

**RESTRUCTURING, MIGRATION AND
REGIONAL POLICY IN SOUTH AFRICA:
THE CASE OF NEWCASTLE**

By

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ABSTRACT

The thesis proposed to critique the neo-liberal perspective on regional policy in South Africa, and its emphasis on areas of strength and advantage, on two grounds. First, that it neglects processes of economic restructuring, and the possibility of place-specific decline or vulnerability. However, South Africa's increasing exposure to international markets, ongoing economic crisis, and political change, provide a context in which such conditions are likely. Secondly, these concerns are marginalised through the assumption that households can and do move out of areas experiencing restructuring or decline, or from places with weak economic bases. This assumption, however, ignores the limits to mobility in the current conjuncture, and the role of place in survival.

The thesis critiques these arguments theoretically, and empirically - through a brief examination of the dynamics of restructuring and migration in KwaZulu-Natal, and a more detailed analysis of the case of Newcastle.

The study of KwaZulu-Natal shows broad patterns of restructuring over the century, and points to new forms of instability in the 1990s. The research demonstrates that Newcastle has experienced several rounds of restructuring. While aggregate employment was relatively stable by the end of the 1980s, there had been a significant shift in the nature of economic activity and the composition of employment. Further rounds of restructuring - coupled with employment decline - occurred in the 1990s, and key industrial sectors are shown to be vulnerable.

The study of migration shows that, while there is a relationship between urbanisation and economic development in KwaZulu-Natal, there are also exceptions to it, with people remaining in, and even moving to places with weak or declining economic bases. The research did not find a complete ^{spatial} disjuncture between urbanisation and economic development in Newcastle. However, as a consequence of past investments in place and limited opportunities elsewhere, low-income households remained in Newcastle despite restructuring.

The study therefore shows that restructuring and place-vulnerability are concerns in South Africa, and that migration cannot^{be} relied upon as a corrective. These findings underpin the need for a renewed consideration of social concerns within regional policy, and for moving beyond the 'efficiency' versus 'equity' dichotomy.

PREFACE AND ACKNOWLEDGEMENTS

This thesis has been some years in the making. My first research in this area began in the early 1980s, in a project examining urbanisation dynamics and the impact of apartheid regional and settlement policies, under the auspices of the Urban Problems Research Unit, University of Cape Town. At that time, when struggles against the apartheid state were growing, and controls on urbanisation were increasingly being challenged, it seemed appropriate to emphasise the irrationality of apartheid policy - to use research as a part of a broader attack on the legitimacy of the state.

Moving to KwaZulu-Natal in the mid-80s gave me another perspective on the issues. I began to realise how deeply state regional and settlement policies had affected the region, and that the complex settlement patterns which had been created might not disappear as easily as the earlier research had implicitly assumed. Studies of urbanisation dynamics in the late 1980s and early 1990s seemed to confirm that view, and I became increasingly interested in understanding why the disjoint patterns of the past persisted.

By the mid-80s, regional policy and planning were in serious decline. Yet work with town and regional planning students on projects in North-Western KwaZulu-Natal in the late 1980s suggested that even if old-style regional planning and policy was problematic, the issues which a reformulated approach could address were critical, and were being forgotten. The emerging literature on spatial restructuring and uneven development also seemed to suggest that older concerns of place vulnerability and decline were, if anything, becoming more important. North-Western KwaZulu-Natal provided a place where the arguments of the restructuring theorists were clearly evident. In 1989 and 1990, the Urban Foundation and the Development Bank of Southern Africa's Panel of Experts published their critiques of industrial decentralisation policy and their proposed alternatives. Both seemed wanting, and to lack an understanding of dynamics on the ground.

It was, however, some years before the bulk of the empirical work for this thesis began. Both a child and other commitments intervened, but some papers were written. Research conducted on urbanisation patterns as part of a broader study of the Economy of Region E in 1993, confirmed that North-Western KwaZulu-Natal and Newcastle would be appropriate places for examining the dynamics of economic restructuring and the persistence of apartheid settlement patterns. In 1994, the research on Newcastle began.

My development through the thesis owes much to Professor Gillian Hart, University of California, Berkeley, who was at the time a visiting research fellow at the University of Natal, and with whom the industrial survey in Newcastle was undertaken. The association with Gill was fortuitous, the result of complementary interests, and a common reaction against what had by then become orthodoxy. In many ways, Gill acted as a mentor and an informal supervisor. I benefited from both her sharp critical intellect, and from her courageous and energetic approach to research. She encouraged me to develop my rather contrary views further, and helped me focus and define the thesis in this way. My thinking also developed through lengthy discussions on both the industrial survey, and the broader issues at stake. As indicated in the text, however, our research questions and interests differed, and the survey material has been developed in rather different ways. I would like

to thank her for her constructive criticism and insightful comments on earlier papers, and on the draft of this thesis.

I would also like to thank Dan Smit, my supervisor, for his supportive and facilitative supervision. Although extremely busy, and for part of the time taking responsibility for major innovative (and hence difficult) projects such as Cato Manor, and latterly, the leadership of Durban Metropolitan's Housing Authority, Dan made time to help me to define the topic, to discuss problem areas, and to make incisive comments on chapters and the draft of the thesis. I appreciate his openness and encouragement to explore the perspective developed - although it was not necessarily consistent with his own views - and the confidence he expressed in my work, even when my own at times waned.

My husband, Adrian Masson has been a major source of emotional strength in this process. He has done more than his fair share of child care, and has read and commented on the draft and several smaller edits. I want to thank both Adrian, and our son, Warwick, for their 'patience', and for putting up with an often preoccupied and distracted wife and mother.

Engagement in the Swedish Agency for Research and Economic Cooperation's (SAREC) Southern African Programme on Gender Research on Urban Planning, Housing and Everyday Life II provided both funding for the qualitative migration study, and a forum in which to discuss findings. The South African research group comprising Nolulamo GwaGwa, Nomnikelo Fadane, Meshack Khosa, Miranda Miles, and Nonhlanhla Mjoli-Mncube provided useful comment, as did a final workshop comprising participants in the entire programme at the National University of Lesotho, Roma, in November 1996. I would like to thank the Swedish coordinators, Anita Larsson and Ann Schlyter for their support, and also SAREC for a bursary at the end that helped to cover the production costs of the thesis.

Funding for the costs of the research also came from the University of Natal's Research Fund (for the initial research and the work on economic restructuring), and from the Human Sciences Research Council's Global Change and Social Transformation Programme (for the large scale social survey). In all cases, funding was not for the thesis, but for particular pieces of research. The views expressed here are my own and do not reflect any of the funding bodies.

Engagement in an evaluation of the Regional Industrial Decentralisation Programme for the Board for Regional Industrial Development in early 1996 provided another forum for debating ideas, and helped to develop the research further. Research on dynamics in KwaZulu-Natal, jointly coordinated with Phillip Harrison, and with Gill Hart coming in as advisor, provided an insight into a broader set of patterns, and helped to locate dynamics in Newcastle.

The research on Newcastle was greatly facilitated by some of the people working or living in the area. I would particularly like to thank Suliwe Mkhize, Dudu Nkabinde, Solomon Mtabela and Jabu Khumalo who acted as guides and interpreters in the area, particularly for the qualitative migration study. Sister Leo of the Rosary Clinic in Blaubosch, and Cathy Ferguson, previously of De Leeuw Cather, then planners for the area, provided

useful introductions to the area. Johan Benadie of Newcastle Municipality carried out part of the industrial survey.

A number of people in Durban helped in various aspects of the research. Data Research Africa carried out the large scale social survey, and Eric Watkinson and Melinda McCann processed some of the results. Melinda McCann also conducted some additional industrial surveys in Newcastle as part of the RIDP research. I am very grateful to Richard Devey of the Centre for Social and Development Studies, University of Natal, who took on the cumbersome task of reprocessing the 1992 DRA survey of Madadeni.

The production of the thesis was facilitated by Norma Hatcher, who undertook the more difficult and laborious aspects of typing and laying out the document in an organised and efficient way. Maps and graphics were provided by a number of people: Jenny McDowell and Frank Sokolic of the Department of Geography's Cartographic Unit at the University of Natal, Durban; Helen Kuttner of HK Graphics; and Kirk White. I appreciate their speedy and meticulous work. Elana Bregin edited the document timeously, despite a short deadline.

A number of people have therefore contributed directly or indirectly to the thesis. Responsibility for the arguments made is however my own. I declare that unless otherwise indicated in the text, the thesis is my own original work, and has not been submitted, in whole or part, to any other University.

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LIST OF ABBREVIATIONS USED

ACT	Agreement on Clothing and Textiles
CBD	Central Business District
CDE	Centre for Development and Enterprise
CMT	Cut-make-trim
CSS	Central Statistical Services
DBSA	Development Bank of Southern Africa
DFR	Durban Functional Region
EEC	European Economic Community
EPZ	Export processing zones
ERDF	European Regional Development Fund
EU	European Union
FDI	Foreign Direct Investment
GATT	General Agreement on Trade and Tariffs
GDFI	Gross Domestic Fixed Investment
GEIS	General Export Incentive Scheme
GGP	Gross Geographic Product
HSL	Household Subsistence Level
IDC	Industrial Development Corporation
IMF	International Monetary Fund
ISCOR	Iron and Steel Corporation
JIT	Just-in-Time
JSE	Johannesburg Stock Exchange
KFC	KwaZulu Finance and Investment Corporation
KZN	KwaZulu-Natal
LED	Local economic development
MEC	Mineral-Energy-Complex
MFA	Multifibres Agreement
NICs	Newly Industrialising Centres
NIDL	New International Division of Labour
NPDP	National Physical Development Plan
NSDF	National Spatial Development Framework
NUMSA	National Union of Metal Workers of South Africa
NUP	National urban policy
NWKZN	North-West KwaZulu-Natal
PWV	Pretoria-Witwatersrand-Vereeniging
RIDP	Regional Industrial Development Policy
SACTWU	South African Clothing and Textile Workers Union
SEIFSA	Steel and Engineering Industries Federation of South Africa
SIC	Standard Industrial Classification
TNCs	Transnational Corporations
TVBC	Transkei Venda Bophuthatswana Ciskei
UF	Urban Foundation
UN	United Nations
UPUSA	United People's Union of South Africa
WTO	World Trade Organisation

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CHAPTER 1

INTRODUCTION

Since the 1980s, the shift towards economic growth as a predominant concern, and critiques of past policies aimed at inter-regional equity, have tended to undermine regional policy - both internationally and in South Africa. In the process, concerns which were once central to regional policy - namely the social effects of place-based economic decline or stagnation - have been marginalised in policy formulation. Although regional planning is experiencing something of a revival, the neo-liberal or 'efficiency' approach remains dominant. Areas which can become competitive internationally are encouraged to do so, but in other cases people are expected to move to growing centres.

In South Africa, the neo-liberal approach first emerged as a critique of the apartheid state's regional policies in the late 1980s (UF, 1990; DBSA, 1989). Legitimised by the links drawn between old style regional policy and apartheid, the neo-liberal perspective has become a dominant paradigm in South Africa. Its discourse of 'efficiency' has become part of the 'common sense' logic accepted by many urban and regional planners, and pervades many policies and plans.

Neo-liberal authors argued for a shift away from the anti-metropolitan stance of past regional policies, and for the ending of policies to subsidise what they saw as inefficient industrial location on the periphery (UF, 1990; DBSA, 1989; Tomlinson, 1990). These authors suggested that with the termination of apartheid controls, people would migrate to the cities, and implied that 'artificially created' settlements would wither away (UF, 1990; Tomlinson, 1990; Roux, 1989, 1991). The characteristic apartheid spatial disjunctures between population and economic activity at a national and regional scale would disappear as people moved closer to work, 'normalising' the settlement pattern. In terms of this argument, regional policy was superfluous and could be replaced by local or regional economic strategies based on developing comparative and competitive advantages. Although the details of policy might vary, in effect the focus was on areas of existing or potential strength, with a particular emphasis on metropolitan areas.

Yet in focusing on areas of advantage, and in relying on migration as a corrective to spatial disjunctures, neo-liberal authors assume away key dynamics and concerns in South Africa today. By relying on neo-classical equilibrium economics, they fail to consider processes of economic restructuring, and their implications for the economies of towns, particularly those in peripheral areas. The possibility of place-selective decline or vulnerability as one outcome of restructuring is therefore ignored. As the discussion below demonstrates, the economic crisis since the 1970s, South Africa's growing exposure to an increasingly competitive global economy, and changing political conditions, all provide a context in which restructuring and the instability of place are likely. Further, the social implications of these processes are marginalised by assumptions that people will move away from stagnating or declining areas, following certain versions of neo-classical migration theory. This assumption is based on a weak understanding of migration dynamics in South Africa today. It ignores the limits to mobility in the current conjuncture, and the role of place in survival. Nor does it come to terms with the persistence of the disarticulated spatial landscape created under apartheid. In effect, by pitting 'people' against 'place prosperity', links between 'people' and 'place' are lost. The discourse of 'efficiency' obscures these issues and neglects key social considerations within policy debates.

The main objective of this thesis is to contribute to the debate on regional policy in South Africa by highlighting these key limitations of the neo-liberal view, and by adding substance to critiques which have been developed along these lines. It does so through a theoretical critique of the neo-liberal perspective, and by demonstrating the limits of its analysis through an examination of the dynamics of restructuring and migration in Newcastle. It adds to a growing critique of neo-liberal regional policy both internationally (Perrons, 1992; Dunford and Kafkalas, 1992; Dunford, 1992; Amin, 1993; Harrison and Hart, 1993; Townroe and Martin, 1992; Tickell and Peck, 1995), and in South Africa (Glaser, 1988; Pickles 1992; Platzky, 1995; Bell, 1997; Hart and Todes, 1997).

The South African debate has largely centred on industrial decentralisation policy, the main form of regional policy in the past. Authors have critiqued blanket neo-liberal assumptions that the policy did not and could not generate industrial development on the periphery, or that such development was entirely artificial. Bell's (1983, 1987, 1997) and

Platzky's (1995) work was most significant in challenging the neo-liberal view in this regard, but important new dimensions have been added by Hart (1995, 1996a), Hart and Todes (1997), and through case studies conducted for the review of the Regional Industrial Decentralisation Programme in 1996 (Harrison and Todes, 1996; BDM, 1996; Sharp and Spiegel, 1996; Luiz and van de Waal, 1996).

In the apartheid years Bell (1987) was almost a lone voice arguing for regional policy on 'equity' grounds, in contrast to the dominant discourse - a position he has since reiterated (Bell, 1997). Glaser's (1988) argument for a socialist regional policy in a post-apartheid South Africa followed a similar logic. And just as neo-liberal views were gaining hegemony in the late 1980s, a number of papers pointed to the social significance of jobs in decentralisation points (Bonnin et al, 1991; Jaffe, 1991), or raised concerns about the future of industrial decentralisation points after apartheid (Pickles, 1991; Pickles and Woods, 1992; Todes, 1991), suggesting that they could not simply be abandoned. Platzky's (1995) study was motivated by similar considerations. Pickles and Woods (1992, p.649) in particular, examining the huge resettlement areas and industrial decentralisation points in the QwaQwa homeland, argued - in contrast to dominant views at the time - that the 'homelands are artificial creations which now display increasing levels of materiality with which any future government will have to deal'. Further, entrenched interests had formed which would make a policy of abandonment difficult. *Ged.*

While much of the debate on regional policy focused on industrial decentralisation, Pickles (1992) developed a broad-ranging critique of neo-liberal perspectives in his review of Tomlinson (1990), then closely linked to the Development Bank of Southern Africa (DBSA) and the Urban Foundation (UF). Pickles' (1992) work can be located within debates over the form of post-apartheid society, and formed part of a wider critique of then emergent neo-liberal policies in the spheres of economic development¹ (Gelb, 1990; Bond, 1990), and urban planning (eg. see Bond and Swilling, 1992). Like Bell (1997) and Glaser (1988), Pickles (1992) critiqued the anti-statist orientation of the neo-liberal view, its metro-centricism, and its reliance on the market, migration and trickle-down to correct the apartheid heritage. He argued that this position did not recognise the links between spatial organisation and social, economic and political processes - or the significant role of state

policies. It was based on a growth model which would reinforce spatial and social polarisation, offering little to communities outside of metropolitan areas, while unemployment in cities rose as production became increasingly capital-intensive. Nor did Tomlinson consider the implications of new models of socio-spatial restructuring occurring globally. While Pickles' (1992) comments are interesting, they remain suggestive, open to empirical investigation and explanation.

The argument developed in this thesis is located within these critical traditions, and their social concerns, but focuses more specifically on the dual questions of place-based instability as a possible outcome of spatial restructuring, and the limits to migration as a solution. It draws from a rich international literature on spatial uneven development and spatial restructuring (Storper and Walker, 1989; Massey, 1984, 1994, 1995; Gertler, 1992; Harvey, 1982, 1989; Smith, 1984; Perrons, 1981; Markusen, 1985; Amin and Thrift, 1994; Moulaert and Swyngedouw, 1989; Lipietz, 1987; Piore and Sabel, 1984; Sayer, 1985, 1989; Scott, 1988) developed within the new economic geography. This body of work emphasises the the 'inconstant geography' (Storper and Walker, 1989, p.6) of capitalist development, the 'variability and volatility of regional fortunes at all scales' (Storper and Walker, 1989, p.1), in contrast to the assumptions of neo-classical equilibrium economics that underpin neo-liberal regional policy

Critical geography has, of course, been widely influential in South Africa (see the collection by Rogerson and McCarthy, 1992 for reviews of the field). Apart from extensive work on the way in which apartheid reshaped South African cities (see McCarthy, 1992 for a review), considerable attention has been paid to questions of spatial restructuring at a regional and national scale in South Africa (see Rogerson, 1992 for a review). As Rogerson (1992) notes, however, only some of this literature is informed by the insights of the new economic geography. Research has focused on the development of the space economy (Browett, 1982; Fair, 1982; Platzky, 1995); the geography of multinationals (Rogerson, 1981; 1982a; 1987; Pickles and Wood, 1989); on particular sectors within manufacturing (eg. see Rogerson, 1990 on the defence industry and its role in reinforcing metropolitan growth in Gauteng, for one of the few sectoral studies which deals with spatial issues); and on implicit spatial biases in state policies (Black and Roux, 1990; Bell, 1987; Davies,

1990). The bulk of research, however, concerns regional restructuring associated with the policy of industrial decentralisation (see eg. Bell, 1983, 1987; the collection by Tomlinson and Addleson, 1987; Wellings and Black, 1986; Cobbett et al, 1987; Pickles 1991; Platzky, 1995; Hart and Todes, 1997; Rogerson and Kobben, 1982; Sutcliffe and Wellings, 1985; Stanwix, 1986; Harrison, 1995).

This literature has provided important insights into spatial restructuring in South Africa. Nevertheless, it has been overwhelmingly oriented to questions of industrial decentralisation, and associated patterns. At times, research has been overly reliant on variations of the New International Division of Labour thesis (Froebel et al, 1980; Hymer, 1972, 1976), assuming the inevitable peripherality of decentralisation points, or on static interpretations of the implications of technological change. Further, Rogerson (1992, p.251) comments that although ‘lip service has often been paid to emerging new “spatial divisions of labour” (eg. Rogerson, 1982a; Pickles, 1991), scant attention has been given in South Africa to disclosing how general processes of economic and social change have specific empirical outcomes in particular regions and localities’. Nor, he argues, has there been much work on ‘understanding the responses of people, households and communities to restructuring’ in South Africa (Rogerson, 1992, p.254).

The concept of ‘restructuring’ initially emerged in Britain in the 1970s as a way of examining how firms responded to rapid industrial decline and how they used space in the context of economic crisis (Massey, 1978, 1979; Massey and Meegan, 1982). Authors considered the variable outcomes for places of economic crisis, produced by intersections and interactions between an uneven and historically constructed territory, and capital’s changing requirements and strategies. These shifts were not isolated instances confined to particular places, but were part of a changing spatial division of labour, a new form of spatial organisation associated with a major reorganisation in capitalist development (Massey, 1984). While Massey’s argument has been criticised for focusing on decline, ‘restructuring’ can also be used to describe new patterns of spatial development as Storper and Walker (1989) suggest. Nevertheless, a number of authors avoid the use of the term, referring instead to broader processes such as ‘uneven development’ (Smith, 1984) and

'territorial industrialisation' (Storper and Walker, 1989). The term is used here to denote the notion of shifts in direction and instability, although a wider literature is drawn upon.

Since Massey's initial formulation, there has been considerable debate over the concept of restructuring. For some authors (eg. Harvey, 1985, 1989; Smith, 1984; Storper and Walker, 1989; Moulaert and Swyngedouw, 1988), spatial restructuring is the outcome of a sea change in the nature of capitalist development. It represents a new form of spatial organisation associated with epochal shifts in the process of accumulation, the rise and decline of 'major ensembles of productive forces' (Storper and Walker, 1989, p.205), and is usually linked to major shifts in economic, social and political organisation.

For other authors (e.g. Massey, 1994, 1995; Cooke, 1988; Sayer, 1989), restructuring is a more variable and indeterminate process. Some authors contest the extent to which epochal changes are currently occurring, or that economic restructuring is having predictable spatial outcomes (Gertler, 1992; Pollert, 1988; Sayer, 1989). Not only are there significant national variations (Gertler, 1992), but there are also considerable differences within and between industries (Sayer, 1985). Further, processes of restructuring are shaped in complex ways by local conditions (economic, political, cultural, ideological and social) and their variation over space, as well as by politics and struggles (Massey, 1991, 1994, 1995).

The position adopted in this thesis derives from this latter view. It is argued that while major rounds of restructuring may occur in the context of a sea change in the nature of capitalist development, restructuring could also occur on a more ongoing basis, particularly during periods of instability and change as has been the case since the 1970s. Further, the spatial outcomes of processes of restructuring are likely to be complex and contingent: they are not pre-given spatial arrangements.

There are grounds for suggesting that spatial restructuring, and the possibility of place vulnerability, are likely in the South African context at the present time. The crisis of accumulation since the 1970s (Gelb, 1991; Joffe et al, 1995), the major political upheavals which have occurred since then, the opening up of the South African economy to an increasingly competitive international economy (Bond, 1990), and the rapid changes in

economic, political and institutional conditions since 1994, provide a context in which industrial restructuring - and the possibility of spatial restructuring - can be expected. Authors examining industrial decentralisation points in the 1980s showed how their growth was a response to an increasingly competitive environment (Bell, 1983; Pickles, 1991; Pickles and Woods, 1992; Platzky, 1995; Stanwix, 1986; Wellings and Black, 1986). Similarly Harrison (1995) has shown the broad spatial shifts which have occurred in KwaZulu-Natal since the 1970s. While the introduction of new technology may in the longer term be an element of this process, so far its impact has been limited (Fine, 1995; Freund, 1992; Rogerson, 1994b).

A critical question for regional policy is how places are being affected by restructuring at the present time. While processes of restructuring are likely to affect metropolitan areas, their effects could be balanced by growth in other parts of their economies. Nevertheless, the invulnerability of these major cities cannot be taken for granted, and there may be significant patterns of growth and decline within regions, such as is occurring in Gauteng (Mabin and Hunter, 1993). The effects of restructuring in towns with narrow economic bases, reliant on a few industries, are likely to be more severe. These include some smaller metropolitan areas, a number of secondary cities (UF, 1994), and some small towns - although changing conditions within their hinterlands may be more important here (de Klerk, 1991; Edgecombe, 1989; Todes, 1993). It is also possible that places which were supported by industrial decentralisation policy will be vulnerable.

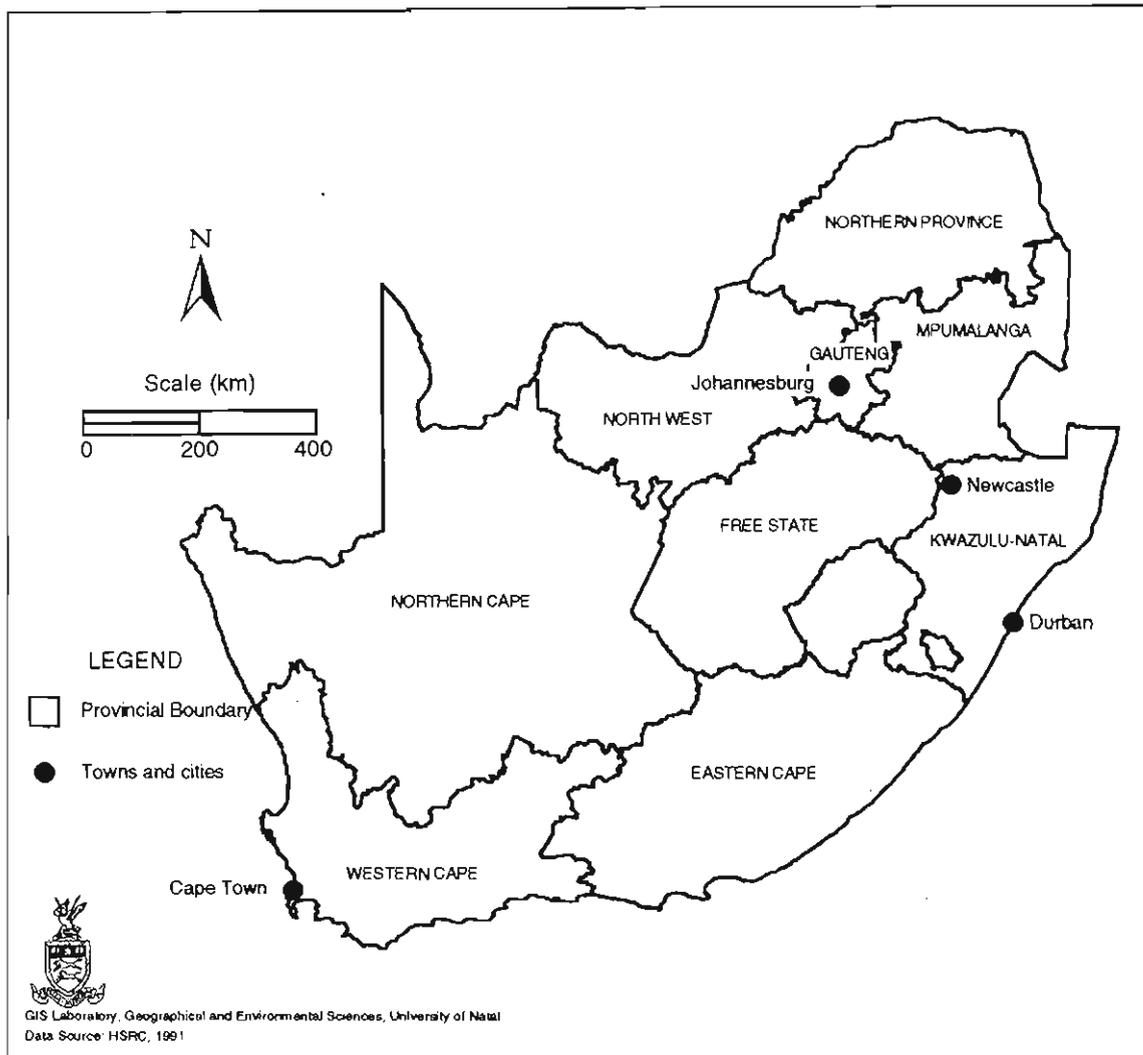
A significant literature has speculated on the potential vulnerability of industrial decentralisation points (eg. Dewar et al, 1984; Tomlinson and Addleson, 1987; Wellings and Black, 1986; Pickles, 1991; Pickles and Wood, 1992; Rogerson, 1991) in the light of the removal of incentives, and broader changes in the political and economic environment (such as the erosion of wage differentials, and growing unionisation). As Platzky (1995) and Bell (1983) showed, many firms responding to decentralisation policy were concentrated in a few key industries, some of which may be vulnerable in the light of changing conditions. Considerable debate has occurred over the extent to which decentralisation was spontaneous (Bell, 1983) as opposed to incentive dependent (Addleson and Tomlinson, 1987) (see Wellings and Black, 1986 for an overview and

assessment of evidence at the time). While the dominant view in the 1980s tended to focus on incentives, studies in mid-1990s, have tended to side with Bell's view (Platzky, 1995; Hart and Todes, 1997; Harrison and Todes, 1996). Other writers (Morris and Kaplan, 1988; Rogerson, 1991) have suggested that the adoption of new technologies, and shifts towards flexible specialisation would undermine the viability of peripheral industrialisation. While research in the 1990s has tended to emphasise the role of political and economic change as a more plausible source of vulnerability, it does not assume that collapse will necessarily occur. Rather, processes of restructuring will be shaped in a diverse ways, and growth is also a possibility. Similarly, a priori assumptions about the impact of flexible specialisation cannot be accepted at face value.

The thesis provides a window into understanding the effects of current economic and political changes through a detailed case study of industrial restructuring in Newcastle, a town in North-Western KwaZulu-Natal, some 350km from Durban, off the main highway to Gauteng (Map 1.1). By 1991, the town had a population of around 350 000 in its functional area, having grown from 17 000 in 1960. Its growth was propelled by apartheid policies of forced removals and later by industrial decentralisation policy. In 1969, Newcastle was designated as the location of the third works of the major iron and steel industry, Iscor. By the early 1980s, however, the boom years were over. Despite some growth in the chemical industry, severe restructuring and retrenchment occurred in the 1980s and 1990s, leading to a sharp decline in relatively well-paid men's employment. Employment was shored up by the growth of a clothing industry in the town from the mid-1980s, but by the 1990s, employment growth had tailed off and the stability of this form of industrialisation was in question. Overall employment in the local economy has been stagnant or has declined, while a significant shift towards low-waged work has occurred.

Using a combination of census material, interviews, secondary sources, archival research and an industrial survey conducted jointly with Gillian Hart, the thesis examines the various rounds of restructuring, the changing fortunes of the local economy, the growth and decline of major industries. While an analysis of the economy as a whole is offered at the level of an overview, the main focus is on manufacturing industry, which accounted for some 40% of employment and 39% of GGP in 1991. Although the tertiary sector is

MAP 1.1. LOCATION OF NEWCASTLE WITHIN SOUTH AFRICA



significant as a source of employment, it is largely dependent on the performance of the local economy and on public services. Its composition and performance in the 1980s is briefly discussed, but an in-depth analysis is considered beyond the scope of the thesis. The research is largely based on qualitative methodologies, although aggregated data from census material and surveys are used as a backdrop. The study shows the value of this kind of research for understanding local economic development compared to the more static approaches commonly used in urban and regional planning in South Africa. In this regard, it contributes to a growing interest in these approaches in South Africa (e.g. Platzky, 1995; Freund, 1997).

The study demonstrates the current sources of vulnerability within the local economy, and shows the instability which lies beneath the aggregates. Although the aggregate data available through census material does indicate important shifts, it masks the fluidity of

conditions, the processes of restructuring occurring within sectors and industries as well as across them. The research highlights the complexity of processes of change occurring within major industries, and the way they are shaped through the interaction of changing global and national conditions with local histories and politics. While restructuring has been engendered through the crisis since the 1970s, it is not a finite process. Rather, there have been several rounds of restructuring, and considerable movement, as industries responded to changing conditions. The introduction of new technologies, and new forms of organisation has been an element in this process, but as Sayer (1985,1989) suggests, it is occurring unevenly and remains one part of a broader response to pressure.

The thesis contributes to the growing literature on industrial restructuring in South Africa (see particularly the numerous sectoral studies undertaken by the ANC linked Industrial Strategy Project, and more recent cluster studies conducted by the Department of Trade and Industry, as well as other projects such as the University of Natal's KwaZulu-Natal Industrial Restructuring Project, initiated in 1996). It draws from the Industrial Strategy's recent sectoral analyses (see Joffe et al, 1995 for a summary; Altman, 1994; Jourdan, 1993), but its contribution is to consider how these processes unfold and are shaped in a particular context, and their implications for the stability of a town on the periphery.

It complements Hart's (forthcoming) study of the way local political and institutional dynamics shape the very different trajectories of industrialisation in Ladysmith and Newcastle - two apparently similar towns. This research however focuses more specifically on industrial restructuring, the dynamics of the major industrial sectors, and the implications of restructuring for the local economy. It nevertheless follows Hart's (1994) emphasis on the significance of local dynamics, and draws on her more in-depth work on Taiwanese industrialisation in Newcastle (Hart, 1996b). The study also complements the growing research on industrial sectors within particular localities (see for example K. Harrison, 1996a; Prinsloo, 1996; October, 1996 on the clothing industry). Research conducted for the Industrial Strategy Project (October, 1996; Prinsloo, 1996) however, is mainly concerned with assessing the relevance of the industrial district model, and developing strategies to assist the competitiveness of clusters. It does not necessarily provide an analysis of the way processes of restructuring are unfolding in particular

contexts. Further, these studies are sector specific and cannot consider the impact of changes on the local economy as a whole, or they do so only in a limited way. Urban Foundation's (1994) study of secondary cities provides a useful account of this 'class' of town and some indication of the issues confronting these places, but remains at a broad brush level. More general studies attempting to assess the effects of restructuring over space, such as Harrison (1996), also provide interesting insights, but remain suggestive at this stage.

The thesis makes a more limited contribution to an understanding of particular industries. While the study of the clothing sector largely extends existing work by illuminating dynamics in a specific context on the periphery, research on Iscor goes somewhat further. Although sectoral studies (Jourdan, 1993) are drawn upon, further research has been undertaken in order to understand how dynamics within Newcastle are located within a broader process of restructuring within the industry. McDonald (1996) covers some similar ground in her work on the steel industry in Newcastle, but provides a cursory treatment of the topic.

The second key element of the neo-liberal perspective is its 'workers to work' argument (Roux, 1989; 1991; DBSA, 1989; Tomlinson, 1990; UF, 1990). The emphasis on areas of advantage presumes implicitly or explicitly that people can (without much friction) and do move to areas of growth, an assumption which also underpins the normalisation thesis. From this perspective, restructuring and place-specific decline are insignificant as social concerns and as a focus for policy. Yet there are reasons to doubt the plausibility of the mobility assumption (see also Pickles and Wood, 1992; Bell, 1997). A small but growing literature is beginning to document elements of the current pattern of urbanisation and settlement. Its empirical work suggests that the spatial disjunctures created under apartheid are not necessarily withering away (Pickles and Wood, 1992, Kiepel, 1994), and further, that new forms of disarticulation may be emerging (Marcus et al, 1994; Cross et al, 1996a,b,c; Jones, 1994; Todes, 1994). The thesis draws on this research and on detailed study of the migration dynamics in Newcastle in order to raise questions about the neglect of place in the neo-liberal approach.

In some respects, Newcastle can be seen as an example of apartheid disjunctures. Its rapid growth in the 1960s and 1970s was in the first instance the result of removals, and in the 1980s, it has experienced in-migration in the context of economic stagnation and restructuring - seemingly negating neo-liberal assumptions. In the 1990s, levels of in-migration appear to have tapered off, but there is no evidence of out-migration. The study examines this apparent paradox. It demonstrates why out-migration is not a significant option for households in this context, and how households have come to use place in survival. It considers why, a decade after controls on movement have disappeared, women continue to work for wages which are half those in the cities. It examines how households affected by retrenchments survive, and the role of local employment in survival. In short, it explores the relationships between place, migration and survival in a context of restructuring.

Although the focus is on a town experiencing restructuring, the argument developed has broader relevance for an understanding of the persistence of places with weak or limited economic bases that were generated under apartheid. While Pickles and Woods (1992) work was important in challenging assumptions that these places will disappear after apartheid, they do not explain why people continue to stay there. It also contributes to an understanding of the dynamics of migration on the periphery after influx control - an under-researched area (Rogerson, 1995). In this regard, it stands alongside the work of Cross et al (1996a,b,c) and Liebbrandt and Woolard (1996) on rural areas, but provides insights into the dynamics of an urban centre, and more particularly, a place which was in many respects the product of apartheid policy.

Studies of women workers in industrial decentralisation points in the mid-1980s (Jaffe, 1991; Pudifin and Ward, 1987; Mager, 1987) and some social studies (Ardington, 1984; Mabin, 1989, 1992; Murray, 1986, 1988; Niehaus, 1988, 1989; Sharp and Spiegel, 1986), provided the only insights into the social dynamics of settlements created under apartheid and industrial decentralisation points, but all of the empirical work was done at a time when influx control was still very much a reality. Nevertheless, some of this (see especially Murray, 1986, 1988) did caution that areas created under apartheid would not disappear after its dismantling, and discovered the deeper dynamics at play (Jaffe, 1991). Similarly

Mabin (1989, 1992) argued that these places could not be understood simply by reference to 'political factors'. This work tended to be ignored by neo-liberal regional policy-makers however. While it might be argued that it is premature to examine these questions since political change is quite recent, it should be recognised that influx control was abolished over a decade ago, after a period in which it had broken down, as people defied laws and streamed to the cities. Although the current period may be a transitional one in which people begin to gain confidence to move more freely than in the past, material factors shaping movement are likely to be more significant than is often recognised (Mabin, 1992).

The study draws from a rich tradition of analysis of urbanisation in South Africa (Dewar et al, 1982a; Hindson, 1987; Mabin, 1989, 1992; Simkins 1983). It explores the international literature on migration to derive possible explanations for the apparent paradox of in-migration. Disjunctures between urbanisation patterns and economic activity can partially be explained within neo-classical theory, and some of these elements of explanation were used to justify the 'work to workers' approach which underpinned regional policy in the Depression and the post-war era (McCrone, 1969): barriers to migration; the selectivity of the migration process; the influence of recession in dampening migration (Milne, 1993); differential 'utility' in the forms of housing and violence (Morrison, 1993). The recessionary context in South Africa, a history of violence, and differentials in terms of housing provision may therefore be important elements in shaping current patterns of movement. These elements are not sufficiently acknowledged by the neo-liberal approach.

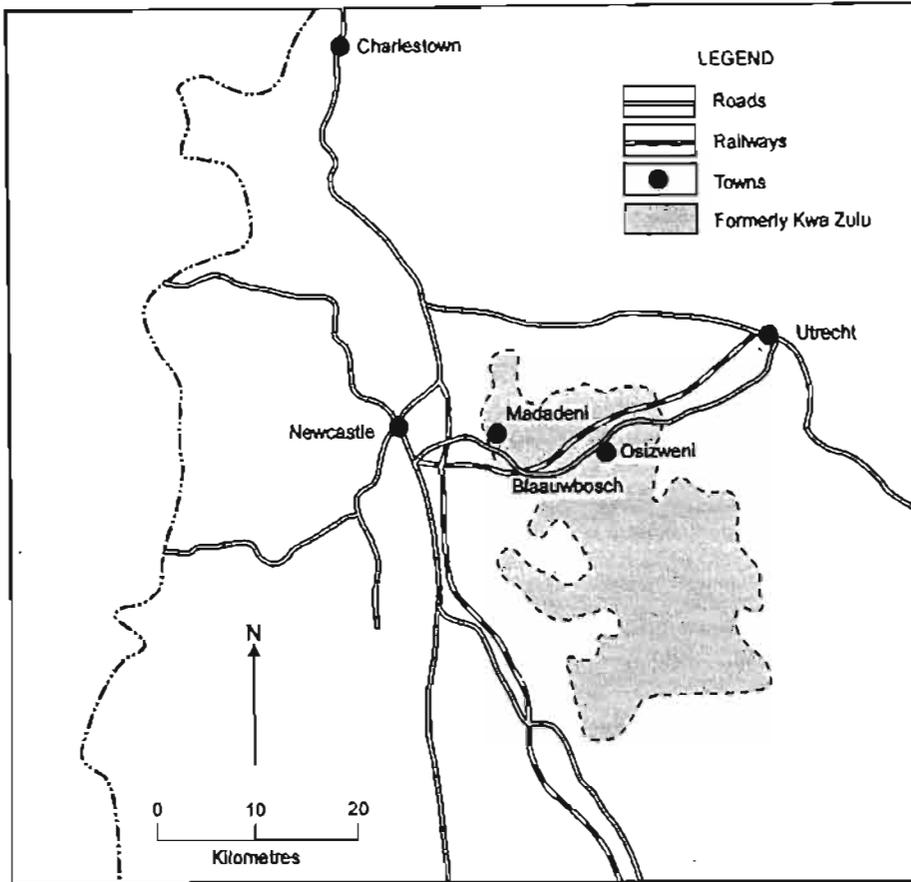
While neo-classical theory might provide one layer of explanation, it relies on abstract models, and does not engage with the way migration processes are linked to particular histories and trajectories of economic development, as suggested in the literature on urbanisation in developing countries (Roberts, 1989; Auty, 1995; Armstrong and McGee, 1985). Roberts' (1989) work linking fragmented patterns of migration to the patterns of informalisation and casualisation generated through economic restructuring in Latin America, is particularly interesting here. A fascinating literature examining the complex and diverse forms of movement emerging in the context of economic crisis in Africa (see Ferguson, 1990; Potts and Mtambirwa, 1990; and the text edited by Baker and Aina, 1995),

is also useful in moving beyond the modernist underpinnings of the equilibrium approach, and its assumptions of a predictable urban transition.

NB The thesis examines the literature on circular migration, households and livelihood strategies (Moser, 1996; Grown and Sebstad, 1989, Chant and Radcliffe, 1992; Schmink, 1984) to provide a basis for exploring the roles place might play in survival, and for explaining why ties to place persist in the context of restructuring. It suggests that under constrained economic conditions, forms of security built up in place through investments in housing and social relations can be crucial, and will not easily be abandoned. The salience of non-economic factors, the way gender dynamics shape migration, and the role of place in survival are generally under-emphasised or ignored by those working within the neo-liberal approach (Roux, 1989, 1991). Yet they help to explain why 'normalisation' has been far more partial and limited than expected.

The study of migration in Newcastle is based on archival research, analysis of census material, interviews, a qualitative study of migration dynamics, and is supplemented by a broader social survey. The analysis however, largely relies on the qualitative material, since it enables an understanding of the processes and mechanisms at work. The research focuses on the townships of Madadeni and Osizweni, and the informally settled African freehold area of Blaaubosch (Map 1.2)². All of these areas are part of the Newcastle local authority created in 1996, but until the 1994 elections, they fell under KwaZulu homeland and were administered as separate entities. Madadeni and Osizweni, respectively some 12 and 20km from Newcastle, were formal towns within KwaZulu, while Blaaubosch, falling between the two, was considered a rural area. The study examines migration dynamics in what were African areas, since it is these areas which have experienced in-migration, in contrast to the previously white and Indian areas in the town. In fact, the seeming immobility of the African³ population in the context of restructuring, contrasts with the mobility of the white - and to a lesser extent, the Indian population in the 1980s, as suggested by both census data and Rule's (1987) study. Nevertheless, it would be interesting to research dynamics more broadly in the rather different conditions of the 1990s.

MAP 1.2. NEWCASTLE IN ITS LOCAL CONTEXT



Although not its main intention, the thesis does contribute to an understanding of the history and development trajectory of Newcastle, and its current dynamics. Newcastle is a particularly interesting case study for urban and regional planning. Its history largely remains hidden in South Africa: it is usually seen as a large town which was stimulated by the establishment of Iscor. It is not generally recognised how extensively the state intervened in its development through removals and successive waves of industrial decentralisation policy. Existing research on the town (Van Brakel and Schmitte, 1982; Henning and Van Brakel, 1988; Niewoudt, 1988; Rule, 1987; Rule and Willis, 1988/9; Harrison, 1990; McDonald, 1996), which is largely confined to studies of elements of the economy at particular moments, does not uncover this dimension. The thesis shows the way this history shapes industrial and migration dynamics in the current era, and demonstrates how these two elements have shaped one another. It provides an insight into the evolution of an apartheid-created settlement, and into the effects of industrial decentralisation policy over some 25 years. As a study of a town, it overlaps with Hart's

(forthcoming) comparative work, but the focus of the thesis is on the historical development of the town, migration dynamics, and economic restructuring. While some attention is paid to the early development of the town, the historical work centres on the role of state intervention in the 1960s and early 1970s, and on subsequent economic and migration dynamics.

In contrast to the highly generalised arguments of neo-liberal authors and their tendency to rely on broad assumptions about the potentials of places, the thesis suggests the importance of understanding the social and economic dynamics of places in some depth. This need not entail a descent into descriptive, localised studies: rather it implies an examination of how broader forces are being played out in particular contexts (Hart, 1994; Buroway, 1991). As Hart's (forthcoming) research will demonstrate, very different development prospects are possible in apparently similar towns. Further, it implies a historically rooted understanding of places, and an analysis of their social bases and dynamics. It suggests that policy debates cannot centre simply on economic potential or viability, but should also consider the social significance of places. It implies moving beyond aggregates and quantitative data to a greater emphasis on qualitative methods of analysis. In a crude sense, it involves an understanding of places 'from below'. A series of studies of this sort would help to formulate a more nuanced and contextually sensitive approach to policy.

The main contribution of the thesis is therefore to point to the limits of neo-liberal regional policy insofar as it neglects questions of place instability as an outcome of spatial restructuring, and assumes that migration is a solution to the economic weakness or decline of places. As suggested above, elements of this argument exist in the literature, but either remain at the level of generalised claims, or are posed in a somewhat different way. The question of restructuring has of course been considered by a number of authors, but the issue of place instability or decline has mainly been examined in relation to industrial decentralisation – and is then generally seen as 'exceptional': the result of 'irrational' policy. While some authors have posed the possibility of decline of industrial decentralisation points as the outcome of broader processes of restructuring (such as changing spatial divisions of labour or new technology), they remain untested assumptions. Similarly, although a few authors have suggested that migration is not a solution to the

problems of the periphery, or that old resettlement areas are likely to remain, their arguments remain suggestive.

The thesis goes further to suggest elements of an alternative approach to regional policy. While the neo-liberal perspective favours 'efficiency' over 'equity', the thesis argues for the importance of the social basis of regional policy. This does not imply a return to old style policy concerned with spatial balance (Friedmann, 1966), or to the anti-city bias (Harris, 1990) which frequently accompanied it. Rather, it suggests the need to move beyond the efficiency versus equity polarity: to facilitate growth in areas of strength and advantage, but also to develop appropriate supports and development strategies in vulnerable places with large populations. Instead of seeing regional policy as a form of 'spatial redistribution' (Gore, 1986), the thesis argues for a nuanced and variegated approach to policy, responding to the particular needs for intervention in different areas. The claims of rural areas might also be seen in this light. Whilst local economic development might be an element of this approach, the future of large, but vulnerable towns cannot be expected to rest entirely on their ability to generate development locally as suggested in the neo-liberal argument.

In the years since the 1994 elections, there has been a new interest in regional questions, but the influence of neo-liberal perspectives is clearly evident in debates, and in some policy outcomes. Industrial decentralisation policy has been revisited (Ernst and Young, 1996; Department of Trade and Industry, 1997). Provincial development and spatial strategies have been generated (e.g. see KwaZulu-Natal Development and Planning Committee, 1996), and are being fed into the development of a national spatial development strategy. A variety of Spatial Development Initiatives focusing on areas with major development potential have been identified at national level (Goldin and Jourdan, 1996). Sub-provincial or regional plans are being developed in a number of provinces. Local economic development has become a new part of local government responsibility (Local Government Transition Second Amendment Act, 1996). Debate is beginning to occur around the question of the support of old resettlement areas, and places with weak economic bases (Parnell and Cranckshaw, 1996). Whilst this thesis does not specifically

engage with emerging approaches and strategies - many of which have developed quite recently - the issues and perspectives raised in it do have a significant bearing on them.

The thesis is organised as follows:

Chapter 2 locates neo-liberal approaches to regional policy within the international history of regional policy and planning debates. It shows that neo-liberal approaches emerged in the context of critiques of regional policy and planning in the post-war era, but was overlaid by a retreat from welfarism. It argues that the neo-liberal perspective represents a rather selective reading of the experience of past approaches, and further, that it neglects part of the original rationale for regional policy: i.e. concerns about the social effects of place-based economic decline. The chapter shows the growing critique of the neo-liberal perspective internationally, particularly in the light of processes of globalisation, and the recent resurgence of regional policy and planning. Nevertheless, new policy approaches are sometimes structured by neo-liberal agendas and remain problematic in this regard.

Chapter 3 provides an overview of South African urbanisation processes and the neo-liberal approach in South Africa as a background to the study. Drawing on existing literature within the field, it shows that South African urbanisation patterns were not purely the result of political fiat. While state policy shaped the landscape in significant ways, people responded to these constrained circumstances and made places where they could. The chapter outlines the neo-liberal perspective in South Africa as embodied in policy documents of the late 1980s, and develops a broad critique of its arguments. This forms the basis for the more extended critique of later chapters.

Drawing from the extensive literature on uneven development within the new economic geography, Chapter 4 provides a theoretical critique of neo-liberal regional analysis and presents theory which is useful for analysing restructuring in Newcastle. The chapter examines three broad sets of theories of uneven development: those deriving the necessity and inevitability of uneven development from the 'laws' of capital accumulation; those linking spatial restructuring to economic restructuring; and those which move beyond these highly structural accounts to recognise a greater degree of variability, and a wider array of

intersecting forces. While there are considerable theoretical debates, a common point is the likelihood of uneven development, although there is debate over the extent to which it necessarily results in spatial changes. The chapter concludes by discussing the applicability of theory in the South African context, and drawing out elements of a theoretical framework.

Chapter 5 examines the assumptions of mobility which are at the heart of neo-liberal analysis. It considers a range of theories which might help to explain immobility. It argues that while neo-classical migration theories are equilibrium-based, and emphasise the primacy of economic determinants to migration, there is a recognition of a range of factors which might distort this process. But neo-classical theories have been critiqued, and the structuralist and post-structural approaches which have emerged lend new insight into questions of migration and immobility. While structural theories are useful in suggesting links between forms of economic development, and the nature of labour markets and migration, post-structural theories allow for a greater role of agency and move beyond economic determinism. The chapter discusses studies of immobility in developed countries and debates over the role of housing. It considers the literature on livelihood strategies in developing countries, and suggests links between place and survival which help to explain why households might not abandon places experiencing restructuring. Finally, the literature on gender and migration helps to explain the 'gender selectivity' of migration. A simple 'workers to work' argument is therefore overly simplistic.

The next five chapters consider the case of Newcastle. Chapters 6, 7 and 8 analyse restructuring in Newcastle, while Chapters 9 and 10 discuss migration dynamics. Chapter 6 locates restructuring in Newcastle within broader patterns evident within KwaZulu-Natal. It provides an outline of processes of restructuring in Newcastle. It demonstrates that Newcastle has experienced several rounds of restructuring in which rapid growth has occurred in particular sectors, followed by decline. Although this has resulted in some level of diversification, industrial agglomerations have only developed in a limited way, and significant industrial sectors are now vulnerable.

Chapter 6 relies on a combination of official sources of statistics, interviews, newspaper reports, secondary sources, and the industrial survey. It is well known that South African statistics are problematic. They are nevertheless the only source of aggregate data. The difficulties with statistics, and contradictions between sources are largely dealt with through endnotes in Chapter 6 (see especially notes 1 and 2). The intention here is not to hide these problems, but rather to avoid detailed discussions which interrupt the flow of the argument. Differences between sources are however, exposed and discussed where it affects interpretation of data. The chapter also outlines the methodology of the industrial survey, and its broad findings. Discussion of the major sectors is taken up in the following two chapters.

Chapter 7 considers restructuring within heavy industry in Newcastle, documenting the growth and decline of the iron and steel, metal and chemical industries in the area. The chapter shows how economic crisis, and the reorientation from the old logic of import substitution towards international competitiveness is affecting heavy industry in Newcastle. The shift to 'strong competition' and the concomitant introduction of new technologies, forms of organisation and management, are elements of this process. While these changes - and the associated reduction of employment - are occurring across sectors, Newcastle is particularly vulnerable. The chapter explores the role of industrial decentralisation policy here, outlining the way it has intersected with other influences.

Chapter 8 examines restructuring within the clothing industry and in other sectors of light industry in Newcastle. It demonstrates the rather different effects of economic crisis and exposure to global competition, compared with those occurring within heavy industry. While Newcastle's clothing industry initially grew as a consequence of pressures towards decentralisation in an industry dominated by 'weak competition' (reducing labour costs), patterns in the 1990s are more contradictory. The chapter explores the different responses of South African and Taiwanese firms to the pressures of the 1990s, and draws out the implications for the clothing sector in Newcastle. Light industry - which comprises a number of small sectors - is discussed in a more limited way. The chapter concludes by comparing the way globalisation is affecting heavy and light industry, and by debating the

extent to which shifts towards new forms of production are occurring, and their effects over space.

Chapters 9 and 10 explore the paradox of in-migration in Newcastle. Chapter 9 locates the study of Newcastle within an analysis of urbanisation patterns in KwaZulu-Natal. It shows that while static patterns do demonstrate a relationship between urbanisation and economic development, there are significant exceptions to normalisation assumptions, including the case of Newcastle. The chapter documents and explains the rapid growth of the town from the 1960s. It shows that a significant part of the growth of the town was the result of forced removals and displacement from farms, much of which preceded the establishment of Iscor. Ironically, while Iscor was intended to provide local employment, in the early years it relied on migrant labour. This history mediated the effects of restructuring on the local African population in the early 1980s, but by the late 1980s and 1990s, the effects of restructuring were largely borne by the local population. The chapter discusses the methodology of the migration research, focusing in particular on the qualitative study and the large scale survey conducted. Drawing on these studies, the chapter suggests that the paradox of in-migration is the result of continuing displacement from farms and the influence of violence on movement patterns on one hand, and lack of out-migration on the other.

Chapter 10 then explores why households have not moved from the area. It suggests that as a consequence of their history, Madadeni, Osizweni and Blaaubosch act as a form of 'home base' in a way not dissimilar to rural areas. Households have invested considerable resources over time in these areas, and since the opportunities for secure employment elsewhere are limited, households are unlikely to move away. Ties to place are not necessarily the result of sentimental attachments: retrenched and unemployed workers frequently remain unemployed locally after unsuccessful attempts to find work elsewhere. Ties to place therefore must be understood within a recessionary context and limited real alternatives. Nevertheless, while Newcastle can in some sense be seen as playing a reproductive role similar to rural areas, the chances of earning incomes in the former are much higher. Despite restructuring, it has been possible for households to derive some form of income locally within low-waged industry, the service sector, and in the informal

sector. The chapter explores the role and significance of low-waged work for women. It considers the extent to which this work has compensated for jobs lost in heavy industry, and the implications of job losses in this sector. It also examines the impact of industrial restructuring, and how retrenched worker households survive. The case of Newcastle challenges the neo-liberal perspective by showing the limits to migration as an alternative and pointing to the role of place in survival.

Chapter 11 concludes the thesis by drawing together the argument and debating the policy implications of the findings. The main thrust of the debate on policy concerns the limits of the neo-liberal approach to regional policy, and the suggestion of an alternative perspective, but it also considers the question of whether places with weak or declining economic bases should be accepted as a permanent feature of the landscape, and supported through state investments in housing and infrastructure. The analysis presented in the thesis suggests a nuanced approach to this question, and to regional policy - one which goes beyond the somewhat acontextual analyses that characterise the neo-liberal view.

NOTES

- ¹ Neo-liberal economic policies were initially developed by the state and sections of big capital, but elements of these ideas have increasingly been adopted by ANC-linked scholars, and the ANC itself, generating heated debate over economic policy (see eg. Bond, 1990, 1996; Bell, 1995, 1996; Adelzedah, 1996; Valodia, 1996; Nattrass, 1996). It is beyond the scope of this thesis to consider these debates, to explain why variants of the neo-liberal view have become significant, or to examine variations in the way elements of a neo-liberal view have been adopted.
- ² All of these areas are contained within the Madadeni Magisterial district, as it was defined in terms of the census in 1991. Since then, the district has been recombined with the Newcastle district. In much of the text of this thesis, figures for the two areas are combined in order to generate an understanding of the functional area, but in some cases the two areas are treated separately in order to analyse dynamics specific to the area.
- ³ The use of racial categories in this thesis does not imply an acceptance of these social divisions, but reflects what was a pervasive social reality under apartheid. Although legal apartheid is gone, and the state is attempting to redress past injustices, racial divisions remain significant within South African society - even if the divisions have become more blurred at the higher income levels.

CHAPTER 2

INTERNATIONAL DEBATES AND PERSPECTIVES

The neo-liberal perspective on regional development emerged in the context of recession in the 1970s and 1980s. It reflected the turn to the right in a number of governments. The move away from Keynesian policies and the introduction of monetarist policies underpinned the attack on traditional regional policies, perceived as part of the 'baggage' of the welfare state (Johnston, 1986). It drew from what had become a broadly based critique of the practice of regional policy. Contrary to a number of critics, however, it suggested that regional policy was unnecessary and could not be justified in terms of the need for national economic growth. Policies to develop declining and depressed areas and to constrain the growth of metropolitan areas were seen as particularly problematic. The neo-liberal perspective implicitly drew on earlier inter-regional trade theories suggesting that a reliance on market mechanisms and factor mobility would lead to spatial equilibrium. In practice, however, although regional policy was cut and transformed, it was not entirely abandoned - essentially for political reasons.

The neo-liberal perspective was influential in international institutions such as the World Bank, from the 1980s. Documents on national settlement policy were critical of policies to promote spatial balance, at least in so far as they attempted to limit the growth of major metropolitan areas and tried to decentralise industrial growth to the periphery. In the past few years, regional policy has disappeared from the agenda of most developing countries (Simon, 1990). Nevertheless, some countries - most notably the rapidly growing Newly Industrialising Countries (NICs) - have continued various forms of regional policy. Variants of Export Process Zones (EPZs) are most common, but these are not necessarily a part of regional policy, and further, they are largely constructed in terms of a neo-liberal logic of deregulation.

While the new orthodoxy has become dominant in developing countries, the neo-liberal perspective is increasingly being questioned in developed countries, and there is a renewed interest in regional policy - albeit of a different kind. Strong critiques have been developed of neo-liberal policies in general, and of its destabilising effects over space. The severely

disequalising effects of free market policies in Europe, and fears that free trade within the European Union will exacerbate inequalities, have led to the development of supportive regional policies at this level, although they are often seen as insufficient by critics. The ‘discovery’ of the locality, and new forms of place-based growth, coupled with theories suggesting the significance of places and regions to economic development, have also been important. A new economic argument for regional policy has emerged in this context. Planning at a regional scale has also gained a new popularity, in part due to the role it might play in economic development (Glasson, 1992).

The debate over regional policy has clearly been influenced by competing social, economic and political perspectives and theories. As Hansen et al (1990) note, the changing fortunes of regional policy were linked to the dominant perspectives on state interventionism. The critique of neo-liberal perspectives was part of a broader reaction against monetarist policies, and certainly points to key problems arising from market oriented approaches.

This chapter provides a backdrop to the debate in South Africa. It documents changing perspectives on regional policy and national settlement planning, in order to locate the neo-liberal perspective and debates around it. The chapter does not provide a comprehensive history. Rather, it focuses on themes of relevance to an assessment of the neo-liberal approach to regional policy, namely: the theoretical underpinnings of the neo-liberal perspective and their limits; critiques of neo-liberal approaches in practice – particularly with regard to their effects on uneven development, and the limits of migration as a solution (both of which are explored more fully in later chapters); and the problematic way in which the critiques of past regional policy has been used to justify neo-liberal approaches. Here it is argued that while the critique of traditional regional policy raised many valid points, it did not necessarily negate the need for regional policy. Rather, it was a critique of a specific rationale for, and construction of regional policy. The recent resurgence of a different kind of regional policy and planning is testimony to this.

2.1. THE ORIGINS OF REGIONAL POLICY AND PLANNING

Regional policy and planning initially emerged prior to World War II in developed countries as a response to the effects of uneven development - to the dual problems of

regional decline or depression in some areas, and rapid growth in others (Alden and Morgan, 1974; Hall et al, 1974; Weaver, 1984). In reaction to the perceived horrors of the industrial city and rural and regional decline, early planning theorists such as Geddes, Howard and Odum presented alternative visions of decentralised urban development, greater urban-rural integration, and regional balance. Like other theorists of the time (notably Lenin), Geddes saw the possibility of widespread industrial decentralisation following from the emergence of the 'neo-technic' age; that is, the growing mechanisation of production and the spread of infrastructure such as electricity, roads and telecommunications across the countryside (Stalley, 1972). These ideas were not, however, taken up in practice until much later. Geddes' more immediate influence was in the development of regional planning as a form of land use planning designed to achieve a 'fit' between physical conditions, economy and settlement patterns. Geddes' work (together with others such as MacKaye, Odum and Mumford) was also influential in the development of resource-based regional planning, which was sometimes tied to regional economic development for particular areas. The Tennessee Valley Authority Scheme was the most famous example of this kind. It was, however, quite unusual to use planning at a regional scale to achieve economic development until much later.

Regional economic development planning emerged largely as a response to the regionally specific economic decline experienced during the depression, and in the later post-war era. In the United Kingdom (UK), for example, the depression exacerbated economic decline in the older industrial and mining areas in the North East.

Initially, policy in the UK focused largely on taking 'workers to work' through measures to retrain labour, and by providing grants and loans to enable workers to move to growing areas. Some 203,000 adults, 73,989 juveniles, and 31,599 families were transferred between 1929 and 1938.

But these policies did not provide a solution for depressed areas:

Little could be achieved by retraining and transferring labour when there was already a surplus of labour all over the country. If a retrained man (sic) was lucky enough to get a job in one of the more prosperous parts of the country, it

was merely at the expense of somebody already there. In fact, many of those transferred, essentially juveniles, returned to the Depressed Areas. (McCrone, 1969, p.98)

Out-migration of more skilled people was also thought to aggravate the problem.

Migration policy was used in a more limited way in the 1930s by Special Areas Commissioners, together with policies to attract industries to depressed areas. 'But, over time, the failure of the policy became apparent and its harmful effects more obvious' (McCrone, 1969, p.99). There was a widespread surplus of labour, and low effective demand. Few firms were expanding, and then only on a limited basis.

McCrone comments that the failure of migration policies in these years lead to a heavy concentration in later policy on 'taking work to workers'. He suggests that this reaction is overstated, and that there is a role for a level of 'regrouping of the labour force around locations which are suitable for growth' (Ibid.). While McCrone's comment is pertinent, it is worth stressing that in the context of widespread unemployment and limited expansion of employment, migration policies have had limited positive effect.

Regional economic planning at this time, in contrast to the period after the 1960s, was an attempt to deal with the social effects of uneven development, albeit not always in the most sensitive or effective way. As Alden and Morgan put it (1974, p.17):

The movement for regional planning to cope with the problem of depressed areas was essentially concerned with providing jobs, not at all for purposes of economic growth, but to give unemployed men (sic) work for social reasons.

The Tennessee Valley Authority scheme, initially developed as a part of the New Deal policies in the United States of America, can partially be seen in this light. In practice, however, it came to be dominated by other imperatives (Weaver, 1984).

The essentially 'social' intention of much of early regional policy, and its concern, inter alia, with issues of regional unemployment, is notable in other countries as well. In France, critical zones

were set up in the 1950s' to deal with the effects of the recession of 1952-4 on certain industries upon which localities were dependent...The selection of critical areas was therefore based on the need to 'rescue' certain localities particularly affected by, or prone to cyclical and structural unemployment (Allen and McLennan, 1970, p.156,7).

Similarly, the initial focus of the Cassa per il Mezzogiorno, set up to develop Italy's 'backward' South in the early 1950s, was on 'aiding the social and economic progress of the South' (Ibid., p.48)

the Cassa's early agricultural policy had the character of 'assistance' rather than the objective of promoting increasing productivity...There was little concentration of effort in areas or sectors where the return would be highest (Ibid., p.49).

In all these cases, the focus was on areas in need, rather than areas with a greater chance of economic growth. Projects tended to be piecemeal, and did not receive the support they were to gain in later years. The shift to an economic rationale and orientation for regional policy was critical here.

Of course, the problem of regional decline was not the only concern. The question of urban growth has always loomed large in regional planning. In France, for example, the perceived problem of 'over-concentration' in Paris has perhaps been the most important motivation for regional policy. Similarly, concern about the growth of the largest city has been a significant stimulus to regional policy in many countries (Dewar et al, 1986).

✓ In Britain, the highly influential 1937 Barlow Commission drew links between the problem of declining and depressed areas, and 'overgrowth' in metropolitan areas. Coupling these two concerns led to a form of national spatial planning in which metropolitan growth control became dominant (Hall et al, 1974). This linkage has been a significant source of the later critique of regional policy and planning in developing countries: attempts to discredit metropolitan growth control have inevitably tried to invalidate concerns about lagging and depressed areas as well (see e.g. Urban Edge, 1986; Harris, 1990). The South African literature is particularly problematic in this regard.

In retrospect, both the concerns of urban growth and regional decline might have been dealt with very differently. But the assumptions of the early regional theorists that urban growth was a problem to be controlled, that industry could be decentralised, and that spatial balance could be achieved in this way, was supported by the more scientific formulations of the 1960s and 1970s, and in the links drawn between patterns of economic development and spatial organisation.

2.2. REGIONAL POLICY AND ECONOMIC DEVELOPMENT

Regional economic policy only became important after the 1960s. In the early post-war period, the focus was on national economic growth. The developing science of regional economics in this period generated models of balanced spatial development, and the equilibrium models of classical economic theory suggested that factor mobility would correct spatial imbalances (Friedmann and Weaver, 1979; Gore, 1984; Holland, 1976). Early theories of regional economic growth were largely step-downs of theories of national economic growth (Dewar et al, 1986).

The theory of interregional trade, a translation of theories of international trade, developed a two-region model in which trade and factor movements would provide the conditions for long-run equilibrium. The theory assumed that regions would produce their commodities locally unless it was cheaper for them to buy them from other regions. The possibility of trade would result in competitive pressures for regions to produce only goods in which they had comparative advantage. Transport cost could, however, distort this process. Under these conditions, factor movements could occur instead. Labour would move from low to high wage areas, and capital would move from capital-abundant to capital-scarce areas, equalising production costs and conditions of production over space. Like most of these models, assumptions were highly restrictive – i.e. that factors are mobile, and that there is perfect knowledge and competition. The question of agglomeration and scale economies was also neglected.

These assumptions and areas of neglect were an important source of critique for the later uneven development theorists, who argued that spatial imbalances might not be self-

correcting, and could even be exacerbated over time. This argument formed an important basis for government led regional policy.

The idea that growth occurs in an uneven way over space was first put forward in parallel by economists Myrdal (1957) and Hirschman (1958). Myrdal's theory of 'circular and cumulative causation' suggested that growth tends to occur in some regions ahead of others, due to differences in resource endowments. Once set in motion, this unevenness tends to be exaggerated, rather than corrected as earlier theories suggested. Similarly Hirschman argued that growth is necessarily unbalanced and once it takes hold, tends to be self-reinforcing. Both theorists used a two-region model to specify the process through which unbalanced growth would occur. The substance of their arguments is similar. For both authors, development in the centre could induce development in the periphery or alternatively drain and underdevelop it. For Myrdal, 'backwash' would be more likely to prevail, especially in underdeveloped countries. For Hirschman, 'trickle down' was possible, but would not occur if the two regions were not complementary.

The main mechanisms for 'spread' (in Myrdal's terminology), or 'trickle down' (in Hirschman's), were the purchase of food and raw materials from the periphery by the centre (thus increasing productivity and income in the periphery); the movement of capital from centre to periphery as the centre becomes congested and prices rise; remittance of wages to the periphery by workers; and the absorption of the unemployed from the periphery, increasing income and productivity there.

'Backwash' or 'polarisation' (for Hirschman) by contrast saw many of these effects operating in reverse: the centre could drain the periphery of its most enterprising workers and entrepreneurs, making growth in the periphery more difficult. Similarly, the availability of better social and physical infrastructure, and the existence of economies of scale, could attract savings and capital from the periphery to the centre, and make firms in the periphery uncompetitive.

Both authors agreed that backwash could prevail over spread in a number of circumstances. For Myrdal, the justification for corrective policy lay in the fact that the market would not

correct these processes, especially in underdeveloped countries. Hirschman argued that uneven development could weaken national economic growth as resources in the periphery would be under-used, and the national market would remain more limited than it could be. Like a number of other theorists of the time, Hirschman argued that the market is imperfect - that firms tend to misperceive and exaggerate the advantages of location in the centre. Hirschman was, however, more optimistic than Myrdal, and argued for only limited inducements to correct imbalances.

These theories were influential in the development of comprehensive regional policies in a number of developed countries from the 1960s (the USA is a notable exception here). The persistence or exacerbation of regional inequalities in the 1950s seemed to underline the case for regional policy. Social and political factors, such as income inequalities between regions, and persistent unemployment in particular areas, were taken more seriously than before. Nevertheless, the economic case for regional policy was more important, and came to dominate the design of policies.

From the 1960s, regional policy and planning became tied to the concerns of economic growth, and to providing the spatial co-ordinates for national economic growth. This, of course, reflected the dominant forces at the time. The development of a growth path centred on the coupling of mass production with mass consumption in advanced capitalist countries, the associated emergence of the welfare state, and the emphasis on demand management, led to attempts to institute plans for long term economic growth.

Regional planning...was increasingly viewed as an adjunct to national economic planning. Regional planning for depressed areas, in particular, became an important aspect of Keynesian demand management techniques, which dominated national economic planning at the time. Keynesian policies essentially viewed the control of national demand levels as the key to national economic management. In terms of this logic, therefore, low levels of demand - due to unemployment and low incomes - in lagging regions were regarded as serious distorting factors. Regional policies were thus implemented in order to promote greater regional convergence in employment and incomes, through direct state investment in lagging regions (Dewar et al, 1986, p.12)

The 'economic case' for regional policy was in addition based on arguments that it would develop under-utilised resources and would reduce inflationary pressures on metropolitan

areas (McCrone, 1969). The free market was not seen as a corrective to these potential problems.

The economic rationale for regional policy shaped its form. The focus in depressed areas, for example, was on modernising and restructuring them in line with the needs of the economy. The question of social need was subsumed within the discourse of economic growth. This formulation was in line with the dominant intellectual traditions of the time: development was regarded as equivalent to growth in terms of the modernisation paradigm, and the collapse of the social into the spatial in terms of the burgeoning science of regional analysis.

Within regional analysis, links were drawn between particular spatial distributions and Rostow's stages of economic growth (Friedmann, 1966). Drawing on Myrdal and Hirschman, Friedmann (1966) argued that regional policy was critical in transitional societies since the core-periphery relationship could impede later stages of economic growth. Regional policy and planning then acted to intervene in spatial distributions that were deemed problematic (such as primacy, 'over-concentration', and the absence of a settlement hierarchy).

Regional policy was introduced into developing countries on very much these terms. Here development policies were dominated by modernisation theory, and regional planning was introduced as an adjunct to policies to promote economic growth. The task of national spatial planning was to create the spatial co-ordinates to sustain economic growth, and to head off perceived problems. It is therefore not surprising that regional policy and planning was understood in essentially economic and spatial terms. In contrast to developed countries where place-specific unemployment or decline was a significant part of the rationale for regional policy, the focus was more squarely on spatial balance in developing countries. The perceived problem of 'over-concentration' loomed large here, but the development of a balanced spatial hierarchy was also seen as a way of modernising and incorporating underdeveloped areas.

The main mechanism of regional policy was the growth pole. A curious aspect of the evolution of the theory was that it was derived from one of the more sophisticated theories of uneven economic growth. Like later theorists, Perroux (1955) saw uneven development as an ongoing process, the result of the rise and decline of particular industries - and not confined to a particular stage of development. Perroux's concept of growth poles refers to a set of propulsive units, that is, sets of industries that are dominant in the sense that when they grow or innovate, they induce growth elsewhere. His famous statement that

growth does not appear everywhere at the same time, it manifests itself in points or 'poles' of growth, with variable intensities, it spreads by different channels with variable terminal effects for the economy as a whole (p.310)

was soon translated into a spatial concept by French geographer Boudeville (1969). It became linked to sector theory, and attributes associated with urban centres (Dewar et al, 1986). Friedmann (1966), for example, suggested implanting core regions in the periphery to induce development impulses and to transform the core-periphery structure into an integrated settlement hierarchy capable of diffusing growth. As Friedmann and Weaver (1979) note, this theory inevitably focused development on some parts of the periphery or lagging areas rather than others.

In theory, growth poles were a powerful tool, and were widely used as a mechanism for developing peripheral areas. In practice however, the concept was frequently watered down to mean any kind of industrial development or urban place (Dewar et al, 1986).

The growth pole, together with the economic rationale for regional policy, gave policy makers enormous confidence in the possibility of developing peripheral areas of various kinds. By the end of the 1970s, almost every country had some variant of growth pole policy.

It is perhaps not surprising then that migration policy remained so insignificant in this period. Klaasen and Drewe's (1973) review of migration policy in Europe notes that it has only been used on a very small scale in a few countries. The Netherlands, Britain, France and Sweden have implemented migration policies, but it is only Sweden that used it to a significant extent. Here, it affected 6% of the population, and included assistance to move

to the main urban centres. Policies also included labour exchanges listing jobs elsewhere, vocational training, travel allowances, housing assistance, and an equipment allowance. By contrast, in the other three countries, migration policy focused on moving key workers and people from areas of high unemployment to designated growth points. Around 2000 people were assisted in each of these countries.

