the South African economy does not lend itself to sustaining expensive decentralization programmes. The country is undergoing a painful structural adjustment process (Strydom, Krogh et al. 1988 p.c.), and is highly vulnerable to sanctions, partly due to mismanagement of monetary and fiscal policy (Bethlehem 1988). According to Truu (1986), the South African economy is deficient in producing goods and services and addressing fundamental problems of relative scarcity.

There is also an on-going process of capital deepening, with a steadily decreasing capital: labour ratio and a long-term rise in unemployment. Notwithstanding limited improvements in labour productivity, the productivity of capital has persistently decreased since 1970. This, and high inflation rates, leads Truu to the conclusion that the wrong production methods are being used and "we have increasingly come to resemble a troubled Third World country from the macro-economic standpoint" (1986: 349). Furthermore, economic growth and employment opportunities have been compromised by serious drought conditions, a strong US dollar, policy mistakes in the early 1980s, negative real interest rates, capital intensive production and accelerating inflation.

But worse still, especially in terms of assessing ID, are Truu's (1986: 358) statements addressing the question of whether South Africa's poor production in recent years is the outcome of a distributional contest. He asserts, on the contrary, that:

> ... it is far from clear that less efficiency has been balanced by more equity; instead, there seems to have occurred a net loss of efficiency ... and political activity in South Africa has not been so much concerned with distributing the desirable things in scarce supply, as with actually reducing their availability. Those who might have been expected to promote distributional equity, have not tried to divide

> the cake more fairly, but to make it smaller. This is a startling conclusion from the standpoint of an orthodox economist.

And no less so for the regional planner, who would add the spatial dimension - the importation of growth pole theory has provided the government with seeming legitimacy for embarking on a policy of decentralization. As indicated in the previous chapter, the theoretical requirements of a growth pole policy have not been adhered to in South Africa (and many other parts of the world). On top of this is the incumbrance of the government's objectives which are "unrealistic ... and do not accord with the collective needs of the society over which it rules" (FCI 1988: 11).

However, the paltry state of development in inner and especially outer-peripheral areas, would prima facie seem to invite some form of intervention. The average homeland increase in GDP of 1,3 per cent between 1970 and 1980, was amongst the lowest in the world (Tomlinson and Addleson 1986). This increase was off a low base - subsistence agriculture and primarily public-sector services were the major components of GDP. Manufacturing accounted for only 10 per cent of total output, and 9 per cent of employment. The high degree of commuting and migrancy accounts for 62 per cent of GNP (ibid). Population pressure (largely due to forced resettlement) is severe.

These factors, in addition to low regional multipliers, lack of agglomeration economies, and little potential for spin-off industries, mean that it is extremely difficult to stimulate development (either endogenously or exogenously) in peripheral areas (Tomlinson 1983; Tomlinson and Addleson 1986). Many of the problems associated with the lack of economic credibility of South African ID can in fact be attributed to a lack of adherence to the requirements of growth pole policy and to the fact that politics overrides economics. The following section centres on empirical evidence for this assertion.

The ID Policy Assessed on Empirical and Developmental Grounds

The FCI is yet again voicing its concern over the government's industrial decentralization policy - "the costs of government intervention in industrial location to the industrial sector as a whole may exceed its benefits to individual industries, or to the industrial sector as a whole through its effect on the allocation of resources" (FCI 1988: 1).

The Chamber purports to adopt an apolitical stance, but "reserves the right to question government policies which affect its members in terms of costs and benefits" (1988: 4). For example, the FCI is concerned about ID's deleterious effects on the growth of urban areas such as the Cape Peninsula and Port Elizabeth (and the resultant unemployment and poverty which contribute to "unrest"). It is perhaps best to assess the success of the policy by examining costs and intended benefits of ID in terms of direct and indirect costs.

Direct costs: Firstly, direct costs of ID are institutional and include costs associated with government departments and other institutions concerned with the implementation of ID, namely: DBSA, Development Corporations; RDACs; the National Regional Development Advisory Board (NRDAB), district development associations and the Decentralization Board.

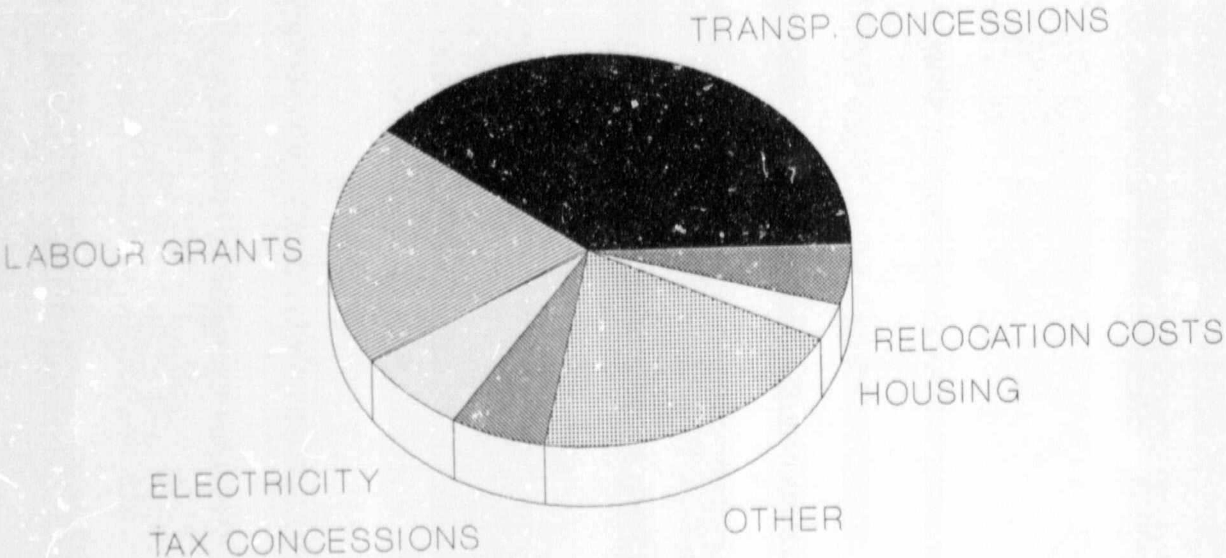
Secondly, the cost of establishing infrastructure at the excessive number of development points, (although this burden was never intended to have been government's), was about R1,519m for 1985/86; this represented about 1,2 per cent of GDP. Thirdly, the incentives required to entice industrialists to decentralization points outside the TVBC states alone, cost R1,581m between 1982 and 1987.

