

TOWARDS A DEVELOPMENT STRATEGY FOR THE EASTERN CAPE

The Failure of the Development Plans

Region D – which is the Eastern Cape – was created as one of eight National Development Regions embodied in the Good Hope Plan for a new regional development strategy for Southern Africa. (RSA, 1981). This is the latest in a series of regional development initiatives launched by the RSA Government (e.g. RSA, 1975), all of which have had the common point of departure that the fundamental mechanism for regional development is the decentralisation of industrial activity and that such decentralisation must be directly linked with the stimulation of employment-creating investments in the “homelands” which lie at the foundation of the separate development policy. The pursuit of regional development and industrial decentralisation has, therefore, been based upon the pursuit of a political ideology rather than on a pursuit of economic efficiency.

Although the process of decentralisation was commenced in the 50s and 60s, and in the Eastern Cape led to the establishment of major textile factories as “border industries” in the East London/King William’s Town area, it was first formalised as a deliberate national strategy in the 1975 National Physical Development Plan (NPDP) (RSA, 1975). In the Eastern Cape, the NPDP created a

series of “growth points” in the Border/Ciskei/Transkei area at which prospective industrial investors could secure concessions designed to overcome the economic disadvantages associated with plant location in that area (e.g., distance from markets, cost of electricity, training for labour, cost of capital). The full package of decentralisation concessions was not available at any other places in the Eastern Cape and the focus of the regional development thrust was clearly skewed towards the Border/Ciskei/Transkei (See Figure 1). The main concentration of population, skilled labour and economic infrastructure in the region was undoubtedly the Port Elizabeth/Uitenhage area which, in terms of the NPDP, was declared one of four Metropolitan Regions which were, by implication, places from which decentralisation should take place – or, at least, places to which new industrial investment should not be encouraged or otherwise facilitated. The Physical Planning and Utilisation of Resources Act provided a “stick” to use against metropolitan regions while the “carrot” was dangled in “growth points”.

The decentralisation strategy propagated by the 1975 NPDP was not successful (RSA, 1981 p.69) and failed to bring about any significant re-organisation of the South African space economy. This was due to a number of circumstances both at the “growth points” and in the