Migration policy remained limited since the 'work to workers' view prevailed at the time. Further, free market ideas had less currency. Migration policy is based on the argument that labour migration involves less obvious distortions to the free market, and is preferable to encouraging capital mobility. According to McCrone (1969), this kind of policy was of limited utility in achieving full use of labour resources, and dealing with 'problem areas'. The registered employed - who are most likely to move - are only a small part of the problem. Unregistered unemployment (for example of women), underemployment, and the common problem of low productivity remains. Further, families do not necessarily leave with the breadwinner (especially the elderly). There are a number of barriers to migration, such as lack of appropriate opportunities, information, health, finance, and social constraints (including social ties, socio-economic status and skill level, stage in the life-cycle and home ownership) (Klaasen and Drewe, 1973). Even if these barriers could be overcome, a pool of unemployment would still remain in problem areas (McCrone, 1969).

While the dominant policy approach of the time emphasised the development of lagging and depressed areas, it was not without its critics. A number of theorists drew on Hirschman's argument that polarised development was a normal part of economic development (Friedmann and Weaver, 1979). Drawing on his empirical research on the United States of America and Japan, Williamson (1965) argued that regional inequalities increased with the take-off to economic growth, but narrowed once the stage of mature development had been achieved. Regional inequalities therefore resembled a U-curve - low at low and high levels of development, and high at the middle stages. From this perspective, limited interventions were needed: regional policy could even detract from growth.

Two important catch phrases capture the essence of the debate over regional policy in this period. The phrase 'equity versus efficiency' described the trade-off between arguments for regional development on essentially social, political and cultural grounds, as against the concerns of national economic growth. While many theorists suggested that the two aspects were both integral to regional policy, a number of authors (for example, Alonso [1971, 1975] and Robinson[1969]) argued that there were potential trade-offs between these aims. Alonso (1975) railed against the a priori assumption that metropolitan growth is necessarily inefficient, and that decentralisation is needed, particularly in developing countries. He argued that

Most developing countries seem to think that they suffer from gigantism of their principal cities, and this view is shared by many experts. It is an ill defined disease. In some cases the worrisomely big city is quite small by comparison to urban areas in other countries, but looms large and is growing rapidly by comparison to other cities in the country...this phenomenon has been called 'primacy' and is often thought to be associated with underdevelopment or the early stages of development. The most common economic argument for calling this concentration excessive is the belief that per capita costs...rise after a certain urban size. However, there is no agreement as to the size at which this occurs; nor, for that matter, is there solid evidence that costs do in fact increase with urban size for a given level of services and facilities (p.622).

Similarly, he argued that unless there were rich unexploited resources in 'backward regions', the emphasis on equalisation could detract from national economic growth. Constraints on development outside major centres in developing countries meant that it was more efficient to concentrate growth in the centre - at least in the early stages of development.

In his 1971 paper he argued that the equity versus efficiency equation varied by context. He developed a model to demonstrate the conditions under which trade-offs would become pertinent - and where the two were mutually compatible.

The 'place versus people prosperity' polarity centred on similar issues, but went somewhat further. Winnick (1966) coined the term to reflect the trade-off between

the ideal of improving the welfare of people...regardless of where they live, and the idea of improving the welfare of groups of deserving people defined by their spatial proximity in 'places'...the opposition between these two clusters of

policy: on one hand, direct transfers to individuals or subsidies to encourage them to move out of declining regions; on the other hand, expenditures to increase infrastructure and private capital in particular places (Bolton, 1992, p.187).

Winnick argued that place policies were relatively inefficient, even as redistributive measures. Expenditure in one place was inevitably at the expense of another. Further, place policies were 'at best...clumsy, expensive and inequitable...devices' (1966, p.279, cited in Bolton, op cit., p.188). It was impossible to target assistance appropriately as it was 'subject to considerable leakage and flows as readily into the pockets of the least needful as into the pockets of the most needful' (Winnick, 1966, p.280, cited in Bolton, op cit., p.189). The efficiency argument against place policies, as Bolton notes, was taken for granted.

These two sets of arguments were to become important in the critique of regional policy in the 1970s and 1980s, and in the South African debate.

2.3. THE CRITIQUE OF REGIONAL POLICY

A trenchant critique of regional policy and planning began to emerge from the mid-1970s. This critique was based both on empirical evidence of the effects of policies, and on the way in which regional policy had been theorised. It came from both sides of the theoretical spectrum.

The critique of the effects of policy emerged some years after the beginning of the economic crisis of the 1970s. It reflected the new conditions confronting regional policy, particularly in developed countries, but also went further than that.

In developed countries, the years of recession or economic crisis saw the emergence of renewed spatial inequalities, or divergence, after a period of convergence. Further, new forms of uneven development began to emerge, as once viable industries located in particular places, declined or restructured (Massey, 1978). Importantly also, the extent of mobile capital that could be 'induced' to locate in peripheral areas declined, as firms seeking cheap labour increasingly shifted to developing countries (Amin and Goddard,

1986). The design of regional policy was increasingly inappropriate to the changed conditions.

The effects of policy, even where jobs had been created, were questioned. An influential study by Stöhr and Tödtling (1978) found that growth pole policies frequently attracted firms from elsewhere in the periphery; 'lame ducks' which were far from the propulsive dynamic industries anticipated by theory; capital-intensive 'cathedrals in the desert', with few local linkages; or branch plants and subsidiaries characterised by external control. Branch plants had few local linkage effects as purchases were organised by headoffices elsewhere. Branches often created only low skill and low paid jobs as headquarter functions, and research and development were retained in metropolitan areas. Ironically, firms moving to the periphery often employed people who had not worked before (such as wives and daughters), rather than workers who had lost jobs under previous rounds of restructuring (Massey, 1978; 1984).

Growth pole policies also had fewer 'spread' effects than expected, and in some cases, 'backwash' was stronger than 'spread'. Further, growth poles tended to polarise growth within designated points, undermining and drawing off resources from the rest of the region (Stöhr and Tödtling, 1978).

Growth pole policy therefore created new forms of uneven development. Policies had focused on redistributing resources over space, rather than changing the conditions underpinning decline or underdevelopment in peripheral areas. There was a tendency to 'blame the region' for its problems, rather than to see them as the result of broader processes tied to the organisation and reorganisation of capital (Massey, 1978). Holland's (1976) book, *Capital Versus the Regions*, was the first of a number of similarly titled works linking regional problems to the changing form and nature of capital.

It is important to note that the retreat from regional policy was only one response to these findings. A number of authors argued for new forms of regional policy based on endogenous development, and not necessarily confined to industry. This was a direct response to both the problems associated with past policies, and the decline - in Europe - of

mobile capital. So called 'bottom up' regional development represented a paradigm shift from externally induced development to a 'periphery inward' approach (Friedmann and Weaver, 1979; Stöhr, 1980, 1981; Weaver, 1984). Although the original formulations of this approach verged on the utopian (see for example, Stöhr's 1980, 1981 work, and part of Friedmann and Weaver, 1979), they coincided with an increasing interest in the role of localities and regions in economic development. Variants of endogenous development have been posited as alternative approaches to regional policy.

Similar critiques were applied to the practice of growth pole policy in developing countries, but it proved far more difficult to decentralise growth from metropolitan areas, at least while import substitution policies concentrated development. Ironically, as Chapter 4 shows, dispersal has accelerated in the very different environment of the 1980s and 1990s (Gilbert, 1993). The socially disequalising effects of policy (see e.g. Wilson, 1966 on the impact of highway policies), and their tendency to benefit more powerful groups (sections of capital, landowners, etc.) rather than the poor or unemployed (see Dunham, 1978), was another source of critique, echoing the 'place versus people' arguments.

Despite the critiques of regional policy, Bloch (1990) argues that national urbanisation policies persisted in developing countries in the 1980s, albeit in a somewhat modified form. In 1981, Richardson developed a range of spatial options for National Urban Policy (NUP). Policies were justified on the grounds that urbanisation processes should be 'guided, rather than left to market forces' (Richardson, 1984, p.124). Renaud (1981) argued for a more sensitive application of industrial location policies based on a greater understanding of the organisation of economic activity, and on rural development. From the 1970s, a number of authors argued for a turn to rural development and associated spatial policies (Johnson, 1970; Rondinelli and Ruddle, 1978). Greater emphasis was also placed on secondary city strategies - sometimes linked to agro-processing (Rondinelli, 1991). Rural service centre and secondary city strategies were generally located within arguments for the development of a national settlement hierarchy. In many countries, the turn to rural development was associated with a continuing anti-metropolitan focus (see examples in Dewar et al, 1982b), although this emphasis began to wane in the policy literature (see e.g. Renaud, 1981).

By 1987, Richardson had backed away from his earlier emphasis on spatially oriented NUP. He argued instead for a 'much closer integration between urban development policy and development planning in general and to give less emphasis to independently conceived spatial policy' (p.244). This shift represented a recognition of the role of non-spatial policies in the distribution of economic activity over space. Although this point has long been recognised (see e.g. Renaud, 1981), regional policies tended to be developed as a 'separate sphere' (Gore, 1984), without altering the more powerful effects of other government policies.

Richardson's (1987) paper also reflected a critique of policies to control metropolitan growth and what he terms the 'mis-specification of the primacy problem' (p.230). The city size debate is an old theme in the regional development literature (Dewar et al, 1986). In the 1980s, writers tended to move away from the earlier arguments that big cities were too large to be manageable and that their growth would detract from national economic development. Authors (e.g. Cohen, 1989; Harris, 1990, 1992) argued that the anti-metropolitan stance limited resources available to manage an essentially unstoppable process of urbanisation, and deflected attention away from the need to manage growth appropriately. Policies to control metropolitan growth, which frequently included attempts to control the growth of informal settlements, as much of housing literature had argued, essentially undermined the position of the poor. A substantial part of the literature on regional development in developing countries in the 1980s and 1990s was devoted to arguments against metropolitan growth control. By 1992, whereas a number of countries still had national urban development policies, the emphasis on the control of metropolitan growth had largely disappeared (Rondinelli, 1991; Watts, 1992).

Rural settlement policies were also critiqued on the grounds that they were frequently static and did not alter the underlying constraints on rural development (Dewar et al, 1986). By the late 1980s, however, the emphasis in World Bank circles had shifted to urban and metropolitan centred growth (Peterson et al, 1991; World Bank, 1991). Urban management was now seen as the key policy issue. This shift reflected the disappointing results of rural policies, but even where they were successful, it was observed that urban

growth still continued (Petersen et al, 1991). The economic crisis of the 1980s, structural adjustment policies, and poor local government capacity and funding resulted in an urban crisis in developing countries, undermining national economic development. Increasingly, the solution to the economic crisis in developing countries was coupled to the resolution of the urban crisis (Cohen, 1989).

Regional policy was also critiqued on theoretical grounds. Three elements in particular were considered: its conceptions of uneven development, development and space.

The new literature on uneven development that has emerged since the 1980s (see Chapter 4) argues that forms of uneven development are far more complex and varied than those anticipated by traditional theory. The coupling of stages of growth with patterns of balanced and imbalanced spatial development is far too simplistic. Even well developed towns and regions in 'mature' countries could and did experience decline. Although traditional policies did recognise the problem of depressed areas, the theoretical base of policy was weak. Massey (1984) showed that industrial location theory on which policy was based reflected a particular type of firm and spatial division of labour, but both the organisation of the firm and its locational logic were changing.

Second, policies were based on assumptions derived from now discredited modernisation theory: the role of urban centres in development; the spread of development impulses; the equation of development with growth and the subsumption of social concerns within it; and the 'top-down' approach to development. Arguably, the dichotomy of 'place versus people prosperity' arose from these assumptions, insofar as questions of who benefits, were not integrally considered as part of place policies. Here, the concern with affecting average indices of income and unemployment limited a consideration of these issues. As Alonso (1971) noted, within the bounds of orthodox economic theory, regional 'equity' was extremely difficult to define and measure, and was subject to a variety of fallacies of composition.

Third, Gore (1984) argues that traditional regional policy is based on an incomplete relational concept of space, in which space is treated as an independent sphere, capable of

manipulation in its own terms. This validated the practice of examining and intervening in spatial distributions in their own right. The separation of spatial patterns from their underlying social, economic and political processes is an important reason why policies have failed. This point is increasingly recognised in the policy literature as the reference to Richardson's (1987) work shows. But Gore's point goes further. He argues that spatial policies are 'inherently conservative in the sense that they do not seek to affect the underlying processes of social and economic change' (Gore, 1984, p.222). They might achieve spatial redistribution - but only so long as processes producing particular forms of inequality remain constant. The failure of regional policy in the context of new patterns and underlying processes of uneven development can be recalled here.

Furthermore, the spatial fetishism of regional policy opened it wide to the 'place versus people' dichotomy.

...analyses of the efficiency and equity implications of spatial patterns do not properly problematise the relations between society and space. There is no analysis of the relationships between place prosperity and people prosperity. It is assumed that problems located in large cities are problems of large cities...The conclusion is not that spatial patterns do not matter. But rather that the questions have been formulated in the wrong way. (Gore, 1984, p.76)

Gore denies the relevance of spatial balance as a goal and guide for policy, arguing that there is a logical problem in the traditional theories. Even the Keynesian uneven development theorists such as Myrdal recognised that the market mechanism would fail to achieve equilibrium. A number of other theorists have pointed to the importance of polarised development and the significance of agglomeration economies in economic development. According to Gore (1984, p.49), this is not

due to 'imperfections' in the real world; but rather that it is logically impossible to attain an equilibrium solution which maximises welfare. Spatial equilibrium is therefore not just 'a false analogy' for the analysis of spatial patterns, but also an inadequate guide for regional policy. In these terms, regional balance is not a policy problem. There is no state of balance. And if there were, it would not be an optimum

The critique of traditional regional policy has been significant - but does it undermine the case for any sort of regional policy? On the arguments presented here, some of the

concerns defined by traditional regional theory are highly problematic - in particular, the goal of spatial balance in abstract and the emphasis on metropolitan growth control. But the recognition that processes of uneven development, restructuring and decline are ongoing, holds the possibility that these shifts are problematic for people, particularly where social and economic conditions do not make out-migration a real alternative. Place-specific decline and restructuring may therefore be a critical concern in certain contexts.

Agnew (1984) and Bolton (1992) critique the distinction drawn between people and place prosperity. Bolton (1992) argues that 'a sense of place' is a 'factor in regional and local identity and is an important form of intangible capital that has positive externalities' (p.185). Bolton's paper represents an attempt to justify consideration of a sense of place in economic terms. Agnew (1984) attacks the theoretical roots of the distinction, arguing that it is based on a

bias against people in social contexts in favour of an atomised and reified view of people in locations that are treated solely in terms of their 'optimality' from capital investment and cost benefit points of view (p.43)

But

a sense of identity defined in a specific social context is not readily separable from the context... Places are thus more than locations. They are the immediate social contexts of people's lives. They are the rock bottom geographical settings in which people come together as potential publics (p.36)

The existence of 'place identity' and 'community' in places facing decline or restructuring, however, needs to be established in particular contexts. Nevertheless, Agnew's work is important in moving beyond the purely economic assumptions embodied in the people-place distinction.

It is not so much that the goals of all regional policy are wrong, but rather, the way in which it has been theorised and approached is problematic. Much of the critique of regional policy centres on these issues, but in the process, some of the real concerns have been obscured.

2.4. THE RISE OF THE NEO-LIBERAL APPROACH

The critique of traditional regional policy 'coincided conveniently with the rise of 'Thatcherism' and 'Reaganomics' and the widespread rejection of state intervention and national planning, including national planning for regional development' (Driver and Platzky, 1992, p.6). It provided a rationale for a retreat from regional policy.

Neo-liberal approaches are essentially an application of laissez-faire economic principles to regional policy (Martin, 1992). Monetarist policies aim to improve the competitiveness of the economy in a number of ways. These include tightening controls on the money supply and increasing interest rates to encourage efficiency and to reduce upward pressures on prices and wages. State involvement in the economy is reduced particularly through cuts in expenditure on social services, limiting subsidies to the private sector, and moving away from state ownership in the economy. These policies are intended 'to achieve the spontaneous regeneration of a vigorous, competitive economy' (Wells, 1981, p.15). There is also an emphasis on increasing the openness of the economy: the rise of neo-liberalism internationally has been associated with the growing deregulation of past international trade regimes, and the development of regional free trade blocs at a supranational level (see Chapter 4). Trade is not necessarily free, however. As the discussion of the steel industry in Chapter 7 shows, protectionism has not entirely disappeared, while regional trade blocs serve to marginalise producers outside of their areas.

Neo-liberalism can be seen as a response to the crisis of fordism, and to global changes (see Chapter 4) which in part underpinned it, or have occurred in its wake. There is considerable debate over the status of neo-liberalism and its relationship to broader sea changes occurring within capitalism (eg. see Harvey, 1989; Lipetz, 1992; Jessop 1992, 1994; Tickell and Peck, 1995). It is beyond the scope of this thesis to engage in these debates. It is, however, important to note that, while neo-liberalism has become influential as a political project and as an approach to policy internationally, there are distinct forms of neo-liberalism within particular nations (Tickell and Peck, 1995).

According to Spooner (1995, p.73), in Britain, where these ideas have been prominent, policy was

...characterised by a redefinition of the role of the state...and an abandoning of the Keynesian interventionist approach to the management of the economy, with which regional policy had been traditionally associated. The welfare state was to be replaced by the entrepreneurial state, with free market conservatism and the economic and political promotion of the 'enterprise culture' championed as the solutions to the problems of those places trying to stay afloat in the economic mainstream. Spatial policies were seen less as a redistributive tool than as part of a whole set of mechanisms aimed to make the national economy more competitive at the international level.

In theoretical terms, the neo-liberal approach represented a return to older classical theories of perfect competition and factor mobility, and theories of inter-regional trade. The solution to the regional problem lay in national economic growth, which would ultimately trickle down to lagging areas. It implicitly drew on earlier arguments that national economic growth was the key issue, that growth was necessarily polarised, that trickle down would occur, and that regional policy interfered in the operation of the market - to the detriment of the national economy. Pattie and Johnston (1993, p.47) encapsulate Thatcher's view:

If untrammelled market forces are allowed to operate...then new wealth will be created: it may initially be concentrated in some regions only, but eventually will benefit all - at much less cost and with much greater all-round prosperity than if either or both of the central state and local state apparatus become deeply involved in manipulating the geography of unemployment.

MacKay (1992) argues that British Government White Papers 'express a longing for the type of economy where unemployment and spatial inequalities yield to an appropriate combination of price signals and market (individual) responses' (p.790). He cites a 1983 Department of Trade and Industry document as saying that 'imbalances between areas in employment opportunities should in principle be corrected by the natural adjustment of labour markets' (ibid.); that is, by lowering of wage rates in, and out-migration from, peripheral areas.

The Thatcher government rejected any sort of economic case for regional development, stressing in effect, national economic 'efficiency' and 'people' prosperity. It argued that

the only case for regional policy was social - to reduce regional imbalances in employment (Martin, 1993), but within the monetarist perspective, social arguments did not hold much sway. It is often argued that monetarist policies are not so much a retreat from state interventionism as from the policies associated with Keynesianism, especially welfarist measures.

It should be noted, however, that the retreat from regional policy also occurred on a more widespread basis in practice, and even in Britain, moves to cut back on regional expenditures predated the Thatcher era (Hansen et al, 1990). Since the early 1980s, European governments have gone through at least two policy reviews. In response to economic crisis, many governments initially cut expenditure and reduced the extent of assisted areas. Later reviews were, however, more varied, ranging from further cuts to the introduction of more innovative policies (Batchler, 1993). The restructuring of policy was also intended to make it more effective. In countries where cuts occurred, coverage was reduced to focus on the areas of greatest need, there was a shift from automatic to discretionary grants, and to projects where benefits were more evident, and controls on metropolitan growth were run down (Glasson, 1992).

While regional policy was restructured, it did not entirely disappear. In Britain, political motivations were strong, especially since 'problem areas' tended to be areas of opposition Labour support (Hansen et al, 1990). Government,

was forced to concede some notion of market failure and so some residual policies remained although regional aid was drastically reduced and more thinly spread...the concern was with selective targeting of 'winners' for assistance (Harrison, 1992, p.16).

Regional policy shifted to a system of regional aid that attempted to improve the underlying competitiveness and efficiency of firms in assisted areas. Policies in assisted areas focused on attempting to create an enterprise culture based on a high level of innovation, improved technology, new firm formation, improving business and individual skills, and increased flexibility in wages across local labour markets (Harris, 1993). Measures essentially centred on business services such as training, research and development, technology, quality and design.

But in practice, funding was cut by half, and government took the opportunity to substitute European Regional Development Funds (discussed below) for their own funds. Funding increasingly shifted to the cities and away from the regions. Sectoral policies also favoured the growing South East. A number of authors have argued that the Thatcher government effectively 'deindustrialised Britain', leading to decline in predominantly industrial areas. The promotion of finance and the service sector favoured London and the South East, as did other policies (Martin, 1989), including small business promotion (Amin and Goddard, 1986). Policies therefore exacerbated uneven regional development.

A new *laissez-faire* development model was introduced for declining inner city areas and stagnant city economies. The concept of 'enterprise zones' was intended to develop a vigorous competitive economy in these areas. Modelled on (largely inaccurate) perceptions of rapid unregulated small business led growth in Hong Kong and Singapore, Enterprise Zones were intended to be areas where a range of taxes, payments for social services, industrial health and other regulations, minimum wages and exchange controls were suspended. In practice, however, they represented a more limited form of deregulation, and have been accused of being another means of subsidising capital to locate in particular places (Hall, 1982).

Although local government led local economic development (LED) is sometimes seen as a more *laissez-faire* form of regional development (Rogerson, 1994a), it was not promoted in the British context. A number of Labour councils used local economic development as a way of developing and demonstrating alternative economic policies, and as a rallying point. The political threat posed by these policies (*inter alia*) led to the dismantling of the Greater London Council and six other metropolitan councils in 1986. Although LED policies shifted to public-private partnerships giving greater voice to business, government increasingly undermined local government powers in this regard. As Pattie and Johnston (1993, p.59) note

In this context, the Conservative attack on UK local government is clearly part of a programme intended to place the response to the necessary patterns of uneven development more in the hands of (local, national and global) business, and less in those of local politicians.

Neo-liberal policies have been criticised by a number of authors (e.g. see Tickell and Peck, 1995; Harvey, 1989; Lipietz, 1992 for general critiques, and Gowan, 1995, 1996 for critiques of its effects in Eastern Europe). The most important issue for the purposes of this thesis is that neo-liberal policies have exacerbated regional uneven development, and further, that they appear to generate instability and crisis, even in growth regions. In Britain, neo-liberal policies concentrated development in the South East, and have worsened decline in problem areas. There is no evidence of trickle down. At the same time, growth regions have not escaped crisis. A number of the celebrated 'new production spaces' of the 1980s declined in the context of recession in the 1990s (Tickell and Peck, 1995). In the absence of mechanisms to regulate and manage growth, even major regions of accumulation, such as Britain's South East, experienced crisis (Peck and Tickell, 1992).

Martin (1993) argues that the experience of Britain in the context of the economic recovery in the late 1980s contradicts the self-adjustment thesis and shows that regional imbalance can constrain economic growth. The boom in the South East contributed to the overheating of the economy as inflationary pressures were placed on land and house prices, and on wages. Government was forced to deflate the economy, resulting ultimately in recession. These imbalances were not corrected by labour migration - both higher house prices in the South and the system of allocation of council housing, acted as constraints to movement from the North, but even if they had not, pressure on land and housing would have been exacerbated. Conversely, there was limited evidence of business moving out of the South East, despite dramatically rising office prices.

The 'solution' of labour mobility is also problematic. MacKay (1992, p.790) is worth quoting at length:

'natural adjustment' does not emerge naturally...The consistent evidence is that migration is selective, with interregional migration concentrating on the young and well qualified. Recent evidence suggests that the degree of selectivity has increased in the 1980s, flows being dominated by people in secure professional and managerial jobs, with high levels of immobility for those at risk in the labour market...Even if we ignore selectivity a second problem emerges. Migration depends on jobs being created elsewhere. The volume of interregional migration is highly sensitive to the level of effective demand. It tends to be low when unemployment is high and the unemployment gap between regions is most severe. In informal labour markets personal contacts are important and the potentially mobile have problems against a labour market

background where there are many applicants for any jobs that become available...Migration, like employment (and unemployment) depends on more than individual desire.

While the unskilled are in a weaker position to move, even skilled workers and professionals are dependent on the availability of appropriate jobs to move to (see Chapter 5).

The British government's denial of the economic case for regional policy was also brought into question. Harris (1993) develops a new economic case for regional policy on the grounds that supply-side constraints in particular regions limit the performance of the economy. These include the availability of skilled labour; the provision of training; the quality of infrastructure; access to finance markets in weaker regions; congestion and bottlenecks in growing areas. Regional policy focused *inter alia* on improving conditions within regions, could be important for national economic growth:

Britain's international competitiveness depends on the competitiveness of its constituent regions...general policies of deregulation, tax reductions and enterprise incentives are not likely on their own to be sufficient, for the country's supply-side problems are as much regional as national in character (p.277).

Regional policy is also important in strengthening the competitiveness of regions in the light of Britain's integration into the European Union. A number of authors have argued that the free trade regime of the European Union will exacerbate regional inequalities (see for example contributions in Dunford and Kafkalas, 1992; Dunford, 1992) - a possibility recognised by the EU. Martin (1993) argues that new forms of regional policy are needed to ensure that weaker regions are not further disadvantaged by the restructuring of capital which it may bring about, but also to enable them (and therefore the nation) to compete more successfully within the new environment.

Despite its limitations, the new neo-liberal orthodoxy was soon apparent in World Bank and International Monetary Fund policies, which were increasingly influential in developing countries. It was strengthened by a particular reading of the experience of the rapidly growing NICs which suggested that success lay in their export oriented policies, and in a *laissez-faire* regime (Kaplinsky, 1984). Although this interpretation has been

widely questioned, with authors stressing the significant role of the state in shaping development (e.g. see Black, 1992 for a summary), it underpins many recent policies.

The World Bank's Berg Report

...appeared in...1981 as the first comprehensive ideological and programmatic manifestation setting out the post-McNamara Bank's response to lagging development (in many cases disintegration) in the context of global economic disorder and deepening industrial recession. (Allison and Green, 1983, p.1)

The report outlined an approach to 'accelerated development' based on reduced state interventionism in the economy and greater play of market forces, increased economic openness and export orientation. As in developed countries, the laissez-faire emphasis meant that national economic growth was stressed, with the assumption that growth would trickle down to peripheral areas. According to Dewar et al (1986, p.113), the assumption was that

...the settlement system will move towards the 'best' form automatically through market forces: artificial attempts to adjust the hierarchy before the market is ready simply represents wasteful investment...This view duplicates the position of the automatic-adjustment thesis of the 1960s...that 'convergence' and an integrated hierarchy will result once a certain stage of economic development has been reached.

Policy would build on the strengths of more productive areas. Although marginal areas could be developed if investment there would contribute to national economic growth, other such areas would be allowed to decline, forcing people to migrate to growing areas. The 'workers to work' argument was clearly present in the report (Dewar et al, 1986). Although a policy of unfettered metropolitan growth might be seen as consistent with the emphasis on efficiency, the report suggested that large city growth should be contained, largely for political reasons. Nevertheless, as shown above, World Bank thinking increasingly shifted to accepting and promoting metropolitan growth.

In the 1980s, in the context of deepening economic crisis in a number of developing countries, the World Bank and International Monetary Fund (IMF) encouraged countries to adopt Structural Adjustment Programmes which emphasised the operation of market forces and reduced the role of government. There was little space in this context for redistributive regional policies (Simon and Rakodi, 1990a).

The shift to an 'efficiency approach' (Moser, 1989) has also been associated with new forms of place-based development. Various forms of export processing and free economic zones have increasingly been used to stimulate foreign investment, promote export orientation and generate growth. These zones offer a range of incentives to business such as finance, cheap land and appropriate infrastructure, but also selectively remove government regulation (for example over labour conditions, the operation of unions, taxation, import controls, and remittances of profits) (Chen, 1995). They therefore offer a form of deregulated market led growth. Originally developed to assist national economic growth and export orientation in the NICs in the 1960s and 70s, they have largely been located in areas where they are most likely to be successful, such as ports, airports and border areas. Large metropolitan agglomerations have also been used, and in a number of cases, conditions applying in the zone were eventually extended to the country as a whole (Davies, 1992). Although essentially a national growth concept, they have increasingly been promoted as an element of regional policy. The enterprise zone can be seen as a variant of this approach, although it is not concerned with foreign investment or export orientation (Chen, 1995).

There has been considerable debate over the effectiveness of these zones, with critics arguing that they result in low waged, exploitative, poorly linked developments - echoing the critique of industrial decentralisation. Other assessments have been more positive, but on balance, Chen (1995, p.595) concludes that they 'play a limited and temporally varied role in the industrialisation of developing countries'. Like growth poles, the level of job creation has been much lower than expected, and experience has been varied. The model was most successful (at least in terms of job creation) amongst early starters, and it has not always been possible to replicate it elsewhere (Davies, 1992). Despite its limitations, and the fact that it involves considerable government investment, the model is widely promoted as a form of development consistent with laissez-faire principles. It is interesting to note that the model has evolved further in the 1980s and 1990s. In some respects it has moved away from the earlier emphasis on deregulation, and now stresses technological upgrading and transfer, managerial development, linkages with the local economy and broader regional development (Chen, 1995).

Neo-liberal approaches to regional policy therefore tend to focus on the development of areas that are perceived to have greatest potential. Generally these areas are assumed to be the largest cities, but places offering specific potentials or advantages are also considered. Factor mobility (and especially 'workers to work') and trickle down is the 'solution' to declining or lagging areas. In practice, governments favouring these policies have not always gone this far, largely for political reasons - but remaining regional policies have often been restructured in terms of laissez-faire principles. The limits of neo-liberal policies, however, have become more apparent, and in recent years, there has been a resurgence of interest in regional policy and planning. Nevertheless, new approaches certainly take greater cognisance of market forces than was the case in the past, and focus to a greater extent on promoting competitiveness in an increasingly integrated world economy.

2.5. THE RESURGENCE OF REGIONAL POLICY AND PLANNING

Concerns about the effects of laissez-faire policies have been a major factor in the renewed interest in regional policy and planning. British regional policies have been the focus of a number of critical texts in recent years, all calling for a greater emphasis on, and new approaches to, regional policy (see e.g. Harrison and Hart, 1993; Martin and Townroe, 1992). In the European context, concerns that increasing integration within a common market would exacerbate regional inequalities, has led to greater emphasis on and increased funding for regional development. (Vanhove and Klaassen, 1987). The motivation for regional policies at EU level lies in fears that excessive income and structural disparities would inhibit the functioning of a common market, and further that it would create political tensions which could undermine the viability of the project (Perrons, 1992; Vanhove and Klaassen, 1987).

The Community Structural Funds provide finance for regional development. They include the European Regional Development Fund (ERDF), largely financing infrastructure, the European Social Fund, focused on training, and the European Agricultural Guidance and Guarantee Fund. In addition, the European Coal and Steel Community has financed loans

to convert and modernise coal and steel areas, and to assist in resettling and retraining redundant workers. Use of the Structural Funds is limited to a number of objectives, which include the promotion of economic development in lagging areas (Objective one), declining industrial regions (Objective two), and rural areas. Funds are intended to be additional to national funding (Perrons, 1992). The European Commission also has powers to distribute 9% of Structural Funds without reference to national policies, and a number of programmes have been developed to assist Objective regions to benefit from Community level industrial programmes. These include STAR, focused on advanced telecommunications, and STRIDE, concerned with technology development. Since the 1980s, European Economic Community (EEC) regional policy has increasingly drawn on the newer 'bottom up' prescriptions for regional development: the development of small and medium enterprises; technology development; raising the innovative capacity of less favoured regions; and tapping endogenous potential (Morgan, 1992).

The limits of a purely market led approach have also led to renewed calls for strategic planning at a regional scale, after a decade in which it had largely been dismantled. Old-style intra-regional planning was largely a form of land use planning at a regional scale, based on projections of the likely and desirable future of the area. Its comprehensive planning basis, its static form and its inability to predict change, were critiqued in the 1970s and 1980s, but like regional policy, its dismantling in the 1980s was more strongly related to the constraints it was perceived to impose on development by laissez-faire governments. The resulting fragmented and ad hoc development, has provoked new calls for strategic regional planning - both to co-ordinate physical development (especially in large growing cities) and to promote economic development (Glasson, 1992). Strategic and developmental regional planning is increasingly seen as important in positioning cities and regions in a competitive global environment. In the 1990s, metropolitan plans emphasising the connections between physical planning and economic development have been developed for example in Australia and the USA, and there are strong calls for a similar approach in Britain (Town and Country Planning Association, 1993). Strategic regional planning is also being seen as a flexible method for planning multi-sectorally based regional economic development, linked to the promotion of endogenous development and local economic development. In a similar light, Simon and Rakodi

(1990a) argue for revised regional development planning in developing countries, building on the strengths of various participatory 'bottom up' rural development initiatives. Their approach would act as a way of formulating development projects and initiating development processes specific to an area, and of co-ordinating initiatives.

New approaches to regional policy and planning have drawn from calls for endogenous regional development, and from the experience of local economic development in the 1980s. In response to crisis and declining support from national government, a number of local authorities experimented with a wide range of approaches to local economic development. In the USA, where regional policy was never strongly developed, local economic development has a long history. Although many local economic development initiatives were initially based on attracting industry and place marketing, they have gone well beyond this, intervening in the full range of economic sectors, and in diverse ways. Small, locally dependent firms have been a particular focus. Murray (1992) provides an overview of the type of initiatives that have been undertaken. These include regional development banks and enterprise boards financing and providing advice to local initiatives; encouraging and supporting the development of networks of small and medium sized firms; local technology policies; the promotion of cultural industries; the development of strategies for particular industrial sectors; property development; training; negotiation of compensation around closures; development of alternative strategies for public service sectors; provision of support to various consumer groups, trade unions, women's groups and so on. Local authorities have taken on diverse roles in this context - acting as co-ordinators, initiators, and also restructuring their practices to support local economic development.

The more successful of these initiatives has contributed to a growing literature which suggests that localities do have the power to affect their destinies, and further, that place-based development may play important roles in national economic development. Some authors have gone so far as to argue that nations are becoming less important, and that cities and regions are increasingly the major actors in economic development (Harris, 1990).

This argument has drawn strength from the autonomous growth of 'new production spaces' (Scott, 1988), based on small scale locally embedded and linked firms since the 1970s. Areas such as the Third Italy, Silicon Valley and Baden-Wurtemberg are routinely cited in the literature. Further, partially government assisted programmes (such as Japan's technopolis policy), which generated locally integrated high technology complexes, are seen as potential alternative models (Stöhr, 1986). These new developments are presented as the leading edge of economic development (Stöhr refers to them as 'regional innovation complexes'), and as signifying a new turn to regional clustering and inter-linkage. The theoretical bases for these claims will be explored to a greater extent in Chapter 4.

Although much of this literature on 'industrial districts' draws from arguments (developed by neo-Marxists and post-Marxists) that there is a shift from older fordist systems of production to newer 'post-fordist' technologies and organisational methods (discussed in Chapter 4), the importance granted to the role of places in economic development has also received support from more orthodox economics. Porter's (1990) work on the competitive advantage of nations has been influential in the development of new approaches to regional development, based on strengthening the competitive position of regions and localities.

Porter's work critiques older theories of comparative advantage that led to an emphasis on natural resources and inherited factors such as labour. He argues that the emphasis on resources and 'production factors' was more appropriate to the eighteenth and nineteenth centuries. Since then, technological development and the internationalisation of capital have reduced the importance of resource availability. Access to technology and skills is increasingly important. Porter argues that competitive national advantage can be created, and further, that it changes over time. The role of nation states in providing dynamic and challenging environments, which force the development of competitive firms, is crucial here. Porter develops a 'national diamond' to illustrate the interacting determinants of national advantage. These include factor conditions such as human resources, knowledge resources, capital resources and infrastructure. All of these can be created and recreated - the rate at which appropriate factor conditions are created and upgraded, and the effectiveness of their deployment - is more important than the existence of these factors. Institutional structures are critical here. A second element is the nature of demand; that is,

if local buyers are demanding, firms are forced to innovate, helping them to compete internationally. The third element is the presence of related industries giving firms better access to cost effective inputs, and allowing co-operation with regard to research and development. The fourth element is the context in which firms are created, organised and managed, and the nature of domestic rivalry. This can be a force for developing highly competitive and innovative firms, which can compete internationally. While Porter's emphasis is on the nation state, the role of places in the development of elements of this national diamond, can be significant. Porter places considerable emphasis on agglomerations and clusters of firms. Their significance, he argues, goes beyond the usual agglomeration economies and linkages. They are also important in the mutual dynamism they generate: the most competitive firms in particular sectors tend to be found in the same locations. While government cannot create clusters and agglomerations, they can be supported by it.

Although Porter's work is not directly focused on regional development, and on the face of it, appears to support a strong focus on the role of major cities in economic development, his notion of developing competitive advantage has been influential in the new approaches to regional development. Camagni (1992) for example, develops a model of regional development for lagging regions in Europe, based on moving beyond labour cost advantages (which in the context of European integration are likely to disappear), and labour-intensive production towards developing more specialised niches within traditional sectors of specialisation. He argues that these areas must compete on the basis of increasing productivity and innovation. Local skills, services and infrastructure must be improved and bargaining should be undertaken to increase local linkages and embeddedness. This bargaining could centre on co-operation with regard to training, infrastructure, and the creation of a network of small sub-contractors. His 'milieux innovateurs' approach

emphasises the need for concentrating resources on the most promising areas within each region, integrating interventions in different aspects (human capital formation, infrastructure provision, subsidies to productive investments), forcing local actors to collaboration, and creating a psychological tension towards development goals within local communities (p.370)

Similarly, the British Labour Party in the 1980s argued for 'strategic competitive adaptation of the industrial base in response to new systems of production and marketing in the world economy' (Martin, 1989, p.45).

Glasson (1992) argues that the 'bottom up' approach to regional development involves recognition of the supply side of regional growth: the nature of the local labour market and the quality of the regional environment. These are seen as particularly important for small, high technology firms, which are often a focus for the new regional development. The emphasis on the quality of the environment (understood not simply in physical terms), and the use of strategic planning, which approaches such as Camagni's entail, have enabled new links between regional and local economic development, and planning at a regional scale, as suggested above.

These 'bottom up' approaches, and the emphasis on developing local and regional competitive advantages go beyond a reliance on purely market forces. They imply active intervention. Nevertheless, the field of local and regional economic development is a broad one, and there are many different approaches and debates. It is beyond the scope of this thesis to review these various approaches. Some debates are, however, critical.

The first debate of significance concerns the effectiveness local economic development and replicability of successes, particularly in less favoured areas. Boivard (1994) for example, argues that the local economic development literature is characterised by generalisation from a few success stories, and considerable 'marketing of failures'. At a broader level, however, Amin and Goddard (1986) and Amin (1992) question whether the usual policy prescriptions of encouraging high technology and small firms, and the emphasis on endogenous potential, is useful in depressed and lagging areas. Further, the replicability of the industrial district model is questioned:

The experience of the new growth poles illustrates only too clearly not only that it is virtually impossible to create all the enabling conditions through even the most innovative policy measures, but also that it is difficult to implant them in less favoured regions owing to the absence or historical erosion of the basic socio-cultural and institutional infrastructure necessary for stimulating the formation of local networks (Amin, 1992, p.145)

In Britain, 'success' cases of local economic development were largely concentrated in the favoured South - there were few successes in the declining North (Cooke, 1988). A reliance purely on local economic development initiatives generated from below, is also likely to privilege places with strong organisational capacity and resources. It is not necessarily a solution to the problems of declining or restructuring areas, particularly in developing countries, where such capacities are likely to be concentrated in major cities.

Secondly, there is concern over the specific approach to local and regional economic development. Many local economic development strategies have amounted to place marketing and development 'in' places rather than 'of' places, with limited 'trickle down' for the poor. The debate over place versus people prosperity can once again be raised in this context.

Storper (1991) also distinguishes between 'progressive' and 'non-progressive' industrial districts. The former are places where technological learning and deeper specialisation based on training, innovation and forms of collective order prevail, while the latter depends mainly on the cost savings from agglomeration. Nevertheless, the replicability of these 'progressive' districts is open to question. The possibility of all localities everywhere moving up the skills and technological ladder, is also questionable - the issue of the future of areas that are not in a position to compete on this basis, remains. As Massey (1992) notes, different solutions may be appropriate in various places and at different times.

Thirdly, the voluntarism of much of the 'bottom up' school has been criticised. As discussed more fully in Chapter 4, debate has raged over the extent to which the turn to locality based, locally integrated development (such as industrial districts) can be seen as a major trend, and over the depiction of these areas as networks of small firms autonomous from global forces. Amin (1992) and B. Harrison (1994b) also question the assumption that small local firms are necessarily a major force for economic development. Amin (1992) and B. Harrison (1994b) argue that it is necessary to engage with large companies - they offer potentials for investment which small local companies may not be able to offer - and further, they have greater potential to provide linkages in an increasingly integrated global economy. Policies to attract industries to particular places may also be important in certain

contexts, at least, according to Amin (1992), if it is possible to engage with these firms to increase local embeddedness and upgrade skill and technological levels over time. The singular emphasis on endogenous development therefore is problematic.

Fourthly, a sole reliance on 'bottom up' interventions potentially results in a beggar-thy-neighbour approach, and does not tackle structural conditions. More fundamentally, Tickell and Peck (1995) argue that it makes little sense to assume that local states and regions are in a better position to engage in local economic development than national governments. If national governments are losing their power to regulate capital, local and regional governments are in an even weaker position to do so. Most LED strategies amount to little more than place competition – at best a zero-sum game. LED of this sort can be damaging as regulatory conditions may be bid down, and over-investment occurs in urban projects such as science parks, conference centres and the like, in an attempt to attract capital (Swyngedouw, 1992; Dunford and Kafkalas, 1992).

Albrechts and Swyngedouw (1989) are amongst others (e.g. Martin, 1993; Massey, 1992) arguing for a combination of both 'top-down' and 'bottom up' approaches. A 'top down' approach would be concerned with 'structural political-economic changes, including the planning and orientation of investment decisions as well as the implementation of redistribution programmes in order to reduce the negative consequences of unequal development' (Albrechts and Swyngedouw, 1989, p.77). Massey (1992) suggests that three elements are critical: redistribution of resources between places; geographical monitoring of macro-economic policy and state expenditure; and mechanisms to prevent negative forms of competition between areas. As she argues, regional policy needs to make it possible for places to develop on the basis of their strengths, rather than to compete on their weaknesses.

A critical need at the national or supra-national level is to harmonise sectoral and macro-economic policies with regional policy. Perrons (1992) and Amin (1992), for example, argue that EEC policies are contradictory in this regard. Although funding has increased, critics argue that it is insufficient to respond to the problem. Further, regional policies are likely to be contradicted by the effects of integration and the emphasis on improving

Europe's competitive position. The EEC is intended to enable the development of scale economies allowing European firms to become more competitive internationally. Increasing competition engendered by trade liberalisation is, however, likely to mean that 'the main beneficiaries of the Single Market will be the most modern firms in already prosperous regions' (Perrons, 1992, p.181). Permissive policies towards mergers and joint ventures will also strengthen the largest and most advanced firms, most of which are located in the wealthiest areas. Similarly, while STRIDE attempts to support technological development in small firms in weaker regions, much larger budgets are devoted to strengthening Europe's technological position.

In sum, the rules of the SEM [Single European Market], which are geared towards raising the overall efficiency of European industry will strengthen the comparative trade advantage of advanced regions and their effects will far outweigh those of the Commission's policy efforts to achieve cohesion through incentives to improve the competitiveness of less favoured regions. This increase in inequalities...will occur as a result of the exposure of less favoured regions to the free market, the exploitation of scale advantages by the more efficient players located in advanced regions and the intensification of the power and influence of TNCs [transnational corporations] whose core headquarters-activities continue to be focused in major metropolitan areas (Amin, 1992, p.145)

Perrons (1992) argues that this contradiction is inherent in EEC policies. They are essentially based on neo-classical theories assuming that trade liberalisation leads to overall growth and regional convergence through factor mobility. Although the uneven effect of market integration is increasingly being acknowledged, EEC regional policies are based on approaches which least disturb market forces - particularly physical infrastructure (transport and telecommunications), human capital (training) and enhancing local entrepreneurship. The aim is 'to raise the competitive potential of less favoured regions' (Amin, 1992, p.127) through supply-side measures. According to these authors, investment in infrastructure and training are in themselves insufficient to generate regional development, and the 'bottom up' endogenous development model holds little potential for weaker regions.

Amin's and Perrons' comments suggest that 'bottom up' measures can be an element of neo-liberal policies that do little to respond to the needs of declining or restructuring areas. Whether this is in fact the case, depends on the way in which policies are constructed -

both at locality or regional level and at a macro national or supra-national level. A purely endogenous development approach is not always appropriate, and there dangers of treating these types of policies as a mere sop to regional concerns in a context where the macro structuring elements are working in quite different directions. Nevertheless, 'bottom up' approaches are useful in focusing on the range of actions possible in different localities, however these need to be considered in the context of forces at work in the global context, and they need to be supported by national or supra-national policies. What is at stake here is the form of specific policy in particular contexts: in the current economic context in South Africa, it would be difficult to argue for blanket support to places which have no chance of becoming self-sustaining over the longer term. The decline of some places may have to be accepted, and it may be necessary to concentrate resources in a few places where the social case for assistance is strong, and where there are potentials for sustainable development.

2.6. CONCLUSION

This chapter has documented elements of the international debate around regional policy, focusing particularly on the genesis of the neo-liberal approach, and the question of declining or restructuring areas. It has argued that while early regional policies were important in directing attention to place-specific decline and the social case for intervention, policies were relatively crude and piecemeal. They did not provide the basis for long-term self-sustaining growth. The turn to grand-scale regional policy in the 1960s, and the linkages drawn between national economic growth and spatial patterns, provided a new economic rationale for regional policy, and a number of seemingly powerful tools were developed to respond to what was now constructed as the problem of spatial imbalance. Although declining, depressed and restructuring areas received more attention, the definition of the problem and the conceptual basis of regional policy were highly problematic, resulting in a critique which appeared to undermine the case for intervention.

The emphasis on controlling the growth of metropolitan areas and on redistributing investment, the ubiquitous use of watered down versions of growth poles, and development 'in' rather than 'of' places, have been central to the critique of regional policy. These are

valid comments, but they do not necessarily undermine the case for any sort of regional policy, nor for interventions aimed at responding to areas facing decline or restructuring. The emergence of an alternative school of regional planning, emphasising endogenous development in the early 1980s, was a response to the way in which past policies had been constructed and the limits of policy in a changing economic environment. It was not a denial of regional problems, or of the importance of some form of regional policy.

The retreat from regional policy in practice can be attributed mainly to economic crisis, and the return to *laissez-faire* economic policies in a number of government and international organisations. The neo-liberal perspective that emerged, relied on markets to correct spatial imbalances, although policies consistent with a market oriented approach were developed to a limited extent. The question of declining or restructuring areas was largely forgotten, with the assumption that factor mobility, and in particular, migration, would correct the problem. The evidence presented in this chapter has shown the limits of wholesale out-migration as a solution to the problems of declining or restructuring areas, at least in the context of economic recession, where there is limited or negative overall growth in employment. This issue will be explored in more depth in Chapter 5.

The recent resurgence of regional policy and planning is in part linked to a recognition that a purely market-based approach exacerbates uneven development, and is insufficient to respond to the problems of declining and restructuring areas. The new interest in regional development also stems from a recognition of the role place-based development might play in economic growth. The emerging new paradigm of 'bottom up' development partially arose as an alternative form of regional policy - it is not necessarily a replacement for regional policy *per se*, although it is sometimes used and presented in this way (e.g. see Rogerson, 1994a).

The 'bottom up' paradigm is a broad school, including a wide range of approaches. Its strengths lie in its flexibility, its potential to consider a variety of possible interventions in localities and regions, and (in certain approaches) to improve the competitive base of particular areas. Nevertheless, there are dangers associated with certain types of approach within this paradigm, and with a voluntarist understanding of it. Most important for the

purpose of this thesis is that it can pit places against one another in competition for investment; that it can once again result in development 'in' rather than 'of' places; that it can fail to consider the countervailing effects of national policy and global economic forces; and further, that it may do little for declining or restructuring areas. 'Bottom up' development may strengthen developed areas where there are resources and institutional capacities to mount such initiatives. This is not problematic in its own terms, but if 'bottom up' development simply means that each area fends for itself, it will do little to respond to areas facing decline or restructuring where there are few such resources and poor capacity.

Policies to assist in the development of such programmes may be necessary, but it should be recognised that a purely endogenous approach is not applicable everywhere - although it should certainly be explored. 'Bottom up' strategies also need to be supported by macro-level policies which are both consistent with the aims of regional policy, and which can be used in the context of local or regional development. In certain contexts, targeted programmes specifically considering declining or restructuring areas, may be important.

In approaching the question of declining or restructuring areas, two issues are key. The first is that the social rationale in terms of place-based immobility is critical. The second is the need to implement policies that result in sustainable growth over the longer term. This may require a selective focus on places with more potential (but such potentials should not be narrowly understood) and where the social case is strongest. It should be recognised, however, that policies of these sorts face potential contradictions insofar as they face the constant flux and change associated with the current global economic environment. This contradiction, however, needs to be grasped in developing policy.

CHAPTER 3

SOUTH AFRICAN URBANISATION AND THE REGIONAL POLICY DEBATE

Neo-liberal perspectives on regional policy and planning in South Africa emerged in a somewhat different way to international debates. As elsewhere, they arose to some extent out of critiques of the practical effects of growth pole policy in the late 1970s and 1980s. But in South Africa, the linking of the policy to apartheid dictates underpinned widespread suspicion of the policy¹. Critics in the 1980s exposed its ideological basis, and the way it was used to further apartheid ends (see for example the anthology edited by Tomlinson and Addleson, 1987). Further, authors emphasised its cost and inability to generate development in peripheral areas (eg. Hirsch, 1986; Wellings and Black, 1986; Dewar et al, 1984b; Dewar, 1987). It is perhaps not surprising then that so many authors insisted that the policy was essentially politically driven, had little basis in economic processes, and was not developmental². But this critique fed into and was subsumed within the neo-liberal critiques of regional policy; most significantly those authored by the Development Bank of Southern Africa (1989) and by the Urban Foundation (1990).

As elsewhere, however, these critiques emerged at a time of deepening recession and fiscal crisis, where the state was increasingly influenced by neo-liberal perspectives. Although the reports were essentially authored by bodies outside of the state³, and were critical of government policy, they occurred in a period where the state was moving far closer to business than had been the case in the past. They therefore shaped state policy⁴ - and the more general discourse on regional development - in important ways. The coincidence of critiques aimed at undermining the technocratic rationality of apartheid policies and neo-liberal perspectives, led Bell (1987, p.218) to comment that he feared that,

the attack on industrial decentralisation policy is simply part of an indiscriminate attack on redistributive government expenditure; that, in short, the critics primary motive is to 'depoliticise' welfare provision.

Bell's prescient comment pointed to a critical limitation of debates at the time - that there was little serious consideration of alternatives or of the objective for regional policy (with some exceptions: see eg. Glaser, 1988; Dewar, 1987; Pickles, 1991). In contrast to neo-

liberals, who saw the demise of the policy and of associated policies such as influx control as the end point of the critique⁵, Bell argued that in the absence of influx control, the need for regional policy would be even greater

for the more legitimate task of improving the living conditions of the genuinely immobile poor in the least developed parts of the country...Some commitment must be made to replacing expenditure on decentralisation with some other acceptable form of expenditure (Ibid.)

Bell's argument was echoed in some measure by Glaser (1988), and by Pickles (1991; 1992), who argued against the neo-liberal assumption that state intervention in the space economy could not work and was unnecessary.

Although both reports provided alternative approaches, they were weakly developed prescriptions derived largely from World Bank policy. There was no real analysis of South Africa's spatial landscape and how it was changing, or of how a differently constructed regional policy might respond to these conditions. Although the Urban Foundation's report was preceded by a demographic analysis (1989) outlining main trends which lent support to their metropolitan focus, it described patterns at the level of aggregates and did not consider either the changing economic dynamics underpinning settlement patterns, or the complex nature of urbanisation patterns. To be fair, it recognised the complexity of settlement patterns (for example it discussed and estimated the size of 'dense settlements') generated under apartheid, and noted that rural areas would not lose population, but these points did not receive much further consideration in their policy document on regional issues, *Regional Development Reconsidered*. The essentially reactive nature of the reports, and their focus on one form of regional policy coloured policy debates in significant ways. The emphasis on curtailing policy and on shifting to a greater reliance on the market was, however, consistent with neo-liberal regional policy elsewhere.

Although the reports centred on industrial decentralisation policy, they incorporated broader questions concerning the objectives and forms of regional policy, and have been influential beyond their time. Perhaps most important, is that the ideas in the reports have become a conventional wisdom that pervades much of the thinking on regional and

settlement questions in a wide variety of arenas. Both the assumptions and the omissions of the neo-liberal perspectives are questionable, as the following discussion shows.

The chapter develops the argument in two sections. The first section provides a brief overview of the history and development of the apartheid spatial landscape and the changing nature and role of regional policy (for fuller accounts see Dewar et al, 1982a, 1984b; Hindson, 1987; Platzky, 1995)⁶. Against this background, the second section then critically examines the neo-liberal critique and its proposed alternatives.

3.1. SOUTH AFRICAN URBANISATION AND THE RISE OF REGIONAL POLICY

Perhaps the most notable element of South African urbanisation, for the purposes of this thesis, is the creation of an uneven and fragmented spatial landscape. The creation of settlements with weak economic bases, some of which are neither clearly urban nor rural, is a characteristic feature. Indeed, the definitions of rural and urban are highly problematic in the South African context. These places have emerged in the context of dispossession coupled with constrained movement, but have continued to exist beyond influx control.

The South African literature on urbanisation has focused on the way in which unequal power and conflicting class and racial interests have shaped urbanisation patterns (e.g. see Bundy, 1972; Dewar et al, 1982a; Hindson, 1987; Legassick, 1972). In much of this work, the role of state policy is emphasised. But as Mabin (1992) argues,

This standard view contains considerable dangers. Politically, the result is to emphasise ideology and the state (at the expense of economics and daily life) as the primary spheres of struggle against an oppressive order. Intellectually, the consequences include an aversion to probing the real material conditions and social character of urbanisation (p.13)

3.1.1. Urbanisation and Dispossession Prior to Apartheid

Although rural to urban migration is generally traced to attempts by governments to generate a labour force for agriculture and the mines, after the discovery of diamonds and

gold in the 1860s, Mabin (1992) argues that substantial migration preceded this period as Africans were pressured into wage labour. From the early years, migration of this sort was on a partial and circular basis - families held land in rural areas, and forays for employment were made in order to earn money. While this form of migration might have enabled mine owners to pay labour at the rate which would reproduce workers rather than families, as is often argued (Legassick, 1974), it also emerged as a result of resistance by Africans to full incorporation into the capitalist economy.

The mining-led boom from the 1860s provided a powerful impulse for processes that undermined the African peasantry. The growing demand by politically powerful mining and agricultural interests for labour, resulted in measures to force African peasants into wage labour to a far greater extent, and to restructure agrarian relations (Bundy, 1979). Early measures included hut taxes, pass laws, removal of 'squatters' from white farm land (Bundy, 1979), and the marginalisation of African peasant farming in infrastructure provision (Pirie, 1982). The 1913 Land Act was, however, more significant in advancing these interests. The Act laid the basis for territorial segregation by preventing Africans from owning land in 'prescribed' areas and reserving some 13% of the land (often the most marginal) for their occupation. It provided the framework in which removals and dispossession of African freehold owners and their tenants was to occur until the 1990s, and reduced African tenants and sharecroppers on white owned farms (some of whom had become quite successful) to the most dependent forms of relationship with owners. As Bundy (1990, pp.6,7) put it,

What the 1913 Act attempted was to legislate out of existence the more independent forms of tenure and to perpetuate instead the most dependent...The Act was intended to reduce cash tenants and sharecroppers to the status of labour tenants or wage labourers...The law loaded the dice heavily in favour of landlords and employers.

The marginalisation of the African peasantry forced Africans to rely increasingly on wage labour in both urban and rural areas. Within the reserves, the containment of Africans on limited land resulted in a productivity crisis by the 1930s, undermining their ability to subsidise wages (Simkins, 1981b). The changed relations on white farms meant that these areas too became a significant source of migrant workers to towns by the end of the 1930s (Mabin, 1992).

Although the dispossession of the peasantry is not unique to South Africa, the alternative of movement to the cities became increasingly constrained. Controls on movement began early on in the colonial period, but remained fragmented until the 1920s (Hindson, 1987). By the 1920s, industrial development on the Witwatersrand, and poverty in the reserves had led to rapid urbanisation, leading to calls for greater control. The 1923 Native (Urban Areas) Act which defined Africans as temporary sojourners in town, and forced African men to carry a pass, was the first form of national urban policy, strengthening existing forms of influx controls (Hindson, 1987). The Act served agricultural interests by channelling labour to farms, and protected white workers from African competition in the labour market (Legassick, 1974). It was intended to forestall the growth of African political organisation, which had been growing rapidly in towns during the period. Constrained urbanisation forced Africans to rely on dual strategies of maintaining ties to land (especially for social reproduction and security) and circular migration of individuals within the household towards wage labour.

The question of 'poor whites' however, was dealt with very differently. From the early part of the century, structural changes in rural areas had resulted in the creation of a large landless, unskilled and unemployed white population. The 1924 Pact government (representing white working class and agricultural interests) instituted measures to promote the economic position of 'poor whites', most importantly, the 'civilised labour' policy, reserving jobs for whites (Dewar et al, 1982b; Platzky, 1995).

The Pact government was also instrumental in shifting the economy away from dependence that was largely on agriculture and mining, and in extending local control of the economy. It sought to promote industrialisation and to increase Afrikaner participation in the economy. In common with governments elsewhere, it instituted import substitution policies. It also established the principle of state owned industries to further these aims, setting up the Iron and Steel Corporation (ISCOR) in 1928. The Industrial Development Corporation (IDC), created later in 1940, provided an institutional mechanism to assist industrialisation, especially the development of basic industry (Platzky, 1995).

The idea of regional policy was only raised in the 1940s. Although the dramatic decline of conditions in the reserves during the Depression underscored the need to develop these areas (as the 1932 Native Economic Commission suggested), responses centred around further controls on movement to cities. In the 1920s and 1930s, the state gave priority to national economic growth. As Glaser (1987) points out,

The governments of the 1920s and 1930s did favour territorial racial segregation, and a fragile consensus was forged around Herzog's segregationist programme in the mid-1930s. Yet the post-1934 Fusion government represented a fairly loose coalition of political groups, electoral constituencies and class interests. Its attention to the 'native question' consisted mainly in attempts to hammer out land and franchise policies for Africans - in other words, to define the basic framework of institutional segregation. It lacked the political base or will to engage in the kind of large-scale social engineering later associated with apartheid. Direct influx control was tightened in the 1930s, but never massively enforced and, during the War, it was largely abandoned; still less was the government ready or willing to commit itself to potentially expensive policies to promote industrial dispersal on a systematic basis (p.29)

In the 1940s, the idea of decentralising industries was raised by a diverse range of bodies, and some IDC assisted projects were established in peripheral areas. Most were resource related projects, which could also draw on concentrations of rural labour, but the Good Hope Textile Corporation, for example, was explicitly located to draw on the labour of Africans who had been displaced from land to a closer settlement township within the reserves (Glaser, 1987). Nevertheless, most IDC projects were concentrated in metropolitan areas.

Although regional development remained partial and piecemeal, a number of bodies, including the Social and Economic Planning Council and the Natural Resource Development Council set up by the Smuts government, investigated the establishment of more systematic policies and mechanisms. Interest in regional policy reflected both the influence of technocratic ideas elsewhere and the concern to manage African urbanisation. But as Glaser (1987) points out, the reports were ambivalent about the extent to which African urbanisation should be deflected or controlled. The rapid industrialisation of the War years led to demands by industrialists for freer movement to cities. Influx controls were relaxed to facilitate the growth of a labour supply, and by the mid-40s, the Fagan Commission argued that urbanisation was inevitable and should only be regulated rather

than controlled (Hindson, 1987). Interest in decentralisation might also have been fuelled by demand for labour - especially as wages rose rapidly in the cities - but the coalition nature of the Smuts government precluded any large commitment to decentralising industry (Glaser, 1987).

3.1.2. The Apartheid Era

The coming to power of the Nationalist government in 1948 reversed the drift towards weakened controls and the decline of territorial segregation. The Nationalist Party represented the interests of the white working class, white agriculture and the Afrikaner petty bourgeoisie. The rapid urbanisation of the 1940s had led to severe labour shortages on white farms, and Africans were displacing white workers in certain jobs in cities (Platzky, 1995). African political organisation in cities was also growing. In the 1950s, therefore, the state set in place an elaborate system of homelands, influx controls, and segregated living spaces as a basis for its apartheid policies.

The 1952 Native Laws Amendment Act divided the African population into permanent residents and temporary sojourners, and controlled the size of the permanent population (Hindson, 1987). Labour bureaux were introduced to channel workers from areas of labour surplus to areas of shortage. Massive housing programmes were developed in cities in the 1950s. Although housing was developed on a scale that far surpassed anything that had occurred before, it was linked to greater control of the urban African population and to the establishment of urban apartheid. State housing was only available to those qualifying as permanent urban residents. Women were brought under influx control regulations, and the rules around allocation of housing stressed access to housing through men - as wives, mothers and daughters (Eagle, 1987). State housing programmes played a crucial role in establishing spatial apartheid in cities. Although segregation was not new, a far more attenuated urban form was created as new housing and black Group Areas were developed on the periphery of cities (McCarthy and Smit, 1984). The establishment of homelands in later years exacerbated these patterns, as African residential areas were where possible set up within homeland boundaries, even further from centres of employment. 'Slums' and informal settlements were cleared and their inhabitants housed in these areas or removed

from cities. These policies undermined independent urbanisation and made survival through informal means all the more difficult.

The development of the reserves as 'bantustans' or 'homelands' to house Africans and later their political aspirations, was a key element of apartheid policy. It was, in effect, a significant form of regional policy, with dramatic consequences for settlement organisation. The 1955 Tomlinson Commission that proposed a policy of 'total segregation' (Platzky, 1995, p.78) first mooted the economic development of the reserves. It argued for a twin policy of agricultural and industrial development in the reserves. The Commission proposed that half the population of the reserves should be removed from the land to allow the remainder to become full time farmers. Those displaced could be absorbed through the creation of industrial decentralisation points within the homelands. Industry should be encouraged to locate voluntarily in these points through the provision of infrastructure and loans. The Commission argued against border areas on the grounds that it would limit the creation of skilled African workers and entrepreneurs, and would induce population concentration on the edges of reserves, preventing balanced development within these areas.

The Tomlinson Commission represented the first coherent proposal for regional development, but the Verwoed government, which instead opted for a border area policy, rejected its findings. From 1960, incentives were offered to industries locating in a selection of border areas close to metropolitan areas, although these were later revised to include a wider range of areas. According to Glaser (1987, p.35)

The stated aim of the border industry programme was to stop and, if possible, reverse the drift of Africans to 'white' urban areas. In this respect it was consistent with the general extension of apartheid policy in the 1960s: it was during this period that pass laws were tightened and more heavily enforced; forced resettlement was commenced; and the building of African townships in the bantustans massively accelerated.

By the early 1960s, African political resistance had been crushed, and the economy entered into a long boom. Whereas the periods prior to the 1960s had been marked by state policies which attempted to generate a labour supply and allocate it between various sectors, the restructuring of capital towards greater monopolisation and capital intensification led to

labour surpluses and state policies to contain this surplus within homelands. As labour absorption slowed down in cities, influx control was tightened up and centralised in the hands of the Bantu Administration Boards (Humphries, 1983). In contrast to the past, homeland labour bureaux limited labour migrants to only the fittest and strongest workers (Mare, 1980a).

The relative quiescence of the 1960s enabled the state to restructure the pattern of African urbanisation. It set in motion patterns that were to develop in the 1970s and 1980s. Between 1960 and 1980, state urban policy was directed at displacing African urbanisation to homelands. From 1968, all new housing was built within homeland borders, and a number of large townships were redefined within homeland boundaries in the 1970s (Sutcliffe et al, 1990). According to Simkins (1981a) there was a net exodus of 0.75 million Africans from metropolitan and urban areas.

The intensification of white agriculture from the 1960s also led to new rounds of removals to homelands. In the 1960s, massive removals occurred, often propelled by farmers who cleared land of labour tenants and squatters (Mabin, 1989). Farm removals intensified in the 1970s and 1980s as new technologies were introduced and farm employment declined (Platzky and Walker, 1985). Further, the development of sites in homelands enabled farm workers to escape oppressive conditions on the farms, as the Newcastle case study shows (see Chapter 9). Circular migration to cities was not necessarily disrupted by this process, but continued from new locales (Mabin, 1989).

Between 1950 and 1985, the proportion of Africans in 'white' rural areas declined from 35% to 13% (Platzky, 1995), and there was a net exodus of 1.25 million Africans from 'white' rural areas between 1960 and 1980 (Simkins, 1981a). This shift was not purely the result of farm removals. Platzky and Walker's (1985) and the Surplus People's Project's (1983a) documentation of forced removals in South Africa show the range of removals which occurred in both rural and urban areas. Some 3.7 million people were estimated to have been removed (Simkins, 1981a). Within rural areas, removals occurred from mission land, from 'black spots' (African freehold land in 'white' areas) and from areas that were required for commercial exploitation such as for mines and dams.

'Black spots' were particularly concentrated in Natal (Mare, 1980b). They offered access to land, independent of white farms and associated obligations in terms of either labour or forms of tenancy. They enabled residents to produce agriculture as an alternative to migration and wage labour, or as a supplement to these kinds of work. Although some communities managed to resist removals, between 1960 and 1970 alone, some 97 000 people were removed from these areas. According to Mare (1980b), only landowners who were removed were allowed to keep stock in the relocation area, or to buy land with the compensation. Tenants, squatters and small landowners were given half-acre plots in rural townships. Many such resettlement areas were poorly located in relation to employment, and residents were expected to rely on migrant labour. Access to employment was not considered. Mare (1980b, p.4), cites the Chief Commissioner for the Department of Plural Relations in Queenstown in 1978 as saying:

That is not my problem. We will provide the necessary infrastructure of water and toilets in the camp. Where people work is not my business. It is like any other area. In the rural areas there are no jobs either - the people are migrant workers. The provision of jobs has nothing to do with me.

Removals, relocations and influx control put severe pressure on homeland areas. The homeland population increased dramatically from 4.7 million in 1960 to 11.3 million in 1980 (Simkins, 1981a). Land pressure and lack of investment led to agricultural decline, and to an overwhelming dependence on wage incomes, but the rate of job creation was slow, especially in the recessionary years of the 1970s. The crisis within homelands undermined their ability to absorb the surplus population and to serve as places where African political aspirations could be accommodated. Homeland 'development' therefore came to occupy centre stage as a way of resuscitating these areas and underpinning the legitimacy of their elites (eg. See Hirsch, 1983; Southall, 1983)

From the 1960s, development corporations were set up to promote their economic development (Dewar et al, 1982) and the spatially fragmented reserves were consolidated into ethnically based homelands that could become politically independent. Although still fragmented, a number of homelands received self-governing status. The Transkei was granted full independence in 1976 and three others followed in the early 1980s. With

independence (and to some extent with self-governing status) went the creation of homeland bureaucracies and the development of homeland capitals. In a number of cases, new towns were created as symbolic centres, especially where homelands were not integrated regions with existing main centres. Some were located far from any other kind of economic development (such as for example Ulundi); others were on the edge of larger conurbations (for example Bisho, outside King Williamstown). Although homeland development corporations were tasked with development in relation to a variety of sectors, and industrial decentralisation policy increasingly supported homeland development, the extension of the bureaucracy was perhaps the most significant stimulus to job creation, as a study of the Transkei homeland found in 1980 (Dewar et al, 1984a; Thomas, 1983). The development of homeland capitals added another layer to what was becoming an increasingly complex spatial landscape, characterised by the proliferation of places with weak economic bases.

From the late 1960s, industrial decentralisation policy was used to support homeland development, and to provide an economic base to some areas created through relocation (Dewar et al, 1984b). While the 1965 policy included an emphasis on 'balanced development' and on developing areas where white, coloured and Indian unemployment was high (for example George and Knysna) (Bell, 1973), these more technocratic emphases were later subordinated to the objective of homeland development (Glaser, 1987). From 1968, places within homeland areas qualified for incentives at the same level as border areas. For the first time, controls on metropolitan growth were instituted. The 1967 Physical Planning and Utilisation of Resources Act controlled the provision of industrial land in metropolitan areas, and limited the expansion of the African labour force within metropolitan industry (Rogerson 1982b). These provisions were not well received. The labour provisions in particular caused considerable protest by industrialists. The Riekert Commission of 1971 was therefore established to investigate industrial decentralisation (Dewar et al, 1984b).

The Commission modified the policy in important ways. While it accepted the need for more balanced industrial development, and for job creation near to where Africans lived in homelands, it argued that the policy should not negatively affect industrial development as

a whole. Controls on metropolitan growth were therefore watered down⁷, and more favourable conditions were created for business in industrial decentralisation points. Incentives were improved, job reservation was removed, and wages were substantially reduced to compensate for lower productivity. Minimum wages were entirely terminated within homelands (Rogerson, 1982b; Dewar et al, 1984b).

While industrial decentralisation policy was at this time largely motivated in terms of homeland development, its technocratic elements should not be forgotten. Policy in the late 1960s and early 1970s, for example, also included an emphasis on developing large propulsive growth poles through locating heavy industry outside of the then Pretoria Witwatersrand Vaal (PWV) area (now Gauteng). The ports of Richards Bay and Saldahna Bay and the establishment of a branch of Iscor in Newcastle in the early 1970s, were important examples.

The 1975 National Physical Development Plan (NPDP) took this technocratic emphasis further. It was concerned with the rationalisation of economic activity in space, and provided the first comprehensive national spatial framework for development - although homeland areas were excluded (Fair, 1975). The NPDP divided the country into 38 development regions, and defined a hierarchy of settlements to guide public infrastructural and private investment. Cast within the logic of then internationally acceptable terminology, it set out development axes, growth points, deconcentration points and planned metropolitan areas. These were intended to provide a counterbalance to the perceived problem of metropolitan size and to respond to the white depopulation of rural areas (Dewar et al, 1984b).

3.1.3. Settlement Patterns in 1980

The disjuncture between where most people live, and where economic activity is located has long been a central feature of the South African landscape. In 1980, over half of the total population lived in the four metropolitan areas, and 30% in the PWV (Platzky, 1995). These areas accounted for 60% and 39% of gross output respectively in 1984, and 71% and 26% of manufacturing value added respectively in 1985 (Van der Berg and Lotter, 1990).

The discovery of minerals concentrated development in the interior - and particularly in the PWV (Platzky, 1995). In later periods, concentration was exacerbated by import substitution policies (Black and Roux, 1990; Rogerson, 1982a, 1990; McCarthy, 1991; Platzky, 1995) that encouraged industrial location close to markets, and by the centralisation of economic power. Most head offices and centres of control were located in the PWV (Platzky, 1995). Ironically, despite decentralisation policy government offices were also concentrated there.

Nevertheless, from the early 1970s, a level of decentralisation began. More labour-intensive industries moved out of the PWV (Bell, 1983), initially to the coastal metropolises, and later to decentralisation points. Although Rogerson and Kobben (1982) argued that the decline of labour-intensive industries in the 1970s was related to the effects of the Physical Planning Act, Bell's (1983) work showed that it preceded the Act, and further that it was largely spontaneous. Bell suggested that the shift could be seen as the result of competitive pressures on industry, forcing it to locate to lower wage locations. These patterns accelerated in the 1980s, in the context of deepening economic and political crisis, allowing a number of analysts to comment that a new regional division of labour was emerging (Platzky, 1995; Wellings and Black, 1986; Pickles, 1991; Cobbett et al, 1987).

The coastal metropolises' share of both GGP and manufacturing value added, had also declined since 1968 (Van der Berg and Lotter, 1990). It is commonly argued (Black and Roux, 1990; Davies, 1990; Van der Berg and Lotter, 1990) that they were negatively affected by import substitution policies and by industrial decentralisation. Nevertheless, as Platzky (1995) showed, the fortunes of each place and their dynamics varied considerably. What van der Berg and Lotter (1990) term the 'platteland' (i.e. 'white' non-metropolitan areas), experienced greater relative economic growth from 1968, particularly in their share of manufacturing value added, which rose from 15% in 1968 to 26% in 1985 - to a similar level to the coastal metropolises. The share of economic activity within homeland areas however, remained minuscule: 4,9% of GGP and 2,6% of manufacturing value added by 1984 - far out of line with their share of population.