The accompanying figure shows that the largest component was transport concessions (R609 million - 39 per cent of the total), followed by:
20 per cent on labour grants and interest / rental concessions;
7 per cent on electricity;
6 per cent on tax concessions;
5 per cent on relocation costs; and
3 per cent on housing.

The total expenditure on concessions rose from R90 million in 1982/83 to R505 million in 1986/87 (DBSA). As is customary with many South African data, estimates vary: Tomlinson (in conversation, 1988) gives a figure of R729m; according to DBSA, the figure is R815m (for 1984/1985), for all of South Africa, including the TBVC states. This dramatic increase is overstated, because up until 1982, incentives costs were "hidden", in the form of tax concessions. Furthermore, these costs are recurrent - the government is committed to providing incentives to industrialists for seven to ten years and even longer for transport concessions. It has been reported that industrialists had threatened to sue the Decentralization Board if it tried to change the rules regarding wage incentives (The Sunday Times 18 August 1985).

FIGURE 2

INCENTIVES TO DECENTRALISE
as a percentage of total



Source: Federated Chamber of Ind.(1988)

Indirect costs are more difficult to quantit.. They represent mainly the burden of taxation to finance the policy, and opportunity costs of investment in other sectors and in other locations. It is here that major "developmental" indictments of the policy are found. The policy is simply expensive and a waste of assets (Tomlinson and Addleson 1985). The advantages of agglomeration economies and multiplier effects are foregone in peripheral and dispersed locations.

As regards public utility prices in decentralized areas, Truu and Wallis (1984: 153) maintain that resource costs deviate significantly from services supplied. The impact on economic efficiency is greater than that on regional development. They suggest that the South African economy has not yet reached an unequivocal trade-off state between economic efficiency and regional equity. Consequently, public utility pricing should be aimed at achieving a more efficient pattern of resource allocation - regional development should be promoted by measures to stimulate internal and external economies of scale.

It is thus clear that a substantial amount of money has had to be spent in an attempt to engender development at IDPs. This is not surprising, given the inherent constraints to development which obtain in and around most IDPs. Besides fiscal constraints, there are also labour and infrastructure limitations, disadvantageous distances from suppliers and markets, managerial, bureaucratic and political problems, limited local markets, lack of agglomeration economies and linkages, housing shortages and land ownership problems.

But there is little point in the State trying to overcome these drawbacks, unless industrialists respond to the inducements to locate their operations in these areas. Accordingly, the above constraints, and businessmen's views on the impact of the ID policy will be briefly discussed in the next section. (It will be seen that their responses highlight the severity of these constraints.) Next is an assessment of whether state inducements and private sector responses to policy have resulted in development of both the nation as a whole and the targeted peripheral areas.

CONSTRAINTS TO SUCCESSFUL ID IN THE HOMELANDS

This section broadly examines the cost of the policy to the public sector, the problems faced by industrialists, and the inherent constraints prevalent at peripheral locations.

a) Fiscal Constraints

The predominant fiscal constraint relates to incentives. The cost and extent of incentives has been discussed above. Dewar (1987: 164) succintly describes their purpose:

> The purpose of these incentives is to overcome the initial disadvantages of a new location which exist prior to the build-up of urban agglomeration economies. Usually, the incentives are specifically tailored to the needs of the propulsive industry and are temporary in nature. They are removed as soon as growth processes are initiated (emphasis in original).

Although it is true that incentives are necessary to overcome inherent development constraints to development, incentives themselves limit development at the national level. This is because of their vast scale, temporal obligations, and the central role they play in industrialists' decentralization decisions. It is a stated aim of the Good Hope Strategy to involve the private sector as much as possible. However, investments by Development Corporations consistently outweigh those by the private sector at almost all growth points.

Furthermore, although ideally growth at growth poles should become self-sustaining, there is little evidence of this at South African IDPs. Many companies have had to secure incentives for longer than the initial seven to ten year period. Indeed in the survey by Dewar et al. (1984), 40 per cent of firms established before 1960 were still receiving incentives in 1983. Thus, industries have to be subsidised in order to remain profitable. This means that taxes are employed to sustain negative value added by decentralized industrialists.

Notwithstanding the financial and temporal extent of incentives, there is also evidence that they are being abused: some companies are engaged in "concession-hopping" - illegal migration between IDP's in order to retain a full package of incentives. Another transgression is to "farm" labour and claim for "ghost" employees, non-existent machinery and training schemes. For example, a company in the Ciskei made an annual profit of almost R1,5 million by employing 3 190 workers - including 520 cleaners and 326 security guards - at an average (1985) wage of R72 per month (Wellings and Black 1986: 15).

The return on investment of incentives is also diminished in that many decentralized firms are "lame ducks". This is partly due to a non-discriminary incentive system (Dewar 1987). Incentives are essential for such firms to continue trading or in order to realise quick profits. van Eeden's (1985) study of the financial position of a sample of these firms shows that many perform poorly in tests which predict the likelihood of bankruptcy (cited in Addleson et al. 1985: 138). The importance of incentives to the "success" of the ID policy is well illustrated by surveys of (Wellings and Black 1987) and by the results of Addleson et al's (1985) survey of businessmen's views on the impact of the policy. Ths main reasons for industrial decentralization decisions are shown in the table below.

TABLE 1: REASONS FOR DECENTRALIZING AMONG HOMELAND INDUSTRIES

REASON	UMTATA / BUTTERWORTH COMPOSITE INDEX[1]	ISITHEBE AND RANK
Incentives and assistances	2,61(1)	2,80(1)
Cheap / plentiful labour	2,29(2)	2,37(2)
Proximity to markets	1,50(3)	1,73(4)
'Push' factors (specifically, Environment Planning Act)	1,36(4)	1,90(3)
Others	1,07(5)	1,40(5)

Source: Wellings and Black (1987)

1. Computed by coding 'very important', 'marginally important' and 'not important' responses 3,2 and 1 respectively and averaging out over the number of responses.

The majority of respondents decentralize in order to improve their competitiveness, which is greatly enhanced by the incentives.

In the survey by Addleson et al. (1985), 82 per cent of respondents indicated that they would not have chosen decentralized locations without the incentives. The importance of incentives is further illustrated by the facts that 70 per cent of the companies canvassed viewed incentives as "important"; 22 per cent considered incentives important in the choice of location; and a mere 6 per cent thought incentives were irrelevant in location decisions. (The remaining companies in the sample had located in their areas before incentives were available to them.) Addleson et al. (1985) note further that only 56 per cent of companies felt that they could remain profitable without incentives; and 77 per cent of respondents would have to increase prices so as to compensate for higher effective costs if incentives were withdrawn.