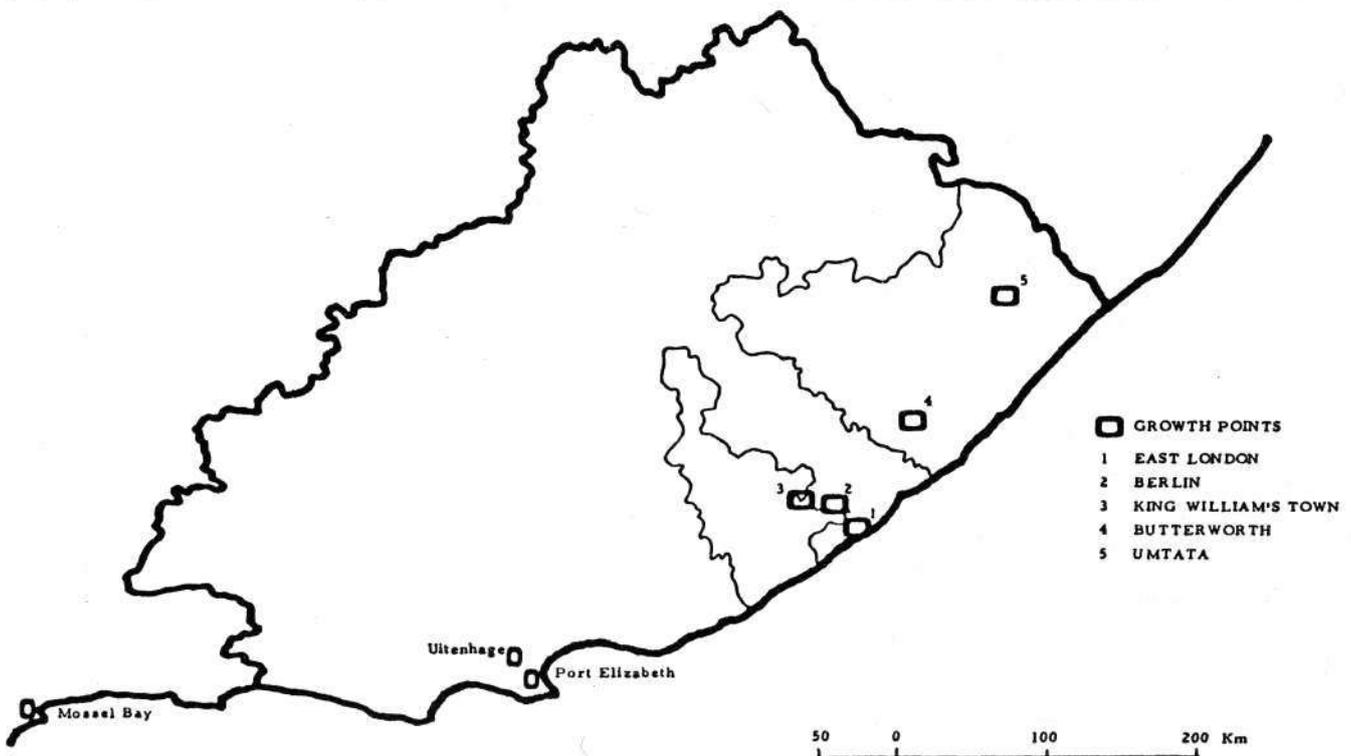


FIGURE 1 DISTRIBUTION OF 1975 NPDP "GROWTH POINTS" IN THE EASTERN CAPE REGION

Metropolitan Regions which continued to attract new investment despite the incentive/disincentive policy – especially in the case of the PWV Region. In the Eastern Cape, the strategy was unsuccessful for two main reasons; in the first place, there were simply too many “growth points” clustered together in the Border/Ciskei/Transkei sub-region. This had the effect of dissipating the impact of investment which, according to the theory, should have contributed to the development of spread effects and a series of forward and backward linkages that would ensure that a process of self-sustained growth and development would be set in motion. Divided amongst five declared “growth points” the investment attracted was spread too thinly to have the propulsive effect necessary. Secondly, the concessions were designed to overcome economic locational disadvantage, but could not effectively cope with the socio-political disadvantage associated with uncertainty about the stability of the sub-region and its political future. Thus, the late '70's was a period of indecision about whether East London and/or King William's Town would be included in the Ciskei (Conference Associates, 1978), vagueness about the Ciskei's “final” boundaries and a general decline in confidence in the area as a reasonably safe investment.

The lack of success of the 1975 NPDP strategy led to the reformulation of the regional development impetus, in which attention was focussed mainly on improving the concessions available. Little consideration was given to the fact that a significant part of the problem lay in the spatial distribution envisaged by the 1975 NPDP. Thus, the “new” plan adheres strictly to the ideological foundation of separate development and, in the Eastern Cape, this has strengthened the skewed focus of the plan's intent. **Figure 2** shows the distribution of “Industrial Development Points” in the Eastern Cape in terms of the 1982 Good Hope Plan, and clearly indicates the further concentration of relative advantage in the north-east of the region, as well as a further proliferation of “qualifying” places. There

is little doubt that the focus of “development” incentives in the Border/Ciskei/Transkei region of the Eastern Cape has effectively inhibited development in the rest of the region, and especially in the Port Elizabeth/Uitenhage area.

The Ineluctable Spectre of the Might-Have-Been

It is perhaps useful, at this stage, to consider what might have happened if the RSA regional development policy had not been focussed on the spatial manifestation of separate development but on the economic imperative for efficient and effective regional development. Under such assumed circumstances, it is reasonable to expect that the focus of regional development would have fallen on the Port Elizabeth/Uitenhage region, and that this would have resulted in at least twenty years of new investment attracted to that area with no dissipation of impact caused by an arbitrary distribution of incentive advantages amongst competing “growth points” in close proximity to each other. Moreover, had this been the case, then more attention might have been given to comprehensive research conducted in 1968/69 which concluded that “the growth of industry (in Port Elizabeth/Uitenhage) has shown an extremely biased development, and remains in large measure, dependent on the fortunes of the motor industry” (Phillips & de Koning, 1969 p. 165). This study indicated further that there was evidence of a possible deceleration of growth in the basic foundations of regional industry for the future and stressed the necessity of attracting new industry to the region or of promoting the expansion of existing industry – hardly circumstances under which a punitive growth-inhibiting policy should have been applied. If the Phillips and de Koning analysis and proposals had been taken seriously, then a valuable impetus for industrial diversification, reduced dependence on the motor industry and general regional economic growth could have been stimulated in Port Elizabeth/Uitenhage from 1969/70 onwards.