By 1980, however, the pattern of settlement had been reshaped in significant ways that are not immediately apparent from these aggregates. New settlements (often with weak economic bases) had been created, and complex settlement patterns had developed around urban centres.

Growth pole policy provided one layer of such places. The optimism of the boom years and the faith in planning, resulted in planning on a massive scale for growth poles based on heavy industry. International and national economic crisis from the 1970s, however, meant that growth on the scale assumed was never realised. Further, these growth poles remained 'cathedrals in the desert' and did not diversify beyond their initial focus on a few heavy industries. Richards Bay, for example, intended to grow to the size of Durban, contained huge swathes of undeveloped land, and is only beginning to develop rapidly in the 1990s. Similarly, ISCOR in Newcastle never generated the linkages or dynamic growth assumed by state planners (see Chapter 6).

The growth of homeland towns provided another set of layers to the emerging settlement pattern. By 1980, some 77 towns containing 1.8 million people had been created in homelands, a massive growth from 3 towns with 33 500 people in 1960. As Graaf (1987, p.20) put it, 'This is 'dorpstigting' with a vengeance!' The new homeland towns included capitals, towns generated through administrative redefinitions, dormitory towns around existing urban centres, and resettlement towns. Existing small centres within homelands also grew as rising migrant wages and remittances increased their role as service centres (Simkins, 1984).

Both places defined administratively as towns and rural 'closer settlements', were created through resettlement policy. These housed various categories of those who were forcibly removed, as well as Africans 'running away' from farms. Some of these towns and closer settlements were developed relatively close to urban centres where some form of employment was available, but this was not uniformly the case. Nor did the definition of a resettlement area as 'urban' mean that there was any sort of economic base.⁸ For example, Limehill - a classic resettlement area, and administratively 'urban', is some 70km from Ladysmith, and has never developed an economic base other than a few shops and services.

Furthermore, location around urban centres did not guarantee significant employment or urban amenity. Not only were such places distant from towns in the classic apartheid sense - now exacerbated by homeland boundaries - but the urban centres themselves did not necessarily have very extensive or stable economic bases. The case of Newcastle, discussed in more detail in later chapters, is one such example, but there are many others as well (such as Estcourt, Vryheid).

One little explored role of industrial decentralisation policy was to provide employment and to stabilise settlement in some of the areas where relocations had occurred. Both Newcastle/Madadeni and Ladysmith/Ezakheni can partially be seen in this light, but there are other examples, such as Dimbaza in the Eastern Cape (then Ciskei), as well. Of course, industrial decentralisation policy also created new settlements, such as Isithebe in KwaZulu-Natal and Atlantis in the Western Cape.

Industrial decentralisation policy played a critical role in shifting movement patterns from long distance migration to commuting, and also, ironically, in integrating homelands with adjacent 'white' areas (Hindson, 1987). Most of the more successful homeland decentralisation points were close to the borders of homeland areas, sometimes in a 'back to back' relationship with border industrialisation points (UF, 1990).

Urbanisation increasingly occurred on the edges of homeland areas (as Haarhof, 1984 showed for KwaZulu-Natal), in direct relationship with 'white' areas. By 1980, rural homeland areas had experienced a net decline (Simkins, 1983), suggesting that population was increasingly agglomerating around the fringes of urban centres. Most growth had occurred around metropolitan areas, but growth around smaller towns was also significant.

By 1980, informal settlements were growing rapidly around urban centres, and especially metropolitan areas (Sutcliffe et al, 1990; Platzky, 1995), but such settlements also grew within rural areas as people sought a 'place to live'. The origins of these places were varied - some were pieces of freehold land, others were established on state owned or tribal land. Not all of these informal settlements were in homelands - in some cases, communities in

'black spots' managed to avoid removals, and a variety of other kinds of informal settlements developed both around towns and cities and within rural areas.

The resulting patterns of settlement around particular urban centres - especially those abutting homelands - are therefore frequently complex. The functional area of urban centres may contain a variety of kinds of places, variously linked to it, but also tied into survival patterns spanning a far wider area. For example, the Ladysmith 'functional region' comprises the town and a township in close proximity. Some 20km away is the Ezakheni township (created through resettlement, but defined as urban) and industrial estate (created through industrial decentralisation policy). Another 20km on there is the dense Ekuvukeni resettlement area (defined as rural), and further on, Limehill and other resettlement areas. The relationship between these settlements and Ladysmith and Ezakheni is unclear, but it seems likely that they depend on a variety of income sources derived from these 'urban' settlements, from migrant labour, and from pensions. The juxtaposition of these settlements to the town centre does not necessarily guarantee livelihood from it, although access to services and to some form of income may be better than in more distant areas. The functional area also contains 'black spots' such as Driefontein and Matiwane's Kop within 20km from the town, which depend on a combination of local agricultural incomes, commuter labour, migrant work and pensions (see VARA, 1990). By 1980, the population in this sub-region was in the order of 200 000.

These complex patterns were not confined to the towns. Mabin (1986) described a pattern of 'rings' of African settlements surrounding metropolitan areas. These rings contained successively fewer daily commuters and workers who were regularly employed in the cities. For example, around the PWV, there were what he termed 'semi-urban' places in homelands up to 250km away. People living in these areas depended in part on the irregular employment which some of its residents could obtain through occasional trips to the city.

The settlement patterns that have been created defy a simple rural urban divide, and call into question its usefulness as a conceptual device. Some 'towns' lack an economic base and access to employment classically associated with 'urban centres'. These places, and

even others where there is a level of employment, are sometimes used in ways similar to rural areas in South Africa - as places of social reproduction (see also Pickles and Wood, 1992 on settlements in QwaQwa). On the other hand, the collapse of agriculture in rural homelands and the creation of concentrated villages through betterment policy⁹ means that these areas are not unambiguously 'rural' either.

Simkins (1983) suggested the use of a spectrum ranging from rural to urban with intermediate points (see Figure 3.1). The welfare dimension of this spectrum was seen in terms of three elements: rights of access to urban employment, de facto access to such employment, and development of infrastructure. His welfare curve took the form of a parabola, lower at the rural than urban end, and with its lowest point at the landless households far from towns and cities.

FIGURE 3. 1: SIMKIN'S RURAL-URBAN SPECTRUM

RURAL			URBAN			
'white' farms	Landless	Urban fringe	'Illegals' in	Section	Town and city	
Landed	homeland	(homeland)	towns and	10(1)(d), in	dwellers (with	
homeland	households	including	cities outside	towns and	section	
households	including	squatter	the homelands	cities outside	10(1)(a), (b)	
Supply	closer	settlements and	Insecure	the homelands	and (c) rights	
migrants to	settlements far	closer	residence	Residence	outside the	
urban labour	from cities and	settlements		conditional on	homelands)	
market outside	towns.	Supply		employment	Permanently	
the homelands	Households	commuters to			resident	
	supply	urban labour				
	migrants to	market outside				
	urban labour	the homelands				
	market outside					
	the homelands					

SOURCE: Simkins (1983)

Simkins (1983) estimated the African population in these categories using census figures, but could not distinguish between landless and landed homeland residents far from towns and cities. The Urban Foundation's (1989) figures for 1985, however, suggested that the category 'homeland dense' including landless closer settlements was of the order of 8% of the total population.

While these statistics are useful in giving a sense of overall patterns, as Mabin (1989, p.3) argued,

Classification and reclassification of settlements tells us nothing at all of the ways in which people in those settlements actually live...and the myriad ways in which they do so...makes classification of those settlements on a continuum from urban to rural unhelpful. The aggregate behaviour of numerous households undoubtedly produces statistical results, but the available demographic indicators conceal the nature of household composition and behaviour, and therefore of the current nature of 'urbanism' in South Africa.

Nor do these aggregates tell us much about the roles various places play in survival, and the extent to which even places with weak economic bases might have become permanent features of the landscape. Even a rural-urban spectrum is too simplistic a device for describing the forms of settlements that have been created and their implications for livelihoods.

The debate over the implications of the withdrawal of influx control revealed similar limitations. Simkins (1983) and Mostert et al (1985) made the assumption that families would move with migrants to cities. Migration would have been rapid in the first five years after influx control, with estimates ranging from 1.5 to 3 million (Simkins) to 8 million (Mostert et al). Graaf (1987) questioned these assumptions, arguing that where migrants had land and rural resources, rural areas would continue to be used as retirement areas. Even if migrants did move on a permanent basis, they might leave behind the very young and the very old. Those who wished to move to urban areas had already moved to places within commuting distance of towns and cities, and housing costs were lower than across the 'borders'. Nevertheless, residents in 'semi-urban' places reliant on migrant labour, pensions and the rural informal sector - and especially those who had been recently resettled - would move.

Graaf's (1987) work is useful in moving beyond the assumptions of a singular permanent rural to urban move, and of unified household migration. More recent work (Mabin, 1989; Watson, 1992) shows the perpetuation of complex patterns of rural-urban links and continued circular migration in which survival strategies are stretched over space rather than wholly located in one place or another. Further, the economic dimensions of commuting are undoubtedly important. The provision of more subsidised housing and

services in homeland 'towns', and the role of transport subsidies in stabilising commuter labour, sometimes over very long distances, has been significant. But Graaf's work is limited in so far as it does not go beyond economic factors to question the way places have come to be used, and how this affects their future. Mabin's (1989) historiographic approach is important in examining the way in which people's responses to constrained and oppressive conditions have shaped urbanism. His depiction of poorly located places created in search of a 'place to live' brings into question assumptions that 'semi-urban' places will simply disappear.

3.1.4. State Reform in the 1980s

Urbanisation patterns established by 1980 were essentially built upon in the state reforms in the 1980s. Nevertheless, controls on movement had begun to break down, and rapid urbanisation to the metropolitan areas occurred from the mid-1970s into the early 1980s. The rolling reforms of the 1980s reflected both the state's attempts to respond to crisis, and its shifting class basis (James, 1984; Wolpe, 1984; Charney, 1984). By the end of the 1980s, policy had moved far from earlier apartheid dictates, and was increasingly a response to processes over which it had little control. By the early 1990s, political organisation and economic crisis forced the state to negotiate a withdrawal from power, but many elements of the urbanisation patterns created in earlier years remained.



The 'crisis' of the 1970s and 1980s is usually presented as the result of the resurgence of black political organisation in a range of spheres - itself partially the result of declining material conditions, and growing economic crisis (Saul and Gelb, 1981). From the late 1960s, the economy slowed down, reflecting conditions in the international economy (Gelb, 1991), as well as the contradictions generated by earlier policy. Import substitution policy confronted the limits of local markets, and the lack of skilled labour put a break on economic expansion. Both were linked to past apartheid policy, and were elements that state reform in the 1980s attempted to address. Furthermore, by the end of the 1970s, urbanisation controls had begun to break down as material conditions in homelands declined and a wave of urbanisation occurred to the cities (Sutcliffe et al, 1990; Platzky,

1995). The earlier phases of reform focused on differentiating Africans along social and spatial lines.

The Riekert Commission attempted to divide the African population into 'urban insiders' with permanent rights to live in urban areas, and 'rural outsiders' who would have less access to urban areas than before (Hindson, 1987). In what might be seen as an extension of fordism from whites (and to a lesser extent, coloureds and Indians) to 'urban insiders' (Bonnin et al, 1991), the state granted concessions on property rights, labour organisation, and labour mobility to 'insiders'. It also attempted to establish self-governing local authorities in townships on the assumption that these would become self-sufficient as property markets became established and urban Africans became increasingly affluent.

At the same time, homeland development was accelerated, and in 1981, industrial decentralisation policy was extended and reinforced. Incentives on offer were now far larger than before, and job creation was emphasised. By 1987, jobs that had been created in these areas under the new programme far exceeded those that had been generated in the previous years of operation (Platzky, 1995). Platzky (1995) argues that the industrial decentralisation points were the only places where industrial employment grew, while absolute industrial employment declined in the rest of the economy. Both the enlarged incentives and pressures within metropolitan areas must account for this shift. As labour organisation grew in metropolitan areas, and wages rose, labour-intensive sectors under pressure shifted to the periphery (Wellings and Black, 1986; Pickles, 1991; Platzky, 1995; Altman, 1994; Harrison, 1995; K. Harrison, 1996; Hart and Todes, 1997). Further, the location of what Rogerson (1987) terms 'third world multinationals' – particularly the Taiwanese – accelerated employment creation in the periphery (Rogerson, 1987; Pickles and Woods, 1989, 1990; Hart, 1996b).

Industrial decentralisation policy was also cast in a different way. Not only was there a new categorisation of places where incentives were applicable, and a linked scaling of benefits, but on paper at least, the policy was constructed in terms of regional development spanning homeland and 'white' areas rather than purely in terms of homeland development. Eight regions cutting across boundaries were created, and Regional Development Advisory

Committees were set up (Dewar et al, 1984b). In practice, these new regions had little effect until the 1990s, but at the time authors saw the shift as representing a recognition of the integration that had occurred across homeland boundaries. They saw the policy as one of 'integrative dispersal' (Cobbett et al, 1987), as laying the basis for 'regional federalism' over the longer term. In practice, however, the homeland theme remained dominant until the mid-80s.

These reforms emerged in a context in which the state was beginning to restructure its role. By the late 1970s, the Nationalist Party increasingly reflected the interests of Afrikaner business, and had moved closer to business in general (Charney, 1984). Although still clearly racial in its orientation, it increasingly espoused a neo-liberal agenda. The reform process involved the state withdrawing from its direct role in the economy, particularly in relation to social and infrastructural services (Greenberg, 1984). In government documents and rhetoric at least, greater emphasis was placed on local and regional government, and on the role of the market (Todes and Watson, 1986), although these emphases only came to fruition in later years.

By the mid-80s, it was apparent that the Riekert reforms could not work (Morris and Padayachee, 1988). Not only had controls on urbanisation all but broken down by the mid-80s (Sutcliffe et al, 1990), but the state came under increasing pressure from political organisations and business for more far reaching change. The reforms of the early 1980s generated new contradictions as the newly created black local authorities experienced fiscal crisis and political challenge, and as recession led to declining incomes and living conditions. The privatisation of housing, for example, soon confronted the limits of affordability, and apart from a small group of middle class Africans and government employees whose market demand had been repressed by apartheid, few Africans could gain access to developer built housing (Sutcliffe et al, 1990). The withdrawal of the state from direct provision of housing led to the proliferation of informal settlements, as controls on their development concurrently broke down.

In 1986, influx controls were scrapped, and a White Paper on Urbanisation marked the shift from direct controls on movement to more indirect forms. 'Indirect' controls included

'incentives' in terms of access to land and employment, and the dominance of a 'market' logic based on spatially differentiated costs of living, linked to varying service costs, subsidy levels and standards between homeland and non-homeland areas and across different settlement types. Critics argued that the policy depended on and reinforced the spatial inequalities created in previous eras (Cobbett, 1986; Watson, 1986). Although the impress of past apartheid settlement patterns has clearly been apparent in the processes of urbanisation and movement which have occurred since the 1980s, state policy from the mid-1980s was far less coherent than authors at the time assumed. As Sutcliffe et al (1990) showed, in practice state policy increasingly shifted to managing rather than controlling urbanisation, although such management strategies 'tended to focus on controlling where and how Africans live in cities' (Ibid. p.99). By the early 1990s, these controls were breaking down and new urban processes were emerging. Significantly, however, although urbanisation had been rapid in the early 1980s, by the 1990s, metropolitan growth had slowed considerably (CDE, 1995; Sutcliffe et al, 1990). The expected rapid movement to the cities in the absence of influx control did not materialise.

At the regional scale the perpetuation of past patterns of settlement, and even the creation of new dislocated informal and closer settlements in rural areas (see Stavrou, 1987 for the example of K5), underscored Mabin's (1992) argument that urbanisation patterns could not be understood simply as the result of state policy. Of course forced removals continued in the 1980s, initiated both by the state and farmers, but as Mabin (1989, p.11) argued,

ex-farm residents do not simply live where they are dumped by private or public evictors. Some went from village to village looking for places to live; this process may have meant scouring large areas...Those who have had experience of forced removal...have frequently tried...to find agricultural land on which to settle.; but after several attempts there is a strong tendency to abandon the search for alternative agricultural land and to accept the relative security available in resettlement areas or on residential sites allocated through tribal authorities.

By the end of the 1980s, there was little evidence that such places - or indeed the distorted patterns of settlement created under apartheid - were disappearing (see Pickles and Wood, 1992 on the case of QwaQwa). As the White Paper on Urbanisation had hoped, these places were by now underpinned by another logic. As Liebbrandt and Woolard (1996) argue, employment opportunities within and close to rural areas grew as a consequence of

the growth of the public sector, industrial decentralisation and homeland development policies. Nevertheless, as Chapter 9 shows for KwaZulu-Natal, significant disjunctures continue to exist between where people live and where economic activity is located. Apartheid settlement patterns have been remarkably persistent in the 1990s.

Although industrial decentralisation policy in the 1980s was relatively successful in creating jobs in peripheral areas (albeit not at a sufficient scale to either seriously challenge metropolitan dominance or to meet needs), the policy came under review from 1987 (Platzky, 1995). The growing critique of industrial decentralisation policy, fiscal crisis, the state's turn to neo-liberal orientations, and the growing influence of large business on policy all led to a substantial shift in regional policy (Platzky, 1995; Pickles, 1992). Although the state did not accept the review committee's preferred recommendation to move entirely away from industrial decentralisation towards regional development based on comparative advantage, the new policy, instituted from 1991, reflected a neo-liberal emphasis (Bell, 1997). Based on the argument that 'market failure' and distorting macro-economic policies had strengthened the PWV at the expense of the coastal metropolises, the new policy offered uniform incentives for industry establishing or expanding outside of the PWV, central Durban and central Cape Town. Some 60% of the incentive was available to firms on the periphery of these cores - in the case of KwaZulu-Natal, in outer Durban and Pietermaritzburg. Further, incentives were now much lower and based on profitability. The assumption was that it would benefit secondary cities and metropolises, and other areas dictated by the market. By 1996, when the policy was reviewed by the new government, it was apparent that although these coastal metropolises had benefited from the policy, the more successful older growth points continued to attract a substantial share of investment (NPI, 1996; Harrison and Todes, 1996)¹⁰.

By 1991, new urbanisation patterns were emerging. As noted above, the growth of metropolitan areas had slowed, and secondary cities were growing more rapidly (CDE, 1995). Shifts in economic activity were also occurring. While Gauteng had lost significant industrial employment (Tomlinson, 1993), some of the coastal metropolitan areas experienced growing economic activity. Although secondary cities had grown in population terms, their economic situation was by no means secure. Some of these places

had experienced restructuring, and were attempting to diversify their economic bases (UF, 1994).

From the mid-1980s, in the context of deepening recession, a number of local authorities began to develop local economic strategies (Rogerson, 1994a). For the most part, these were narrowly based attempts to attract industry or commercial development. More comprehensive regional economic planning, however, began in a few places in the late 1980s and early 1990s, laying some of the basis for the resurgence of regional planning in the 1990s.

3.1.5. 1994 and Beyond

The coming to power of the ANC government in 1994 ushered in a new era for regional policy and planning. The establishment of nine provinces with significantly more powers than had been the case in the past, and the commitment to equalisation of finance across provinces has created a new space for regional planning. Provincial plans have been developed to guide budgeting at national level, and to provide direction to and integration of sectoral planning at provincial level. A National Spatial Development Framework, which attempts to integrate an understanding of economic patterns and forces with spatial planning, is being developed. In its dynamic approach it goes well beyond the narrowly spatial considerations which informed the 1975 NPDP. Integrated regional development and sub-regional development plans are also being developed at sub-Provincial level.

There is therefore, something of a revival of regional policy and planning, and new approaches are being developed. Regional planning is now being seen in a far broader way than was the case in the past. It goes beyond the old physical planning and growth pole policies to integrate spatial, social and economic development. Further, it is far more a 'bottom up' activity, reflecting the potentials and needs of areas. It contrasts sharply with the 'top down' approach of the apartheid era. A form of regional policy is also emerging through the revised RIDP that targets selected industries and areas for a three year period until 1999; and through the Spatial Development Initiatives that attempt to 'crowd in' investment in areas of high growth potential (see Jourdan and Goldin, 1996).

Although the current period is one of experimentation, and an exploration of new ideas and approaches, the influence of neo-liberal perspectives is evident in policies, plans and practices. The following section reviews the debate on regional policy in the 1980s and the neo-liberal perspectives which emerged at the time in South Africa.

3.2. REGIONAL POLICY DEBATE AND THE NEO-LIBERAL PERSPECTIVE

The neo-liberal critique of state regional policy in the late 1980s drew on a critical literature that had developed from the late 1970s. This literature focused particularly on the apartheid basis of regional policy at the time, but also criticised its conceptual basis, the way it had been implemented, and its development impact (see e.g. Bell 1973; Dewar et al, 1984b; contributions in Tomlinson and Addelson, 1987; Wellings and Black, 1986; Hirsch, 1986; Rogerson, 1982b, 1991). This critique was largely subsumed within the more influential neo-liberal critiques - particularly those authored by the Urban Foundation and the Development Bank in the late 1980s. Although the Urban Foundation, and many of the 'experts' on the DBSA's evaluation panel saw themselves as standing in opposition to apartheid policies, they brought to bear a neo-liberal agenda.

The main thrust of the UF and DBSA documents was a critique of industrial decentralisation policy, but they also developed similar alternatives based on a 'bottom up' approach to regional development, coupling national economic growth with the development of regional comparative advantages. Both metropolitan areas and secondary cities would be the focus of this approach, supported largely by infrastructural investments. Although the DBSA's 'second best' alternative of a modified industrial decentralisation policy formed the basis for the revised policy in 1991, the preferred emphasis on developing regional comparative advantage came to be influential in policy in the 1990s. Some Regional Development Advisory Committees, notably the Committee for Region E (which included KwaZulu-Natal) developed regional analysis based on ideas close to these notions - although in the case of Region E (SSM-DRA, 1993), the concept of competitive advantage was used, and questions of redistribution were emphasised. Sub-regional plans

were also developed with similar emphases, for example, the 1993 Mhlatuze plan for the Greater Empangeni/Richards Bay area.

Although the more recent regional planning has gone beyond the somewhat narrow conceptualisation of the UF and DBSA reports, the ideas contained in these documents have been influential in some of the regional plans, and in broader questions concerning urban and regional development. A discussion of the main arguments is therefore of some significance.

The bulk of the two reports was devoted to a critique of the practice of industrial decentralisation. The fact that this was the central concern coloured the reports in significant ways. Most importantly, the alternatives presented were weakly developed and reactive. They were not based on a systematic analysis of the South African settlement system and the appropriate form of regional policy. In some respects, this limitation is curious. In the 1980s there had been considerable discussion of the nature of South African urbanisation, and some of those who contributed to the Urban Foundation's research programme had been key figures in documenting patterns (for example, Simkins, cited at length in the previous section). They would have been well aware of the existing literature. Nevertheless, the Urban Foundation report was preceded by a demographic analysis, although it remained at the level of aggregates. Even so, some of the points raised there (such as the expectation that rural areas would not lose population) are not fully incorporated into the report on regional policy. The limitations of the regional policy report must be attributed to assumptions that state policy had played an overwhelming role in shaping settlement patterns, and that left to themselves, they would inevitably 'normalise' - both critiqued in the previous section. Further, the neo-liberal agenda of the Urban Foundation and the influence of World Bank thinking on its work, undoubtedly played a role. To be fair, these reports must not only be understood in terms of the influence of neo-liberal conceptions, and the growing links between the state and large capital, as Pickles (1992) and Platzky (1995) suggest, but also in terms of struggles against the influx control system at the time. While influx control laws had been abolished in 1986, there were still fears that it was being replaced by indirect forms of control, as the previous section

explained, and that the state would continue to limit resources to accommodate the rapid urban growth which had characterised the early 1980s.

The main points of the critique of industrial decentralisation policy, were that it had had a limited effect both on the location of employment and on migration; it was excessively costly and incentives were absurdly high; development created was unsustainable, overly dependent on incentives with limited positive spin-offs; there were too many growth points, many of which were not viable; and that it had led to distorted and inefficient settlement patterns. It is not appropriate to review the detail of their critique here (see Platzky, 1995; Hart and Todes, 1997 for critical reviews). While some points were valid (such as the level of incentives, the low waged work and exploitative conditions created in a number of areas, and the failure of more peripheral settlements – see Wellings and Black, 1986 whose assessment of the performance of the policy encapsulated many of these points), there were internal contradictions in some arguments¹¹, and critical misperceptions and omissions as critics in the 1990s have noted (especially see Platzky, 1995).

It is however useful to discuss briefly the key argument that the policy was essentially flying in the face of economic forces, since the associated assumption that development could not occur in the periphery, was crucial in their neglect of supportive policy for these areas. These perspectives have been critiqued by Platzky (1995), Bell (1997) and Hart and Todes (1997). They argued firstly, that there are strong decentralisation tendencies within certain sectors (see also Harrison and Todes, 1996) - a pattern mirrored in recent years in the rapidly growing East Asian countries (Gilbert, 1993; Hart and Todes, 1997). Notably, this situation is very different from Europe where low waged industries had largely begun to move to cheaper countries at the time when evaluation of growth poles were undertaken, and there was little mobile investment. As argued in the previous chapter, this trend underpinned the shift to more locally based development strategies. The Urban Foundation's presentation of international trends and experience did not, however, recognise these varying contextual conditions.

Secondly, critics argued that the effect of the policy was uneven over space - there were different trajectories in various places (Platzky, 1995). While the fall out from the very

generous policies was significant in some places, it was not as great as might have been expected in others (Harrison and Todes, 1996). In the 1990s, there are new trends towards decentralisation, but the nature of growth varies significantly between places. Peripheral industrial growth is neither a mechanical outcome of 'capital logic' nor of traditional location factors (Hart and Todes, 1997). In short, while the policy was limited, its impact was greater than neo-liberal authors argued.¹² Nor can it be presumed a priori that industrialisation or economic development cannot occur in peripheral areas - a crucial and highly influential assumption of the neo-liberal perspective.

Pickles (1992) takes these arguments a step further. He suggests that the assumption that state regional policy cannot work neglects both the enormous impact that state policies in South Africa have had on the space economy, and the way past non-spatial policies and the form of growth concentrated economic development (see also Rogerson, 1982a; Black and Roux, 1990; McCarthy, 1991; Platzky, 1995), socially as well as spatially. Further, the neo-liberal view neglects the links between forms of economic development and socio-spatial organisation. From this perspective, particular spatial forms are not inherent or inevitable - rather, they are contingent on broader social, economic and political processes, and varying spatial outcomes are possible.

A key weakness of the two documents was that they did not consider the peculiar settlement landscape created under apartheid, nor that it might continue to exist beyond influx control. Although both reports stressed that industrial decentralisation points were unsustainable, they did not consider the likely social effects of the withdrawal of decentralisation policy. The UF report suggested that some better located places would survive while others would not¹³, but did not go on to explore the social significance of these places and the role of these incomes in livelihood strategies. Both reports presumed that controls on movement had constrained movement, and with the withdrawal of influx control, workers would move to work in metropolitan areas.

In all countries of the world there is a process of continued urbanisation, and studies have shown that the welfare of the migrants is increased by moving to urban centres (1990, p.38)

The assumption that legal barriers to movement were the only constraint on migration - and that workers could and would move out of areas with declining or weak economic bases - is an implicit theme in much of the neo-liberal work (see also Bell, 1997; Pickles, 1992).

According to the DBSA (1989, pxxx),

The free mobility of all factors of production, especially of labour, should be regarded as a prerequisite for the efficient functioning of a market economy. Labour mobility is important in order to promote participation in the economy, access to opportunities and resources, and urban concentration.

Similarly, Tomlinson (1990) argued that

poverty stricken regions...need the PWV's growth in order to spur migration and to reduce unemployment and the demand for services. (p.152)

Homelands were

a source of migrants...The primary issue...is not the location but the growth of employment, accompanied by freedom to live where one chooses. (p.153)

Roux (1989) went even further, arguing that rapid urbanisation to the major metropolitan areas was the only solution for peripheral areas. Of course, the emphasis on mobility must be understood within the context of past constraints on movements, but barriers to movement are not purely legal, as Bell (1997) argued, and as the case study of Newcastle will demonstrate. At a theoretical level, the mobility assumptions of the neo-liberals are based on urban transition models, which have been widely critiqued in relation to developing countries (see Chapter 5).

The Urban Foundation and Tomlinson did, however, argue that people outside of economically growing areas should be guaranteed access to social and infrastructural services. Although this concession is important, it does not confront the broader questions related to the future of settlements with weak or declining economic bases. These places include settlements created by apartheid policy, but a wider range of places are experiencing restructuring and may be vulnerable as well.

The failure of neo-liberals to consider the nature and significance of various kinds of settlements and the role of place in survival, is perhaps not surprising in the light of their overwhelming concern for national economic growth, and their separation of people and place prosperity. In the South African context, of course, the exploitative and low waged nature of employment generated in many industrial decentralisation points brought into question the extent to which 'place' policies had achieved 'people prosperity', undermining a consideration of links between the two. Further, as occurred elsewhere, social concerns were largely subsumed within a discourse of economic growth. But as Pickles (1992) and Bond (1990) suggest, this focus on growth in abstract neglects the particular form of economic growth and its social and spatial implications. In the two reports, social considerations were equated with political concerns linked to controls over movement. In the absence of influx controls, there was little rationale for the kind of social considerations that had underpinned policy elsewhere.

The DBSA therefore posed its evaluation of regional industrial development policy (RIDP) in 'economic' terms:

cognisance is taken of the relaxation on the movement of Blacks that have already taken place in South Africa...recommendations are made on the assumption that these trends will continue.

From the outset, therefore, the Panel concerned itself with an economic assessment of the current RIDP. (DBSA, 1989, p.290)

Similarly, the Urban Foundation, a body created to represent the views of the private sector, preferred 'to favour the operation of market forces in order to maximise economic efficiency', although it recognised the salience of 'equity considerations...in South Africa, with its wide inter-racial discrepancies of income and access to economic opportunities' (p.1). Nevertheless, the Urban Foundation reacted against the past emphasis on 'place' versus 'people' prosperity, and the spatial dimensions of 'equity considerations' were weakly developed.

Tomlinson (1990), following Alonso (1975) and Williamson (1965) argued that South Africa was at too early a stage in its economic growth to decentralise industry, and that the main concern should be jobs and incomes, wherever they are located. The benefits of such

growth would 'trickle down' spatially and socially. But as Pickles (1992) implies, the distributional effects of economic growth are contingent on its form, rather than an automatic outcome. Pickles (1992) argues that Tomlinson's preferred alternative of flexible specialisation as a path for manufacturing would concentrate growth socially and spatially. Pickles (1992) perhaps relies on a somewhat mechanistic interpretation of the outcome of changing technology here, but the broader point is an important one.

Tomlinson's (1990) argument neglects the role places - even vulnerable ones - might play in livelihood strategies, a question explored in relation to Newcastle. Further, it presents a static view of the potentials for growth, and the way in which economic restructuring alters the prospects for development. As argued in the next chapter, newer theories of uneven development are challenging the equilibrium based and hierarchical formulations of traditional spatial theories, and lead to different perspectives on both the potential for development and the needs for intervention.

The argument also ignores the role places might play in national economic development. For instance, the newer literature on industrial decentralisation has shown that some sectors which developed in the periphery, would not have survived or developed in metropolitan areas (Harrison and Todes, 1996; Hart and Todes, 1997; Platzky, 1995). Bell (1997) in fact suggests that the RIDP might be used in new ways in support of economic growth in the 1990s: to restructure and improve the competitiveness of sectors which are now vulnerable in the light of rapidly declining import controls.¹⁴

The question of metropolitan areas looms large in arguments around growth. As elsewhere, policies to develop peripheral areas were coupled with controls on metropolitan growth, but in a particularly pernicious way in South Africa. The critique of industrial decentralisation has therefore been as much about the anti-metropolitan bias as the policies themselves. As argued in the previous chapter, the coupling of these two concerns was highly problematic: as big city advocates argued, cities play important roles in economic development. South African cities are not particularly large nor do they exhibit significant diseconomies of scale. Bloch's (1993) argument that metropolitan areas as dynamic agglomerations containing significant clusters of industry play crucial roles in fostering

competitive advantage is an important one, and certainly adds weight to the pro-metropolitan view.

That an anti-metropolitan stance is problematic does not necessarily invalidate concerns about peripheral areas or those with weak or declining economic bases. Perhaps understandably, given the historical context however, neo-liberal authors tilt too far in the opposite direction. Bernstein's (1989) discussion of urbanisation challenges, for example, is exclusively concerned with managing metropolitan areas - certainly a valid concern, but there are other issues at stake as well. Further, while the role of metropolitan areas in developing competitive advantage is crucial, it can also be promoted in some peripheral areas, as the previous chapter suggests.

Although the reports emphasised national economic growth, they recognised at least the political demand for some form of regional equity, and proposed alternatives based on developing regional comparative advantage, which they believed was compatible with growth objectives.

The DBSA saw the objective of regional policy as,

the promotion of self-sustaining economic growth of the integrated Southern African economy. Sound regional development should assist all the various regions to reach their full economic potential, insofar as this development is supportive of and compatible with overall growth and development and with income and job creation (DBSA, 1989, p.xxvi)

For the UF as well, 'equity' was largely understood at an inter-regional level. The emphasis on regional equity is curious - as Bloch (1993) argued, and as noted in the previous chapter, it is almost an unachievable end. But because regional equity was conceived as greater equality between large regions spanning areas with large intra-regional inequalities, settlement problems and dynamics within regions were not considered. Although the UF critiques the emphasis on place as opposed to people development, they have substituted region for place, once again fetishising space.

Secondary metropolitan areas and cities, particularly the previously neglected coastal metropolises, were expected to assume the major role in dynamising their regions. These

places would be supported by infrastructural investments, enabling them to accommodate growth. Outside of the secondary cities, development would be based on comparative advantage, which was not necessarily in manufacturing. Towns and cities would compete for both private and public investment, the latter through a fund supporting urban and local economic development.

While a 'bottom up' development process based on developing regional and local strengths does offer the potential for more varied and locally appropriate strategies, it needs to be understood in a rather broader and more complex way than is suggested in these reports.

First, the notion of developing regions and secondary cities in abstract, does not necessarily respond to the problem of place based restructuring and vulnerability in the light of global economic competition. Metropolitan areas as well as smaller towns experience these problems: the focus on infrastructure is therefore insufficient, and a greater emphasis on economic strategies is required. Nor does it respond to the place-specificity of immobility - a question explored using the case of Newcastle.

Second, the form of bottom up development proposed is a narrow one, suggesting a focus on existing natural resource advantages, rather than a wider range of potential strengths that exist or could be created. As noted in the previous chapter, there are other possibilities for development, including local skills that have been built up under previous policies. Platzky (1995) uses the term 'cumulative advantages' to describe the creation of attributes over time which improve the basis for development.

Bell (1997) argues that the main comparative advantage contemplated by the neo-liberals was small scale black agriculture, but at this point, assessments of prospects are much gloomier than they were at the time. It is increasingly recognised that small-scale farming is likely to be undertaken on a part-time basis, as one source of income amongst others. As Hart (1996a) suggests, under this scenario, rather than posing agricultural and industrial development as separate alternatives, the link between the two - as sources of livelihood - is critical. Similarly, Pickles and Wood, drawing together themes in *Antipode's* (1991) collection of papers on *Rural and Regional Restructuring in South Africa* argue for the

necessity of recognising the complex urban-rural links in rural residents lives, while Pickles (1991) suggests the need to link rural reconstruction with the transformation of industrial spaces in decentralised areas.

Third, the possibility for local economic development is not a mechanistic outcome of comparative advantage, or of static formulae. As the following chapter shows, the trajectory of development in particular places is shaped in crucial ways by local dynamics - there are very different patterns in places that are locationally similar. In addition, as argued in the previous chapter, 'bottom up' development cannot be seen in a voluntaristic way - the role of national policies and global forces is critical. The interlinking of supportive national policies and bottom up strategies is a potentially more powerful combination than simply leaving places to compete for investment and funding as the UF suggests. While competition, as Bloch (1993) argues, is a reality, places are in an unequal position to compete and to develop local strategies. It is not surprising then, as Rogerson (1994a) argues, that most local economic strategies in South Africa are little more than place marketing.

In the years since the UF and DBSA reports, prescriptions close to these ideas are common. Whilst the focus on comparative advantage has been supplemented with an emphasis on competitive advantage (although in practice the two are frequently used interchangeably), and the interest in secondary cities has been subsumed within a stronger emphasis on LED (see UF, 1994), the core of neo-liberal ideas remain influential.

These can be characterised as a reliance on the market and on market oriented approaches to development. While interventionist approaches (by central or provincial government) are not ruled out, they largely seek to facilitate the market, developing areas offering competitive or comparative advantages in particular sectors. Regional policy in this sense acts to support national economic growth. Strategies to increase the competitiveness of major metropolitan areas, and to position them as global cities (CDE, 1996) are seen as especially important in this regard, but peripheral areas with clear potential can also be developed. LED based on developing comparative and competitive advantages is the only mechanism for economic development outside of these areas. While the emphasis on

facilitating development in areas of strength is understandable given the recessionary context, and limited resources and capacity, this position leaves aside questions restructuring, and the possibility of place vulnerability or decline. In suggesting that people should move to where jobs are, it assumes away the uneven landscape created under apartheid and the way it is being reconstituted in the 1990s.

3.3. CONCLUSION

The history of dispossession, state apartheid policies, and the responses by marginalised people in a context of constrained options, have underpinned the creation of an uneven and fragmented settlement pattern in the interstices of a more 'normal' settlement hierarchy. In the 1990s, assumptions that these places will disappear are brought into question by rising unemployment in cities as well as elsewhere. Under these conditions, it cannot be assumed that mobility is necessarily a viable option. As the previous chapter argued, place-specific unemployment and immobility has historically been one important rationale for regional policy. In the South African context, there are good reasons for exploring this rationale as one basis for a reconstituted policy, especially in the light of global economic restructuring, which may be a significant force for spatial restructuring as South Africa opens up to the global economy.

The neo-liberal perspective, while understandable given the historical context in which it emerged, largely ignores these questions, basing its perspectives on normalisation assumptions which do not come to terms with the material bases of South African urbanisation. Its view on regional policy is based on a particular reading of the international literature, and on a neo-liberal perspective that is increasingly being questioned. Although the concern to eliminate much of the wastage of resources, and the exploitation associated with past policies, is commendable, it does not grasp the more difficult issues that now confront South African regional policy and planning.

NOTES

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- ¹ Pickles (1992) and Bond (1990) argue that the 'new realism', reflected in the acceptance of neo-liberal approaches to policy on the part of critics of the apartheid state in the late 1980s, was underpinned by the strength of the state at the time, by the collapse of Eastern European economies, and by the assumption that fundamental change would not be possible. It is beyond the scope of this thesis to consider these arguments. It needs to be stressed, however, that arguments that regional policy in South Africa had been contrary to the interests of the poor in a number of respects, that they did little to generate development of the periphery (Hirsch, 1986; Dewar et al, 1984b, Wellings and Black, 1986; Pickles, 1991) and that this mirrored experience elsewhere, were in themselves powerful reasons why the ending of existing regional policies were rarely seen as compromising liberatory agendas. Bell (1987), Glaser (1988) and Pickles (1991) were, at the time, unusual in calling for alternative regional policies to develop the periphery. The consideration of the arguments around regional policy in its own right is therefore of some importance.
- ² As explained in Chapter 1, this was the predominant view in the mid-1980s. See particularly Addleson and Tomlinson (1987); Tomlinson and Addleson (1987a); Maasdorp (1985). A number of authors at the time did recognise that decentralisation was partially market-driven (eg. Dewar et al, 1984b; Wellings and Black, 1986; Cobbett et al, 1987), and as Rogerson (1992) notes, the role of growing unionism and of varying labour legislation was widely recognised, but the 'artificial' nature of trends towards decentralisation was more often emphasised. Further, authors argued that the policy had had limited effects (see Platzky, 1995 for a critical review of these positions), and tended to emphasise the non-developmental nature of the form of decentralisation. All of these positions fed into the later neo-liberal critique of regional policy.
- ³ Although the DBSA was a parastatal organisation, a Panel of Experts, largely drawn from outside the state authored the report.
- ⁴ One of the DBSA's alternative recommendations (albeit their less preferred model) formed the basis for policy in the 1990s, and the more general focus on regional development based on comparative advantage (in both reports) was developed through the Regional Development Advisory Committees - if rather unevenly between regions.
- ⁵ In an interview with Andre Wilsenach, one of the key actors in the DBSA report (September 1990) he commented that the policy alternatives provided, and particularly the emphasis on multi-sectoral regional policy, was largely intended to appease homeland leaders.
- ⁶ This account draws from earlier work done by the author with others (Dewar et al, 1982a, 1984a and b, 1985; Sutcliffe et al, 1990; Sutcliffe and Todes, 1986; Bonnin et al, 1991; Todes and Watson, 1986), as well as from other sources.
- ⁷ Controls on African employment were limited to 'non-locality bound' industries and controls on the expansion of industrial land remained.

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- ⁸ The definition of town depended on whether some form of local authority had been created. This is also the definition used in the 1980 and 1991 census.
- ⁹ Betterment policies were intended to concentrate population in villages in order to free up better land for fields, and to enable the provision of services. In practice, however, they have contributed to the marginalisation of agriculture as fields were too far to allow easy tending, and there was insufficient land around the house for subsistence production. The policy was initiated in the 1930s, but continued until the 1980s (Yawitch, 1981; De Wet, 1987)
- ¹⁰ These findings contrast with assumptions of a trickle down of economic growth through a hierarchy of settlements made by a number of authors (e.g. see Dewar, 1987), which also underpinned arguments for the development of secondary metropolises and cities. While the bulk of firms assisted by the 1991 policy were concentrated in a few, relatively well located, and by now, larger places, as Wellings and Black (1986) predicted would be the case, it should be recognised that most of these places were to a large extent generated by industrial decentralisation and other apartheid policies.
- ¹¹ For example there are contradictory statements about the extent to which decentralisation points are sustainable (see UF, 1990, pp. 37 and 38)
- ¹² The DBSA in fact recognised that it had an appreciable effect on the location of employment, and further that some points had become sustainable, but discounted these findings in their overall evaluation.
- ¹³ Ironically, the next page then argues that most firms are not sustainable - see note 11 above. The contradiction is also apparent in the following quote: 'firms that establish do not provide a suitable economic base for self-sustaining efficient growth of such areas...in many cases even firms which would survive without incentives state that they would probably not remain once incentives were withdrawn' (Urban Foundation, 1990, p.38).
- ¹⁴ A number of these sectors (such as clothing mass production) are concentrated in a few places (including old decentralisation points) where the effects of decline could be devastating. Regional incentives are now one of the few acceptable ways of subsidising industry in terms of agreements at the World Trade Organisation.

CHAPTER 4

THEORIES OF UNEVEN DEVELOPMENT AND SPATIAL RESTRUCTURING

The overall argument of this thesis is that the neo-liberal perspective on regional policy and planning in South Africa is flawed in two respects. Firstly, it neglects processes of restructuring, the effects of which were an important concern of early policies. Secondly, in adopting a 'workers to work' approach as an implicit solution to place based decline, it neglects the constraints on migration and ties that people have to place. Chapter 2 located the neo-liberal perspective within the context of changing approaches to regional policy, while Chapter 3 discussed the South African version of the neo-liberal approach. These chapters went some way towards critiquing the neo-liberal view as an approach to policy. The aim of the next two chapters is to develop a deeper theoretical critique of the neo-liberal perspective, and to explore theory that assists in analysis of the case study. This chapter focuses on theories of uneven development which raise questions about the equilibrium assumptions of the neo-liberal view. Chapter 5 considers literature on migration and livelihood strategies, in order to demonstrate that the migration assumptions of the neo-liberal view are flawed.

The key propositions of the neo-liberal perspective, as discussed in Chapter 2, are that factor movements result in more even patterns of growth, and further, that economic growth 'trickles down' through a hierarchy of settlements. This conceptualisation does not come to terms with the inherently unequal and destabilising nature of capitalist development over space, and with the processes of uneven development that constantly reshape the spatial landscape.

Since the late 1970s, a new economic geography that provides different explanations of spatially uneven development, has developed. This literature initially arose in response to the new forms of geographically uneven development that had emerged during the recession years of the 1970s. Perhaps most striking, was the decline of a number of previously growing areas (Bluestone and Harrison, 1982; Massey, 1978), and the growth of new centres of low-waged production on the periphery. More recent work has focused on the development of 'new production spaces' (Scott, 1988), often in places which would not

have been predicted by traditional theory. The new economic geography, however, goes beyond describing patterns, to retheorising spatial development and its interrelationship with social and economic processes.

While there is considerable debate in this literature, there is implicit agreement that 'regional problems' are likely to be endemic, since spatial patterns which emerge as a result of accumulation processes are uneven, and moreover that these patterns change over time. Although some places may be able to maintain their prominence, selective growth and decline in particular areas is inherent to capitalist industrialisation.

The theories of uneven development reviewed here go beyond the earlier conceptualisations that focused on one or two forms of uneven development (such as Myrdal's cumulative causation theory), and those rooted in dependency theory (such as Carney et al, 1977). Further, they depart from notions that development necessarily begins in core areas to be diffused, and from assumptions that peripheral areas necessarily remain in a subordinate relationship to core areas (as in theories of the New International Division of Labour [Hymer, 1972, 1976; Froebel et al, 1980]). While NIDL was important in demonstrating new patterns of growth and decline, its focus on multinational corporations as hierarchically integrated firms that generated new forms of dependent development on the periphery, was teleological and limited the scope of understanding of uneven development (Platzky, 1995, Storper and Walker, 1989).

Although considerable advances have been made towards the development of general theories of territorial development (especially see Storper and Walker, 1989), it should be recognised that such theories tend to be contextually informed (Gertler, 1992). While Massey's theories of spatial divisions of labour are informed by the British experience of restructuring (Platzky, 1995), for example, Storper and Walker's (1989) more comprehensive synthesis is influenced by the dynamic experience of growth in California (Gertler, 1992). Gertler (1992) suggests also that these theories reflect the time in which they were written. Compared to Harvey's (1982) work, written during recession and in a place experiencing decline, Storper and Walker's (1989) work lays far greater emphasis on the creative power of capitalist development. Much of the literature concerns advanced

capitalist countries. Although the growth of the NICs helped to shift the conceptualisation of uneven development beyond the assumptions of dependency theory, limited work has been done on the spatial dynamics of growth and decline within developing countries.¹ Nor have new theories of uneven development emerged from writers informed by this kind of contextual understanding.²

The following sections outline different approaches to the theorisation of uneven development, and some of the debates that are significant from the perspective of this thesis. The chapter concludes with a discussion of elements of theory that have relevance to the analysis of restructuring in South Africa, and particularly to a consideration of dynamics on the periphery.

Theories of uneven development that emerged from the new economic geography were originally influenced by Marxist theory. Earlier theories focused on showing how and why uneven development was a necessary result of capitalist development, and how capital uses space in its struggle to survive, compete, and overcome crises. Uneven development was derived from the logic of capital and from the 'laws' of accumulation. While this form of capital logic was useful in demonstrating how uneven development is integrally linked to capitalist development, it does not come to terms with the actual processes played out in space. Storper and Walker's (1989) work is also discussed under this heading since it is the most comprehensive theoretical account of why and how the logic of accumulation leads to uneven development. Nevertheless, it goes beyond the abstract logic of the earlier approaches, and recognises the multiple forces shaping particular patterns of territorial industrialisation.

Other theorists have attempted to relate spatially uneven development to processes of economic restructuring. Earlier work focused particularly on the profit cycle within firms, technological changes, changes in the labour processes, and changes in industrial organisation (Platzky, 1995). More recent literature points to far reaching changes in forms of economic, social and political organisation, although the focus is often on production. New forms of spatial organisation are derived from this logic. Although this literature has demonstrated a number of sweeping changes that are important in terms of understanding

processes in particular places, and in critiquing the neo-liberal perspective, work here often remains highly structuralist, and overly deterministic. It does not sufficiently account for variation in the experience of different places, and its claims are frequently overstated.

A third body of literature has emerged out of a critique of these approaches. This work is not necessarily sequential to the above theories - rather it has emerged in parallel. Authors here have attempted to move beyond structuralist, capital dominant accounts to recognise greater variability, contingency, and the influence of a wider set of processes. This move parallels the shift away from highly structuralist Marxist accounts, to a greater recognition of agency, and a wider array of intersecting forces. Some theorists have moved away from Marxism altogether, but others (such as Massey, 1994, 1995) have attempted to deploy its concepts in a more complex way.

4.1. THE 'LAWS' OF CAPITAL ACCUMULATION AND UNEVEN DEVELOPMENT

Common to the earlier works of Walker (1978), Harvey (1982, 1985) and Smith (1984) is the suggestion that uneven development is the result of particular tendencies, tensions and contradictions within accumulation processes. In contrast to assumptions of convergence contained in the classical Marxist and neo-classical literature, the argument is that divergence, and new forms of divergence, are inevitable.

Walker (1978) points to the 'mosaic of unevenness' that emerges from tendencies towards capital mobility and spatial differentiation. Walker argues that places can be seen as use values from the perspective of capital. Each place has a particular combination of resources, built environment, labour, social relations and so on, which can be used by capital in competition and in struggles against labour - in short, in struggles to accumulate. In responding to difference, capital creates spatial differentiation. Capital's mobility allows it to move from place to place in search of better conditions for accumulation, thus forcing areas to compete for development, and empowering capital relative to labour. Although Walker's work has been superseded, his argument as to how capital uses space and place remains important in later conceptions.

Harvey (1982, 1985) and Smith (1984) on the other hand, focus on the constant pattern of spatial restructuring that arises from capital restructuring (as a response to the 'normal' pressures of competition and struggles), and capital movement, to avoid crises of overaccumulation. What we see over the long term is a see-saw movement of capital, to and from particular places, and a constant process of restructuring.

Harvey describes the tension between fixity and mobility, between the need to produce fixed places and the need to destroy them. Capital requires investment in particular places, both to 'annihilate space with time', and to develop a 'structured coherence', i.e. a physical and social environment coherent with and supportive of its needs at a particular time. Capital creates an environment in its own image. Investment in the built environment can also be used as a way of staving off crises of overaccumulation, as it acts as a sink for surplus capital. Equally, there are tendencies that devalue this environment. There are limits to which it can absorb surpluses. Further, technological change, class struggle, competition and the changing organisation of capital can lead to mobility, or can make the 'structured coherence' built up in particular places break down, or can render it inappropriate. In this context, the spatial structure created becomes a barrier to further accumulation - a 'prison' that must be broken down. Whole areas can be destroyed as capital moves on. Although the concept of investment in places in order to avoid overaccumulation, has been challenged (see Storper and Walker, 1989), Harvey's notion of the creation of places as environments conducive to particular forms of capitalist development, and the constraints it places on newer phases and forms of accumulation, remains an important core element in understanding the role of place in economic development, and in explaining why economic development in particular places is not necessarily a linear process.

Smith adds to Harvey's work by bringing together the notion of spatial shifts from low to high profit sectors (old and young) with his theory of the development and destruction of a 'structured coherence'. Smith terms this the dialectic of geographic differentiation and equalisation. He looks at how this dialectic plays itself out at various scales, and creates these scales. Smith argues that underlying the pattern of development, is a see-saw

movement of capital from developed to underdeveloped areas and back again to now devalued areas. While overaccumulation cannot be accommodated for very long by the production of a built environment, it can be accommodated by mobility - by moving ahead of the falling rate of profit.

While these processes may be far less mechanistic than suggested here (there are after all, other possibilities open to capital in crises than spatial restructuring), the theory is useful in pointing to the endemic instability of places, and in going beyond the equilibrium assumptions of the neo-liberals.

Storper and Walker's (1989) work on territorial industrialisation represents the most comprehensive theory of uneven development. According to Storper and Walker (1989, p.1),

Economic development is highly variable from place to place, and there seems to be no trend toward the evening-out of urban and regional economic patterns or of the fortunes of people in different territories. The optimism of modernisation theories...is now dashed. At the same time, spectacular development has been unleashed in places where such positivist theories once claimed that it was definitionally impossible.

For Storper and Walker, the main force driving uneven development is the process of capitalist growth itself. Following Schumpeter, and drawing on regulation theory, they argue that growth occurs through waves of industrialisation and industrial revolutions based on new technologies. Epochs of growth are based on a dominant ensemble of industries, but incorporate a wide range of social, economic and political conditions. In contrast to many regulation theorists, however, they suggest that the forces of production are the foundation for regimes of accumulation, and for crises and decline. New forms of industrialisation reshape the pattern of territorial development, leading to new 'growth centres' and 'growth peripheries' and the decline or destruction of places based on older ensembles of industries and forms of technology. Each ensemble of production has a characteristic form of spatial organisation in which dominant production sectors are centred in particular regions of the globe. This process does not necessarily occur evenly, however. The trajectory of development varies between sectors. Some industries remain unaffected by new technologies, and firms vary in terms of their ability to respond to new

opportunities. Further, some industries remain low profit sectors with limited technological change, trapped in high levels of market contestation. They are forced to adopt short-term cost reduction strategies at the expense of investment.

Like Harvey and Smith, Storper and Walker see space as contributing to capitalist development and the resolution of crises, but go further to show how this process is tied to industrialisation. As in Walker's earlier work, they suggest that the spatial surface which capital confronts is differentiated, presenting a variety of use values to capital. Equally, major changes in spatial reorganisation can be a critical way of reshaping production relations, economics, politics and culture to enable accumulation and to escape the barriers created by existing 'structured coherences' - as Harvey termed them. Territorial industrialisation and uneven development are therefore at the core of capitalist development.

Their analysis of capitalist growth is based on accumulation (investment), strong competition and technological change. In contrast to neo-classical accounts based on exchange and moving back to production, they argue that growth occurs through the expansion of the forces of production - through industrialisation itself. They argue that neo-classical theorists have only theorised what they term the effects of weak competition based on profits and prices under constant technological conditions. Even in its own terms, weak competition does not lead to equilibrium. As other authors have suggested, the drive to equalise profits leads to spatial shifts. What Storper and Walker term strong competition however (i.e. the drive to revolutionise production through the development of new products, forms of organisation, technology, labour practices and so on), leads to 'gales of creative destruction' as surplus profits are generated for leaders, while old sectors and technological laggards decline.

They argue that new growth centres are generally not in the old places (although they might occur on their edges), so new waves of development (or the redevelopment of old sectors) are likely to result in new patterns of spatial development. This view of dramatic spatial change contrasts with the trickle down theories of the neo-classical school, and with assumptions that significant autonomous development on the periphery is not possible.

Instead of pre-existing scale economies and multipliers, they suggest that industry can create its own capacity *de novo*, and its own impulses for growth. Industrial development is the motor of urban growth, rather than the reverse.

Geographical industrialisation has four moments: localisation, clustering, dispersal and shifting patterns. Storper and Walker argue that industries generate their own conditions of growth in places, i.e. they can make factors of production come to them or cause factor supplies to come into being. The above normal profits available in fast growing industries allow them to attract or create the resources that do not exist at the new site. Because industries are new (or substantially revitalised), the factors of production required may be new. In the early stages of development then, growing industries have a 'window of locational opportunity'. Shifts are likely to occur due to the barriers that long established industrial communities and their institutional processes might present to new forms of industrialisation. Nevertheless, resources cannot always be transferred. So new growth centres are often near well developed metropolitan areas or large cities. Even here, however, new locations are frequently developed (such as suburbanisation, or the development of edge cities).

As growth occurs, it consolidates around centres that gain advantage, while others fall behind. When some places get far enough ahead, the locational window shuts. Storper and Walker suggest that the tendency towards clustering and agglomeration is strong, and that particular industries remain highly concentrated. While Myrdal's cumulative causation goes some way to explaining this, it does not examine the way the dynamics of territorial specialisation lead to agglomeration. Like a number of authors discussed below, they stress the role of agglomerations in creating internal and external economies of scale and scope, in reducing transaction costs and in creating local milieux, but suggest that this occurs through the process of industrialisation itself. In contrast to earlier theories, they also suggest that technological change reduces footlooseness, rather than creating it. Agglomeration can occur in a number of ways - in large cities, between networks of closely related small towns, and on a regional scale. But industrialisation and urbanisation do not support each other indefinitely: the competitive basis of territorial clusters can break

down, sometimes to be reconstituted in a new or the same place. The way this occurs is, however, unpredictable - it is the result of struggles, human agency and circumstance.

Storper and Walker critique standard views of dispersal based on diseconomies of agglomeration, declining transport costs, labour cost and militancy, innovation diffusion, and product and profit cycle theories. They argue that these do not sufficiently consider the way in which dispersal is tied into patterns of industrialisation itself, and only consider a few forms of dispersal. They also argue that most industries generate a growth periphery, the reasons for which depend on conditions within the sector and change over time. Expansive peripheries are extensions of growing industries to capture new markets and eliminate competitors. This does not detract from growth in the core so much as extend it. Dispersal may also occur as a consequence of declining growth rates in the context of increasing competition, or as a response to competitive pressures in fast growing industries. Competitive pressures can result in shifts to low wage areas, even in fast growing industries. Nor are these growth peripheries necessarily eternally condemned to dependent growth, as assumed by these theories. The Asian semi-conductor peripheries, for example, eventually developed into more integrated centres of design, fabrication and assembly. Secondary processes of dispersal may amplify growth, for example through the development of linked supplier industries or the transformation of branch plants into more integrated centres of production. Dispersal may therefore result in the development of new forms of spatial development as well.

Because industry tends to be agglomerated, industrial decline is likely to be concentrated in particular places. Nevertheless, older industries may be revitalised after a period of crisis (for example through product breakthroughs or new technology). When growth occurs again, the locational window can be reopened and shifting centres can develop. Older areas may be redeveloped, but often as a result of a reverse diffusion from new centres. Nor do all centres benefit from renewed growth - such growth may also be highly selective. Large metropolitan agglomerations, as spatial agglomerations of a number of complex industries, may be less vulnerable due to their diversity, but even the largest cities can suffer decline. Size alone is no guarantee of stability. This perspective differs sharply

from neo-classical accounts where metropolitan areas are seen as the source of innovation and growth.

Storper and Walker's theory provides a dramatic account of the instability of place, although it should be recognised that these processes occur over a very long time. The limits of the book lie in its implicit reflection on the USA context and the authors' essential fascination with dynamic growing areas (Gertler, 1992). Their denial of the significance of spatial divisions of labour within industries and their emphasis on agglomeration as Gertler (1991) suggests, does not capture common patterns in many other parts of the globe.

Storper (1991) uses concepts developed in the earlier work to examine territorial development in Brazil. He argues that development has tended to remain concentrated since sharp income inequalities and the low level of labour absorption in the economy has impeded the development of the market, kept wages low, and limited pressures towards technological development and innovation. The shallowness of industrialisation ties it to large metropolitan areas, and the perpetuation of low wages due to rapid rural to urban migration limits the forces propelling dispersal. While Storper's (1991) work is useful in showing how patterns of spatial development are linked to the dynamics of accumulation in a particular nation, it does not come to terms with the very significant patterns of dispersal which are occurring in many developing countries (Gilbert, 1993; Hart, 1994), especially in low wage sectors. Nevertheless, neither dispersal nor continued concentration can be assumed a priori, and patterns have to be examined in context.

4.2. ECONOMIC RESTRUCTURING AS SPATIAL RESTRUCTURING

A second body of work focuses on processes of economic restructuring (particularly industrial restructuring), and attempts to derive spatial processes from these forms. Like authors within the capital logic school, this literature starts from processes of accumulation, but goes beyond abstract laws to actual processes. While the earlier work attempted to develop frameworks for the analysis of uneven development, more recent work points to far-reaching changes in the organisation of the world economy, and derives spatial changes

from these forms. Common to all these perspectives however, is the argument that uneven development is not disappearing - rather new forms of uneven development are emerging. Space is constantly reformed in response to the changing dynamics of capitalist development.

4.2.1 Spatial Divisions of Labour

Doreen Massey's (1978, 1984) earlier works provided the basis and a significant framework for understanding industrial restructuring and its effects over space. She argued that competition and the drive towards technological innovation, *inter alia*, resulted in processes of industrial restructuring involving new forms of industrial organisation, new labour processes, new divisions of labour, and new requirements in terms of location. In her 1984 work she developed three 'spatial structures of production' as examples to describe the different way in which production might be organised over space. Industrial restructuring could therefore involve the development of a new spatial surface of production, and new spatial divisions of labour, resulting from the intersection of spatial structures of production and other social divisions. Patterns of uneven development could be understood as the result of various rounds of accumulation interacting with an already spatially differentiated territory (partially created out of previous rounds of accumulation).

Like Walker (1978), Massey argued that places present a set of differentiated use values for capital, the requirements of which change over time. In a similar way to Harvey, she suggested that labour processes and practices, and the nature of the labour force in existing industrialised areas, might form a barrier to the introduction of new forms of industrial organisation. New divisions of labour could therefore result in new spatial divisions of labour, and development in places would not necessarily be continuous, but could be marked by sharp shifts in direction. However spatial restructuring was not just a mechanistic outcome of capital's shifting requirements, nor could it be understood in a narrow or economistic way:

behind major shifts between dominant spatial divisions of labour within a country lie changes in the spatial organisation of relations of production, the development and reorganisation of...spatial structures of production. Such shifts in spatial structures are a response to changes in class relations, economic

and political, national and international. Their development is a social and conflictual process; the geography of industry is an object of struggle. The world is not simply a product of capital's requirements. (Massey, 1995, p.7)

The uneven spatial surface that was created was also not merely the result of rounds of changing requirements on the part of capital, but was influenced by varying local histories, different class, race and gender relations and different political and cultural traditions. While these would have been shaped in complex ways by past rounds of accumulation, they were more than mere residues. People were seen as active agents, and 'place' was understood as the result of complex intersections between forces operating at different levels over time (Massey, 1995). This is far from the geological metaphor for which Massey has been criticised (see Warde, 1985; Bagguley et al, 1990). This is discussed in greater detail below.

Massey's contribution was also to move beyond static descriptions of unemployment and particular types of work distributed in space. Rather, she saw space as relational,

constructed out of...the relations between social phenomena. We actively create space...in the organisation and living of life. Moreover the way we do so will have its impact back on the structuring of society and our lives. (1995, p.1)

She argued that:

space can be more helpfully conceptualised as the product of stretched-out, intersecting and articulating social relations of the economy. Not only does this integrate 'the social' and 'the spatial' from the moment of initial conceptualisation, it also introduces - directly into space itself - the issue of social power. (Ibid., p.2)

Further,

new spatial divisions of labour (forms of economic uneven development) are thorough re-workings of the social relations which construct economic space (for divisions of labour are themselves conceptualised as constructed through social relations). They are more than just new patterns of employment, a kind of geographical reshuffling of the old pack of cards. They represent whole new relations between activities in different places, new spatial forms of social organisation, new dimensions of inequality and new relations of dominance and dependence. Each new spatial division of labour represents a real, and thorough, spatial structuring. It marks a new form of regional problem; and more basically, it marks not a new reorganisation of relations in space, but the creation of a new space. (Ibid., pp.3-4)

Massey's work provides a powerful framework for understanding the processes of spatial restructuring and the creation and re-creation of places. Her framework however, is often used in a more rigid and narrow way than she intended. Storper and Walker (1989) further argue that she lays too much emphasis on the relations of production, and too little on the development of the forces of production and the role of strong competition in the creation of space.

Her work, like others at the time, in some respects privileged changing labour processes over the forces of production. Perrons (1981), for example, linked stages in the development of the labour process under capitalism (machinofacture, manufacture, fordism and taylorism, neo-fordism) with particular spatial forms. Although Massey (1984) used her concept of spatial structures of production and spatial divisions of labour to understand rounds of spatial restructuring in the UK and the way it had recomposed patterns of growth and decline, her work is not unilinear - she recognises the co-presence of several kinds of spatial structures of production, variations between sectors and between different types of firm. This is discussed further below.

4.2.2. Profit Cycles

In 1985, Markusen developed her theory of profit cycles to explain how processes of spatial change were linked to the changing determinants of profitability and market power. Her work builds on Schumpeterian and Marxist theory, on product cycle theory, and theories of oligopolistic behaviour. She sees business strategy as the key issue:

assuming that managerial decision-making is not perfectly dictated by the market but that risk-taking, organisation-building and market-dominating efforts, political influence and mistakes may all be important contributors to regional performance. (Markusen, 1985, p.2)

In the early innovative eras, new industries can gain superprofits due to the lack of competition and the newness of their product. Agglomeration develops in this period as innovators require proximity and particular labour forces are needed. In the second era, there is growing competition, normalisation of profits, standardisation, and increasing scale of production. Both standardisation and competition lead to dispersal, but if oligopoly

occurs from the early stages, dispersal may be retarded. In the third era, the development of oligopolies (which do not occur uniformly between industries) allows greater profitability. In the fourth era, profit squeezes as a consequence of competition from overseas, or from substitutes, results in pressure to rationalise or close down. This process can result in extensive plant closures (especially if the sector is highly oligopolised), often affecting older regions. It can be accompanied by reconcentration of production in places where labour costs are lower and the business climate is easier.

Markusen's theory is interesting in tying forms of economic power to spatial shifts. Nevertheless, it gives little weight to technological changes, or to global competition, and remains largely located within forms of production in the fordist era (Platzky, 1995).

4.2.3. Global Change

From the mid to late 1980s, by contrast, there was virtually an explosion of literature arguing that a sea change was occurring in the nature and form of capitalist development, resulting in new forms of spatially uneven development. The contours and extent of these shifts are intensely debated, but a number of dimensions can be identified.

It has become common cause to argue that the international economy is becoming increasingly integrated, and that capital is globalising. As Dicken (1994) points out, however, the nature of this process and its direction is unclear. Some authors such as Reich (1991) argue that we are moving towards a globalised economy, and that the role of the nation state is weakening in the face of the growing power of transnational corporations; the globalisation of financial markets and international monetary flows; and the growth of supranational economic organisations (Amin and Thrift, 1994). Others such as Hirst and Thompson (1992), analysing evidence of trade, investment, and moves towards supranational trade and economic blocs, suggest instead that we have an international economy and national responses to it. National states remain important in shaping development internally, and in providing a regulatory framework to which TNCs respond. Rather than disappearing, there are complex bargaining relations between firms and states (Dicken, 1994). Nevertheless, it is clear that the fates of both national and local

economies are increasingly shaped by processes and decisions outside their boundaries. This is, of course, not new, but with the collapse of the Bretton Woods agreement in the early 1970s, the old system of regulation has begun to crumble.

Some of the important elements of the changing global order are, firstly, the increasing power of finance capital and its growing global reach (Amin and Thrift, 1994; Swyngedouw, 1992). Secondly, the suggestion that knowledge is increasingly becoming a 'factor of production' (Amin and Thrift, 1994, p.3). In a related vein, Porter's (1990) argument that comparative advantage is being superseded by competitive advantage, can be seen as emphasising the role of knowledge, innovation and learning. Similarly Best (1990) suggests that competition based on price is being superseded by competition based on quality. Innovation, flexibility, and improvements in design are increasingly the mark of his 'entrepreneurial firm' (Harrison, 1994).

Thirdly, the development of new technologies has accelerated - particularly in knowledge based industries, but also across the range of industries. Technology change shifts the competitive position of industries, in favour of firms and places able to adopt newer technologies, but may also change previous locational patterns. While the spread of electronic networks has theoretically increased access to newer technologies,

the greater uncertainty produced by this more complex environment militates against any except those institutions with considerable resources and continuous learning capacity. (Amin and Thrift, 1994, p.4)

Fourthly, TNCs are becoming more significant actors in the world economy, and are increasingly working collaboratively. Amin and Thrift (1994) point to the rise of global oligopolies, but Dicken (1994) suggests that changing forms of organisation are more complex. He argues that:

TNCs are restructuring their activities in ways that involve: (1) reorganising the co-ordination of production chain functions in a complex realignment of internalised and externalised network relationships; (2) reorganising the geography of their production chains internationally and, in some cases, globally... These developments reflect the nature of TNCs as highly embedded interacting networks involved in competitive struggles in which a diversity of competitive strategies is used. Such strategies are, themselves, the outcome of contested power relations both inside the firm and, externally, with the

constellation of institutions (including the state) with which TNCs interact.
(p.106)

There is a diversity of forms of organisation. Some firms are moving to what Dicken terms the 'complex global firm' characterised by 'integrated network configuration and their capacity to develop flexible co-ordinating processes' (p.108). These firms are increasingly involved in strategic alliances or collaborative ventures - most often with their competitors. Amin and Thrift's oligopolies are not in this sense much off the mark. But Dicken argues that the

transnational reality is one of a spectrum of forms of TNC organisation, a diversity of developmental trajectories in which consciously planned global operations exist side-by-side with firms that have internationalised in an unplanned, often adventitious way. Across the spectrum, complex restructuring is occurring at all geographic scales, from the global to the local, as strategic decisions have to be made regarding organisational co-ordination and geographic configuration of production chain functions. (Dicken, 1994, p.111)

Although TNCs are increasingly involved in global collaboration, they are not necessarily divorcing themselves from their national origins. Like Porter (1990), Dicken (1994) argues that TNCs remain embedded in their home base, even if they are not necessarily 'loyal' to the interests of the nation state.

A fifth and related point, is that by the end of the 1980s, economic integration was increasingly occurring through foreign direct investment (FDI), largely within and between the triad regions. By the late 1980s, FDI was growing faster than exports (Dicken, 1994). Much of this investment has been between industrialised countries, and through TNCs. NICs, particularly in East Asia, but also in some Latin American countries, are increasing sources of FDI. The share of FDI going to developing countries is small (only 18% compared to 60% before World War II), and three quarters of this investment is channelled to 10 countries - mainly the Asian NICs, the 'proto-NICs' and some Latin American countries (Dicken, 1994).

These patterns obscure another important element of the changing global order, namely, the growth of Asian economies since the 1970s. Increasingly, economic growth is centring on these economies, and they have become dominant in certain sectors. The competitive

pressures generated by these countries is undermining some sectors of manufacturing within industrialised and other developing countries.

Sixthly, international and supranational organisations such as the UN, the EEC, and G7 are becoming increasingly important. For the purposes of this thesis, the growing significance of organisations such as the World Trade Organisation, where international agreements on trade and tariff protection are negotiated, is crucial. Moves towards declining tariff protection, and the decreasing ability of nations to follow internally oriented growth paths under protection, are likely to be major forces underpinning spatial restructuring. At the same time, the inclusion in and exclusion from, emerging trading blocs will reshape national and sub-national prospects for development.

While the literature on globalisation does not necessarily draw out direct spatial implications, these changes could have disequalising spatial consequences. Some elements of these processes are, however, considered within the literature on post-fordism and flexible accumulation.

4.2.4. Post-Fordism and Flexible Accumulation

Drawing on elements of some of these global changes, one body of literature argues that we are currently seeing a shift from fordism to 'post-fordism' and 'flexible accumulation' (Kaplinsky, 1990; Moulaert and Swygedouw, 1989; Harvey, 1989; Piore and Sabel, 1984; Murray, 1989). Some writers draw on regulation theory (Lipietz, 1987) to argue that the fordist regime of accumulation, which was dominant in developed countries after the Second World War, has been in crisis since the late 1960s.

At the level of production, fordism was characterised by the dominance of mass production and scale economies in production. Within the factory floor, fordism was based on the principles of product standardisation; dedicated machinery; hierarchical control; extended divisions of labour, including the separation of mental and manual work; and assembly line production (Murray, 1989). Tendencies towards deskilling were strong, resulting in spatial shifts to peripheral areas as a response to competition and crisis, as in the NIDL thesis.

Mass production was, however, dependent on mass consumption. Both institutionalised bargaining through the growth of unionism, and the development of the welfare state and Keynesian policies were significant here, *inter alia* through ensuring effective demand and protecting national markets. Fordism was, however, broader than this - it was associated with particular patterns of consumption, culture and ideology.

Fordism provided the basis for the long boom of the post war era, but by the late 1960s, productivity had begun to decline, and in the early 1970s, the global economic system was destabilised by a series of shocks such as the collapse of the Bretton Woods system and the oil crisis of 1973. Recession set in and the growth rates of the past came to an end. These developments put pressure particularly on sectors oriented to growing economies (such as steel), but the growth of Western industrialised economies was also challenged by competition from Japan (e.g. in sectors such as motor cars) and by the rapid growth of the East Asian economies, initially specialising in more labour-intensive sectors.

Some authors argue that since the early 1970s, a new flexible or post-fordist regime of accumulation has begun to emerge. At a technical level, 'flexible accumulation' involves the use of flexible technology and production systems that can be adapted to specialised market demand, and to a number of tasks.