Correspondingly, Smith and Coetzee's (1987) study of the potential of KwaZulu to attract specific types of industries also points to the overwhelming importance of incentives in decentralization decisions.

In the end then,

> it is not so much favourable economic circumstances in the IDPs, but rather the concessions, which enable the companies to compete more effectively. The post 1982 decentralization period and its generous subsidies has not merely abetted a process which occurred naturally, the programme fundamentally restructured the decentralization process (Addleson et al. 1989: 161, 162).

(b) Labour

The availability of cheap and plentiful labour is the second most important reason for industrialists' decentralization decisions, as shown in the above table. (This is also confirmed in Addleson et al.'s 1985 survey shown in Figure 3).

Cheap labour is a function of excess supply of labour through forced removals, influx control legislation and rapid population growth. This, in turn, contributes to vast spatial wage discrepancies. Wellings and Black (1986: 17), cite the study by Dewar et al. (1984) - wages for unskilled males (females) in homelands compared to metropolitan wages, were R107 (R94) as opposed to R285 (R279) per month. In the same study, it was found that an average of 74 per cent of growth point jobs were "unskilled". This figure rose to 87 per cent in the homeland sub-sample.

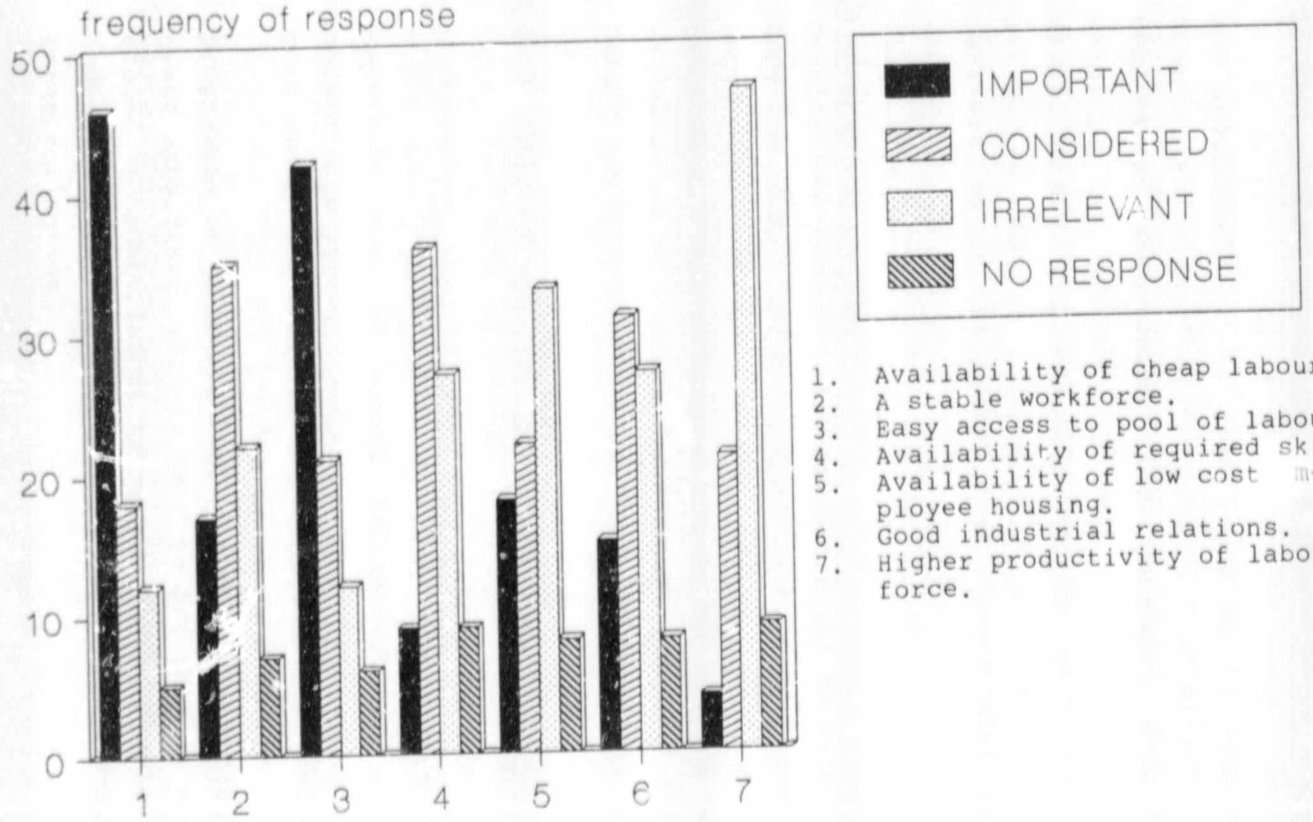
The existence of the "reserve army of unemployed", coupled with repressive actions against trade union activities, means that there is little chance to bid up wages. Influx control and migrant labour also mean that more women than men are available for employment in the periphery. Employers view women as more productive, reliable, and cheaper to employ. Wellings and Black (1986: 17), cite Green and Hirsch (1982), who found that wages in the Ciskei were as low as R40-R60 per month for women, and R50-R70 per month for men.

Similarly, at Isithebe (100km from Durban), skilled clothing industry machinists are paid 45 per cent less than those in Durban (Wellings and Black 1987: 191). Wages in the Ciskei are approximately 34 per cent of the national average (Wellings and Black 1984: 24-26). Wage as low as R45 per month have also been encountered in decentralized areas (Tomlinson pers. comm.).

FIGURE 3

LABOUR-RELATED LOCATION FACTORS

responses to questionnaire



1. Availability of cheap labour.
2. A stable workforce.
3. Easy access to pool of labour.
4. Availability of required skills.
5. Availability of low cost employee housing.
6. Good industrial relations.
7. Higher productivity of labour force.

Source: Addleson, Tomlinson (1985)

In fact, labour proves to be a double-edged sword for industrialists. Whilst it is mostly cheap, plentiful and subsidised, it is also found to be lacking in "industrial culture" or "industrial discipline". This results in absenteeism, high turnover, poor time-keeping, low productivity and high unreliability. Trade unions are unlikely to be able to match peripheral wages with metropolitan area wages "given a continuation of the system that concentrates surplus labour in the impoverished reserves" (Wellings and Black 1986: 19).

Despite the unions' (limited) potential to bring about wage increases, certain industrialists have even been known to consider trade unions as marginally favourable. This is because unions may provide for the articulation of employee grievances, which in turn may result in less absenteeism, more productivity and so on.

