

UNIVERSITEIT VAN WES-KAAPLAND
UNIVERSITY OF THE WESTERN CAPE

This book must be returned on or before the
last date shown below.

Hierdie boek moet terugbesorg word voor of op
die laaste datum hieronder aangegee.

20 JUN 1996

1996 -12- 12

19 NOV 1999

RETURNED



UNIVERSITY of the
WESTERN CAPE

2065501

01

30001004376812



UWTS

10

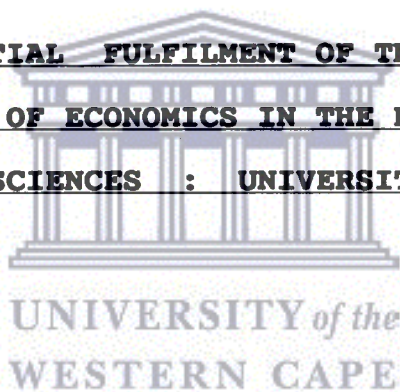
THES

**THE DEVELOPMENT REGION AS OPPOSED TO THE "HOMELAND" AS
THE ESSENTIAL ELEMENT OF REGIONAL DEVELOPMENT POLICY**

MOHAMMED IQBAL JAHED

2/16/2021

**SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MASTER OF ECONOMICS IN THE DEPARTMENT OF ECONOMICS
AND MANAGEMENT SCIENCES : UNIVERSITY OF THE WESTERN CAPE**



PROMOTER : PROFESSOR A ROUX

FEBRUARY 1991

043245 F



THE
UNIVERSITY of the
WESTERN CAPE

UNIVERSITEIT VAN WES-KAAPLAND
BIBLIOTEK
338.968 JAH
LIBRARY
UNIVERSITY OF THE WESTERN CAPE

CONTENTS

	<u>PAGE</u>
PREFACE	1
CHAPTER 1 INTRODUCTION	2
CHAPTER 2 THEORETICAL CONSIDERATIONS FOR REGIONAL DEVELOPMENT	7
2.1 Diffusionist Approaches to Regional Development	7
2.2 Main Criticisms of the "Trickledown" Strategies	14
2.3 Regional Development in South Africa	23
CHAPTER 3 THE LEBOWA ECONOMY WITHIN THE REGIONAL CONTEXT	35
3.1 History and political development	35
3.2 Overview of the Region G Economy	36
3.3 The sub-regions of Region G	42
3.4 Socio-economic characteristics of Lebowa	46
3.5 Development Assistance	63
3.6 Industrial Decentralisation	67
3.7 Lebowa's present underlying strategies	73
3.8 Conclusion	84
CHAPTER 4 ASSESSMENT OF PRESENT STRATEGIES	89
4.1 Objectives of Regional Policy	89
4.2 Region G	92
4.3 Lebowa	94
4.4 Development Context	100
4.5 Possible evolution of a new framework	106
CHAPTER 5 CONCLUSION	120
LIST OF SOURCES	125

PREFACE

The dissertation undertaken is limited to the mini thesis format and is thus limited in depth. Research conducted for this dissertation has been focused on an in depth literature and statistical analysis. Basic statistical sources are derived from the Development Bank of Southern Africa's information files compiled for Region G and Lebowa. Recently updated statistics, at present unpublished and unofficial, have also been utilised.

While the literature analysis has focused on both regional development internationally and specifically within South Africa, an important component of the research comprises of discussions held with Lebowa officials and officials of the Development Bank on the issue of regional development. The general conclusions of this dissertation have been arrived at by the assimilation of ideas and findings of people involved in the development effort, especially regional development, in South Africa.

CHAPTER 1

INTRODUCTION

This study is an evaluation of development strategies that have been followed in South Africa. Lebowa is used as a case study for an assessment of the present strategy. The basic question is whether or not it is economically, politically and socially effective to follow the "homeland" development strategy. This approach places "homeland" states within confined political borders. Development policies are also confined to these borders. An alternative is to follow a broader regional development strategy, that spans across both political and economic borders. This may provide a more feasible approach to development.

The present regional pattern of development, which focuses mainly on industrial decentralisation, is discussed. The evaluation of the present strategy explores various other alternatives which may provide for a more effective regional development policy. In this context an assessment of 'backward regions/homelands' is provided.

The central problem addressed is the country or 'homeland' versus regional orientation. To understand the problem, the core-periphery view on South Africa's regional growth

pattern, is utilised. The PWV, Durban/Pinetown and the Cape metropole areas may be taken as "core", where most of the economic activity takes place. One can also distinguish between the "inner-periphery", which is close to the core, and the "outer-periphery", further away from the core and which includes the Black Homelands. This core-periphery approach provides an understanding of the polarisation effect, which results in the "homelands" becoming poorer, whilst the urban areas grow richer. The main criticism of the modernisation or diffusionist approach is that the "trickle-down" or spread-effect from the core to the other regions does not really take place. Thus, regional aspirations are not satisfied. The South African Government's attempts to counter some of the forces of concentration have been questionable. Within the context of the diffusionist paradigm, trickle-down effects have not occurred because of the super-imposition of a political ideology onto this approach. Rather these areas are the result of polarization (re-inforced by political consideration) brought about by the concept of separate development.

It is clear that South Africa's approach to regional development is in a process of change. This is mainly due to the failure of the "homelands" strategy. Since the mid 1970's it has become increasingly clear that the "homelands" could not really become economically independent (and

internationally recognised), and that the development strategy concentrating on each "homeland" would be uneconomic and inefficient. Economists critical of this approach have suggested that the whole South African economy should be planned as one economy, even if the homelands still maintain political independence. The nine development region mapping of South Africa, Regions A - J, came about as a result of attempting to address South Africa as a more unified economy.

Up to now, the proposed role of the regions have not been clearly stated. There is an element of disagreement between planners and politicians. Two different interpretations exist at present. One gives the regions little significance, the other sees a key role for them. These may be summarized as follows:

INSIGNIFICANCE OF REGIONS A-J	KEY ROLE FOR REGION A-J
1. No political function at all	1. They could be the basis for a new SA federation.
2. Homelands will still remain	2. Regional boundaries will eventually replace homelands
3. Only superficial planning co-ordination within the region	3. Development strategy is to be designed for each region - strong planning co-ordination.
4. Only a small "Regional Development Advisory Committee"	4. Evolution into proper regional administrations.
5. Government funds will not be channelled to regions directly	5. Channelling of government funds to regions who can decide to spend them according to their own strategy.

In evaluating the above two interpretations, it is clear that the arguments are caught up in the dichotomy of politics. Of importance is that politics and economics cannot be separated. Economic rationality suggests that in defining the "region" a geographical area devoid of political boundaries is the ideal definition. This will definitely entail abolishing all homeland states.

At present, due to the fact that homeland development is an integral component of the present regional development strategy, black national states regard the area within its boundaries as the natural focus of its own, "nationalistic" regional development efforts. This leads in practice to policies being adopted by the homeland states of non-cooperation within the region, thus effectively creating distinct economic borders. One of the major problems arising from this is that the interdependencies of the region are not taken into account, thus resulting in a duplication of infrastructure and an inefficient utilisation of the resources of the region. Due to politics, development co-operation between states within a specific region is constrained, which in turn, has a negative effect on development at the regional level.

This dissertation will focus on Lebowa within the Region G context. The need for a development strategy that encompasses the region as a whole will be explored. The

study will show the relatively underdeveloped situation of Lebowa within the Region G context. It will become evident that the development of Lebowa depends on the development of the region as a whole. Co-operation between various homeland-states within the region should be an essential element of any regional development strategy. This may entail a shift to a situation where the development goals of the region form the basis of development strategies of particular homeland-states within that region. This may, in turn, imply that "homeland" economic goals ought to contribute to the development goals of the region. For example, the agricultural sector of Lebowa would then have to be addressed as a component of the agricultural sector of Region G. The same should apply to the other sectors. This will provide for a more rational use of scarce resources and a more imaginative development strategy.

CHAPTER 2

THEORETICAL CONSIDERATIONS FOR REGIONAL DEVELOPMENT

The aim of this chapter is to outline the theoretical development that has taken place in the sphere of regional planning. Important developments have taken place both internationally and in South Africa in the search for effective regional policy. Important lessons of experience for Southern Africa can be gained by an evaluation of regional development efforts in the international sphere. The implications and application of a regional development approach for South Africa is the essential aim.

2.1 DIFFUSIONIST APPROACHES TO REGIONAL DEVELOPMENT

Regional planning has come of age. The failure of regional planning during the 1950's and 1960's to reduce, and in the long term, eliminate major inequalities between regions, and the failure to achieve success along these lines has given credence to many of the critics of the traditional approach. Among the new ideas that are beginning to replace the former, are a growing awareness of the decisive role of natural resources in sustaining life; a new ecological ethic; greater concerns with questions of equity; a deeper

understanding of the contradictions between the international division of labour and the territorial aspirations of new nation-states; and a reassertion of the principle of self-reliance at all levels (Friedman and Weaver, 1979,2). Thus, alternatives to the present strategies are sought in order to create a self-sustaining mechanism that would reduce inter-regional and intra-regional disparities.

One of the first attempts to model the process of regional development is due to Friedman (1966), who tried to translate Rostow's model of development into spatial terms. Friedman (1966) argued that "for each major period of economic development through which a country passes there is a corresponding structure of the space economy".

Friedman placed particular emphasis on the existence of a strong localizing or polarizing principle in the spatial organization of economic activity. The fact that development occurs in some localities and less so or not at all in others, has two important spatial effects:

- Firstly, the pattern of economic activity is inherently uneven.

- Secondly, the polarization process, tends to give rise to a pattern comprising a core or centre and a periphery or hinterland. Generally, the periphery can be divided into two parts. An inner or mobilized periphery interacting closely with the core; and an outer or immobilized periphery with weaker links to the core. This pattern may occur at various levels; firstly, at the international level or between advanced industrial nations and poorer countries of the third world. Secondly, at the national level as between a major urban region and the remainder of a national domain. Thirdly, at the regional or local level as between an urban centre and its hinterland.

An important feature of this structure is that the core tends to dominate the periphery in most economic, political and social respects, so that the latter stands in a dependent relationship to the former.

The dynamics of the relationships between the core and periphery may be expressed in two major flows of resources and transactions between them. The flow is either, predominantly from core to periphery in the form of backwash effects, or in the opposite direction. If the former flow predominates then "deviation-counter acting" forces are operating to reduce the imbalance in the level of development between core and periphery. If the flow predominates in the opposite direction then "deviation amplifying" forces are at work to increase the imbalance.

In terms of Friedman's conceptualization, it is clear that the modernization paradigm is based largely upon the assumption that development in a spatial system can be achieved by the diffusion of spread effects from the more to the less developed parts. The mechanics of this diffusion process in a national space economy has been described in terms of the following impulses which are transmitted from core to periphery:

- a) Outwards from heartland metropolis to regional hinterlands;

- b) From centres of higher level to centres of lower level in the hierarchy; and
- c) Outwards from urban centres into their surrounding fields.

Explicit in Friedman's model of the spatial diffusion of economic activity is the dominant and innovative role played by the core (the city) in the development and modernization of national space economies. Thus, Friedman called for a "strategy for deliberate urbanization" to promote national development, particularly in developing countries.

UNIVERSITY of the
WESTERN CAPE

In Friedman's later model he extends the core - periphery model to include the diffusion, not only of economic activity, and its associated pattern of urban settlement, but also of socio-cultural and political modernization from core to peripheral areas.

Thus, over time, the inequalities between core and periphery are reduced. The core becomes the main vehicle for achieving the spatial integration of the national domain in which gross inequalities between core and periphery of a physical,

economic, social and political nature are reduced to levels that ensure the system's future stability, growth and development. Development in the full sense of the word means the creation of more balanced spatial structures.

One useful consequence of Friedman's model is that it generates a series of development regions which can be defined generically because it allows regional development problems and possibilities to be viewed "as classes of problems, thereby avoiding the needs to confront each small region as a unique event".

The Regions are:



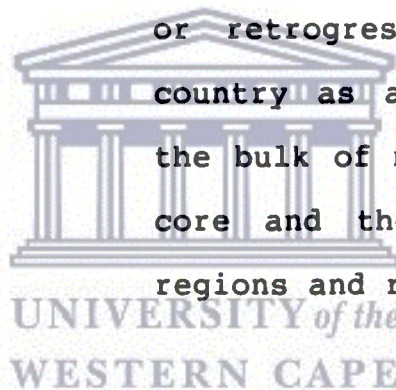
UNIVERSITY of the
WESTERN CAPE

- (1) The core (centre) region consisting of one or more clustered cities and their daily commuting zones. The region has a high capacity of generating and absorbing innovative change. It is the dominant centre and the remainder of the national domain or periphery stands in a dependent relationship to it.

2) The periphery comprises a number of parts:

i) Upward - transitional regions - areas favoured in terms of their resource endowments, their location relative to core regions, their high level of economic development and population immigration.

ii) Downward - transitional regions - areas whose economies are stagnant or retrogressing relative to the country as a whole. They supply the bulk of migrant workers to the core and the upward transitional regions and resource frontiers.



iii) Resource frontier regions - zones of new settlement in which "virgin territory is occupied and made productive", through mineral, agricultural or forestry development.

iv) Special problem regions - areas with peculiar development problems such as regions bordering on foreign countries, water resource area, tourist and military areas.

Friedman points out that the spatial system must be viewed in its entirety since problems of regional growth (or decline) cannot be attacked in isolation. Different policies and programmes will have to be devised for each region, since each has different resources, problems and possibilities for development, but they must be seen as integral and interrelated parts of the total spatial system.

2.2 MAIN CRITICISMS OF THE "TRICKLEDOWN" STRATEGIES

As a result of the lack of development on the part of the poor people, the diffusionist paradigm and their policies came to be discredited. "Trickle-down" theories of development have not worked as expected.

THE DEPENDENCY SCHOOL

The major criticisms against the modernization paradigm originated with the Dependency School of Thought. The Dependency Paradigm describes the world as a "core" of dominant nations and a "periphery" of dependent ones. Frank (1971) states that the present underdevelopment of Latin America is the result of its centuries - long participation in the process of world capitalist

development. The metropolitan centres of Europe and North America are regarded as centres of exploitation sucking capital or economic surplus out of their satellite colonies.