A significant trend suggested by these authors is the growth of small firms, subcontracting and networks. Networks are organisational forms that are neither purely bureaucratic nor purely market based (Morgan, 1992). Although networks are often seen as based on trust, and enabling flexibility, they can be organised in a variety of ways, embodying different types of power relations, competition as well as co-operation (Dicken, 1994). Networks enable small firms to move beyond local markets, and to survive in an increasingly competitive world. Small firms are not necessarily developing in isolation. In some contexts, they are part of a larger production system organised around large firms, for example in the case of Toyota in Japan. Here, the small firms exist in a subordinate relationship to Toyota, and are controlled by it in various ways (Sayer, 1986). However, networks are not confined to small firms, as the previous section shows. Large firms are also restructuring internally to improve flexibility and enable continuous innovation. Some

of these changes were referred to in the previous section, but other changes include flattened hierarchies, and the introduction of Japanese style 'lean' production. Nevertheless, as Amin and Thrift (1993, p.575) point out, 'this has not resulted in a similar devolution of power and control'.

Changes in the form of production and in the organisational structure are also associated with new forms of labour processes and labour practices. The classic model (Kaplinsky, 1990) is a core of more skilled 'intelligent' workers, who are capable of shifting between tasks, are able to respond to the need for higher quality products, and who operate in a co-operative relationship with management. Alongside this workforce is the use of more temporary, flexible workers, employed on a part-time basis, or under less secure conditions than was common under fordism. Associated with this shift is the growth of the informal economy, and the informalisation of work. Social divisions and inequalities are becoming more pronounced at the level of society as a whole.

The shift to an entrepreneurial national and local state in the context of an increasingly integrated and competitive global economy is seen as an integral part of 'post-fordism' (Harvey, 1989).

Scott (1988) notes the development of four main forms of production associated with flexible accumulation, and its effects over space. Firstly, flexible design-intensive craft industries (textiles, clothing, shoes, furniture, ceramics, jewellery) have developed in inner cities of major metropolitan areas such as New York, Los Angeles and Paris, and in other parts of Europe. The dramatic growth of the 'Third Italy', founded on interlinked, co-operative, but competing small family firms in a network of small and medium sized towns around Emilia-Romagna-Bologna is often seen as suggestive of the resurgence of Marshallian districts.

The development of these 'industrial districts' has spawned a literature suggesting a return to 'place', and the growing significance of locally integrated agglomerations to economic development. Drawing on the new institutional economics, earlier explanations emphasised the role of transaction costs in cementing local agglomerations (Scott, 1988),

but Amin and Thrift (1994) suggest that this approach was 'radically undersocialised'. More recent explanations, such as the milieu approach, however, stress the significance of 'local embeddedness'. Tödtling (1994, pp.71, 72) describes the milieu in the following way:

The milieu can be defined as the socio-economic environment of an area resulting from the interactions between firms, institutions and labour. It is expected to lead to a common way of perceiving economic and technical problems and finding respective solutions...The milieu mainly fulfils the task of informal knowledge transfer through mobile labour, information links, supplier and customer links, as well as through cooperations at the local and regional level. Although there is evidence for the engagement of both large and small firms, the local milieu is said to be most important for small firms, since these are less able to engage in costly boundary-spanning functions...or to engage in large-scale networking...The milieu is particularly considered to favour learning processes in the innovation process such as learning by doing and learning by using and interacting. An important element in the local milieu is education and training institutions, as well as institutions engaged in firm-formation and technology transfer such as incubation and innovation centres.

Amin and Thrift (1994) suggest that what they term 'institutional thickness' is key to the success of 'intelligent regions'. Social and cultural factors are critical here. Institutional thickness refers to more than simply the presence of institutions: it includes high levels of interaction between them; the development of structures of collective representation that forge a common code of conduct and set of practices; and the generation of a common industrial agenda reinforced through a sense of mutual identity.

Secondly, high tech industry has developed in new industrial areas, close to major cities (e.g. Silicon Valley and Orange County in California, the Bristol-Reading-Cambridge axis near London), and in smaller towns in previously peripheral areas (e.g. Colorado Springs in the USA, Sophia Antipolis in Europe). 'Small incipient Silicon Valleys' (Scott, 1987, p.143) are also emerging elsewhere, for example, in the semi-conductor industry within South East Asia (such as in Hong Kong, Manila, Seoul, Taipei).

Thirdly, office and service sector expansion in the early 1980s reinforced the CBDs of major metropolitan areas, and some suburban locations. Some authors (e.g. Friedmann, 1986; King, 1991) argue that globalisation is reinforcing the development of a few major

international centres as 'world cities' (London, Tokyo, New York, Paris, amongst others). Some cities are redeveloping themselves into 'spectacle cities' (Harvey, 1989) to position themselves within an increasingly consumer and service oriented, internationalised economy.

Fourthly, flexible production systems are being introduced into manufacturing, and are leading to the development of new forms of production space, and to the decline of older centres associated with traditional forms of mass production (Scott, 1988). Restructuring in the motor industry, and associated spatial changes, for example, have received considerable attention in the literature (see e.g. Hill, 1989; Schoenberger, 1987). A number of authors (e.g. Schoenberger, 1987; Sayer, 1986) argue that the increasing use of Just-in-Time (JIT) is leading to greater spatial concentration and local industrial integration. JIT, developed within Japan, is based on a system where inventories are kept low, and components are brought in from supplier plants 'just-in-time'. Spatial proximity reduces transport costs, minimises delay, and allows quick changes in delivery schedules (Hill, 1989). Where complex sub-contracting arrangements exist, spatial proximity facilitates co-ordination, and reduces risk. Toyota City on the outskirts of Nagoya, Japan, is often presented as the paradigm case, being one of the most tightly agglomerated production complexes in the world.

These developments suggest that past problems of 'truncated development' might be transcended by the potential for locally interlinked development. Consideration of the 'return to place' and the role of the local milieu and institutional thickness discussed above is not only confined to the classic industrial districts. However, developments of this sort will only occur in a few places. Some authors suggest that production will reconcentrate in metropolitan areas in developing countries since they are the only places where post-fordist production can occur (e.g. see Morris and Kaplan, 1988), or that firms will shift back to developed countries. These contentions are discussed below. As suggested there, they are highly overstated. Nevertheless, the development of 'new production spaces', and the decline of older centres of production does suggest that new forms of uneven development are emerging. This is a far cry from the assumptions of the neo-liberals.

4.3. BEYOND CAPITAL LOGIC

A third body of literature has emerged out of a critique of the more structuralist accounts in the above approaches. To some extent the division is artificial as it represents a splitting of a debate in motion. Some of the above accounts, such as Massey's work, also go beyond a structuralist approach, and she has been a significant actor in the critique of more rigid approaches. Nevertheless, the distinction is useful in making points about the nature of uneven development and how it is understood.

4.3.1. Economic Change and Spatial Organisation

While this literature accepts that uneven development is the likely result of processes of capitalist development, it attempts to move beyond simply reading off spatial patterns from processes of accumulation. Although certain processes may be at work, they can be played out and mediated in complex ways. Spatial reorganisation is only one way of responding to pressure. And the existence of new technologies, and new systems of production does not necessarily mean that these systems will be adopted, or that they will necessarily result in a given type of spatial outcome. Similarly, new technologies develop unevenly between sectors, and with different effects across them. The introduction of JIT is a case in point. While the logic of the processes involved may suggest spatial concentration, patterns are more variable, and are mediated in various ways. For example, Schoenberger (1987) notes that JIT as set up in the new General Motors Saturn plant in Tennessee, occurs over a day's drive from the plant. Similarly, Linge (1991) notes that new JIT based plants are developing on greenfields sites in rural areas of Europe, UK and the USA to escape traditional labour relations - recalling Massey's (1984) and Storper and Walker's (1989) arguments, and again, far from the assumption that agglomeration is inevitable. JIT may also be combined with more traditional 'world factory' strategies of sourcing components in peripheral, cheap labour areas. Hill (1989) notes that the Japanese state has encouraged auto manufacturers to develop components in the Pacific Rim and Mexico, and assemble in the USA, inter alia, as a way of bypassing trade restrictions. Interestingly, labour shortages in the Nagoya area are beginning to lead to the dispersal of the Toyota City complex

(Kamo, 1992), and the location of parts of production in peripheral areas of Japan. JIT, therefore, is not a static form producing given outcomes. Marceau (1992) notes the difficulty of implementing the JIT system in the electronics industry in Australia, where (as in many other industries) production chains are incomplete, and significant quantities of components have to be imported, often resulting in months of delay. In South Africa, the introduction of JIT in the auto industry faces barriers such as labour relations, worker resistance, lack of expertise, lack of sufficient training and education, and the cost of the associated technology, given the small size of the market (Duncan and Payne, 1992). Although firms introducing JIT do attempt to localise their components' suppliers, there is no evidence of significant shifts in production between places.³ Much of the work on JIT has been oriented to the auto industry, where large producers can dominate their suppliers and can cause locational changes. Milne (1990) notes that this is not the case in the electronics consumer goods industry in Britain, where companies moving back from developing countries are going into peripheral regions. Due to the small size of the economy, JIT can operate over these distances, allowing small subcontractors to stay where they are. Nor is JIT a form of production that is being introduced in every industry.

In line with, and underlying this type of critique, the fordist/post-fordist dichotomy has been severely criticised. Gertler (1992) provides the most comprehensive review of this critique. Firstly, he suggests that while there has been an intensification of interest in adopting some of the practices⁴ associated with flexible accumulation, 'the desires of firms have not been fully requited' (p.261). In consequence, change has occurred very unevenly across sectors, firms, and over space. Ironically, the introduction of more flexible labour practices has been most common. As the discussion of JIT suggests, a variety of forms of production can co-exist even within a *filière*, or even within the production of a single product (Sayer, 1989) - but this begs the question of whether a fordist/post-fordist dichotomy can be maintained. More generally, there is considerable debate over how pervasive the shift to post-fordism is (see e.g. Pollert, 1988 on Britain).

While a number of authors accept that a sea change is occurring, and that the older fordist regime is in crisis, the response to crisis, and the growth model that will emerge in different countries will vary. Freund (1992) and Rogerson (1994b) suggest that the adoption of the

new technologies and organisational forms have been limited in the South African context. Fine (1994) goes further to argue that flexible accumulation has little relevance in South Africa, where development has been dominated by the Mineral Energy Complex (MEC), and industrial production is more strongly linked to downstream processing than to consumption. Rather than declining, this orientation has increased in recent years.

Secondly, while competition on the basis of quality is becoming more significant, price remains important. Scale economies are still factors in some industries. Further, in certain industries, competition based on price still predominates.

Thirdly, the emphasis on small firms has been overstated. As the review of global changes suggested, large TNCs seem to be becoming more dominant, and increasingly powerful. Nevertheless, they are starting to adopt the more flexible forms of organisation commonly ascribed to smaller firms.

Fourthly, the introduction of new technologies and forms of production is mediated by the local social context, and the nature of production relations within firms, as the discussion of JIT in South Africa suggests.

There is also considerable debate over the characterisation and analysis of the new production spaces, and their pervasiveness. As noted in Chapter 2, many of these places were the unique product of specific local histories. In other cases, the role of state policy, particularly in relation to defence, was critical (e.g. see B. Harrison, 1994a on Silicon Valley, and Markusen, 1991). This is far from the endogenous dynamic depicted by proponents of industrial districts. The depiction of industrial districts and new production spaces as centres of highly skilled and incorporated workers, is also problematic - rather, there is considerable evidence of older forms of divisions of labour and labour practices. For example, within Silicon Valley - usually seen as a high tech production space, there is a strong presence of semi-skilled low paid immigrant women workers. Labour relations may also be highly exploitative (Gertler, 1992). The much vaunted new production spaces are not necessarily examples of 'post-fordism'. Lovering (1990) for example, argues that

the M4 corridor is in fact dominated by firms producing standardised products under a fordist mode.

Nor are they static forms. Glasmeier's (1994) work on the declining Swiss watch industry, for example, shows that what were the ingredients of success at one stage can become the source of failure later - a 'prison' in Harvey's terminology. Similarly, Amin and Thrift (1994) and Hudson (1994) suggest that 'institutional thickness' is not in itself a guarantee of success - the wrong kind of institutional thickness can be a barrier to new developments. In a number of theories (Harvey, 1985; Massey, 1984; Storper and Walker, 1989) spatial shifts are tied to escaping a particular set of local and workplace politics. There is also increasing recognition that it is misleading to characterise these new production spaces as small interlinked autonomous firms (even if bound through networks). Amin and Thrift (1994) argue that they have become increasingly penetrated by large firms, more externalised, and embedded in wider divisions of labour. They might be seen more appropriately as 'local nodes in global networks' (Amin and Thrift, 1992). As they put it,

If localities are on the march, it is...to the tune of globalising forces in the organisation of production - a process in which territorial integrity is far from guaranteed. (Amin and Thrift, 1992, p.574)

Nevertheless, Amin and Thrift (1992) suggest that centres are still needed in a globalising world. Places are still important for large corporations. They enable face to face contact; the build up of trust; the development of coalitions and networks; the generation and dissemination of information and discourses; the development of innovations; and they assist in the identification of gaps in the market, new uses for technology, and so on.

Of course, the kind of 'intelligent region' depicted by Amin and Thrift will only occur in a few places. Tödting (1994) examines the evidence of the new forms of production in Europe. He suggests that far from a complete turn around in spatial organisation, there are few examples of completely new production spaces. Similarly, Rodriguez-Pose (1994, p.341) argues that,

a new territorial organisation of wealth is not evident. Certain scattered areas have undoubtedly been affected by flexible production methods, altering their growth potential, but the majority of regions in the EC have seen no significant shifts in their growth patterns...It is clear...that despite huge transformations in the production order, many of the characteristics of the Fordist spatial

organisation linger on. Some features of what has been regarded as the post-Fordist spatial configuration are timidly surfacing and will probably acquire greater importance in the coming years, but the inability of many areas to readapt their social structures to shifting economic conditions is likely to obstruct the emergence of a new clear-cut spatial system in the short-term.

Fielding (1994) however, argues that the relatively static spatial patterns in Europe are the result of new production spaces developing around existing settlements (i.e. through endogenous growth) and fiscal transfers to declining areas (through social security systems) which limit the spiral of decline.

Most commonly, large metropolitan regions remain centres of innovation, with new developments springing up on their edges (Tödtling, 1994). There is nevertheless evidence of the development of new spaces in small towns, or in clusters of towns interlinked through forms of networking, but these are less common than the literature suggests. Tödtling argues that large metropolitan regions retain their dominance as centres of innovation through their roles in education and research, and as nodes in international communication and transportation networks. In some cases, they function as the sort of 'intelligent region' described by Amin and Thrift (1994). The presence of qualified labour is also important. Massey (1995) argues that this is not simply a 'location factor': rather, the social power of highly qualified professionals and workers enables them to determine location in a way that is not possible for less skilled workers. It represents another form of spatial division of labour, rather than a move away from such divisions. While Tödtling (1994) argues that the continued concentration of high tech and new forms of production can be attributed partially to more traditional explanations such as product cycle theory, Storper and Walker (1989) suggest that they are a result of discontinuous processes of territorial industrialisation. They represent new forms of industrialisation. Continued concentration of new forms of industrialisation is a possibility, but is not guaranteed.

Ironically, while a level of reconcentration (see also Fielding, 1994) may be occurring in Europe, this is not necessarily the case in developing countries. Gilbert (1993) notes that the large metropolitan agglomerations in developing countries are growing more slowly: growth is far more rapid in secondary centres and smaller towns. He explains these patterns in terms of the shift away from import substitution towards export orientation.

Amsden (1990) notes the role of urban congestion (in Taiwan) in driving peripheral industrialisation. It is also possible that the growth of low value production in developing countries, and pressures arising from older forms of price competition, *inter alia*, are driving dispersal, as for example, in the case of Malaysia (Ahmad, 1995). Industrialisation in rural areas, where survival strategies are based on a combination of incomes from industry and agriculture (Hart, 1996a), may be a significant part of this process.

There is some evidence of industrial districts – or more appropriately clustering (Navdi and Schmitz, 1994) - in developing countries (Morris and Lowder, 1994; Navdi and Schmitz, 1994), but these are not necessarily new developments or a response to crisis (Morris and Lowder, 1992). They are found in a number of locations, from metropolitan areas, to intermediate towns to rural areas. Although clusters vary, many share the elements of the 'local milieu' noted in industrialised countries, but generally through a common social identity (such as ethnicity) or social networks. In contrast to districts in industrialised countries, clusters frequently combine elements of innovation alongside low wages. Some are clearly 'low roaders', based on lack of innovation, low quality, and cheap labour (Navdi and Schmitz, 1994). Navdi and Schmitz suggests that the existence of massive labour surpluses holds wages down, whether or not there is significant growth, innovation and technological upgrading.

Clearly, then, there is no single model. While some new forms of accumulation are emerging, albeit rather unevenly, they do not necessarily simply replace older modes. Nor can development trajectories be understood in a teleological way. In the first instance, as has been suggested, national conditions (such as forms of industrialisation, levels of unemployment, predominant forms of labour relations and regulation) are crucial. Even where shifts are occurring, spatial forms are not a simple mapping of particular outcomes onto the landscape. While crisis and the breakdown of old modes of regulation and growth paths can be expected to result in spatial restructuring, and in the decline of certain areas, the nature and direction of that restructuring cannot simply be derived from international trends, although these may be influential.

4.3.2. Forms of Capital

Beyond this, there is a tendency in much of the literature outlined in the previous sections to stereotype capital, and hence to fail to differentiate between different types. As a result, the way in which capital uses and responds to space is presented as overly uniform. Sayer (1985, 1986) and Massey (1984) make the point that capitals operate in different ways. They may use and respond to space quite differently. One significant source of differentiation is between sectors, or 'place in the economic structure'. Sectors - and sub-sectors - confront varying pressures in terms of global competition and changing macro-economic conditions. They will be influenced in different ways by macro-economic and other state policies. They will also experience varying pressures in terms of the development of new technologies and changing forms of competition.

A second source of variation lies in what Sayer (1985) terms the social and institutional form of capital. While differences in terms of firm size are often taken into account, others may be missed. Sayer (1985) suggests that the nationality of capital is critical. For example, he argues that the multinational corporation with branches all over the world is very much an American phenomenon. As Hart (1996b) notes, there are peculiarly Taiwanese forms of production and organisation, which are very different from South African firms in the same sector. Her work on Taiwanese investors in Newcastle will be discussed in examining the forms of restructuring which are occurring there. The nationality of capital can influence production processes, management styles, labour practices, and forms of social organisation (Sayer, 1985). It may also be influential in the relations between firms (such as in the types of network that develop), in their relationships to institutions such as local government, and in their growth dynamics.

Variations in the forms of ownership and the goals of firms are also significant. There may, for example, be differences between family firms that are just trying to keep a business ticking over, and the more dynamic, growth oriented non-family firm, or large multinational firms (Massey, 1984). State owned firms may also operate in a different way. Markusen's comments on the significance of competition and oligopoly for location may also be important. In the South African context, the role monopolisation has played in

shaping levels of concentration, is unexplored. Platzky's (1995) argument that firms benefiting from the RIDP were very often smaller firms, and that the policy was resisted by 'metropolitan capital' may, however, be indicative.

4.3.3. Nations and States

The role of nation-states has also been neglected in the more structuralist accounts (Gertler, 1992; Platzky, 1995). Despite arguments regarding the 'withering away' of the state, and the shift to regions, 'the nation-state remains an important institution of capitalism' (Gertler, 1992, p.270). Nation-states produce distinctive systems of innovation, and particular systems of education and training affecting workplace culture and skill levels. National production systems, and the way industry and labour relations are institutionalised, all mediate global change, and affect development prospects in different places (Ettlinger, 1994). Laws and agreements affecting wage levels (and their differentiation over space), labour conditions, and labour relations are also important in influencing the possibility and likelihood of different types of production over space, and how restructuring occurs (Gertler, 1992). State macro-economic policy produces differentiation between countries, and sets up different conditions for industries and firms. A major body of work (some of it outside of the restructuring literature) shows the way macro-economic and other policies influence spatial dynamics. Some of the most important policies identified are trade policy⁵; state sectoral policies, which encourage the development of some sectors or sub-sectors above others, or which give special stimulus to particular sectors⁶; policy towards nationalised industry, monetary and expenditure policies⁷; taxation policies, pricing policies⁸; the effects of major state expenditures; and the spatial implications of departmental expenditure and policies (King and Clark, 1978; Wallis and Truu, 1990; Malecki, 1982; Hudson, 1986; Markusen, 1986; Elias, 1982; Richardson, 1978; Armstrong and Taylor, 1978; Dillinger 1981). State regional policies of course also have an influence, usually in interaction with other forces. State policies reflect both the external pressures on government in an increasingly integrated world economy, and the various class and other interests that come to bear on the state (see Jessop, 1990 for a discussion of theories of the state). While it is commonly argued that the state largely represents the interests of various fractions of capitals, although these may be conflicting,

such instrumentalist conceptions cannot be assumed a priori. Goals of accumulation may well conflict with the political interests represented in the state. Nevertheless, the orientation of the state, and the conflicting pressures reflected in its policy, can play important roles in shaping and reshaping uneven development, as the discussion of the history of South African urbanisation showed.

The view of uneven development in terms of this approach is therefore complex. Processes of accumulation are understood in a more nuanced way than in the more structuralist accounts. The implication is that these processes would have a far more variable and indeterminate outcome than the earlier work suggests. Further, the production of uneven development, spatial shifts and restructuring are likely to occur on a more ongoing basis, although there may be periods of major change. Moreover, the effects of these processes are likely to be more variable than is suggested by structuralist accounts.

4.3.4. Localities

This proposition has spawned an interest in the 'local' as a source and element of variation, and the role of 'place' within economic development. Massey's earlier work (discussed above) provided the basis for analysing the very different trajectories of development that might arise as a result of the intersection between various 'rounds of accumulation' and local social, political, cultural and economic conditions. Her work was influential in going beyond the passive way in which space had been seen, and in suggesting how local variability might be understood, and how it influenced forms of uneven development.

Building on Massey's work, locality studies were undertaken in Britain (see e.g. Cooke, 1989a; Bagguley et al, 1990; Murgatroyd et al, 1985) in order to understand the way in which economic restructuring was affecting various areas and their political dynamics, and how localities were responding to change. In many of these studies, a central point of departure was not simply that space is important, but that localities themselves were also agents and actors with the 'proactive capacity or initiative-taking ability' (Cooke, 1989b, p.21). According to Cooke (1989b, p.22)

'Locality' is a theoretical concept with a specificity derived from the interaction of exogenous and endogenous causal powers. Recent attempts to

theorise it have stressed the former at the expense of the latter and have thereby missed the importance of the concept as a key social base and motive force in social change. Locality is to be understood as a spatial concentration of national subjects endowed with rights and capacity for proactivity. Local action, therefore, is the product of some degree of collective will to exercise these rights in specific circumstances. The nature and extent of that proactivity is influenced but not determined by the impact of supra-local forces.

A rather tortuous debate has surrounded these propositions. One source of debate has been the significance of structural forces versus agency and the ability of localities to effect change. By the 1990s, and following extensive debates within the journals of *Society and Space* and *Antipode*, both Thrift (1991) and Dicken (1994) commented that the debate had been resolved in favour of structural accounts, and that reference to agency and context had become taboo (Thrift, 1991). According to Dicken (1994),

The idea that the transformations which are occurring at the level of production (notably the growth of network organisations and relationships) will automatically lead to a general enhancement of local economic opportunity and well being is a pipe - dream...Within the global-local nexus, the key interactions remain at the level of the TNC and the nation-state. (p.123)

According to Dicken (1994) and Harvey (1989), local communities are relatively powerless except in specific circumstances. The 'localisation' of development, as noted above, only occurs in a few instances.

A second source of critique concerned the political analysis inherent in and drawn from analyses of localities. For some (e.g. Harvey, 1989) it represented a retrogressive return to a view of communities as endogenous, static and inward looking, and to a locally oriented politics. A turn to postmodernism and its potentially fragmented and isolated politics was detected. For others, the mapping of largely economic processes to politics was seen as crude and reductionist (Cox, 1992; Warde, 1988). There was a tendency towards spatial determinism (Duncan and Savage, 1989), and an assumption that there is a common local interest that is acted upon. It should be noted that the political debate has in many ways coloured debate over the analytical usefulness of these concepts.

At a conceptual level, it was argued that the emphasis on localities lead to a series of atheoretical descriptive studies, with little broader significance. Further, the causal powers

of the concept of locality was never specified, leading to confused discussions of any local influences, and leaving open the question of whether there were conditions internal to localities that could produce distinctive outcomes, let alone human action (Cox, 1992; Duncan and Savage, 1989). Discussion of local action was often reduced to what the local state did, ignoring other forms of social organisation (Cox, 1992). The concept of locality was nebulous, and could not be defined theoretically. Boundaries could not be drawn in an unambiguous way as they would vary experientially and would not necessarily have common political meanings and hence implications for social action. Travel to work areas (commonly used as boundaries), although incorporating local labour markets, could not be seen in this way, nor could they encompass all elements of social life (Duncan and Savage, 1989). The concept of localities reintroduced spatial determinism and was not necessarily an appropriate starting point in understanding spatial variation.

While these critiques are useful in warning against the potential problems associated with locality research, they do not necessarily negate the significance of local variation to uneven development. Furthermore, it is apparent that much of the debate concerns the political place of localities, which is not central to this thesis. Nevertheless, given the baggage that now attaches to the concept of locality, it may be more useful to abandon it in favour of looser concepts such as case study areas, as Duncan and Savage (1989) suggest.

Massey's (1991, 1994, 1995) brilliant response to her critics, and to the locality debate, shows the confusion in much of the debate, and illuminates more clearly how the concept of the 'local' can be understood. For Massey, the concept of intersecting rounds of accumulation is not a static sedimentation of layers, as is sometimes suggested (Bagguley et al, 1990; Warde, 1985). Rather it is intended to capture the intersection and articulation between broader processes of change and the variety of conditions at local level, that affect the way in which economic development occurs. These local conditions are not purely economic, but include political, cultural, ideological and social conditions. Variations in gender and racial relations, for example, may be important in the way capital responds to space, and in the effects of particular forms of industrial organisation in places. Furthermore, the forms of spatial organisation that emerge are not purely the result of the requirements of capital - they are also the outcome of struggle. Places are open systems:

they cannot be seen as bounded. They are a particular outcome of articulating and contested social relations at a variety of scales. Not all of these relations are 'in' a particular place - what constitutes the local includes social relations that are stretched over space. The global is part of what constitutes the local. The specificity of place is constituted through the particular mix of links and interconnections within and beyond it, and it is formed and reformed. Places are always in the process of becoming. The local cannot therefore be treated as a set of internalised endogenous factors. Rather, Massey's approach,

stresses the construction of specificities through interrelations rather than through the imposition of boundaries and the counterposition of one identity against another. (1994, p.7)

Moreover the identity of place is not fixed - it is contested and multiply defined. Subjects may be constituted as part of place, but their identity is multiply determined. Similarly, place will have different meanings for people. This is far from an essentialist conception of place, or from an assumption of common identity and political action. Rather, there are likely to be different and conflicting identities, which will form part of the constitution of places.

The mutual interaction or conditioning of local and broader processes may or may not involve conscious local action for economic development, but it cannot be assumed a priori that places in this sense actively generate change. Further, social processes that are not linked to organised action will also affect and condition economic development. Organisations outside of local government may also be important.

A focus on localities does not necessarily imply jettisoning grand theory. For Massey, understanding broader political-economic processes is critical to analysis of particular places. The starting point for analysis and the way local areas are defined for study cannot be solved in abstract - they depend on the research issue. However this is defined, according to Hart (1994),

The central challenge is to understand the changes taking place in different regions of the world economy as part of an interdependent set of processes, while at the same time explaining the historically and institutionally specific ways these forces play themselves out in specific settings. (p.4)

The varying trajectories that are possible enable a complex view of processes of uneven development. Spatial outcomes cannot simply be derived from structural forces, although these might provide parameters on the range of possibilities at particular moments.

4.4. CONCLUSION: ELEMENTS OF ANALYSIS

The above discussion has shown a variety of theories that suggest that spatially uneven development is inevitable, and further, that spatial shifts and the rise and decline of particular places are likely. This goes beyond the neo-classical conception of spatial development and the hierarchical forms of spatial organisation implicit in neo-liberal approaches to regional policy in South Africa. Nevertheless, it must be recognised that economic restructuring can result in the consolidation of existing places, that it may not result in dramatic spatial shifts. Whether economic change results in spatial change in particular countries is, therefore, an empirical question, even if it is theoretically likely.

How useful are these various theories for understanding spatially uneven development in South Africa, and in particular for understanding patterns of growth and decline on the periphery? As Fine (1994) suggests, an understanding of uneven development has to be located within its national context: within the predominant forms of industrialisation; national economic conditions; the institutionalisation of capital and labour and their forms of regulation; dominant employment relations within sectors and struggles between capital and labour; and the role of the state both indirectly, through macro policies and through regional policy. Broader social relations, politics and struggles will also be important.

But nations do not exist in a vacuum: the position of the nation, and of particular sectors, within the international economy will affect the way in which competitive pressures are experienced. The changing nature of global competition, the shift to quality in some sectors, new sources of competition from the growing Asian NICs, and the uneven development and diffusion of new technologies and forms of organisation within and between sectors are significant. Changes in the global order, including the restructuring of international agreements on access to markets, forms and levels of protectionism, are important ways in which globalisation affects industrialisation. While the salience of the

fordist/post-fordist shift, and its relevance to South Africa is in question, elements of global change are no less significant, particularly as South Africa opens to the global economy.

Spatial change can be seen as the outcome of the changing dynamic of capitalist development. Both changes in the relations and forces of production are important here. Changes in the division of labour, in the spatial structure of production, in employment relations and in forms of labour organisation may be significant in capital's drive to compete, and may result in new spatial divisions of labour or in more limited forms of spatial restructuring. Both weak competition (based on markets and prices) and strong competition (based on investment, technological innovation, new products and forms of competition) may underpin spatial change. Changes in the interrelationships between firms, and in the organisation of production and distribution are also significant. These changes are not uniform: there are significant differences between sectors, among fast and slow growing industries, and within sectors between capitals. The social and institutional nature of capital will affect the goals of firms, the way production is organised, and how it responds to change. As a number of authors have suggested, however, these changes are not merely the outcome of capital's requirements - they are shaped by struggles, and outcomes are uncertain.

The differentiated spatial surface which capital confronts presents, as a number of authors have suggested, a set of use values for capital. Places are socially constructed. There are different labour forces with particular histories, work habits and experiences; varying gender, class and race relations; and different local politics, forms of social and institutional organisation. These differences present an opportunity for capital, but the social relations within particular places can also be a barrier to accumulation. Place specificity and spatial shifts are therefore deeply imbricated in capital's drive to accumulate. Restructuring can involve changing patterns of industrialisation within places, or shifts between places - precise outcomes cannot be predicted out of context.

Massey's (1995) concept of rounds of accumulation is useful in understanding the effects of restructuring within and between places as the result of the intersection, interaction and interplay between forces at various levels. Places cannot be understood in an internalised

way, but must be seen in terms of links and influences over space - both national and global, and embedded within social relations stretched over space. What constitutes the 'local' then, is a historical product of changing interrelations over time. Trajectories of development will therefore vary between places, and similar strategies of capital may have different effects across places.

The above discussion has focused on elements within theories of uneven development as a partial strategy for explaining forms of uneven development within South Africa. But do the large scale models have any relevance? As suggested above, the use of theory has to be mediated by national context. Fine's (1994) critique of the fordism/post-fordism shift in South Africa is relevant here. While the transition to some form of post-fordism does not appear to be apparent, and there is only limited evidence of the introduction of new technologies (Freund, 1992), there is widespread agreement that the old model of accumulation is in crisis. Joffe et al (1995) show that the old import substitution model has outrun its limits since the 1970s. While manufacturing output grew between 1972 and 1981, it has stagnated since then. Employment grew by 35% between 1972 and 1982, but has declined since. Export performance has been erratic, but exports increased over the last decade - although they remained largely confined to primary production and partially processed primary goods. The rate of increase of exports has been lower than for our competitors, and has largely been driven by export incentives, low internal demand, and the declining value of the Rand. With few exceptions, increased exports were not associated with significant investment in plant and equipment. Moreover, Gross Domestic Fixed Investment (GDFI) as a proportion of GDP has declined since 1982, and in the 1990s, investment was insufficient even to replace worn out plant and equipment. GDFI as a percentage of GDP declined to 17% between 1990 and 1995, compared to 24% in the 1980s and 27% in the 1970s (IDC, 1996). Compared to our competitors, investment has declined dramatically. Total factor productivity has also declined. Average annual growth in real GDP dropped to 0.8% over the 1990-1995 period, compared to 1.7% in the 1980s and 3% in the 1970s (IDC, 1996).

It is not surprising then that there is only limited evidence of the introduction of new technologies, or of spatial shifts that might be associated with these changes. There are

few documented examples of 'new production spaces' in the sense intended by Scott (1988). Although there is some evidence of industrial districts (Bloch, 1993), these are not newly emerging or newly dominant. Ironically, Taiwanese investment in Newcastle provides one new example of what might be termed an emerging industrial district (Hart, 1996b), but it is similar to the kind of district noted in developing countries. More apparent - as might be expected - is evidence of spatial restructuring through place selective decline. While current patterns remain to be fully documented, place selective industrial decline within particular industrial sectors has, for example, been noted in Gauteng (Bloch, 1993; Mabin and Hunter, 1993; Tomlinson, 1993); in other metropolitan areas (for example, the clothing industry in Durban, and the motor car industry in Port Elizabeth); and in a number of secondary cities (Urban Foundation, 1994). If industry is unable to restructure itself, then South Africa's increasing economic openness is likely to mean more extensive decline of this sort.

Storper and Walker's (1989) discussion of localisation, clustering, dispersal and spatial shifts might offer a way of examining the history of the space economy in South Africa, although it is not possible to do so here. While the early history of South Africa's space economy shows evidence of dramatic spatial shifts from the coast to the interior (see Platzky, 1995), concentration of major agglomerations of industry in Gauteng occurred for decades thereafter (Bloch, 1993). Linkages to the Mineral-Energy Complex, the high level of monopolisation, the shallowness of industrialisation as in Brazil, may be important reasons why successive rounds of investment largely remained concentrated in Gauteng - in addition to import substitution, noted by a number of authors (McCarthy, 1991; Black and Roux, 1990; Rogerson, 1982a). Storper and Walker's (1989) theory, however, refers to shifts on a world scale, and in this regard, a considerable part of South Africa's consumer goods industry - and some forms of industrialisation in Gauteng and other metropolitan areas - might be seen as a type of growth periphery. Nevertheless, there is fledgling evidence of a shift to some of the coastal metropolises, and to smaller towns (some previously within or linked to homeland development), but it is unclear whether their theory of growth peripheries or shifting centres might account for this process. Certainly, competitive pressures in part account for the decentralisation of slow growing, low wage sectors such as clothing, as much of the literature on industrial decentralisation (Bell, 1983;

Pickles, 1991; Wellings and Black, 1986; Platzky, 1995; Hart and Todes, 1997), and the case study will demonstrate. The decline of 'losers' within the process of establishing new centres of agglomeration, and of places based on 'laggards' might help to explain the decline of heavy industry in Newcastle, along with other elements of theory. A systematic assessment of their theory and its applicability to South Africa is, however, beyond the scope of this thesis.

A combination of theoretical elements are used to analyse restructuring in Newcastle, and to assess the future prospects of the area. The more disaggregated elements of theory, and approaches that move beyond capital logic, seem to be more useful in explaining restructuring than any direct application of grand theory. As will be demonstrated, the trajectory of development in Newcastle is not a mechanistic outcome of structural forces.

NOTES

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- ¹ Apart from exploration of specific patterns and dynamics e.g. industrial districts and clusters (e.g. Navdi and Schmitz, 1994; Morris and Lowder, 1992); the effects of new technology and new production regimes (see Kaplinsky, 1989); agglomeration, dispersal and their links to patterns of economic development (Amsden, 1991; Storper, 1991).
 - ² This is not to suggest that 'Eurocentric' theories have no purchase on understanding patterns in developing countries.
 - ³ Nevertheless, the introduction of new technology has been cited as one reason amongst others for the relocation of production from Port Elizabeth to the PWV area in the Ford-Amcar merger (Bell, 1987). Further, Duncan and Payne (1992) argue that the dispersed location of production does hamper the introduction of JIT - the possibility of more significant shifts should not there be ruled out.
 - ⁴ Most importantly, more flexible use of workers and machines; more flexible inter-firm relations (including vertical disintegration, subcontracting, strategic alliances and so on); more flexible relations within the market; changes to social institutions to enable more flexible employment relations; breaking down barriers to capital mobility between sectors and places.
 - ⁵ For example, import substitution policies are often seen as encouraging concentration insofar as they encourage location around major markets (Renaud, 1981).
 - ⁶ For example, in the USA and the UK, state funding of defence and defence related research was seen as one of the forces underlying the growth of the West Coast of the

USA. Shifts away from this focus are also partially responsible for recent decline in defence related industries in these areas (Markusen, 1986).

- ⁷ For example in Britain, researchers modelling different monetary and expenditure policies found that reflating the economy through public expenditure would result in a stimulus to London, while policies to reduce tax, stimulate investment, and reduce exchange rates would favour parts of the West and the North West (Elias, 1982).
- ⁸ For example, in South Africa, rail tariffs in favour of raw materials reinforce metropolitan concentration (Wallis and Truu, 1990).

CHAPTER 5

MIGRATION AND LIVELIHOOD STRATEGIES

The neo-liberal perspective on regional policy is based on the assumption that economic incentives lead to migration out of areas experiencing decline or restructuring, to areas where the prospects for earning a living are greater. This view derives from neo-classical migration theories, in particular its equilibrium models and urban transition theories. Although neo-classical models emphasise the primacy of economic determinants in migration, there is a recognition of factors that might distort this process, or act as barriers to migration. These are not considered in the neo-liberal perspective, or else their significance is downplayed.

Neo-classical theories have also been extensively critiqued, particularly on the grounds that they do not recognise the structural forces shaping the pattern of uneven development that provides the framework for migrant response. Nor do they consider how the operation of labour markets, or ties to place, might affect the prospects for migration as a response to decline. Furthermore, urban transition theories have been widely critiqued as an inadequate description of patterns of economic development in developing countries.

While structural theories enable a fuller account of the forces shaping forms of uneven development, and hence of migration, some versions are teleological, and do not sufficiently locate their analysis within particular historical trajectories. Nevertheless, structural approaches do account for elements that might distort tendencies to spatial equilibrium such as the operation of labour markets. Structural approaches have also been critiqued on the basis of their inability to recognise variations in micro level conditions, and individual and household responses to structural conditions, which might also result in a disjuncture between the location of economic activity and population movements. An important body of literature has emerged which attempts to combine structural approaches with micro-level migrant behaviour. In terms of this approach, household or family strategies are seen as an appropriate level of analysis in terms of which both structural conditions and micro-level dynamics can be considered.

The literature on livelihood strategies further provides evidence of how poor households survive and respond to declining economic conditions. Migration strategies are one possibility here, but there may be others that contradict migration as an option, or lead to partial forms of migration such as circulation. This literature enables connections to be made between place and survival, particularly through its emphasis on reproduction, a dimension which is largely neglected in both neo-classical and structuralist accounts. Although some of the literature sees households as unified organisations, within which livelihood strategies are developed, and migration decisions are made, there is increasing recognition of the way in which power relations within households (and particularly gender power relations) influence patterns of mobility and immobility.

The rest of the chapter explores the literature on migration and livelihood strategies in order to evaluate theoretically whether migration is likely to result in spatial equilibrium. The first section lays out the neo-classical arguments, and within this examines constraints on migration in terms of these models. It locates South African neo-liberal arguments within this context. The second section presents a theoretical critique of neo-classical approaches to migration, and debates appropriate approaches to the analysis of migration. The third section examines studies of immobility and the failure of equilibrium models in the context of economic restructuring in developed countries. This provides insight into why immobility occurs, and how it can be explained. The fourth section examines the persistence of circular migration in a number of developing countries, and why and how it provides a challenge to assumptions of mobility in terms of the neo-liberal perspective. This literature sheds light on why the poor might hold on to places where prospects are limited, or are declining. The fifth section explores this further through examining literature on livelihood strategies and household responses to crisis. The question of gender relations and immobility is examined in the sixth section. The chapter concludes by drawing together the discussion and examining elements of a framework for analysing mobility and immobility in the context of restructuring or decline in South Africa.

5.1. NEO-CLASSICAL MODELS OF MIGRATION

There are a number of neo-classical models of migration, only some of which will be reviewed here. Common to most neo-classical models is the focus on individuals as key decision-makers in migration, and the argument that migration is a response to differentials in conditions between places. Stemming initially from Ravenstein's (1889) gravity model and 'laws of migration', neo-classical theories stress the impetus which differences in income, wages, and levels of employment give to migration, suggesting that migration is likely to result in spatial equilibrium in the context of uneven development. In short, migrants are likely to move out of declining areas, to ones where greater opportunities are available. The dominant perspective views economic determinants as primary, although behavioural models have to some extent stressed a wider range of factors at play.

The influential behavioural model, as developed by Wolpert (1965) for example, saw the decision to migrate as a result of differences in the utility associated with places. 'Utility' measured the individual's level of satisfaction (or dissatisfaction) with a place, and the model predicted that where it was out of line with their aspirations, they would move. The value expectancy approach examined the range of motives for migration, on the assumption that these would be based on 'an underlying desire of individuals and families to improve or maintain their quality of life' (De Jong and Fawcett, 1981, p.49). These approaches generated a mass of case studies describing migrant motivations, but did not necessarily amount to a theory of migration. According to Skeldon (1990),

The approach generated much interesting material at the micro-level on why people think they move but there is a world of difference between what people think they are doing and why they do it. The reasons people gave for moving tend to be repetitive and emphasise the importance of economic factors and social contacts. (p.127)

Todaro (1981) argues that the earlier work was useful in pointing to the selectivity of migration, but that in considering a wide range of social, physical, demographic, cultural and communication factors, it underestimated the significance of economic factors.

Behavioural models were, however, influential in the development of the classic 'push-pull' model of migration, in terms of which migration is a response to a series of pushes

driving people from the land or from declining areas, and pulls attracting them to cities or to places where economic conditions are better. The push-pull model was based on neo-classical models of supply and demand, in terms of which factors of production (including labour) would move from areas of low to high returns. Spatial equilibrium would therefore result from the movement of factors. In the influential Lewis-Fei-Ranis model, the push-pull model of migration was linked to the process of modernisation through the transfer of labour from the unproductive rural subsistence sector, to the expanding modern urban industrial sector, generating capital intensification and productivity increases in rural areas.

The critique of the push-pull model, namely that it could not explain disequilibrium in rural-urban migration in developing countries, (i.e. that migration occurred in the face of increasing urban unemployment), led to the development of the Todaro (1969) and the Harris Todaro (1970) models. Drawing on Sjaastad's (1965) human capital theory of migration, which suggests that migration is the result of an investment decision made on the basis of balancing costs and benefits between places over time, Todaro (1969) argued that migration is the result of expected (rather than actual) income differentials between urban and rural areas. Although within the human capital approach, a range of social and psychological factors can be considered, 'the basic assumption is that people are income-maximisers who will migrate to achieve this objective' (Skeldon, 1990, p.128).

The dominant perspective within neo-classical theories therefore stresses the primacy of economic factors in migration, and differentials in income, levels of employment and wages, in driving migration. Nevertheless, the selectivity of migration is recognised - in particular, education levels, skill levels, age and income are considered (Todaro, 1981). Even within this perspective, then, the probability of low-skilled unemployed workers migrating would be lower than for more educated and skilled workers or professionals. Factors that affect the economic calculus of migration, such as the costs of moving, are also considered to some extent.

Studies have demonstrated the way in which government policies influence the spatial distribution of opportunities (Charney, 1993). Of importance here is the availability of social security benefits, which dampen the need to migrate in the context of

unemployment. Policies that influence spatial access to housing, education and health might also be influential in distorting the workings of the market, although in terms of the neo-classical perspective, they would be less influential than policies which affected the spatial distribution of economic opportunities.

Although the expectation is that the free operation of the market would lead to spatial equilibrium, Milne (1993) suggests that the business cycle itself results in variations in levels of migration. As noted in Chapter 2 and as demonstrated by Milne (1993), in recessionary periods, migration slows, since the probability of finding work elsewhere declines. Correspondingly, migration speeds up in periods of growth. }

Although neo-classical approaches focus on economic factors, behavioural and motivational models have included other factors, such as the importance of social networks in migration. While critiquing the myopia of neo-classical equilibrium models in focusing purely on economic factors, Morrison (1993) models the effects of violence, using the behavioural concept of utility maximisation in violence-torn Guatemala. Although he suggests that violence is of secondary importance to economic factors, 'a narrow focus on economic factors is inappropriate in high violence countries' (p.828).

Neo-classical models applied to developing countries are commonly based on urban transition theories, in terms of which migration is linked to processes of modernisation. Zelinsky's (1971) mobility transition model is the classic example, but the theory is present within the Lewis-Fei-Ranis model, and implicit in Todaro's theory. While circular migration might be present in the early stages of development, as the economy modernises, it is replaced by permanent urbanisation, and by rapid rural to urban migration.

Chapter 3 showed that the neo-liberal perspective on regional policy in South Africa assumes that 'workers' should move to 'work', i.e. that spatial equilibrium should be achieved to a large extent through migration. Roux's (1991) paper is one of the few where this position is elaborated in an explicit way. According to Roux (1991, p.41),

a satisfactory reduction of spatial inequalities can only be achieved if regional policy aims at bringing the population distribution more in line with the distribution of economic activity.

Following neo-classical theory, Roux suggests that a migration strategy is consistent with economic efficiency, since it implies a shift of human resources from low to high productivity areas. It would require massive movement for migration flows to equalise incomes between regions. Roux recognises that the feasibility of this strategy may be doubtful, since there are barriers to migration such as the cost of migration, as well as social and cultural factors. The possible persistence of circular migration could also limit the extent to which migration results in spatial equilibrium, while levels of migration are likely to be dependent on rates of economic growth. Roux also recognises that migration as a regional policy could exacerbate inequalities, since migration is selective. Nevertheless, he concludes that,

The real alternative to the present policy [industrial decentralisation] is to encourage workers to move to areas where economic opportunities exist. Although the migration flows required to equalise per capita GGP among the various regions are substantial, and probably unattainable in practice, it is argued that one could point to affordable interventions that would make a big difference, especially if rates of economic growth accelerate. Such a policy would be desirable in terms of equity, efficiency and possibly fiscal criteria. (Roux, 1991, p.56)

While Roux acknowledges some of the limits to migration as a solution, they are downplayed in his policy prescriptions. Although neo-classical models of migration do provide some important elements to explain why people do not necessarily move out of declining areas, the overwhelming emphasis on migration as an equilibrating process tends to obscure these findings.

5.2. THEORETICAL CRITIQUES OF NEO-CLASSICAL APPROACHES TO MIGRATION

Major critiques of neo-classical approaches to migration have emerged from both structuralist perspectives (particularly from dependency and Marxist theorists) and from post-structuralist theorists.

Common to the structuralist critiques, is the argument that both behavioural and equilibrium models focus on individual rationality, but neglect the macro forces shaping

the structure of opportunities and constraints, in terms of which migration decisions are made. Dependency and Marxist authors in particular, have argued that migration cannot be abstracted from the social, political and economic forces operating within a particular context. Understanding urbanisation and migration therefore requires uncovering those elements of accumulation that have an effect on space. Authors therefore emphasise the nature of primitive accumulation and dispossession; the historically specific trajectory of economic development and how it is inserted into the international context; processes of spatially uneven development; the role of the state; and struggles both between classes and within them.

Earlier work on developing countries used dependency theory to examine the way in which dependent development led to 'distorted' forms of urbanisation in developing countries. Both the erosion of rural bases and the particular forms of industrialisation were examined (e.g. see Roberts, 1978; Slater, 1978). Later Marxist literature added greater theoretical sophistication to this approach, and moved away from assumptions of necessary and inevitable dependency which coloured the earlier work (Armstrong and McGee, 1985). More recently, authors (e.g. Auty, 1995; Roberts, 1978) have linked shifts in the nature of paths of economic development in the emerging world economic order, to patterns and forms of migration and urbanisation. *

At a lower level of abstraction, structuralists have examined the way in which labour markets - and particularly labour market segmentation - provide differential opportunities and access for potential migrants, thus influencing patterns of migration (Flowerdew, 1992; Gordon, 1995). As Johnson and Salt (1990) point out, migration is linked to the supply and demand for particular occupations, rather than to the situation of the labour force as a whole. Further, questions of power, and the strategic actions of capitalists, affect processes of migration through, for example, differing recruitment processes linked to segmented labour markets - which marginalises particular groups. Even outside the formal labour force, however, it is recognised that the informal sector is not characterised by easy access as once thought. Social networks play powerful roles in enabling access to certain kinds of employment, and in organising migration in some contexts (Skeldon, 1990). Assumptions that individual migrants confront a free and open market are therefore questionable.

The question of forces marginalising peasant subsistence has also been a major focus of attention. Rather than a simple push, rural-out migration is viewed as a complex and often violent process. The neglect of such processes within theories such as Todaro's, and the assumptions that pushes and pulls are matched in the equilibrium approach, have also been widely critiqued (Merrington, 1975; Moon, 1995; Skeldon, 1990). The disjuncture between pushes and pulls are not confined to the early period of colonisation or primitive accumulation. Chant (1991a) for example, shows how households in Costa Rica have moved off farms to economically stagnant small towns, where there are few opportunities available. While rural 'push' due to declining economic opportunities in agriculture has led to movement off the land, reasons for movement to small towns relate to reproduction rather than employment possibilities. Households use these places as reproductive bases, from which males engage in circular migration to larger cities. The availability of services and infrastructure provides a more important source of attraction than does narrowly economic opportunities.

Similarly in South Africa, there is evidence in the 1980s and 1990s of displaced farm workers moving (as a result of force or to escape oppressive conditions on farms) to economically declining or stagnant towns (Marcus et al, 1996; Jones, 1994). Forms of circular migration continue from the town, instead of the rural area. Although these patterns might be described in the neo-classical literature as a form of stage migration, in terms of which households move to towns closer to them, the towns themselves largely serve as a site for reproduction. This is far from the narrow economic logic of the equilibrium approach.

The modernisation assumptions contained in the urban transition model, and the unilinear development path contained in a number of neo-classical theories, have been widely critiqued (Slater, 1978; Roberts, 1978; Armstrong and McGee, 1985; Mabin, 1990). Not only do development paths in developing countries differ in significant ways from those in developed countries¹, but also, the persistence of circular migration raises questions about the mobility transition contained in the neo-classical model. Some structuralist theorists (e.g. Skeldon, 1990; Standing, 1985), couching their explanations in a more complex

account of structural forces, suggest that a more extended mobility transition is occurring in developing countries. This view is, however, contradicted by evidence of new forms of circular and fragmented migration emerging in the context of economic restructuring in developing countries. Roberts (1989) for example, points to the emergence of fragmented migration patterns tied to trends towards informalisation and casualisation in Latin America, which in turn reflect processes of economic restructuring.

The pattern and form of migration is linked to the nature of economic development, which provides the overarching macro framework in which this occurs. While urban transition models might be appropriate in conditions where the kind of economic development is similar to that anticipated by modernisation theory, it is clearly not appropriate to many developing countries experiencing economic crisis and restructuring. Under uncertain economic conditions, where growth in formal (and even informal) employment is limited, the risks involved in permanent migration are higher and multiple livelihood strategies, sometimes stretched over space, become more significant.

Migration patterns are therefore likely to vary according to the (changing) trajectory of economic development in particular countries. They cannot simply be derived from ideal models. Within particular countries, changing patterns of uneven development, as discussed in Chapter 4 will result in complex and often unstable patterns of economic development over space. Nor is a neat mapping of patterns of economic development to migration, appropriate. Gould (1995) shows the variations in the changing form of migration in East African countries since structural adjustment. While the different trajectories of economic development in these countries account for part of these variations, Gould (1995) comments that there is little evidence for economic determinism in migration systems, although economic motivations for migration may be strong. Similarly, Ferguson (1990) shows the complex mix of forms of mobility within various periods in the Zambian Copperbelt. In the 1980s, retrenched mineworkers returned to rural areas in the context of difficult economic circumstances in urban areas. Even workers who might have been seen as permanently urbanised in the 1960s and 1970s, and who had limited rural connections moved there - essentially as a response to survival needs.

Although contextually situated structural theories provide the macro framework in which migration patterns can be understood, they cannot explain how households respond to these conditions. Nor do they account for the way reproduction or survival strategies might lead to migration patterns that not accord with apparent economic rationality. The limits of both structuralist theories and micro-level studies led a number of authors (see e.g. Woods, 1981, 1982, Massey, 1990) to argue for the development of approaches combining elements of both theories in the analysis of migration. The structurationist approach, combining considerations of structure and agency was one such response (Chant and Radcliffe, 1992). The household level is often seen as an appropriate level of analysis in terms of this approach, since it allows an assessment of both macro-structural forces at work, and household responses (Schmink, 1984; Chant and Radcliffe, 1992). While the household level may be useful in analysis, however, the household cannot be seen as a unified income maximising organisation. As a number of feminists have argued, power relations and inequalities within households - particularly along gender lines - need to be recognised (Moser, 1991; Kabeer, 1994; Rakodi, 1993).

Halfacree and Boyle (1993) and Moon (1995) go a step further. They argue that equilibrium theories of migration are functionalist and deterministic, rendering migrants as passive victims in a stimulus-response equation. Structuralist perspectives can be critiqued along these lines to some extent as well. Boyle and Halfacree (1993) argue that migration has to be seen within the context of individual biographies, rather than as an action in time. Practical consciousness, perceptions, long term intentions and multiple reasons for migration should be examined, rather than single determinants. Further, migration occurs within a culturally constructed context and is imbued with particular meanings, which may vary for particular groups of people.

Similarly, Moon (1995, p.514) argues that

A problem for migration research has been that people are assumed to make their migratory decisions as a reaction to the economic and social structure of the region...It cannot be denied that people make their decision to migrate within parameters defined by the regional political and economic institutional framework. However, what seems to be missing is knowledge of, and relative parameters for, the cultural experiences used by migrants in their decision-making motivation. If relative economic advantage were a major determinant, then in an economically depressed region there would be mass out-migration.

As there is no such cause-effect relationship, there must be other factors in migration decision-making.

Moon develops the concept of moorings to explore how migrants value a wide range of elements which affect their well being and which might bind them to particular places. Macro structural conditions would have an influence - but as a flexible schema, rather than in a deterministic way. For Moon, moorings and perceptions are another way of linking the migrant to social structure.

While these kinds of theories go beyond the functionalism and abstracted assumptions of behavioural approaches, motivational models are seen as an irrelevant excursion by some (e.g. Skeldon, 1990). Where the scope of choice is limited, as is the case for low-income households in developing countries, these theories may be less meaningful. Nevertheless, this cannot be assumed a priori, and perceptions, cultural meaning and practical consciousness may well be important in shaping actions. Whether this is likely to go so far as to depart entirely from any sort of economic rationality, is perhaps debatable.

5.3. STUDIES OF IMMOBILITY IN DEVELOPED COUNTRIES

Chapter 2 showed that out-migration is not an automatic response to local economic decline in some countries. Despite restructuring in Britain since the early 1970s, net movements from North to South were small compared to differences in unemployment (Champion and Fielding, 1992). Manual workers are generally less mobile than non-manual workers (Kitching, 1990). Similarly, as Chapter 4 showed, capital is considered to be far more mobile than labour within the uneven development literature. Even in the USA, which is a highly mobile society, there are cases where economic decline is not accompanied by out-migration. This section reviews explanations for why immobility occurs. While some are compatible with neo-classical explanations, others raise questions about the extent to which migration can be seen to result in spatial equilibrium.

As suggested in the previous section, one set of explanations for immobility centres around the operation of the labour market. Gordon (1995) explains the limited extent of migration flows from North to South in Britain as the result of the segmentation of the labour market.

Not only is the labour market selective of more skilled workers and professionals - and there is considerable evidence in Britain that selectivity is increasing (Champion and Fielding, 1992) - but movement for skilled workers and professionals is much easier than for low-skilled and unskilled workers. Jobs in the former category are likely to be advertised beyond the local area, in contrast to the latter. Contracted migration, in which jobs are secured before the move, and the employer frequently assists with migration costs and housing, is likely to be confined to skilled workers and professionals, while low-skilled and unskilled workers are forced to rely on speculative migration. Gordon (1995) argues that north-south flows are highly dependent on speculative moves in which individuals bear considerable risk. Prospects of finding jobs in this way are, however, limited by rising unemployment, and increasing intra-firm transfers. Champion and Fielding (1992) suggest that low wage jobs in the South are being taken by international migrants, who are more prepared to accept poor conditions and high accommodation costs.

Kitching (1992) explores the process of job search by unemployed workers in Reading and Liverpool. He argues that while unemployed manual workers may be willing to move, they tend not to explore opportunities in other areas. Those who want to migrate do so shortly after becoming unemployed. After a long wait, personal funds are depleted and declining morale reduces propensity to consider opportunities elsewhere and ability to seek them out. Kitching argues that for the unskilled, who often have a broken and diverse employment history, migration is not necessarily an appropriate way of finding new employment. New jobs are often sourced through word of mouth, so contacts and networks within a local area are important. Owen and Green (1992), citing USA evidence, suggest that the poor are disadvantaged in searching for work outside of their home labour market. The growth of self-employment also depresses levels of mobility, as local networks become more important and the costs of migration have to be borne individually (Green, 1992). Similarly, the unemployed will be more familiar with opportunities for casual employment (which is likely to be undertaken in periods of unemployment) in their home town (Hodge, 1985).

Hodge's (1985) study of retrenched workers in Kellogg, Idaho shows that migration is a very risky option for unskilled workers, who potentially face not only financial costs of

moving, but also a lowered quality of life through loss of social networks and ties - and possibly, poorer environmental and infrastructural conditions. He suggests that where there is uncertainty about employment options (both locally and elsewhere), which is exacerbated by extensive restructuring, the unemployed delay moving to reduce risk until more information becomes available. The costs of delay are relatively minor, (particularly as workers have unemployment benefits) compared to migration, which is an irreversible decision.

The role of housing in immobility has been extensively debated. In the British context, one theory connected housing tenure to migration, and argued that council tenants were less likely to move than homeowners were. Forrest and Murie (1992) however, argue that housing does not operate on its own - it interacts with other factors to influence mobility. Factors such as family life cycle, the operation of labour markets, income, attachment to kin and locality, and occupational factors, are more important. Tenure alone is less important, and shifting to home ownership does not necessarily lead to mobility. Forrest and Murie's argument however, is located in the debate over housing policy in Britain, and is coloured by their attempt to defend council housing. Although they correctly argue that housing cannot be seen as a factor in immobility on its own, the link between housing and immobility is significant. They concede that for homeowners, higher house prices in growing areas can be a deterrent to mobility. Similarly Hodge (1985) argues that loss of value in selling housing in a declining market adds to the risk of migration.

Kitching (1990) shows that for unskilled workers, housing can play an important role in immobility. The operation of council housing in Britain is a factor insofar as local authorities demand a minimum period of local residence for access to housing. Low-income earners are also more vulnerable in housing markets. Where low-skilled workers have strength and security in local housing markets, and are weak in relation to labour markets, housing is an important source of security. Housing needs are balanced against employment needs. Households that did move were often unable to realise their aspirations. Immobility is therefore a rational response for many low-skilled and unemployed households.

Although the South African context is clearly very different from these largely British studies, elements of this analysis may be important in understanding immobility in restructuring or declining areas in South Africa. In particular, the nature of labour markets may influence migration, and forms of security in place (such as housing), in the context of economic insecurity, may be critical for low-income households. Studies reviewed in this section largely focused on the economic rationality of immobility, but the elements of this rationality are generally far broader than those considered in neo-classical equilibrium models. The following section explores the literature on circular migration in order to examine immobility within mobility in developing countries.

5.4. CIRCULAR MIGRATION

Circular migration can provide a mechanism through which households maintain their ties to places with weak or declining economic bases. Analysis of this sort might therefore help to explain why places continue to exist or grow even when levels of unemployment, incomes and wages are considerably lower than in other areas. The well documented division between urban and rural areas, and the role of migrant labour in South Africa (Wilson and Mamphela, 1989), is an obvious example. Studies of rural-urban linkages stress the role that 'life in the dual system' plays in the survival strategies of low income households (Roysten, 1991; Prothero and Chapman, 1985). However, forms of circular migration can also be an accumulation strategy of better-off households, or a way of demonstrating status and fulfilling social obligations on the part of an elite (see Trager, 1995 on Nigeria). Cultural factors as well as economic ones are critical.

Most studies of circular migration focus on rural-urban links, documenting the complexity of interconnections and relations. Within this, ties to rural areas remain as a form of risk aversion (Prothero and Chapman, 1985) or social security. Gugler and Ludwar-Ene (1995) suggest that permanent settlement in cities is an exception in much of Africa, where it is still possible for people to return to a village and claim land.² Ties to land are significant since few get pensions, have job security, or are assured a living within urban areas. Further, political upheavals can destroy urban security overnight. Circular migration reduces the uncertainty associated with insecure employment in many urban occupations,

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and allows poorer households to maximise income by reducing the cost of urban living while drawing on subsistence agriculture for consumption (Roysten, 1991). Rural areas can act as a place of retirement in the context of high urban costs of living, necessitating continued links through the lifetime of the migrant (Potts and Mutambirwa, 1990).

While cultural motivations and kinship ties may be important, Potts and Mutambirwa (1990) suggest that in the Zimbabwean context, economic considerations were more significant. For better-off households, urban-rural ties provide the resources to invest in agriculture. Pankhurst (1987), examining a village near Harare in Zimbabwe, shows how the best-off households in rural areas are those with access to secure urban jobs, which can be used to provide finance for agricultural development. More marginal households without such connections were partially dependent on casual employment generated in this way. In the South African context, Sharp and Spiegel (1986) show that remittances are higher to households with access to land, and that women have freer reign over how these are spent, thus enabling them to engage in relations of reciprocity and generate limited employment for neighbours without such access.

Survival strategies spanning rural and urban areas nevertheless persist even where agricultural development is limited or marginal. Numerous studies in South Africa have shown that income from agriculture is marginal and is far exceeded by remittances, wage income and pensions. For those who do not have access to remittances, pensions or wage incomes, mobility between households serves to spread such incomes (Spiegel, 1986). The maintenance of rural bases is not simply the result of political fiat: rural-urban links and the persistence of circular migration must be seen within the context of multiple livelihood strategies, of which migration forms a part.

But livelihood strategies adapt to changing contextual conditions. Although long-distance migration is still critical, Leibbrandt and Woolard (1996) show that non-agricultural income sources have diversified within and close to rural areas, enabling greater retention of incomes by rural households, but also greater differentiation between them. More varied forms of livelihood strategies and forms of migration (such as short distance commuting) have therefore emerged. Within the South African context, the significance of circular

migration is debated. A study of Gauteng by the Urban Foundation found that only about 10% of households were linked into these strategies. Roysten (1991) questions this finding, pointing to the significance of circular migration for rural households. She argues that internationally, surveys and census data tend to underestimate the extent of circulation, particularly since they cannot easily incorporate the diversity of forms of mobility. Nevertheless, surveys do seem to suggest that circular migration is declining (Ardington, 1995; Liebbrandt and Woolard, 1996), although there may be differences in its importance between areas.

Although studies of circular migration have largely concentrated on rural-urban links, it is not difficult to imagine that similar relations can occur between urban areas. The lower cost of rural living and the possibility of some level of agricultural incomes are usually stressed in studies of rural-urban links - and clearly there are differences here. Small towns may be cheaper to live in, as in Chant's (1991a) study, but this cannot be assumed a priori. However, if circular migration is seen as an element of multiple livelihood strategies, the security and resources that households have built up in particular places - even if these have weak economic bases or are declining - may be significant. The question of livelihood strategies and the possible role of place within them is explored in the following section.

5.5. HOUSEHOLDS AND LIVELIHOOD STRATEGIES

Section 5.2 suggested that households and their livelihood strategies might be an important lens through which the intersection between structural forces and micro-level responses linked to migration might be understood. The concept of the household, however, has been extensively debated. Common definitions see the household as a unit based on kinship, sharing a common residential site, and engaged in joint decision-making, income pooling and/or labour sharing. Production, reproduction and consumption are all considered in this definition. For the purposes of migration research, however, common residence cannot be seen as a starting point since survival strategies are frequently stretched over space. Further, the notion of the household as a unified internally harmonious organisation has been extensively critiqued by feminist scholars (see Kabeer, 1994; Rakodi, 1991), who stress 'the uneven distribution of resources and income within the household'. (Rakodi,

1991, p.40). Bruce (1989), for example, suggests that 'households do not constitute a unified economy, but several often competing economies' (p.979). Further, power relations within the household raise questions about the household as a unified decision-making unit. The almost nuclear definition of the household may also be inadequate. As Rakodi (1991) points out, large family groups may live together within urban areas, and the extent to which they might comprise one or a number of households, can vary according to the function being considered. Nor is the household necessarily stable. Rather, household composition changes over time, in relation to the family life cycle, relationships within the household (such as divorce, desertion etc.), and to changing circumstances. As noted below, changing household composition is one documented example of response to economic crisis or pressure (Chant, 1991b; Moser, 1996). Notwithstanding these difficulties, households remain a useful lens for understanding migration and immobility, since as Chant and Radcliffe (1992) point out, migration decisions are rarely made by individuals, but form one possibility within livelihood strategies.

Grown and Sebstad (1989, p.941) define livelihood systems as:

the mix of individual and household strategies, developed over a given period of time, that seeks to mobilise available resources and opportunities. Resources can be physical assets such as property, human assets such as time and skills, social assets and collective assets like ...public sector entitlements. Opportunities include kin and friendship networks, institutional mechanisms, organisational and group membership, and partnership relations. The mix of livelihood strategies thus includes labour market involvement; savings, accumulation, and investment; borrowing; innovation and adoption of new technologies for production; social networking; changes in consumption patterns; and income, labour, and asset pooling...By definition and necessity, livelihood systems are dynamic.

Households adjust the mix of strategies according to their circumstances, and in terms of their goals. Grown and Sebstad refer to the differences between households aiming for survival where immediate consumption needs and risk reduction are paramount; those aiming for security where livelihoods strategies are diversified to acquire additional assets and increase flexibility; and households oriented to growth where higher return but riskier strategies are attempted. Households may move between these levels over time, depending on external economic conditions and internal constraints (such as the availability of labour and the division of labour within the household). The development cycle within the

household may be one element of the internal conditions affecting livelihood strategies, but it does not operate independently (Murray, 1987). As Rakodi (1991) argues, a change in household composition is one important response to changing needs.

For low-income households, therefore, livelihood strategies are likely to be multiple and diverse, and they are likely to change. Both production and reproduction are significant parts of livelihood strategies, and both mobility and immobility may therefore be seen as elements of livelihood strategies. Migration assists the poor to engage in a diversity of economic activities over space (Schmink, 1984). Wood (1981) sees migration as a response to the failure of other initiatives to achieve required income levels, but this formulation has been critiqued as too narrow (Bach and Schramm, 1982). Rather, migration can be used in more varied ways within multiple livelihood strategies and can be aimed at either survival, or accumulation (Roysten, 1991). Migration is also conditional on the division of labour within households and the ability therefore of households to release members for this purpose (Chant and Radcliffe, 1992). This in turn is linked to the organisation of production and reproduction in the household and to power relations within households (Chant and Radcliffe, 1992). The prospects for migration are therefore influenced by social relations within households, by the demands of reproduction, as well as by the external conditions that are more usually emphasised.

Moser's (1996) comparative study of the way households respond to economic crisis provides further insights into the dynamics of mobility and immobility. Moser's longitudinal research examined household responses to declining economic and labour market conditions in four urban case studies in Zambia, Ecuador, Philippines and Hungary. Despite wide contextual differences, there were considerable similarities in her findings across the case studies - as well as important disparities.

Moser uses the concept of 'vulnerability' as opposed to the more static concept of poverty since 'people move in and out of poverty' (Lipton and Maxwell, 1992, p.10, cited in Moser, 1996, p.23). Vulnerability refers to

the well-being of individuals, households, or communities in the face of a changing environment. Environmental changes that threaten well-being can be ecological, economic, social or political, and they can take the form of sudden

shocks, long-term trends, or seasonal cycles. With these changes often come increasing risk and uncertainty and declining self-respect. Analysing vulnerability involves identifying not only the threat, but also the 'resilience' in exploiting opportunities and in resisting or recovering from the negative effects of a changing environment. The means of resistance are the assets that households, individuals, or communities can mobilise in the face of hardship (Moser, 1996, p.24).

Moser defines five sets of assets that are linked to vulnerability, and resistance to it:

- a) Labour.
- b) Human capital: health, skills and education.
- c) Productive assets, including land and housing.
- d) Household relations through which income is pooled and consumption is shared.
- e) Social capital: relations of reciprocity within communities and social ties between households.

She devises an asset vulnerability matrix to identify forms of vulnerability linked to particular assets. She argues that to withstand economic shocks, households have to avoid erosion to their assets. But equally, they diversify their assets to prevent this occurring. Households are extremely vulnerable when they have no assets left. Their ability to avoid vulnerability depends both on their initial assets, and on their ability to use them effectively - to intensify existing strategies or to develop new or diversified strategies. The ability of households to respond to external changes is influenced by household structure, composition, internal power relations, and care needs, and these in turn shift over time. Factors at a community level, such as access to infrastructure, crime and violence, and extent and nature of social organisation, can also be important.

Moser (1996) found that household responses to crisis could be understood in terms of their effects on the assets discussed above. Some of her findings are discussed here insofar as they help to illuminate how mobility and immobility may be tied into these strategies.

Firstly, a common response to economic decline is to increase the number of household members who work in the formal and informal sectors. Increasing women's employment is most common, but in some cases, child labour is extended as well. The increase in

numbers of those employed within households, however, may be insufficient to make up for decline in income from the loss of better paid (often men's) work. From the perspective of this thesis, an important implication then is that responses to economic restructuring may include an increase in the numbers of people employed - but often in worse paid and more marginal work. Increasing numbers of those working in the household may therefore also be coupled with consumption and budget cuts. Chant's (1991b) work on Mexico corroborates these points.

Secondly, households diversify their income sources through housing - through home-based enterprises, rental, and by using housing to extend reciprocal relations. Inter-generational plot densification strategies, where the households of offspring are accommodated on the site, serve both to reduce housing costs and to extend or preserve relations of reciprocity. The ability of housing to be used as a survival or accumulation strategy however, depends on security of tenure in order to enable investment in upgrading, as well as availability of infrastructure (water, electricity etc.) to allow for enterprise development.

Thirdly, a common response to crisis is to increase reliance on extended family support networks, and to reorganise the household. Against the assumption that women-headed households are the poorest, Moser argues that only women with independent means can afford to head households, and that avoiding heading a household can be an important strategy for women. Households often restructure to incorporate 'hidden' female heads such as young single mothers. Nevertheless, the situation varies: in Zambia, for example, women-headed households are often the poorest.

Fourth, increasing labour migration (including international labour migration), often on a partial or circular basis, coupled with remittances, can be an important response to crisis. Social networks are likely to be drawn on in this process.

Fifthly, economic pressure may lead to increasing reliance on informal networks and relations of reciprocity, although crisis may also erode these 'stocks of social capital', reducing the extent to which reciprocal relations can be mobilised to assist households.

Although Moser (1996) and others do not spell out how these processes might link to the role of place in livelihood strategies, there are clear pointers. First, the role of social networks and reciprocity is emphasised by a number of authors. Although these relations may occur over space, they also occur within places. Place may in this sense play important roles in survival. Second, ties to place may be consolidated through security and investment in housing. To the extent that housing can be seen as a productive asset - and also an important form of security - it will not easily be abandoned. Housing represents a considerable investment which might have occurred when households had resources (such as in better times, or in more favourable stages of the life cycle of the household), and cannot easily be recreated in another place. Third, the possibility of extending the use of household labour may be a way in which households avoid wholesale migration, and consolidate resources in places, even if overall incomes are lower. Local employment might be preferred to circular migration since households are likely to retain a greater proportion of income earned. Restructuring may therefore not be accompanied by increasing unemployment in particular places or out-migration so much as by declining net incomes. Fourth, partial or circular forms of migration may be a way in which income is extended and risk reduced, but this involves holding on to places where there is a level of security. Migration is nevertheless one possibility within livelihood strategies and one response to crisis - others discussed here may be used instead of or in conjunction with it. Fifth, places play important roles in reproduction. To assume then, as do the equilibrium models, that there is an easy and automatic shift from places experiencing decline or restructuring to others where wages, incomes, and employment levels are higher, overlooks the roles that places play in survival, and how past investments in social and physical capital mediate the possibility and likelihood of migration as an option - particularly in a context of national economic recession or crisis.

5.6. GENDER AND MIGRATION

The literature on gender and migration provides further insights into why people might not necessarily move in response to restructuring or decline. It has long been recognised that women's migration patterns tend to be different from those of men, but that women's

migration was often seen as dependent on or linked to men's. A more recent body of work has documented women's autonomous migration (see e.g. articles in the collections edited by Baker and Aina, 1995, and Chant, 1992).