It is difficult to attract skilled / managerial staff to IDPs even when key personnel relocation and housing costs are subsidised. At many IDPs there is an appalling lack of social infrastructure, including housing and public transport. This negatively affects both worker productivity and industrialists' relocation decisions. Another problem is that, although training programmes at decentralized industries are frequently state subsidised, workers tend to use them as stepping stones to urban labour markets. Table 2 below shows industrialists' perceptions of the disadvantages of decentralization.

TABLE 2: DISADVANTAGES OF DECENTRALIZATION

I T E M[1]	UMTATA / BUTTERWORTH COMPOSITE INDEX	ISITHEBE AND RANK
Labour problems	2,50 (1)	2,46 (1)
Difficulty of attracting managerial / professional skills	2,04 (3)	2,07 (2)
Infrastructural problems / lack of services / limited agglomeration economies	2,10 (2)	1,96 (4)
Distance from suppliers and markets	2,00 (2)	1,68 (5)
Bureaucratic problems	1,91 (5)	1,44 (6)
Political problems	1,60 (7)	1,15 (8)
Local market potential	1,20 (8)	1,20 (7)
Others	1,85 (6)	2,05 (3)

Source: Wellings and Black (1986)

1. Firms were asked to list the disadvantages of their growth point location.

In sum, Wellings and Black (1987) found that

> as many as 48 per cent of respondents in the metropolitan survey considered labour costs (including managerial / professional categories) in decentralized areas to be equal to, or even higher than, metropolitan levels. Thirty-six per cent of respondents in Isithebe and Butterworth felt this to be the case.

(c) Infrastructure, Services and Market and Agglomeration Economies

It is customary for firms to locate in areas of high industrial concentration in order to take advantage of the external economies associated with such areas.

Addleson et al. (1985: 189) describe the paradoxical situation that arises in South Africa because of strongly regulated industrial location. Normally, aspects such as land, buildings, energy sources and infrastructure would be available where markets or a demand for these inputs would be found. "In South Africa, however, the Government's determination to decentralize manufacturing and to stem the influx of Blacks into the metropolitan areas results in an artificial attractiveness of rural areas which have little inherent development potential" (ibid).

Clearly, there is a significant opportunity cost in trying to make peripheral areas as attractive as core areas. Considerable resources would have to be pumped into these areas, since growth point locations are perceived by industrialists as being inherently disadvantageous, as shown earlier in Table 2.

Wellings and Black (1987: 193) report that inefficient utilities (especially telephone, telex and postal surveys) were the subject of many industrialists' complaints. Addleson et al. (1985: 196) found that 77 per cent of their respondents regarded land, air and rail transport facilities as "adequate". In essence then,

> having made the decision to decentralize in principle (influenced by such considerations as incentives, premises, labour), companies then select a location which, as a compromise, gives them reasonable access to major markets, suppliers and raw materials (ibid).

(d) Distance from Suppliers and Markets

A further characteristic of these peripheral locations is that local backward linkages are small, as is the size of the local market. Significant transport costs are thus incurred in procuring inputs and marketing outputs. Table 3 shows that local market potential is less disadvantageous to industrialists than distance from suppliers and markets. This is because local linkages are so bad that few finished products are sold locally. However, in some of the few cases where industrialists are indeed dependent on local markets, there is cause for concern. This is because of these markets' dependence on migrant labour, which makes for instability and limited growth prospects (Wellings and Black 1986: 20).

The impoverished state of the outer periphery and the high degree of commuting and migrancy does not auger well for an increased market size either. The location of markets and source of their inputs are shown below in Table.

TABLE 3: HOMELAND INDUSTRIES: SOURCE OF INPUTS AND LOCATION OF MARKETS[1]

SOURCE OF INPUTS AND LOCATION OF MARKETS	UMTATA / BUTTERWORTH				ISITHEBE			
	MAR-KETS %	MAT. /SUP %	PLA-NT/ MAN. %	SER-VICE %	MAR-KETS %	MAT. /SUP %	PLA-NT/ MAN. %	SERV %
Local	36,1	13,5	2,6	5,6	3,7	3,8	3,1	8,5
Regional Centre[2]	7,5	16,1	7,4	25,6	18,5	30,8	13,5	75,0
Rest of South Africa	46,6	56,9	38,4	68,8	60,8	42,6	39,0	16,5
Overseas	9,8	13,4	51,6	-	17,0	22,8	44,5	-

Source: Wellings (1984), in Tomlinson and Addleson (1987)
1. Coded by value of inputs and sales
2. East London for Transkei; Durban for KwaZulu

Industrialists at these locations also suffered transhipment delays to and from suppliers and customers. Indeed, surveys by Addleson et al. (1985: 196), show that road transport permits were difficult to obtain, and the "over-night" rail service from Johannesburg to the Eastern Cape in fact took eight days. In general, IDPs are characterised by limited agglomeration economies and few (and minor) linkages with local suppliers, sub-contractors and other services.

e) Bureaucratic Problems and General Chicanery

Results from surveys conducted by Wellings and Black (1984) and Dewar (1984) show that industrialists suffer incompetence, inefficiency and delays through Development Corporations. In addition, the metamorphic nature of incentives hardly improves administrative efficiency and investor confidence. Similarly, alternatives to standard incentives, such as the tax holiday in Ciskei, make the system increasingly complex.

There have also been suggestions of industrialists having had to bribe officials, and public servants have been implicated in the disappearance of funds. There are also instances of the aforementioned "concession-hopping" and "farming labour".

So much for some of the overall costs and benefits of the policy. Now, if a developmental perspective is adopted, then important factors to consider in any empirical assessment are those of employment generation and the regional multiplier.

Employment Generation

The FCI (1988) points out the limited effect that ID has had on absolute employment creation, as well as the opportunity cost of employment in the metropolitan areas. It states (p 9), that during the first five years of the 1982 regional development plan, 137 467 jobs were created at decentralization points. But at the same time 150 000 employment opportunities "disappeared from the South African economy". (Ironically, between 1961 and 1981, 150 000 jobs were created at decentralization points - this is the same number that were "destroyed" in the next five years!)

The main determinant here was the economic recession, oversupply of traditional export products (causing deteriorating terms of trade), trade boycotts, the suspension of South African loan facilities, loss of consumer and business confidence, and severe droughts. Against this background the FCI poses a trenchant question:

> if the new investment and government expenditure on incentives of almost R4 billion for the 5 year period was allocated to the existing metropolitan areas with their higher multiplier effects and agglomeration economies, would the absolute decline in employment still have been so high? (ibid).