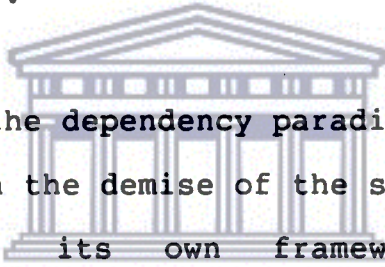
The city-dominant thesis of the diffusion school is rejected since cities are seen as centres for colonial domination in the service of international capitalism, subjecting regional and national hinterlands to economic "satellization" and exploitation. Growth centres, so important in diffusionist thinking, are considered to perform exactly the same functions. They are viewed as capitalist tools for extending control of monopoly capital to peripheral areas. As centres of attraction in rural areas they merely intensify the drain of labour and resources from their hinterlands and as such represent the pursuit of economic growth regardless of social cost. Instead of diffusing innovations and wealth to the periphery, cities and growth centres in this sense drain the periphery of its human and natural resources.

The dependency approach is based on a notion of political economy where the interplay of political and economic factors are critical. Unlike the

diffusionist paradigm which sees development taking place "in the setting of an implicitly harmonious social order", the dependency paradigm assumes a clash of interests between the bourgeoisie on the one hand and the deprived classes on the other. The conflict arises as the deprived classes begin actually to challenge the structures of the existing socio-economic order and exert influence on the whole development of the space economy. The dependency paradigm sees development as a revolutionary break in which capitalism must be replaced by socialism if a more equitable structure of society is to be achieved. Thus, it is argued that continued allegiance to the capitalist system will merely cause the inequalities between nations, between classes and between regions to persist since capitalism expropriates the economic surplus from the many for appropriation by the few.

The dependency school also advocates self-reliance for underdeveloped countries. This is a direct response to the ethnocentric or Western-oriented strategy implied by the diffusionist paradigm, i.e. industrial nations to provide aid and technical assistance as grants and loans, at least until the country in question has reached the Rostowian stage called "take-off".

In the framework of the dependency paradigm, underdeveloped countries should seek goals appropriate to their own local resource endowment, their economic needs and value systems. They should choose for themselves what kinds of external relations they ought to maintain during the development process and what types of external influence they should allow to permeate their society.



While the dependency paradigm played an important role in the demise of the simplistic modernisation thesis, its own framework has not gained widespread adherence. The dependency paradigm has its origins as a critique of diffusionist theory. It is therefore plagued by the mirror-image trap of attempting to create a paradigm through direct, polemical opposition to the old one whilst remaining problematic.

OTHER CRITIQUES OF MODERNISATION THEORY

The regional development framework of the 1950's and 1960's have also attracted criticism from more conventional quarters. The first concept which influenced the diffusionist approach to regional development was a basic assumption of neoclassical

economists that regional imbalances between supply and demand of production factors or commodities will even out automatically once the accessibility between regions and the mobility of production factors and commodities is increased sufficiently. The second concept which heavily influenced conventional regional development policies was that of the polarization and "trickle-down" characteristics of development. These theories are closely related to the growth centre concept. These two processes did not, however, materialise in practice.

Among the reasons why the neoclassical equilibrium assumptions did not materialize are the selective nature of the migratory process, the differentiated mobility of specific production factors, the inevitable differentiation of accessibility in a multi-regional urban system and the unequal spatial distribution of external and scale economies (Walter Stöhr, 1979, 218). This led to an increasing divergence rather than the convergence of inter-regional disparities in living levels in the context of the market mechanism.

The expected "trickle-down" effects also did not materialize, particularly in developing countries. In effect, these impulses did not move "down" and "outward", but rather "up" and "inward". Four reasons are given for this:

- (1) The economic and power benefits of innovation tend to spread up and inward through the urban hierarchy.
- (2) Intersectoral propulsion led to a spatial concentration of activity in clusters rather than spatial diffusion.
- (3) Business tended to concentrate their key functions in large metropolitan areas and only relegated low-level routine functions to peripheral areas.
- (4) In order to spread development, central government expanded its scale of influence compared to that of lower levels of government. This eroded the organisational and decision-making capacity of peripheral areas, an important requirement of self-sustained development.

This critique of the different frameworks was extended to the policy sphere. Traditional regional development policies have led to regional disintegration particularly of less developed peripheral areas. It is important to note that regional planning revolved essentially around the idea of growth centres. This was based on the assumption that economic growth was a result of industrialisation. The earliest critical observations were made by HW Richardson (1971) in a review of the Spanish experience. Richardson (1971) argued that two conditions had to be fulfilled for a successful application of growth centre doctrine. Firstly, the number of designated centres had to be kept small and, secondly, spatial priorities had to be maintained unaltered over a long period of time. The result of this was that Spanish planners had become disenchanted with growth centres as a tool of regional policy.

Most critics agree on the following observations:

- growth centre doctrine had always been conceptually unclear;

- planners applied the term indifferently to major urban-industrial complexes (core regions) and to small central places in rural areas (growth points);
- it was not clear whether the term referred to centres that were undergoing a major phase of growth or cities designated for their potential role instead of actual performance.
- there was confusion concerning the ways in which growth centres might be used to help in the spatial allocation of investment resources. The financial inducement offered by governments to private enterprise are usually too weak to achieve a permanent restructuring of spatial organisation. (Friedman and Weaver, 1979, 1178).

The upstart of conventional regional development policies was regional disintegration, rather than greater regional equality.

Under conditions of regional disintegration, less developed areas are forced to compete with more

developed areas by offering their abundant resources, mainly natural resources and labour, under practically any condition. In exchange they receive public transfers, capital investment and technology transfers, which reinforce regional disintegration by promoting the use of these factors for which there is demand in the large-scale markets, while neglecting the remaining resources (Stöhr 1979, 222).

To summarize, the failure of conventional regional development approaches to reduce and eliminate inequalities between regions, has been recognized. The alternatives that are being sought must relate to addressing basic needs and self-reliance. The notion of growth centres as the major tool of regional development, and that economic growth was a result of industrialisation, has been disappointing. It was also recognized that "trickling-down" did not occur. Thus, no major benefits have flowed to the less developed peripheral areas. Instead regional disintegration occurred. The basic thrust of regional development therefore has to be altered to address the needs of those who need development most. This calls for a more integrated and bottom-up approach.

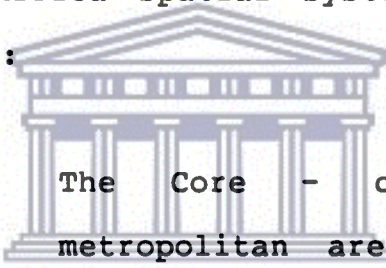
2.3 REGIONAL DEVELOPMENT IN SOUTH AFRICA

The concepts associated with the modernisation paradigm came through clearly in Hobart Houghton's (1964) discussion of the South African case, i.e. a linear transformation from an initial state of underdevelopment to one of development, increasing inequality in the earlier stages of growth, the emergence of a dual economy, and the idea that development of all parts of the country and all its people lies in the diffusion of modernization and the absorption of the traditional sector by the modern. The modernization approach has been translated into policy and strategy by the government in its desire to develop the homelands.

The present South African space economy shows many of the characteristics of Stage 3 in Friedman's model i.e. the industrial stage where capital, labour, entrepreneurs and industrial enterprise have become increasingly concentrated in the core areas. Where it differs from the model is in the size of its downward transitional periphery, especially the Black Homelands, which lag well behind the general level of economic activity and well-being achieved in the cores and in the upward transitional periphery.

In view of these differences, as well as the government's policy of separate development for Black Homelands and the restrictions that were placed on the flow of Blacks as permanent residents to the cities of White South Africa, national integration is a long way off.

For the purpose of analysis, the structure of the South Africa spatial system can be regarded as follows:

- 
- a) The Core - comprising the major metropolitan areas of the PWV, Cape Town, Durban - Pinetown; the minor metropolitan areas of Port Elizabeth, East London, Pietermaritzburg, Bloemfontein and Kimberley all considered together as the non-contiguous urban core of the SA space economy.
- b) The Inner Periphery - comprising the rest of South Africa in White, Coloured and Asian ownership.
- c) The Outer Periphery - comprising the Homelands or Black National States.

There have been three facets to government attempts to slow down the rate of polarization in South Africa.

i) Urban Containment!

During the seventies a deliberate attempt was made to slow down the growth of main metropolitan areas and the PWV region in particular, by curtailing the flow of Black labour to their factories.

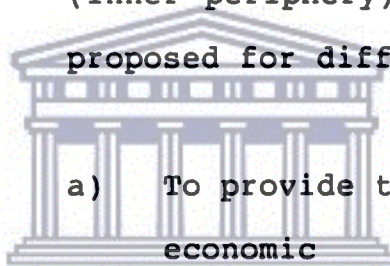
By these measures it was hoped that industrialists would locate in or around

the Black Homelands. However, as

Mr H Oppenheimer pointed out: "there is a limit to which such policies can be carried out without damaging the national economy". With so much of the national growth rate accounted for by the metropolitan areas, government found it necessary to revise its strategy in 1971. It stated that a development pattern would be sought for South Africa which would divert sufficient activity to the decentralized areas without harming the interests and needs of the existing metropolitan areas.

ii) Diffusion or Decentralisation!

A second strategy adopted by the government related to promoting development in the White, Coloured and Asian area of South Africa i.e. a strategy of diffusion. The National Physical Development Plan of 1975 was directed at the White peripheral areas (inner periphery) and the main vehicles proposed for diffusing development were:



UNIVERSITY
WESTERN CAPE

a) To provide the necessary social and economic infrastructure and "climate" for private investment in those areas; and

b) To identify "points of growth" where this investment could be concentrated with the maximum impact.

Regarding the latter, a hierarchical pattern of centres were proposed. Firstly, planned metropolitan areas i.e. the recently developed harbours of Richards Bay and Saldanha and a

revitalized East London/King Williams Town complex. Secondly, there were growth poles i.e. towns or complexes of towns which could, without much stimulus, command sufficient growth potential to develop and support a large population. These poles were meant to be far enough from existing metropolitan areas to develop into independent cities in the future. These towns were mainly the major country towns that have shown considerable growth in recent years. Thirdly, principal towns were identified in which "regional services" as opposed to local services could be concentrated. Fourthly, the hierarchy also contained growth points which were placed on the borders of Black Homelands, and were intended to provide jobs in white areas to Blacks residing in the adjacent Homelands.

iii) Homeland Development;

The third component of the strategy has been to concentrate on the development of the homelands or Black periphery.

Again it is a diffusion strategy aimed at diverting some private investment from the richer nodes to the poorer ones and at directing government investment of capital and expertise towards these areas. The objectives have been both political and economic: political in that government wanted to slow down the flow of permanent Blacks to the cities and to create separate Black states; economic in that the success of this policy depended heavily on the creation of work opportunities on a large scale in the homelands.



In the minds of many people, the history of regional development in South Africa is closely intertwined with the evolution of separate development. Industrial development in South Africa and the exploitation of the country's rich mineral resources proceeded at such a rate during the past century that areas characterized in the 19th century by relatively self-sufficient pastoral conditions have come to depend on earnings through labour migration and grain purchased from SA suppliers (Arrow: 1986,1).

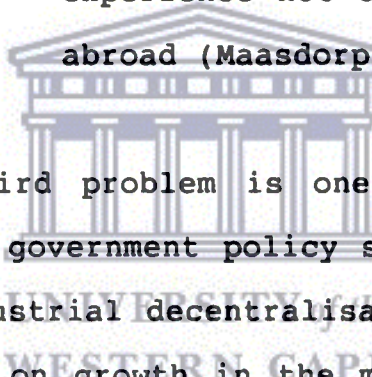
The perception that South Africa, as a labour-surplus economy, needed to promote socio-economic development in less developed regions through industrial decentralization came to the fore during the 1950's. By the 1960's the nationalist government had clarified a policy of separate development which appealed strongly to white fears of working class competition and black urbanisation. The promotion of a regional development strategy, not merely for the purpose of stimulating socio-economic development in less developed areas, but for attaining political objectives associated with the ideological stance of government, is to a large extent responsible for the adoption of policies and strategies operational at present. The policy of attracting industries from developed areas to selected decentralized points was strongly emphasised as an instrument of regional development. However by mid 1970's it had become apparent that the achievements of the border industries policy had been modest. One analyst argued that the constraints on metropolitan job creation had "destroyed more jobs than had been created in border industries" (Bell; 1973).

With the new regional development initiative of 1982, drastic changes were brought about. These included a new set of geographic regions, cutting across existing political boundaries; a generous package of short and long term concessions/incentives; a complex network of regional advisory committees; inter-governmental liaison bodies and multilateral technical committees.

It has become apparent that the 1982 policy has numerous weaknesses. Drawing on the work of Maasdorp (1985) McCarthy (1985), Addleson and Tomlinson (1985); Wellings and Black (1986), the major weaknesses include the following: Firstly, at a theoretical level, the policy has not addressed itself to the question of how many growth centres the economy can sustain, or more specifically, how much government assisted decentralisation the economy can sustain. It is clear that too many points have been identified, thus fracturing the impact of the policy.

A continued pre-occupation with separate development is the second major problem with the 1982 policies.

"It operates within an important ideological constraint, that is, the imperative of 'homeland' development sets the limits for the identification of regions. The ten homelands are divided among eight regions each of which requires at least one growth centre, and this is more than one might regard as optimal, given the past experience not only in South Africa but abroad (Maasdorp, 1985, 224)".



The third problem is one that has continued to plague government policy since the initial stages of industrial decentralisation. Limits are still placed on growth in the metropolitan regions. It is argued that overconcentration exists in these areas. The costs incurred by these limitations are carried by the taxpayers in subsidising decentralisation.

The cost implications of decentralisation is the forth area of criticism. Wellings and Black (1986) note that the cost of creating decentralized jobs is about four times the cost of equivalent jobs in the city. Further, they note that their surveys have revealed that:

"the provision of incentives is the most important factor influencing industrialists decisions to invest at growth points (Wellings and Black, 1986, 14)".

Fifthly, the cost implications are exacerbated as expectations are raised by an area's designation as a development point, and the influence of political lobbying, all contribute towards the establishment of infrastructure which cannot be justified in terms of job and income creation.


Finally, too much emphasis is placed on industrial development. Some regions and sub-regions have only limited potential for industrial development.

It is now apparent that the search for alternative regional development policies is a major priority within the South African development scene. This new policy must recognise the fact that the South African spatial economy comprises an integrated whole made up of a number of broadly defined regions. In this context there is no place for political entities. Secondly, a market-related approach to regional development; must be adopted.