Chant and Radcliffe (1992) show that most migration models incorporate gender only to a limited extent. Neo-classical equilibrium models largely assume that both men and women migrate for higher wages, but that women are not necessarily free to migrate on this basis. Some models point to the influence of factors such as marriage. Neo-classical models however, do not address the differences between women (in terms of class, stage in the life-cycle and culture), nor do they consider the social relations in which gender is embedded, and which shape their participation in the labour market and their ability to migrate. Behavioural models are more sensitive to the variations, but do not move beyond particular case studies. Structural approaches, by focusing on the changing gender division of labour within broader processes of restructuring, do help to illuminate one aspect of the processes which shape women's participation in the labour force. But reproduction and gender power relations, which influence women's ability to participate in the labour force and to migrate, are not considered.

Analyses of household strategies enable a more adequate explanation of gendered patterns of migration, since gender divisions of labour within households and gender power relations, which influence who migrates, can be considered. Women's migration patterns, in terms of this approach therefore, can be seen as determined both by intra-household decision-making and resource allocation, and by socially constructed gender segregation of labour markets.

Within the context of household strategies, men are often the first to migrate, since they may be expected to be breadwinners and might have better access to labour markets. Women's migration may be constrained by their responsibility for child-care, and by socially constructed restrictions on their movement (Chant and Radcliffe, 1992). Women are often the 'sheet anchor', the stable element of the home base, around which circular migration strategies occur (Murray, 1981). But these patterns are not necessarily static. There are variations between countries in terms of who migrates, linked to the gender

division of labour within agriculture (Wilson, 1986), and patterns may shift over time as opportunities within labour markets change. The feminisation of the labour force (Standing, 1989), for example, has been associated with rising female migration.

Patterns of migration vary among women within particular income groups. Studies have for example documented the constraints which married women face (e.g. see Jones, 1994). While unmarried women may be freer, responsibility for child-care can limit migration or lead to a preference for local employment, even if it is inferior. Conversely, Gugler and Ludwar-Ene (1995) suggest that within the context of patrilocal rural villages in East Africa, some groups of women (such as those who have been abandoned, separated, divorced or widowed), are effectively forced to migrate since they cannot access land on their own terms. Women may also migrate to escape patriarchal relations - i.e. to establish their autonomy (Ouedraogo, 1995; Obbo, 1980).

Women's mobility and immobility, therefore, cannot be explained in narrowly economic terms. It is embedded within broader gender social relations, and can be an expression of these relations, or a form of resistance to it. Elder and Phurutse (1995), exploring the migration experience of Zulu women living in hostels in Gauteng, suggest that their migration is not so much an active undertaking as a complex negotiation between demands for income and care provision made within the constraints of a patriarchal order.

Gender relations may therefore be another reason why wholesale migration does not necessarily occur in the context of economic decline or restructuring. But it is too simplistic to argue that women are necessarily immobile. As this discussion has shown, the gender dynamics of mobility and immobility are linked to power relations and to changing labour markets, and can reflect gender politics, which are struggled over as much as other forms of politics. Massey's (1994) notion of a power geometry of mobility, and the differential positioning of particular social groups in relation to it, is useful here.

5.7. CONCLUSION: ELEMENTS OF ANALYSIS

While there is a considerable body of literature to support the view that uneven development is inevitable, and that new patterns of uneven development are constantly emerging, there is less literature demonstrating persistent ties to place in the context of economic restructuring. The dominance of neo-classical equilibrium models within the migration literature takes migration as a force for spatial equilibrium as a starting point, and while structural accounts provide a broader perspective of the dynamics of migration, some versions suggest a close relationship between migration patterns and the changing forms of uneven development. That people move for economic reasons is regarded as a truism in the literature (Gilbert and Gugler, 1993).

Nevertheless, it is possible to draw from the literature - as this chapter has done - a number of explanations for why migration is not necessarily the equilibrating force that is usually assumed. Even within the neo-classical literature, there is a recognition of barriers to migration insofar as the selectivity and costs of migration are considered within behavioural models. Further, the influence of recession and business cycles on mobility and immobility, the role of social security payments and other government expenditures in immobility, and the role of violence in influencing migration patterns, have all been recognised in recent literature.

The complex analysis suggested in terms of contextually and historically located structural approaches might also allow space for consideration of why disjunctures between economic development and migration might occur. The debate over the persistence of circular migration, and its links to current trajectories of economic development and forms of restructuring is significant insofar as it challenges the assumptions that an urban transition necessarily occurs, and that circular migration is simply a stage in a process of development. The persistence of circular migration, particularly in the context of economic insecurity, provides a way of explaining why ties to places might persist even in the context of restructuring and decline. Here, it is not so much the economic logic underpinning migration that is questioned, but the fact that the complex economic calculus involved in multiple livelihood strategies stretched over space, jars with the expected

effects of the equilibrium approaches. Structuralist accounts of the operation of labour markets, and of the disjuncture between 'pushes' and 'pulls' are also significant elements in explaining why migration might not neatly match patterns of restructuring.

Studies in developed countries point to the intersecting roles of segmented labour markets, labour histories, housing and risk reduction in generating immobility. While the specific dynamics suggested in these studies cannot be expected to be found in the South African context, the operation of labour markets, and forms of security in place (such as housing), may be important elements of explanation here.

The literature on households and livelihood strategies indirectly provides another set of explanations for why people may remain in places that are restructuring or declining. Migration may be one response to decline, but there are also others, such as changing household composition, or extending the numbers in remunerative employment, even at much lower income levels. Considering questions of reproduction illuminates the potential role of place in survival, which is largely ignored in neo-classical and structural accounts. The social ties which people have in particular places, and their investment in housing may also play important roles in survival, and again are ignored by these theories. Discussion of the gender dynamics of mobility and immobility further helps to explain why certain categories of women may be tied to place, even in the context of local economic stagnation. All of these may be important in the South African context.

The discussion of mobility and immobility in Newcastle adopts a 'multiple currents' approach to analysis, considering most of these elements of explanation. It does not however, consider the question of social networks, except in passing, since a much deeper ethnographic approach would have been required to uncover these dynamics. Further, since the townships and informal settlements had strong roots in forced removal and flight from farms over the past 30 years, the links between place, identity and social networks was considered a less plausible explanation for immobility. In retrospect, this might have been a mistaken assumption. Niehaus (1989), in discussing relocations to QwaQwa, shows how collective forced removals and resistance to them in one case enhanced social networks and ties and their ability to be mobilised in times of financial crisis. In the Newcastle case,

those removed from 'black spots' tended generally to live in the same neighbourhoods, and it may well be the case that social ties have persisted or even developed. By contrast, Niehaus (1989) shows that individual removals from farms undermined social networks. Within Newcastle, then, both possibilities might be apparent, and social ties and networks might have been developed over time. Apart from these considerations, however, the Newcastle study shows the role of place in survival, and the influence of both macro-structural and household level dynamics, which together, have lead to forms of immobility, often within mobility.

NOTES

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- ¹ The uniform applicability of these assumptions in the history of developed countries has been questioned (see e.g. Mingione, 1981; Merrington, 1975).
 - ² Of course this is an overstatement: women are in a far weaker position to claim land than are men; some people are long established in the city; and some rural areas cannot provide land.

CHAPTER 6

RESTRUCTURING IN NEWCASTLE

The next five chapters evaluate the neo-liberal perspective on regional development through an analysis of the case of Newcastle. Chapters 6, 7 and 8 explore the historical development of Newcastle's economy, and the dynamics within its major industrial sectors, in order to examine how industrial restructuring is affecting the economy of the town. These chapters show the fragility of key sectors within the local economy, thus demonstrating that restructuring and the possibility of place vulnerability are concerns for regional policy and planning. Chapters 9 and 10 then examine the dynamics of urbanisation and migration in Newcastle in order to critique the neo-liberal 'workers to work' assumption.

The study of industrial restructuring in the next three chapters shows that patterns occurring are systemic. It indicates the linkages between spatial restructuring and changes in the dominant patterns of economic development and political organisation. It also shows that the crisis since the 1970s and 1980s has led to industrial restructuring, sometimes resulting in new patterns of growth and decline over space. Further waves of restructuring are occurring in the 1990s as South Africa opens up to the global economy and as political change occurs. While these shifts present opportunities for some areas, in other places they are a source of vulnerability, as major industries decline or contract. The research demonstrates that whereas structural forces provide the framework within which these changes occur, the effects of economic and political change are likely to vary between places, since they intersect with and are shaped by the specificity of local economic and political dynamics. Outcomes of restructuring cannot therefore be predicted out of context.

Chapter 6 first frames the argument by outlining spatial shifts that have occurred over the past century in KwaZulu-Natal, and by demonstrating links to dominant patterns of economic development. It points to early evidence that new forms of industrial restructuring are occurring in the current environment, rendering some places vulnerable. The case of Newcastle is then examined as an example. The second part of the chapter documents restructuring in Newcastle, exploring in broad terms the influences on the

growth, reorganisation and sometimes decline of industrial sectors through several rounds of accumulation. It considers the impact of these processes, and the influence of restructuring within the regional economy, for Newcastle's economy. The third section of the chapter outlines industrial trends in the 1990s in more detail. It documents the methodology and main patterns indicated by the 1994 survey. The following two chapters then consider the dynamics within the main industrial sectors in greater depth, exploring sources of stability and vulnerability.

In some respects, Newcastle is a very particular case. State intervention in the economy has probably been far more extensive here than elsewhere, and its patterns of development have not always been consistent with those of other peripheral towns. Nevertheless, like other areas, its current vulnerabilities are the outcome of a complex intersection between a particular local history and politics, and the way industries are repositioning in response to the changing political and economic environment of the 1990s.

The chapter shows that the growth of Newcastle from the 1970s was propelled by state regional policy and was tied to a variety of apartheid objectives. Even here, however, local influences and dynamics were significant in its choice as a site for the third works of Iscor. The decline of Iscor and heavy industry in the 1980s was linked to recession and to the crisis of the import substitution growth model in South Africa. Restructuring led to local economic decline in the early 1980s, but growth was in part shored up by low waged industrialisation as industries, assisted by a new round of regional industrial policy, relocated to or developed in the area. Industries locating in this way were themselves responding to growing competitive pressures in the clothing and textile industries. Structural pressures on low waged industries in Taiwan and local economic initiatives led to a further wave of industrialisation, as Asian industries established in the area from the late 1980s.

By the end of the 1980s, these new developments had stabilised the local economy, but on aggregate, decline or stagnation was evident on a number of measures, and its performance was comparatively weak. Decline or stagnation was further influenced by restructuring within the broader region, in particular within mining and agriculture. Although Newcastle

had become a major regional service centre by the 1980s, the performance of its service economy was generally weak, and was affected by restructuring. Nevertheless, the service sector itself did help to stabilise the local economy, particularly since its largest component is public service activity, which is less affected by economic fluctuations.

If a form of stabilisation occurred in the 1980s, evidence of decline was much clearer in the 1990s. New forms of restructuring have occurred within both heavy and light industry as industry responded to the changed political and economic environment of the 1990s. Heavy industry has contracted further, while low waged industrialisation and particularly, the growth of Asian industry, appears to have tailed off. Parts of this industry are now threatened. The chapter therefore suggests that Newcastle has experienced several rounds of restructuring and that it is potentially vulnerable.

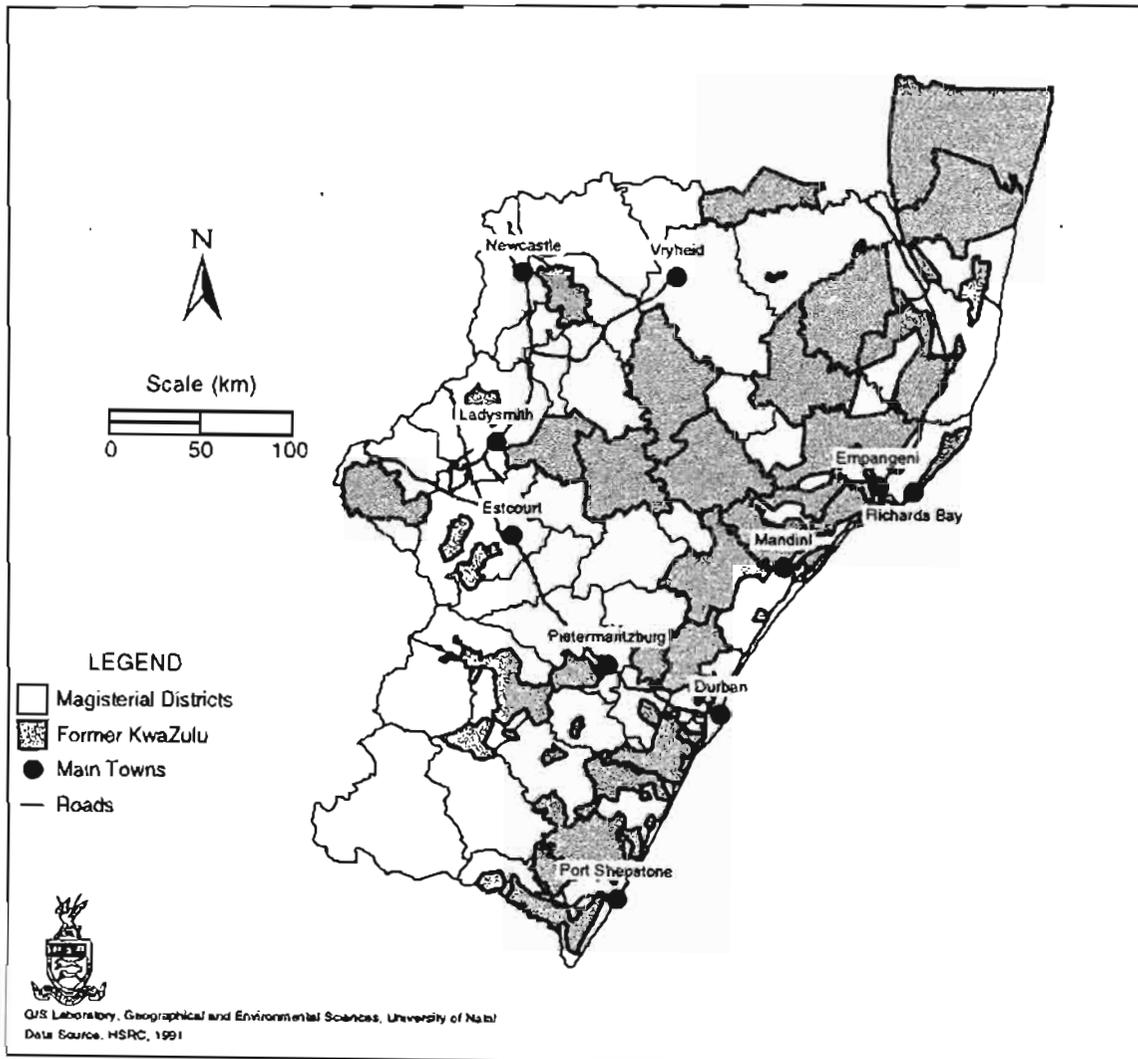
6.1. SPATIAL RESTRUCTURING WITHIN KWAZULU-NATAL

Studies of industrial restructuring in KwaZulu-Natal (see especially Harrison, 1995; Stanwix, 1986) have documented a process of increasing concentration of manufacturing until the late 1960s, followed by dispersal of more labour-intensive sectors in reaction to the crisis from the 1970s. Patterns in the 1980s largely followed these trends, although some previously growing centres, including Newcastle, declined or stagnated. Patterns in the 1990s remain to be studied fully, but a recent study of the effects of the Regional Industrial Development Programme (RIDP) in the 1990s (Harrison and Todes, 1996), suggests that while dispersal has largely been sustained, some centres which were previously growing are vulnerable in the light of changing conditions.

The first rounds of industrialisation in KwaZulu-Natal from the late nineteenth century were based on local raw materials and craft production and were therefore highly dispersed spatially. New waves of industrialisation during the two world wars, however, reversed these patterns within the province and nationally. Import substitution policies and the development of mass production, cemented trends towards metropolitan concentration, although a level of dispersal linked to resource based industries remained in KwaZulu-Natal. Some decentralisation also occurred from the 1950s as wage pressures led to the

growth of the clothing sector in places such as Charlestown (near Newcastle) and Ladysmith, mirroring processes which had underpinned the growth of metropolitan Durban's clothing industry in the 1930s (Harrison, 1995).

MAP 6.1: KWAZULU-NATAL: MAIN CENTRES AND FORMER KWAZULU AREAS



By 1960, manufacturing, accounting for 30% of GGP, was the largest sector in the province, and was growing rapidly. Growth in the 1960s was largely focused on domestic oriented consumer goods production, particularly textiles, but clothing, chemicals and food production also expanded significantly. Some other capital-intensive industries similarly expanded. Harrison (1995, p.13) comments that,

By the 1960s, KwaZulu-Natal had a segmented industrial workforce. On the one hand there were large low-wage labour-intensive sectors (such as clothing

and textiles). On the other there was a well developed capital-intensive high wage sector (motor vehicles and chemicals).

Expansion of industrial employment in the province slowed in the 1970s, reflecting the onset of economic crisis. New patterns of uneven development over space emerged as growth slowed in Durban, and new forms of dispersal began. As was the case nationally, growth was largely focused on a few centres. In KwaZulu-Natal, Ladysmith/Ezakheni and Isithebe grew through a combination of industrial decentralisation incentives and 'spontaneous' movement of low waged industries - a process that was to become far stronger in the 1980s. Newcastle and Richard's Bay grew on the basis of heavy industry, which had been induced by the state's infrastructural investment and its growth pole policy.

Crisis deepened in the 1980s (Harrison, 1995). The collapse of the gold price in 1981 ended the boom of the early 1980s. Faced by a deteriorating balance of payments, government focused on financial stabilisation policies. The price of imports increased and the profitability of industry declined. Productive investment ran down. Although growth was partially restored by a rising gold price in 1986 and 1987, stagnation had returned by the late 1980s. While South Africa felt the effects of international recession, its industry remained largely internally oriented, due to sanctions and the government's protectionist response to them. Government's attempt to promote exports in the late 1980s did little to alter this situation.

Structural unemployment grew dramatically in the 1980s as the economy stagnated. Firms shifted to more capital-intensive forms of growth, and mechanised in response to increasing labour organisation and state incentives. The informal sector also grew, largely as a response to lack of better opportunities in the formal sector (Riley, 1993). While KwaZulu-Natal performed better than the national economy, growth was nevertheless limited here as well (see Appendix A: Tables A.1 and A.2).

Appendix A contains tables and a brief discussion documenting the changing spatial distribution of gross geographic product (GGP), formal employment and manufacturing employment in KwaZulu-Natal in the 1980s.¹ The details need not detain us here. In broad

terms, patterns of spatial restructuring, which had begun in the 1970s, accelerated. As in the 1970s, the main growth areas were on the periphery, and particularly in homeland growth points (Harrison, 1995). Both Ezakheni and Isithebe grew rapidly as low waged industries shifted to the periphery, although Isithebe also diversified in this period (Platzky, 1995). Some towns such as Port Shepstone also grew on the basis of labour-intensive industries. More capital-intensive growth continued in Richards Bay. Peripheral growth remained concentrated in a few centres, and many small towns declined as a consequence of the restructuring of mining and agriculture within their hinterlands.

But patterns were not entirely the same as before. While Durban continued to lose its dominance as an industrial centre, it reoriented to services, consolidating and extending its share of employment. In contrast to the 1970s, some major towns experienced decline or stagnation in terms of aggregate output and formal employment.² Newcastle was one of these towns. Changes in Newcastle occurred across a number of sectors, and reflected both restructuring within manufacturing in the town, and the effects of decline within North-Western KwaZulu-Natal. Aggregate data such as that contained in Appendix A, however, tends to mask more complex processes of restructuring within industries, and patterns of growth and decline within sectors, which were undoubtedly occurring in a range of places. Newcastle provides a very clear example of these processes and patterns.

It is impossible to say with any certainty how patterns have played out in the 1990s. Nevertheless, the study of the effect of the 1991 RIDP on the province³ (Harrison and Todes, 1996) provides interesting insights. It suggested that decentralisation had continued, frequently to the same places, despite the shift to a more spatially neutral package.⁴ New locales of development, however, were emerging on the periphery, sometimes without the assistance of incentives. Apart from Richards Bay, industrial growth in the periphery centred on labour-intensive industries. Although a 'capital logic' underpinned this movement as firms sought cheaper labour and unorganised workers, the nature of development differed between places. Not only were there different kinds of industrialists and varying labour relations, even within the same sectors⁵, but dynamics of growth also varied.⁶

The study showed patterns of both growth and decline within centres. For example, in Pietermaritzburg, the labour-intensive footwear sector had declined, while less employment-intensive industries such as food, were growing. There were multiple tendencies towards growth and decline in Isithebe both within and between sectors. More capital-intensive industries in Newcastle, Ladysmith/Ezakheni and Port Shepstone had in general, stagnated or declined in employment terms, and labour-intensive industries had grown.

The study therefore suggested that new forms of restructuring are occurring.⁷ While peripheral growth points had not collapsed as might have been assumed by critics of the decentralisation programme, the strong growth of the 1970s and 1980s had not entirely been sustained. Further, growth in more labour-intensive sectors is threatened by South Africa's growing economic openness and by the rise of unionism on the periphery. Nevertheless, responses to change vary substantially between locales.

Successive rounds of spatial restructuring have clearly occurred within KwaZulu-Natal over the past century. New patterns of restructuring appear to be occurring at the present time, although the likely spatial outcomes of current processes are not obvious. So far, restructuring has not been associated with very dramatic declines in terms of aggregate employment or output, apart from in some of the smaller towns. Nevertheless, as the case of Newcastle demonstrates, the vulnerability of industry to global competition is cause for concern.

6.2. RESTRUCTURING IN NEWCASTLE

Newcastle provides a striking example of processes of restructuring in South Africa. At least since the 1970s, it has been characterised by rapid growth and decline of particular industries, and therefore by an almost constant process of boom and bust. It does in this sense exemplify the 'inconstant geography' of capitalist development referred to by Storper and Walker (1989). New industries have grown and declined, and the gender composition of the labour force, especially within manufacturing, has altered dramatically. Development of particular industries within Newcastle has, however, remained partial, as

industries emerged, only to be cut off by changing conditions, never then developing the level of agglomeration that might establish it as a major centre. At the level of aggregates, employment declines since 1980 have not been so dramatic, as new forms of growth have emerged - at least for a while. Nevertheless, underneath the apparent stability lies significant restructuring within and between sectors.

Restructuring in Newcastle can be understood in terms of several rounds of accumulation. These can in turn be located within major epochal changes occurring in South Africa. Prior to 1970, development was fairly limited. Although some heavy industry had established in the town, it was largely bypassed by growth elsewhere. Newcastle was therefore initially marginalised by import substitution led industrialisation. Nevertheless, the unprecedented growth of Newcastle in the 1970s was also a product of this epoch. Newcastle was the first of a series of new sites planned to accommodate the expected growth of the domestic oriented iron and steel industry, although its choice as a location was shaped by regional policy and politics.

Economic crisis from the mid-1970s however, led to a contraction and recentralisation of heavy industry as domestic markets declined. By 1982, decline was evident in Newcastle as Iscor rationalised, with significant ripple effects on the local economy. Rationalisation continued in the 1980s and 1990s. But economic crisis and the decline of heavy industry also underpinned a new pattern of low waged industrialisation, as price competition drove clothing and textile industries to the periphery, and as industries relocated from Asia.

The current period is one of adjustment to the new environment of the 1990s: deepened recession and a shift towards the market in state policies in the early 1990s; greater economic openness; and a changing political climate. New forms of industrial restructuring have occurred in this context. Although there are centres of stability or even growth, important sectors have declined or are vulnerable.

6.2.1. The Early Years: Slow Growth Until 1970

Until 1960, Newcastle was a small slow growing town (see Tables 6.1 and 6.2), largely mirroring development in its region, North-Western KwaZulu-Natal (NWKZN)⁸ (Map 6.2). (See Appendix B for a discussion of restructuring within the region). Although it was one of the larger towns, it was second to Ladysmith and not very much bigger than its neighbours (Table 6.1). In the early years, Newcastle's development, and that of the region, was shaped by coal mining and agriculture. Agriculture in NWKZN, however, is characterised by extensive farming, and is relatively unproductive. Commercial agriculture developed slowly. The role of mining was therefore more significant. Although coal mining was never as important to Newcastle as it was to some other areas in the region, it was a 'location factor' in the early development of the iron and steel industry, and in the establishment of the Ngagane Power Station in 1957. These developments only partially stimulated the local and regional economies however, as the major growth of the iron and steel industry occurred elsewhere.

MAP 6.2: NORTH-WESTERN KWAZULU-NATAL

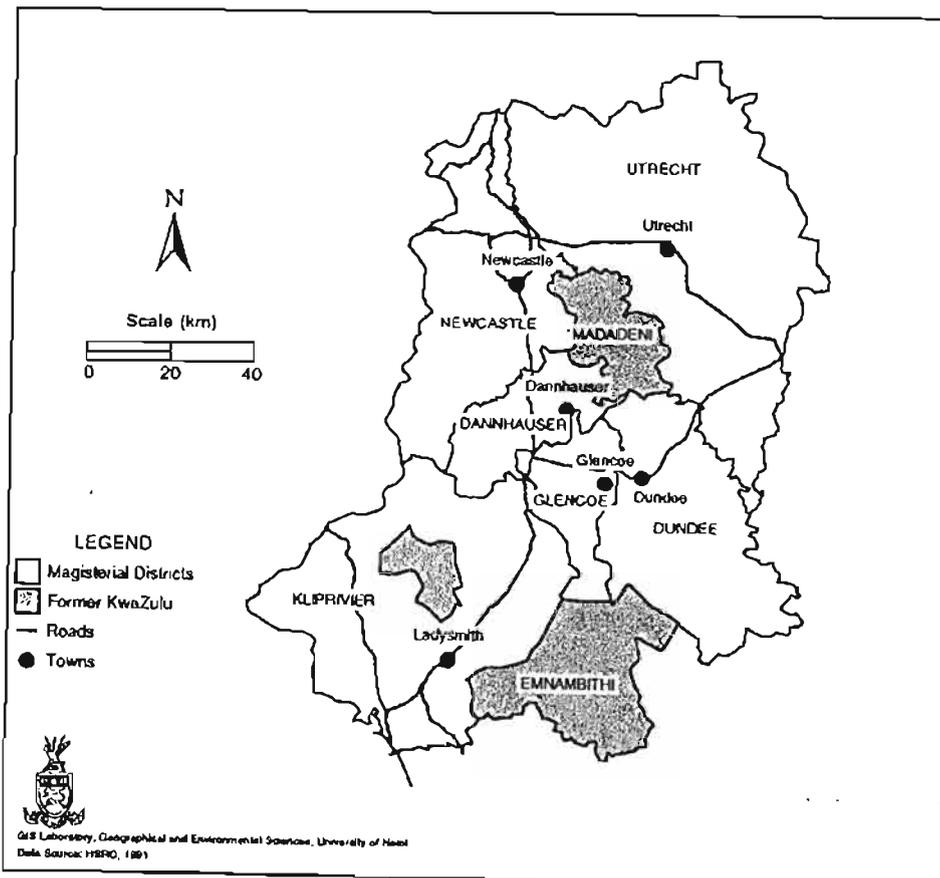


TABLE 6.1: POPULATION BY TOWN IN NORTH-WESTERN KWAZULU-NATAL, 1921 AND 1960

TOWN	1921	1960
Newcastle	4258	17554
Ladysmith	6783	22955
Dundee	3787	10939
Glencoe	1212	8334
Dannhauser	925	2321
Utrecht	2209	5495
Charlestown	474	5161

SOURCE: *Population Census 1960*, Vol.7, No.2.

The establishment of Newcastle Iron and Steel in 1920 was one of a number of early attempts by largely independent entrepreneurs to develop an iron and steel industry in South Africa. The development of an iron and steel industry had been resisted by the colonial government as it might harm imports. After Union, government encouraged the development of steel from scrap railway metal in a limited way. Commitment to more substantial development of the industry began in the 1920s. Initially, the initiative remained with the private sector, largely dominated by two companies, the Union Steel Corporation (Usco) and SA Iron and Steel. The early development of the iron and steel industry was not very concentrated spatially. Works were established in Pretoria, Vereeniging and Newcastle. The state, however, encouraged spatial centralisation and coordination between plants, and when Usco took over Newcastle Iron and Steel in 1924, it planned to transport pig iron produced there to Vereeniging for transformation into steel, rather than developing the Newcastle plant more extensively (*Financial Mail*, 18/4/84).

The South African iron and steel industry was extremely marginal at this stage, easily overwhelmed by a sudden rush of foreign imports (Clark, 1994). The establishment of the parastatal Iscor in 1928 led to the development of a far more substantial iron and steel industry, marginalising Newcastle further in the process. In the early years, Iscor operated in alliance with private companies, developing upstream and downstream linkages. The development of linked industrial complexes initially centred around Pretoria and Vereeniging (Clark, 1994). Iscor bought into and expanded Usco. The Usco Newcastle blast furnace was, however, closed in 1934 as it could not compete with Iscor production

units (*Financial Mail*, 18/4/84). In 1935, Iscor set up the African Metals Corporation (Amcor) in conjunction with Usco (the two holding over 50% of the stock), and a range of other firms. Amcor was intended to extend the industry through developing iron ore and producing ferro-alloys for use in steel manufacturing (Clark, 1994). Amcor reopened the Newcastle blast furnace in 1937, and a second and third furnace was established in 1945 and 1960. Four new collieries were also established between 1949 and 1957 (Harrison, 1990). Amcor attracted some related industries to the area, most notably the Durban Falkirk Iron Company, which produced iron stoves and baths in 1947.

Although Newcastle experienced some growth of its iron and steel industry, it remained limited, as major Iscor developments were centralised in Gauteng. Vanderbijlpark, which was to become Iscor's main production complex, was established in 1952 (*Financial Mail* 23/8/68). After the Second World War, Iscor moved to greater control of the industry. Although some private sector enterprises remained, Iscor dominated the industry, accounting for around 75-80% of production. It purchased a controlling interest in Amcor in 1952, and bought the Durnacol coal mine (see Appendix B) in 1956. Once Vanderbijlpark was set up as a production complex, spatial concentration of the industry grew, as linked industries producing final products, located in order to use its flat rolled products. Pretoria reoriented to supplying the needs of the railways and engineering firms (Clark, 1994). By 1960, therefore, the major development of the iron and steel industry had by-passed Newcastle. Manufacturing employment accounted for only 10% of the Newcastle district's total employment, and only 3774 jobs were registered in the manufacturing census of 1963/4. Nevertheless, by 1970, Amcor was still the largest industry in Newcastle.

From the 1960s, the population of Greater Newcastle⁹ grew at an unprecedented rate. Chapter 9 shows that this growth was concentrated in the Madadeni district and was largely a consequence of forced removals and displacement from farms. Similar processes occurred around Ladysmith, concentrating much of the regional population in the two towns, and establishing them as the dominant centres in the region (see Appendix B). In Newcastle, population growth far exceeded increases in industrial employment and total employment in the 1960s, as Tables 6.2, 6.3 and 6.4 demonstrate. The structure of the

economy remained substantially the same in the 1960s. Nevertheless, the creation of a surplus population generated a form of industrialisation, as some clothing firms supported by border industry incentives, established in the area to reduce labour costs. In the 1970s, two of the largest clothing factories currently in Newcastle relocated from Charlestown, following workers who had been removed from the area. Development in this sense followed population growth, rather than the reverse.

TABLE 6.2: POPULATION GROWTH IN NEWCASTLE AND MADADENI, 1904 - 1991.

YEAR	NEWCASTLE (3)	MADADENI	TOTAL	GROWTH RATE % (4)
1904	2 950	-	2 950	
1911	2 886	-	2 886	- 0.3
1921	4 258	-	4 258	4.0
1936	4 945	-	4 945	1.0
1946	10 001	-	10 001	7.3
1951	13 281	-	13 281	1.9
1960	17 554	-	17 554	3.1
1970 (1)	14 407	32 398	46 805	10.3
1980 (2)	36 155	207 328	243 483	17.9
1991 (2)	39 036	313 889	352 925	3.4

SOURCE: *Population Census 1970*, Report No. 02-05-12, *Population Census 1991* Report No. 03-01-02.

NOTES:

1. Madadeni here refers to only the township of Madadeni.
2. Madadeni here includes the whole district since the informal settlements in the area are considered to be rural. This may distort the growth rate between 1970 and 1980, but even if only the formal urban component is considered (117 575 in 1980), growth would have been rapid in the 1970s.
3. Newcastle population refers only to the town.
4. The growth rate in this and other tables is calculated on the basis of a compound interest formula. The growth rate recorded on each line is for the period from the previous date.

6.2.2. The Boom Years: 1970 to 1980

Tables 6.2, 6.3, 6.4 and 6.5 show the rapid change that took place in Newcastle's economy between 1970 and 1980. Population growth was particularly fast : the population of the Newcastle municipal area doubled, while the townships in Madadeni district tripled. Continuing removals and displacement from farms account for part of the growth of Madadeni (see Chapter 9), but industrial development was also significant.

Table 6.3 shows that the number of industrial firms more than doubled between 1970 and 1982, while industrial employment almost quadrupled. By 1980, manufacturing had emerged as by far the most important sector in the local economy, accounting for 34% of formal employment, and 49% of output. Prior to Iscor, the Ngagane Power Station had accounted for almost half of the district's GGP, although its contribution to employment was far less significant. Growth was not confined to manufacturing, but spread through the local urban economy. Formal employment nearly doubled, and rapid growth occurred within the commercial, financial, transport and service sectors, in terms of both employment and output.

In reality, the real growth years were between 1970 and 1977 as the local economy responded to the decision to establish the third Iscor works in Newcastle in 1969. Both the actual development of Iscor and expectations of what it might bring about, led to the town being dubbed 'boom town of the North' (*Sunday Tribune* 24/4/80). Press reports in 1974 suggested that there was a rapid inflow of white people, raising the white population from 6000 in 1972 to 21 000 in 1974, outstripping projections of 13 200 by 1975 (*Financial Mail* 5/4/74). Huge profits, estimated at around R37m, were reportedly made by landowners (*Financial Mail* 8/11/74). By 1977, however, some of the planned development had been shelved, and the municipal area actually experienced a decline in population between 1978 and 1982 (Harrison, 1990). The value of building plan approvals, reflects these trends. As Figure 6.1 shows, significant investment in building occurred with the development of Iscor between 1970 and 1973, with a sharp decline thereafter to 1980.

The location of Iscor in Newcastle in 1972, in theory gave it a chance to develop as a major agglomeration, in a way which had by-passed it in earlier years. Although it was established as a growth periphery - and one induced to a large extent by state policy - it seemed to have prospects for developing into a dynamic industrial centre. The town of Newcastle itself was seen as growing ultimately to the order of 500 000 (Plan Associates, 1971). Of course, planning projections were made on a rather simplistic basis, but Newcastle may well have developed more substantially if the planned development had taken place.

TABLE 6.3: INDUSTRIAL DEVELOPMENT IN NEWCASTLE, 1963/4 TO 1991

	1963/4	1967/8	1970	1976	1979	1982	1985 (1)	1988 (2)	1991 (2)
Employment	3774	6618	5023	17254	NA (3)	19514	15544	16143	19641
No. Firms	27	32	29	56	57	62	72	99	145
Firms by Type:									
Food, Beverages	8	8	7	7	7	4	8	12	11
Textile clothes leather footwear(4)	5	7	6	8	10	8	5	15	41
Chemicals, rubber	3	3	3	2	2	3	3	4	4
Non-metal mineral plastic	4	3	3	6	5	4	9	10	13
Printing	1	2	2	3	3	4	3	5	7
Basic metals	2	1	1	2	2	3	3	2	1
Metal prods	2	2	2	13	11	14	18	20	22
Transport, equipment, motor parts	3	3	3	5	5	7	6	4	6
Machinery	-	2	2	4	6	7	8	12	16
Wood, furniture	-	-	-	3	3	4	5	7	8
Other	-	1	-	3	3	4	4	9	13

SOURCE: *Census of Manufacturing, 1963/4, 1965/6, 1967/8, Report No. 10-21-18; Census of Manufacturing 1970, Report No. 10-21-27; Census of Manufacturing 1976, Report No. 10-21-33; Census of Manufacturing, 1979, Report No. 10-21-40; Census of Manufacturing, 1982, Report No. 30-01-02; Census of Manufacturing, 1985, Report No. 30-01-02; Census of Manufacturing, 1988, Report No. 30-01-02; Census of Manufacturing, 1991, Report No. 30-01-02.*

NOTES:

1. Only Newcastle. Although Madadeni was established, no separate employment figures are available within the industrial census. The census however, suggests that only one food and beverage industry was established in Madadeni at the time. This would make little difference to employment figures.
2. Includes Newcastle and Madadeni
3. No employment figures were available for 1979
4. The vast majority of these firms were textile and clothing: only four leather and footwear firms were recorded by 1991.
5. While there are a large number of firms, employment is highly concentrated within a few large firms, and within the clothing and textiles, basic metals, metal products and chemical sectors (see Table 6.13). Unfortunately, the manufacturing census aggregates or leaves out significant categories of employment by sector to maintain confidentiality, making it impossible to reflect employment figures by sector here.

TABLE 6.4: FORMAL EMPLOYMENT IN NEWCASTLE, 1960-1991

	1960	%	1970	%	1980	%	1991	%	% ANN AVER INCR 1980- 1991
Agriculture	4492	20.3	10005	31.4	1972	3.4	1421	2.6	-2.5
Mining	6357	28.8	4009	12.5	3367	5.8	2306	4.3	-2.8
Manufacturing	2233	10.1	5796	18.2	20102	34.8	21346	39.6	0.6
Electricity	125	0.5	1054	3.3	1024	1.8	969	1.8	-0.5
Construction	2303	10.5	2381	7.4	2968	5.2	2307	4.3	-0.2
Commerce	1194	5.4	1913	6.0	7953	13.7	6364	11.7	-1.8
Transport	580	2.6	965	3.0	2998	5.2	2648	4.9	-1.0
Finance	64	0.2	202	0.6	1419	2.4	1772	3.2	2.3
Service	4636	21.0	5866	18.4	15400	26.7	14809	27.4	-0.3
Total	25307	100.0	31860	100.0	57711	100.0	53942	100.0	-0.6

SOURCE: *Population census 1960*, Vol. 7. No. 2; *Population Census 1970*, Report No. 02-05-06; DBSA (1995) for 1980 and 1991

NOTES:

1. DBSA figures are used for 1980 and 1991. They are similar to census data, but there are some differences in trends over 1980 to 1991: there is a slight increase (0.5% p.a.) in total formal employment, and some sectors which are declining here increase slightly: electricity (1.8%p.a.), commerce (0.6% p.a.), transport (3% p.a.), services (1.3% p.a.). See endnote 2.

2. Newcastle here refers to the combined districts of Madadeni and Newcastle (see endnote 9).

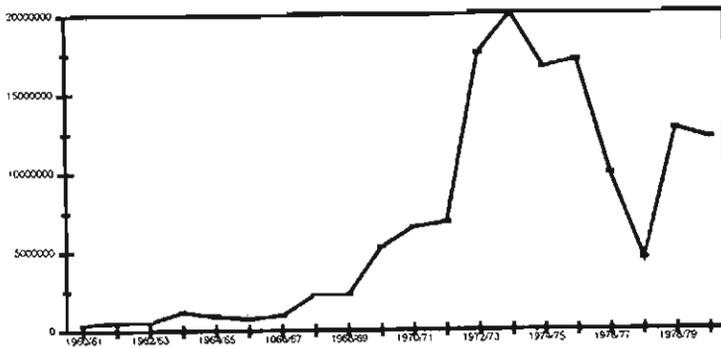
TABLE 6.5. NEWCASTLE: CHANGING COMPOSITION OF GGP, 1970 TO 1991

	1970 %	1980 %	1991 %	% ANNUAL AVERAGE INCREASE 1980 - 1991
Agriculture	1.8	2.1	1.6	-2.0
Mining	7.9	4.6	7.1	4.3
Manufacturing	23.6	49.6	39.4	-2.0
Electricity	47.4	10.3	9.7	-0.7
Construction	1.4	3.9	3.5	-1.2
Commerce	5.3	8.7	7.9	-0.9
Transport	3.2	3.2	6.6	9.0
Finance	3.7	8.2	9.9	1.8
Services	5.7	9.4	14.3	13.4
Total	100.0	100.0	100.0	-0.2

SOURCE: Harrison (1990) for 1970 figures, DBSA (1995) for 1980 and 1991

NOTES:

1. Newcastle here refers to the combined districts of Newcastle and Madadeni. See endnote 9.

FIGURE 6.1: VALUE OF BUILDING PLAN APPROVALS, 1970 -1980

SOURCE: Van Brakel and Schmitte, 1982

The development of Newcastle since 1970 has been strongly tied to the changing fortunes of Iscor as a whole, and the shifting position of Iscor Newcastle within that. Iscor accounted for about 75% of manufacturing employment in 1976, around 64% in 1985, 50% in 1988, and 30% in 1994. Its significance is declining, but it remains the single largest employer in the town. The growth, decline and restructuring of Iscor will be discussed in detail in the following chapter, but some elements will be outlined here to facilitate an understanding of dynamics within the town as a whole.

The establishment of Iscor in Newcastle reflected a modernist optimism about the ability of planning to create new production spaces. The fact that Iscor was a parastatal organisation gave the state greater power over its locational decisions, but at the time, the decision to locate the third works of Iscor outside of Gauteng was not seen as entirely irrational, and an expected fourth and fifth works were also to be located in depressed areas on the periphery. The decision was taken at the time of a boom, when it seemed possible to spread growth in this way. Nevertheless, it would have been cheaper to continue development in Vanderbijlpark, and as recession and international competition began to exert pressure on Iscor, it rolled back its plans for Newcastle, and recentralised.

The development of Newcastle as a 'growth point' was one of the most dramatic examples of the way the state used regional policy to reshape space along apartheid lines. Nevertheless, the decision was influenced by technocratic concerns, and presented in the language of regional development of the time. Newcastle was to be developed as a counterbalance to the metropolitan areas, and as a way of generating employment close to

homeland areas. The development of Iscor in Newcastle, located within the Tugela Basin, was seen as relieving pressure (especially in terms of water) on the Vaal Basin (Plan Associates, 1971). It would help to strengthen development corridors between Durban and Johannesburg, and between the OFS goldfields and Richards Bay (Ibid).

Newcastle was therefore seen as a major new industrial agglomeration, developing around the iron and steel industry. This vision was consistent with attempts by the Natal Town and Regional Planning Commission in the 1950s and 1960s to promote the Tugela Basin as the new Ruhr valley of South Africa (Thorrington-Smith, 1960).¹⁰ Indeed, the Commission's thinking does appear to have been influential in the choice of a centre within the Tugela Basin for the development of Iscor. Thorrington-Smith (1996), the key proponent of the Tugela Basin scheme, claims that

...the Central Government which was estranged from Natal politically, adopted the Commission's concept of the Tugela Basin being the decentralisation region for South Africa. (p.6)

Thorrington-Smith was appointed to the Government's Water Research Committee in the 1960s. The Committee was intended, *inter alia*, to suggest where industrial development should occur in view of the availability of water and proximity to labour. The Tugela Basin was seen as the most promising area for decentralisation in these terms. Thorrington-Smith (1996) claims that the decision to locate Iscor at Newcastle was

...also because it was in the Tugela Basin...At this stage, about 1969, Industrial Decentralisation in South Africa meant the Tugela Basin (p.7).

Thorrington-Smith's point seems overstated here¹¹, but the influence of the Tugela Basin scheme should not be neglected. The location of Iscor in Newcastle is often presented as a 'top down' decision of central government. This ignores the extent to which both provincial and local interests were able to influence decisions in their favour.

In interviews with Iscor officials, the decision to locate in Newcastle was presented as a 'political' one - to provide jobs for Africans in homeland areas.¹² In some respects, this is curious since Africans only accounted for 55% of employment in Iscor Newcastle (Interview with Retief, Iscor Newcastle, May 1996). Planners however, assumed that the development of agglomeration economies and linked industrial growth would generate significant employment for Africans, whomever Iscor employed.

For Iscor, the decision might have made less economic sense. Nevertheless, location in a border area allowed Iscor to avoid racial job reservation and to circumvent the power of the white unions in this regard. A higher proportion of African workers could be employed than was the case in the Transvaal, where some 60% of workers were white. Iscor's skilled labour shortage could also be eased by employing Indian workers (9% before 1977), which was not possible in Vanderbijlpark.¹³

The establishment of the third Iscor works at Newcastle came as something of a surprise to the financial community. Saldahna Bay and Richards Bay had been the favourites (*Financial Mail* 28/6/68). The greater availability of African labour in Newcastle compared to Richards Bay, was cited as a factor in some interviews with Iscor officials (Interview with Chowles, Iscor Newcastle, September 1994). As a consequence of removals and the existence of Amcor, Newcastle already had a settled population. The development of Iscor might therefore be seen as a response to the surplus population created under past policy. In the early years, however, a significant component of African workers were migrant labourers. This is explored further in Chapter 9.

There were other 'location factors' that favoured Newcastle: accessibility to the collieries, some of which were owned by Iscor, was one. The existence of the Amcor plant with its blast furnace, was another. It allowed Iscor to save R22m in development costs (*Financial Mail* 9/5/96), even though large new sections were also developed. The take-over of Newcastle's Amcor plant occurred at a time when Iscor was buying out Amcor as a company, but Iscor officials denied that the project was dependent on it (*Financial Mail* 23/5/96).

In terms of traditional location factors, there were few sites where access to coal, iron ore and markets could all be combined. Iscor chairman in 1969, Dr. Hendrik van Eck, stressed the accessibility of the town:

We are not really in steel, we are in the transport business - of coal, ore and the finished products. Newcastle is one of the few sites where new communications would not have to be developed with great difficulty and great cost (cited in *Financial Mail* 23/5/69).

Iscor Newcastle was developed primarily to serve the local market in a context where import substitution policies had concentrated the market in Gauteng. Its relative proximity to Gauteng (compared to either Saldanha Bay or Richards Bay) was therefore seen as important. Nevertheless, it was sufficiently close to the coast to deal with exports. The 'accessibility' of Newcastle, its proximity to both Gauteng and Durban, to internal and external markets, is an ongoing theme in the industrialisation of Newcastle. In practice, however, it is neither sufficient to enable industrial development, nor to stave off the crises which have constantly beset its development.

Although traditional location factors partially underpinned the decision to locate in Newcastle as opposed to other centres outside of Gauteng, it is important to recognise that these 'location factors' were not static. Rather, they were soon undermined by changing conditions. By the late 1980s, the shift towards direct reduction methods, and newer technology replacing the blast furnace, would have made the location factors of the 1960s poor choices for the late 1980s and 1990s. The decline of the domestic market, as an effect of recession in the 1970s and 1980s, meant that Newcastle's output became largely export oriented, and for this it was poorly located. By 1978, high transport costs, inter alia, were calling into question the viability of the Newcastle plant (*Vaderland* 18/4/78).

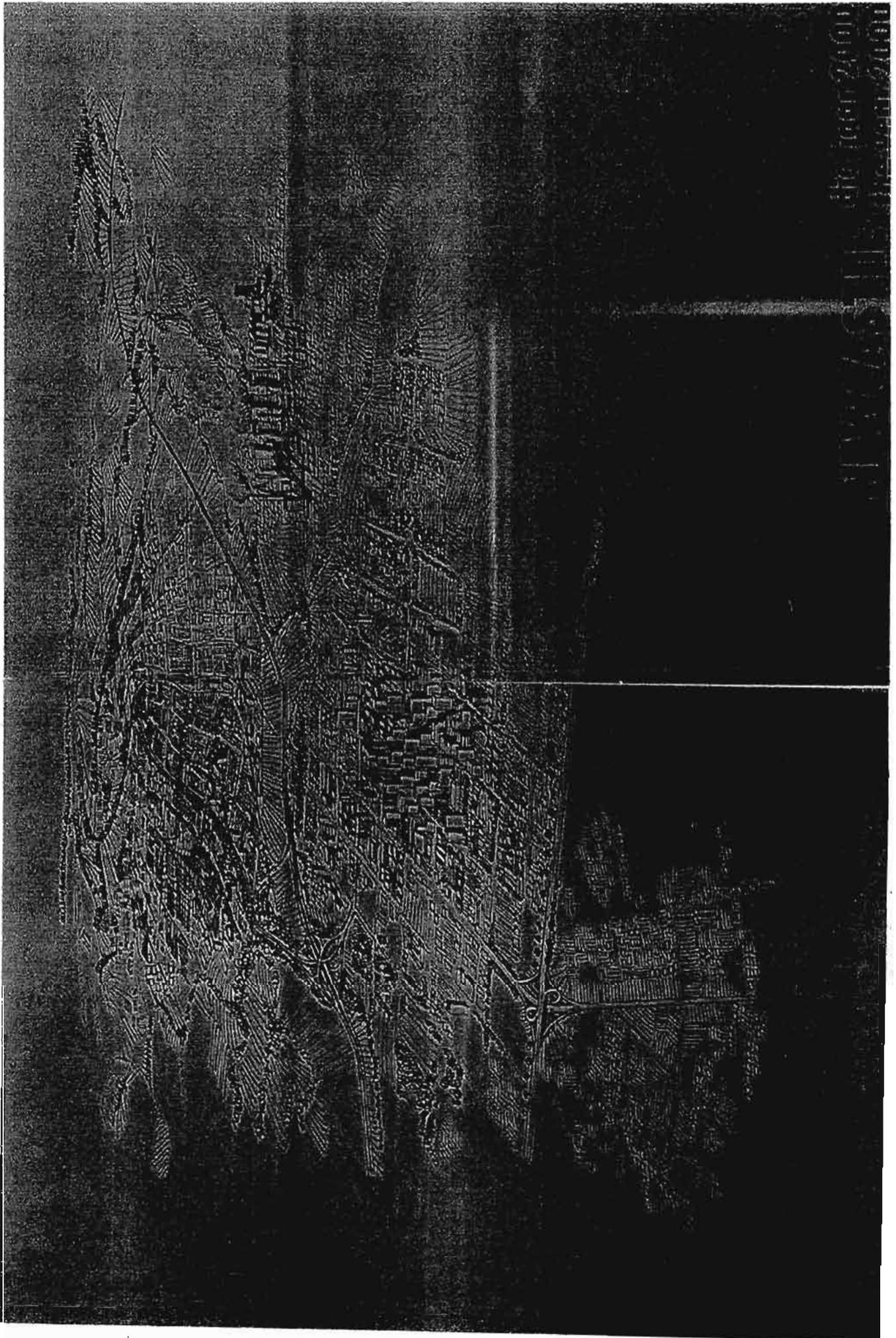
Despite the broader political and technocratic concerns, local politics and the Nationalist Party's own agenda were also influential. Nationalist organiser and member of parliament, Willie Maree, started what has become an ongoing boosterist tradition, by lobbying for Iscor in the town, as opposed to any other centre in the area (Gill Hart, Interview with Hendersons, September, 1994). Similarly, Thorrington-Smith (1996) suggested that the technical recommendation of the Water Research Committee was for Colenso, but 'an influential local politician was able to negate the technical solution' (p.7). Maree's campaign for Iscor was to strengthen his position in what was then a marginal parliamentary seat for the Nationalist Party, one which he was likely to lose in the next elections (Interview with retired Senator Moll, November 1997). The location of Iscor in Newcastle was also part of a broader strategy to increase the Afrikaner and Nationalist presence in a province which was largely English-speaking, and which was an important political base of the opposition United Party.

With the development of Iscor, the character of the town changed from a predominantly English, to an Afrikaans speaking one, a place where, by 1987, some 45% of the white workforce worked for Iscor (Nieuwoudt, 1988). Rule (1987) shows that this led to a distinct shift to the right in voting patterns, ironically undermining Nationalist as well as United Party support in later years. In the 1970s and 1980s, Newcastle was used as the headquarters of the Security Branch of the South African Police in Natal, due to its positioning between the PWV and Durban, and also because it was an 'outpost' of conservative rule, close to the Transvaal heartland (Interview with Mzimela, Truth and Reconciliation Commission, Durban, June 1997).

Chapter 9 shows that Newcastle was also seen as eminently suitable for development by the politically powerful Department of Bantu Administration and Development, which acted as a 'state within a state' in relation to African affairs. The town council had actively implemented apartheid spatial policies, forced removals had proceeded more quickly than elsewhere in the province, and the town was seen as model of apartheid planning.

With the development of Iscor, Newcastle was seen as being 'on the brink of a new era of industrial expansion seldom experienced in modern times' (Plan Associates, 1971, p.5). This grandiose image is evident in the planners' visual impression of the town by the end of the century (Figure 6.2). The 1970 Master Plan developed land and services on the basis of a population projected to grow to 320 000 by the year 2000. Ironically, the growth of the functional area has already exceeded these projections (see Table 6.2), but the population of the town itself, which was the focus of the projections (see Figure 6.3), has never approached anything like the projected size.¹⁴

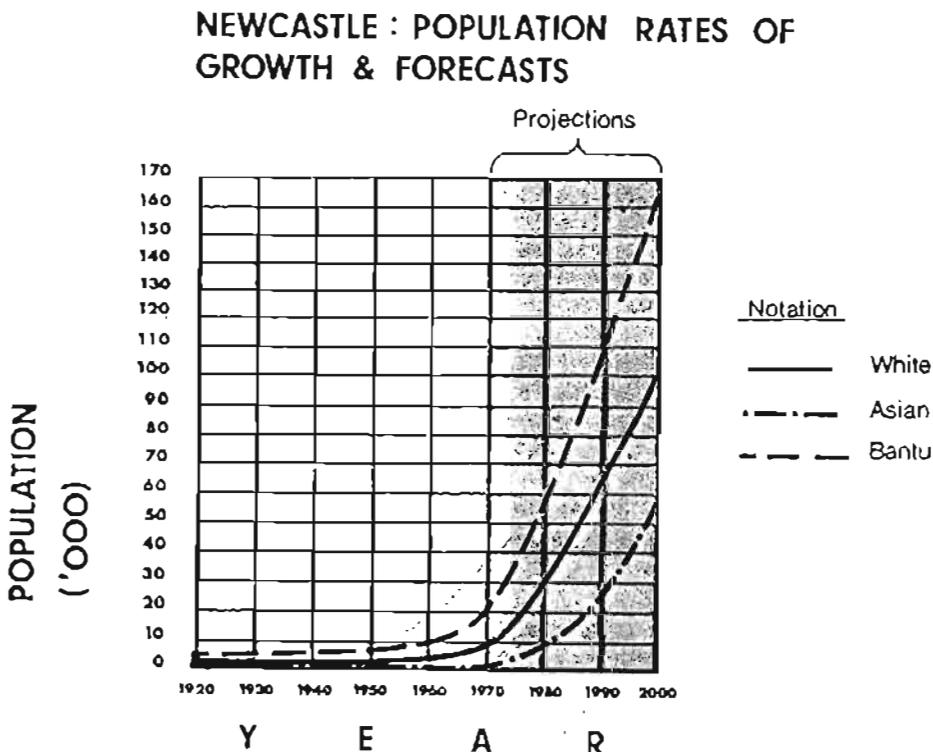
Employment in Iscor was projected to reach 17 800 by 1990, and 26 265 by the year 2000. In total, industrial employment was expected to grow to 31 741 in 1990 and 50 565 in the year 2000 (Plan Associates, 1971).



It is clear that these estimates were vastly overstated. Although the establishment of Iscor did lead to ancillary industrialisation as Table 6.3 showed, the fate of the local economy was still tied to the fortunes of Iscor. Iscor employed around 13 000 people at its height in the late 1970s (Interview with Retief, Iscor Newcastle, May 1996). With recession in the 1970s, Iscor downscaled plans for Newcastle. The shelving of plans to produce flat rolled products, meant that local spin-offs were limited, and Iscor remained a 'castle in the desert'. By 1981, only 23% of local industries bought any inputs from Iscor, and employment in the industrial service sector was limited to 1300 people, although it serviced an area of over 100km (Van Brakel and Schmitte, 1982).

By the late 1970s, growth in Newcastle had slowed considerably, and residents were feeling the effects on property rates of over-provided infrastructure (*Tempo*, 13/10/79). By 1981, some 22% of buildings and 16% of land was vacant (Van Brakel and Schmitte, 1982). Clearly, the promised boom had materialised - but it was neither as great as expected, nor was it sustained. The 1980s were to see further declines in heavy industry, and new waves of growth as the economy shifted towards low waged industrialisation.

FIGURE 6.3: POPULATION PROJECTIONS ACCORDING TO THE 1970 PLAN



SOURCE: Plan Associates, 1971

6.2.3. Restructuring in the 1980s: From Growth Pole to Low Waged Industrialisation

6.2.3.1. Industrial Development

In the 1980s, the rationalisation of Iscor intensified as recession deepened. There were major retrenchments in 1982/4 and 1987. Employment declined from around 13 000 in 1977 to around 10 000 in 1985 and 8463 in 1990 (Interview with Retief, Iscor Newcastle, May 1996). Rationalisation also had effects on linked and service industries, and on suppliers. Table 6.3 shows the decline in industrial employment between 1982 and 1985. In the 1980s, Newcastle registered a negative net profit in the manufacturing census for all years recorded (*Census of Manufacturing*, 1982, 1985, 1988, 1991), largely due to Iscor (Interview with Chowles, Iscor Newcastle, September 1994).

In the early 1980s, employment in heavy industry, and the growth of the town, were shored up by the establishment of Sentrachem's Karbochem plant. Like Iscor, Karbochem was seen as the centre of a large new integrated development with significant local backwards and forwards linkages, although employment there was not anywhere near Iscor's scale - at around 900 workers in 1982. Karbochem was intended to develop rubber substitutes to reduce imports, thus shielding South Africa from possible sanctions. At the time of development, rubber prices were relatively high, but by the mid-1980s, the international price of rubber had plummeted. Like Iscor, the plant sustained losses throughout the 1980s, and most of it was mothballed in 1990. The anticipated growth pole effect of Karbochem also failed to materialise. Karbochem's investment was followed by one other firm (AECI), but like Karbochem, the firm was severely rationalised by the early 1990s. The experience of Karbochem and the chemical industry will be discussed in greater detail in the following chapter.

The establishment of Karbochem and especially the construction of the plant, caused a boom in Newcastle, as 2500 jobs were generated. But short-term booms of this sort are difficult to absorb in a small economy. In the early 1980s, house prices and rents increased sharply, and tenants in several blocks of flats were given notice to make way for construction employees (*Sunday Express*, 28/6/81). The construction boom was fuelled by

the development of supermarkets, libraries, the airport and the railways (*Sunday Tribune* 20/4/80).

By the end of 1982, house prices had dropped by 20% (*Sunday Tribune* 10/10/82) as the construction boom ended and as Iscor rationalised. By 1984, there were about 600 empty Iscor houses (*Rand Daily Mail*, 13/8/84). The houses remained empty for much of the decade. Ironically, the empty houses reflected the contradictions of apartheid, more than they did economic decline. While housing shortages were constantly experienced by Indians within the town, and by Africans in the adjacent KwaZulu areas, the Iscor houses stood empty. There was resistance by right-wing white groups to their use by Indians (*Rapport* 6/8/86). Iscor's applications to rezone these houses for its Indian employees under the Group Areas Act, were finally refused in 1990 after a five year process (*Sunday Tribune* 28/10/90).

Perhaps as a result of the impact on rates of decline, and the oversupply of land and buildings, Newcastle has tended to be a highly boosterist town. From the early 1980s, the Newcastle municipality played an active role in local economic development, albeit of a fairly narrow kind. The municipality, of course, represented only whites, and brought to bear a particular conception of the benefits of economic development. Its efforts focused on attracting to the area industrial and commercial concerns. It did not, for example, engage in strategies to assist informal or small firms within the town, nor did it interact with Iscor around alternatives for economic development. Throughout the 1980s, newspaper articles announced major developments which would boost the local economy, such as potential gold in the area in 1984; the establishment of Sasol 4 in Wakkerstroom - 85km from Newcastle - in 1985 (*Natal Mercury* 23/12/85); and a R80m diesel de-aerator plant, employing 15 000 people, in 1985 (*Sunday Star* 17/2/85). These dramatic developments, however, did not materialise.

As the political and economic crisis deepened nationally, new forms of industrialisation began to emerge in Newcastle. After 1985, and particularly from 1988, manufacturing employment grew (see Table 6.3). By 1991, employment levels were similar to what they had been in 1982. Some 66ha of serviced industrial land, representing 47 industrial sites

had been sold in the period, resulting in a 79% occupancy rate (*Business Day* 6/12/91). The number of firms, as Table 6.3 showed, more than doubled between 1982 and 1991. This new wave of industrial growth, which largely centred on low waged industries in textiles and clothing, can be seen as part of the development of a 'new regional division of labour' (Cobbett et al, 1987; Wellings and Black, 1986; Pickles, 1991). There was also some growth of service, local market and resource oriented industries, as well as a scattering of other industries. In employment terms, however, the effects of 'inward industrialisation' (or the growth of regionally oriented industries) were relatively limited.¹⁵

Low waged industrialisation in the 1980s was based on limited decentralisation of South African firms from metropolitan areas, and on a more substantial growth of Asian - largely Taiwanese - industries in Newcastle. In both cases, the availability of far more generous incentives under the restructured RIDP from 1982, played a role, but this growth was not purely incentive led. For South African industries, movement to the periphery was a response to competitive pressures in an industry where price competition remained dominant. The surplus female labour created by removals and influx control policies and the lower wages which were legally possible in terms of the Wage Determination Act enabled these industries to lower their labour costs, as well as to escape the growing labour organisation which was emerging in the cities (Altman, 1994; Sutcliffe and Wellings, 1985). Nevertheless, from the survey conducted in 1994, it would appear that the number of firms that relocated in this way was relatively small - the lion's share of growth occurred in Asian industries. Some 66% of the new industries attracted to the town by 1991 were Asian (*Business Day* 6/12/91).

The initial growth of Asian firms in Newcastle was part of a broader pattern of investment by third world multinationals into the peripheral areas of South Africa (Rogerson, 1986; Pickles and Woods, 1989). Taiwanese investment - which dominated this movement in the 1980s - was underpinned by growing political and economic links between the increasingly isolated PW Botha government, and the Taiwanese state. Pickles and Woods (1989, 1990) show that trade between the two countries grew substantially in the 1980s, although it remained a small part of their international trade. Nevertheless, the importance of these links was underpinned by the growing movement towards disinvestment by

Western multinationals, particularly in the late 1980s (Pickles and Woods, 1990).

The movement of Taiwanese firms to South Africa was part of a wider pattern of relocation to other countries (primarily to lower waged countries in Asia), as the success of the Taiwanese labour-intensive model of growth generated its own destruction. With wages rising rapidly, and a sharply rising exchange rate in the mid-80s, the state pressured firms to shift to more capital-intensive and higher value production. Labour-intensive industries were encouraged (through tax rebates) to move to countries and locales where wages were lower (Pickles and Wood, 1989; Hart, 1996b). Location in South Africa also offered clothing and textile firms an opportunity to avoid quotas on US markets (Pickles and Woods, 1989; see further discussion in Chapter 8). Firms moving to South Africa benefitted both from tax rebates at home, and from the very generous incentives available through the industrial decentralisation programme in South Africa in the 1980s (Pickles and Wood, 1989).

The early patterns of Asian investment in Newcastle largely followed those noted elsewhere in South Africa (Rogerson, 1989; Pickles and Woods, 1989). Firms were concentrated in homeland areas (in this case in the Madadeni industrial site), and were based on labour-intensive production of a variety of goods (see Chapter 8, Hart, 1996b). At this stage, however, investment here was limited compared to the far more substantial growth in other homeland areas suggested by Pickles and Woods (1989).

By the late 1980s, Taiwanese investment in Newcastle had grown substantially, and was largely located within the town of Newcastle itself. With the decline of Iscor, Newcastle municipality went directly into the global economy to recruit industries from Asia, and especially Taiwan. Hart (1996b) argues that the Asian strategy emerged in response to the failure of efforts in Europe in the early 1980s. Drawing on the services of one of the industrialists in Madadeni, the municipality began to recruit firms in Taiwan (Hart, 1996b). It set up offices in Taiwan, and drew on the new RIDP incentives to attract industry. In contrast to the assumed split between 'top down' and 'bottom up' policies, the case of Newcastle provides an example of where local economic development initiatives built on 'top down' policies (Hart and Todes, 1997). Taiwanese location in Newcastle was not

simply the result of incentives or cheap labour. Hart (1996b) emphasises the importance of the personalistic approach of the Newcastle council, and its consonance with Taiwanese social practices. The Asian strategy also built on the legacy of past rounds of accumulation in Newcastle: the existence of the surplus - and largely unorganised - female population; the availability of extremely cheap suburban housing (particularly compared to prices in the dense cities of Taiwan); and cheap industrial land. Both housing and industrial land costs were low compared to the cities. Rates and taxes were amongst the lowest in the country (*Business Day* 6/12/91).¹⁶ In contrast to the cities, Newcastle was seen as a safe, peaceful place - a suburban haven. It was a place where workers were assumed to support the more conservative Inkatha. The 1994 national and 1996 local elections, however, demonstrated rather different political leanings.

By 1994, most Asian industries in Newcastle were in clothing and textiles, with a particular concentration in knitwear. There was a scattering of industries in other sectors, mainly in low wage industries. By then, Newcastle had emerged as one of the largest centres of Taiwanese production in South Africa: as a 'node in a world-wide Taiwanese diaspora' (Hart, 1996b, p.14). With a community of around 1000 people and 50 firms, growth was increasingly generated as a result of 'social' agglomeration economies. While the growth of Taiwanese industry shored up investment in the town, and ensured that on aggregate, manufacturing employment was stable over the 1980s, it was riven with tensions and in this sense, highly fragile, as patterns in the current era demonstrate.

The stabilisation of manufacturing employment in the 1980s meant that it was one of the few sectors of the economy where employment levels did not decline (see Table 6.4). On aggregate figures, Newcastle performed better than the national economy and the Durban Functional Region (DFR) between 1982 and 1991, although worse than the province as a whole (see Table A.3 Appendix A and Table 6.6). By 1991, manufacturing had increased its share of employment, and accounted for nearly 40% of formal employment. Nevertheless, manufacturing output, measured by GGP figures, declined. Decline was not unusual as Table 6.6 shows, but it was far more pronounced in Newcastle.

TABLE 6.6: COMPARATIVE PERFORMANCE IN MANUFACTURING IN NEWCASTLE IN THE 1980S.

	GGP: ANNUAL AVERAGE GROWTH % 1980-1991	GGP: GROWTH PERFORMANCE INDEX (1) 1980-1991	EMPLOYMENT: GROWTH PERFORMANCE INDEX 1982-91 (2)
Newcastle (3)	-2.0%	80	102
DFR	-0.7%	95	99
KZN	-0.1%	102	106
South Africa	-0.3%	100	100

SOURCE: Based on figures from DBSA (1995), *Census of Manufacturing 1982*, Report No. 30-01-02; *Census of Manufacturing 1991*, Report No. 30-01-02.

NOTES:

1. This is a variation of shift-share analysis designed to show performance relative to South Africa as a whole. The formula is: $(\text{Region}_{91}/\text{Region}_{80}/\text{Nation}_{91}/\text{Nation}_{80})100$.
2. Manufacturing census figures for 1982 and 1991 are used here.
3. Newcastle refers to the combined districts of Madadeni and Newcastle.

The gender composition of industrial employment changed markedly as heavy industry declined and light industry grew. For the most part, there was clear gender division of labour with women concentrated in clothing, and to a lesser extent light industry, while men dominated work in heavy industry. On population census figures, women's share of industrial employment rose from 16% to 37% between 1980 and 1991. Men's employment declined by 20% over the period. Similar trends were notable in the formal labour force, as women's share of formal employment shifted from 31% in 1980 to 40% in 1991, and men's employment declined in absolute terms. These patterns mirrored trends occurring in KwaZulu-Natal more generally, and in the economy as a whole (Posel and Todes, 1995).

The changing sectoral composition of industry was coupled with a sharp decline in worker wages. Not only were there sectoral differences in wage levels, but wages in clothing and textiles were less than half those in metropolitan areas (see Chapter 8), while wages in heavy industry tended to be the same as in the cities. In 1994, therefore, wages for women's work in the clothing and textiles industry were between two and six times lower than men's work in heavy industry.

6.2.3.2. Mining and Agriculture

Mining and agriculture were once significant sectors within NWKZN, and in Newcastle. They have since been overshadowed by industrial development, but their dynamics are nonetheless of importance in understanding restructuring in Newcastle. Both sectors restructured substantially in the 1980s, and help to account for both regional economic decline (Appendix B), as well as stagnation or decline in Newcastle.

Until the 1980s, the coal industry was a significant sector in NWKZN. After a period of rapid export led growth in the 1970s, its fortunes changed dramatically as export markets declined and local demand contracted with the restructuring of Iscor in Newcastle and the closure of the Ngagane Power Station. The Klipriver Coalfield, stretching from Ladysmith to Newcastle, was particularly affected by these processes, and a number of large collieries closed. Closures have continued into the 1990s as marginal mines and those with high production costs were shut. By this time, there are few collieries left. Employment however, has declined while output stayed static, as industry responded by increasing capital intensity. Employment in mining halved in the region (see Tables B.2 and B.3 in Appendix B). The smaller towns were particularly affected by employment declines, but mining employment in Newcastle also dropped sharply.¹⁷

The agricultural sector also declined in the 1980s. In the 1970s, maize was introduced in a substantial way, and farmers used easy access to credit to mechanise, leading to declining absolute employment. This strategy led to crisis in the 1980s as farmers were squeezed by drought, declining prices and markets on the one hand, and rising input costs and interest rates on the other (Harrison, 1990). Both output and employment declined in the region in the 1980s (see Tables B.2 and B.3, Appendix B). By 1991 agriculture was of negligible importance in Newcastle.

6.2.3.3. Services

Newcastle is by now the largest town in NWKZN (Table 6.7), and its major commercial and financial service centre. In 1991, it accounted for 47% of formal employment and 53% of GGP in the region. Its share of employment (47%) and output (43%) in the tertiary

sector was similar. The establishment of Iscor meant that Newcastle grew far more rapidly in the 1970s than Ladysmith, and overtook it as the major regional service centre. By 1984, a Town and Regional Planning Commission survey found that Newcastle was the largest commercial centre in the Tugela Basin (covering a third of the province including NWKZN), with 25% of its retail chain supermarkets, 40% of chain stores and 54% of specialist stores (Harrison, 1990). Nevertheless, much of the service economy is oriented to the town itself and arises from sheer concentration. Newcastle is not strongly integrated into NWKZN (see Appendix B). Its own population accounts for half of the region, similar to its share of the region's tertiary sector.

TABLE 6.7: NORTH WESTERN KWAZULU-NATAL: SPATIAL DISTRIBUTION OF FORMAL EMPLOYMENT AND OUTPUT, 1991

DISTRICTS	% EMPLOYMENT 1991	% GGP 1991
Newcastle Functional (1)	47	53
Ladysmith Functional (2)	32	26
Dundee	6	10
Utrecht	8	4
Dannhauser	4	4
Glencoe	3	2

SOURCE: Based on figures from DBSA (1995)

NOTES:

1. Newcastle functional includes the districts of Newcastle and Madadeni
2. Ladysmith functional includes the districts of Klip River and Emnambithi

While manufacturing is overwhelmingly the single dominant sector in Newcastle in terms of both employment (39.4%) and output (39.1%) (Tables 6.4 and 6.5), the tertiary sector is of considerable importance. Commerce, transport, finance, as well as community, social and personal services, together accounted for 47.2% of employment and 38.4% of output in 1991. The following discussion provides a cursory, descriptive account of this sector in order to shed light on its performance in the context of restructuring. Given its importance, an in-depth investigation of the dynamics of different parts of the sector would be useful, and would serve to reveal the impact of restructuring on other parts of the local economy. This, however, would require a depth of investigation similar to that applied to the industrial sector, which is beyond the scope of this thesis.

The most important part of the tertiary sector in Newcastle is the community, social and personal services sector, which accounted for 27% of employment and 14% of output in 1991. The sector largely comprises public services (particularly education, health and police) and domestic workers. The size of this sector is in part the result of sheer concentration of population, but a number of regional public facilities and services have been located in the town. The most important of these are:

- two large provincial hospitals, one in Madadeni, one in Newcastle, and linked services such as clinics and ambulance services
- a number of training colleges, including a technicon, two teacher training colleges and technical colleges
- representatives or branches of some national and provincial government departments and parastatals, including Home Affairs, Health, Community Services
- a prison complex
- a regional sports centre
- a variety of welfare organisations

The commercial sector accounted for 7.8% of employment and 7.8% of output in 1991. The finance sector, although small in terms of employment (3.2%), was significant in terms of output (9.9%). All the major banks, real estate agencies and insurance houses had branches in the area, and the town plays a regional service role in this regard as well.