The breakdown of this figure of R4 billion consists of R2 398 million invested in projects and R1 581 million spent on the incentive scheme (of which 39 per cent went to transport rebates and 20 per cent was spent on the tax free cash grant on wages and the interest / rental concessions.) This means that expenditure on incentives amounted to R11 500 per job and the R315 million spent on tax-free grants on wages effectively makes labour free for the industrialist. This is a low estimate, however. Wellings and Black (1987: 195) cite figures reported by Stanwix (1984). The average direct investment per job in Isithebe is cited as R21 000, whilst the Decentralization Board has it at R25 000 in South Africa as a whole. But Stanwix also estimates that each decentralized job represents a total investment (direct and infrastructural) of between R60 000 and R100 000 - about four times that of the metropolitan equivalent.

Despite these concessions, labour has patently been exploited - this is largely due to the general absence of trade unions, repressive labour legislation, and the preponderance of female labour who are effectively trapped because of fewer opportunities to migrate. The low wages paid to workers was highlighted in the discussions on incentives.

The FCI (1988: 10) states that whilst it is true that a lower wage structure could lead to higher employment in South Africa "there is no justification for a labour subsidy which lowers the cost of labour to such an extent that it results in 'over-employment'. This is clearly an indefensible waste of economic resources. At the same time the issue of **opportunity costs** of jobs in metropolitan areas must be considered. Besides Stanwix's estimate cited earlier, another estimate regarding the extent of this investment opportunity cost of jobs is by Louw, cited in Tomlinson and Addleson (1986: 40). He estimates that for every job created in a decentralized area, two to five jobs could have been created in metropolitan areas. Similarly, Ardington (1984) estimates this opportunity cost to be four times higher at decentralization points (cited in Dewar 1987: 157).

It must be said though, that there has been an increase in the number of jobs and in income levels at some decentralization points. For example, Ardington (1984) reports that household incomes in Isithebe were approximately R412 per month, compared to R100 per month in the nearby rural area of Nkandla. Despite this, 45 per cent of Isithebe households still survive **below** the relevant household subsistence level. Since only 7,5 per cent of total household income is remitted to the surrounding rural area of Isithebe, there can be little claim to the existence of "trickle-down" effects. As Dewar (1987: 174) puts it, "at best such centres may create a certain amount of employment and lead to somewhat better living conditions within the centres themselves, but their growth prospects are limited and their regional impacts are extremely localised".

In any case, much of the employment at decentralization points has not been **created** as such, but **transferred** from the metropolitan areas: 3 486 projects have been approved in the past three years. 19 per cent of these were domestic relocations and five per cent were relocations from abroad (FCI 1988: 9). New projects and extensions of existing industries represent 55 per cent and 22 per cent respectively of the total number of projects approved.

Many local industrialists resent foreign intrusion - Taiwanese firms operating mostly in the Transkei and Ciskei, have captured 50 per cent of South Africa's clothing export market and have begun to dump clothes on an already depressed local market. Wellings and Black (1987: 196) cite the response of the President of the National Clothing Federation: "In effect the South

African tax payer is asked to fork out for overseas competition to come here and slit our throats".

At a more local level, the impact of the policy on employment (and quality of life) at IDPs in the Transkei, is provided by Dewar (1987).

About 8 000 Transkeians and 370 expatriates are employed in industry at Butterworth. This is largely a result of the existence of labour intensive industries (such as textiles and clothing), the availability of cheap (though not necessarily productive) labour, and generous labour-related incentives. As cited in Dewar (1987: 168), about 11 000 jobs have been created at the IDPs of Umtata and Butterworth over the last 20 years. This employment figure is not encouraging when seen against 1983 estimates of un- and underemployment of 230 000 people, increasing at 4 000 per annum.

To exacerbate this situation, decentralized industries are becoming increasingly capital-intensive, thus mirroring an international trend. This tendency is also because "labour-surplus areas such as the Transkei attract not only inherently labour-intensive industries, but also more highly-mechanised industries which have undergone a process of labour-deskilling and can therefore take advantage of the cheap, unorganised labour-force" (Dewar 1987: 168).

In sum, it may be argued that the impact of ID on unemployment in peripheral areas has been slight. According to McCarthy (1982), decentralization has absorbed only about seven per cent of annual entrants to the homeland labour force. However, employment generation is not the only criterion for assessing the impact of ID. Another gauge is that of the regional multiplier.

The Regional Multiplier

The multiplier effect is the "effect that an initial investment in one sector will have on output, income and employment" (Smith and Coetzee 1987: 33). It could be hoped that industries locating at IDPs, (correspondin; to growth poles, or more accurately in South Africa, "growth points"), would be propulsive; and through backward and forward linkages, engender some multiplication of investment.

However, Wellings and Black (1987: pp 200-201) observe that this has not been the case - the extent of backward and forward linkages, trickle-down effects and local ownership and profit sharing is minimal. As far as backward and forward linkages are concerned, few inputs (plant, services and materials) are drawn from the local economy. As noted earlier, the size of local and hinterland markets is generally small and so leakages out of the local economy are substantial. Development in peripheral areas is thus eroded by the "metropolitan drift of the multiplier effect of investments in the industrial development points" (Tomlinson 1983: 544).

The poor performance of the multiplier effect is due to a number of factors. Firstly, few of the types of industries at IDPs are inherently propulsive. Secondly, when combined with the earlier evidence of which the extent to market / agglomeration factors influence location, it is clear that the potential for linkages and propulsion is limited. This has been confirmed in a number of studies, inter alia, those by Addleson et al. (1985) and Dewar (1987). The latter writer for example, observes that the industries at the

IDPs of Umtata and Butterworth could not be seen as propulsive in any classical sense. Indeed, this applies to much of South Africa at large.

Taking the Transkeian case as an example, there is little potential for attracting propulsive industries because of a) a lack of adequate natural resources (such as iron and steel); b) the lack of skilled labour, necessary for many propulsive industries which are basically capital-intensive (for example, the iron and steel, chemicals, metals and plastic industries); and c) the dearth of comprehensive back-up services like repair and financial services, and reliable infrastructure.

Also, most IDPs are too small to bring about agglomeration economies and many firms are branch plants with few local linkages (Tomlinson 1983). In their study on multipliers and linkages in KwaZulu, Smith and Coetzee (1987) report that there is little chance for large scale inducement of propulsive industries. Again, this is largely due to the lack of suitable labour and services - in short, the benefits associated with agglomeration are missing. The footloose and branch plant nature of industries at IDPs is insufficient to achieve industrial growth in decentralized areas. They have few local linkages "and consequently a critical minimum size of activity has been absent at growth points" (ibid: 36).