Thirdly, local people must be involved in the development process. Implied in the above is a regional development policy based on comparative advantages and aimed at balanced sectoral development that encourages an efficient allocation of resources. This should be supported by socio-economic development such as education, training, health and housing.

The underlying approach should be a combination of top-down and the bottom-up approach which has commonly been linked to the basic needs approach. This approach supports (on both national and regional levels) a comprehensive and integrated approach to development; recognises the interplay of economic and non-economic forces in development; focuses on people and their needs (especially the satisfaction of basic needs on a regional level); holds that development is endogenous in nature and that it should therefore be stimulated from within and from below; gives priority to the use of appropriate technology and the stimulation of small-scale and labour-intensive activities; emphasizes the specific role of integrated rural development; and allots a significant role to the urban informal sector in development.

However, despite government policies to achieve a more evenly distributed national settlement pattern, polarization of economic activity continues as the dominant process. The core area continue to show rapid growth. While the economic growth rate of the homelands is rapid, the volume of activity in so low relative to the total that an economic dispersion of important proportions cannot be assumed.



The present status of regional development, is that these strategies and policies have been basically ineffective. There are calls for abandoning industrial decentralization as a tool for regional development, which has so far dominated the strategy. There is the realization that the politics of South Africa is a constraining factor and that economics and politics are interdependent. Of importance then is the realization that integrated regional development should be strived for in its true sense. In sum, there is the call for an alternative approach to the present regional development strategy.

CHAPTER 3

THE LEBOWA ECONOMY WITHIN THE REGIONAL CONTEXT :

FACTS AND TRENDS

3.1 HISTORY AND POLITICAL DEVELOPMENTS

The population of Lebowa is collectively known as the North- Sotho. The North-Sotho consists of a number of tribes, of which the most powerful group is the Pedi.

The North-Sotho were traditionally agriculturalists of a subsistence nature. However, increasing pressure on the land reduced the ability of this type of agriculture to cope with the needs of the inhabitants. This factor led to the Pedi subjugating surrounding tribes for their land and establishing themselves in the north and north-eastern parts of the Transvaal, known as Lebowa (Leseme and Fenyes, pg 172).

The major political landmarks which characterize the development of Lebowa as a separate entity started in 1913, with the Bantu Land Act that legally recognised the areas inhabited by the

North-Sotho. In 1936, the Bantu Representation Act and Bantu Trust and Land Act provided for separate political development and an increase of the recognized homelands' territory. By 1951 the Bantu Authorities Act made possible a uniform system of local and central management (tribal, community, regional and territorial) authorities. In 1962, a Tribal Authority was instituted for the North-Sotho and by 1969 executive powers became vested in an executive council. The Tribal Authority obtained the status of a Legislative Assembly in 1971, and in 1972 Lebowa was declared a self-governing territory within Southern Africa.

The implications of the legislation was that the way was paved for separate development within definite political boundaries. The idea was that social, political and economic interaction had to take place within these boundaries. There was even some hope that the territory could achieve some kind of economic independence.

3.2 OVERVIEW OF THE REGION G ECONOMY

Region G consists of the following parts of South Africa; Northern Transvaal, Venda, Lebowa and Gazankulu. The region has a total land area of 119 606km² with a population of 4 061 000 (DBSA, 1986).

Gross Geographical Product (GGP)

In 1986, Region G had a GGP of R4 781,5 million at current factor cost, amounting to 3,8 per cent of the aggregate Southern African GGP. Region G increased its share from 2,4% in 1970 to 3,5% and 3,8% in 1980 and 1986 respectively.

Table: Development Regions : Percentage contributions to aggregate GGP (Current factor cost) 1970; 1980; 1986.

REGION	YEAR		
	1970	1980	1986
A	15,5	12,3	12,5
B	2,2	3,7	3,1
C	7,0	7,4	6,2
D	7,5	6,5	7,0
E	13,9	13,2	13,9
F	4,9	7,5	8,5
G	2,4	3,5	3,8
H	42,5	38,2	39,2
J	4,0	7,2	5,8

Source : DBSA, 1988

From the above table it is evident that only Region B with a share of 3,1%, has a smaller economy than Region G. The dominance of Region H is also evident. It contributed almost 40% towards the aggregate GGP.

Growth In GGP

The GGP of Region G, at constant 1980 prices, increased at an average annual rate of 4,4%

between 1970 and 1986. This is a relatively rapid growth rate, and is certainly above average for the country as a whole. The contribution of Region G to national GGP therefore increased from 2,4% in 1970 to 3,8% in 1987. The growth rates in the GGP of Region G are depicted in the table below, disaggregated by the type of economic activity.

Table: Region G : Average annual growth in GGP at current factor cost : 1970-87

	1970- 1975	1975- 1980	1980- 1987	1970- 1987
Agriculture	19.7	13.9	13.8	15.5
Mining	7.1	60.9	8.0	21.1
Manufacturing	19.1	17.3	20.1	19.0
Electricity	14.1	18.8	24.6	19.7
Construction	32.4	13.5	23.8	23.1
Commerce	14.5	16.5	19.6	17.1
Transport	16.4	20.1	19.1	18.6
Finance	20.9	17.4	20.6	19.7
Community and Social Services	18.5	18.8	26.0	21.6
TOTAL	16.8	10.5	16.2	19.5

Source : DBSA. 1988

From the table above, Region G registered an average annual growth rate of 19,5% between 1970 and 1987. Between 1975 and 1980 Region G registered an average annual growth rate of 27,1%, and 16,2% between 1980 and 1987. Of significance is the decline in growth of the Mining Sector. During the period 1975-1980 the Mining Sector

achieved the highest growth rate of 60,9%. However, between 1980/1987 it recorded an average annual growth rate of 8,0%.

Sectoral Contribution to GGP of Region G

Table: Region G : Percentage contributions towards GGP (at current 1980 prices) per sector; 1970-1987

TOTAL REGION G	1970	1978	1980	1987
Agriculture	23.0	23.7	15.0	13.0
Mining	20.7	9.4	43.6	26.1
Manufacturing	8.0	9.3	5.9	7.4
Electricity	1.5	1.8	1.0	1.5
Construction	3.0	4.4	3.2	5.0
Commerce	12.5	11.7	7.3	8.9
Transport	6.2	7.1	4.6	5.5
Finance	4.7	8.4	3.8	4.9
Community and Social Services	20.4	24.2	15.7	27.6
TOTAL	100	100	100	100

Source : Adapted from DBSA, 1990

The Community and Social Services Sector, with the largest percentage (27,6%) contribution to current GGP in 1987, should be regarded as the most important sector in the economy of Region G in terms of sectoral contribution. The second largest contributor is Mining Sector. The Agriculture Sector accounted for the third largest sector in terms of contribution to the GGP of Region G

Agriculture

Since 1980, agriculture has been the third largest sector of Region G. It was the major contributor in 1970. However, it relinquished its first for third position to 15,0% in 1980 and 13,0% in 1987.

The potential of agriculture as employment creator is of special significance in Region G. Agriculture is the most labour-intensive industry and many of the rural poor seek employment in this sector. But it should be borne in mind that most of the productive agriculture is found in the "White" areas of Region G and employment is sought in these areas.

UNIVERSITY of the
WESTERN CAPE

Mining

If the sectoral contribution to GGP of mining is taken into account, then it emerges as the major sector in Region G. It has become the sector with the highest contribution between 1980 to 1986. In 1970 it accounted for 20,7% of the GGP and in 1980 it accounted for 43,5%. In 1987 the mining sector occupied the second place accounting for 26,1% of the GGP. Although the relative share of mining has declined somewhat in the 1980's, it has remained the major contributor to GGP in Region G. The outstanding performance of this sector can

be ascribed to new overseas markets being exploited in 1980, causing certain mines to more than double their annual production. Previously unprofitable commodities became profitable as a result of substantial price hikes experienced on world commodity markets. This indicates the strong link and dependence of the mining sector on world markets.

Community and Social Services

Since 1970, this sector has increased its contribution towards aggregate GGP of Region G at a high rate. This sector held the second position in terms of contribution to GGP since 1972 to 1986. In 1987 this sector held the first position and contributed 27,6% of the GGP.

The relative growth of the community and social services sector indicates that some government support is given to basic needs such as health and education. On the other hand, this trend indicates a certain lack of self-sustaining economic activity in Region G.

Essentially, the economic activity of Region G is characterised by its underdeveloped secondary and

tertiary sectors and a largely 'subsistence' based agricultural sector. In general Region G is poorly connected to the major South African markets and specifically to the PWV.

3.3 THE SUB-REGIONS OF REGION G

Population

The table below provides an indication of the population in terms of the sub-regions in Region G. The sub-regions are demarcated according to the Transvaal portion, Lebowa, Venda and Gazankulu.

UNIVERSITY of the
WESTERN CAPE

SUB-REGION	1980	1985	1987
Lebowa	1 761 768	2 306 236	2 566 898
Gazankulu	490 258	624 535	688 550
Tvl. Portion	381 324	497 750	489 774
Venda	517 210	459 819	495 429
TOTAL	3 150 560	3 888 340	4 240 651

The population of Region G has expanded rapidly. Between 1980 and 1987 it increased at an average annual rate of 4,3%. Lebowa accounted for the largest population in Region G (60,5% of the Region's population). This reflects a situation

where the most productive sub-region, namely, the Transvaal portion contained the smallest population (11,5%), while the most economically backward sub-region, Lebowa, accounted for the greatest population.

Sub-regional Sectoral Contribution to GGP of Region G

To understand Lebowa's economic role within Region G, it is important to gain insight into its sectoral contribution towards the GGP of Region G. Of importance also is to understand this sectoral contribution in relation to the other "sub-regions" of Region G.



The table below indicates the sectoral contribution of each 'sub-region' or territory to the GGP of Region G. More specifically, the table shows the percentage contributions of the various sectors of the sub-regions to the total contribution of sectors of Region G. Thus, the sectoral contribution of Lebowa's agricultural sector is taken as a percentage of the total agricultural sector of Region G.

Table: Sectoral contribution of 'sub-regions' to GGP of Region G at constant factor cost.:

	VENDA %			LEBOWA %			GAZANKULU %			TVL. PORTION(RSA) %		
	1980	1985	1986	1980	1985	1986	1980	1985	1986	1980	1985	1986
AGRIC/HUNT/ FORESTRY/FISH	2.44	6.50	6.06	6.13	6.54	6.34	6.45	11.18	11.28	84.96	75.70	76.29
MINING & QUARRYING	0.02	0.43	0.45	4.48	2.78	2.60	0.08	0.23	0.22	95.40	96.50	96.70
MANUFACTURING	4.34	5.96	5.98	18.90	21.20	20.90	7.55	12.40	12.62	69.14	60.37	60.40
ELEC/WATER/GAS	0.00	3.78	3.60	4.05	9.19	8.42	0.05	0.00	0.00	95.90	87.00	87.90
CONSTRUCTION	4.28	17.70	17.60	21.48	25.65	28.38	12.08	12.60	13.90	62.14	43.97	40.00
COMMERCE/ CATERING/ ACCOMMODATION	3.16	5.83	5.81	8.99	11.99	12.50	2.66	3.54	3.76	85.17	78.60	77.90
TRANSPORT STORAGE COMMUNICATION	1.37	2.76	2.69	8.87	15.12	15.40	3.74	5.67	6.09	86.00	76.40	75.70
FINANCE INSURANCE REAL ESTATE BUS. SERVICES.	6.08	5.00	5.42	13.84	16.06	16.60	3.40	7.44	7.77	76.60	71.47	70.18
COMMUNITY/ SOCIAL/ PERSONAL SERVICES	9.60	12.46	11.85	25.34	30.68	31.83	9.36	11.30	11.12	55.68	45.50	45.18
TOTAL	2.79	5.14	5.33	10.28	12.77	13.27	3.77	5.77	6.11	83.14	76.09	75.27

The table above indicates that the Transvaal portion of Region G contributes the major portion of the GGP of the Region. The same applies to each of the sectors. The Transvaal sectoral contribution to the total agricultural sector of Region G was 76,29% in 1986. In the case of manufacturing, commerce and transport the

Transvaal portion contributed 60,4%, 77,9% and 75,7% respectively.

In the case of Lebowa the sectors which are important relative to production in the region, are community, social and personal services, construction and manufacturing. The relative prominence of these sectors in the Lebowa economy can be related to government intervention, through the creation of a state bureaucracy, the focus on infrastructural development and emphasis on manufacturing through the industrial decentralisation effort.

While total contribution of the "sub-region" to GGP of Region G also increased, it is important to note that this increase has taken place from a low base. The poor relative performance of agriculture and mining in Lebowa clearly inhibited the relative growth of the Lebowan economy as a whole.

More generally, the 'black areas' of Region G are characterized by, low training levels, high infant mortality rates, poor health services, poorly developed infrastructure, food shortages, widespread malnutrition diseases and housing

shortages. In contrast, it should be noted that within the South African portion of Region G, both infrastructure and economic activity is much more advanced.

3.4 SOCIO-ECONOMIC CHARACTERISTICS OF LEBOWA

Lebowa is spread over a large part of the central, north-eastern and eastern Transvaal. (Lebowa is dependent on the regional economy and the PWV.) This interdependence is promoted by the transportation link that exists between the PWV area and Pietersburg. At its closest point Lebowa is more or less 150km from Johannesburg, South Africa's industrial, commercial and financial heartland with the furthest point about 300km away.

It's close proximity to Pietersburg, Potgietersrus, Tzaneen and Phalaborwa (growth points) and the White agricultural districts result in large scale migration and daily and weekend commuting by many of its people. Migrant outflows specifically to the PWV are extremely high, reported at 245 000 in 1987 (DBSA : 1988). This situation has its negative side-effects on

the Lebowa economy as it prevents the development of entrepreneurial skills within Lebowa. A further result of this situation is also the high leakage of purchasing power to adjacent white areas.

Two industrial development points have been identified in Lebowa, namely Seshego and Lebowakgomo. At present the focus is primarily on Seshego due to its location and proximity to Pietersburg. Although there is large scale development at Lebowakgomo as the administrative capital of Lebowa, industrial development does not seem to receive the same priority as in Seshego.

The fact that Lebowa is not consolidated into a single territorial unit has several implications. To administer such a territory creates problems for the Lebowa Government. The drawing up of a national development plan with the hope of integrating the economy meets with many obstacles.