The transport sector is another small but important sector, accounting for 4.9% of employment and 6.5% of GGP. Newcastle houses regional headquarters of the previous KwaZulu Department of Works (Roads section), KwaZulu Transport (buses), the provincial Department of Roads, and Transnet (rail and bulk freight). In addition, there are a number of trucking companies, and a significant taxi component. Given the limited nature of the local market, and weak local linkages, manufacturing relies on inputs being brought in and products being sent out of the area. Home - work distances require a substantial passenger transport sector, while both commuting and migrancy are transport dependent. As Chapters 9 and 10 show, these are important elements of the local economy.

In the 1980s, the town partially consolidated its regional service role, but apart from

transport, does not appear to have benefited from the growth of the tertiary sector that was occurring nationally (see Table 6.8). There is some difference between DBSA and census employment figures here, with the former suggesting decline in all sectors, while the census suggests growth (see Table 6.4). Figures should be consistent in relative terms (see endnote 2), however, and it is apparent that apart from transport, and to some extent finance, performance has been weak (Table 6.8).

TABLE 6.8: NEWCASTLE: RELATIVE PERFORMANCE IN THE TERTIARY SECTOR, 1980-1991

	NEWCASTLE	LADYSMITH	DFR	KZN
Commerce				
Output	73.6	110.7	116.9	117.8
Employment	76.3	105.9	123.9	107.9
Finance				
Output	100.5	91.5	106.3	105.1
Employment	81.3	146.1	103.8	107.0
Services				
Output	88.5	66.8	93.2	92.6
Employment	82.6	103.4	119.8	106.6
Transport				
Output	166.7	85.2	105.1	106.2
Employment	106.4	101.3	101.3	102.2

SOURCE: Derived from figures in DBSA(1995)

NOTES:

1. SA = 100
2. Newcastle includes the combined districts of Madadeni and Newcastle. The figures for Ladysmith and the DFR are for functional areas as well.

Regional decline (see Appendix B) and local industrial restructuring appear to have resulted in the contraction of the commercial sector in terms of output and employment (Tables 6.4, 6.5). While census figures suggest slow growth rather than decline in employment in commerce, its relative performance was weak (Table 6.8), even compared to neighbouring Ladysmith, which increased its share of the sector in the period. In contrast to Newcastle, Ladysmith's industrial sector grew in the period, demonstrating the significance of industrial dynamics to the service economy.

Public services would be less affected by restructuring than would commercial services, and as elsewhere, are an important source of stability in the local economy (Begg, 1994). Employment in domestic work and other personal services may, however, have been lost - due to economic decline and out-migration by white Iscor workers and higher income groups (see Chapter 9). The significance of the service sector, nevertheless, has helped to lessen the impact of employment loss in heavy industry (see Chapter 10). Ironically, immobility itself has probably contributed to the stability of the service sector.

6.2.3.4. Overall trends

Employment and output in most other sectors declined (see Tables 6.4 and 6.5) as an effect of local industrial restructuring, or as part of regional restructuring (see Appendix B). Aggregate data for the economy as a whole suggests decline in output, and static (census) or declining (DBSA) levels of overall employment. In both sets of data however, Newcastle's performance relative to other areas was consistently much weaker (Table 6.9).

TABLE 6.9: NEWCASTLE: COMPARATIVE PERFORMANCE IN FORMAL EMPLOYMENT, 1980-1991, DBSA AND CENSUS DATA

	ANNUAL AVERAGE GROWTH % CENSUS	ANNUAL AVERAGE GROWTH % DBSA	GROWTH PERFORMANCE INDEX CENSUS	GROWTH PERFORMANCE INDEX DBSA
Newcastle	0.5%	-0.6%	92	89
DFR	3.5%	0.3%	120	112
KZN	2.0%	0.8%	106	104
South Africa	1.4%	0.4%	100	100

SOURCE: DBSA (1995); *Population Census 1980*, Report No. 02-80-08; *Population Census 1991*, Report No. 03-01-09.

NOTES:

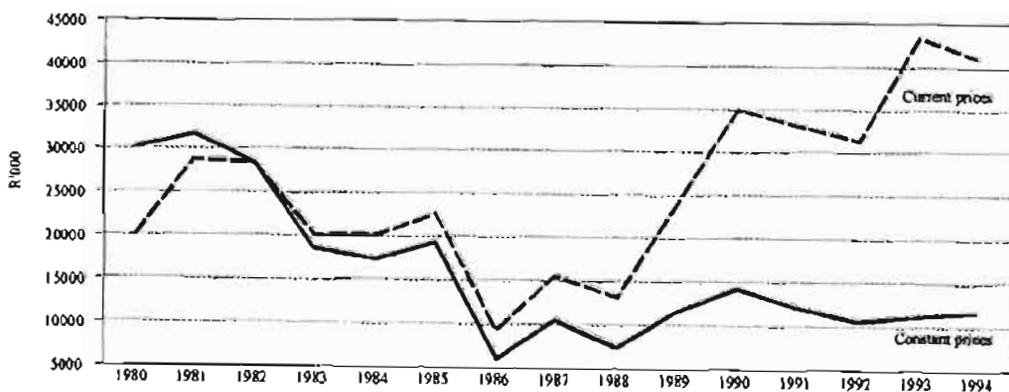
1. Newcastle refers to the combined districts of Newcastle and Madadeni

In response to static or declining levels of formal employment, the informal sector grew rapidly. On census figures, the category 'not adequately defined', which largely covers the informal sector (but also includes a substantial unemployed component) grew from 12% of the economically active in 1980 to 30% in 1991, an annual increase of 22%. Both men and women were drawn into the informal sector as the economic crisis deepened. The

feminisation and informalisation of the labour force reflected household responses to economic crisis. But economic activity ratios also declined sharply and unemployment levels rose. Within Madadeni, on DBSA (1995) figures, levels of unemployment rose from 4% in 1980 to 30.9%¹⁸ in 1991. Despite economic stagnation, in-migration into the area - and largely into Madadeni - continued (see Chapter 9).

Figures for building plan approvals (see Figure 6.4) in the 1980s reflect the patterns of economic activity during that time. Initially rising between 1980 and 1982, the value of building plans declined until 1986. They rose slowly between 1986 and 1991, but if considered at constant prices, they did not even reach 1985 levels. Although growth had been achieved, there were still substantial vacancies, with 21% of industrial land, and 24% of land for retail and office development unoccupied in 1991 (*Business Day* 6/12/91). By 1994, there were still 2400 vacant residential sites in Newcastle (Interview with Van Wyk, Chief Town Planner, Newcastle Municipality, September 1994).

FIGURE 6.4: BUILDING PLAN APPROVALS 1980-1994



SOURCE: Davies, Bristow and Associates (1992); Data supplied by the municipality; Borough of Newcastle, *Mayors Minute*, 1994.

In the 1980s therefore, Newcastle experienced both decline and new growth. Restructuring is clearly evident in the sectoral shift which occurred and in industrial dynamics, which are considered more fully in the following two chapters. The national recession of the 1980s both undermined Newcastle's growth through its impact on heavy industry, and led to new waves of low waged industrialisation as firms shifted to the periphery. Ironically, while the earlier growth pole policies proved to be out of line with economic dictates as

recession ensued, the shift to labour oriented regional industrial policies helped to 'rescue' the local economy. However, the new wave of industrialisation did not entirely secure the local economy, as trends in the 1990s demonstrate.

6.2.4. Adjustment in the 1990s

The 1990s has been a period of adjustment to increasing international economic integration, deepening recession, and the move away from apartheid. The RIDP was also downscaled and reoriented to profitability in 1991, as indicated in Chapter 2. It is a time characterised by considerable instability. Industrial restructuring has taken on new dimensions in the 1990s as the results of the 1994 survey indicate. Industrial dynamics will be discussed in detail in the following section, and in the next two chapters, but it is useful to outline some of the overarching trends here.

In contrast to the 1980s, industrial employment declined in absolute terms. Job losses on aggregate were largely concentrated in heavy industry. The privatisation of Iscor, and growing competitive pressures, led to a further round of rationalisation. Employment dropped to 5508 by May 1996, 4648 by November 1997, and was planned to reach 3000 by 1999 (Interviews with Retief, Iscor Newcastle, May 1996 and November 1997). Other heavy industries also downsized in the context of national recession and increasing international competition. The chemical industry, however, grew slightly as old plants were turned around to new uses - but this did not amount to a new wave of accumulation, nor did it generate significant local spin-offs.

While the significance of labour-intensive industries in the local economy has increased, the growth of the 1980s has tapered off, and employment levels were at best static. Further, the model of low waged industrialisation is increasingly fragile. Patterns within the industry were complex, with both growth and decline occurring. Clothing and textile firms were affected by growing global competition, as in other areas, but parts of the industry grew as retailers and wholesalers sought cheaper sources of production outside of the cities. A form of 'endogenous development' emerged as small, locally based industries (both South African and Asian) established. Nevertheless, this growth was also threatened

by competitive pressures, and by the rise of unionism and labour militancy in the area. Asian industry, in particular, generated its own contradictions as its labour practices led to severe conflict. By the mid-1990s, the pattern of low waged industrialisation appeared to be increasingly fragile¹⁹.

Other industries remained a very small component of total industrial employment, although there are a large number of firms²⁰. While the performance of local market oriented firms generally followed the local and regional economy, the dominant trend in the remaining - largely Asian - firms, was one of contraction, reflecting similar dynamics to those in the clothing and textile industries.

It is clear that new waves of industrial restructuring have been occurring in the 1990s. There are unfortunately few sources of data available which assist in an understanding of how these changes have affected the local economy as a whole. Data on approval of building plans until 1994 (see Figure 6.4 above), suggests that interest in construction in Newcastle tailed off in the 1990s, but did not drop as low as in the slump of the mid-1980s.

GDP figures for 1993 (CSS, 1995) are preliminary estimates based on previous census surveys, and some regional data, and cannot therefore be seen as definitive. They suggest that on aggregate, output within the local economy continued to decline between 1991 and 1993, mirroring trends in the national economy (Table 6.10). Decline was concentrated in the primary and secondary sectors, as occurred nationally. The calculation of estimates is, however, likely to have flattened local specificities and the value of this data is therefore somewhat questionable.

The only other data source available is from the CSS survey of remuneration of employees and turnover, as reflected in Joint Services Board levies, collected from 1993 (CSS, 1996). The figures reflect firms which are required to pay the levy, and therefore exclude the informal sector, very small firms, non-profit organisations, and domestic workers. The figures (Table 6.11) suggest that Newcastle performed far worse on these measures than did the national and provincial economies. Both remuneration and turnover declined sharply in contrast to trends elsewhere.

TABLE 6.10: NEWCASTLE AND SOUTH AFRICA: GGP ANNUAL AVERAGE INCREASE BY SECTOR AT CONSTANT 1991 PRICES, 1991 - 1993

	NEWCASTLE	SOUTH AFRICA
Agriculture	-7.3%	-7.4%
Mining	-2.6%	-2.1%
Manufacturing	-2.1%	-3.0%
Utilities	-3.1%	-3.2%
Construction	-2.1%	-2.1%
Commerce	0.2%	3.2%
Transport	0.2%	0.4%
Finance	4.1%	4.1%
Services	1.6%	1.7%
Total	-0.6%	-0.3%

SOURCE: Central Statistical Service, 1995. Gross Geographic Product at Factor Income by Kind of Economic Activity and Magisterial District. Statistical Release P0401.

TABLE 6.11: NEWCASTLE: ANNUAL AVERAGE INCREASE IN RENUMERATION AND TURNOVER ACCORDING TO JSB LEVIES, 1994-1996 (CONSTANT PRICES)

	RENUMERATION	TURNOVER
Newcastle	-14.5%	- 4.5%
KwaZulu-Natal	2.0%	8.1%
South Africa	1.4%	2.7%

SOURCE: Central Statistics Service, Remuneration of Employees and Turnover According to the Levies Received by Regional Services Councils and Joint Services Boards by Magisterial District, Statistical Release P9149, March 1995, October 1996.

These data sources are, of course, no more than partial indicators covering short periods of time, but they do seem to point to local economic decline, consistent with industrial trends. By the mid-1990s, therefore, Newcastle's economy was increasingly unstable. The forms of growth which had sustained it in the past appeared to be threatened, and no new successors were on the horizon. The following section discusses the industrial survey and its methodology in greater detail, in order to lay the basis for the analysis of industrial dynamics in the following two chapters.

6.3. INDUSTRIAL TRENDS IN THE 1990S: THE INDUSTRIAL SURVEY

6.3.1. Methodology

The discussion on industrial trends and dynamics, draws from an industrial survey undertaken jointly with Gillian Hart, and in association with the Newcastle Municipality, from September 1994 to February 1995. While Gillian Hart's work focused on the dynamics of Taiwanese industrialisation in South Africa (see Hart 1996b), and is extensively quoted here, my emphasis was on industrial restructuring. Although there is some overlap between the two, and a joint paper has been written (Hart and Todes, 1997), the focus of the two studies is complementary rather than repetitive.

The association with Newcastle municipality was facilitative, not based on consultancy. It allowed us to determine the direction of the questionnaire. At the time of the research Newcastle municipality was interested in doing an industrial survey. Although they saw the survey as a tool which might help them to develop a local economic strategy, their survey was conceived in a rather narrow way. After a number of interviews in key industries, we developed a survey form covering the topics in which we all shared an interest. The association with the municipality gave us access to firms which might otherwise have been hostile, especially the Taiwanese.

Some 37 firms were interviewed by Gillian Hart and myself between September and November 1994. Although these interviews used the survey form as a broad guide to cover basic questions, they went well beyond it to discover the underlying dynamics behind patterns which were indicated in the questionnaires. These interviews, which lasted up to 4 hours in some cases (on average interviews were 1½ hours), were a form of qualitative study which enabled us to move beyond indicators and the type of generalised patterns which have dominated discussion so far, to an understanding of the underlying processes and mechanisms at work. The extent of particular patterns could then be established through the use of the survey form, administered in a more limited way. A further 64 firms were interviewed by Mr. Johan Benadie of the Newcastle municipality's Town Planning Department between November 1994 and February 1995, using the survey form.

The initial qualitative study focused mainly on three groups:

1. all the major heavy industries in the area (Iscor, Venco, Falkirk, Vaal Potteries, Karbochem) as well as a major concrete products producer (Rocla). The intention here was to understand the dynamics underlying the decline of heavy industry in the area, and something of its impact. The initial interview with Iscor, done by the author, was followed up by a number of interviews at the Pretoria headquarters, and by further interviews with past and present employees. Considerable secondary material has also been used to locate changes in Iscor Newcastle as part of dynamics within Iscor.
2. all the large South African clothing firms (Sandown, Allwear, SA Weatherwear, Bestform, Rand Hat and Cap), in order to understand the dynamics of both growth and decline. A major bag producer (Wang on Fibre), run by a group of South African Chinese (but assisted by a Hong Kong based company), which, according to the Standard Industrial Classification (SIC), would be defined as a textile company, was also interviewed.
3. a selection of Asian firms (24). The Asian firms interviewed in this way included most of the large and/or politically dominant firms (Nova, Ascendo, Susumu, Asiachem) as well as a range of smaller firms. The most significant sectors in which these firms are represented were well covered. The predominant sector is knitwear, but there are also concentrations of sock manufacturers, clothing, shoes, plastics, other textiles and a scattering of other industries such as machinery and radios. The study of the Asian firms enabled an understanding of both highly generative patterns of growth, and restructuring in response to changing conditions. Most of these firms were in Newcastle. In 1994, there were only eight firms on the KFC's list for Madadeni industrial area, if firms effectively operating as a single entity are grouped together. The qualitative study included five of these firms (all Asian), since the Newcastle Municipality felt that it was beyond their jurisdiction to do surveys outside of Newcastle itself. The study of the Madadeni firms enabled an understanding of the specific dynamics at work in that area - which as discussion below demonstrates, were in some respects quite different from those in Newcastle.

The qualitative study focused on firms which were central to patterns of restructuring, rather than those whose position would be shaped by these patterns, through changes within the local and the regional economy. It therefore largely excluded service industries - such as a range of engineering and other firms - which would be classified in the metal products, machinery and electrical machinery, transport and motor vehicle parts sectors; industries oriented to local consumer markets, such as food and beverages; most of the non-metallic mineral industries; wood, furniture, and printing. Although these sectors are not necessarily locally oriented in general, in Newcastle, they are overwhelmingly small, and locally or regionally dependent. Newcastle municipality's 1990 survey of industrial employment found that only 10% of employment was in these sectors, although 41% of firms were found there.

In the case of Newcastle, heavy industry (basic metals, elements of fabricated metals, and chemicals) as well as clothing and textiles, are overwhelmingly the dominant sectors. These two groups accounted for 82% of employment in 1990. The larger survey conducted by the Newcastle municipality did, however, include some of the service industries and local market oriented firms, across the range of sectors. The inclusion of these firms enables comment on the general dynamics affecting these industries, although conclusive aggregate trends cannot be established in respect of these industries. Taking the two elements of the survey together, the study amounts to virtually a 100% sample of the major industries for 1994. In the study in 1994, a few firms which should have been included were left out, but almost all of these were picked up in a small supplementary study in early 1996 (see below).

The large scale 1994/5 survey conducted by the Town Planning Department of the municipality picked up a significant trend which had not been apparent in the qualitative study: a proliferation of very small South African and Taiwanese clothing and textile firms. In order to understand the dynamics underlying this pattern and its significance, Gillian Hart and I returned to Newcastle in mid-1995, and conducted in-depth interviews with a further ten firms in these categories. In the process, we discovered significant new conditions which were affecting textile and clothing firms, and then telephoned a number of industries to check how they were being affected by these changes. The research process

therefore, was iterative, and enabled us to gauge changing dynamics and the fluidity of conditions, rather than presenting a static picture.

In early 1996, some seven industries were interviewed by a research assistant as part of a study of the impact of the 1991 RIDP incentives on selected localities in KwaZulu-Natal (Harrison and Todes, 1996). Some of these firms had been missed out in the earlier work, while others were new firms, enabling an understanding of more recent patterns. Engagement in the RIDP study enabled an understanding of the role of the RIDP in the patterns of accumulation in the 1990s. The survey questionnaire used here was more extensive than the original one, but did incorporate the earlier concerns. Table 6.12 provides a listing of all of the firms interviewed in terms of SIC categories.

TABLE 6.12: NUMBER OF FIRMS INTERVIEWED BY SIC CATEGORY

SECTOR (1)	NO. FIRMS INTERVIEWED (2)
Food/Beverages	2
Clothing/Textiles	64
Footwear/leather	3
Basic metals	1
Metal products	14
Chemicals (3)	3
Plastics (4)	7
Non-metallic minerals	7
Wood products	6
Machinery and electrical machinery	11
Other	7
Total	125

NOTES:

1. SIC categories used here are comparable to those used in the previous industrial census reports as reflected in Table 6.3. This is not the latest classification, but is used to facilitate comparison with Table 6.3. As is evident from a comparison of the two tables, the survey omitted a large number of small industries, and focused particularly on a few sectors.
2. Includes all firms interviewed. Figures comparing employment levels in 1990 and 1994 do not include firms established after 1994.
3. Two firms which might have been classified here and are probably reflected in the 1991 census as involved in rubber products are part of a shoe factory and were only nominally separate firms. All three are reflected here as one shoe factory.
4. The 1991 census records only one plastics firm, but most of these firms were established before that time. There are a few other similar anomalies, but they are of minor relevance to this thesis.

The main sets of questions covered by the original questionnaire, and by interviews, which are of relevance to the thesis, are as follows. The questionnaire itself is contained in

Appendix C.

- 1) The origins and ownership of the firm, including changes in ownership and the location of the head office. This helped to establish the social and institutional basis of the firm, and the way it had changed.
- 2) The products of the firm, including a discussion of where else in South Africa and internationally such products are made, the performance of the sub-sector and the relative performance of the firm in Newcastle, compared to other places. This discussion located the performance of the firm within broader industry dynamics and allowed an appreciation of the significance of space, in responding to change.
- 3) Reasons for location in Newcastle and the relative advantages and disadvantages of the location. This allowed a consideration of the use of space in responding to structural pressures, but also an appreciation of other dynamics at play.
- 4) Linkages, enabling an appreciation of the emergence of local agglomerations. Networks were discussed informally with some firms and with key informants.
- 5) An exploration of the orientation of the firm in terms of the market (domestic/export) and its implications in terms of pressures faced, its stability and instability.
- 6) Current and probable impact of trade liberalisation and ability to compete - particularly compared to competitors elsewhere.
- 7) Introduction of new technologies or machinery, its impact on employment and productivity, and relationship to labour conditions and relations: Planned introduction of new technology or machinery and its implications in terms of the location of the plant.
- 8) Changes in employment levels and the reasons for these changes.
- 9) Labour relations and forms of labour control and organisation, and the relationship between the two. Both 8 and 9 allowed for an understanding of the stability or instability of the firms, and their ability to respond to current changes.

In addition to the surveys, a number of interviews were conducted with key informants, ranging from key industrial consultants, firm lawyers, the Town Clerk's Department of the municipality (which was responsible for the marketing strategy), to unions, political and civic organisations. Worker responses to the firms were gauged in the qualitative migration

study reported in Chapter 10.

6.3.2. Industrial Trends in the 1990s

Table 6.13 provides an overview of the main trends in industrial employment in Newcastle/Madadeni between 1990 and 1994. Although it would have been desirable to consider indicators other than employment alone, no data on output by firm or industrial sector was available for 1990, or from the *Census of Manufacturing*. Systematic data on output or turnover would also have been extremely difficult to collect from firms, particularly from the Taiwanese, who were generally very defensive and guarded. The focus on employment, however, is useful given links made to migration dynamics.

Data for 1990 is derived from a list of employment by firm, based on a survey conducted by Newcastle municipality. This data was used as it allowed a systematic comparison with the 1994 survey figures, and figures for employment by sector are not included in the published *Census of Manufacturing*. The 1990 Newcastle data is not, however, completely consistent with the census for 1991. Its employment figures are much higher, and fewer firms are included, but it is likely that only extremely small locally oriented and service industries have been excluded. A number of small industries picked up in the 1994 survey, and recorded as having established prior to 1990, were not recorded on the 1990 list. A systematic comparison of the 1990 Newcastle survey and the 1991 census can be found in Appendix D, although it should be recognised that the two sets of data are not strictly comparable, as there are likely to be gaps in both cases. If the two sets of data are broadly comparable, however, it is possible that the 1990 survey represented a high point, after which decline set in, thus affecting the 1991 census results. In support of this possibility, some of the large heavy industries and South African clothing industries did downsize quite drastically or close during this period. It is, however, impossible to be certain whether the 1990 figures are too high, or the census figures too low.

Table 6.13 suggests a significant decline of 17% of employment in the main sectors. Comparison of the 1991 manufacturing census data and the 1994 survey, suggests that this conclusion might be overstated. The total employment covered by the 1994 survey was

18354, excluding a range of service and locally oriented industries, whereas employment in the 1991 census was 19 641. Firms excluded are likely to be very small. Using average firm sizes for under-represented sectors from regional employment data (i.e. Statistical Region 57, which includes Newcastle) from the manufacturing census, employment in total would be at most, the same as in 1991.

TABLE 6.13: NEWCASTLE: CHANGE IN INDUSTRIAL EMPLOYMENT IN MAIN SECTORS 1990 - 1994 (1)

	1990		1994	
	EMP	NO.	EMP	NO.
Heavy Industry	9561	5	6770	6
Large firms (>400)	9293	4	5880	2
Small/medium	268	1	890	4
Clothing/Textiles (3)	9282	40	8868	62
Large firms (>400)	4776	6	4525	4
Small/medium	4506	34	4343	58
Other (2)	1735	11	1347	14
Large firms (>400)	552	1	-	-
Small/medium	1183	10	1347	14
Total	20 578	56	16 985	82

SOURCE: Newcastle municipality list of employment by firm for 1990, and survey for 1994. A full listing of firms and employment in 1990 and 1994 is contained in Appendix E

NOTES:

1. This table includes only data with which a strict comparison between 1990 and 1994 can be made. Service industries are therefore excluded, leaving out a range of firms in metal products, machinery and electrical machinery. In terms of Newcastle's 1990 survey, this amounted to only 241 jobs. Using a combination of data from the 1994 survey, and a telephonic survey in November 1996 (requesting employment size in 1994) based on the 1994 list of industries, employment here was similarly pegged at 287 jobs. This cannot be taken as a trend since a number of the firms surveyed in 1994 and 1996 were not recorded on the 1990 Newcastle list; although they were there at the time. Local market dependent industries are also excluded on this basis. In 1990, employment here amounted to 1999 jobs. The 1994 survey collected data from firms covering 1043 jobs, but clearly cannot claim to be a census of these sectors. Nevertheless, while the telephonic survey in 1996 cannot be considered as a total census, it only uncovered a further 140 jobs.
2. 'Other' here, therefore includes plastics, footwear and leather, communication equipment, watches, jewellery.
3. It must be borne in mind that figures in this table represent an arbitrary moment in time. In the case of the clothing and textile industry, which is very fluid, this can be misleading. For instance, a large new firm offering 650 jobs established in 1995, but a number of other firms had contracted between 1994 and 1995. Seasonal fluctuations are also not considered here.

The interviews with firms, however, showed a clear pattern of overall employment decline

in heavy industry. Patterns within the clothing and textile sector are more mixed and complex. If Newcastle's 1990 figures are overstated, it may be in this sector, since Asian industries are largely located here, and the municipality had a vested interest in presenting their employment impact in a positive light. On the other hand, it is quite possible that some Asian industries did not respond to industrial census questionnaires, as a number of firms reported difficulty with English. Nevertheless, the change in employment between 1990 and 1994 for individual industries, is generally consistent with patterns found in interviews. Employment change in the 'other' industries in Table 6.13 is also consistent with findings in interviews. Although it is possible that growth has occurred in service or locally oriented industries, as the town consolidated its position as a regional service centre, available data suggests otherwise. McDonald's (1996) study of the metal and allied sector found that most firms were under 20 in size, and all reported declining levels of employment. Interviews which were conducted with local market oriented firms in the 1994 survey showed mixed patterns of growth and decline, but there was no indication of significant growth (see Chapter 8).

It seems safe to conclude that there was a net decline in industrial employment in the 1990s. This decline was particularly concentrated within heavy industry, where employment dropped by 29%, continuing patterns of the 1980s. The clothing and textiles sector also seems to have declined, although there has been a proliferation of firms. As noted above, declines registered here may be incorrect, but in either case the figures mask patterns of both growth and decline within the sector. Dynamics in this sector are extremely fluid and it is misleading to rely overly on aggregate figures, which inevitably represent conditions at a moment in time and might mask seasonal variations. Employment in South African clothing and textiles firms contracted by 5%, falling from 5055 in 1990 to 4788 in 1994, while Asian firms grew marginally by 2% from 3971 to 4080. Three firms, whose nationality could not be unequivocally identified, closed. 'Other' industries as recorded in Table 6.13 also contracted, reflecting a range of dynamics. Most of these industries were owned by Asians. By 1994, Asian firms accounted for 5096 jobs in total, constituting 30% of the main sectors as defined in Table 6.13. Employment in Asian firms had dropped slightly from 5333 in 1990, although its share of employment rose somewhat from 26%. While employment in the Asian firms is nowhere near the 10 000 sometimes

claimed by the municipality, it was of growing significance as other sectors contracted more substantially.

By 1994, some R130m had been invested by over 60 Asian industries since the start of the Taiwanese strategy in 1983 (Mayor's Minute, Borough of Newcastle, 1993/4), but growth was tapering off. Table 6.14 shows the annual number of industries established in Newcastle between 1988 and 1995, most of which are Taiwanese. It shows that the number of new firms tailed off from 1992. Although the number of firms establishing in 1994 increased, most were small firms as referred to above. By 1995, the number of new firms had dropped off substantially (although one of these firms was very large), and in 1996, almost no new industries were established. This does not take into account very small firms which have 'spun off' (see Chapter 8) locally, but do not register their presence with the local authority. According to SACTWU (Gill Hart, Interview, June 1997) these continue to 'pop up'.

TABLE 6.14: NEW INDUSTRIES ESTABLISHED IN NEWCASTLE

YEAR	NUMBER OF NEW INDUSTRIES	EMPLOYMENT
1988	14	1435
1989	11	1040
1990	15	1570
1991	11	540
1992 (1)	8	1150
1993	4	160
1994	16	583
1995(2)	5	250

SOURCE: Table from Urbecon (1996), derived from Newcastle Municipality data. Notes to the table are my own.

NOTES:

1. Includes a large industry which moved from Madadeni to Newcastle
2. Does not include a large new industry which established in Madadeni with 650 workers in 1995.
3. Employment figures should not be read in a cumulative way since these figures refer to expected employment at the start, levels of which have not necessarily been maintained. Further, some firms have closed, sometimes reopening under a different name or with a new partnership or management. The fluidity of firms, and of employment within them means that Table 6.13 can only be treated as broadly indicative of investment patterns.

Figures registered as 'Newcastle' in the 1994 survey, include a few firms located in the Madadeni industrial estate managed by the KwaZulu Finance Corporation. In contrast to

other examples of 'back to back' development in the province, industrial development in the 1980s was concentrated in Newcastle, despite the lower incentives on offer there. This reflects the role of the Newcastle municipality as an agency compared to the KFC, which was more dominant in other areas. It was also the result of the KFCs policies to concentrate development in Isithebe and Ezakheni first, and to support Newcastle's efforts to promote industrial development in its own area, given the availability of land. The KFC has also tended to avoid relying on the clothing industry or any single sector (Interview with Griessel, KFC, November 1994). A few firms interviewed had established in Newcastle since they were not accepted in preferred areas such as Isithebe. Madadeni was far more modest than other KFC estates, and more deeply embedded in the township. In the eyes of the factory owners, its positioning represented a security risk. For all these reasons, the Madadeni industrial estate remained small. Interestingly, employment declines were far greater in Madadeni in the 1990s than in Newcastle. Employment in Madadeni dropped by 48% from 2632 in 1990 to around 1371²¹ in 1994. A substantial part of this decline is due to a firm which moved to Newcastle, and which is therefore not a loss to the region as such. Nevertheless, all the other industries which were interviewed had experienced significant declines in employment.

The next two chapters discuss these trends in some detail. It is however, useful at this point to consider the effect of the 1991 RIDP. Newcastle is an interesting case as it has benefited from three or four rounds of industrial decentralisation policy: the Iscor era; the early labour-intensive oriented policy of the 1960s and 1970s, which brought in some of the older South African clothing firms; the generous incentive policies of the 1980s, which brought in both South African and Asian labour-intensive firms; and the period since 1991 when a more market and profit oriented policy was introduced. By 1987, some 58% of manufacturing (i.e. non-service oriented) firms had received incentives (Henning and Van Brakel, 1988).

It might have been expected that with the shift in policy in the 1990s, there would have been a change in the type of firm taking up incentives, compared to the 1980s. The 1991 incentive package was oriented to profitability, and available to new or expanding firms. Compared to the scheme in the 1980s therefore, it did not reward employment, but

favoured firms increasing their investment in machinery and equipment. In fact, the RIDP largely extended patterns of labour-intensive industrialisation which had emerged in the 1980s, although different kinds of firms within this were supported.

Some 21 firms had received the 1991 incentive package or had had incentives approved by the end of 1995. Some 57% of firms receiving incentives were foreign - in all except one case, Asian, and predominantly Taiwanese.²² Over half of the firms were technically new, but two of these were owned by, and managed closely together with, firms already in the area. The sectors in which firms were mainly located (see Table 6.15) largely replicated patterns of growth in the local economy - they were predominantly in textiles and clothing, with a smaller number in other light industries. Two of the firms were in the chemicals sector, and were linked to attempts to turn around existing plants.

TABLE 6.15: RIDP FIRMS BY TYPE

	SA	FOREIGN
Heavy Industry (1)	1	1
Clothing	6	9
Other (2)	2	2
Total	9	12

NOTES:

1. All chemicals
2. Plastics, construction materials, radios.

The workings of the RIDP therefore, tied into and reflected dynamics within the area as a whole. As Table 6.13 shows, the majority of employment in the main sectors (61% in 1994) in Newcastle, was within very large firms. The RIDP in some respects replicated this pattern. If the total employment of firms is considered, employment in RIDP firms was dominated by very large firms, although a large number of small firms were assisted by the policy (Table 6.16). Firms were largely concentrated in Newcastle, with only three firms in Madadeni.

In the 1990s therefore, some of the patterns of restructuring noted in the 1980s were extended - the contraction of heavy industry, and the shift towards light industry. Nevertheless, as the next two chapters show, dynamics in the 1990s are rather different.

There are new dimensions to the decline of heavy industry, and the growth of labour-intensive industries is no longer assured. While patterns are very fluid, the clothing and textile industry does seem to have contracted slightly. More importantly, the structure of the industry appears to be changing, with a proliferation of small firms, and a decline of larger firms. Asian industries became increasingly important in the local economy as other sectors contracted. Although the 'Asian strategy' has therefore played a role in stabilising the economy as heavy industry contracted, it is also very fragile, as Hart's (1996b) work and the analysis in Chapter 8 shows. By the mid-1990s, the growth of low waged industries appeared to have tailed off, and there were significant threats to its continued existence.

TABLE 6.16: RIDP FIRMS BY SECTOR AND SIZE

	EMPLOYMENT	NO. FIRMS
Heavy Industry	301	2
Large > 400	-	-
Small/medium	301	2
Clothing/Textiles	3690	15
Large > 400	2900	3
Small/medium	790	12
Other	304	4
Large >400	-	-
Small/medium	304	4
Total	4296	21

NOTES:

1. It would be misleading to suggest that the RIDP had assisted in the creation of 4296 jobs, since extensions do not necessarily increase employment levels.

6.4. CONCLUSION

This chapter has shown that Newcastle has experienced several rounds of restructuring. These patterns were influenced by epochal changes at a national level, and formed part of spatial shifts occurring within the province, but there is also a peculiarly local trajectory. From the 1970s, Newcastle has developed as a type of growth periphery for various industries - first the iron and steel industry, and later the clothing and textile industries. An industrial agglomeration has, however, failed to develop, except to some extent in clothing

and textiles. Rather, what is evident, is the rapid growth within particular sectors - followed by decline: a process of boom and bust. Although the residues of industry developed in each stage provides a level of employment and economic activity, and some locally oriented industries have emerged, the local economy is now vulnerable. Industry has become more important in the local economy, but as the following chapters show, there are significant sources of fragility in the main sectors.

Although the contours of industrial restructuring in Newcastle are unique, and the role of state policies such as industrial decentralisation have been critical, the case of Newcastle is not a purely idiosyncratic one. Nor has the changing policy of industrial decentralisation been the sole determinant of development within Newcastle, or of its current vulnerability. Industrial decentralisation policy played a crucial role in the industrial growth of the town in the 1970s, and its revision in the 1980s enabled the local authority to avoid more serious decline by encouraging new forms of industrial development. But industrial decentralisation policy in the 1980s and 1990s largely worked with forces which were already occurring. In contrast to predictions of some critics of the decentralisation programme (eg. see Pickles, 1991), the reorientation and reduction of incentives in the 1990s did not substantially change patterns of investment.

The experience of Newcastle is somewhat ambiguous. In some respects it is a dramatic example of the way state regional policy can reshape space - and it belies simplistic assumptions on the part of neo-liberal authors that this is not possible (see Pickles, 1992; Platzky, 1995; Bell, 1997, for similar arguments). Although the location of Iscor in Newcastle was ultimately contrary to market forces as recession set in, and the town underwent decline, it did not collapse. Rather, it built on strong tendencies towards the decentralisation of labour-intensive industries, which underpinned stronger relative growth in industrial employment in the periphery, rather than the centre. In some respects, the buoyancy of the town in very difficult circumstances, is remarkable.

But this is clearly only part of the story. Apart from the cost of successive rounds of incentives and the wastage of infrastructural investment, the strategies of the 1980s were only partially successful in shoring up growth, as the figures on GGP, formal employment

and manufacturing output indicate. Newcastle declined on the former two measures while other major centres on the periphery in KwaZulu-Natal were growing. Although industrial employment held up in the 1980s, it did not provide an alternative for workers retrenched from heavy industry, or for their households - except in a limited way (see Chapter 10). Wages were also considerably lower than in heavy industry, affecting the economy as a whole. By the mid-1990s, it was apparent that the new 'growth path' was highly fragile and contested, and further rounds of restructuring were leading to net decline in employment. Underlying the seeming stability of the town therefore, is considerable fluidity and instability.

NOTES

¹ Government statistics in South Africa are notoriously problematic. Both GGP figures and formal employment figures are derived from DBSA (1995) and are based on official statistics. GGP data is collected from firms every four years, while population census data, which are used for formal employment figures, is collected through household surveys every five to ten years. The last population census for which figures are available was in 1991. Population census data is generally considered to be more problematic and is regularly adjusted for undercount. The DBSA source is useful in so far as it has put material together for comparable years, and for comparable spatial entities. Nevertheless, it should be recognised that this does involve something of an adjustment of these figures, as indicated in note 2 below. The manufacturing census is collected directly from firms every 3 years. The data is collected over a 6 month period overlapping the year. The 1991 census was only released in 1996, so these figures are not incorporated in the DBSA's summary. There are some disjunctures between figures for manufacturing employment in the population census, and those in the manufacturing census. This may be due to the different way data is collected, possible undercount of unregistered firms in the manufacturing census, and divergences in the spatial unit reflected. While the manufacturing census measures employment in firms located in a particular area, the population census measures individuals working within manufacturing, who live in a particular district. Although population census material has been combined into functional areas covering the main economic centre and surrounding residential areas (most often those in areas previously within KwaZulu), it is impossible to be sure that those employed in manufacturing are employed within the functional area. Similarly, the industrial census may measure people who reside outside the functional area. Manufacturing census data probably provides a better reflection of employment within manufacturing, but no other sources are available for most other sectors reflected in the population census. I am grateful to Phillip Harrison for discussion of this point.

² Appendix A is based on DBSA (1995) data which suggests that formal employment in Newcastle declined in the 1980s. Census data by contrast, suggests that formal employment was static (see Table 6.4). As Table 6.9 shows, however, the relationship

between areas is basically constant. DBSA data is based on an application of the SES employment series data, to population census employment figures. The SES employment figures are regarded as the most reliable for employment nationally (South Africa, 1996), while the 1991 census figures in township and rural areas were based on samples, raising questions about their reliability. DBSA (1995) data is therefore used, but where differences in trends are noted with census figures, both data sets are discussed. Since the SES data suggests a lower total level of employment, all employment data by area is reduced, as the application of the data preserves the relationship between sectors within an area, and between the national/provincial and provincial/local levels. The relative positioning of areas should therefore be broadly the same on both sets of data.

- ³ Overall data on the take-up of the 1991 incentive was analysed and studies of the following areas were undertaken: Pinetown, Pietermaritzburg, Richards Bay, Port Shepstone, Ladysmith/Ezakheni, Isithebe, Newcastle/Madadeni. The case studies were undertaken by Watkinson (1996), Futter (1996), Shibambu (1996), K. Harrison (1996b), Reid (1996), Harrison and Patel (1996), and Todes (1996).
- ⁴ It should be recognised, however, that the take-up of incentives cannot be seen as a direct reflection of patterns of growth. Patterns were skewed by access to information on the scheme, which was itself influenced by the uneven distribution of promoters such as the KwaZulu Finance and Investment Corporation, some active local authorities, and business consultants.
- ⁵ In Port Shepstone, for example, clothing firms were mainly small and owned by local Indian entrepreneurs, while Taiwanese and other Asian firms were significant in Ezakheni, Isithebe and Newcastle. The discussion of Newcastle in Chapter 8 also shows differences among South African firms, and variations among foreign firms.
- ⁶ For example, Isithebe declined in the early 1990s, but experienced a new wave of growth from 1993, largely in more labour-intensive sectors. As in Isithebe, employment contracted in the early 1990s in Ezakheni, but growth was partially shored up by the 1991 RIDP. In contrast to Isithebe, however, the RIDP in Ezakheni was used to increase capital intensity.
- ⁷ Harrison's (1996) study of industrial restructuring in the province suggests that a process of recentralisation might be occurring, but treats this as no more than a hypothesis, since the data base of the study was limited.
- ⁸ North-West KwaZulu-Natal as Map 6.2 shows, includes the magisterial districts of Newcastle, Madadeni (which together make up the Newcastle functional area), Klip River, Emnambithi (making up the Ladysmith functional area), Dundee, Utrecht, Dannhauser and Glencoe. This definition is different from Harrison's (1990) study, which includes the functional areas around Vryheid and Paulpietersburg, and from the definition of the previous Thukela Joint Services Board, which includes the functional area around Estcourt, Bergville, Nqutu, and Weenen. Day and Molo'i's (1993) and Metroplan's (1993) studies are based on the JSB area. In all three cases, the definitions related to particular problems being studied (in the case of Harrison's work), or to a pre-

given administrative definition. These definitions are not necessarily suitable for this study. The definition of the sub-region here is intended to highlight trends and patterns which have influenced the development of the Newcastle functional area. Areas excluded from the region are areas judged to have few linkages to Newcastle, and little bearing on its development. Nevertheless, since Newcastle has become a regional service centre, its influence is wider than this region, stretching also to parts of the Free State (Memel) and Mpumalanga (Volksrust), which it also serves.

- ⁹ The term 'Greater Newcastle' is used in this instance to indicate the original town of Newcastle, plus the areas within the Madadeni district then in KwaZulu - which are functionally part of the town, even though they were administered separately and were located some 12 - 20km away from the town. The term 'Newcastle' is otherwise used for this area, while 'Newcastle town' refers to the area falling under the Newcastle local authority prior to 1996, i.e. the largely white, coloured and Indian town. Calculations for Newcastle will generally reflect the combined districts of Newcastle and Madadeni, since the two districts now comprise a functional area. Although this includes some rural areas within Newcastle district and possibly within Madadeni which are not linked, the numbers are small. The method has the advantage of allowing comparison over years which would not otherwise be possible. Some data is also only available on a magisterial district basis. Where a more nuanced discussion is necessarily - for example in relation to population movements - the functional definition is not used. The spatial basis of figures is made clear on all tables.
- ¹⁰ The Tugela Basin Scheme was modelled on the Tennessee Valley Authority scheme. It essentially envisaged the development of the Tugela Basin on a scale similar to that of Gauteng. The availability of water - and its absence in Gauteng - was seen as a significant rationale for a major industrial decentralisation programme. Several major studies were undertaken in support of the scheme. Mabin and Harrison (1996) argue that some of these reports cautioned against industrial decentralisation, but Thorington-Smith pursued it vigorously through the TRPC, as well as in his individual capacity, both informally and on bodies such as the Water Research Committee.
- ¹¹ A number of industrial decentralisation points had been established - not all of which were in the Tugela Basin. Saldahna Bay (as well as Richards Bay and Newcastle) was seen as a growth pole. Nevertheless, there is remarkable consistency in broad terms between the Tugela Basin proposals and the development which later occurred.
- ¹² Interview with Viljoen, Iscor head office, March 1995; Goodes, a retired personnel manager for Iscor Newcastle, May 1995.
- ¹³ The skilled labour shortage had been induced by constant outflow to the private sector, as well as by job reservation. Skilled workers were recruited from overseas, and white women began to move into what were seen as distinctly male preserves. The use of Indian workers seems to have been fortuitous rather than planned, but would not have been possible in Vanderbijlpark, since there were no Indian Group Areas (*Beeld* 9/2/83), and the move would have been resisted by the powerful white Mineworkers Union (*Beeld*, 12/2/83) (see Chapter 9).

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- ¹⁴ Over half the population was expected to be white, and the African population was projected at less than 30 000 by 1990 - lower than the size of Madadeni at the time, although census figures would not yet have been available. The small size of the African population is curious and may reflect a lack of consideration of dynamics in Madadeni. A 1973 report for the Newcastle/Madadeni area (Viljoen and Van Zyl, 1973a) projected Madadeni's population at around 220 000 by the year 2000.
- ¹⁵ Unfortunately, the *Census of Manufacturing* does not disaggregate employment figures by sector for towns, but studies in the 1980s (Smit and Coetzee, 1982; Henning and Van Brakel, 1988), and the industrial survey conducted, suggest that these industries are for the most part very small operations (see discussion in section 6.3.).
- ¹⁶ A 2000m² residential stand in 1991 cost R15 000, while an average family house was only R70 000. Houses at the top end of the market were in the region of R250 000. Industrial land costs ranged from R5.30 to R7.10 per m². (*Business Day* 6/12/91)
- ¹⁷ Output grew rapidly in Newcastle/Madadeni in the 1980s. Output actually dropped in Newcastle district, while it increased from almost nothing in Madadeni. It is likely that figures recorded for Madadeni are from quarrying rather than coal mining, since no new mines were opened up in the 1980s, and mining activity in the area was largely informal.
- ¹⁸ The DBSA's estimate of unemployment is derived from census material rather than registered unemployment. Although it must be treated as no more than an estimate, it does provide an indication of rising levels of unemployment, and the extent of unemployment in Newcastle compared to other areas. On DBSA (1995) figures, unemployment in Newcastle (functional area) in 1991 was 25%, compared to 16% in Gauteng and 21% in the DFR.
- ¹⁹ Arguments that patterns of low waged industrialisation on the periphery are potentially fragile are common in the literature on industrial decentralisation (see eg. Wellings and Black, 1986, Pickles, 1991). There are both similarities and differences to points made in this thesis. Similar arguments are made regarding the exploitative labour conditions in decentralisation points, particularly amongst Asian industrialists; and the likelihood that pressures to increase wages will reduce the competitiveness of these areas vis a vis cheaper producers elsewhere. In contrast to the earlier literature, however, and with hindsight, this thesis places far less emphasis on the impact of the ending of incentives, and far more on the erosion of protectionist import barriers and growing labour organisation. The question of fragility is also more complicated than is often suggested in the literature. As Chapter 8 shows, firms have restructured in various ways in response to pressure. These responses include shifting towards more capital-intensive production: the pattern of low waged production is not necessarily as static as is sometimes assumed.
- ²⁰ The literature on industrial decentralisation generally emphasises the limited nature of spin-offs to the local economy. (eg. Dewar et al, 1984b; Wellings and Black, 1986;

Pickles, 1991; Pickles and Wood, 1989, but see Platzky, 1995 for a contrasting view). In the case of Newcastle, spin-offs have been much greater, and a far more diversified local economy has emerged than is generally suggested, although it still remains somewhat limited.

- ²¹ Based on survey data, but includes an estimate for firms which were not surveyed. This is based on the assumption that figures in 1994 had remained unchanged from 1990.
- ²² The figures on the Institute for Productivity Research lists suggest a lower proportion of foreign firms than is recorded here, since firms applying from within the country are counted as South African. This figure includes two firms owned jointly by South Africans and Taiwanese.

CHAPTER 7**RESTRUCTURING WITHIN HEAVY INDUSTRY IN NEWCASTLE:
ISCOR, AND THE METAL AND CHEMICAL INDUSTRIES.**

The restructuring of heavy industry in Newcastle is a clear example of the instability that can be generated as industries attempt to reposition themselves in an increasingly competitive global environment – particularly in ‘mature’ industries. In South Africa, the effect of opening up to the global economy after years of domestic orientation is an important concern. The heavy industries in Newcastle largely developed through the logic of import substitution and isolationism, coupled with the intervention of growth pole policy. Economic crisis has undermined the viability of a purely local orientation, forcing firms to reorient to international markets, and to follow international trends of restructuring through ‘strong competition’ to remain competitive.

Restructuring in Newcastle occurs as part of a broader process within industries and firms as a whole. It reflects the introduction of new technologies and products, the reorganisation of management, and the contraction of employment occurring within firms and sectors as a whole. As the international literature demonstrates, however, the effects of restructuring are uneven over space, not simply due to the sectoral variation. The case of Newcastle demonstrates the potential vulnerability of particular places in the context of these changes. The growth and decline of heavy industry has been the single most significant factor underlying restructuring in Newcastle. Despite downsizing, heavy industry still accounted for some 39% of employment in the main industrial sectors in 1994. Iscor remains the largest industrial employer in town, although there are important concentrations of firms in other parts of the metal industry, some of which are linked to Iscor, and in the chemical industry. Between 1990 and 1994 alone, close to 3000 jobs were lost in this sector, and at least another 4500 jobs were lost in this sector in the 1980s.

The vulnerability of heavy industry in Newcastle is linked to the position of the Newcastle plants within various spatial structures of production, and the way they are being reconstituted through strategic reorientation. Patterns of restructuring are influenced as

well by the social and institutional nature of firms, and how this is changing. There are consequently variations in responses to industry level pressures, but heavy industries in Newcastle are predominantly production divisions of large oligopolistic firms where decisions on restructuring are made at the centre, in the interests of the firm as a whole. The chapter explores these themes through a detailed discussion of Iscor, and a more limited consideration of the metal and chemical industries. Iscor provides the clearest example, and accounts for much of the contraction of heavy industry, both directly and through its effects on other industries.

7.1. ISCOR

Iskor Newcastle was established during the boom years, at a time of expansion. Internationally, the growth of the iron and steel industry was linked to the rise of mass production and mass consumption. Economic crisis since then, the shifting locale of economic growth and the emergence of substitutes, all underpinned the volatility of the industry, and the pressure to strong competition. The globalisation of the industry was one significant effect of this change. In South Africa, recession cut local markets, forcing Iscor to operate on global markets, and to restructure itself towards greater competitiveness. And as the goals and logic of the firm shifted with privatisation in the 1990s, the pressure to increase competitiveness was felt even more keenly. The downsizing of Iscor Newcastle was linked to processes of restructuring within the firm as a whole, but it was also granted functions which made it highly vulnerable to downsizing in successive waves of firm restructuring.

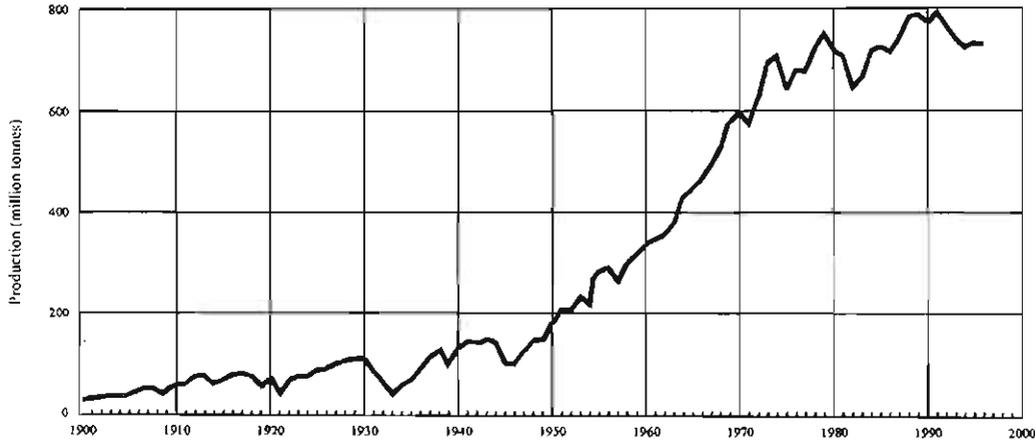
The following section outlines trends within the iron and steel industry internationally, in order to contextualise restructuring in Iscor as a whole, and in Newcastle.

7.1.1. The International Iron and Steel Industry

The international iron and steel industry is a classic example of industrial restructuring. Figure 7.1 shows the changing output of world steel production. It demonstrates the rapid rise in production between 1945 and 1974, and a pattern of cyclical growth and decline

from 1974 to 1994. According to ILO (1992, p.8), 'Instability and sharp fluctuations in the level of production...have become the industry's most distinguishing features since 1975'. Future projections for the industry are modest (*Iscor Annual Report*, 1995; ILO 1992).

FIGURE 7.1: WORLD STEEL PRODUCTION, 1900-1994



SOURCE: ILO 1992, *Iscor Annual Report* 1995.

The rapid growth in steel production after 1945 was linked to the post-war economic boom. Steel production tended to be oriented to local markets, underpinning industrialisation. Since the industry was seen as strategically significant, governments were frequently involved in its development, and state ownership was common (Hudson and Sadler, 1989). Steel production was initially concentrated in industrialised countries, but from the 1960s a number of developing countries established or extended their iron and steel industries to reduce economic dependency. Production levels increased in the late 1960s and early 1970s as industries internationally invested in new production capacity, assuming that growth rates would continue. Iscor's expansion in the late 1960s was therefore not unusual.

Iron and steel industries in industrialised countries were initially located close to sources of raw materials. Technological changes freed industries from these constraints, and in the 1960s and 1970s a number of new plants were established close to coastal areas to reduce the costs of iron ore imports and exports. In a number of countries, the state used the opportunity to establish growth poles centred on the iron and steel industry in peripheral or depressed areas (Hudson and Sadler, 1989). The decision to locate Iscor in Newcastle was not unique in this regard.

From 1973, the fortunes of the international iron and steel industry changed dramatically. With the oil crisis of 1973, and ensuing international recession, global over-production occurred. And just as demand was beginning to collapse, the new production complexes, planned in an era of growth, were coming on stream. The crisis in the international steel industry was exacerbated by the development of substitutes for steel, such as aluminium and plastics. Through the late 1970s to the mid-1990s, world output recovered and then slumped again periodically (see Figure 7.1). Although output was higher than it had ever been in 1989, it again fell into a sustained decline thereafter.

While demand continued to grow in the NICs, it contracted in developed countries. Industries in these countries therefore shifted increasingly to exports, and the share of trade in production rose markedly. Some countries (particularly the USA) erected protective barriers against trade. A common response was to restructure in order to increase competitiveness by investing in new technologies - i.e. in 'strong' competition (in Storper and Walker's (1989) terms). Excess capacity was cut and obsolete plants closed or redeveloped. More flexible manufacturing systems were introduced, and higher value-added and more competitive products were developed. Greater attention was paid to non-price aspects of competition such as quality and service (ILO, 1992). The restructuring of the industry led to sharp reductions in the workforce, with around 500 000 jobs lost world wide between 1980 and 1990. Employment cuts were concentrated in developed countries, but even some of the growing developing countries have cut employment since the mid-1980s.

The growing competitiveness of international markets has accelerated the rate and extent to which more advanced technologies have been taken up (ILO, 1992). Technological change has occurred at all stages of production, but single plants frequently contain both older and newer technologies. The shift away from old open-hearth furnaces is now largely complete. Plants use more efficient basic oxygen furnaces, and increasingly, electric arc furnaces. Innovations are improving efficiency in raw material and energy usage, reducing the importance of access to coal, and especially to scarce and expensive coking coal. Direct reduction, enabling the production of iron for use in electric steel making, is being

introduced, and experimentation with direct iron ore smelting processes is occurring. New technologies are enabling continuous automated production processes, widespread introduction of continuous casting processes, and computerisation of production. New products such as thin slab and strip casting (responding to changing demand within industry), are being produced. There has also been a shift from large integrated plants producing virgin steel, to lower cost mini-mills using scrap metals to produce a more limited range of products. Nevertheless, technological change has occurred within integrated plants, and some of the largest and most competitive firms, such as those in Japan, still use integrated plants (ILO, 1992).

The restructuring of the iron and steel industry, as might be expected, has had uneven effects over national space as old steel towns have declined and new locations have emerged. The shift to the coast was often coupled with the decline of old inland locations, but new patterns appear to be emerging in Europe, as firms move to the centres of the motor industry to enable links in production, while some of the coastal plants close (Hudson, 1994).

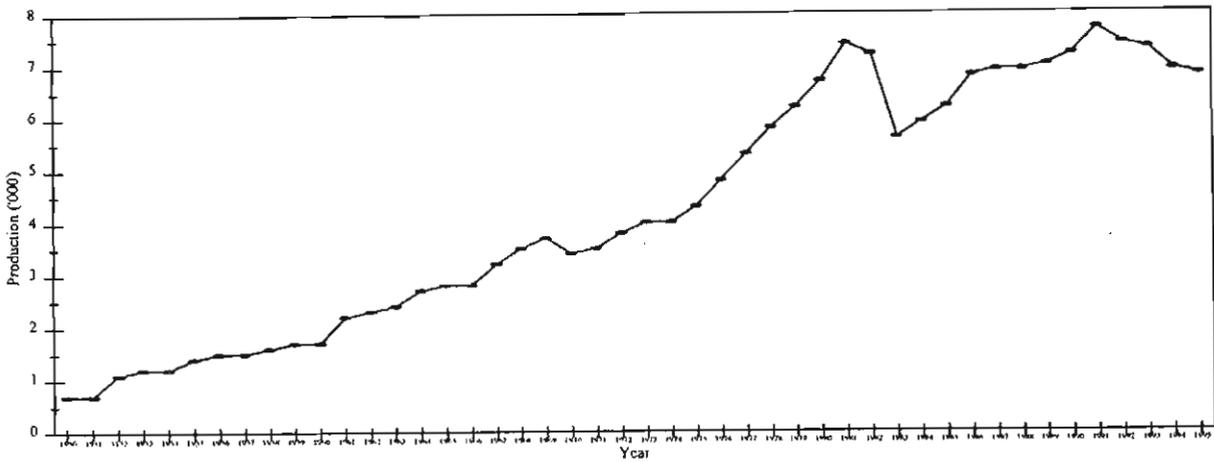
7.1.2. The Restructuring of Iscor and the Newcastle Plant

The South African iron and steel industry is dominated by Iscor, which accounts for some 75% of production. The other major producer is Anglo American's Highveld Steel and Vanadium. There are also a number of smaller electric arc furnaces (Jourdan, 1993). Iscor accounts for about 1% of international crude steel production, ranking as the 24th largest producer in the world in terms of crude steel output in 1995 (*Iscor Annual Report*, 1995). In 1996, it produced 6,8 mt of crude steel. Iscor operates as an integrated producer, owning much of its source of raw materials (iron ore and coal mines) as well as its iron and steel plants. Some 48 131 people were employed in all divisions of the firm in 1994. Its iron and steel making capacity is concentrated in Vanderbijlpark, which in 1994 accounted for 63% of output: Newcastle accounted for 1,47mt and 21% of production, while Pretoria accounted for 8% of production. Smaller works in Cape Town, Vereeniging and Durban have been acquired mainly in the 1980s and 1990s.

Restructuring within Iscor has emerged as a response to economic crisis and to the increasing competitiveness of world markets discussed above. It also reflects the changing logic and goals of the firm in this context. Iscor developed as a parastatal organisation in the 1930s. By the 1950s, it had gained control of most of the industry. Clark (1994) argues that throughout its history, its goal was to provide cheap steel to enable industrialisation. Although state corporations in South Africa are often seen as providing sheltered employment for whites, Clark (1994) suggests that the imperative of lowered costs was far stronger, and often overcame these political aims. This orientation underpinned the decision in 1968 to more than double capacity within a decade, and to continue to increase production levels well into the recession of the 1970s.

During the post-war boom years, output increased from around 1mt in 1952 to 3,5mt in 1968. Nevertheless, production consistently lagged behind demand by as much as 20%, and there were constant complaints of chronic shortages. Prices were controlled and held low to facilitate industrialisation (*Financial Mail* 20/3/70), so shortages meant that costly imports were necessary. Even in 1974, as recession began to affect international prices, imports cost 80% more than South African steel (*Financial Mail* 11/4/74). In 1968, buoyed up by an assumption of continuing rapid growth, Iscor shifted its policy to one of overproducing and exporting, rather than under-producing and importing as in the past. Still, the expectation was that production would be for the domestic market. As noted above, this decision was consistent with the extension of capacity internationally at this point. Output rose dramatically to 7,4mt by 1980 (see Figure 7.2).

In the early 1970s, a R1,3b scheme was put in place to increase capacity and to modernise production. In the 1960s, although Iscor was one of the world's cheapest producers, its productivity was low and it had not invested significantly in new technology (*Financial Mail* 20/3/70). Although it had implemented a Productivity Improvement Programme from 1966, its labour cost was still 32% of the total, compared to 22% in Europe. The investment programme involved extending and modernising production in Vanderbijlpark, intensifying the redevelopment of the outdated Pretoria plant (a programme which had begun in the early 1960s), and the establishment of the Newcastle plant.

FIGURE 7.2: ISCOR OUTPUT, 1950 - 1995

SOURCE: *Iscor Annual Reports*, 1953-1995

Planning for the Newcastle plant was based on technology which was advanced or up to date at the time: two basic oxygen furnaces, a billet mill, a bar and rod mill, and a continuous casting plant (*Financial Mail* 17/3/72). This is consistent with Storper and Walker's (1989) contention that shifting locations of production generally involve the introduction of new technologies as well. Output was expected to rise to 5mt p.a., compared to around 4mt p.a. in Vanderbijlpark. Newcastle was therefore intended to be a larger producer than Vanderbijlpark (*Financial Mail* 22/5/73). According to Mr. J.W. Haak, Minister of Economic Affairs, in announcing the Newcastle plant,

In the interests of a better geographic distribution of our manufacturing industries the Government decided that Iscor should undertake no further substantial expansion at existing works in Pretoria and Vanderbijlpark. At these works, therefore, Iscor will confine itself to rounding off and modernisation. (*Iscor Annual Report*, 1969)

The establishment of Newcastle was, however, planned on the eve of recession. The collapse of both international and domestic markets for steel from 1972 meant that Iscor sustained losses from 1973 to 1979. Losses were underpinned in particular by the massive debt burden resulting from its capital expenditure programme. In contrast to earlier periods when expansion had been financed from internal cash flows, Iscor had to borrow on overseas markets to extend capacity. Prices however, controlled by government, remained low. (*Financial Mail* 8/11/74). In 1973, the *Financial Mail* commented that the picture of

Iscor 'was the most dismal in its 40 year history' (*Financial Mail*, 9/11/73). The Corporation would have gone into the red if government had not waived its right to R7,5m in dividends.

Iscor's initial response to recession was to rationalise and postpone its plans for Newcastle, instead, extending production further in Vanderbijlpark. In 1973 the planned Phase II, which would have produced flat products, was delayed, and production was instead to be boosted to 6mt at Vanderbijlpark by 1983. Newcastle's production target was revised to 3mt. The hotstrip mill, costing R110m, planned for Newcastle was postponed, and instead R11m was spent to enable increased output at Vanderbijlpark. Further, continuous casting was introduced at Vanderbijlpark, obviating the need for a new plate mill at Newcastle for another six years, and allowing Vanderbijlpark to convert 516 000t slab into plate instead of 96 000t, at a cost of only R18m. Not only was it cheaper to extend production at Vanderbijlpark, placing less of a burden on the company in terms of foreign debt, but some 70% of the local market was located there. With recession therefore, Iscor withdrew from the earlier ideas of massive expansion on the periphery. The *Financial Mail* (22/5/73) commented that,

It's a pity, though, that Iscor couldn't have thought the whole matter out more clearly at the beginning. For while this rationalisation will cut down on the corporation's dependence on foreign capital markets a little, it is patently obvious that Iscor is worried about its commitments.

Rationalisation of plans for Newcastle was seen as a temporary measure, and Iscor continued to step up production in its Vanderbijlpark plant. But the collapse of world markets meant that by mid-1975, dumping on local markets was viewed as a problem (*Financial Mail* 13/6/75; *Financial Mail* 11/7/75). Ironically, this followed two years of subsidising imports at R200m p.a. Although government had dropped its controls on prices to enable Iscor to make a profit, it did little to prevent losses. In 1975, plans for Newcastle were further cut back on the grounds that it would be more economic to concentrate production in Vanderbijlpark, and that it would save on capital and skilled labour (*Financial Mail* 12/9/75). Planned projects for a further steelworks at Rosslyn, and for a semi-finished steel products plant in Saldanha Bay, were also shelved (*Financial Mail* 13/4/84).

The rationalisation of the plans for Newcastle meant that its production remained concentrated on profile or long products - finished products such as angles, wires and rods that were largely used in construction and structural steelwork. This meant that the expected spin-offs and linkages never materialised. Linkages remained confined to firms servicing the plant (such as Dorbyl's Venco and Air Products), those which had come in to build the plant and extend the town (such as most of the construction related industries), and those using slag (such as cement companies) or limited steel outputs. Since profile products are dependent on extending infrastructure within growing economies, Iscor Newcastle was particularly affected by deepening recession, and was forced to export 80% of its product. Equally however, slow growth in the international economy meant that demand for these types of products was limited. And in the growing NIC and Chinese markets, they were the products most likely to be produced locally (Interview with Webstock, Iscor Head Office, March 1995).

Iscor nevertheless continued to expand production in the 1970s, although production did not reach the planned 9-10mt. Production rose from 4mt in 1974 to a height of 7,4mt (see Figure 7.2) at a time when developed countries were cutting back. Iscor's strategy was to maintain high levels of production at low unit costs in order to prevent South Africa from being dependent on expensive imports. A spokesman for Iscor said that

Extensions were to prevent the Republic's ever becoming dependent to the same extent as in the past on expensive imported steel for eliminating local shortages. (cited in *Financial Mail* 11/11/77)

Nevertheless, it was conceded that the situation 'could not be considered objectively' due to the threat of a UN embargo and trade boycotts (*Financial Mail* 11/11/77). In the South African context, the logic of import substitution had been extended by 'strategic considerations'.

As the recession deepened, Iscor turned to exports. By 1979, exports had risen to a third of production (*Financial Mail* 2/3/79). This was a major departure from the past, where production was locally oriented, and frequently insufficient to cater for local demand. Even by 1973/4, exports only accounted for 6% of output, and were confined to products surplus to the home market. Nevertheless, exports were essentially to enable the firm to keep up

production: as international markets became more competitive, prices gained on export markets were considerably lower than on local markets, and were hardly profitable.

The early 1980s saw a temporary respite as the domestic economy boomed and international markets improved. Even at the height of the boom however, domestic steel consumption was still less than it had been in 1975. Productivity rose following the introduction of a five-year plan in 1978. Profits were recorded in 1980 and 1981. Although no further expansion was planned, substantial investment occurred in ancillary equipment to increase productivity from existing capacity. These investments included the introduction of briquetting plants in Newcastle and Vanderbijlpark, to enable more efficient use of coking coal - a very costly element in steel making using blast furnaces.

Losses were recorded again in 1982 and 1983 as the domestic economy slumped, and as international markets became increasingly competitive, resulting in declining export prices. Local sales dropped by 20% in 1982. In response, Iscor began to cut capacity for the first time. As Figure 7.2 shows, output declined by 27% and did not recover to 1982 levels before 1990. Whereas employment was of the order of 68 000 (in all parts of the company) in 1980, by 1983, it had been cut to 57 000 (*Financial Mail* 20/10/83). Ageing plant in Pretoria and Newcastle was shut down. In Newcastle, the old Amcor works (the South Works) was shut, as were three out of the four blast furnaces (*Citizen* 26/11/82), leaving machinery with the capacity to produce 1,4mt steel idle (*Financial Mail* 14/3/84). Employment was cut by around 3000 between 1980 and 1985.

Through the 1980s, Iscor responded to recession by attempting to increase productivity via the introduction of new technologies, the implementation of new management systems (such as management by objectives and the use of Japanese quality circles), and rationalisation of employment. Further, like steel plants elsewhere, it introduced more sophisticated products such as lighter steels for motor cars and strengthened steels for railway tracks. Some R345m was spent on new projects in the early 1980s. Productivity increased by 31% from 1980 to 1986 (*Financial Mail* 31/10/86). The introduction of new technologies and equipment was focused on Vanderbijlpark, and to a lesser extent on Pretoria. There were only limited investments in Newcastle.

In Pretoria, an electric arc furnace, capable of making steel from scrap, as well as sponge iron, replaced the old steel-making plant. The plant was one of the most modern, and had been bought from Britain as the latter cut capacity in response to recession. Direct reduction processes were introduced in Vanderbijlpark, signalling the end of an era based on blast furnaces. The shift away from the old blast furnaces meant that reliance on coking coal - one of the few 'location factors' in Newcastle's favour - declined.

From 1984, Iscor made a profit - though only marginally in some years (*Financial Mail* 28/7/89). Inflation and high interest rates affected profits. Further, domestic recession made domestic sales more difficult, and exports rose to 45% of production in 1986. However, exports were also increasingly difficult due to the glut in global production, the erection of trade barriers and sanctions. Like other countries, South Africa was forced to agree to sell less steel to the USA in terms of its policy of 'voluntary restraint', which allowed it to increase its competitiveness behind protective barriers. From 1986, EEC sanctions, affecting 40% of Iscor's iron ore exports and 10% of its steel exports, forced Iscor to diversify its export markets, particularly into Middle Eastern and Asian markets (*Financial Mail* 22/8/86). These markets were, however, far less profitable than those in the EEC and USA.

In 1987, a further R500m four year modernisation programme was initiated in Vanderbijlpark (*Financial Mail* 20/3/87), and the redevelopment of the Pretoria plant continued. From 1988, the innovative new corex process, using ordinary steam coal and producing sponge iron, was introduced in Pretoria. The corex process was unique in the world, and allowed the use of a third of the personnel required in the blast furnace method. Limited technological innovations were introduced in Newcastle, and a further round of retrenchments occurred in 1987. Employment dropped to around 8500 in 1989. Production levels, however, increased by 50% from 1,1mt in 1985 to 1,6mt by 1989, as management intensified production (*Iscor Annual Reports*, 1985, 1988).

Newcastle's reliance on exporting profile products, for which demand was low, meant that it was an unprofitable plant, and losses were experienced in most years in the 1980s (Interview with Chowles, Iscor Newcastle, September 1994). While Pretoria lost more jobs

than Newcastle (about 6000 between 1980 and 1988, compared to around 4500 in Newcastle), the production process here was entirely refashioned. By contrast, Newcastle continued old forms of production with limited technological innovation, as the costs of the original plant were amortised (Interview with Webstock, Iscor Head Office, March 1995).

TABLE 7.1: ISCOR: PRODUCTION BY CENTRE, 1985 - 1996 ('000mt)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Vanderbijlpark	4430	4661	4626	4401	4135	4271	4537	4531	4588	4357	4357	4135
Newcastle	1184	1530	1399	1637	1921	1982	1964	1613	1495	1478	1478	1841
Pretoria	577	626	713	696	776	807	704	741	583	581	581	520
Dunswart	208	228	163	-	-	-	-	-	-	-	-	-
Cisco	133	139	135	136	148	149	160	162	165	167	167	46
Vereeniging	-	-	-	-	-	-	297	329	347	341	341	354
Durban	-	-	-	-	-	-	-	-	108	8	8	-

SOURCE: *Iscor Annual Reports, 1985-1996*

Ironically, while Newcastle was seen as an unprofitable plant, labour relations were easier here for management than elsewhere. Not only could Indians be employed in technical positions far more easily than in Vanderbijlpark or Pretoria, but black unions remained weak. From the early years, the use of Prince Clement Zulu as a personnel manager, and his role in recruiting migrant workers, meant that it was difficult for NUMSA to organise in the plant, as many workers still held allegiance to the Zulu monarchy (Interview with Hlatswayo, NUMSA, May 1996). In consequence, NUMSA has never managed to attain a majority in the Newcastle plant (Interview with Marie, NUMSA, March 1995). Further, Iscor used a strong works council to undermine organisation, and by 1989, the plant had never had a strike. Although three strike ballots had been called in the past, they were opposed by workers (*Daily News* 4/11/89).

By 1989, at the time when Iscor was privatised, it was looking far more profitable than it had for much of the 1970s and 1980s. Profits had been high enough in the previous two years to pay tax (*Financial Mail* 28/7/89). World market conditions were far more favourable than they had been for much of the decade: prices were rising, and world production levels were at the highest levels ever (see Figure 7.1). In South Africa, as elsewhere, renewed profitability was based as well on the rationalisation and technological improvements that had occurred in the 1980s.

Increasing profitability, however, depended on declining employment. In total, employment levels dropped from 61 500 in 1985 to 58 100 in 1988 (*Iscor Annual Reports*, 1985, 1988). Although this figure was higher than in the early 1980s, Iscor had acquired some additional plants, so the figures are not directly comparable. The equivalent for 1980 would have been between 75 000 and 80 000 people (*Weekly Mail* 3/11/89). Retrenchments were particularly severe in Newcastle and Pretoria. Turnover per employee in Iscor as a whole, rose from R51 000 to R83 000 per employee between 1985 and 1988, while profit per employee rose from R7 000 to R13 000 over the same period (Table 7.2).

TABLE 7.2: EMPLOYMENT AND PRODUCTIVITY IN ISCOR, 1985 - 1996

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
No of employees	61500	61600	61600	58100	56200	57900	58600	58000	54000	48500	48100	46100
Turn-over/ Employee (R'000)	51	65	67	83	106	119	126	149	167	197	232	252
Profit/ Employee (R'000)	7	10	9	13	21	19	14	12	11	16	25	-

SOURCE: *Iscor Annual Reports*, 1985 - 1996

The privatisation of Iscor in 1989 shifted the goals of the firm, although substantial changes in direction only came with the appointment of Hans Smith as managing director in 1993. In the early years of privatisation, Iscor attempted to reorient further to the domestic market by focusing on beneficiation, and encouraging manufacturers to beneficiate by offering reductions if they exported (*Financial Mail* 7/6/91). Strategically, this meant a greater emphasis on the more profitable flat products, for which there was greater demand locally and internationally, and less emphasis on the profile products (*Iscor Annual Report*, 1989) in which Iscor in Newcastle was specialised.