Such a programme would have had a significant effect on the capacity of Port Elizabeth/Uitenhage to attract

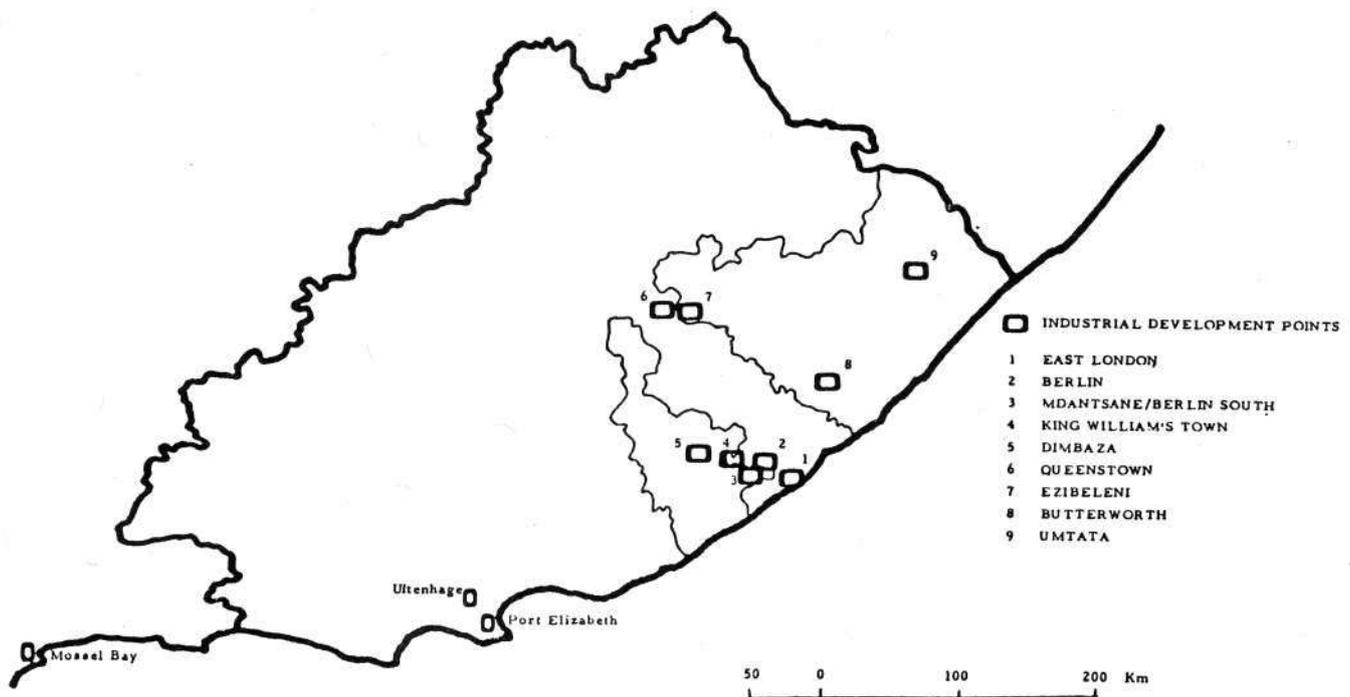


FIGURE 2 DISTRIBUTION OF 1982 GOOD HOPE PLAN “INDUSTRIAL DEVELOPMENT POINTS” IN THE EASTERN CAPE REGION (REGION D)

and expand development investment and would have provided a significant potential force for attracting people. However, there were four important aspects of government policy at the time which inhibited the full realisation of the potential of such a programme — all four of which have currently been either dropped altogether or are under serious review following official recognition that they have not worked.