Human Resources

The total de facto population of Lebowa in 1986 was estimated at 2 290 000. The majority of the de facto population, (namely 94%, were settled in the rural areas)

An estimated 53% of the de facto population in 1986 was in the age group 0-14 years, 44% in the age group 15-64 years and 3% in the age group 65 years plus. Of the total de facto population in 1986, 44% were male and 56% were female. The fact that in the 15-64 year age group mostly more females than males were present, indicates a high degree of male absenteeism from the territory. This is mainly due to out-migration of people seeking employment opportunities elsewhere.

Level of Education

In 1986 an estimated 1,3 million or 59% of the de facto population had received some formal education to a level varying between Sub A and a university degree.

An estimated 946 000 persons or 41% of the total de facto population in 1986 had received some primary education, 378 200 or 17% had received some secondary education and ~~14 000~~ or 0.6% had received some tertiary education (DBSA : 1988).

The above figures indicate that the need for more education in Lebowa is significant. The provision of education is therefore seen as a development priority.]

Population Settlement

As has been indicated, 94% of the de facto population in 1986 were present in the rural areas and 6% in the urban areas. Three different forms of rural settlement may be distinguished in Lebowa.

Traditional villages are areas which have not yet been planned agriculturally. No services are provided in these areas. The number of villages in this category have declined in recent years due to the betterment programme.

The second category of rural settlement are so called "betterment" villages. These villages are linked to the agricultural planning programme and their administration is under the chief and tribal authority in collaboration with the Department of Agriculture and Environmental Conservation.

The third type of rural settlement are closer settlements. These are the result of the resettlement programme. In closer settlements people are not provided with farming rights. It is a semi-urban environment which is characterised by a complete absence of locally available job opportunities.

In September 1985, there were 14 proclaimed towns in Lebowa with an estimated population of 169 000 and a total number of 19 479 houses. Between 1985 and 1987 the population in these towns increased at an average annual rate of 9,5 per cent, while the number of houses increased at only 3,7 per cent. This resulted in an increased occupancy rate, from 6,3 in 1979 to 8.7 in 1985.

The towns are in most cases provided with services which include roads and drainage systems, water supply, sanitary services, schools, welfare buildings, sport facilities, public buildings and electricity. In 1985, 68 per cent of the houses had electricity installed, 97 per cent had flush latrines, while piped water was available on all the stands. In the towns of Seshego and Lebowakgomo, approximately 89 and 83 per cent of their respective houses had electricity installed.

Labour and Employment

It is useful to distinguish between the potentially active population and the labour force:

- The potential de facto economically active population consists of the de facto population in the 15 to 64 year age-group, plus all migrant labourers; and
- The labour force consists of persons employed in Lebowa, persons employed in South Africa adjacent to Lebowa but who reside in the latter country (commuters), persons who are absent from Lebowa on a semi-permanent basis and are employed outside the country (migrant workers) but whose families still reside in Lebowa, and persons who are unemployed.

The potential economically active population numbered an estimated 1 265 000 persons in 1986.

During 1986 the labour-force numbered an estimated 881 000 persons, representing 70% of the estimated potential economically active population. The formal sector economy in Lebowa provided employment to approximately 186 000 or 21% of the labour force. The greater part of the labour supply were thus compelled to seek employment in neighbouring South Africa as commuters and migrants or to enter the informal sector.

It is estimated that 78 000 people had to travel on a daily basis between Lebowa and places of employment in South Africa adjacent to Lebowa. Approximately 79% of these transfrontier commuters were employed in the northern Transvaal, 14% on the Highveld and the rest in rural and other smaller urban areas of South Africa.

Official statistics indicate that migrant workers numbered 175 000 in 1980. It is estimated that the number of migrant workers may have numbered 287 000 in 1986 (Source DBSA : 1988). The largest number of migrant workers are employed on the West Rand (30%), followed by Northern Transvaal (19%) and the East Rand (17%).

It is further estimated that 330 000 people may have been unemployed in the territory. This represents 37% of the potential labour force. Unfortunately information quantifying employment in the informal sector in Lebowa is not available. However, if the norm of 22% (Kirsten, 1988) is taken as a guideline, then 278 300 of the potential labour force are employed in the informal sector. This figure would include those involved in subsistence agriculture. Although

exact statistics are not available, a large percentage of those employed in the informal sector are classified as unemployed.

Estimates on employment by type of economic activity in Lebowa in 1986 indicates that the largest number of the de facto economically active population were employed in community, social and personal services (34%) followed by agriculture (20%) and the wholesale and retail trade (15%). The following table presents a breakdown of employment of the de facto population by economic activity.

Table: Employment of the de facto economically active population, 1986

SECTOR	PERCENTAGE PERSON EMPLOYED PER SECTOR
- Agriculture	20,0%
- Mining	7,0%
- Manufacturing	9,0%
- Electricity	0,5%
- Construction	10,0%
- Commerce	15,0%
- Transport	4,0%
- Finance	0,5%
- Community & Social Services	34,0%
T O T A L	100,0%

Source: DBSA : 1988

Gross Domestic Product (GDP) and Gross National Product (GNP)

The GDP of Lebowa at constant (1980) prices increased at an average annual rate of 11,2 and 8.6 per cent per annum between 1970-1975 and 1980-1987 respectively and decreased by 1.6 per cent between 1975-1980. The GDP at factor cost and constant (1980) prices amounted to R253,3 million; R420,1 million; R396,0 million and R707,5 million respectively in 1970, 1975, 1980 and 1987.

Table: Average Annual Growth Rate : (Constant 1980 prices)

YEAR	PERCENTAGE
1970 - 1975	11,2
1975 - 1980	(1,6)
1980 - 1987	8,6
1970 - 1987	6,2

It is evident from the table, the average annual growth rate of GDP for the period 1970-1986 was 6,2%. This may be regarded as a high growth rate. However, compared to the other national states in Southern Africa, Lebowa has experienced the lowest growth rate in GDP (DBSA : 1988).

An analysis of the contribution of the various sectors towards the GDP at factor cost and current prices indicate that community, social and personal services, including the public sector,

made the highest contribution towards the product between 1970 and 1986. During 1987 this sector contributed 54,8% towards the product, followed by contributions of 9,1% and 10,3% in the case of the manufacturing and construction sectors respectively.

The primary sectors i.e. agriculture and mining showed fluctuating contributions to the GDP, alternating between second and third positions from 1970 to the early eighties. Since then the importance of agriculture's contribution decreased to reach eighth position in 1987, while mining receded to the fourth position. Interestingly, the manufacturing and construction sectors as contributors to GDP increased from fourth and seventh positions in 1970 to second and third positions in 1987 respectively.

Table: Sectoral Contribution to GDP of Lebowa
at Current factor cost : 1970-87

ECONOMIC SECTOR	1970		1980		1987	
	R'000	%	R'000	%	R'000	%
Agriculture, hunting, forestry and fishing	8 316	21.2	17 621	8.7	49 000	5.4
Mining and Quarrying	7 576	19.3	39 331	19.7	40 800	4.4
Manufacturing	4 760	12.1	22 036	10.8	83 900	9.1
Electricity, Gas & Water	12	1.0	826	0.4	3 900	0.4
Construction	1 752	4.5	13 534	6.6	94 700	10.3
Trade, catering & accommodation	2 296	5.9	12 687	6.2	54 500	5.9
Transport, storage & communication	573	1.5	8 160	4.0	41 400	4.5
Finance, insurance, real estate & business services	3 556	9.1	10 345	5.1	46 700	5.1
Community, social & personal services	10 393	26.5	80 041	39.1	503 600	54.8
TOTAL	39 234	100	204 587	100	918 800	100

As can be deduced from the table above the Community and Services sector was dominant in its contributions towards GDP since 1970. The high contribution of the government sector is mainly due to the priority placed by the 'homeland' government to expand its public sector. While major employment opportunities are sought in the agricultural sector, this sector has decreased in terms on its contribution to GDP.

Since 1970, the GNP at constant factor cost increased at an average annual rate of 7%, from R602,1 million in 1970 to R1775,7 million in 1986. The GNP is almost three times as high as the GDP. This is mainly due to the contributions of commuters and migrant workers to the GNP. Commuter and migrant income contributed 17% and 50% respectively towards the GNP in 1986. The enormous dependence of the Lebowa economy on earnings outside its borders is therefore undeniable.

Real per capita GNP increased from R231 in 1970 to R362 in 1986, representing an average growth rate increase of 3% per annum. This is a relatively rapid per capita growth rate. However, most of this growth occurred in the 1970-75 period. In the subsequent period per capita growth slowed significantly.



UNIVERSITY of the
WESTERN CAPE

Table 5.9 : Lebowa : Gross national Product (GNP) at factor cost ¹⁾: 1970, 1980 - 1986

DETAILS	CONSTANT 1980 PRICES
<u>GNP: TOTAL</u>	<u>R'000</u>
1970.	602 148
1975	906 003
1980	1 201 780
1986	1 775 772
<u>GNP per Capita:</u>	<u>Rand</u>
1970	231
1975	308
1980	323
1986	362
<u>Percentage average annual increase</u>	<u>Percentage</u>
<u>GNP : Total</u>	
1970 - 1975	8,2
1975 - 1980	5,7
1980 - 1986	6,6
1970 - 1986	7,0
<u>GNP per capita</u>	
1970 - 1975	5,9
1975 - 1980	1,0
1980 - 1986	1,9
1970 - 1986	3,0

- 1) GNP comprises GDP plus foreign factor incomes (such as investment income and remittances from foreign countries accruing to residents) less the income earned in the domestic economy accruing to persons in foreign countries. In calculating the value of each of these elements some assumptions and estimates had to be made, especially regarding the estimated number of migrant workers from the country working elsewhere as well as the amount of their incomes to be included.

Income and Expenditure of Households Income

In 1986, it was estimated that there were 341 325 households resident in Lebowa. The average size of a household was 6,8 persons and varied from a high of 7,5 persons in the Naphuno district to a low of 5,2 in the Namakgale district.

It is further estimated that the total income of households amounted to R1 788 million. The average income per household in Lebowa in 1986 was estimated at R5 459 per annum. The corresponding figures for the urban and rural areas amounted to R9 781 and R4 665 respectively. The average income varied from approximately R13 000 in the Namakgale district to R3 000 in the Bochum district.

An estimated R1 699 million, or approximately 95% of income was available for expenditure on consumer goods, educational and medical services, transport and communication, taxes, insurance and savings. The table below presents an indication of the income and expenditure of households for 1986.

Table: Income & Expenditure of Households, 1986

EXPENDITURE	%
Food, Beverages & Tobacco	34,2
Clothing & Footwear	7,7
Rent, Fuel & House-Hold Expenses	16,8
Furniture & House-hold Equipment	7,7
Medical Services	1,7
Education	3,1
Transport & Communication	4,7
Savings	14,9
Miscellaneous	5,9
Taxes & Insurance	3,3

The territory experienced a high leakage of purchasing power of some 62%. Only 38% of the total expenditure was incurred inside Lebowa. The highest leakage factor was experienced in Seshego (70.8%) and in Mokerong (65.6%) and is due to the proximity of the towns of Seshego and Mahwelereng to towns in South Africa (Pietersburg and Potgietersrus). The highest retention factor was experienced in Bolabedu and Mapulaneng, due to their relative isolation from towns in South Africa. This high leakage is a major factor inhibiting the development of tertiary sectors in Lebowa.

An estimated 34% of total expenditure was incurred in purchases of food, beverages and tobacco, while

17% was used for rent, fuel and household expenses. It is interesting to note that 15% of total expenditure was saved, while 8% was spent on clothing and footwear.

Revenue and Expenditure of the Central Government

Revenue and Grants

Total revenue generated and grants received by the Lebowa Government increased from R245.4 million during the 1982/83 financial year, to an estimated R382,8 million during 1986/87, representing an average annual increase of 11,8 per cent in the total revenue base of the Government.

For the 1986/87 financial year, provision was made in the estimates of revenue to raise a total amount of R696.3 million, of which R149.1 million or 21 per cent had to be collected from the own revenue base of the Government in the form of tax (110.7 million or 16 per cent) and non-tax revenue (R38.4 million or 5 per cent). The remaining R547.2 million or 79 per cent was obtained in the form of grants according to agreements concluded between the Lebowa and SA Governments.

With regard to the tax base of the Government, personal income tax constituted the major source of revenue, having to contribute just more than 89 per cent of the total tax revenue with the remaining 11 per cent to be collected in the form of general sales tax (nearly 6 per cent) and other taxes (5 per cent).

Expenditure

Total expenditure of the Government increased from R250 million during the 1982/83 financial year to an estimated R396,4 million during 1986/87, representing an average annual increase of approximately 12,2 per cent in Government expenditure. During the latter year the provision for current expenditure amounted to R455.1 million or approximately 63 per cent of total expenditure, while the provision for capital expenditure amounted to R74.4 million or 10 per cent of total expenditure. The remaining amounts were allocated as transfer payments

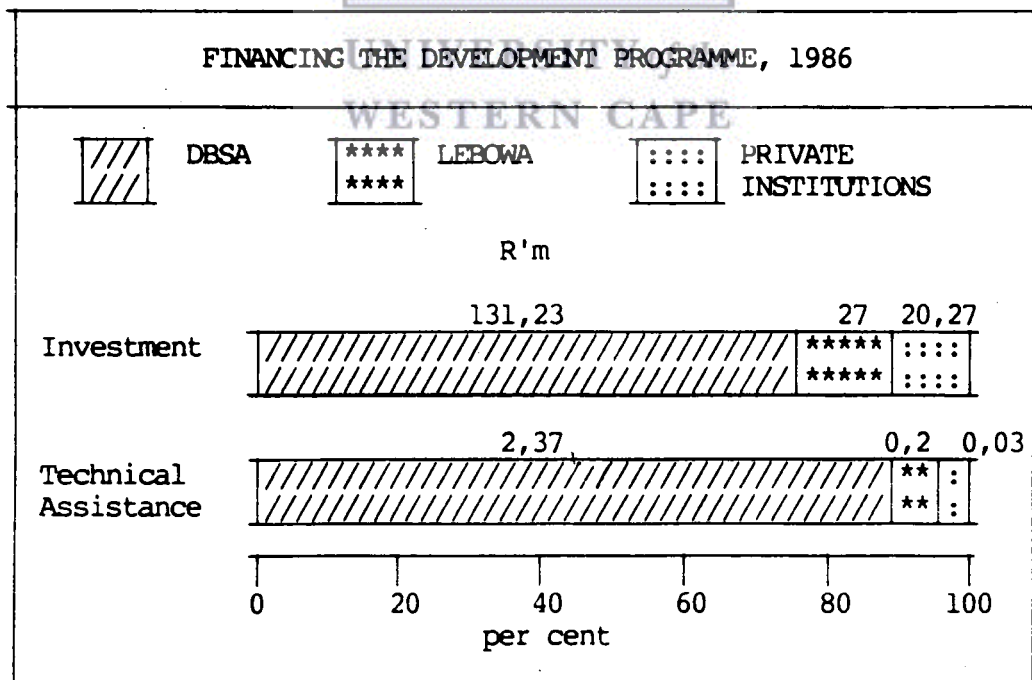
The revenue base of the government increased at an average annual rate of 29,7% between 1982/83 and 1986/86, whereas the expenditure base increased at

an estimated 30,3% during the mentioned period, which in practice resulted in an annual financial deficit. This deficit, increasing from R4,5 million in 1982/83 to an estimated R24,7 million in 1986/87.