Encouraged by the improved market conditions of the late 1980s, Iscor invested further in technological improvements. While investments did not extend capacity as in the 1970s, they were far more extensive than in the 1980s. Between 1989 and 1992, some R3,5b was spent, in particular on the Pretoria and Vanderbijlpark plants. Computers were overhauled and Vanderbijlpark was transformed to a 100% continuous casting plant, focused on timely delivery and product quality. Other improvements were made to modernise the plants and

increase beneficiation. Some new technologies were introduced in Newcastle as well, enabling it to produce more specialised lines and products, which had previously been imported. Improvements were also made to process technologies in the production of liquid iron, increasing income by R40m p.a. (*Iscor Annual Report*, 1991).

In his study of mineral beneficiation, Jourdan (1993) commented that Iscor was on par with the rest of the world in terms of technology and production processes, and was a highly competitive producer. Improvements in technology and in management systems meant that productivity rose in the early years of privatisation: turnover per employee increased from R106 000 in 1989 to R149 000 in 1992.

While productivity rose, international and national recession and the burden of financial charges associated with capital expenditure, meant that profits and the value of shares dropped sharply. Local demand dropped to its lowest level in 12 years by 1991, so despite the intention to reorient to local production, Iscor was forced further into global markets, and was exporting 52% of production by 1992. Although the ending of sanctions theoretically eased Iscor's access to international markets, sharply declining demand on world markets from 1990 made these markets highly competitive. Prices on international markets were, for example, R850 per ton steel compared to a domestic price of R1400. While output on world markets declined, Iscor continued to increase production levels. Profits per employee declined from R21 000 in 1989 to R12 000 in 1992, while the value of shares dropped to half the price at which they had been floated (R2.00) in 1992 (*Financial Mail* 4/9/92).

From 1992 Iscor began to cut its workforce once again, even after some 3000 employees had left (apparently voluntarily), following the introduction of new technologies the previous year. The plants producing profile products (Newcastle, Pretoria and Vereeniging) were rationalised to maintain competitiveness. Newcastle, however, accounted for 65% of this capacity by 1995, and so was particularly affected by this decision (*Iscor Annual Report*, 1995).

As previously noted, the appointment of Hans Smith as the new Managing Director in 1993 led to a significant change in the goals and direction of the firm. For the first time, the focus moved away from production and output to profitability. According to Smith,

Our new vision of the company's direction has brought with it certain shifts in emphasis, among them the recognition that profitability must take precedence over production volumes... (cited in *Financial Mail* 4/11/94)

and

The key to our strategy...is that we've accepted Iscor is irrevocably tied to the international commodity cycle, and a specialised part of it at that. What drives this company now is what the balance sheet will look like at the bottom of the next downturn. This is the determinant of every project we undertake. (cited in *Financial Mail* 24/2/95)

Smith moved to restore the profitability of the firm, and to retire the debt burden. The firm was reorganised to establish each division (mining and steel) and each plant as a separate cost centre, with their own marketing and budgeting. Plants were reoriented to specialise in particular products: Vanderbijlpark in flat products, Pretoria in stainless steel, Newcastle in profile products, and Vereeniging in speciality steel. Within the firm as a whole, a major rationalisation led to a loss of close to 12 000 jobs between 1992 and 1996 (see Table 7.2).

In the drive to profitability, plants that had made consistent losses, such as Newcastle, were clearly vulnerable. Employment in the plant was cut by a third (by about 3000 workers), affecting all levels of the hierarchy. Although attempts at the reorganisation of systems of management were not new, in the Newcastle plant, rationalisation was associated with the introduction of new forms of management, including a flatter hierarchy. In 1994, labour costs in Newcastle were 24% of production costs compared to 17% internationally and 10% in Japan (Interview with Chowles, Iscor Newcastle, September 1994). The burnout of the blast furnace in 1994 did not help Newcastle either. Production levels dropped substantially as Table 7.1 shows. Rationalisation nevertheless occurred in other plants as well, with for example, 4500 jobs lost in Vanderbijlpark (*Burger* 24/5/95).

Declining coking coal reserves in the Hlobane and Durnacol mines exacerbated Newcastle's position (Interview with Webstock, Iscor Head Office, March 1995). Durnacol's reserves had been extended by the recovery of coking coal through slimes

dams, but in the early 1990s, the ethnic conflicts which were experienced on both mines had led to significant retrenchments and to a slow down of production. Both mines were closed by late 1996 (*Iscor Annual Report, 1996*).

By 1995, profitability seemed to have been restored. By the end of the year, the debt burden of R2b had been retired, and the company had a positive cash flow of R597m (*Financial Mail 1/9/95*). The value of shares rose from a low of 61c at the end of 1992 to R4.25 in February 1995 (*Financial Mail 24/2/95*). Profit per employee doubled and turnover per employee rose from R149 000 in 1992 to R232 000 in 1995. Output rose, while employment declined. Nevertheless, while productivity rose substantially to 7/8 man-hours per ton of steel, it was still lower than Japan's 4/6 man-hours per ton (*Financial Mail 24/2/95*).

Although the rationalisation of the firm contributed to its improved profitability, market conditions were also far more auspicious in this period. The local market was growing and in 1995, domestic sales accounted for 58% of sales compared to 44% in 1993. Further, world markets and prices improved substantially, while the rand weakened. The profitability of the firm was also boosted over the three years by an injection of R500m from the government's General Export Incentive Scheme (GEIS), accounting for between 35% and 42% of income (*Financial Mail 11/8/95*). It was nevertheless expected that the ending of GEIS and the institution of the new WTO (World Trade Organisation) rules (which also debars schemes such as GEIS), would not damage the firm, since it would ease access to overseas markets. Tariff protection was already lower at 5% than South Africa's offer of 10% for the industry, and high transport costs protected the industry further. The two-tier pricing structure would, therefore, remain (*Financial Mail 11/8/95*).

From 1994, a new capital expenditure programme was mooted. In contrast to the past, this accepted the de facto export orientation of the firm, and moved into more competitive products in the export markets. The most important project proposed was the controversial state-of-the-art R6,8b Saldahna Bay mini mill, producing 1mt hot-rolled coils of below 2mm for export, using only 500-600 workers - at 1/2 man-hours per ton. With the court's decision to disallow the proposed site on the lagoon and to move the plant inland in 1995,

Iscor initially withdrew, in part because costs had escalated dramatically. By mid-1996, however, there was renewed interest in the plant, and Iscor had managed to secure loans from overseas, and was already talking about a second phase to the scheme (*Financial Mail* 15/11/96).

The Saldahna Bay mini mill was intended to displace capacity in Vanderbijlpark and Pretoria. Pretoria was to be converted to stainless steel production - a relatively easy shift following the technological improvements which had occurred in previous years. In 1995, however, Iscor announced that it would upgrade the Vanderbijlpark plant to become the world's lowest integrated producer of hot rolled coil at a cost of R1,2b. Iscor also attempted to shift into new market niches - into stainless steel, which was seen as a growing market - and to diversify away from a reliance on steel production. In 1995, a stainless steel project was established in Durban with an international partner, through the purchase of an existing firm (*Financial Mail* 25/2/95).

Since the new plants are largely export oriented, new developments mooted from the mid-1990s have mainly been close to major ports, although existing capacity such as in Pretoria was also initially intended to be turned around for export production, and the Vanderbijlpark plant has since been upgraded further. Newcastle has largely been left out of this process. Although it is an exporter, its exports are in less profitable lines, and, given the current emphasis on profitability, it is poorly located as a site for the development of new export products. The Saldahna Bay location was chosen after a debate over whether it should locate at the port or close to the source of raw materials - Newcastle was never considered as a real contender.

But the new developments of the 1990s are largely oriented to the export of intermediate products, rather than to final goods. They are unlikely to have the spin-offs generated, for example, in Vanderbijlpark in the past. During the debate over the Saldhana Bay project, local proponents argued for the scheme on the grounds that the development was needed in the area, and a picture of very extensive upstream development was presented. Iscor, however, made it clear that its products were for export, and that although industries producing final goods for export might locate there, it did not expect much development of

this sort to occur, but rather, that the usual service industries would be set up. The study of Newcastle raises questions about the possible implications of the development that is to occur in Saldhana Bay, which go beyond the somewhat narrow environmental concerns raised there. The case of Newcastle, points to the dangers of (what was effectively) the development of a town around a single industry with limited linkages, particularly where that industry is part of a highly volatile sector characterised by severe competitive pressures, and consequently ongoing technological - and sometimes associated spatial - change. Although Newcastle has in one sense managed to remain stable in terms of overall employment, this stability is both fragile and contested. Further, as Chapter 10 shows, those losing jobs in heavy industry are not finding new ones in the industry that has since developed. However, households have invested in the area, and will not find it easy to leave wholesale. The social costs of the boom-bust syndrome are enormous.

By 1996, prospects for Iscor had once again changed, and by September, share prices had declined to R2.70. Deepening domestic recession reduced local sales, and while Iscor was forced to increase sales on international markets, world prices for steel dropped sharply to levels similar to those in the early 1990s (*Financial Mail* 2/2/96; *Iscor Annual Report*, 1996). Conditions had worsened by early 1997 (*Financial Mail* 7/2/97; 4/7/97). The new 'niche market' of stainless steel was also becoming increasingly competitive, and international prices plummeted. Production plans for the Pretoria slab facility were cut back, and by early 1997, plans to convert the plant to stainless steel production had been abandoned (*Financial Mail* 4/7/97). In September, the closure of much of the plant was announced. Once again international overproduction was occurring (*Financial Mail* 1/12/95; 4/7/97).

The restructuring of Iscor and its effects over space, provides an important illustration of the impact of integration into global markets. It is a relatively successful and long-standing example of this process. Due to stagnation in the local economy, it has been forced to compete in the global market since the early 1980s, and it has managed to remain competitive - albeit not at the highest level of the value chain, and arguably at the expense of local industry. While resource conditions were favourable, it kept abreast of new technology, although capital expenditures frequently placed a heavy burden on the firm.

This success however, has had significant costs in terms of levels of employment, and in its implications for place.

Although the location of Iscor in Newcastle was a result of state regional policy, it was not unusual internationally, nor was there much criticism of the decision by business at the time. Indeed, a *Financial Mail* article at the time talked of Newcastle as 'merely a case of a town whose time has come. The siting of Iscor III has just made it come more quickly' (*Financial Mail* 23/5/69). The development of a new growth periphery or a growth pole in the sense intended, might have occurred had boom conditions continued. In response to crisis, Iscor initially recentralised production and the introduction of new technologies, confining Newcastle to largely unprofitable products produced through older technologies, and rendering it particularly vulnerable to the new dictates of profitability as the firm privatised. As export orientation became a strategy rather than default, the logic of location shifted to the coast, although the plant in Vanderbijlpark continued to develop further.

7.2. OTHER METAL INDUSTRIES

The other major metal industries are Falkirk and Dorbyl Venco, employing 340 and 250 workers respectively. Both are part of larger groups: Falkirk is currently owned by the Zimbabwean Apex group, while Venco is part of the JSE listed and Anglo American linked Dorbyl group, which was historically partly owned by Iscor. Venco was the largest of a cluster of engineering firms, which developed around the establishment of Iscor, while Falkirk was established in Newcastle in 1948. Both firms have downsized substantially since the 1970s.

Venco established at the request of Iscor, and in the 'honeymoon period' from 1972 to 1978, Iscor guaranteed it work, paying out when this was less than expected. The relationship with Iscor ended in 1984 as the firm rationalised. In response, Venco diversified its markets, working over a much wider area than Newcastle, including the rest of the KwaZulu-Natal, provinces to the North, and even as far as Botswana. By 1994, contracts in Newcastle accounted for only 30% of turnover, mainly for Iscor. In the 1980s, it formed a relationship with the Japanese firm Komatsu, producing equipment locally that

the firm would otherwise have had to import (for example equipment for open cast mines in Botswana). This restructuring, however, involved considerable losses in employment. At its height, employment in Venco was 600, which had been cut by more than half by 1994. Further, some 40% of the workforce has been put on contract - dependent on the amount of work available. The firm has also introduced new up-to-date computerised technology, although this has not been associated with employment rationalisation.

Apart from the rationalisation of Iscor, heavy structural engineering workshops such as these (and Venco's is the largest in KwaZulu-Natal) have of course been affected by the low rate of investment in capital equipment and fixed investment. According to the interviewee, Dorbyl has closed some 70% of its facilities in Gauteng. While Venco is not well located, running costs are 25% lower, since rates, taxes and electricity are cheaper, and all equipment is fully depreciated. Further, although wages are the same as in Gauteng - since Venco, like most other firms in this sector, pays SEIFSA rates, which are constant over space - labour is far more quiescent. In the words of the interviewee, 'we've got Buthelezi's boys here'. When there were strikes in Johannesburg, Newcastle went to work. Nor has Cosatu's NUMSA managed to gain much support in the factory.

Like most of the large heavy industries in Newcastle, Venco is poorly located, given that years of import substitution has concentrated markets elsewhere. While both the lower municipal and property costs, and the more quiescent labour force are seen as advantages, they are insufficient to overcome the incomplete development of agglomeration economies and lack of markets in the town. According to the interviewee, they 'shouldn't be here'. Nevertheless, workshops of this type are difficult to move, so the firm has repositioned and downsized.

Falkirk is one of the few heavy metal industries that is not linked to Iscor. It produces cast iron products, including cookware, solid fuel stoves and three legged pots. Originally a branch of the Defy company (itself a subsidiary of a British company), the firm was bought out by local management with disinvestment in 1984. In 1993, the firm was liquidated, and subsequently bought out by Zimbabwe's Apex Corporation (its sixth largest company), which was attempting to establish itself in South Africa. The firm has downsized

substantially in this process. In the early 1980s, it employed 1200 people - almost four times the present size. Its steel bath and enamelling section was sold off and set up as a separate company in 1990. Employment declines were linked to dynamics within the firm, but also to the contraction of local markets, as demand for stoves dropped, following the introduction of electricity. About half of the product was exported to other Southern African countries, but the firm was poised to move to exporting cast iron cookware on overseas markets.

Like Venco, Falkirk was located in Newcastle for particular historical reasons. While the firm sees advantages in terms of low levels of labour organisation (which was weakened further by the liquidation), there are limited local links (even Falkirk's scrap metal is brought in from elsewhere) and service industries are inadequate. If they were establishing anew it is likely that they would move closer to markets in Gauteng. Nevertheless, they are currently repositioning themselves and do not see themselves as vulnerable to imports as trade barriers decline. Vaal Potteries, previously part of Falkirk, was also forced to stay in the area due to the heavy costs of relocation, despite the fact that they could move into more profitable ends of the market, and be closer to both supplies and markets were they to do so.

A number of themes emerge from the analysis of the heavy metal industries. First, this sector has downsized markedly due to the effect of the restructuring of Iscor, or due to recession. This has exacerbated the impact of distance from markets, given that markets were highly concentrated as a result of the spatial logic of import substitution. Second, while the low level of organisation of labour (see also McDonald, 1996) is seen as an advantage, it is insufficient to overcome these locational disadvantages. Third, levels of investment and the cost of relocation have made it difficult for firms to move to more 'rational' locations, forcing them to reposition themselves in various ways. Therefore, while these firms can be seen as stable, they are unlikely to grow, and new waves of development cannot be expected.

The only other metal products firm employing more than 40 people is a Taiwanese company in Madadeni, which is more similar in logic to some of the 'other' category

Taiwanese firms, and will be discussed as part of 'other industries'. Apart from this firm, some 11 small industries employing 154 people were included in the survey. All but three of these firms employed less than 15 people. Most of these firms are service industries - largely engineering workshops, engaged in repairing and servicing machinery. Almost all were independent companies. Seven out of the 11 firms surveyed established between 1969 and 1982 - in the growth years. Only one has established since 1990. Almost all firms service the mines and/or the large heavy industries - particularly Iscor and Karbochem. Most of these firms have survived the restructuring of heavy industry, but one firm reported that it had cut employment substantially. McDonald's (1996) study, however, found that companies servicing the mines had experienced declines in turnover due to the restructuring of the industry. Other firms are likely to have shut down: even the 1990 list of firms contains numerous industries that were not recorded in the 1994 list (see Appendix E). Nevertheless, the census does indicate an increase in the number of firms in the sector in the 1980s. It is unclear whether this is the result of reorganisation within the sector, or the growth of small locally oriented firms such as burglar bar manufacturers, which are not fully recorded on the municipal list.

It is apparent that the metal products sector has remained small due to the contraction of Iscor. Although Iscor generated few linkages (Day and Moloï, 1993; Harrison, 1990), and associations and inter-links within the industry have remained limited (McDonald, 1996), most of the metal products firms emerged around Iscor, and the development of the sector has been negatively affected by its restructuring. It is only the large, nationally linked firms that have been able to reposition themselves. According to McDonald (1996), apart from Venco and Iscor, the metal industry in Newcastle has largely remained reliant on old equipment, low levels of technology and a relatively low-skilled workforce. Although the industry now seems stable, it seems unlikely that it will be able to reinvent itself.

7.3. THE CHEMICAL INDUSTRY

In contrast to much of the metal industry, there has been new growth in the chemical industry in the 1990s, although net employment growth was negative, as was the case for the metal industry. Employment dropped from 1295 in 1990 to 920 in 1994. While industries established before 1990 contracted or closed, new developments have emerged.

The new growth in the 1990s, however, is directly linked to the reuse of available plant or capacity made redundant by contraction. Growth is occurring in areas that are much more competitive on local and international markets than earlier developments, reflecting a repositioning of some of the major firms in the industry. Although these developments have stabilised the industry, it seems unlikely that much further growth in the industry can be expected.

The chemical industry in Newcastle developed mainly in the late 1970s and early 1980s, although some firms had developed previously around Iscor and the mining industry. An AECI plant, producing calcium carbide was established in Ballengeich (on the outskirts of Newcastle) in 1979, but was closed down by 1992. In 1990, it employed 500 workers - down from some 600 in 1985.

The main growth of the chemical industry has, however, centred on the establishment of the Afrikaner corporate Sentrachem's Karbochem plant in Newcastle in 1981 (with production beginning in 1984). The plant was intended to produce synthetic rubber to replace imports of natural rubber, some 65% of which were imported at the time. It was developed as a strategic industry to avoid the effect of possible trade embargoes against South Africa. At the time the only other country to be self-sufficient through the use of synthetic rubber to replace imports, was the USSR (*Financial Mail* 31/8/79). Karbochem's establishment was an extension of the import substitution logic, coupled with strategic considerations. Reflecting back in 1995, the managing director of Sentrachem, John Job said that,

There was a generation of South African industrialists who had grown up on the basis of finding import replacement opportunities, applying for duties which were usually granted and then building a plant behind the barriers. The Newcastle plant was built on the back of decades of import replacement strategy. (cited in *Financial Mail* 19/5/95)

The Newcastle division occurred in the context of a massive Sentrachem development plan aimed at reducing South Africa's dependence on imported chemicals. Initially, the plant was to be built alongside Karbochem in Sasolburg (*Sunday Times* 1/7/79). The director of Karbochem in Newcastle argued that there were few reasons on technical grounds to remain in Sasolburg: a new site had to be developed, Sasolburg was far from ports and raw

materials had to be brought in. The two plants were not linked - although it might have been easier if they had been in the same place.

The decision to move out of Sasolburg seems to have been linked to industrial decentralisation policy. It is unclear whether the state had any direct hand in the decision, but the financial incentives for establishment in Newcastle are likely to have played a role in the financing of the plant. It is possible to speculate that the decision represented a deal between Sentrachem and the state in terms of which the former moved into a risky area at the request of the latter, while the financing of the scheme was subsidised through regional policy.

The establishment of the firm in Newcastle was suitable in terms of a number of physical location factors: it was on the main rail line to the ports, there was plentiful water and cheap electricity (the plant currently uses some 60% of the municipality's supply), and anthracite was locally available. Further, the rationalisation of Iscor had meant that there was excess infrastructure available, while past removals and urbanisation linked to the development of Iscor meant that there was 'sufficient' labour. Labour, in these terms, was seen as less favourable in the case of the other possible contender - Richards Bay. The role of the local authority in persuading the plant to locate there was also critical.

The plant was seen as the beginning of a complex of linked chemical plants - seemingly offering Newcastle a new chance for development as a 'growth pole'. Like Iscor, however, these plans did not anticipate radical changes in global markets, which undermined the project. Further, as John Job noted, '...anything preceded by the word strategic seemed to deny economic reality' (*Financial Mail* 19/5/95). The project was plagued by cost overruns. When finally established, it cost R450m to build, well beyond the original figure of R125m. Further, demand for rubber did not grow as expected, since new technology, which made rubber use on tyres more efficient, became available. The collapse of the international rubber price from the mid-1980s made the plant entirely uneconomic.

In 1979, when the plant was planned, the price of rubber was high at \$1250 per ton, and the plant was expected to make savings of about R60m p.a. in terms of foreign exchange

(*Cape Times* 25/9/81). The tyre industry was, however, less sanguine about the prospects for the plant, fearing that the duties imposed would push up their costs of production (*Sunday Tribune* 14/2/82). By 1982, before the plant was even fully functional, the price of rubber had begun to drop, and the economics of the scheme were already looking doubtful. A 25% tariff was put on the price of natural rubber, and a basic floor price imposed to protect the local industry. The fall of the rand in the mid-80s pushed up the price of imported raw materials, while rubber prices dropped to \$780 per ton by 1990. In consequence, the plant never managed to pay for itself or generate a profit. And decentralisation incentives ended in 1988. By 1990, there was an accumulated loss of R140m (*Business Day* 2/3/90). Against projections that rubber prices were unlikely to increase, the plant was mothballed in 1990. An amount of R120m was written off. Only some minor operations continued, and almost the entire workforce was laid off.

The mothballing of the plant occurred at a time when Sentrachem was beginning to reposition itself, moving out of the volatile commodities market, and shifting towards exports of higher value-added products, particularly in more specialised high tech areas. According to Sentrachem managing director, John Job,

...other factors - such as South Africa's international re-emergence and the GATT tariff reduction process - had fundamentally changed Sentrachem's strategic thinking by the time we had to decide whether to close the site or somehow exploit the assets. Over the past 4 or 5 years, we honed in on the overriding need for international competitiveness, with the realisation that without it we would disappear. (quoted in *Financial Mail* 19/5/95)

Sentrachem began to look for new uses for the plant in line with these objectives. In 1992, it bought out the AECI carbide plant and moved it to the Karbochem site. The plant now produces calcium cyanide, acetylene, carbon black (all used in industrial processes) and exports carbide for acetylene production. Sentrachem has also developed a special BR rubber - the second of its kind in the world. The BR rubber has significant spin-off potentials (although these are not expected to occur in Newcastle), and export opportunities. The Newcastle plant is expected to shift to a target of 25% exports.

In 1993, it set up African Amines in a R48m joint venture with Sasol. The plant produces alkylamines (used in the production of explosives, herbicides and water treatment) on the

Karbochem site, further using under-utilised capacity. A new firm also established around the AECI plant in Ballengeich in 1992, taking over some of its workers. Owned by European interests, the plant produces ferrosilicon - an additive in steel production. Establishment in Newcastle was directly linked to the availability of the plant at a good price. Although it is largely oriented to export, the location of Iscor in the town has given it a 25% local market.

Both of these companies were assisted by the 1991 RIDP. They can be considered to be stable in the area: although they had recorded losses since establishment, they had increased their market share, output and capacity utilised, and saw these losses as part of the early stages of setting up. GATT was not seen as a threat by either firm. One of these firms was developing an innovation, thus strengthening their competitive position in the market place. Both firms claimed that their technology was advanced by international standards. New technology here did not marginalise peripheral areas such as Newcastle, but meant that greater levels of training were required. Nevertheless, the location of these firms in Newcastle is in some respects idiosyncratic - it seems unlikely that it would have been chosen were wholly new plants to have been set up. A recent decision in 1996 (*Financial Mail* 13/3/96) to establish a joint Sentrachem/Bayer chrome chemicals plant (offering 100 jobs) appears to follow a similar logic.

For firms in the chemical industry the difficulties of location in Newcastle centred around the limited nature of the service industrial sector, the lack of attractiveness of the town to managerial staff (necessitating higher salaries in one firm), and its inaccessibility. As one interviewee put it - parodying the usual comment on the accessibility of the town - 'its 350km from nowhere'. Apart from the distance, there are no regular flights from the airport. Further, the area does not have a competitive industrial atmosphere, as, for example, was the case in Sasolburg. Unlike the metal industry, unions appear to be more organised in the chemical industry, and there has been a higher level of tension around labour relations. But in most chemical firms, wages are relatively high, and sophisticated labour practices incorporating workers are adhered to.

The redevelopment of the chemical industry in Newcastle demonstrates the way in which new rounds of accumulation have been built on and shaped by those of the past. Although much of the development of the 1980s was an example of the inefficiencies associated with government policy and the economic logic of firms closely linked to it, the industry has restructured towards greater competitiveness - but this has had significant costs in employment terms.

7.4. CONCLUSION

The restructuring of heavy industry in Newcastle demonstrates how the shift away from the old logic of import substitution towards a more competitive orientation can affect industrial development in a town on the periphery. Coupled with state regional policy, import substitution led to the development of the most substantial industries in the town, around which other industry has agglomerated. But import substitution also constrained the extent to which agglomerations developed, as markets remained concentrated in Gauteng. As the prospects for import substitution dimmed with domestic recession, and as world market prices for certain commodities collapsed, heavy industries represented in Newcastle were forced to enter into global markets, or at least to reposition themselves in relation to them.

The major industries in Newcastle are part of large corporations, well aware of developments internationally. These firms have reoriented themselves to greater competitiveness, and to a stronger export orientation, moving as far as possible into higher value-added products and more specialised markets. In many respects, they represent the 'high road' of responses to global competition, in which competitiveness is based on innovation, investment in new technology (or strong competition), an emphasis on quality and more specialised niche markets, and higher productivity generated both through technological improvements and new approaches to management. But this 'high road' has meant significant reductions in employment in general, and considerable cost to place, as new forms of production and market orientation change the locational logic of industry once again.

In Newcastle, there is little evidence of relocation out of the area - rather, industries are bypassed as the major new developments occur elsewhere. The fact that huge amounts of capital have literally been sunk into plants in the town, has forced a reorientation of local industry, rather than abandonment. This reorientation, however, has occurred at a significant cost to relatively well paid employment in the town.

Although Newcastle is arguably an 'artificial' creation of regional policy, the processes affecting its heavy industry are by no means unique to Newcastle - or simply the result of inefficient location. The critique of industrial decentralisation policy is certainly apt in the case of heavy industry: the policy did result in poor location (at least given that import substitution concentrated markets), and this did play a role in its marginalisation. Poor location has to some extent undermined the flexibility of firms and their ability to respond to change. Nevertheless, international competition, the effects of new technology, and the repositioning of firms, are not only affecting old industrial decentralisation points: other places which have developed more 'naturally', are also affected by these processes. In some cases, as demonstrated for Iscor, the spatial logic of new investment is changing. In others, old plants may be marginalised or closed.

CHAPTER 8

RESTRUCTURING OF LIGHT INDUSTRY IN NEWCASTLE: CLOTHING, TEXTILES AND OTHER INDUSTRIES

8.1. THE CLOTHING AND TEXTILE INDUSTRY

The restructuring of the clothing and textile industry in Newcastle provides a contrasting example of the place-specific effects of South Africa's economic crisis and its growing integration into the international economy. While heavy industry contracted, clothing and textiles grew as competitive pressures drove labour-intensive parts of production to lower wage locations. This movement has been shaped by changing international trade regimes and by the characteristics of the industry. Although new technologies and forms of organisation have begun to reverse this trend within the textile industry, substantial parts of the clothing industry remain oriented to 'weak competition'.

The growth of the clothing and textile industry in Newcastle represents two moments of this process: the decentralisation of South African production to lower wage locations from the 1960s, and the development of Asian production from the mid-1980s. Although the dynamics underpinning these two processes differ, there are common broader underlying themes. Industrial decentralisation has been one of the major ways in which South African firms have sought to increase their flexibility in an increasingly competitive environment. The development of Asian firms in the area was linked to the search for new production sites in a worldwide process shaped by international trade regulations, and the search for lower cost labour. A form of endogenous growth was nevertheless generated through this process. Although there has been a powerful structural logic to the growth of the clothing and textile industry in Newcastle, it has also been shaped in critical ways by local dynamics.

By the mid-1990s, both the structural conditions and local dynamics had shifted, raising questions about the continued viability of the pattern of low waged industrialisation. The predominantly locally oriented industries were being threatened by the growth of illegal

imports - a particularly severe form of 'opening' to the global economy. Asian forms of production, so generative in one sense, also created its own contradictions as its characteristic forms of management lead to labour conflicts, affecting the area as a whole.

The restructuring of industry in Newcastle has meant a shift to a path of low waged industrialisation. But this is occurring in a highly competitive international environment. As South Africa opens up to the global economy, the effects of global competition will be felt more sharply (Bond, 1996). In one sense, areas such as Newcastle may be a 'last outpost' - at least in certain types of production - but both the structural characteristics of much of the sector there, and the erosion of old 'advantages' and emerging labour conflicts, may limit these prospects.

8.1.1. The International Clothing and Textile Industry

Clothing and textiles have historically been classic labour-intensive industries. Driven to a large extent by price competition and enormous wage differentials, these industries have been at the forefront of the decentralisation of industry. Production has increasingly shifted to developing countries. Between the early 1960s and late 1980s, their share of world exports rose from 16% to 23% in textiles (Navaretti et al, 1995), and 15% to 53% in clothing (ILO, 1995a). Some 25% of employment has been lost in developed countries (Hyvarinen, 1996; ILO, 1995a). Movement to developing countries followed autonomous growth of the industry there (Glasmeier et al, 1993). From the 1960s Hong Kong, Taiwan, Singapore and South Korea began to produce low cost mass-produced goods for export to industrialised countries.¹ Since wages were far lower than in industrialised countries, and productivity higher, low cost mass production increasingly shifted to these countries, and firms in developed countries began to source production there.

As development pushed up costs in the NICs, labour-intensive production shifted to cheaper locations, largely within Asia (ILO, 1995a). China is currently emerging as the largest growth centre of the clothing and textile industry internationally. While growth has in a sense 'trickled down', the first round NICs continue to control production elsewhere. They have moved into higher value-added production, and together with developed

countries, still account for most of the global value-added (ILO, 1995a). Parts of Latin America, Eastern Europe and North Africa have also begun to move into clothing production for world markets, but there has been limited development of this sort in the rest of Africa.

The spatial patterning of the clothing industry was also shaped by the international trade regime. In 1974, the Multifibres Agreement (MFA) was formulated as a departure from GATT. It allowed for bilateral trade agreements restricting imports on the basis of quotas on a range of goods, thus protecting developed countries, while enabling an expansion of trade. The MFA underpinned the pattern of 'trickle down', since production would have to shift to new countries as quotas were filled. Further, it encouraged countries to move up the value chain, since quotas were based on volume rather than value. Countries which were not signatories to the MFA (such as South Africa at present) could escape these quantitative controls, giving them an important space in the market - but at the cost of their inability to implement such controls to protect their own markets.

With the Uruguay Round of GATT in 1986, it was agreed that the MFA would be revised to accord more closely with the principle of GATT. The MFA was replaced with the Agreement on Clothing and Textiles (ACT), which over a ten year period, from 1995 to 2005, would gradually replace MFA controls - finally removing quotas and reducing tariffs to a maximum of 45% in clothing and 22% in textiles. In the wind-down period, quotas on specific goods would gradually be enlarged, and the number of goods protected in this way reduced. Tariffs would also be reduced according to an agreed timetable. These changes are expected to give greater space to developing countries (although developed countries might resist import penetration through measures such as environmental requirements), but it also removes the pressure to disperse production over a number of countries (Hyvarinen, 1996). Non-MFA countries, such as South Africa, where productivity is relatively low, may lose the short-term advantages they had for producers seeking to access developed country markets.

As competition from developing countries grew, industries in developed countries began to restructure production, albeit unevenly, along the lines of the flexible specialisation model.

New technologies were investigated and new forms of management emphasising flexibility and responsiveness were introduced.² Industries were encouraged to move up the value chain to the middle to high income market, emphasising quality, fashion and design. While this shift has resulted in a level of reconcentration of the textile industry to developed countries (ILO, 1991), the pressure towards dispersal in clothing remains.

In contrast to the textile industry, where it has been possible to mechanise further, large parts of the clothing production process remain labour-intensive. Attempts to create a fully automated factory have failed (ILO, 1995b). The introduction of new technologies is largely occurring upstream and downstream of production - around the use of computers in design, business management, marketing, orders and communication with retailers and suppliers. Whereas some parts of the production process, such as cutting, have been mechanised, and there have been attempts to reduce time spent in handling, sewing itself remains labour-intensive, even if more sophisticated machines are now available. Further, in contrast to the textile industry, where ownership is highly concentrated, thus enabling large investments, the predominance of small companies in clothing has meant that new technologies in the production process diffuse slowly (Glasmeier et al, 1993). Labour costs and productivity have therefore remained dominant concerns in the clothing industry.

Rather than reconcentration,³ it would appear that a new division of labour is emerging over space as highly skilled activities such as design are concentrated in high wage areas close to the centres of fashion, while other activities are divided over space according to skill and wage level. The growing importance of flexibility and quick response in the fashion market is encouraging the development of new forms of low waged labour in and close to developed countries. Even firms which are seen as classic examples of flexible specialisation and localisation, such as Italy's Benetton, shifted to out-sourcing in low waged countries (Navaretti, 1995). Within developed countries themselves, irregular forms of employment such as casual work, home work, informal work and unregulated sweat shops using immigrant labour, are growing (ILO, 1995a). Outward processing in low waged countries close to the centres of fashion is on the rise.⁴ Some authors (e.g. Morris, 1996) predict that regional trade blocs are likely to become dominant, providing fewer opportunities for developing countries outside of them.⁵

The next two decades are likely to see significant further rounds of restructuring in the industry and patterns of growth and decline over space. The prospects for South African industry are uncertain. Of most concern is whether and to what extent it will be able to resist import penetration. Over the past decade, increasing competitive pressures have resulted in the use of a 'spatial fix' as firms moved to the periphery. Whether these trends will be accelerated or undermined as industry restructures remains to be seen.

8.1.2. The South African Clothing and Textile Industry

The textile and clothing industry accounted for 15,1% of manufacturing employment and 5,4% of manufacturing output in 1992. A total of 183 231 people were employed in the industry in 2265 establishments in 1994 (Swart Commission, 1994). While the textile industry was relatively concentrated, the clothing sector comprised a large number of smaller manufacturers, although some large groups had emerged. The following discussion focuses on the clothing industry. Although the important knitwear sector is classified as textiles in terms of the South African SIC, it is frequently classified as clothing elsewhere. Since it is entirely run by Asian industrialists and develops a rather unique product in the South African context, very little will be gained by a discussion of the textile industry. Further, the structural difficulties that it confronts are similar to those affecting the clothing industry.

The South African clothing industry is often characterised (Altman, 1994; NPI, 1993; Swart Commission, 1994) as a 'backward' industry, where competition on the basis of price and labour costs remains dominant. While wage levels have been a major concern in the industry, Altman (1994) argues that rates of pay are not high for a middle income country. Rather, poor management underpins South Africa's comparatively low productivity. New technologies and forms of management have only been adopted to a limited extent, while training and skill development have largely been neglected.

TABLE 8.1: CLOTHING MACHINIST WAGES IN INDUSTRIAL COUNCIL AND WAGE DETERMINATION AREAS, 1996.

	WAGES (1)	INDEX
Industrial Council Areas (2)		
KwaZulu-Natal	R6.24	100
Western Cape	R6.18	99
Gauteng	R6.18	99
Eastern Cape	R5.72	92
Free State	R4.86	78
Wage Determination Areas (3)		
Uitenhage, Paarl, Stellenbosch	R3.38-R4.10	54-66
Worcester	R2.87-R3.48	46-56
Newcastle, Klip River, Camperdown, Lower Umfolozi, Port Shepstone, Rustenburg, Umzinto, Grahamstown, Jeffrey's Bay	R2.03-R2.86	33-46
Other areas	R1.80-R2.51	29-40

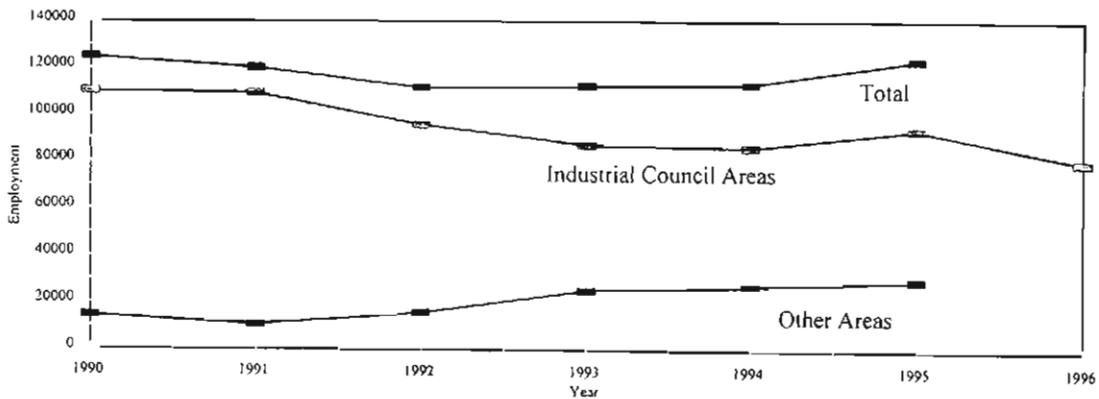
SOURCE: Clodef, 1997.

NOTE:

1. Excludes social costs and non-wage elements of remuneration. Wages are reflected at an hourly rate in order to facilitate comparison. Working hours are also less in Industrial Council Areas, ranging from 40 to 42.5 hours per week compared to 45 hours per week in Wage Determination Areas.
2. Reflects a qualified machinist. Unfortunately no data is available on the range of wages, or for an unskilled worker. The comparison to Wage Determination Areas may be overdrawn since figures here range from an inexperienced machinist to one with a year's experience (see note 3). Skill levels are generally lower in these areas, however.
3. Wages in Wage Determination Areas reflect legal minimum wages as gazetted, but as applicable for the 12 months after determination. Negotiations between unions and employers, or cost of living increases granted by employers could raise wage levels considerably, and the differentials reflected here might be greater than they are in reality. The lower figure represents wages for workers with less than six months experience, while the upper figure represents wages for workers with more than 12 months experience. In the case of Newcastle, the last determination was in 1994 in terms of Department of Manpower Regulation 258, *Government Gazette* 15486, 11 February 1994. Wages for that year were R77.80p.w. (or R1.72p.h.) for an inexperienced worker, rising to R109.60p.w. (or R2.43p.h.) for a worker with 12 months experience. In Wage Determination Areas, factories with less than 30 workers and a turnover of less than R450 000 p.a. are not bound by these wages. Further, the minimum wage does not apply in the first 12 months of establishment, and in the second year, wages can be 10% lower than the determination.

Industrial decentralisation, assisted by regional policy and underpinned by regional labour market differentiation, has long been a major source of flexibility for the industry (Altman, 1994). In terms of the Wage Act of 1957, wage determination occurs on a regional basis, institutionalising spatial differentiation of wages. Until elections in 1994, the country was divided into some five Industrial Council Areas (covering mainly metropolitan areas), Wage Determination Areas, independent and non-independent homelands. As Table 8.1 shows, this meant that wages in non-metropolitan areas could be as low as 29% of those in the cities, although the general differential is around 40%⁶. No minimum wages were applicable in some homelands, and wage differences even within a functional region could be substantial (Altman, 1994). The re-incorporation of the homelands into South Africa following the elections, has removed this source of differentiation, but the rest of the system remains.

FIGURE 8.1: SOUTH AFRICA: CLOTHING EMPLOYMENT IN INDUSTRIAL COUNCIL AND OTHER AREAS, 1990-1996



SOURCE: Clothing Federation of South Africa, *Clothing Industry News*, No. 54, December 1996/February 1997; Central Statistical Services, *Statistical Release P0242.2*, Labour Statistics. Employment, Salaries and Wages: Manufacturing and Construction, January 1984-December 1992; Central Statistical Services, *Statistical Release P0242.1*, Labour Statistics. Employment, Salaries and Wages: Mining, Quarrying, Manufacturing, Construction, Electricity, September 1993, 1994, 1995, and 1996

Notes:

1. Figures are for September of each year. They exclude the ex-TBVC states and the knitwear sector.
2. Total figures for 1996 are not given since they include the TBVC states, whereas previous figures do not. Since figures for non-Industrial Council Areas are derived from the difference between Cloted figures for Industrial Council Areas, and the CSS figures for the total industry, no figures for non-Industrial Council Areas are available for 1996
3. The CSS figures are based on samples adjusted according to the 1988 manufacturing census.

As competitive pressures have grown, decentralisation has accelerated. The clothing and textile industry developed historically around the domestic market. By the 1970s, South Africa had exhausted its import substitution potential. With recession and growing union organisation, production shifted to the periphery. Sustained employment losses were experienced in Industrial Council Areas from 1982, while the share of non-metropolitan centres rose (Altman, 1994). These trends were extended in the 1990s as levels of import penetration - an unintended consequence of state policies to encourage export⁷ - rose from 19% to 44% between 1989 and 1994. Overall employment declined by 9% between 1990 and 1994, while 22% of jobs were lost in metropolitan areas. Trends towards decentralisation therefore continued (Figure 8.1).⁸

Decentralisation has been particularly pronounced in KwaZulu-Natal where low cost production is dominant (K. Harrison, 1996a). Netshitomboni (1995) links the decline of clothing employment in Durban to the growth on the periphery. Although RIDP incentives were reoriented to support capital investment from 1991, clothing and textiles accounted for 46% of employment generated through the scheme in KwaZulu-Natal. Two-thirds of this growth was in peripheral areas (Harrison and Todes, 1996). Peripheral growth is also occurring without the assistance of incentives, sometimes outside of towns to avoid union organisation (K. Harrison, 1996a; Interview with Mark Bennett, SACTWU, January 1996). Nevertheless, there are countervailing trends. As the case of Newcastle shows, peripheral areas have not entirely escaped the pressures affecting other areas, while unregulated informal CMTs in Durban are growing (K. Harrison, 1996).

Studies of the clothing industry in the early 1990s portray an industry in crisis. Profit before interest and tax dropped from 8% in 1989/90 to 3,9% in 1992/3, while returns on operating assets dropped from 18% to 6,1% over the same period (NPI, 1993). Wages had risen faster than prices since 1980, but productivity levels had declined (NPI, 1993) or remained static (Altman, 1994). The industry was being squeezed by large retail organisations,⁹ and by high input costs from the protected textile industry, which undermined its competitiveness against imports (K. Harrison, 1996a).

The clothing industry is therefore vulnerable in the light of economic liberalisation. The Swart Commission (1994) proposed a massive investment plan to upgrade the textile and clothing industry - to enable it to survive in the face of the declining import tariffs required by GATT. It suggested that the industry restructure to compete in middle to high income niche markets, since its cost structure is that of a middle income country. Subsidies requested were, however, turned down (*Financial Mail* 23/8/96). Ironically, South Africa's offer on GATT included a more rapid wind-down period than suggested by the Swart Commission, exposing the industry further to global competition. Tariffs are to be reduced from 90% to 45% within seven years, while textiles has eight years to bring its tariffs to a maximum of 22%.¹⁰

From 1995, a flood of illegal imports into the country had devastating consequences, as the case study of Newcastle will demonstrate. Employment levels in metropolitan areas fell by a further 8% to 79 755 towards the end of 1996, although there was a rise in employment levels in 1995 (Figure 8.1). In six years, nearly a third (30%) of employment had been lost. Unfortunately, employment figures outside of these areas were not available, and it is impossible to test how peripheral areas fared in relative terms.

A significant point of debate is what the spatial impacts of trade liberalisation will be. SACTWU, for example, seems to assume that recentralisation is likely to occur since low waged mass production industries will be unable to compete, and the shift to higher value production and flexible specialisation will only be possible in metropolitan areas (Interview with Bennett, SACTWU, February 1996). This position replicates some of the arguments of decentralisation critics in the late 1980s and early 1990s (Morris and Kaplan, 1988; Rogerson, 1991; Pickles, 1992). Similarly K. Harrison (1996a) argues that growing unionism and wage pressure in peripheral areas are eroding their past advantages.

The study of the clothing and textiles industry in Newcastle provides a window into the effects of these changes on a peripheral town. It demonstrates the evolution of the 'low road' in the context of increasing integration into the international economy and the ending of apartheid. It shows that there have been both opportunities and threats in this process.

Rather than either decentralisation or recentralisation, a more complex combination, shaped by local dynamics and specificities, is likely to emerge as trade barriers fall.

8.1.3. The Clothing And Textile Industry In Newcastle

The growth of the clothing and textile industry in Newcastle shored up employment and investment in the town in the late 1980s. In the 1990s, restructuring and net employment decline seems to have occurred. This decline, however, masks new patterns of decentralised growth, albeit with less significant employment effects than in the past. Further, while some industries have contracted or even closed, employment losses have been far lower than in metropolitan areas. But the continued stability of the industry in Newcastle is by no means assured. Trends and vulnerabilities, however, differ between Asian and South African firms, and to a degree, within them.

Although much of the focus of local economic development strategies was on Asian firms, South African firms still account for the majority of overall employment (54%) (Table 8.2). South African and Asian firms have quite different characteristics and operate according to separate logic. Apart from the recent growth of small firms, South African clothing and textiles is dominated by a few large industries. Most firms are in clothing, with a few small companies engaged in aspects of textile production (carpets, cotton waste). Firms with under 100 employees account for only 9% of employment in South African textiles and clothing, while 67% of employment is concentrated in two firms employing over 1000 workers each. Most of the large firms are branches of JSE listed or other South African companies, although few are part of major groups. By contrast, with a few exceptions, Asian firms tend to be small, often operating in forms of networked production. Some 65% of employment in these firms is in companies employing under 200 workers. Asian firms are concentrated in knitwear, and to a lesser extent, in sock production. There is a scattering of firms in clothing, and one firm engaged in bag production. Taiwanese nationals own most Asian firms, apart from a few firms owned by large companies or individuals from other East Asian countries. There is a limited number of what might be termed joint South African-Asian companies. These are classified as Asian for the purposes of the study, since dynamics are generally more easily understood

in these terms. Forms of management and labour relations also differ between Asian and South African firms, although there are some interesting variations within these groups.

TABLE 8.2: DISTRIBUTION OF FIRM SIZES IN SOUTH AFRICAN AND ASIAN CLOTHING AND TEXTILE FIRMS IN NEWCASTLE, 1994

SIZE OF FIRM (WORKERS)	ASIAN				SOUTH AFRICAN			
	No. firms		No. workers		No. firms		No. workers	
	No.	%	No.	%	No.	%	No.	%
0-29	13	29	237	6	3	17	42	1
30-50	11	25	428	10	7	38	244	5
51-100	11	25	985	24	2	11	152	3
101-200	6	13	1010	25	1	6	165	3
201-400	2	4	570	14	2	11	510	11
401-1000	1	4	850	21	1	6	475	10
> 1000	0	0	0	0	2	11	3200	67
Total	44		4080		18		4788	

Competitive pressures, as Chapter 6 showed, drove the growth of clothing and textile firms in Newcastle, but many firms are vulnerable in the light of import liberalisation. Even though wages are far lower than in metropolitan areas, they are higher than in parts of Asia (Pickles and Woods, 1989), such as the People's Republic of China, where much of the current growth is occurring (Hart, 1996b).

Clothing and textile firms in Newcastle grew under an import substitution regimen. They are largely oriented to South African markets, with only 17% of firms surveyed exporting any of their products. Although many Asian firms initially intended to export, only 21% exported any of their products in 1994, and only 9% exported more than 50% of their output. Import barriers have protected firms oriented to local markets. Most are specialised in acrylic knitwear for which there is no local competition.

The shift to a local market orientation arose from both local market potential and difficulties experienced in exporting. Asian industrialists argue that productivity levels are too low, and material and labour costs are too high, to operate in international markets.

Further, conflictual labour relations in the firms themselves, and labour disruptions in South Africa in general, make it difficult to guarantee meeting exacting export delivery requirements. Many of the local market oriented firms are now vulnerable to imports, given South Africa's agreement on GATT. Many of the Asian producers in Newcastle are in the more vulnerable low cost market, but this is by no means uniformly the case. Wages and productivity levels are, however, widely perceived as problematic by Asian firms, but as Hart's (1996b) work demonstrates, management styles and approaches clearly play a role here.

The influx of illegal imports from 1995 is a more immediate threat. These goods have undercut a number of Asian firms, and have led to a few closures. The threat presented by illegal imports is to some extent a precursor of the impact of further deregulation, especially given that import tariffs on clothing are set to disappear faster than on textiles.

A few Asian firms do, however, export, and there has been a recent movement of export producers into the area to exploit South Africa's quota free status on international markets. Newcastle Council has shifted towards attempting to attract exporters on the assumption that they will be less vulnerable to the changing trade regime. Asian exporters are generally part of large multinational firms, or firms with international offices and connections. They form a significant grouping amongst firms assisted by the RIDP in the 1990s, although some came in under the 1980s scheme, and then expanded, making them eligible for the 1991 RIDP scheme. While these firms are profitable, there are significant threats. The exigencies of export markets, and pressures linked to productivity, mean that labour relations in these firms are often more conflictual than in other Asian factories. They are dependent on low wages, and threatened by growing unionism and concomitant pressures on wages. Most of these firms have had severe conflicts with unions, including court cases over non-payment of minimum wages. The export strategy is, in this sense, as vulnerable as import substitution. In consequence, the extent of employment created in export firms was far lower than these firms initially thought they would generate. Some firms had avoided expanding their labour forces, or had (or were considering) replacing labour with machinery. A few were threatening to leave the area. These firms are far more mobile than many of the smaller locally oriented firms, and would leave if South Africa's de facto

favoured status changes, or if conditions become untenable in their terms. Export orientation, therefore, is no guarantee of stability or invulnerability.

South African producers are also largely focused on local markets, and experience some similar constraints to Asian firms in terms of exports. One manager described how they had attempted to export, but strikes at the harbours had made it impossible to meet deadlines. Some industries, however, have been examining export potentials. South African firms are somewhat less threatened by South Africa's increasing economic openness than are Asian firms. Many of the former are more concentrated in the less vulnerable higher end of the market. Nevertheless, a few have suffered from the influx of illegal imports, and substitution effects in the market place. Inflationary pressures experienced by middle income consumers may well exacerbate these tendencies in future.

The issue of wage levels is also critical. Lower labour cost was an important reason why many firms located in Newcastle, although it was not necessarily the only reason, nor is it the only source of competitive advantage for all industries. In terms of wage determination rulings, wages are between a third and a half of those in metropolitan areas, but the real range of wages is much greater. Wages in Newcastle vary between those paid by small, largely Asian firms, where even minimum wages may not apply (see note 3, Table 8.1, and Table 8.2 for firms under 30), and large, mainly South African firms, where unions are well established, and wage levels are above the minimum level. The question of wage levels is a source of debate, with unions accepting no more than a 20% differential between small towns and metropolitan areas. Industrialists, however, argue that lower wages than in metropolitan areas are justified due to lower costs of living to workers, shorter home - work distances, lower productivity and skills, and higher transport costs for inputs and products to and from major centres.

A key difficulty in this argument, is the relationship between wage levels and household living costs. While wages are divergent over space, living cost differentials between metropolitan areas and smaller towns, as measured by the Household Subsistence Level (HSL)¹¹, have increasingly eroded (Institute for Planning Research, 1992). The average for metropolitan areas was R966 in March 1994, compared to around R880 for Queenstown

and King Williamstown, which similar in size (Institute for Planning Research, 1994). The HSL in Brits is even higher than in metropolitan areas, at R1028p.m. Further, wages are well below subsistence levels. The minimum wage for unskilled workers in Newcastle was R311p.m. in August 1994, while an experienced machinist earned R438p.m. (see Table 8.1). Both amounts are clearly well below subsistence levels.

The HSL is largely made up of the cost of a basic basket of consumer goods (mainly food and clothing), the cost of which is similar across towns and cities. In Newcastle, most of these consumer goods (apart from a few clothing items) are imported from other areas. There is limited local production of food. Areas such as Newcastle will therefore be affected by inflation in these items, as much as the metropolitan areas. The HSL also includes an estimate of housing and transport costs. While housing costs may be somewhat lower than in cities, the fact that a limited market for housing exists within previously African townships, means that the differentials between metropolitan areas and towns is lower than might be expected. The average housing cost in metropolitan areas was R50.65p.m. in March 1994, compared to a range of from R22.28p.m. in Queenstown to R49p.m. in Bloemfontein and in other smaller centres.

Apartheid spatial planning and the concomitant distance to work, have also meant that transport costs are higher than might be expected in small towns. Although distances to work are on average higher in metropolitan areas than small towns, and the costs of private transport (taxis) are greater, subsidisation of buses and trains has meant that cost differentials between metropolitan areas and smaller towns is less than might be assumed. In the towns surveyed by the University of Port Elizabeth (1994), the average for metropolitan areas was R85.46p.m., compared to a range of from R32.48 in Queenstown, to R126.15 in Brits. In Newcastle, transport costs were R5 per day in 1994 - a minimum of R100 to R120p.m. for households with a factory worker, and constituting around one third of wages set at minimum levels at the time.

Therefore, while wage differentials between metropolitan areas and smaller towns internationally are not unusual, the basis for these differentials in the South African context has been eroded by apartheid spatial planning and the limited nature of local economies.

Transport costs consume an inordinately large part of the wage. By contrast, in low wage sectors of economies in Asia, wages are supplemented by income from small agricultural holdings, and by extensive state subsidisation of the costs of reproduction (Hart, 1995). Hart shows that while wages in the People's Republic of China, increasingly the centre of low value mass production, are indeed some 90% lower than in Newcastle, the social wage, and therefore workers' consumption power, is in fact higher than in Newcastle.

The question of wage levels represents a significant conundrum for the town. It highlights problems associated with the path of low waged industrialisation in the absence of social security and a history of dispossession. While demands for higher wages are justified in terms of living costs, under current conditions, if close to national minimum wages at metropolitan levels were introduced, the town would experience substantial employment losses.

As predicted by a number of critics of industrial decentralisation (eg. Pickles and Woods, 1989; Wellings and Black, 1986; K. Harrison, 1996), low waged industrialisation is also threatened by growing unionism in the area. The rise of unionism is relatively new in Newcastle, in contrast to the metropolitan areas and some other peripheral areas. Until recently, levels of organisation were low - a source of attraction to firms seeking to avoid or escape the more militant and conflictual labour relations of the cities. One informant argued that a number of Asian firms had relocated from other smaller towns to Newcastle in the early 1990s as unionism grew in those areas. Newcastle was relatively unaffected until 1992. Membership of unions is still very patchy, and the existence of two competing unions has to some extent dampened their effects (see Hart, 1996b). UPUSA, a non-Cosatu linked union, has been longer established in the area, and has managed to organise to some extent in Taiwanese factories. It is perceived by SACTWU as a sweetheart union that does not deliver benefits to workers. Alpheus Mdluli, SACTWU organiser, for example, claimed that it did not even understand the legal framework, and negotiated wages below even the minimum level (Interview, July 1995). Perceptions by management were similarly that it was a 'tame' union. Since 1994, however, there has been a rapid growth in union activity in the area as SACTWU has attempted to establish itself on a more solid foundation. It has, nevertheless, found difficulty in establishing itself in Asian factories.

But low wages, and resentment against the predominant labour practices in Asian firms, has meant that militancy is growing. Strikes are common, disrupting production often much beyond the firm in question.

Although some firms accept and are able to work with unions, they are seen as a threat by others, and especially by Asian firms. As Hart (1996b) shows, Asian firms have a deep-seated suspicion of unions, linked to their experience of very different kinds of unions in Taiwan (see also Pickles and Woods, 1989). There are generally much higher levels of friction in Asian firms than in South African industries, and wages on the whole are much lower. In interviews, Asian firms claimed that they paid at least minimum wages, but the general perception in the area was that these firms often paid much less than the minimum. Figures of around R36 to R50p.w. were frequently cited in contrast to the minimum of R78.00p.w. at the time. Unions were also able to point to court cases on non-payment of minimum wages. The extent to which below-minimum wages were paid could not be ascertained, but many firms suggested that the Department of Manpower had been checking up, forcing firms to accord with regulations. Nevertheless, in the popular perception, below-minimum wages are paid. As has been the case elsewhere in South Africa (Pickles and Woods, 1989), Taiwanese firms are deeply resented.

Friction has also arisen in Asian firms around labour practices. Hart (1996b) explains that Asian firms have a particular conception of management and labour relations, which does not fit easily with South African conditions. Not only are practices such as piece rates frowned upon - and almost outlawed in South African labour legislation, but the 'complex mixes of coercion, consent, acquiescence and resistance' (Hart, 1996b, p.25) which define 'relations between managers and workers in low-wage, despotic factory regimes in Asia' (Ibid.) are not easily transposed in the South African context. According to Hart (Ibid, p.24), 'in Taiwan...Gender, kinship, local community and ethnic identity...provide the cultural raw materials from which production relations and work experiences are fashioned'. In Asia, workers are typically young unmarried women, subjected to various forms of paternalistic control. By contrast, workers in Newcastle are generally not manipulable young girls (see Chapter 10). The social distance of Taiwanese from workers in Newcastle proscribes other forms of social control practised in Asia. In crude terms, the

mismatched cultural assumptions of the Taiwanese has made it extremely difficult for them to achieve the levels of productivity they require through consent, and many firms have resorted to outright coercion (Hart, 1996b).

Apart from the infamous 'cattle prod' incident,¹² workers interviewed frequently portrayed labour relations and conditions in firms as dehumanising. Resentment against labour practices and wages levels common in Asian firms is undoubtedly fuelling both conflict and growing organisation. Only a few Asian firms have not faced labour disputes. These firms have generally used novel labour practices which incorporate workers to a greater extent, pay higher wages, and have largely kept unions out through paternalistic efforts to 'manufacture consent' (Hart, 1996b, p.27).

The general differences between South African and Asian firms are a source of tension in Newcastle. South African firms view Asian firms negatively, arguing that their labour practices and wage levels have led to more generalised discontent amongst workers, which has affected their operations. Further, South African industrialists argued that the presence of the Asian firms and their problematic labour relations had focused the attention of unions on the area. Unions had therefore stepped up their efforts to 'bring the area into line'.

Unions, on the other hand, saw industrialists, on the whole, as backward - not very different from metropolitan industries in the early days of unionism in the 1970s. Asian industrialists were seen as a particular problem. These tensions, between workers, unions and industrialists - and also amongst industrialists - provide a significant source of instability for industrial development in the area.

For clothing and textile industrialists, Newcastle provided an alternative to the dominant labour relations in cities, and a source of lower wages in an industry in which competition on the basis of price has continued to be significant. But this form of growth has generated its own contradictions. Nor has peripheral location enabled firms to escape entirely the pressures confronting industry in cities.

8.1.3.1. South African Clothing and Textiles

South African clothing and textile industry, all of which is concentrated in Newcastle itself, has developed through a number of phases of growth. Only one of the firms interviewed was in the area prior to 1970. The two largest firms, both employing over 1000 people came from Charlestown in the mid-1970s (see Chapter 6). Although firms established prior to 1980 have head offices in metropolitan areas, and two of the three firms are part of larger groups, they have considerable autonomy and control in Newcastle itself.

A second wave of growth occurred in the 1980s as wage pressures coincided with increased incentives to encourage firms to relocate from metropolitan areas. All other firms employing over 100 people came in in this way, mainly from Gauteng. Most firms were part of larger companies and tended to retain their head offices, and in some cases, more sophisticated aspects of production (such as design), in the metropolitan area. Only one firm had relocated the entire company to Newcastle.

A third phase of largely 'endogenous' growth has occurred in the 1990s, as small, locally owned firms have established in the area. Only one of the new firms of the 1990s is a part of a larger company, with head offices in Gauteng. It represents the same pattern of decentralisation as that which dominated in the 1980s. The new wave of endogenous growth is, in many respects a new form of decentralisation, as locally owned firms are contracted to do cut-make-trim (CMT) for firms or chain stores located in Durban or Johannesburg. A few firms, however, produce for their own shops, or for specialised niche markets, such as custom-designed sportswear. A number of these firms are receiving, or have applied for, the 1991 RIDP incentives, but all had started without them. Some were not even aware of the availability of assistance.

The 1990s have also seen a significant shake out among the large firms. At least two firms, together employing 700 workers in 1990, have closed. One of these firms has decentralised further, establishing in Zimbabwe, where wages are even lower. Some of remaining large firms have contracted their employment, but others grew. Critics of industrial decentralisation policy would assume that this 'shake out' could be attributed to the ending

of the generous incentives of the 1980s. It was suggested that firms supported by the policy were inefficient 'lame ducks', which would die out once incentives ended. This is at best only part of the story. While some (and by no means all) of the larger firms might once have been classified as inefficient, a number of firms have been bought out by other companies, and have restructured towards greater competitiveness. Further, many of the branch plants in Newcastle are the only surviving production unit in their group, and in some cases, they have managed to survive in a context where industries producing similar goods have declined substantially or disappeared elsewhere in South Africa. This is consistent with Bell's (1997) and Platzky's (1995) argument that the RIDP enabled certain sectors to survive which might otherwise have collapsed. But the 1991 RIDP has not generally been used to assist firms to restructure - only one large firm was receiving incentives.

The larger South African industries can be classified into two categories:

A first group comprises firms that had remained inefficient or had restructured with only partial success. Most of these firms once occupied protected markets, such as the production of uniforms, where government procurement policy provided preferential contracts to industries in decentralisation points. This preferential treatment has fallen away, and government procurement of uniforms has been opened up to competition. Firms that closed recently were generally in this category. Firms remaining have attempted to shift to new markets, and some have restructured their operations substantially. Nevertheless, they are still pessimistic about the future, markets are uncertain and all or part of their operations are vulnerable in the light of more open trade policies. Management is sometimes still problematic, especially where head offices remain in metropolitan areas. Although these firms do not generally exhibit the very tense labour relations that characterise the Asian firms, they are uncomfortable with the growing strength of unions in the area.

In the telephonic checking of conditions in 1995, however, one of these firms had experienced severe labour disruptions and theft, well beyond the influence of unions, and was considering closing. While it had sufficient orders, its inability to acquire adequate

management had continued to plague the firm. Management problems are common in the more vulnerable firms. Difficulties in attracting good management is to some extent linked to the size of the town and the limited extent of 'social' agglomeration economies - a problem noted also in relation to heavy industry.

A second group comprises firms that can be expected to be stable in future. These firms largely operate in specialised niches in the middle to higher end of the market, sometimes exporting part of their product. Firms in this category expect to maintain or extend their markets in future, even in the context of more open trade policies. In the resurvey in 1995, these firms were still upbeat, although some had faced inroads into their markets from illegal imports or substitution effects, and had downsized. One firm was in the lower end of the market, but added specialised trimmings, protecting it from international competition. The local market for its product was expanding and the firm had introduced new technology to improve productivity. By early 1996, this firm claimed that it had increased its output, profits and market share, despite fears, expressed in the 1994 interview, that its more standardised aspects of production would be vulnerable to imports.

In contrast to the more vulnerable firms, these companies generally had very strong management and used sophisticated systems of labour organisation and technology. They had managed to achieve adequate productivity levels. Some of these firms were previously the dinosaurs assumed in the decentralisation literature, but they have been taken over by new companies and restructured. This generally involved substantial initial downsizing, but one firm had grown again - to well beyond 1990 employment levels. In a very recent case, a firm was closed down largely due to financial problems, but has since been taken over by the previous manager. In the process, it has downsized, cutting areas of production that had been affected by illegal imports.

Firms that were bought out in the late 1980s and early 1990s generally made considerable investments in new technology. One manager commented that they invested more in equipment than the firm had previously in 20 years, introducing overhead movers and other aspects of computerisation. This was a coherent strategy to improve productivity and competitiveness. Another firm had introduced computerised design and electronic

ordering, thus enabling them to operate on a quick response basis. The assumption that these flexible systems can only be introduced in metropolitan areas is therefore highly problematic. Sophisticated organisational systems, such as EVA - an economic value-added participation system commonly used in large companies in other sectors - was used in one firm. One of the older firms had introduced new technology in a selective way: while the cutting room was computerised, a number of other aspects of production which might have been mechanised in developed countries, remained labour-intensive operations, since cost considerations had not forced the introduction of further mechanisation. In this case, productivity levels were maintained through intensifying work by the use of a combination of individual reward and group monitoring on a fairly standard production line.

Firms in this group accept unions within certain parameters. All defend lower minimum wages in the area, but would not necessarily collapse if metropolitan wages were introduced. Only one firm argued that the imposition of metropolitan wage levels would severely threaten them. Other firms would downsize and automate, cutting some lines of production and reducing employment levels substantially. These firms argued that their position in the market place was not simply due to price, but to quality, reliability and responsiveness. The long-term stability of this group suggests that sustainable development within smaller towns is possible.

Nevertheless, there are constraints to the expansion of these types of industry. Although Newcastle has developed a substantial South African clothing base, its main advantages appear to be lower labour costs and a less militant work force than in the metropolitan areas. But tensions generated from within the Asian firms are rapidly eroding this 'advantage'. Further, the clothing/textile agglomeration is not fully developed, leading to difficulties in attracting supervisory staff; poor support services; an insufficient pool of skilled workers; and a lack of training facilities, thus forcing the largest firms to in-house this function. Transport costs are also a concern. Some of these problems could be overcome if the industry were to grow further, or with the assistance of special programmes, but if the experience of the 1990s is repeated, these industries are likely at best to remain stable, rather than to expand.

The growth of the small firms in Newcastle is to some extent an idiosyncratic process, although it also reflects dynamics within the town. Some firms have emerged as 'spin-offs' from existing clothing firms. In other cases, retrenched Iscor employees used their retrenchment packages to set up in business. Firms established in Newcastle since they lived in the area and in some cases could not afford to move elsewhere. As one informant put it, 'with R100 000 you don't move' (Interview with C, July 1995). Nevertheless, the development of these firms was for the most part dependent on the growing demand for CMT production at lower costs than in the cities.

Small, independent firms had generally experienced difficulty in setting up due to the lack of a supportive framework and financial assistance. Most commented on the difficulty of breaking into and finding their way around the industry, since 'when you're new in the business, people take you for a ride' (Interview with C, July 1995). While the Newcastle Town Council had been proactive in attempting to attract Asian investors, it had done little to support local industry.

While the survey forms for 1994 suggested that the small firms were expanding, interviews in 1995 showed that this trend was not being sustained. Retailers were squeezing CMT firms as cheap substitutes came in from overseas and as markets contracted. Complaints that retailers used excuses to drop orders were common. While working for chain stores gives Newcastle CMTs some level of protection (since retailers would find it difficult to exert the level of control they require over firms elsewhere), they could ultimately be replaced by imports or by outward processing. Firms were therefore forced to increase productivity, or to maintain high productivity levels. Some firms had downsized as a result, while others held worker numbers low, to enable sufficient control over the work force and their productivity.

Most firms adopted personalistic forms of labour relations and control over the shop floor, using mechanisms like music, parties and so on to secure worker loyalty. Labour relations were unproblematic in some of these firms as a result, although this was not uniformly the case. Their ability to achieve required productivity levels similarly varied.

Small South African firms have provided one source of growth in the 1990s, but they do not appear to offer a significant alternative for the area. In 1995, no new such firms had been established, and most firms complained of pressures being experienced in the sector as a whole.

The South African clothing industry has provided a significant source of relatively stable employment in Newcastle, and has held up remarkably well in the difficult circumstances of the 1990s. Significant sections of the industry do not conform to assumptions that peripheral industrialisation is necessarily inefficient and inherently uncompetitive. Similarly, the assumed split between low road and high road approaches, cannot necessarily be sustained. Rather, low wage strategies may be combined with niche marketing, elements of new technology and factory organisation. Nor can it be assumed that these areas will be the first victims of trade liberalisation. Nevertheless, the growth dynamic is limited, and as competitive pressures accelerate, the choice for firms might be in even more peripheral locations.

8.1.3.2. Asian Clothing and Textiles

Prior to 1987, very few Asian firms were located in Newcastle. Only four clothing and textile firms that were still open in 1994, had established by then. Two of these firms were what might be termed joint South African-Asian firms - either through marriage, or through financing arrangements. One of these firms, a bag manufacturer, is in fact managed by a group of South African Chinese businessmen, but was set up as a joint venture with Taiwanese capital. Most of these firms were large: all but one employed over 250 workers, and they accounted for 1835 jobs in total in 1994. Firms were spread between Madadeni and Newcastle, but numbers employed in Madadeni would have been higher in the mid-1980s. At this stage, most firms were brought in by the KFC.

The real growth of Asian manufacturing in Newcastle occurred between 1988 and around 1990/1991, as firms located with the assistance of the generous 1982 RIDP incentives, and following the marketing initiatives of the local authority. Most of the clothing and textile

firms that came in during this period, were from Taiwan. While a few of these firms were in large groups, most were what Hart (1996b, p.15) terms 'self-made bosses' operating in forms of networked production.

A third wave of growth has occurred in the 1990s, as small firms have proliferated, largely without the assistance of the RIDP. Most of these small firms are a form of 'endogenous growth' as technicians brought in from Asia have set up their own factories, or as larger firms closed to be replaced by smaller ones. Some more successful firms have spun off other small factories. Few new firms have come in from Asia during this period. Notably, most of the Asian firms assisted by the 1991 RIDP were classified as South African since they did not relocate from elsewhere. The only exception was a large Singaporean multinational, which established in 1995 to benefit from South Africa's quota-free status on USA markets. This may be a new wave as Hart (1996b) suggests, but to date it has been relatively limited.

In contrast to findings that Taiwanese firms have had limited spin-off effects in other parts of South Africa (Pickles and Woods, 1989; Platzky, 1995), the Asian knitwear sector is, ironically, the closest Newcastle has come to a real industrial agglomeration, albeit of the 'low road' type. Unlike South African firms, which show few interlinkages or local sourcing, Asian firms are in general strongly interconnected, and increasingly source inputs from North Western KwaZulu Natal. One informant commented on how he sourced yarn, elastic, shoulder pads, buttons, plastic bags, tape and zips from the area. Further, the use of subcontracting and networks is common, although these linkages are often far more conflictual, competitive and hierarchical than is presented in the literature on industrial districts (see Hart, 1996b).

Hart (1996b) argues that for the most part, the Chinese community cannot be characterised as 'fly by night'. It has invested extensively in property - both residential and industrial, which would be difficult to recoup with declining exchange rates. Further, at the time of research, a temple was being established, business associations had been formed and one of the leading members of one of the main groupings had entered into local politics as an IFP councillor.

The pattern of growth is nevertheless precarious. Some 53% of firms that were established in 1990 had reduced employment levels by 1994, and at least a further 15% closed. Some 30% of jobs in these firms were lost, although they were made up by growth in other firms or by the establishment of new firms. This pattern of contraction largely reflects firms that came in under the 1982 incentive scheme. Taking the sample as a whole, some 36% of firms accounting for 51% of employment had contracted (Table 8.3). The small, newer firms seemed to be more robust in the interviews in 1994, but by 1995, their fragility was clearly apparent and growth had tailed off.

TABLE 8.3: GROWTH AND DECLINE IN ASIAN CLOTHING AND TEXTILE FIRMS IN NEWCASTLE, 1990-1994

	NO.	% OF TOTAL	1994 EMPLOYMENT	% OF TOTAL EMPLOYMENT
Firms established under 1980s incentive package	28	64	3575	88
Grew	12	28	1500	36
Declined	16	36	2075	51
Firms established without incentives	16	36	465	12
Total	44	100	4080	100

Firms that reduced their employment levels have generally done so due to labour related problems. They have usually been unable to achieve the productivity they require and have experienced ongoing labour conflict, strikes, or what they describe as problems with unions. Only one of the firms interviewed had cut employment after an initial period when it was realised that they had more workers than they needed - an important explanation given for employment declines by the KFC (Interview with Griesel, KFC, November 1994). Two firms argued that their inability to access Asian technicians had led to contraction. Asian firms in general rely on importing technicians from Asia. Government restrictions on this practice have constrained the growth of Asian firms, both in these instances and through the process of 'spinning off' of firms.

Employment declines occurred in a number of ways. In one case, a firm had been bought out, and employment numbers were reduced when it reopened. Some firms cut

employment levels following labour conflict and left machines idle or sold them. This could either involve reduced overall production, or intensification of work as the same output was achieved with fewer workers. In one case, more labour-intensive lines of production were cut. Others mechanised and downsized. Plans to expand had been cut, and some firms were considering mechanising and reducing employment even further. Firms using labour-intensive hand knitting machines were particularly affected. This method produces jerseys that are more competitive on international markets and are less vulnerable to imports. Hand knitting is extremely arduous work, however, and a number of firms had cut back their work force following severe labour conflict. In the knitwear industry, therefore, conflicts and tensions around labour largely drove mechanisation.