Perhaps the most disillusioning aspect of the lack of propulsion is that the regional multipliers in the PWV could be twice as high as those in the less industrialized areas (Business Day 24 April 1989). Once again, the opportunity cost of South Africa's ID programme is brought home.

A further problem is that the general lack of infrastructure, services, capital and raw materials contributes to the unattractiveness of most peripheral locations. Wellings and Black (1987) report that this has been a factor in some industrialists' decisions not to decentralize. A vicious circle thus develops - capital and skilled human resources are unlikely to be attracted to areas where they do not already exist. The situation is entirely reminiscent of the scenarios articulated in cumulative causation theory.

Furthermore, trickle-down effects, as was noted in chapter three, have been disappointing worldwide (depending on the country's level of development). "Backwash" generally predominates over "spread" (Richardson 1978). This is no less the case with regard to South African IDPs. Low wages, commuting, migrancy and lack of agglomeration economies have led to vast income leakages from IDPs and from regions as a whole. These factors, together with the lack of "propulsion" mean that services and commercial outlets prefer to locate in larger centres.

Consequently, many white towns on homeland borders are developing rapidly as a result of black consumer spending outside "their own" areas. For example, 53 per cent of businesses in Eshowe (bordering KwaZulu), were established in or after 1975 (the year of the NFDP). Similarly, the figure for Kokstad, (bordering Transkei), is 42 per cent (Wellings and Black 1987: 201). Industries at IDPs are supposed to be propulsive and attract other industries - amongst them service industries - so income generated should then circulate locally and multiply. However, this income leaks out of IDPs into adjacent white towns, thus diluting the multiplier.

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Local ownership and profit sharing is of minor proportions: 93 per cent of Isithebe industries were wholly owned by non-locals and "foreign capital" averaged 99 per cent. Equivalent figures for Umtata were 68 per cent, and for Butterworth 77 per cent (ibid). Most profits therefore, are not retained locally, but leak out to predominantly core areas.

In sum, empirical evidence has pointed to a distinctly low return on investment from ID policy, particularly as regards employment creation. However, there is an alternative approach - its chief proponent is Bell (1984b; 1986; 1987a; 1987b). The issue he addresses is whether ID has been occurring spontaneously; in other words, has decentralization been taking place in spite of government sticks (legislation) and carrots (incentives and concessions)?

THE SPONTANEOUS DECENTRALIZATION THESIS

Bell (1984) sets out to answer two questions:

(a) What the impact of government ID policy with respect to the location of industry has been; and
(b) What the political and economic functions of the policy in South Africa are.

With regard to (a), he examines trends in the inter-regional distribution of industry in South Africa, and finds that in the period 1965/6 - 1979, the growth rate of manufacturing in main industrial areas was less than that outside these areas. This locational shift away from the PWV occurred in two labour-intensive sectors (textiles and clothing). It is important to note that this trend was in evidence before the Physical Planning Act controls on expansion were instituted in 1967.

Bell maintains that this decline was not merely due to the suburbanization of industry from metropolitan areas, but was a "genuine decentralization - a fairly fundamental structural change in the relative strength of the forces making for geographical concentration of industrial employment, compared with those making for decentralization, or deconcentration which occurred in the latter half of the 1960s" (1984: 1). The essence of his argument is that industrial decentralization occurs largely "spontaneously, in response to the pressures of competition in world markets for manufactured goods" (ibid: 9). In effect, rising raw material prices and competition from newly industrializing countries work together to reduce the rate of growth of industrial production and growth in the advanced industrial countries. These structural changes in the world economy require South African manufacturing to increase its competitiveness - what better way than to use the cheap labour found in the peripheral areas?

In response to the second question, namely the functions of the ID policy, Bell (1973) originally felt that the functions of ID were mainly political. The policy was designed to create jobs in the border areas and then in the homelands themselves, in order to stem the flow of rural Blacks to the "White" cities. However, a period of economic decline also began after 1966, financial inducements increased, and in 1968, White capital was allowed into the homelands. Bell maintains that after 1970, the futility of halting Black urbanization was realised, and "all kinds of new problems arose, particularly the oil crises and the great economic uncertainty and anxiety which it produced. Concern with maintaining a high rate of economic growth displaced the objective of separate development" (Bell 1984: 13). Nevertheless, decentralization still did not manage to create enough jobs to ensure territorial separation. Nor could it "deal with the poverty of the Black areas, or overcome the need for large scale urbanization" (ibid: 13).

Despite the National Physical Development Plan of 1975, with its generous incentives and the "Good Hope" plan of 1982, with even more generous incentives the ID policy has failed to achieve its objectives. Industrial decentralization could not remove unemployment, but it tried to effect the location of employment. Unemployment in South Africa is exacerbated by racial conflict, rapid political change and the increased organisational activity and bargaining strength of workers. Consequently, regional policy "may be seen as one component of a general strategy of exposing industry and workers in the major industrial centres to greater competition both from abroad and within the country, in an attempt to counteract the potential impact of these political changes" (ibid: 17).

It should be noted that some authors are wary of Bell's position, on the grounds that:

(a) "decentralization concessions are not entirely ignored by industry" and incentives are comparatively attractive (Tomlinson and Addleson 1984: 14);
(b) the onus (on Bell) is to demonstrate the relationship between industries among which decentralization is occurring, and 'excessive'

competition from imports", given that "South African industry enjoys substantial protection from imports" (Tomlinson and Hyslop 1984: 29); and

(c) although labour in homelands is cheap, the marginal product of labour is low (this means that there is low productivity of labour).

The arguments and counter-arguments surrounding Bell's thesis have continued. Tomlinson (1986: 32) stresses the importance of periodising Bell's data: The post 1982 incentives were so attractive that industrialists would be irrational not to have taken advantage of them. Coercive measures, in the form of sections (2) and (3) of the Physical Planning Act were intensified during this period. Furthermore, the textiles and clothing industry (prominent in Bell's argument) is the only industry targeted specifically by the Decentralization Board for decentralization. Tomlinson (1986) cites Emden's (1979) and Rogerson and Kobben's (1982) contention that Section 3 of the Environment Planning Act was the main contributor to the decline of the textile factory in the PWV.

It is difficult to reach a satisfactory conclusion regarding the validity of Bell's argument. On the basis of their own, and surveys by Addleson et al. (1985), Wellings and Black (1987: 191) find "scant" support for Bell's arguments concerning "spontaneous decentralization". (The surveys found that 79 per cent of industrialists decentralized only because of incentives and 49 per cent required incentives to make a profit.)