3.5 DEVELOPMENT ASSISTANCE

The development programme of DBSA consist of project investment, technical assistance and guarantee programmes.

Diagram: Major Sources of Investment for the Lebowa Development Programme



Source : DBSA : 1988

Since its inception and up to 16 April 1987, DBSA has been requested by the Lebowa Government to participate in financing development programmes in the territory consisting of 42 projects with a total investment value of approximately R181,1 million. The Lebowa Government indicated that it could contribute approximately R27,2 million or 15 per cent towards the total cost, requesting DBSA to provide an amount of R133,7 million or 74 per cent in the form of loan capital and technical assistance. The remaining amount, namely R20,2 million, was to be contributed by private sources. During the abovementioned period, no guarantees were provided by DBSA for loans made to the Lebowa Government.



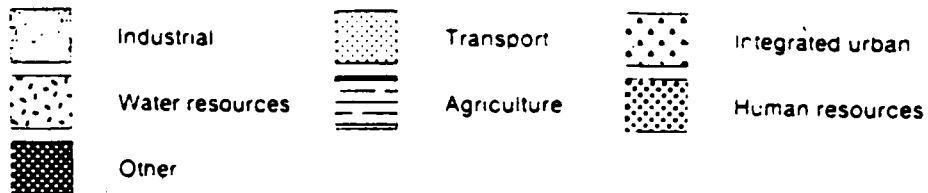
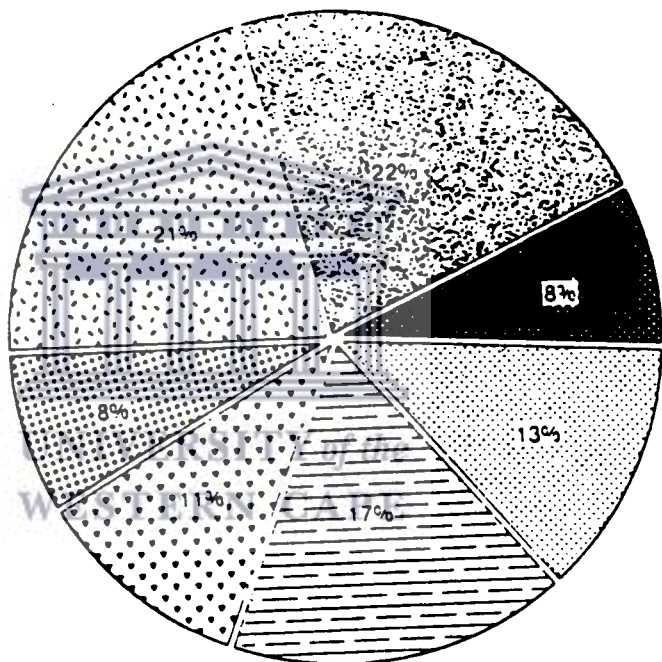
The number of projects being developed in the territory are in different phases of the project cycle and their implementation can extend over a number of years. A single project can involve more than one loan simultaneously. On 16 April 1987, the number of loans granted to Lebowa by DBSA numbered 68. Forty of these loans were in the appraisal phase, six in the negotiation phase and 22 in the implementation phase.

The single largest amount, namely R38,9 million, is being spent on industrial development in the territory. This is followed by an expenditure of

R37,1 million on water resource development, R30 million on agricultural development, R24,5 million on the development of transportation, and R20,6 million on integrated urban development.

FUNCTIONAL CLASSIFICATION OF PROJECTS, 1986

Abstract



Source : DBSA : 1988

Examples of projects supported by DBSA in the categories outlined in the diagram above include the following:

Seshego Industrial Park : Construction of standard factory buildings and provision of infrastructure in Seshego industrial area.

Marishare/Jane Furse Road : The upgrading and resurfacing of an existing section of gravel road in the Nebo district of Lebowa.

Tours Dam: Construction of the Tours Dam. The dam is part of the greater Tours irrigation project in Lebowa. Besides the irrigation component (coffee), the dam supplies water to the surrounding primary areas.

Lebowa Farmer Support Programme I: Comprehensive farmer support programmes for 350 farmers in the Mapulaneng district and 680 farmers in the Nebo district of Lebowa.

Local Authority Institution Building: The reinstatement and further upgrading of existing local authority administrations in proclaimed towns to promote sustainable development within urban areas in Lebowa.

Lebowa Teacher Training Strategy: Appointment of consultants to develop an appropriate teacher training strategy.

3.6 INDUSTRIAL DECENTRALISATION

Overview

The Regional Industrial Development Programme (RIDP) is a key element of the regional development policy. Significant resources have been allocated to the programme. The table below provides information on employment, investment and the number of projects in various regions since the inception of the RIDP.

Table : Projects, employment & investment,
1 April 1982 - 31 March 1987

REGION/ DEVELOPMENT POINTS	PROJECTS	EMPLOYMENT	INVESTMENT (R'000)
REGION A	271	6 868	300 791
REGION B	74	3 009	67 268
REGION C	328	23 021	189 102
REGION D	518	35 160	1 062 790
REGION E	564	41 875	740 029
REGION F	123	5 248	107 732
REGION G	381	16 270	195 775
REGION H	127	6 988	125 475
REGION J	95	8 095	192 800
WALVIS BAY	10	638	22 274
G R A N D T O T A L	2 491	147 172	3 204 027

In terms of employment creation, the regions that gained the most benefit were the regions which were originally prioritised in terms of need, i.e. Region E (41 875 jobs); Region D (35 160 jobs), Region C (23 021 jobs) and Region G (16 270 jobs). The four mentioned regions together accounted for 79% of total employment created within the RIDP. These four regions also performed best in per capita employment terms.

It is also significant that the IDP's located in the TBVC states and self-governing territories tended to receive the major share of jobs. From the table below it is evident that 61% of all jobs created by the RIDP occurred in these areas. Reasons for this are the more attractive incentives available at these growth centres, their lower wage levels, and their unskilled labour supplies.

Table : Labour supply & RIDP employment by area, 1987

CATEGORY	LABOUR SUPPLY	RIDP EMPLOYMENT
TBVC STATES AND SELF-GOVERNING TERRITORIES	27	61
REST OF S.A.	73	39

While it seems that the RIDP has achieved success in directing employment towards the TBVC and self-governing territories and in general towards regions in greatest need of development, it is still unfortunate that employment creation has been small in comparison to labour supply.

Lebowa and the RIDP

The table below provides an indication of the performance of the IDP's of Lebowa within the Region G context in terms of projects, employment and investment.

Table : Region G : Projects, employment and investment : 1 April 1982 31 March 1987

REGION G DEVELOPMENT POINT	PROJECTS	EMPLOYMENT	INVESTMENT (R'000)
Giyani	6	201	2 229
<u>Lebowakgomo</u>	<u>13</u>	<u>467</u>	<u>4 420</u>
Louis Trichardt	23	784	13 442
Messina	16	165	1 675
Mkhuhlu	7	699	5 124
Muraleni	1	123	750
Nkowankowa	49	2 889	17 279
Pietersburg	80	1 896	47 092
Potgietersrus	57	1 332	25 364
<u>Seshego</u>	<u>46</u>	<u>3 477</u>	<u>25 511</u>
Thohoyandou	22	2 048	25 993
Tzaneen	26	784	7 605
Other	35	1 405	19 291
TOTAL	381	16 270	195 775

The impact of the RIDP on Lebowa is best ascertained in terms of the employment creation impact. Within Region G the two Lebowa development points, namely, Lebowakgomo and Seshego together accounted for 3 944. This accounts for 24% of the total jobs created of Region G. When compared to the other development points within Region G, Seshego achieved the greatest success in terms of employment creation. Only the Gazankulu development point, Nkowankowa, compares favourably in terms of employment creation (2 889 jobs)

It may also be useful to compare the impact of the RIDP on the various "homelands" in Region G. Total employment created in the development points of Lebowa amounted to 3 944 jobs, or 24% of total employment created in Region G. This was followed by Gazankulu with total employment amounting to 3 789 or 23% of total employment in Region G. Employment in Venda amounted to 2 171 jobs, or 13% of total employment. Only the South African portion of Region G achieved more success than Lebowa with 1 017 more jobs created at South African development points than those of Lebowa.

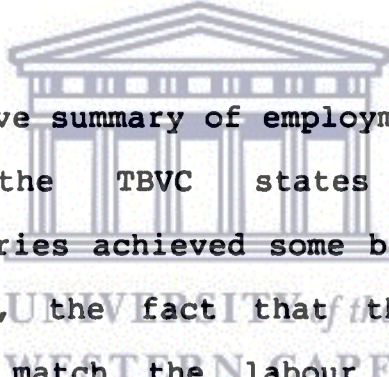
Since regions varying in size, the number of jobs created provides little indication of the impact of the policy. An indication of the regional distribution of both employment creation and labour supply assists in indicating the impact of the policy. It is clear from the table below that there are clear differences in employment creation and labour supply.

Table: Relative Employment By Region: 1987

Region	Regional Shares		Ratio
	Employment	Labour Supply	Col.1/Col.2*
A	4,7	11,4	0,4
B	2,0	2,5	0,8
C	15,6	8,1	1,9
D	23,9	10,9	2,2
E	28,5	20,0	1,4
F	3,6	6,2	0,6
G	11,1	6,4	1,8
H	4,7	29,2	0,2
J	5,5	5,4	1,0

*Note: The last column of the table shows the ratio of the two shares, and thus provides an index of job creation relative to size. Regions with a ratio in excess of one are those that accommodated a relatively greater proportion of the jobs created in terms of the RIDP.

Region H, for example, has a large proportion of labour supply but only a small percentage of jobs were created under the RIDP. The region where the relative impact of the programme was greatest was region D. This is followed by regions C, E and G, all of which gained in relative terms. Regions A and H, on the other hand, emerges as the regions where the relative impact of the programme was the least.




The above summary of employment creation indicates that the TBVC states and self-governing territories achieved some benefits from the RIDP. However, the fact that the employment created cannot match the labour supply is cause for concern.

Even more problematic is that these results were achieved with relatively large applications of resources. It is conceivable that more could have been achieved if their resources had been applied to other sectors. This is certainly the conclusion of a recent evaluation of the RIDP. The Report of the Panel of Experts on the evaluation of the Regional Industrial Development Programme (RIDP) also claims that the secondary benefits of

industrial expansion is not experienced in the majority of development points themselves. These secondary multiplier effects are felt outside the development points. There is also little evidence that activities in rural areas received stimulus from growth at development points. This is of importance since RIDP is being used as an instrument to promote economic development in the underdeveloped peripheral areas, particularly the "homelands". The application of a single policy instrument (industrial decentralisation) in addressing development must therefore be reviewed.

3.7

LEBOWA'S PRESENT UNDERLYING STRATEGIES



The Lebowa government's present development strategy is basically guided by its White Paper on Development Policy. The concept of development in the White Paper refers to physical, social and economic development actions required for economic growth and overall development progress.

The aim of development is defined as follows:

- creation of employment and income;
- better utilisation of own manpower;
- stopping outflow of manpower;
- upgrading the manpower for own use;

- mobilisation of savings for investment;
- encouraging "outside" investment in Lebowa;
- development of an export base.

The principles underlying the policy guidelines are as follows:

- External resources must be used if the internal resources do not comply with development needs.
- Acceptance that the tempo of development is dictated by the quality and availability of resources and not by needs.
- A development strategy based on the availability of resources must be utilised, which means that labour intensive rather than capital intensive strategies are of importance.
- High priority is given to the development of human potential.

- Development must take place in terms of the community development approach.
- Support for the system of the market mechanism.

On the issue of regional development, the Lebowa Government in its White Paper confirms its support for the regional development approach, as "economic co-operation across political borders in a rational way to utilize resources to the advantage of all the people of the region to avoid unnecessary duplication". (White Paper; 1986). In this regard the following strategy for the implementation of a regional development approach is outlined:

- Areas of co-operation across borders are to be identified within all sectors of the economy.
- A formula to determine the basis for the sharing of decision making, development costs and taxation income generated in the areas of co-operation, is to be determined.

- The regional development approach is to be applied to the development of regional infrastructure e.g. roads, rail links, water, power and telecommunication development.

Rural and Agricultural Development

In the policy guidelines of the White Paper, a broad rural agricultural development approach is followed, rather than an overemphasis on agriculture development only. The intention is to divide the rural population into target groups. Specific development programmes for each group are to be devised.

UNIVERSITY of the
WESTERN CAPE

The first group consists of bona fide farmers. It is hoped that they could be placed at agricultural production growth points. These points are identified as areas with high agricultural potential. These farmers are further supported by an integrated agricultural infrastructure.

The second group are farmers who hold certain land rights, but are not engaged in full-time farming since alternative employment opportunities are available. The services of the agricultural

infrastructure will be made available to this group only after the full requirements of the agricultural growth points have been met.

The final group are people dependent for a livelihood on the rural sector but who do not have any land rights. The suggestion is that the aspirations of this group will be met by making available employment opportunities in the rural sector; for example in labour intensive agricultural, physical infrastructural and social service projects.

Mining Development Policy

UNIVERSITY of the
WESTERN CAPE

Strong emphasis is placed in the White Paper on the role of mining in stimulating economic development. The following strategic principles are presented:

- Private sector must be encouraged to participate actively in developing Lebowa's mineral potential in accordance with the government's policy of non-intervention in the matters of the private sector;

- The government will, where mining potential has been established, provide the necessary physical infrastructure;
- The government will give benefits to companies that undertake further processing of mineral inside Lebowa.