The first of these is the policy of influx control which restricted the ability of Africans to move in response to economic opportunity. The second is the view of Africans as temporary residents in "White" urban areas which inhibited effective urban planning, the availability of housing, access to secure tenure and participation in a private housing market. The third is, the denial of access to opportunities in the free enterprise system, especially as far as the acquisition and development of significant business interests is concerned; and the fourth, the over-all policy of separate development which required that African economic and political aspirations could only be realised in "homeland" areas which, in most cases, were quite unable to support the scale of in-migration that the policy prescribed for them.

To pursue the scenario further, it is necessary to assume that, during the 1960's the following circumstances applied:

1. Port Elizabeth/Uitenhage was identified as the principal focus of a regional development strategy.
2. Influx control was eliminated and adequate planning provision was made for growth in urban African population.
3. Freehold tenure and access to financial institutions as sources of housing development was available to urban Africans.
4. Restrictions on access to private business development by urban Africans were removed.
5. The process of forced removals of Africans to "homelands" was halted and a principle of free interchange with such areas was promoted instead.

It is instructive to emphasise that **all** of these assumptions are either a reality today or events are moving in that direction.

The effect of such a scenario would have been to create a substantial concentration of population, diversified economic activity and infrastructure in Port Elizabeth/Uitenhage by 1985. There can be little doubt that this would have constituted a powerful regional economic force which would have provided a basis for spin-off development throughout the Eastern Cape.

U-turn or U-bend for Region D

The object of this exercise has not been simply to dwell upon what might have been. Clearly, there is an urgent need now to devise a development strategy that will contribute towards getting the Eastern Cape out of its present impasse; and that means promoting a shift from what is to what might have been as quickly as possible. That this will be much more expensive now than it would have been then goes without saying — but there simply is no other way. In summary, the regional development strategy for the Eastern Cape (Region D) should be based upon the following points of departure:

1. The 1982 Good Hope Plan has been operative for three years and requires a two-year notice period for

suspension or amendment. Immediate notice should be given of such intent, which would mean an effective five-year access to the "new" incentive package and a ten-year access to the "old" package for the Border/Ciskei/Transkei region.

2. The full regional development incentive package should be transferred to Port Elizabeth/Uitenhage as soon as possible with additional consideration being given to a re-evaluation of the local content programme as applied to the motor industry, the vigorous promotion of export-oriented manufacturing and other innovative developments, including a full commitment to the promotion of small industries.
3. Immediate and detailed feasibility studies should be commenced with respect to opportunities for development in Port Elizabeth/Uitenhage **now** in response to anticipated growth in the Mossel Bay area as a result of the possible growth of a petro-chemical industry. When Mossel Bay does become a reality, and all indications are that this process will begin shortly, it will bring about a significant reorganisation of population distribution and infrastructure in the Eastern/Southern Cape which will shift the focus of attention from the Border/Ciskei/Transkei area in any case, and Port Elizabeth/Uitenhage should be put in a position to capitalise on this growth.
4. The availability of land for residential expansion in Port Elizabeth/Uitenhage must be immediately assessed and acted upon in order to facilitate forward planning. This applies to all sections of the population, but more particularly to the African population whose natural increase alone will exhaust the land currently available in the near future.
5. The policy of influx control must be abolished entirely with immediate effect in order to facilitate access to jobs by people and access to employees by entrepreneurs. Such action would clearly require to be effected in conjunction with the development of more effective residential expansion planning procedures and the acquisition of more land.
6. Concurrently with the removal of influx control, action must be taken to secure further land for residential expansion in smaller towns in the Eastern Cape. In this case, the issue should be approached with some circumspection, taking account of the potential for job-creation in such towns and the probable propensity of workers to migrate to other towns, given the abolition of influx control.
7. Real access to the free-enterprise system must be accorded to the African population throughout the region, but especially in Port Elizabeth/Uitenhage, so as to facilitate the emergence of African **employers** of consequence and to remove the view of Africans as being **employees** only. In this respect, the restriction of African business development to "their own areas" must be removed, and free access to industrial and commercial property anywhere in the city must be facilitated.
8. Access to freehold tenure by Africans must be finalised, and the conversion process from 99-year leasehold tenure must be resolved as soon as possible. This will facilitate the development of a more stable and

secure access to a meaningful stake in urban areas for the African community, and will promote a shift away from subsidised housing which was the basis for the old government policy which denied the permanence of Africans in "White" urban areas.