However, it must be noted that Wellings and Black's surveys were of industrialists who benefited from concessions. Bell's data includes industrialists who had decentralized without concessions. Bell (1987a: 1302) concludes that his many critics of the spontaneous decentralization thesis focus almost exclusively on the post-1981 period. Thus, they "miss the essential point that private sector participation in the industrial decentralization programme should be periodised, and that only now are the concessions exerting a direct influence". Whilst market forces may have been instrumental in influencing the decentralization of manufacturing employment from the PWV for nearly twenty years, this does not mean that these forces will continue to so so (Bell 1987b: 216).

There is no denial that government intervention has not played a part in decentralization. Rather, economic forces have inspired industrial decentralization, but the "government's attempts to accelerate it should be seen as essentially politically motivated" (ibid).

If Bell's arguments are indeed correct, then the policy will appear to have had an even greater opportunity cost, in terms of a drain on the fiscus and employment opportunities foregone. The reasons for establishing, revamping and retaining the industrial decentralization policy in the face of so much criticism will now be discussed.

POLITICAL ESSENTIALS OF INDUSTRIAL DECENTRALIZATION

South Africa is not unique in that its regional policies are significantly influenced by political factors (McCarthy 1982). As noted in chapter two, governments wish to be seen to be addressing the "traditional regional problems" of rural-urban inequalities, inter-regional inequalities and "excessive" size and rates of growth of national metropoli. As will be demonstrated in the next chapter, international experience shows that there is scant justification for regional policy intervention because of the latter "problem". There is little indication that South African industrial centres suffer from diseconomies of scale and excessive growth rates. Nevertheless, industrial decentralization ostensibly provides an adequate vehicle for addressing these problems.

Growth poles of course provide theoretical justification for embarking on such a policy. However, the requirements of this theory are seldom adhered to - firstly it has been shown that South African industrial decentralization points (growth poles) are not few in number, rather they are scattered about the periphery. A prime reason for this is the appeasement of homeland leaders and "the need to satisfy the demands of influential white constituencies anxious to achieve growth point status" (Wellings and Black 1985: 9). Theory has it that at the most, only a few growth poles could be supported in any one space economy, thus any hope of success is diminished on this count alone.

Also contrary to theoretical requirements is that, in South Africa, IDPs are commonly not large, are not based on fast-growing sectors with propulsive industries, nor are the quantity and intensity of firms' inter-relationships substantial - there are few linkages and many leakages (Tomlinson 1983). In short, the IDPs have little chance of achieving self-sustaining growth or of providing sufficient employment. Since many decentralized industries cannot survive without incentives, the state is forced to provide these and underwrite infrastructural development. Thus, the state is "effectively reducing its taxation base (both corporate and personal) by restricting economic growth in the metropolitan areas" (Wellings and Black 1986: 9). Furthermore, many industrialists are opposed to the policy because of unfair competition from decentralized industries, restrictions on metropolitan growth and the high taxation needed to finance the policy (ibid).

The policy is thus regarded by critics as "entirely political, economically irrational and in contradiction to economic trends" as Dewar et al. (1984: 19) succinctly state. Furthermore, it was intended to arrest the collapse of homeland economies, stabilise the systems of influx control and migrant labour, and strengthen the "collaborative bantustan regimes" (Wellings and Black 1987: 183). In assessing the policy's political imperatives, it becomes clear that the prime goal was to retain blacks in homelands and so to forego political rights in the rest of South Africa.

For example, even in terms of the post Good Hope era, the new strategy can "only be adequately understood in the context of the 'homelands policy', the centre-piece of apartheid" (Zille 1983: 58). The homeland policy could only succeed if ethnic population distribution resulted in ethnic political partition; and if the political co-operation of a substantial number of Africans was achieved. Attainment of these objectives has been sought through influx control, removals, incentives (and lucrative revisions thereof), and by granting chiefs and salaried officials in the homelands a political platform.

But the "development regions" established after the Good Hope Conference in 1981, are supposed to cut across homeland boundaries, thus downplaying notions of independence and economic autonomy. According to the then Prime Minister, P W Botha, a "constellation of states" would

> include a voluntary co-operation on transport, tourism, health services, veterinary services, conservation of water, utilisation of water and energy etc... A confederation of states is a more regular sort of co-operative commonwealth, if one can call it that... Therefore, devolution, decentralization and regional development are all ideas which must be developed to the full, whilst retaining a broad basis of conferring with each other on matters of mutual interest (quoted in an interview with Murray 1983: 19).

The political and constitutional goals of the revised ID strategy are not clear, according to Zille (1983: 60), but "began to surface in 1979, when the PM first mooted the "constellation of states". The constellation of states was originally intended to include Botswana, Lesotho and Swaziland. However, these states reacted unfavourably and so this term was "dropped from the political dictionary". It has been "replaced by the term 'confederation' - used to define the relationship between South Africa and the homelands" (ibid: 60). "The confederal model differs from the traditional apartheid model, in that it proposes multi-lateral structuring, some consultative structures and even secretariats to formalise co-operation and interaction" (ibid: 61). In other words, the post 1982 ID strategy compromised capital in favour of apartheid in a new guise. The strategies did not succeed in maintaining ethnic separation - many studies suggest that increasing cross-ethnic urbanization will occur, especially in the PWV.

However, certain political non-negotiables remain, even with reformulation of ID policy. Political partition seemed essential for the maintenance of the capitalist system, since (after Lombard) blacks would vote for a socialist government, if this were possible; and "the principle of geographic distribution of ethnic groups remains as important as it ever was in terms of the original Verwoerdian doctrine" (Zille 1983: 66). Political partition may be entrenched either by an "ethnically based political association in a federal system" as espoused by Lombard, or by a confederal system, once favoured by Dr Brand of DBSA (ibid: 64).

According to Lombard though, the federal scheme will require that there is reasonable economic balance between units, and that population is "distributed" such that descendents of the major African chiefdoms would live in their original areas of settlement. Thus, the "rub" for Zille, is that "economic decentralization is aimed at providing the economic base for the population distribution needed to retain ethnicity as the fundamental organising principle of society" (1983: 65).

The possible political significance of ID and the formation of nine development regions has in fact prompted considerable debate. In a seminal article by Cobbett et al. (1986), the authors investigated whether the development regions constituted the building blocks of future federal states. These authors have postulated that there is every likelihood that a racial federalism is being mooted by the Government. This federalism, after Lombard and du Pisanie (1985), cited in Tomlinson (1988: 44) is "intended to diminish the power of the central state relative to the secondary and tertiary levels". In so doing though, it is still intended to protect white property rights and to preserve Afrikaner identify.