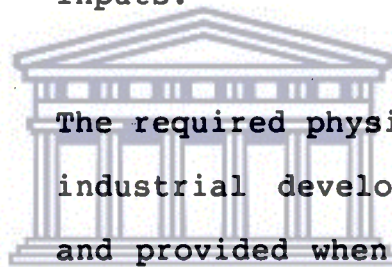
Industrial Development Policy

The policy encourages outside investors. To ensure industrial development the government aspires to the following strategy:

- Industries must be established in concentrated growth points to facilitate the positive effects of the economies of scale, forward and backward linkages and maximize the multiplier effect.
- The authorities are to co-ordinate planning in deciding on the location of industrial growth points, in terms of agreed priorities. The objective should be to avoid duplication and unnecessary competition in the interest of the region. Where justified by economic

considerations, industrial growth points situated on different sides of political borders, could be developed as economic co-operation projects.

- In the consideration of different investment proposals, preference will be given to those industries which are labour intensive and use local resource inputs.



- The required physical infrastructure for industrial development must be planned and provided when required so as not to retard the establishment of industries.

UNIVERSITY OF
WESTERN CAPE

- The Lebowa Government undertakes, where feasible, to purchase goods and services from local industries.

- The establishment of small scale industries must also be promoted throughout the country, at places where the available physical infrastructure can accommodate such small industries, without requiring growth point development.

- Various levels of small industries, according to the degree of sophistication of participants, must be provided for.

Commercial Development

In the White Paper, the important role of the commercial sector in terms of taking advantage of the purchasing power and the stimulation of the entrepreneurial class is emphasized. The important policy principles are as follows:

- Service centres must be set up in towns so that business facilities are concentrated;
- Central measures such as licensing and health regulations must be applied to encourage co-ordinated development. However, adjustments must be made so that the spontaneous development of the informal sector is encouraged;
- The necessary training and advisory services must be made available to the commercial sector.

Health and Social Welfare Policy

The Lebowa government accepts responsibility for contributing towards the health and welfare of the population. However, it argues that government spending on social services cannot be allowed at the cost of investment in direct economic development. The first priority of the government is to provide for health services, whilst the payment of pensions is a second priority.

Policy for the Development of Physical Infrastructure

The Lebowa government is convinced that the availability of well-planned physical infrastructure is a pre-requisite for the efficient development of the country. Therefore, it believes that thorough planning must precede construction to ensure that these service are provided where the highest priority exists and where the maximum utilisation can be effected. Labour-intensive construction methods should be employed as far as possible.

Settlement Policy

The Lebowa government is convinced that the orderly settlement of people can make an important contribution to economic development, the removal of non-farm labour from the agricultural sector and the creation of concentrated internal markets. Different types of settlements are being established to meet different needs, although the preference is for fewer larger towns rather than more small ones.



Population Policy

The Lebowa government is convinced that the rate of population increase must be kept in line with the available resources for development and endorses the principle of family planning.

Labour Regulation Policy

The Lebowa government determines that as long as a certain percentage of Lebowa citizens is dependent on employment outside the country, the regulation of labour flow must be carried out in an orderly way so as to provide the greatest possible stimulus for the economic development of Lebowa.

The first priority is to fill local vacancies from the available labour force. The second priority is to place workers in employment within travelling distance from home. Only after these needs have been met should surplus labour be made available to White areas as migrant labour. In practice this implies that Lebowans should enjoy first priority when competing for employment opportunities within the Lebowa economy.



Financial and Fiscal Development Policy

The Lebowa government determines that the necessary steps must be taken to mobilise savings from earnings for capital formation as well as for development investment, and that income earned outside the country must be retained for the economic development of Lebowa. The basis and scope of taxation must be gradually extended and the system for tax collection must be improved. In the allocation of tenders the government affords first choice to Lebowa-based industries.

Government Budgeting Policy

The Lebowa government is convinced of the essential role which government spending plays in deciding the pace and direction of economic development, especially in the present development phase in which a government plays a leading role in stimulating economic development. All efforts must be made to make the country less dependent on financial aid from other governments. In the determination of budgeting priorities, priority is given to those programmes that provide the basis for future development.

3.8

CONCLUSION

The policies outlined above are the basic guidelines for development actions and strategies for Lebowa. It is clear that these policies emphasize development in Lebowa per se. In other words, they basically favour the "island" approach. One of the major motivations of the policy is to ensure that manpower is not lost or that Lebowa is not just seen as a labour reserve. While the policy expresses support for regional co-operation, this must clearly only occur if regional co-operation is first and foremost

beneficial to Lebowa. In practice it is apparent that regional co-operation is not easily accepted between national states. This is seen in cases where projects cannot proceed due to the fact that it requires co-operation between homelands. This provides a clear indication of the fact that political borders are seen as more important than economic borders. Political motivations therefore gain precedence over economic ones.

It is also important to note that the White Paper has an urban bias. This is seen in the great emphasis it places on mining, industrial, commercial and infrastructural development. In contrast, its rural and agricultural policies do not pay enough attention to advancing rural development as the major sector. The establishment of towns and industrial development points has meant that there is greater emphasis on physical planning instead of stress on sectoral objectives. Although the major portion of the Lebowan population are classified as rural and the agricultural sector is regarded as the economic base, this sector has progressed little.

Lebowa development policies has done little to address the poverty and economic stagnancy that it is experiencing. It is clear in the Lebowa situation, as in the other homelands, that conventional strategies are applied with limited developmental results. Economic growth is the goal on which emphasis is placed. The consequence is emphasis placed on large scale provision of

infrastructure, industrial development, urban development and modern commercial and agricultural projects. On the whole, grassroots rural development has been neglected. It is clear that development programmes in the sphere of rural development, small farmer development, small business development, development of the informal sector and appropriate technology received a low priority in the development policies and strategies.

A further critique of the policies is that it ignores Lebowa's interdependence with the broader South African economy. To a large degree homeland planning for economic development is tainted by the "separate development" idea. This idea has led to the fact that homeland economic problems are viewed as problems that must be solved by the homeland concerned and within the boundaries of that homeland. Thus, by forcing people to live in homelands that are not large enough or well endowed with resources to support large populations, the South African Government has forced homeland states to adopt policies that fail to take into account that South Africa and homeland economies are interdependent and that to address the problems of underdevelopment one needs to plan for the total South African economy.

Further it is clear that a strong resettlement objective which places a strong emphasis on urbanisation is present in the development policies. The establishment of towns and industrial growth points has meant that a greater emphasis is placed on physical planning rather than to stress sectoral objectives. Although it is argued that border industrial growth would lead to development in the adjoining homeland, the homeland regions's capacity for development e.g. its natural resource base was not a principal factor in selecting growth points.

The Lebowa government's urbanization policy has tended to focus on the establishment of new towns (often as growth points e.g. Lebowakgomo) rather than encouraging the establishment and growth of genuine urban economic functions in the large centres. A more dynamic policy focusing on the establishment of genuine urban economic functions in large homeland towns would be appropriate. Income leakages could be minimised if a wide range of retail and other services, competitive with "white" cities were to be established in these towns.

The government has also been slow in offering security of tenure and family housing and has therefore not encouraged permanent rural-urban migration. Migration trends are manifested in squatter settlements in the homelands that are close to metropolitan centres. An effective urbanisation policy is important as it may hold the key to the possibility of land reform. If migration is encouraged household heads are persuaded to choose between permanent urban employment and full-time farming, rural population pressure could be reduced and appropriate land reforms instituted.

It is important that planners and policy makers in the homeland face up to the fact that they are concerned with Third World problems. As such policies should be designed specifically to address these peculiar problems. Of importance firstly in this regard is to take into account that the goals specified by the South African government which are aimed mainly to uphold the "apartheid" ideology must be dropped. The notion of an integrated South African economy must be accepted. It is within this context that planning priorities are to be identified.

CHAPTER 4

ASSESSMENT OF PRESENT STRATEGIES

The analysis undertaken in Chapter Three has described the economic trends of the Region G economy and has attempted to situate the Lebowa "economy" within this regional context. The aim of this analysis has been to assess the significance of the Lebowa "economy" within the Region G context. This is important since the Lebowa economy has often been approached as independent of the broader social, economic and political sphere of South Africa. Thus far, the development of Lebowa has been regarded as taking place within an "island". This development approach has ignored the fact that the Lebowa "economy" is an integral component of the Region G economy.

4.1 OBJECTIVES OF REGIONAL POLICY

The Regional Development policy (1982) has as its main objectives the promotion of a more balanced distribution of economic activities in South Africa. Secondly, to develop the development regions according to their resource endowment, sectoral mix and relative development needs. The development of these regions to their full potential was to be achieved through a multi-

sectoral approach derived for each region from its particular resources and needs of its population.

The DBSA adopted the approach as set out in the Regional Development Policy (1982) as this policy is based on the view that South Africa has a unitary economy and that industrial development is only one element of a comprehensive regional development strategy. This approach, based on co-operative economic development on a regionally integrated basis, is clearly incorporated into the Regional Development Policy (1982). The view is that policy should include a focus on people, integration on a regional basis, greater local involvement and the satisfaction of basic needs on a territorial basis.

Successful regional development policy will also need to be comprehensive and appropriate in nature, focusing not only on industrialisation and decentralisation but also on other sectors, as well as on direct measures to alleviate poverty, on raising productivity in the less developed sector and on minimising conflict between the sectors. Cognizance must also be taken of the possible need for permanent migration from certain areas.

Numerous weaknesses of the 1982 Regional Development Policy are noted. Firstly, at a theoretical level, the policy has not addressed itself to the question of how many growth centres the economy can sustain. Secondly, the 1982 policies are pre-occupied with separate development. It is obvious that the 1982 policies are still plagued with the problem of attaining viable homeland development. Thirdly, the 1982 policy again refers to the problems of over-concentration experienced in the metropolitan regions, but those problems are not defined or proved. The cost implications of decentralisation is the fourth area of weakness. Fifthly, the cost of job creation in new growth centres has been exacerbated by the selection of sites for decentralization which have in some instances had no existing infrastructure.

The Regional Development Policy (1982) emphasizes that the different regions, because of their particular circumstances, should have different priorities, depending on their own strength and weaknesses. Region G should place emphasis on agricultural development. In this regard it is clear that this is not happening at present; each

national state in Region G provides its own social services and infrastructure. It would be more appropriate if the existing infrastructure was utilized to its optimum. Resources are scarce, and therefore attempts should be made to prevent the duplication of infrastructure and investment.

4.2 REGION G

In terms of the Gross Geographical Product (GGP), Region G is one of the smallest regions of Southern Africa. The region has however experienced a good average annual growth rate between 1970 and 1987. However, the region experienced a high population growth rate of 4,3% between 1980 and 1987. The major sectors, in terms of contribution to GGP of Region G has been mining, followed by community and social services and agriculture. Major attention has been give to the promotion of the community and services sector, while the agricultural sector has been neglected. This is of significance as the Region G has a comparative advantage in agriculture. For instance 8% of the population were classified urban, while 92% were rurally based in 1986.

Turning to the various sub-regions of Region G, the Transvaal portion is dominant as the major contributor to GGP. The black states were of little significance in terms of their contributions. The only sector where Lebowa could match the Transvaal portion was the community and services sector. The intra-regional imbalance is also evident with regard to population. Lebowa accounted for 60,5% of the population in Region G and contributed only 13,27% to the GGP of Region G while the Transvaal portion accounted for only 11,5% of the population and contributed 75,27% to the GGP of Region G.

A major reason for the lack of development in the Black areas has been due to the development policies that they have adhered to. These policies have been "state" based with the major emphasis being placed on their public sectors and the development of unnecessary infrastructure and on encouraging industrial activity, while neglecting rural development. The idea of regional co-operation has been neglected since, the political aspiration of the black states have been emphasized in the regional context. Regional co-operation has only be accepted if the black areas obtained any benefits from it.

4.3 LEBOWA

Lebowa is a supplier of labour in the first instance. This fact underlines the strong dependence of the country's labour force on outside employment. This is further reinforced by the fact that Lebowa has a growing potential labour force and a high male absenteeism rate. Employment within Lebowa is mostly found in the relatively unproductive sectors, ie. services and agriculture. The importance of the agricultural sector as provider of employment opportunities is indicated in the fact that 94% of the de facto population are rural. The fact that the agricultural sector's contributions to GDP has decreased since 1970 to 1986 seems to indicate that income earning opportunities in this sector may be limited.

In terms of contribution to GDP, the community and services sector has been dominant since 1970. The GDP of Lebowa between 1970 and 1986 experienced an average annual growth rate of 4,3%. This was to a large extent due to artificial growth of the public sector. The contribution to GDP of most other sectors declined sharply.

The high growth of GNP (from R109,4m in 1970 to R2041,4m in 1986), on the other hand, is mainly due to the contributions of commuters and migrants. Real per capita income between 1979 and 1986 therefore experienced an average increase of 3% per annum. The importance of commuters and migrants, cannot be under-estimated within the Lebowa economy.

An analysis of expenditure patterns indicate that a large percentage (34,2%) is spent on basic need goods, such as food, beverages and tobacco. A further 17% is spent on rent, fuel and household expenses. It is interesting that only 38% of the total expenditure was incurred inside Lebowa. High leakage factors were experienced specifically from towns that served as dormitories to towns in South Africa. Examples are Seshego which is the dormitory town of Pietersburg and Mahwelereng which is close to Potgietersrus. This high leakage factor has often been noted as the inhibiting factor in Lebowa's development process.

The composition of Government expenditure provides further indication of long term development priorities in Lebowa. During 1986/87, 63% of

total expenditure was allocated for current expenditure, while provision for capital expenditure amounted to 10%. This low capital allocation indicates that very little is spent on long term development projects. It's major focus is to ensure that its public bureaucracy is maintained.

In terms of the financing sought from the Development Bank of Southern Africa (DBSA), Lebowa has placed major emphasis on infrastructural development. DBSA has basically supported the requests of Lebowa with it's emphasis on urban development, rather than rural sectors. This support has also not taken place within the regional context. Thus, emphasis has been on financing of projects that are "state" related, while ignoring regional integration. This has led to massive infrastructural duplication and the waste of resources on unproductive sectors. It has emphasized the stimulation of artificial urban areas, industrial and commercial centres and neglected the problem of rural poverty.

The above analysis points to the fact that Lebowa, as a separate economic entity, cannot perform adequately. Although present policies and

strategies are supposed to be regionally based, this regional emphasis has not come to the fore in practice. Lebowa has therefore ignored its regional advantages. Most sectors of the Lebowa economy are stagnant. Only the public bureaucracy seems to expand.