9. Two other aspects of change in the circumstances of Africans in the region require immediate attention. These have not yet been referred to in this paper because they have a much wider national application as well. However, they remain real for the Eastern Cape because without these, the changes referred to above would be considerably devalued. The particular issues involved are the following:

- (i) Real reform in the structure of and access to education and training. For example, in Port Elizabeth/Uitenhage, this will involve a broadening of the base of access to the University of Port Elizabeth, and especially its Centre for Continuing Education – rather than the wasteful pursuit of a separate university for Africans, and it implies an organised approach to access by Africans to institutions such as the Technikon and the Teachers' Training College.

Some action is clearly also necessary at the level of African schools, although this matter has now been left to simmer and deteriorate for so long that nothing short of a complete acceptance by Government of the recommendation of the de Lange Committee (HSRC, 1981) in terms of educational structure, management and financing will suffice. There is very little that the region can do in this regard; the initiative for fundamental reform must come from above.

- (ii) The Local Authority structures created by Government for urban African areas have been completely rejected. Throughout, government has chosen to ignore the principle of full and equal participation in urban administration and management that has been enunciated by the communities themselves. In this respect, a thorough re-evalua-

tion of the system of local government is crucial in order to restore a semblance of credibility in any proposals that emanate from Government.

The most important consideration that emerges from this analysis is that there are no simplistic solutions – to spend time seeking these now is nothing short of dangerous and irresponsible. The issues involved are all closely inter-related to the extent that adjustment in one or a few will have an immediate effect on all the others, thus requiring a further adjustment which, in turn, will set off another round of adjustments, and so on. This has been part of the problem with government's policy concessions in recent years, viz., they have been characterised by makeshift ad hoc decisions that have resulted in jerky discontinuities rather than in the smooth process of effective change that is urgently required. It should be clear by now that separate development as the foundation of regional development policy has failed, and that immediate steps must be taken to redress the inequities of the past. The Eastern Cape reflects all of the worst effects of Government policy in this regard and would be a very good place to start the process of reconstruction that will bring people together. Such an initiative will require imagination, foresight and great courage – but the opportunity must be grasped now before it slips away to be lost in the mists of tear-smoke.

REFERENCES

- Conference Associates, 1978: Ciskei Development Conference – Associates, Pretoria.
 HSRC (1981): Provision of Education in the RSA – Report of the Main Committee of the HSRC Investigation into Education, Chairman: Professor J P de Lange.
 Phillips B and de Koning 1969: Secondary Industry in the Port Elizabeth/Uitenhage Region: A Structural Analysis – Research Report No. 2, Institute for Planning Research, University of Port Elizabeth.
 RSA, 1975: The National Physical Development Plan – Department of Planning and Environment, Pretoria.
 RSA, 1981: The Good Hope Plan for Southern Africa – Department of Foreign Affairs and Information, Pretoria. □

EDITORIAL BOARD

Chairman: Peter Brown

Vice-Chairman: Alan Paton

Members: F. Antonie, J. Arnott, T.V.R. Beard, N. Bromberger, M. Dyer, C. Gardner, A.S. Mathews, P. Murgatroyd, P. Rutsch, J. Unterhalter, M.G. Whisson.

RATES (6 issues - published every two months)

ORDINARY SUBSCRIBERS	DONOR SUBSCRIBERS
S.A. R6,00 p.a.	S.A. R25,00 p.a.
U.K. £ 4,00 p.a.	U.K. £12,00 p.a.
U.S.A. \$6,00 p.a.	U.S.A. \$20,00 p.a.
REALITY, P.O. Box 1104, Pietermaritzburg 3200 R.S.A.	