But federalism may not be that easy to achieve. As Tomlinson (ibid: 57) observes, post-apartheid South Africa will see an "unremitting struggle for control of state policy... Whereas federalism might have been willingly accepted ten years ago, it is difficult to escape the conclusion that [for most progressive forces] it has become passe".

Bell (1987: 216) agrees that a federal system (especially if fiscal and political decentralization is implemented), will be difficult to bring about. This is because economic activity and taxable capacity will have to be redistributed in some reasonable proportion relative to population. But, "the enormous disparities in the economic levels of the various regions, and the minimal degree of decentralization achieved so far, suggest that industrial decentralization cannot provide a basis for anything like a fully-fledged federal system".

A federal vision is further dimmed by the trend towards deconcentration points close to metropolitan areas, rather than remote decentralization points, and factors such as the feuding between Transkei and Ciskei. Region D for one, is "a very serious problem for any federal constitution" (ibid: 217). Federalism would perhaps have to rely on fiscal decentralization and the depoliticisation of welfare provision (ibid).

Thus, Bell's (1987) reservations regarding industrial decentralization's contribution to the establishment of a federal system should be compared to those of Zille (1983), who sees the policy providing the building blocks in a future constitutional wall. One wonders then, if Glaser's (1984) description of regional planning as bureaucratic muddling through is appropriate. Or is it correct to say that "what we may be witnessing, is the creation by the Government of an even more intricate constitutional path than we at first allow for" Tomlinson and Addleson (1984: 14)?

CONCLUSIONS

Inte[illegible]l experience has shown that successful d[illegible]on of industry is a difficult objective t[illegible] Chapter two's discussion on regional pla[illegible] i[illegible]trated that regional strategies such as ID are freq[illegible]ntly embarked upon for political reasons. This is certainly true in the South African case. The policy was initially intended to maintain a geographic separation of blacks by providing jobs at IDPs and thereby attempting to banish them to the periphery. Thus, the inherently difficult task of successful ID has been made even more difficult by political demands, which effectively disregard the tenets of growth pole theory.

Not that the policy is an unqualified disaster - employment certainly has been created at IDPs, and there is evidence of limited gains in income and the multiplier effect. However, this has only been achieved at significant cost to the taxpayer, and the opportunity cost of more productive investment in metropolitan areas. Thus the policy can be said to be detrimental to the nation as a whole, besides being of limited value to its intended local beneficiaries.

Indeed, previous ID policy has led to "market-failures, cost-inefficient spending of public funds and distortion of development by a one-sided focus on industrial development as a cure-all for job creation and economic growth in under-developed areas" (Financial Mail 28 April 1989). Remedial measures proposed in the aforementioned DBSA RIDP report are said to include rationalisation of the number of development points, the eradication of existing cash incentives (such as relocation allowances, transport, housing, interest, rental and labour incentives). The sectoral portfolio is also to be diversified, so as to include agricultural, small business, tourism and mining development, depending on **comparative advantage.** Emphasis will also be on the promotion of "self-sustaining economic growth and general development".

The promotion of regional development in South Africa is here to stay. In the March 1989 budget, R710,5m was allotted for this quest. This was an increase of 10,2 per cent on the revised amount of R644,9m, budgeted for 1988/89 (Business Day 24 April 1989).

Latterly, in concert with influx control relaxation, an "orderly urbanization" strategy and the realization of the inevitability of black urbanization, government policy has changed. The emphasis is now on attempting to develop the peripheries of cities in an effort to compromise black urbanization. As Friedman (1988: 31) states, "Government has accepted that it can no longer command the waves to turn back from the shore. But it believes it can tell them how to break".

So, although ID has always attempted to absorb the homeland unskilled and unemployed in outer peripheral locations, the geographic focus of the policy is now shifting to that of "deconcentration points" (Tomlinson and Addleson 1987: 232). This is not surprising, since these areas, close to metropolitan areas, provide a number of advantages: the agglomeration advantages of metropoles, cheaper labour than in the metropolitan areas, (at Babelegi for example), and as a bonus, subsidies.

Despite the lack of local and international success with industrial decentralization, this dissertation argues that a limited form of ID is desirable - this has nothing to do with separate development imperatives or a grandiose over-estimation of development potential in peripheral areas. Rather it is to do with some form of spatial and social equity.

After Dewar (1987: 175), what is needed is a more careful evaluation of what the policy can achieve, a more precise definition of objectives, and more careful design and targeting of policy instruments. This means that policies should be "persuasive, not restrictive", they should not only be directed at industrial development, and that "the rate at which the recipient cities absorb the poor must be increased" (ibid: 176). At the same time, a relevant goal of industrial policy should be the "creation of a socio-political environment which is conducive to investment and industrial growth per se" (Tomlinson and Addleson 1987: 238).

Given then that ID should not perhaps be abandoned completely, the next chapter will more carefully consider the spatial and aspatial aspects which are necessary for the formulation of planning recommendations. It will also address the possible justifications for policy intervention

CHAPTER FIVE

SPATIAL AND 'ASPATIAL' PLANNING CONSIDERATIONS FOR REGIONAL POLICY AND INDUSTRIAL DECENTRALIZATION

INTRODUCTION

Developing countries have over the last 20 years adopted various types of spatial policies in attempts to change the national settlement pattern (Richardson 1987: 208). Generally these spatial policies' goals reflect the goals of society, such as promoting efficiency, reducing inter-regional and inter-personal income inequities and improving the quality of life. By the same token, these general societal goals include specific spatial goals such as slowing down primacy, opening up new frontier regions, improving the economic prospects of lagging regions, promoting secondary cities and reducing rural-urban migration rates via a mix of rural development strategies.

To some extent, some of the latter goals have been achieved. However, it is unclear that spatial policies alone can take credit for this. In fact, as Richardson (ibid) shows, spatial policies have probably had minimal impact on the achievement of these goals:

> A critical problem is that population distribution outcomes are the result of three sets of forces, the individual impact of which is difficult, perhaps impossible to unravel. These forces are market trends and the dynamics of the aggregate development process; the implicit spatial impacts of macro-economic and sectoral economic (and social) policies and explicit spatial policies. It is widely believed that explicit spatial policies are the weakest of the three sets of forces. Moreover, implicit spatial policies, more often than not, conflict with explicit spatial policies with the result that