Co-ordination between the 'black areas' in Region G have also been negligible. They all regard themselves as independent entities and thus try to obtain the full package that goes with this independence. This has resulted in the duplication of infrastructure and developmental projects, often in areas where there is little potential. Political boundaries are still more important than economic ones. 'Each wants for himself', has been the underlying development philosophy of the national states in Region G.

As a result of this philosophy, Lebowa specifically has approached its developmental with an urban bias. Major emphasis has been efforts placed on township and residential development, huge infrastructural projects and industrial development. Minimum attention has been paid to rural communities and their needs.

The urban bias is particularly evident in relation to the Regional Industrial Development Programme. The RIDP through the concept of growth pole theory, has encouraged small town development in the guise of growth points. Emphasis on smaller towns or isolated locations have ensured a misallocation of resources. Through its emphasis on industry, a neglect of the other sectors especially agriculture had emerged. The urban bias is further seen in that the RIDP associated industrialisation with growth. Further, the programme has directed the major share of the jobs towards the growth centres. Many of these growth centres/development points, in turn, have little contact with the local economy and fail to generate effective multiplier effects. Very often labour is the only local linkage, while capital generated through production generally flows out of the area, seldom being reinvested for local advantage. The RIDP, thus, envisaged that expansion of the modern, urban-industrial economy would result in development of the homelands.

The urban-rural gap will continue to increase as long as the primary sectors of the economy (agriculture and mining) continue to shed labour or are unable to absorb their share of the labour

force growth. The other sectors of the economy would have to create employment at a rate exceeding the labour force growth. Given present trends this seems unlikely. The burden of unemployment is likely to be borne mostly by the rural population.

The general trends which are seen to emerge are numerous. The first, as is clear in Lebowa, is the growing incomes generated outside of Lebowa. The second trend to emerge is that employment opportunities are becoming increasingly scarce in Lebowa. A third trend to emerge is the gap in incomes and living standards between the urban and rural areas of Lebowa. This gap is the result of increased opportunities for urban employment locally or across-borders, as well as the concentration of public expenditure and social services in the towns. The fourth trend to emerge are growing forces making for urbanisation. This widening urban-rural gap is clearly a result of development policies which reflect an urban bias.

4.4 DEVELOPMENT CONTEXT

South Africa and the homeland states form one economy. Nevertheless, regional differences in respect of development needs and resource endowments do exist. It was recognised by the Regional Development Policy (RDP) that in the formulation of policy to promote development, such regional differences were to be taken into consideration. However, the Regional Development Policy (RDP) emphasized industrial development. In most other respects it seems as if the unfolding of the regional development policy has made little progress since 1982, and that few new initiatives on the non-industrial elements of the policy have emerged.

Subsequently, developments which have seriously affected the environment in which regional development policy has to operate have taken place:

- The deterioration of law and order to such an extent that the South African Government declared a general state of emergency in June 1986.

- The acceptance by the South African authorities of a policy of orderly urbanisation and the abolishment of influx control. This can in the next few years play an important role in redirecting the emphasis in the implementation of the regional development policy back to the points of departure adopted in 1982 which were never really implemented, but were intended to concentrate on development activities in centres with the required potential.

- Economic factors such as the continuing economic depression, the beginning of international economic sanctions against South Africa, the outflow of foreign capital and the adverse turn in the international financial situation of South Africa. These factors, combined with the high rate of inflation and a lack of business confidence, will hamper the South African economy's return to the high growth rates experienced in earliest decades.

- At the time of the introduction of the regional development policy, thinking in South African government circles centred on the idea of a constellation or confederation of states. Since then the three-chamber parliamentary system has been instituted and the principle of power-sharing with Blacks has been accepted.

The questions raised by the above for development in general and for regional policy in particular are many. To name a few:

- Are changes in the regional development policy not required to comply with these changes in the situation and in political thinking?
- Will a continuation of the present security situation not burden the South African Treasury to such an extent that funds for development projects will become increasingly difficult to obtain and should thus be allocated with much more discretion?

- How can such limited funds for development, for both the public and the private sectors, increasingly be allocated especially to areas with the best potential for development, with available facilities such as infrastructure, and with the largest need for development?

- In promoting grass-roots development, how can the many development agents find ways and means to operate through available informal or alternative structures? To be able to do this, a further depolitization of development programmes, structures and institutions is a sine qua non, but is it possible?

- Can local or regional authorities such as regional services councils increasingly take responsibility for development work, even with limited funds? This could be an opportunity to depoliticize development work, to undertake grassroots and bottom-up actions and even to gain legitimacy on the local level, but it will also put a

heavy burden on local expertise which is already very scarce and will become increasingly so.

It is essential that development programmes should be aimed at those who need it most. If the needs are highest, and the most urgent in the urban areas, then they should receive corresponding more attention compared to development activities in the rural areas. Trends that have emerged have indicated that a growth in the urbanisation process is inevitable. This trend has already begun to manifest itself in the high migrancy rates, growth of the informal sector and black towns around white metropolitan areas. It is foreseen that future development efforts will have to focus on these urban areas. In this context, development efforts will have to focus on aspects such as adequate health, housing and education in urban areas. Provision of infrastructure to growing black towns and squatters areas and access to employment opportunities, both in the formal and informal sectors.

It is clear that any development policy can only become functional when the economy flourishes and law, order, security and stability have returned.

This will only happen when the present issues relating to the political system in South Africa are addressed in such a way as to gain the support of all its people. Although this must receive priority, a development policy based on the above elements must be given consideration.

Given the factual analysis undertaken on both Region G and Lebowa a new policy must depart from the basis of the present political and economic situation in South Africa. It must also take into account the present development situation in Region G. As the factual analysis has revealed, the "white" portion of Region G has dominated the economic scene. Lebowa in this context is merely a labour reserve. Within Region G the political boundaries of the national states are not easily thrown aside and must, therefore, be accepted within the present system. Factors which also have to be taken into account are the urbanisation processes, the poverty situation in the rural areas and the negligible growth of most economic sectors in Lebowa.

To address underdevelopment in Lebowa it is essential that its development policies and strategies are compatible to supporting development in Region G. These policies and

strategies must take cognisance of the trends that have been identified. (The new policy must accept that Lebowa is a rural area with rural potential.) The strategy must emphasize the need for urbanisation on a regional basis and make this process easier. (Those seeking to leave the rural situation must be allowed to make the decision to leave. Development should then concentrate on those who remain behind in rural Lebowa.) It is clear then that (a new strategy will have to decide on the mix between urban and rural development.) In the case of Region G it is clear that major development emphasis for the national states will fall on the side of the more rurally-based development effort, while the White areas of the Region will favour an urban effort. Within the black national states of Region G, the importance of satisfying basic needs is an essential developmental action. Policies and Strategies within the Region would thus entail joint agreement that the rural development approach should be encouraged in the national states and an urban bias in terms of a development approach be favoured in the "white" areas of the Region.

4.5 POSSIBLE EVOLUTION OF A NEW FRAMEWORK

Suggestions and ideas on achieving successful development have been expressed by many experts in the field. A summary of these views can only be touched upon here. Arrow (1986: 15) notes, "A pre-occupation with the spatial politics of a failed strategy of ethnic divisions and racial

domination cannot be allowed to haunt regional planning today". In South Africa there is growing agreement that the main objective of socio-economic development should be the alleviation of poverty and unemployment. This entails the integration of blacks, who constitute the largest percentage of the poor, into the South Africa economy.

It is also important that the development of each region should contribute to an increase in the total welfare of South Africa, and that urban development should be integrated within the regional strategy. Satisfaction of basic needs on a regional level is of importance. There is a demand now for a more rational economic and cost-effective approach to regional development.

(Arrow (1986: 16) notes important requirements for a regional development strategy for South Africa. Firstly, the focus of an overall development strategy must be the alleviation of poverty and unemployment through addressing intra-regional imbalances in economic infrastructure and activity.) Secondly, uncertainty regarding political boundaries and regional autonomy must be replaced with democratic institutions of local and

regional government which will be accountable both in terms of national resource allocation constraints and local endowments.) (Thirdly, monetary and fiscal policy measures need to be addressed both in the light of their role in sustaining economic stability and recovery and in view of their implications for industrial technological choice in a context characterized by high unemployment.) (Fourthly, the present industrial incentives package should be replaced with an approach which avoids subsidising enviable industries, promotes small business and enhances regional development in all its aspects.) (Fifthly, greater support is required for social and physical infrastructural development where appropriate, through labour-intensive means, in less developed areas.) (Finally, socio-economic development in a regional context should be financed in a manner consistent with the long-term needs and debt-capacity of economically coherent regions.)

Suggestions for a new policy have also been made by Coetzee (1986) of the Development Bank. He has noted that in spite of some sound objectives on which the present strategy is based, it still focuses too much on the development of growth

points (IDP's). Industrial development growth centre strategies have only met with limited success, both internationally and in South Africa. He calls for a more comprehensive and bottom-up approach to regional development. He however, points out that it will not be possible to finalize the regional development policy before clarity is reached on the future political dispensation of South Africa.

Coetzee (1986) provides a number of reasons why a further revision of the regional development policy may be necessary. Firstly, there has been a growing disillusionment with growth centre or growth pole strategies as a means of addressing regional imbalances and disparities. In LDC's the outcome of growth centre approach has stimulated the search for alternative approaches.

Secondly, growing consensus in SA that the present regional policy still places emphasis on industrial development at growth points and that it has not succeeded in reducing the number of growth points. Also the other sectors of development have, as a result, not received enough attention.

Thirdly, the relative contribution to the total number of jobs needed in South African Development Area (SADA) will still be insufficient. Coetzee (1986) notes that this begs the question: "Does the limited degrees of success achieved still merit the cost of enticing industrialists to locate at decentralized growth points?"

Fourthly, an analysis of the space economy of SADA reveals the dominance of the metropolitan core areas vis-a-vis the inner- and outer- peripheral areas. Coetzee (1986) correctly observes that this pattern of the geographical economy of SADA is unlikely to change in the foreseeable future, especially since:

1. The outer-peripheral areas (TBVC and self-governing states) are still heavily dependent on the core areas for capital, financial transfers, job opportunities, etc.
2. The inner-periphery and parts of the outer-periphery have become functionally integrated with the metropolitan core areas, thus leading to an even further extension of the influence of the core areas.

Fifthly, since the implementation of the strategy the magnitude and significance of the contribution of Black urbanisation to the development process has come more clearly to the fore in policy-making circles. It is pointed out that it is now necessary to redefine the role of metropolitan and urban areas within the regional context.

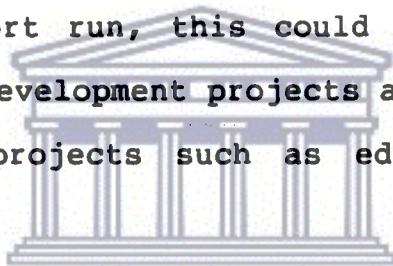
Finally, a factor that will shape the future context of regional development strategy more than anything else is the constitutional-political core. It is clear that regional development objectives are derived from the political objectives of the state. In the past, and still to a great degree at present, regional development objectives in SA were derived from the state's objective to strengthen the legitimacy of apartheid, in the guise of the devolution of power to the homeland states.

It is further pointed out that if, hypothetically, the constitutional dispensation advances in the direction of a system with federal characteristics, then the regional development objectives may again be adapted to the overall political objectives of the federal state. This

is therefore, the reason why an appropriate regional development policy cannot be finalized at this time. The practical approach at this point in time is to learn from the present theoretical shortcomings and problem areas of the present policy and the tendencies in the space economy of SADA.

Stemming from the discussion thus far the following conclusions can be reached. It is clear that the stated objective of a comprehensive regional development strategy has not been addressed in South Africa up to now. It is pointed out that as a general principle, it should be accepted that the development of each region should contribute to an increase in the total welfare of SADA and urban development should be integrated within the regional strategy. More of a bottom-up approach should be adopted and each region should develop its own strategy. Development co-operation on a sub-regional level should be enhanced. Of importance is the satisfaction of basic needs on a regional level. Joint planning, decision making and action between the different sub-regions in each region are essential for successful regional development.

Finally, the high population growth rates and the high unemployment rate in SADA, coupled with the growing needs of the population, demand a more rational economic and cost-effective approach to regional development. To the extent that growth centre strategies will still be of some use, it should rather concentrate on stimulating growth in the intermediate cities and a few other major growth points. If the loss of growth points in the national states is politically sensitive in the short run, this could be compensated for by rural development projects and investment in basic needs projects such as education, training and health.



UNIVERSITY of the
WESTERN CAPE

A similar approach is followed by Thomas (1986). He also claims that a critical assessment of the regional development policy reveals that it is still:-

- focusing on industrial decentralisation.
- based on the homeland - white area distinction.
- almost totally devoid of effective organisation structures within the nine demarcated economic development regions.

- is caught up in the dichotomy of politics and economics.

Thomas (1986) basically addresses the question of a post-apartheid regional development strategy. In advising the "new" South Africa, he lists three key assumptions about such a state:

1. All South Africans within the pre-1976 boundaries have full citizenship rights, which enable them to participate in all relevant political decision making processes.
2. Deliberate steps are taken to reintegrate the black homeland states into white South Africa, within a new type of federal structure.
3. Explicit, racially based control of the movement of people between the different areas, region or "states" of such a federal South Africa is not allowed.

He thus takes as a starting point a federal system with some form of multiracial government. Lessons learnt from efforts to promote regional development are regarded as important in the identification of a future framework. The observations are:

- Finality in the geographic demarcation of states will be difficult - and should therefore probably not be attempted at an early stage.

- As far as possible future federal states should include formerly black and white 'governed' areas, with state level governments incorporating all races.

- The recently adapted grid of nine development regions has not (yet) captured the imagination of either black or white leaders, though it could still function as an important catalyst in the evolution of politically acceptable and administratively feasible federal states. To successfully play this role a few further adjustments should be undertaken (e.g. the shifting of

Region D's eastern boundary to the south-western edge of Natal-KwaZulu).

- To be acceptable on a broader base, a system of federal states will have to incorporate a fairly extensive system of development subsidisation of the less developed regions by the federal budget, ie interregional revenue redistribution.

With such a federal structure regional economic development efforts or strategies attain a particular meaning, which can be summarised in two parts:

- Within each state the interaction and development of the different metropolitan, urban and rural areas or sub-regions has to be monitored and, as far as practically and financially possible, supported, in order to strengthen the development in the state and, thereby, also the country's development.

- On a national level economic development in the regionally differentiated way also has to be monitored and supported with the maximisation of overall job-creation, basic need satisfaction and economic growth, and a reduction in the inequality of regional development standards accepted as mutual goals. (Thomas DBSA, Jour Vol 3, No 3).

The evolution of a new framework is clearly indicated in the views of the authors mentioned above. The opinions expressed indicate a disillusionment with growth points; the need to address the political situation; emphasis on other sectors, besides industrial development; acceptance of black urbanisation; need to integrate the homelands into the South African economy and the need for investment in basic needs.

It is now important that the evolution of a new framework must encompass the addressing of the needs of all people in South Africa. This will include the need for progressive empowerment of the poor to do more and also the need for political empowerment. Thus the goal of regional

policy should be the promotion of self-sustaining economic growth and development of an integrated South African economy.

The basic needs or self-reliance approach must play an important part in the process of establishing a new framework for regional development. This approach holds that the involvement of local people in the development process is essential. It must, however, be remembered that the implementation of basic needs/bottom-up strategies to regional development requires transformations of institutional, political and economic structures. The importance of the metropolitan and other urban areas in sustaining growth and development should be addressed. In this regard the integration of urban and industrial development and socio-economic development, such as health, housing and education must be included as an element of new framework to regional development.

The regional development policy should not favour a particular sector or region/sub-region at the expense of the South African economy. Regional development must be supportive of the broader developmental goals of South Africa. Thus, the

effect of macro-economic policies on regional economic development should also be taken into account. In broad, regional development policy must include strategies for sectoral development as well as strategies for regional development.

The regional development strategy implied is that such strategies should emerge from the local level. Consensus must be reached by "black states" in a region as to their particular development needs, in conjunction with the "white areas" in the region. From this a Coherent Strategy should be formulated for the region. This strategy will enhance the effective economic development of the region taking into consideration the development priorities of the poorer areas i.e. black states. This strategy will start off by identifying the potential and constraints of each sector within a specific region. Thereafter, sectoral strategies will be formulated, with inputs coming from local levels. Specific black states in that region will take cognisance of potentials and constraints identified at the regional level and their strategies will be formulated to support the overall potential of the region. Thus, the regional and local levels are the levels through which development takes place.

CHAPTER 5

CONCLUSION

The central theme of this dissertation has been that the regional approach to development should be taken instead of the "state" or homeland approach. Within the present political system, taking "homelands" as given, a strategy for their coherent development needs are to be devised. There is a question on whether the development strategies of "homelands" should be independent of the economy of South Africa, or should incorporate the fact that homeland economies are an integral part of the South African economy. If the latter idea is favoured, then the relevance of the regional approach becomes considerable.

This dissertation recognises that the "homeland" policies were introduced for political reasons. The major political aim was the entrenchment of the policy of separate development. To ensure that "homelands" would become entrenched it became necessary for some economic support to be provided by the South African Government. With the industrial decentralisation approach it was envisaged that industries would locate on the borders or within the "homelands". It was thought that these employment opportunities would curtail the large flows of blacks to the South African metropolitan areas. On the political front it was argued that South African blacks could now exercise their political rights within their own "states". In this way, it was hoped that both the political and economic aspirations of blacks in South Africa would be met.

The creation of the nine development regions created a further set of boundaries, which the "homelands" have not

come to grips with. The fact that the S.A economy was interdependent and integrated came to the fore with the creation of development regions. This meant that "homelands" had to co-operate within the regional sphere in its attempts at development. However, the political boundaries of the "homelands" made it difficult, even impossible, to attain any form of co-operation. The development of the "homelands" have been undertaken as if they are independent of the broader South African socio-economic and political scene. The development strategies of "homelands" have therefore been "homeland-specific". On the other hand, the independent efforts of "homelands" within regions do not contribute to regional development. An inefficient resource utilisation within regions therefore result.

The empirical analysis of the dissertation has focused on Region G and Lebowa. The socio-economic analysis that has been undertaken indicated the interdependence of the "homeland" economies within Region G. Intra-regional imbalances also came clearly to the fore.

Within the Region G context, the three black "homelands" accounted for the largest population concentrations. However, the contribution of these "homelands" to the GGP of Region G was negligible in comparison to the "white" or Transvaal portion. Furthermore, economies of the "homelands" are characterized by subsistence agriculture and underdeveloped secondary and tertiary sectors. In addition training levels are low, infant mortality rates high, health services poor and basic infrastructure lacking.

As a case in point, Lebowa accounts for approximately 60% of the total Region G population, but for only 13% of the total GGP. The Lebowa economy is further characterised by large subsistence agriculture. The primary sectors i.e. agriculture and mining showed fluctuating contributions to the GDP of Region G, thus indicating the diminishing

potential of those sectors. The interdependence of the Lebowa economy with that of Region G is further seen in the large portion of the Lebowa labour supply (approximately 30%) that seek employment in neighbouring S.A. as commuters and migrants or in the informal sector. Commuter and migrant incomes contributed 17% and 51% respectively to the GNP in 1986. It is estimated that at least 22% of the potential labour supply are employed in the informal sector.

The structure of the Lebowa economy further typifies the underdeveloped situation of the "homelands". There is a high unemployment rate of approximately 37%. The dominant sector is Community, Social and Personal Services. The dominance of this sector can be ascribed to the bureaucracies that were established to take care of the administration of the Lebowa "homeland-government". The Lebowa economy is also characterised by an urban-rural dichotomy. Household incomes are higher in urban than rural areas. Lebowa government policies have favoured an urban bias, while the policy of industrial decentralization has focused on modern, industrial development as the "engine" of growth. While the policy of industrial decentralization has provided limited benefits to Lebowa, it has not met its goal of employment creation. Rather, it has contributed to larger urban-rural distortions.

"Homeland" governments have also misconstrued the concept of regional development. As a result "homeland" development has always been synonymous with regional development. Besides various weaknesses in regional development policies were identified. Regional policy still focuses on:

- industrial decentralisation efforts;
- largely based on the homelands - "white area" distinction;

- devoid of effective organisational structures within the nine development regions; and
- caught up in the dichotomy of politics and economics

As a result of these problems the search for an alternative regional development strategy has been initiated.

It is essential that the search for a new regional development policy take cognisance of the fact that the economic development of any region is the result of the interaction of the resource endowment, demographic balance and deliberate economic intervention within the region and between different regions. In this regard the homeland-orientated regional development strategy is inappropriate. The existence of black states makes the search for an economically rational and politically acceptable regional development strategy a continuous failure. It has to be realised that for regional development strategy to be effective, it is essential that the re-integration of the black states into "white" South Africa be the foremost element in the policy.

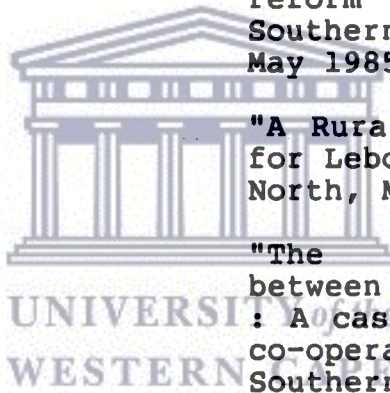
It is also essential for the regional development strategy to emphasize self-sustaining economic growth and development of an integrated South African economy. In addition, it must address basic needs, black urbanisation and emphasise

sectors besides industrial development. What is implied is an approach that can integrate urban, industrial and socio-economic development. The regional development strategy must also take national economic goals into account. In this context, regional and sectoral strategies must be designed. Local level involvement in these strategies should be facilitated. The regional development strategies must be based on the comparative advantages of regions and aim at balanced sectoral development. In this manner a more efficient allocation of resources may be encouraged. Within the regional development strategy, the importance of the urbanisation process and the leading role that the metropolitan and other urban areas play in sustaining growth and development, must be realised. But, it is also essential that the regional development strategy should integrate a market-related and basic needs approach.

LIST OF SOURCES

- AHLUWALIA, MONLEK.S "Rural Poverty and Agricultural Performance in India". Journal of Development Studies, Vol 14, No. 3, 1978.
- BARRAT, J, ET AL "Accelerated Development in Southern Africa". 1976.
- BOTHA, SJ "A Proposed National Development Plan for Lebowa". University of Pretoria, 1983.
- BOPAPE, M "Social Welfare Services in Lebowa and Poverty Related Problems". Carnegie Conference Paper No. 65, 13-19 April 1984. Second Carnegie inquiry into poverty and development in Southern Africa.
- BENBO "Lebowa Economic Regiew : An economic descriptive review". Bureau for Economic Research re: Black Development, 1976 Pretoria.
- BENBO "Nationale Ontwikkelingsplan vir Lebowa (Commentaar op)". Bureau for Economic Research: Co-operation and Development, Pretoria, 1981.
- BENBO "Die Keuse van 'n Groeipunt vir Lebowa". Bureau for Economic Research re: Black Development. Pretoria 1983.
- BENBO "Lebowa introductory basic economic and social report". Bureau for Economic Research : Co-operation and Development. Pretoria, 1983.
- BRANDT, H Structural Distortions and Adjustment Programmes in the Poor Countries of Africa. A challenge for Development Policy : German Development Institute Berlin, 1985.

- COETZEE, SF "Regional Development in Southern Africa Development Area : An assessment of theories, prominent features and the policy framework". Development Southern Africa. Vol 3, No. 3, August 1986.
- COETZEE, SF "Towards a development framework for Region G". Northern Summit, Pietersburg. Development Southern Africa. Vol 3, No. 3, August 1986.
- DAVIES, WJ "Regional Development Co-operation in the SATBVC context and the Ciskei tax reform issue". Development Southern Africa : Vol 2, No.2 May 1985.
- DE VILLIERS, A "A Rural Development Strategy for Lebowa" University of the North, March 1984.
- DE VILLIERS, A "The economic interaction between Lebowa and Pietersburg : A case for consolidation or co-operation". Development Southern Africa, 1986.
- DE GRAAF, V "The present state of urbanisation in the South African Homelands : Rethinking the concepts and predicting the future". Development Society of Southern Africa. August, 1986.
- FENYES, TI "Development Perspectives in Southern Africa". Potchefstroom University, 1984.
- GREEN, LP AND FAIR, TJD "Development in Africa : A study in regional analysis with special reference to Southern Africa". Witwatersrand University Press, Johannesburg, 1969.



- GLASSON, J "An Introduction of Regional Planning : Concepts, Theory and Practice". Second Edition. Hutchinson and Co. (Ltd) 1978.
- HILHORST, JGM "Regional Planning : A Systems Approach". Rotterdam University Press, 1971.
- HANSEN, NM "Growth Centres in Regional Economic Development". The Free Press, New York, 1972.
- LAMONT, ET "Development Plan". SA Institute for Town and Regional Planners. Transvaal. 1976.
- LOXTON, RF ET AL "The Natural Resources of Lebowa". Bramley, 1972.
- LEISTNER, GMI "South Africa's Development Aid of African States". Occasional Papers of the Africa Institute, No. 28. African Institute of South Africa, Pretoria, 1969.
- LELE, UMA "Designing Rural Development Programmes : Lessons from Past Experience in Africa". Economic Development and Cultural Change, Vol. 24, No. 2, January 1976.
- LIGTHELM, AA & COETZEE, SF "An appropriate development strategy for Southern Africa". Development Southern Africa, Vol 1, No. 1, May 1984.
- LIGHTHELM, AA & VAN WYK, LA "The policy implications of an appropriate development strategy for Southern Africa". Development Southern Africa : Vol 2 No. 3. August 1985.
- MAASDORP, G Co-ordinated Regional development: Hope for the Good Hope proposals? In Gilliomee, H and Schlemmer L (eds). Up against the Fences: Poverty, Passes and Privileged in South Africa. David Philip, Cape Town, pp. 219-253, 1985.

- MACHLOP, F "Economic Integration : Worldwide, Regional & Sectoral". Proceedings of the 4th Congress of the International Economic Association held at Budapest, Hungary. MacMillan Press Limited, 1978.
- MUNOZ, H "From Dependency to Development : Strategies to Overcome Under-development and Inequality". Westview Press Inc. 1986.
- NKUHLU, NL "Towards a more effective regional development strategy for Southern Africa". Development Society of Southern Africa, 11-12 September 1986. Cape Town.
- OSBORNE, A "Rural Development in Botswana : a qualitative view". Journal of Southern African Studies, Vol. 2, No. 2, 1976.
- OLLAWA, PE "On a Dynamic Model for Rural Development in Africa". Journal for Modern African Studies, Vol. 15, No. 3, 1977.
- PRANTILLA, B "National Development and Regional Policy : Regional Development Series Vol. 3". United Nations Centre for Regional Development, 1981.
- PRETORIA UNIVERSITY "Die Lebowa Projek". University of Pretoria, 1979.
- PRETORIUS, F, ADDLESON, M & TOMLINSON, R "The policy implications of an appropriate development strategy for Southern Africa. Development Southern Africa : Vol. 2, No. 3, August 1985.
- RICHARDSON, HW "Regional Economics". MacMillan, St Martins Press, 1970.
- SOUTHALL, R South Africa's Transkei : The Political Economy of an "independent" Bantustan. Monthly Review Press : New York, 1983.

- STREETEN, P "Basic Needs : Some Unsettled Questions". Carnegie Conference Paper No 8, 13-19 April 1984. Second Carnegie inquiry into poverty and development in Southern Africa.
- STÖHR, W "Towards 'another' Regional Development? In search of a strategy of truly 'integrated' regional development". Seminar on national Strategies of Regional Development held in Bogota, Columbia, September 1979.
- THOMAS, WH "Regional Development in a federal South Africa". Development Southern Africa, Vol 3, No. 3, August 1986.
- THOMAS, WH Unpublished Lecture Notes on Urban and Regional Economics. University of the Western Cape, 1985.
- TOMLINSON, R & ADDLESON, M "Regional Restructuring under Apartheid : Urban and Regional Politics in contemporary South Africa", 1987.
- VAN WYK, LA "Research Papers - Development Perspectives in Southern Africa". ABEN, 1984.
- VAN DER KOOY, RJW "Prodder's development annual 1988". Published by the Programme for Development Research (Prodder). Human Sciences Research Council.
- VAN DER MERWA, P & STADLER, JJ "Beskrywing van die Ekonomie van Lebowa met die oog op ontwikkelingsbeplanning". Universiteit van Pretoria, 1976.
- WHITE PAPER "White Paper on Development Policy". Lebowa Government, Department of Economic Affairs and Planning. 1986.