The introduction of new technology did not generally lead to the 'recentralisation' predicted by some. Only one firm, which produced bags for agricultural goods (structurally rather different to knitwear) showed tendencies in this direction. This firm had set up in Newcastle in the 1980s to access finance and to benefit from lower labour costs. Lower land costs were also significant, given their initial margins. Nevertheless, all other firms producing these bags had shifted to decentralisation points in the 1980s, and the industry had been entirely taken over by Asian producers. This particular company had experienced ongoing labour conflicts, including tensions between two unions operating in the factory. Further, despite downsizing and intensification of work, productivity was low. With the availability of new technology, allowing an 80% cut in the work force, and necessitating the use of far more skilled labour, the firm is likely to re-establish in Gauteng, leaving a small facility to enable flexibility in Newcastle. In this case recentralisation is also being driven by personal factors. The partners in the company all live in Johannesburg, and currently commute on a weekly basis to Newcastle.

Older firms that have grown are not necessarily invulnerable. Of the 12 firms in this category, three had closed or were about to close by mid-1995, although one was to reopen later in the year. These closures had followed strikes or ongoing labour conflict, but in one case, the firm was intending to relocate to Gauteng to access markets. A further two firms, both predominantly in export markets, were considering relocating overseas due to labour and productivity problems. Another firm had had extensive problems with high labour

turnover and absenteeism, and felt under severe pressure. Although they would have liked to leave the country, they could not do so due to the depreciation of the Rand.

Only two firms had managed to achieve the productivity they require. These firms claimed to have good relations with workers, having adopted what Hart (1996b, p.29) terms 'paternalistic strategies of labour control'. One of these firms, a sock producer, combined the use of these strategies with the introduction of the latest technology for both design and production. By the time of the interview in September 1994, labour was mainly used for packing. The owner of the company described how he had constantly looked for ways to increase productivity and improve the organisation of the factory. In his view, he had adapted Asian methods of production to the local culture, *inter alia*, working with workers in a 'boss-worker' situation, and using group control mechanisms. Office jobs were moved out of the factory entirely since 'Zulus don't like people who work in the office - they think they're not working'.¹³ These strategies, however, could only be used in a relatively small factory as they depend on a close relationship between manager and workers. The factory would not therefore expand. By 1996, however, this company had set up another small factory assisted by the RIDP. A number of other firms, especially those establishing without incentives, were similarly remaining small in order to be able to exert sufficient control on the factory floor.

Most other firms in this category claimed to have good labour relations, although they could not achieve the productivity they required. The shift to economic openness was seen as a potential threat for some of the local market oriented firms that had not achieved adequate productivity. Some of these firms argued that they themselves might move into importing, drawing on their knowledge of the local market to both design and distribute products produced overseas. While Asian firms may be variously vulnerable to imports, those shifting to become importers could undermine others in production in the long term.

The 'third wave' of small firms described above appears to have emerged both as a result of processes inherent in Taiwanese forms of production (Hart, 1996b) and as a response to changing labour conditions in Newcastle. Unions could be avoided in this way, and greater control could be exerted on the factory floor. Very small firms (with fewer than 30

workers and less than R450 000 turnover) could avoid regulation and were exempt from paying minimum wages. In 1994, only one firm complained about productivity, over half said they had good labour relations, and most were planning to expand. Most of these firms were engaged in CMT, although some had moved beyond it, or were in a position of dominance in CMT relationships.

By 1995, however, these firms were far less optimistic. The strategy of staying small had not insulated them from unions. All firms interviewed in the 1995 survey mentioned encounters with them, and many were pessimistic about future prospects on these grounds. By mid-1995, one of the small firms, which had reported good labour relations in 1994, had closed following a strike, while another four firms said that they might close and either move out of South Africa or shift into importing or into other types of business. Further, the networked form of production was being threatened by the strikes and labour disruptions.¹⁴ The influx of illegal imports had also undermined these firms, although their impact varied according to the market targeted and strategies adopted.

The growth of small industries without incentives suggests that a form of self-sustaining growth has emerged in Newcastle, contrary to predictions of decentralisation critics. A further four firms at least had established between the 1994 and 1995 survey (some eight months), and some of the firms interviewed in 1995 described how they had brought in other industries. One company was contracting CMT from an African producer who had previously worked for him. Small industries were increasingly establishing on their own - without the assistance or the induction of the Newcastle Town Council (Interview with Alberts, July 1995). But these small firms have not, on the whole, escaped the more general fragilities associated with Asian investment in Newcastle.

Asian clothing is increasingly generating its own contradictions. Labour conflict and imports are beginning to undermine growth. Firms which are specialised in higher end markets, and in less vulnerable niches, have a better chance of surviving if they pay better wages and have good labour relations, not based on punitive forms of labour control. As has been demonstrated, however, there are only a few firms that fall into this category. As Hart (1996b) points out, most of the firms adopting paternalistic forms of labour control

depend on keeping unions out, but unions are increasingly making inroads into the area. Towards the end of 1996, the severing of diplomatic ties between South Africa and Taiwan was another potential threat to Asian production in Newcastle, but it is unclear how this will affect the area. If the Asian industrialisation strategy collapses it is far more likely to be the result of the sort of fragilities discussed here. By the end of 1996, there was evidence of shifts to other countries in Southern Africa, particularly Lesotho, where Asian firms had reportedly grown rapidly in the previous two years (*Clofed News*, November 1996/January 1997).

8.1.4. Conclusion: Restructuring of the Clothing and Textile Industry in Newcastle

In the early 1990s, as imports flooded into the South African economy, peripheral towns such as Newcastle held up relatively well - although there was something of a shake out here too. Assumptions of collapse of areas assisted by incentives proved unfounded in the case of Newcastle. Rather, while some industries did indeed close, others restructured. Some industries improved their competitiveness through niche marketing, improved technology and management. Others mechanised defensively or cut their labour intensity to improve productivity. New small industries appeared as a more flexible form of industrial development. These forms of restructuring might have made the industry more competitive, but - as was the case for heavy industry - employment levels declined, albeit less sharply. In contrast to heavy industry, Newcastle was a more 'natural' location for light industry, although these 'natural' advantages were clearly constructed out of a brutal history.

By the mid-1990s, Newcastle's low waged industrialisation strategy was looking far more fragile. Although there were centres of stability, Asian industrialisation was increasingly generating its own contradictions and leading to increased tensions in the locality. Old 'advantages' such as low levels of unionisation, were rapidly being eroded. The case of Newcastle in many ways exemplifies how limited the 'spatial fix' is for a highly competitive industry such as clothing and textiles, and its immense fluidity spatially. And as illegal imports flooded in, the restructuring of the 1990s proved insufficient to maintain

competitiveness. Industry in Newcastle is still focused largely on import substitution, and some sectors are vulnerable to lower cost imports.

Nevertheless, it cannot be assumed that Newcastle and other peripheral areas have been more affected by this de facto trade liberalisation, or that they will be more vulnerable than the cities to the effects of GATT. At one level, tendencies towards decentralisation are, if anything, accelerating, but places like Newcastle may not be peripheral enough as industry locates in more isolated places and in other countries in Southern Africa. At another level, sections of industry in Newcastle have shown the capacity to introduce some of the changes widely advocated for the industry in South Africa, and may well be able to maintain their competitive position. Outcomes are likely to be varied and mixed over the longer term. Local dynamics and the nature of accumulation in specific places are likely to play important roles in how various tendencies play out. While the Taiwanese development trajectory may have reached its limits in Newcastle, parts of the local clothing and textile industry seem likely to remain stable - albeit, as for heavy industry, at lower levels of employment.

8.2. OTHER INDUSTRIES

The 1994 survey included a sample of some 42 firms, accounting for 2340 jobs in sectors outside of metals/chemicals and clothing/textiles (Table 8.4). Of these firms, 71% were South African companies, 87% of which were oriented to the local (Newcastle/Northern KwaZulu-Natal) market, or used local materials - primarily the former. As might be expected, these firms were concentrated in non-metallic minerals (primarily construction materials), wood products, food production, and in service industries within the machinery, electrical machinery, motor vehicles and transport sectors. They accounted for 44% of employment in sampled 'other' industries, and for 79% of employment in 'other' South African industries. All of the sampled industries were in Newcastle itself. By contrast, none of the 12 Asian firms surveyed were oriented to local markets. Most were engaged in the plastics or leather and footwear sectors, but there was a smattering of industries in other areas. Asian firms were split equally between Newcastle and Madadeni, but some 71% of the 1016 jobs were in Madadeni in 1994.

Table 6.13 (Chapter 6) showed a decline in 'other' industries between 1990 and 1994, and suggested that there was a contraction of employment in local market oriented industry over the period. The latter conclusion could not be confirmed since Newcastle's records for 1990 were incomplete and the survey fell short of a census in this area. It is nevertheless possible to trace the main patterns and trends within groups of firms. As the discussion below suggests, significant groups of industry have reduced their employment levels, but for somewhat different reasons. Some groups of industries have been relatively stable or have grown, but most of these firms are very small.

TABLE 8.4: 'OTHER INDUSTRIES' SURVEYED IN NEWCASTLE, 1994

	FIRMS NO.	FIRMS %	EMPLOY- MENT NO.	EMPLOY- MENT %
SA Industries	30	71.4	1324	56.6
Non-Local	4	9.5	283	12.0
Locally Oriented	26	61.9	1041	44.4
Contracting	9	21.4	569	24.3
Expanding	17	40.5	472	20.0
Asian Industries	12	28.6	1016	45.4
Contracting	9	21.4	768	32.8
Expanding	3	7.1	248	10.6
Total	42	100	2340	100

The survey included four non-locally oriented South African firms in a range of activities (potteries, tiles, refrigeration, diamond cutting). Of these, three had experienced substantial declines in employment. All three had come in under the 1980s incentive package, but the ending of incentives was not mentioned as a reason for contraction. Rather, reasons such as poor economic conditions and labour relations were given.

The performance of local market oriented firms to a large extent reflects local economic conditions. Restructuring within Newcastle and the current fragilities of the path of

economic development has meant that significant parts of this industry have contracted, and the prospects for expansion are limited. Locally oriented South African firms can be divided into two groups.

The first comprises nine firms, which have contracted their employment in recent years, or were planning to do so at the time of the survey. Two thirds of these firms were branches of national companies serving the Northern KwaZulu-Natal market. Some of these firms were initially established in response to the development of Iscor, and had contracted following its rationalisation. Further, national recession and limited expansion of the local market in the light of the contraction of heavy industry has underpinned employment losses. A number of these firms have mechanised further and downsized. These shifts have resulted in further declines in relatively well-paid male employment, and in areas of low labour conflict. Firms in this category appear to follow incorporated labour practices, and no labour problems were reported.

A second group comprises 17 stable or expanding firms, 94% of which employ less than 50 workers. These firms serve the Northern KwaZulu-Natal market or use local raw materials. Almost all are in woodworking, construction-related activities, or in a variety of service industries in the electrical machinery, transport and other sectors. Traditional location factors (i.e. access to markets or raw materials) generally explain their location here. Only one of these firms was a branch of a larger company - all others were locally owned independent companies. The two South African firms receiving incentives under the 1991 RIDP were in this category. Retrenched Iscor workers started both firms, although they appear to be exceptional in this regard. As is the case with the first group, no labour problems were reported and mainly men were employed. While these firms are expanding, it is unlikely that they will increase to a significant extent, or become a more substantial form of employment.

Most Asian firms in the 'other' category bear similarities to patterns described by Pickles and Woods (1989). They were largely concentrated in low wage light industries, and most began with low levels of technology, although in some cases, more capital-intensive equipment had been introduced. Their location in Newcastle followed pressures in Asia

described by Pickles and Woods (1989), and, as in other homelands, the role of the homeland development corporation appears to have been. Over half of these firms are in Madadeni. Most firms (76%) came in between 1984 and 1991 - under the old incentive package. Only a few firms developed as spin-offs or came in through the 1991 incentive scheme. As was the case for the clothing and textile industry, and as noted in other homelands (Pickles and Woods, 1989), wage levels were generally considerably lower than in the cities, and firms would not have located there. The gender composition of employment was, however more variable.

Asian firms produced a range of products, including footwear, plastic bags, plastic toys, household goods, radios, adhesive tape, magnets, clocks, synthetic leather and paraffin stoves. These firms were largely oriented to South African markets: only three firms exported at all, and only one exported most of their product. Like their counterparts in clothing and textiles, the changing trade regime and labour issues proved to be key sources of fragility. The majority of firms (69%) in this category had reduced employment since their establishment.

The footwear sector in particular, has declined substantially. Key informants in Newcastle presented the decline of the footwear industry as the result of the sudden shift to a nationally negotiated minimum wage, which doubled wage levels in Newcastle, and allowed claims for some two years of backpay. Three firms closed as a result. But closures and downsizing have also occurred in the context of increasing competitive pressures, as cheap shoes from the East have flooded the market, particularly through illegal imports. One of the largest firms cut its employment to a third, and was considering shifting entirely into importing. By early 1996, unions reported that it had closed down. The sudden contraction of footwear as a result of these pressures was not unique to Newcastle, as Futter's (1996) and Harrison's (1996) study of the footwear industry in Pietermaritzburg shows. Interestingly, however, a new footwear firm, which believed that it could compete with imports, had established in Newcastle. Like some of the more stable firms in the clothing and textile sector, it had adopted forms of factory floor organisation and labour relations that were rather different from the norm. Nevertheless, it was implacably opposed to unions and could run into problems on this front.

An independent plastic operation provided one of the few clear areas of growth. This firm operated in a niche market where there were no local competitors, producing a product which was bulky and expensive to import. It paid comparatively high wages and was investigating the establishment of a training centre that could develop black subcontractors.

Other Asian firms in Newcastle itself had generally reduced employment levels. Most were branches of firms with head offices in the home country, and were producing for the South African market, since costs were too high to move into exports. Recessionary conditions in South Africa, and problems in achieving expected levels of productivity, had underpinned declines. More open trade policies presented a further threat. The only firm producing entirely for the export market was dependent on the General Export Incentive Scheme (GEIS) and claimed that it would relocate to China if this were removed. It had contracted, as it had lost business, and was considering moving to Durban, since its operation was small and labour costs relatively low.

Severe declines in employment have been characteristic in 'other' Asian firms in Madadeni. Most firms in Madadeni were in fact in this 'other' category since the KFC has largely avoided a reliance on clothing in the areas it controls. Apart from one firm that was a spin-off of a recent closure, all 'other' firms had come in under the 1980s incentive package. Although incentives might have played a role in their location in Newcastle, 'other' Asian firms in Madadeni were largely in sub-sectors that had only survived in industrial decentralisation points. In the 1990s, these firms were clearly vulnerable as predicted by critics, but reasons for contraction were not linked to the ending of the old incentive scheme. Rather, the reincorporation of the area into South Africa in 1994, and the ending of another form of territorial differentiation, was critical.

Prior to reunification with the rest of South Africa, no minimum wage operated in Madadeni, which fell within the KwaZulu area. Wages in Madadeni were 30 - 50% lower than in Newcastle, and it was difficult for unions to operate there – as was the case in other homelands (Wellings and Black, 1986). After the 1994 elections there was a wave of strikes as unions seized the opportunity to challenge these conditions. Large numbers of

workers were fired. A standard practice amongst Asian firms - reportedly encouraged by a labour consultant in the area - was to fire the entire workforce and to re-employ half of the workers (see Pickles and Woods, 1989 for a discussion of similar practices in other homeland industrial areas). By the time of the survey, wages were still substantially lower than in Newcastle, and most employers were convinced that the old KwaZulu ruling still applied. Wage levels and the legality of working conditions therefore became a significant source of organisation for unions.

It is interesting to note that complaints around productivity were rare, and few firms had made the kind of attempts to increase productivity that were evident in Newcastle. Industrialists claimed to have good labour relations, at least until the 1994 wave of strikes. It can be argued that industrialists were satisfied with productivity levels because wages were so low. As wages in Madadeni are forced up, perceptions and labour practices are likely to change, and further contractions might be experienced. Whether this will result ultimately in the collapse of these firms, or in further intensification of work, which appears to be the current practice, remains to be seen.

Only one of the older firms in Madadeni had restructured in a more substantial way. It had used the 1991 RIDP package to introduce technology that was relatively automated, and had stopped producing more labour-intensive products. It argued that other producers of its original product had been pushed out of South Africa by rising labour costs, and were relocating to other countries within the Customs Union. Since this firm had restructured it was performing reasonably, with increases in output, capacity, profit and market share. Like many other firms in Newcastle, greater stability was achieved along with considerable cuts in terms of employment.

Cheaper imports did not appear to be a significant threat, although one firm complained about illegal imports. 'Other' firms in Madadeni were mainly branches of large international companies that located there to serve the low-income end of South African markets, and to a lesser extent, markets in the rest of Africa. Most firms had quite secure markets, and had done well in these terms over the previous years. The footwear company

was an exception in this regard. The changing calculus around labour might, however, make this essentially import substituting strategy less viable in the longer term.

Other reasons for decline were varied. In one case, the branch-parent relationship had resulted in a form of remote control which undermined management, and was the reason for closure. As is the case for Asian industries more generally, the lack of Asian technicians also played a role. Security was in addition a major concern in Madadeni.

Trends among 'other' industries are not therefore dissimilar to industry as a whole. South African industry is largely concentrated in small, locally oriented firms whose performance is dependent on the local economy. While a number of firms are stable or even growing, they account for a small part of the local economy, and could be negatively affected by further contraction in industry in the area. Patterns within Asian firms in some respects mirror conditions in the clothing and textile industry, but demonstrate far more sharply, the combined effects of de facto trade liberalisation, with the removal (at least in part) of the forms of geographic differentiation which underpinned some forms of growth in peripheral areas. While Asian firms helped to shore up employment in the late 1980s and early 1990s, many firms had contracted, some were considering leaving, and few areas of growth were evident.

8.3. CONCLUSION: INDUSTRIAL RESTRUCTURING IN NEWCASTLE

The case of industrial restructuring in Newcastle allows some insight into the effects of new patterns of development on the periphery. The impact of 'globalisation' has been most evident, but has taken different forms and had varying effects on heavy and light industry. For the most part, globalisation in heavy industry in Newcastle emerged as a result of domestic recession, and the limits of import substitution, forcing industry to move into international markets to a greater extent, and to restructure in order to do so in a more competitive way. Employment losses have been the result of various strategies, some of which marginalise Newcastle, while others restructure in place. In both cases, employment reductions were severe.

By contrast, globalisation in clothing and textiles, and more generally in light industry has emerged as a result of penetration of domestic markets, as cheaper imports have come in either legally or illegally. Newcastle initially benefited in relative terms as increased competitive pressure drove production to the periphery. By the mid-1990s, firms in Newcastle were also feeling the effects of growing international competition as political change and union organisation eroded spatial differentials. Globalisation also occurred through direct investment by Asian firms, which located in peripheral areas (Hart, 1996b). But as old quota systems disappear with the phasing out of the MFA, the motive for spreading investments between countries is reduced. Changing political allegiances may also play a role in limiting new investment. In light industry, therefore, globalisation may accelerate movement to the periphery, but might also undermine production there. Places such as Newcastle, with an existing base in clothing, may nevertheless prove competitive in combining lower waged production in higher value goods, as is occurring in some industries.

The study provides some evidence of shifts towards newer forms of production and organisation that are often subsumed under the label of 'post-fordism'. Nevertheless, as suggested in Chapter 4, they are far more partial and uneven than is sometimes assumed in the literature. Further, their independent effect over space is far less dramatic than some theorists would expect.

The adoption of new technologies, forms of organisation, and new approaches to competition in the clothing and textiles sector is relatively limited in Newcastle, as it is elsewhere in South Africa. It does appear that places such as Newcastle are attracting more traditional forms of production - perpetuating patterns noted in the past (Pickles and Woods, 1989; Wellings and Black, 1986). Nevertheless, some firms are adopting elements of the new approaches - while maintaining lower wages than in the cities. In contrast to assumptions (e.g. see Morris and Kaplan, 1988), there are very few dramatic examples of relocation associated with new technology or forms of organisation.

The level of adoption of new approaches to production is far higher in heavy industry than in clothing and textiles. With increasing emphasis on competitiveness and export

orientation as the old era of import substitution ended, firms have introduced new technologies, new forms of management, and there has been a partial shift towards niche markets - but more modernised large scale production remains the predominant form. Newcastle has indeed been marginalised in this process, but it is difficult to claim that it is a simple result of new forms of production. In the case of Iscor, recentralisation of production and the marginalisation of Newcastle initially occurred in the context of crisis. The decision to establish a state-of-the-art plant in Saldahna Bay in the 1990s, was linked to fairly traditional location factors and cost considerations, although the nature of these factors shifted as the firm repositioned. New innovations have also occurred in the major heavy industries in Newcastle, as past investments proved too great simply to abandon. Nevertheless, it seems unlikely that firms would have located *de novo* in Newcastle in the 1990s. Firms that have done so have generally reused old plant and facilities. To the extent that 'post-fordism' is occurring, its 'high road' forms are marginalising the periphery, although in the low investment environment that has prevailed since the 1980s, past investments are more difficult to escape from than is sometimes suggested in the literature.

Restructuring in Newcastle in the 1990s has largely occurred 'in place'. While the 1970s and 1980s saw new waves of investment, including the relocation of firms from elsewhere, dynamics in the 1990s have involved far less relocation than before. Rather, restructuring largely occurred in existing plants, and new forms of growth were primarily endogenous to the area - albeit clearly linked to broader national and global dynamics. Although Newcastle presents a fairly dramatic example of restructuring, and might be unusual in this regard, low levels of investment within the economy as a whole limit the extent of change. More substantial changes could occur either as crisis deepens, or as new investment on a more significant basis occurs.

NOTES

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- ¹ Low wages in these countries were underpinned not only by low levels of worker organisation, but also by redistributive measures (Hart, 1996a) such as land reform and subsidised housing, which provided a social wage. In Taiwan for example land reform programmes meant that incomes from industry and agriculture could be combined, while in Hong Kong and Singapore, housing costs were heavily subsidised (Castells et al, 1991; Hart, 1996a).
 - ² Such as Quick Response, Total Quality Control, Just in Time, small batch production, modular production, and multiskilling.
 - ³ In the clothing industry, other elements of flexible specialisation have been adopted to a greater extent. This shift, however, does not necessarily imply a reconcentration in developed countries, or that price considerations are unimportant. According to Scheffer (1995), returns are not sufficient to make it worthwhile to reconcentrate. Ironically, the extent of 'outward processing' grew in the 1980s as the new innovations were introduced.
 - ⁴ In Europe, these developments are partly contingent on EEC regulations, which allow low tariffs on goods sent out to Eastern Europe for some stages of production (Scheffer, 1995). This measure has helped to preserve the textile industry in Europe and suggests that despite improved technology, flexible specialisation which involves improved inter-industry links, still depends on lower waged production (Navaretti et al, 1995).
 - ⁵ Further, developed country markets are likely to become more competitive as consumption remains static. Morris suggests that even Asian producers might be affected, since their main markets are Europe and the USA. His view however, may underestimate the growth of markets within Asian countries.
 - ⁶ These differentials are similar to those noted between firms (within a range of sectors) in industrial decentralisation points and metropolitan areas in the 1980s (see Pickles and Woods, 1989).
 - ⁷ Exporters were allowed to import a proportion of the value of their exports duty-free, and this entitlement could be sold. In practice, only 28% of imports brought in in this way were fabrics. Levels of import penetration rose sharply from 19% in 1988 to 44% in 1991, but the proportion of exports in sales rose only marginally to 9% (Altman, 1994).
 - ⁸ Although it is difficult to estimate how extensive decentralisation was in the 1990s since official sources are contradictory (K. Harrison, 1996a) there is considerable agreement among industry sources that it was the dominant trend in the first half of the 1990s (K. Harrison, 1996a).
 - ⁹ There is some disagreement regarding the role of the retail sector. While Altman (1994) argues that it is oligopolistic, and has forced the industry into short-term survival strategies which deflect away from the need to move beyond competition on the basis of

price, the Swart Commission (1994) argued that it was more competitive and diversified than suggested by Altman. Nevertheless, the power of this sector was acknowledged.

- ¹⁰ Tariffs on household textiles will fall from 55% to 30%, fabrics from 45% to 22%, yarn from 32% to 13%, and polyester fibre from 25% to 7,5%.
- ¹¹ The HSL is largely made up of the cost of a basic basket of consumer goods (mainly food and clothing) purchased in the area. It also includes an estimate of housing and transport costs. Figures are for a low income family of six. No direct data exists for Newcastle itself. It is worth noting that these figures are the lowest for non-metropolitan centres, with HSL levels rising to around R945 in places such as Bloemfontein. The HSL includes estimates for transport and rent, but the primary HSL (excluding these elements) is only R60-R80 less.
- ¹² A leading Taiwanese manufacturer's wife, Mrs Huang, was accused of shocking workers with an electric cattle prod and hitting them to punish them for theft. Workers also claimed that she taped their mouths to stop them from talking (*Natal Mercury* 17/4/92). Other factions within the Taiwanese community distanced themselves from these actions and from the industrialist himself. Mr Shu, chairman of the Newcastle Chinese Chamber of Commerce, said that 'we do not like the way he does business... his actions do not reflect the majority of us' (*Natal Mercury* 14/4/92). Although acting to protect the image of the Chinese community in Newcastle, Mr Shu's comments were also seen as reflecting intense conflict between his grouping and Mr Huang's Newcastle Chinese Investment Association that had recently formed.
- ¹³ These strategies were combined with the use of a piece rate system, which he argued resulted in wages that were far higher than the minimum. Unions had been kept out. See Hart (1996b) for a discussion of the generic dimensions of these paternalistic strategies.
- ¹⁴ A break in the production chain makes it difficult to fulfil production timeously.

CHAPTER 9

THE DYNAMICS OF URBANISATION AND MIGRATION IN NEWCASTLE

The aim of this thesis is to evaluate the neo-liberal perspective on regional policy in South Africa. A key assumption of the neo-liberal view is that migration will act as a way of correcting imbalances arising from place-based economic decline as workers move to work. With the ending of apartheid, 'artificially' created settlement patterns would disappear as barriers to movement were removed. The settlement system would therefore 'normalise' itself. The following two chapters evaluate this proposition in the case of Newcastle, a town which, as previous chapters have shown, experienced restructuring and net stagnation or decline since the early 1980s. Paradoxically, while its performance in terms of employment creation was worse than the major cities, migration into Newcastle occurred in the 1980s.

The next two chapters explore this paradox of in-migration. The paradox of in-migration is the result of both migration into Newcastle, which does not follow economic growth, and of households remaining in Newcastle even in a context of economic restructuring. Chapter 9 examines the dynamics of migration into Newcastle, while Chapter 10 considers why households remain in Newcastle even in a context of restructuring.

Chapter 9 begins by locating the paradox of in-migration in Newcastle within the context of urbanisation trends and patterns in KwaZulu-Natal since the 1980s. It shows that while at the level of static patterns, links can be drawn between urbanisation and economic development, and there is a movement towards urban areas, urbanisation patterns are not entirely consistent with the normalisation hypothesis. Newcastle is one such example. Patterns since the 1980s have been shaped by farm removals, violence and by slowed economic growth resulting inter alia in slowed migration to Durban, and people remaining in or moving into both rural and urban areas where jobs are limited or declining. Newcastle's experience can partially be seen in this light.

While patterns of migration by whites did follow the expectations of neo-classical theory and were highly responsive to restructuring, the same cannot be said for the African

population in the townships and informal settlements. Even movement by the Indian population has been more constrained, although this is not examined here. After a discussion of methodology in the second section, the third part of the chapter examines the origins and development of the townships and informal areas, and the dynamics of migration into them, in order to understand why they have experienced rapid growth since the 1960s, and to provide a basis for explaining current immobility. Analysis of the development of the townships and informal areas suggests that processes of often violent displacement from rural and other urban areas were critical - perhaps more so than the impact of Iscor itself. Urbanisation did not simply follow economic development, although economic growth did accelerate it.

The implications of this history are explored in Chapter 10, which examines the dynamics of mobility and immobility in Madadeni district through the lives of local residents. It argues that Madadeni has come to act as a form of 'home base' in a way not dissimilar to rural areas, and in a context of limited job creation, where resources invested in, and survival strategies centred on particular places will not easily be abandoned. Proximity to Newcastle, however, clearly enables access to employment and far higher incomes than in rural areas.

The relationship between economic restructuring and migration is examined through both chapters. Through the analysis of the historical development of the townships and informal settlements in this chapter, the question of Iscor's significance for local employment, and therefore the subsequent impact of its dramatic downsizing is explored. Chapter 10 examines the role of low waged employment in clothing, and the impact of retrenchments within heavy industry. These sections serve to shed light on whether net in-migration is the result of shifting labour markets; the changing relationship between migration and retrenchment; and the significance of local employment and circular migration for household survival.

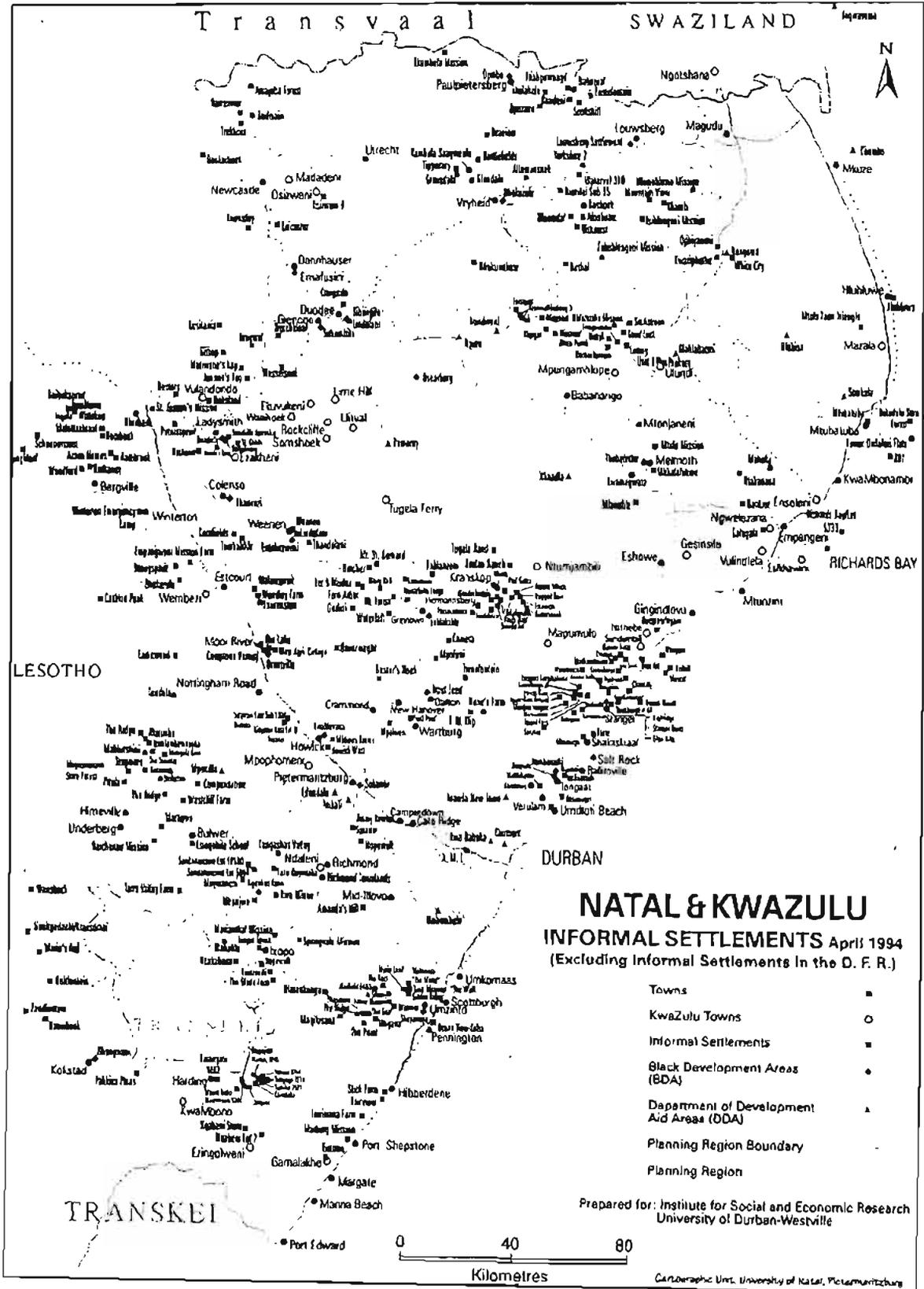
9.1. URBANISATION AND ECONOMIC DEVELOPMENT IN KWAZULU-NATAL SINCE THE 1980S

As previously noted, an important assumption of the neo-liberal perspective is that urbanisation will follow economic development (see DBSA, 1991; Urban Foundation, 1990). While past state policies might have distorted the normal course of urbanisation, over time people will move to where jobs are. At the level of static patterns, there is undoubtedly a relationship between economic growth and the location of economic activity (Table 9.1). Further, most studies (May and Rankin, 1990; Smit and Todes, 1993; Ardington, 1994) show sharp differences in income and employment levels between rural and urban areas. Ardington (1994) shows how incomes are differentiated according to levels of urban access.

Hindson and McCarthy (1994) argue that people have already moved to where jobs are more probable and incomes are higher: informal settlements for the most part have developed along the main corridors of economic activity along the N2 and N3, and on other main routes (Map 9.1). The development of commuting patterns involving distances of up to 50km has been widely noted (Hindson and McCarthy, 1994; Kiepel, 1994; May, 1996; Cross et al, 1996b; Map 9.2), although the extent and significance of these patterns over the longer distances is not well documented. The existence of these patterns in some respects confirms the normalisation hypothesis insofar as it suggests that the disjuncture between where people live and work has been closing. Cross et al (1996b) for instance, argue that there has been movement out of the more peripheral parts of some districts to places closer to urban areas.

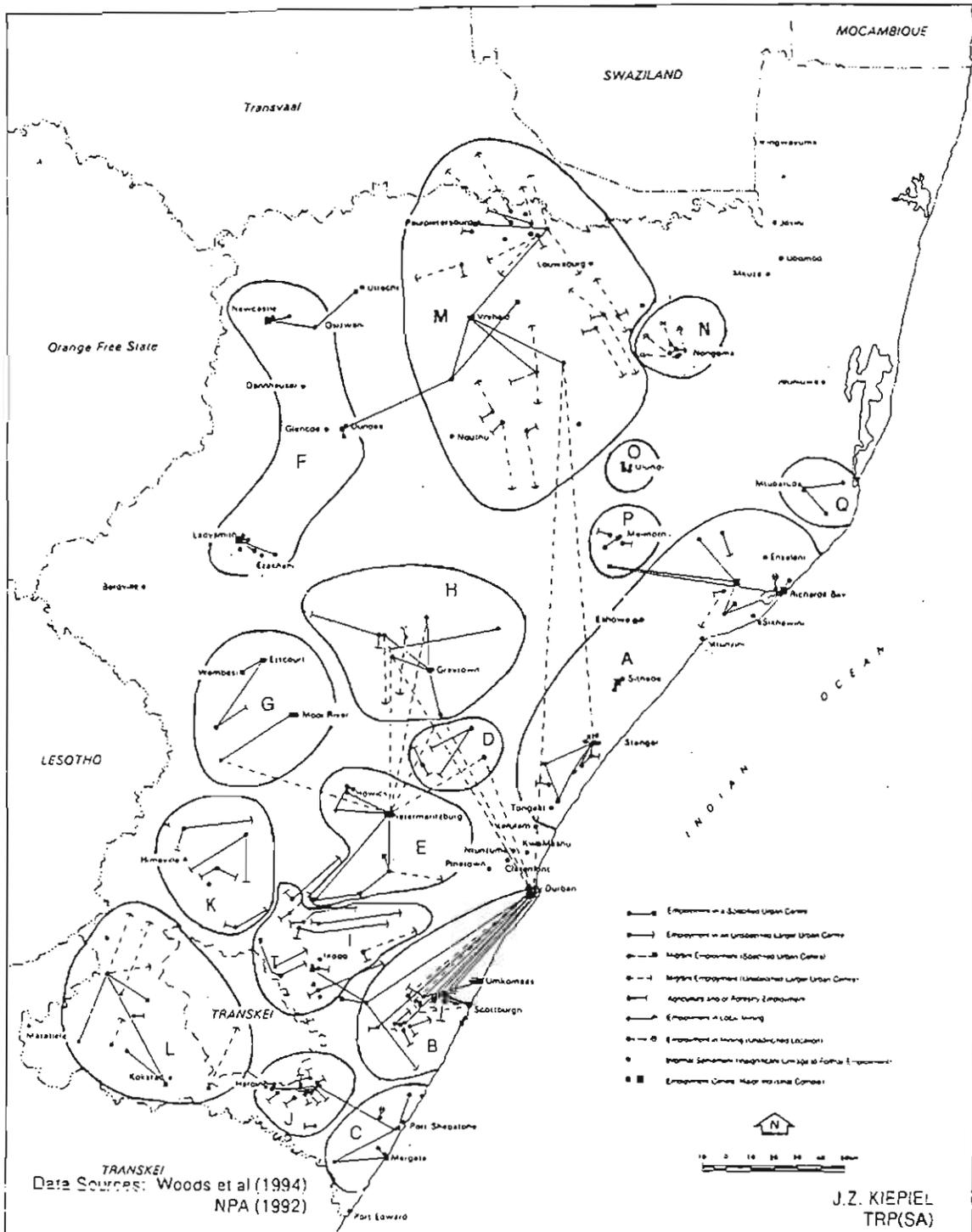
These patterns however, only tell part of the story. While there is some evidence that the spatial disjunctures of the past are being corrected, other elements remain or are reinforced by new dynamics. Firstly, while the lion's share of informal settlements might have occurred around the DFR and Pietermaritzburg, the pattern outside of these areas does not suggest so easy a link between urbanisation and economic development as Hindson and McCarthy (1994) expect.

MAP 9.1: INFORMAL SETTLEMENTS IN KWAZULU-NATAL



SOURCE: Hindson and McCarthy (1994)

MAP 9.2: INFORMAL SETTLEMENTS: PATTERNS OF LINKAGE



SOURCE: Kiepel 1994.

TABLE 9.1. KWAZULU-NATAL: RELATIONSHIP BETWEEN POPULATION DISTRIBUTION AND ECONOMIC ACTIVITY

	% GGP 1991	% URBAN (1) POPULATION 1991	% TOTAL POPULATION 1991	% ECONOMIC ACTIVE POPULATION 1991 (2)
DFR	61.4	36.4	36.4	53.8
Pietermaritzburg	8.9	5.7	5.7	7.3
RB/Empangeni	6.8	3.4	5.7	4.8
Newcastle	3.5	4.6	4.6	3.9
Vryheid	1.9	2.2	3.7	2.5
Ladysmith	1.9	2.2	3.4	2.8
Port Shepstone	2.8	1.8	3.4	3.0
Estcourt	1.4	1.5	3.0	1.7
Rest KZN	10.8	41.8	34.1	20.2

SOURCE: DBSA (1995), *Population Census 1991*, Report No. 03-01-02.

NOTES:

1. 'Urban population' is calculated as the whole population of the district(s) falling previously in Natal, and in which GGP is largely generated, plus the urban component of the adjacent KwaZulu district(s), plus an estimate of informal settlements in the KwaZulu area. All districts in the DFR, Pietermaritzburg and Newcastle are taken as urban, while in other areas a third of the rural population is taken as living in informal settlements (NPA, 1991); compare Byrley (1991). Total population includes all districts within the functional region.
2. The entire functional area is included in the calculation of the economically active population. Economically active includes the informal sector, but the spatial distribution of the formal sector is very similar (see Table A.2, Appendix A). Newcastle, Vryheid and Estcourt particularly have a large component of informal activities.
3. It is recognised that census figures are problematic since significant areas were based on estimates, as surveyors could not get into certain areas. They nevertheless provide the only consistent base for comparison over space. The DBSA's (1995) figures for 1991 are substantially the same, with only minor differences.

Kiepel (1994) argues that there are escalating degrees of spatial marginalisation, with some 37% of settlements and 35% of population residing further than 15km from a town. Further, there is a tendency for poorly located informal settlements to be situated in more marginal regions. These settlements largely depend on income from migrant labour, rather than from the surrounding towns (see Map 9.2). Interestingly, Kiepel (1994) argues that only small settlements under 1000 in population have declined or disappeared. This suggests that many large, poorly located settlements have not disappeared. This would include a number of resettlement areas in terms of the definition.

Although the remainder of informal settlements are closer to towns, Map 9.1 shows that a significant proportion occur around small towns, many of which offer very limited

economic opportunities, and have been declining in the 1980s and 1990s (Marcus et al, 1996; Todes, 1994). Further, the fact that long distance commuting continues, suggests that places where people have some security, are still important to them, and will not easily be abandoned.

Secondly, it is widely agreed that growth in the DFR has been far lower than expected since the dropping of influx control (Cross, 1996; Cross et al, 1996a and b; Sutcliffe et al, 1990; Urban Strategy, 1995), notwithstanding the fact that the DFR increased its share of population, and experienced the largest absolute growth of urban population in the province between 1980 and 1991 (Todes, 1994). Migration, however, only accounted for 21% of this growth - consistent with the slow but positive growth of employment in the 1980s, but contrary to the rapid rates of cityward migration originally expected in the normalisation thesis (see Chapter 3).

Cross (1996, p.7) suggests that low rates of cityward migration are the result of a number of processes:

In addition to the widespread dislike and distrust of social conditions in the urban areas, there are a number of possible reasons for the apparent reluctance of the impoverished rural population to take advantage of the dropping of influx control. These include dislike of urban economic insecurity; news of rising urban unemployment; the accompanying trend to localisation of the rural economy; the vital importance of local social networks as support structures; violence and the war for the shacks; and the frequent need for rural migrants to join the floating township population and spend time building up urban knowledge or contacts to be able to find a site in an informal settlement'.

As Chapter 10 shows, some of these reasons for not moving to Durban and other metropolitan areas are echoed in the study of mobility and immobility in Newcastle. Slowed cityward migration in the context of limited employment growth and violence is not inconsistent with neo-classical theory, as Chapter 4 showed, but it does raise questions about a predominant focus on metropolitan and growing areas in spatial policy.

Thirdly, analysis of population census data for 1980 and 1991 revealed a small net in-migration of the order of 33 000 into some quite peripheral, predominantly rural areas with only small urban centres: Ingwavuma, Ubombo, Nkandla and Hlanganani (Table 9.2). There are both local and larger reasons why such growth might have occurred, including

in-migration from Mozambique; violence in urban areas; displacement from the farms and mines; and slow growth in the cities. Cross et al (1996b) suggest that some households that had moved fully into urban areas have fallen out of the urban wage economy over the past decade, and have been forced to move back to rural areas. And as men's employment declined (Posel and Todes, 1995), those on migrant contracts have been forced to return to rural areas (DRA, 1992a). However, migration patterns are complex and varied, and some people are 'running away from poverty to an insecure urban existence' (Ibid.). Women are moving to urban areas as well, not necessarily to join husbands. There may therefore be movement in both directions and more variable migration than before.

TABLE 9.2: ANNUAL POPULATION GROWTH RATES IN RURAL AREAS OF FORMER KWAZULU DISTRICTS, 1980-1991

	POPULATION GROWTH RATES (%)
Peripheral	
Ingwavuma	2.9
Ubombo	3.1
Nongoma	2.2
Nkandla	2.8
Msinga	2.2
Hlanganani	3.7
Vulamehlo	1.1
Mhalabatini	2.5
Limited urban linkage	
Hlabisa	3.4
Simlandgentsha	5.0
Mapumulu	3.0
Adjacent to main centres	
Nqutu	4.2
Enseleni	2.6
Inkanyezi	1.8
Ongoye	3.4
Emnambithi	1.4
Okhahlamba	4.4
Ezingolweni	1.0
Emzumbe	1.6

SOURCE: *Population Census 1991*, Report No. 03-01-02.

NOTE:

1. Excludes districts which are seen as wholly part of a large urban centre (i.e. districts within the DFR, Pietermaritzburg and Newcastle)

TABLE 9.3: GROWTH OF THE MAIN URBAN CENTRES, 1980-1991

	POP	POP GROWTH RATE	ANN AVE R GROWTH OF FORMAL EMP	ECONOMIC ACTIVITY RATE	
	1991	1980-1991	1980-1991	1980	1991
Ladysmith Functional	270 418	1.9	1.7	15.8	18.6
Emnambithi	205 637	2.5			
Klip River	64 781	0.0			
Newcastle Functional	367 474	3.1	-0.6	26	19.7
Madadeni	313 889	3.8			
Newcastle	53 585	-0.3			
Estcourt Functional	246 459	3.2	-1.2	16	12.1
Okhahlamba	196 963	4.3			
Estcourt	49 494	-0.1			
Richards Bay Functional	473 019	3.0	1.4	17.5	18.5
Enseleni	240 945	2.5			
Ongoye	175 993	4.2			
Lower Umfolozi	56 083	1.9			
PMB Functional	452 252	1.4	0.2	26.3	29.6
Vulindlela	223 706	1.1			
PMB	228 546	1.7			
Vryheid Functional	299 150	2.6	-1.3	21.2	15.3
Nqutu	213 634	4.0			
Vryheid	85 516	-0.2			
Port Shepstone Functional	279 466	1.5	3.8	14.1	18.0
Ezingolweni	215 224	1.3			
Port Shepstone	67 242	3.0			
DFR	2 896 532	2.9	0.3	32.0	33.7

SOURCE: DBSA (1995); *Population Census 1991*, Report No. 03-01-02.

NOTES:

1. 'Functional' here is the sum of previously Natal and KwaZulu districts. Although this is problematic insofar as it overstates the population that is actually linked to the urban centre, it enables a comparison of change over the period. Economic activity rates may similarly be distorted, but again the change is useful to examine.
2. Isithebe is excluded here since urbanisation figures do not appear to be consistent with other information on trends in these areas.

Fourthly, while migration has occurred into almost all ex-KwaZulu districts around the major centres in the 1980s - other than those with endemic violence (Pietermaritzburg and Port Shepstone) (Table 9.3) - and into some districts within striking distance of urban areas (Table 9.2, Map 9.3), not all of these centres were growing. As Table 9.3 shows, in-

migration occurred into Newcastle, Vryheid and Estcourt while local employment was stagnant or declining. Similarly, in-migration occurred into districts around much smaller towns (such as into Simlandgentsha district near Paulpietersberg) with a limited and stagnant economic base.

Displacement from rural Natal has been one important process underpinning these patterns. On census figures, there was a net emigration of around 350 000 in the 1980s, as a consequence, *inter alia*, of the decline of mining; drought and agricultural decline in some areas; restructuring of agriculture towards greater capital-intensity or to more capital-intensive crops in other areas; and displacement of families of farm labourers. DRA (1992a) for instance, notes that in the early 1990s, farmers were displacing farm worker families and changing contracts from permanent to temporary, for fear of claims that might be made under a different political scenario.

Farm workers leaving these rural areas are not moving to metropolitan areas, but rather to more accessible areas in or around smaller towns (Cross et al, 1996b; Marcus et al, 1996). This pattern is not confined to KwaZulu-Natal (Marcus et al, 1996). Cross et al (1996b) argue that farmworkers would have little knowledge of migration opportunities further afield, and few contacts in cities, forcing them to move in a narrower spatial field. While they may be 'urbanising', they are often moving to places with weak or declining economies where employment prospects are limited.

Other processes, such as the role of violence, have undoubtedly also been at work. Slowed job creation nationally has also limited the possibilities of wholesale movement out of these areas and increased the risk of giving up security and investments in place, thus reducing expected out-migration. Ties to place, place-based survival strategies, and the possibility for some sort of local income, as well as other more localised processes, may also be important. Newcastle provides a case study of in-migration in a context of economic stagnation or decline. Although there are quite particular elements to its history, the underlying processes influencing mobility and immobility in the current period are not unique to the area.

In terms of equilibrium theory, differentials in terms of income, employment and levels of unemployment ought to induce equilibrating movements balancing out these differences. Yet on a range of simple indicators, Newcastle - and particularly Madadeni - was worse off than the metropolitan areas of the DFR and Gauteng. Chapter 6 documented differentials in terms of unemployment levels (see also note 18), and employment performance. Table 9.3 shows the much lower economic activity rates in Newcastle than the DFR, and that these have declined since 1980 - in contrast to the DFR¹. Similarly, data derived from DRA's (1992b) survey of KwaZulu areas, reported in Ardington (1994), shows that per capita monthly incomes, at an average of R202 p.m. in Madadeni, were much lower than metropolitan areas in the province at R303p.m². While these are no more than very crude and simplistic indicators, they do at least suggest that the equilibrium thesis - and the assumption then that migration is necessarily a corrective - is questionable.

After a brief discussion of methodology, the rest of the chapter examines the history of migration and urbanisation in Newcastle, focusing particularly on in-migration into the townships and informal areas within Madadeni district. It argues that the paradox of in-migration must be understood in the context of the history of removals, dispossession, rural displacement and more recently, violence, which has to a large extent underpinned urban growth in the area. This forms the basis for the analysis of the dynamics of mobility and immobility in Newcastle in the following chapter.

9.2. METHODOLOGY

A range of empirical methods was used to understand the migration in Newcastle. Census material was used to establish patterns of in and out-migration over time. Although there are clearly flaws in the data, it is the only comprehensive material available. Overall population figures for 1980 and 1991 are substantially the same as those contained in DBSA (1995). The Department of Bantu Administration and Development's archives on Madadeni and Osizweni between 1960 and 1973 were also analysed to enable an understanding of the development of the townships. Qualitative and quantitative surveys were undertaken to investigate migration dynamics in the current era.

As was the case for the industrial survey, the qualitative study of migration was conducted first. It provided an understanding of the main dynamics underlying patterns, while the quantitative study was intended to establish the extent of particular trends.

The qualitative study consisted of background research and interviews with key informants in the area, and interviews with some 31 households. Interviews attempted to establish the migration, employment and housing histories of each member of the household, and to uncover as far as possible the processes underpinning these histories. Initially it was intended to interview three categories of people: workers in heavy industry who had lost jobs, clothing workers, and unemployed people. Households were identified both by the local people who acted as interpreters, and by asking interviewees to identify others within a certain category. In practice, the study drew on a wider range of people, but this proved to be useful as the flux and change within households and the different experiences of various household members enabled a broad view of processes at work.

In terms of the categories defined above, six interviewees were retrenched Iscor workers, nine were clothing workers, eight were unemployed (largely ex-clothing workers), five were pensioners, and three were other workers. Of those interviewed, 22 were women, eight were men, and in one case, both the husband and wife were interviewed. Two of those interviewed were migrants, and of the remainder, ten households were headed by women. In three cases, households had become female-headed through recent widowhood or separation.

Households in this study were defined in a non-prescriptive way, and questions were asked about all people living on the site, all children of those living there, and other relatives maintaining relations with the household on the site. Interviews were largely concentrated in the lower income areas, namely in Osizweni and Blaaubosch. Interviews lasted between one and a half to three hours, and in some cases, repeat interviews were undertaken.

These interviews were followed up by a standard representative sample survey covering Madadeni, Osizweni and Blaaubosch (referred to as the 1995 survey). The survey was designed by the author in consultation with Data Research Africa, which undertook the

sampling, carried out the survey and processed initial results. Some 354 households were surveyed in December 1995 and January 1996, 44% in Madadeni, 29% in Osizweni and 27% in Blaaubosch. Sampling was done on the basis of a stratified random sample within the three areas - a method that DRA commonly uses in social surveys. Developing from the qualitative study, questions were primarily designed to assess the following (the questionnaire is contained in Appendix F):

- 1) the origins of people in the area: when and why households had come to Newcastle, and from where
- 2) the dynamics of migration and urbanisation in the area: the extent to which patterns of economic development and economic restructuring had resulted in circular migration, links over space, or out-migration; and whether restructuring had led to new waves of in-migration into the area as the labour market changed
- 3) the significance of employment in sectors experiencing restructuring - heavy industry, clothing, and other industry - and its role within the household economy
- 4) the significance of work within the clothing sector, differences between workers in Asian and South African clothing firms, and the way this work is used by workers
- 5) the impact of retrenchment: employment and migration patterns of workers retrenched from heavy industry since retrenchment; household economic responses to retrenchment; and the extent to which clothing employment has replaced incomes in households affected by retrenchment

Unfortunately, the sample contained a number of apparent biases. It under-represents young people, with only 23% of the sample being under 16 - far less than in the 1992 DRA survey (37%) or the census (44%). It also seems to some extent to overrepresent civil service workers, such as teachers, nurses and policemen, compared to the census or the DRA 1992 survey. The 1995 survey contained 28.7% of those formally employed in this category, compared to 19.2% in the public sector in the 1992 DRA survey, and 28% in the community social and personal services sector (a large proportion of which would include activities such as domestic work) in the 1991 census. Although variations here may be the result of definitional differences, this seems unlikely to explain the extent of the difference.

In order to check and correct the biases, DRA conducted two checkback samples of 120 and 130 each in April 1996. Both, however, showed other kinds of biases and could not be used to correct the data. For instance, one of the surveys had a very high proportion of workers from one cement factory. It would appear that in this case, the stratified random sampling method was inappropriate to the area, which appears to be characterised by a high degree of clustering of similar kinds of households - possibly the result of the history of removals of households from particular areas, and their subsequent co-settlement.

On further processing, it was discovered that one third of households in the original survey had no children under 16. These were not necessarily small households - many were large, complex, older households. In some cases it was apparent from answers to other questions that small children had simply not been recorded - but it was not possible to detect a systematic bias in certain interviewers, and therefore to correct it. Because of the nature of the biases, it was decided not to attempt to weight the survey, but rather to use it in a very limited way, and alongside other sources of data. The survey is not, therefore, used to describe the socio-economic characteristics of the population. Rather, where this is required, other sources are employed. The survey is used in a limited way to discuss the history of the area, but here it is coupled with extensive use of archival material. The main way in which the survey is employed is in discussion of clothing and retrenched workers, and their households.

The social profiles of clothing workers are broadly consistent with the earlier 1992 DRA survey. Both the 1995 survey and the 1992 DRA survey found that clothing workers were largely daughters, but not necessarily young girls (Tables 9.4, 9.5). A larger proportion of older women over the age of 40 is, however, evident in the 1995 survey. The 1995 survey does not include workers from a number of smaller Asian factories. It tends to represent workers in South African firms (67%) somewhat more than Asian firms (33%), and, as might be expected, large firms more strongly than small firms. For the most part, these large firms are also longer established in the area. This may account for the larger representation of older workers in the 1992 than the 1995 survey. Some 29% of clothing workers in the 1992 DRA survey were however, migrants to other areas, most of them young women. The 1995 survey only included one or two workers of this sort, who were

excluded for the purpose of analysis. This may reflect changes between the two periods, but numbers are too low to consider this possibility.

TABLE 9.4: POSITION OF CLOTHING WORKERS IN THE HOUSEHOLD: 1992 DRA AND 1995 SURVEY

	1992 DRA SURVEY % (N=62)	1995 SURVEY % (N=116)
Head	21.0	14.6
Spouse	16.1	24.1
Child	59.7	52.6
Relative	3.2	8.7

TABLE 9.5: AGE OF CLOTHING WORKERS: 1992 DRA AND 1995 SURVEY

	1992 DRA SURVEY % (N=62)	1995 SURVEY % (N=116)
15-19	4.8	3.5
20-24	12.8	9.5
25-29	22.6	24.1
30-34	21.0	16.4
35-39	19.4	14.7
40-49	9.7	21.5
>50	9.7	10.3

Both surveys suggest that female-headed households account for about a third of households containing clothing workers: 33.8% in the case of the 1992 survey and 28% in the case of the 1995 survey. The significance of income from local clothing workers is similar in both surveys, with 41% of local clothing worker households in the 1992 survey, and 36% in the 1995 survey, having no other formal source of income.

The 1995 survey, therefore, seems to be reasonably consistent with the 1992 survey in regard to clothing workers. It should be recognised, however, that the 1992 survey was a relatively small survey, and numbers for clothing workers and their households are even smaller. Probable biases in the 1995 survey have been pointed to, and where possible the data is used in combination with other material. No other sources are available on retrenched workers and their households, but the check-back surveys are broadly consistent with the 1995 survey. Data on retrenched workers is consequently used in a broad sense, rather than as explanatory in its own terms.

The 1992 DRA survey of the Madadeni area was re-analysed to provide socio-economic data as well as to enable verification of parts of the 1995 survey as explained above. DRA's 1992 survey formed part of a larger study of the socio-economic characteristics of households across settlement types in KwaZulu. It is generally regarded as representative, and is widely used (see e.g. Ardington, 1994). At the level of a single town and settlement however, sample sizes are relatively small. In Madadeni district, the entire sample is 200 households, with 49 in Blaaubsoch, 78 in Osizweni, and 73 in Madadeni. The stratified random sampling method standardly used by DRA is also open to biases as occurred in the 1995 survey. In the 1992 survey, some biases may be evident, e.g. in the probable over-representation of transport and construction workers (see Table 10.4, Chapter 10). The 1992 DRA data is therefore used in a broad way, and possible biases are noted.

Due to difficulties with survey data, the thesis therefore relies more heavily on the archival material for the history of the area, and on qualitative analysis for an understanding of migration dynamics. Although this material does not enable an assessment of the extent and significance of particular patterns, it provides an understanding of the processes and dynamics underpinning patterns. The survey data is then used in a supplementary way to suggest the importance of particular patterns. Given biases in the data, it may be the case that certain patterns are under-emphasised, and others over-emphasised.

9.3. DYNAMICS OF MIGRATION AND URBANISATION IN NEWCASTLE

In 1960, Newcastle was a small town with a population of 17 554 people. By 1991, its functional area had grown to around 350 000. Although growth slowed in the 1980s - compared to the 1960s and 1970s, where growth rates of 10% p.a. and more were recorded - in-migration continued in the 1980s, despite restructuring. The dramatic growth of Newcastle was underpinned in the first instance by forced removals, and later by evictions and voluntary movements off farms. Violence has also played a role in the growth of the town in recent years. Significant elements of the growth of Newcastle were therefore not linked to economic growth.

Although the development of Iscor did generate further rounds of in-migration, employment-linked movement was coupled with rural displacement. Nevertheless, the development of Iscor and related industries did in time allow for the localisation of employment, and for households to consolidate their resources and investments in place - a process which has itself led to immobility, as the following chapter shows.

The rest of this chapter discusses the broad patterns of migration in Newcastle, focusing particularly on the townships and informal settlements, in order to lay the basis for claims made in the following chapter, and to demonstrate that in the case of Newcastle, migration has rarely followed economic development in a straightforward way.

9.3.1. The 1960s: Creating a Model Apartheid Town. The Origins and Development of the Townships and Informal Settlements

In contrast to previous decades of steady urban and rural growth (Table 9.6),³ in the 1960s the rural areas of Newcastle declined in absolute terms, while the urban area grew dramatically⁴ (Table 9.7). This shift was not primarily the result of economic growth. Although economic growth in Newcastle was relatively rapid in the 1960s, the growth of the formal urban areas at a rate of some 10.3% per annum far outstripped it. Instead, urban growth in the 1960s was primarily linked to the restructuring of the regional space economy along apartheid lines. Newcastle provides one of the earliest and most complete examples of this type of restructuring within KwaZulu-Natal.

Historically, no land had been scheduled as African reserves in Newcastle, Dannhauser, Glencoe, Dundee and Klip River districts, but individual Africans and syndicates bought up extensive areas of land. While some of this freehold land was 'released' in terms of the 1936 Native Land and Trust Act, much of it was classified as 'black spots', and earmarked for removals. In the order of 50 000 people were removed from 'black spots'⁵ or under the Group Areas Act (see Table 9.8). Compared to many other areas in the province, removals in Newcastle were far more complete. By 1982, only one black spot had not been removed in Newcastle, Dundee and Dannhauser districts (SPP, 1983b). Removals occurred in a period when national political opposition had largely been suppressed, and before the development of organisations opposing forced removals.⁶ Northern Natal was an early

focus of the forced removals programme, reportedly due to the prevalence of black spots located on land with mining potential (SPP, 1983b). While the programme was a political one, SPP (1983b) argues that economic interests played a role in determining where removals began. Nevertheless, other categories of black spot and Group Areas removals also occurred extensively here in the 1960s and 1970s.

TABLE 9.6: POPULATION GROWTH IN THE NEWCASTLE DISTRICT, 1904 - 1970

	TOTAL	URBAN	RURAL
1904	30 990	2950	28 040
1911	31 961	2886	29 075
1921	36 904	4258	32 646
1936	49 631	4945	44 686
1946	52 703	10 001	42 702
1951	65 493	13 281	52 212
1960	81 916	17 554	64 332
1970 (1)	93 124	46 805	46 319

SOURCE: *Population Census 1970*, Report No. 02-05-12.

NOTES:

1. Figures reflect both Newcastle and Madadeni districts - previously the Newcastle magisterial district.

About two-thirds of people who were removed came from areas within or close to towns (Newcastle, Utrecht and Volksrust). Although 'locations' in Newcastle and Utrecht were removed (see Table 9.8), the majority of people came from areas of African or Indian freehold ownership (particularly Charlestown outside Volksrust, Lennoxton and Fairleigh in Newcastle) which were generally semi-rural in nature.⁷ In the early years, removals from areas around towns other than Newcastle largely focused on 'unqualified' households in informal areas,⁸ and households whose heads did not work in the town.⁹

Removals from Newcastle itself were tied to the implementation of the Group Areas Act, which was actively enforced by the local authority.¹⁰ Lennoxton and Fairleigh (Map 9.4) were rezoned to accommodate Indian and coloured people respectively, many of whom were themselves removed from other parts of Newcastle, and from surrounding rural areas. As a consequence of removals, the population of Newcastle town itself actually declined in the 1960s (Table 9.7).¹¹

TABLE 9.7: CHANGING RACIAL AND URBAN-RURAL COMPOSITION OF THE POPULATION: NEWCASTLE DISTRICT AND TOWN, 1960-1970

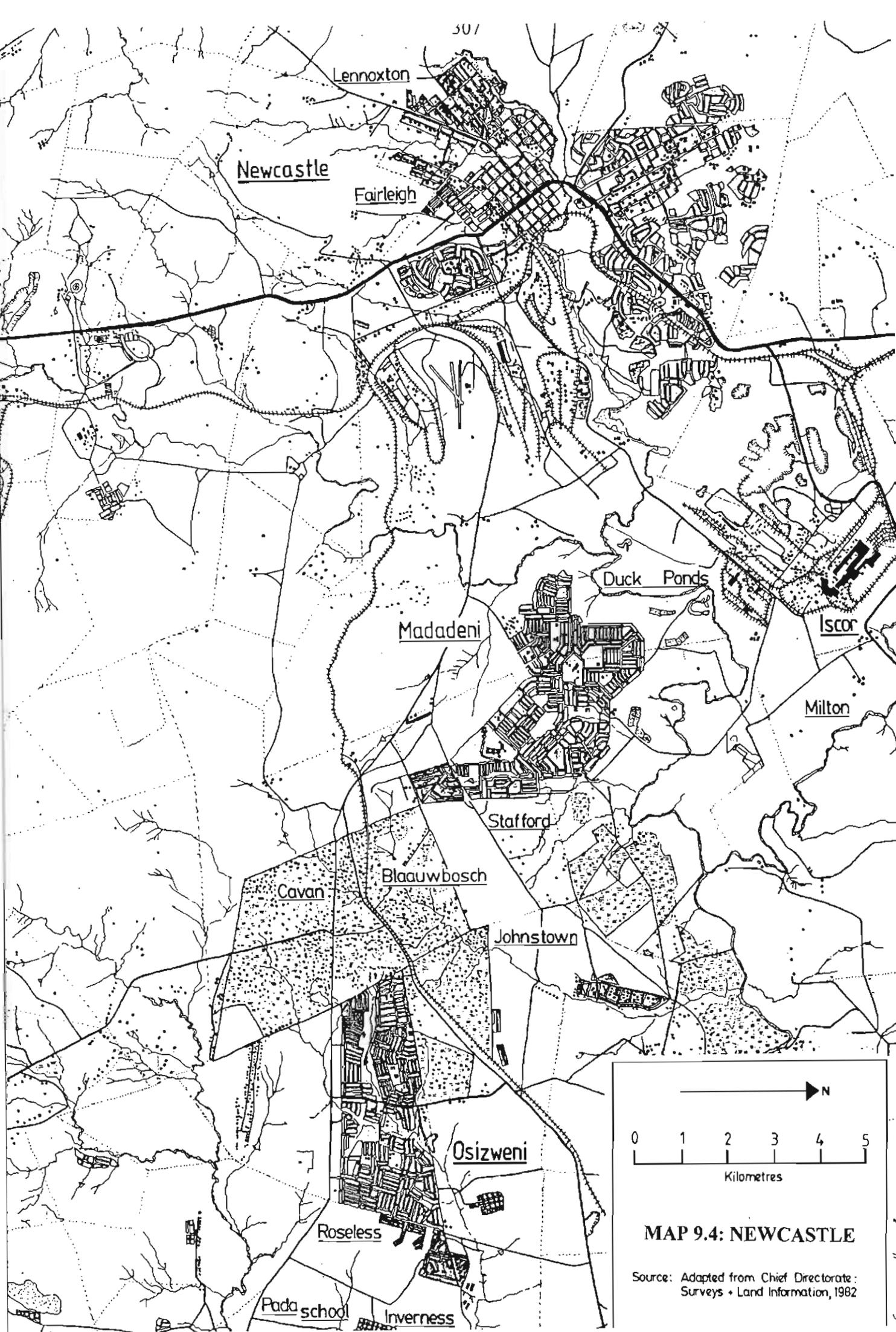
	WHITE	COL	INDIAN	AFRICAN (TOTAL)	AFRICAN (NEW-CASTLE)	AFRICAN (MADA-DENI)	TOTAL
District							
1960	6827	474	5003	69612	69612	-	81916
1970	7651	625	5796	79052	31958	47094 (1)	93124
Annual growth rate %	1.06	2.8	1.5	1.3	- 7.4	-	1.3
Town							
1960	3235	326	2922	11071	11071	-	17554
1970	5132	557	4323	36793	4395	32398 (2)	46805
Annual growth rate %	4.7	5.5	4	12.7	-8.8	-	10.3
Rural							
1960	3592	148	2081	58541	58541	-	64362
1970	2512	68	1473	42559	27563	14696 (3)	46319
Annual growth rate %	-3.5	-7.5	-3.4	-3.1	-7.3	-	-3.2

SOURCE: *Population Census 1970*, Report No. 02-05-12

NOTES:

1. Madadeni, or Newcastle KwaZulu as it was called at the time, did not include the entire district of what was to become Madadeni. Portions of Dannhauser and Dundee were added to it in the 1970s (Viljoen and Van Zyl, 1973). See also notes to Table 9.7. On 1991 definitions, the population would be 73 878.
2. According to Viljoen and van Zyl (1973b), the census figure for the townships was an underestimate. On the Bantu Commissioner's registration figures for September 1971, the township population was 48 933. The differences in years may, however, distort figures, as it was a period of fairly rapid influx.
3. As a consequence of 1 and 2, it is difficult to estimate the size of the 'rural' population.

Since there were no homeland areas in much of North Western Natal, the South African Development Trust bought up large tracts of white farmland in the Klip River and Newcastle districts to accommodate relocatees. These were later incorporated into the KwaZulu homeland (SPP, 1983b). Madadeni and Osizweni, respectively 12 and 22km from Newcastle (Map 9.4), were established as regional relocation townships for Northern Natal¹² and the surrounding area¹³ in 1961 (Map 9.5).



MAP 9.4: NEWCASTLE

Source: Adapted from Chief Directorate: Surveys & Land Information, 1982

TABLE 9.8: FORCED REMOVALS TO MADADENI AND OSIZWENI

PLACE	DATE	TYPE	DISTRICT AND PLACE MOVED TO	NO. HOUSEHOLDS/ PEOPLE
Alcockspruit: Gardens, Crane Valley, Loch Lomond	1968-73	Rural black spot	Dannhauser to Madadeni	2835pp (SPP, 1983b); 326 landowner hhs, 438 tenant hhs (1)
West Hesselton	1963	Black spot - removed for mining. Later site of Durnacol	Dannhauser Landowners to Madadeni, tenants to Osizweni	48 landowner hhs, 138 tenant hhs
East Hesselton	1963	Black spot - Durnacol	Dannhauser Landowners to Madadeni, tenants to Osizweni	27 landowner hhs, 200 tenant hhs
Siwangu	1960s	Black spot - Durnacol	Dannhauser Landowners to Madadeni, tenants to Osizweni	96 tenant hhs
Waag Alles	1970	Rural black spot	Dannhauser to Osizweni	840pp (SPP, 1983b), 20 landowner hhs, 66 tenant hhs (2)
Jubilee	1970	Rural black spot	Dannhauser to Madadeni	330pp (SPP, 1983b), 37 landowner hhs, 26 tenant hhs (1)
Lennoxton and Felixton (3)	1960s and 1970s - but mainly complete by the end of the 1960s	Urban black spot - removed to make way for coloured and Indian Group Areas	Newcastle to Madadeni and Osizweni	15-20 000pp
Charlestown (including Clavis and Clavis Extension)	1960s and 1970s	Semi-urban black spot removal	Volksrust Early removals to Madadeni, but most removals in 1970s to Osizweni	8148pp

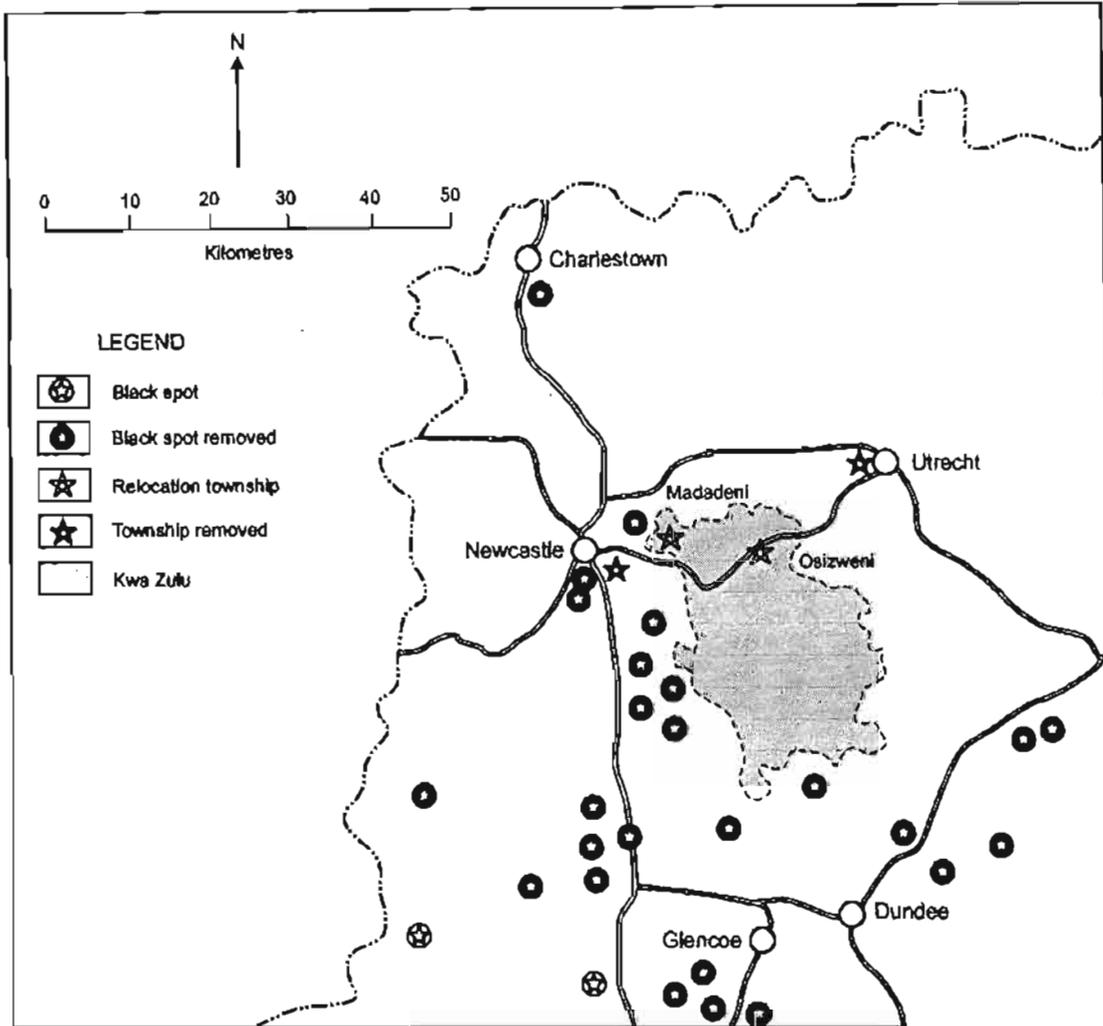
Utrecht Township	1968	Deproclamation of urban township	Utrecht to Osizweni	4000pp
Newcastle township	1973	Deproclamation of urban township	Newcastle to Madadeni	2000pp
Cardwell	1969	rural black spot	Newcastle	26 tenant hhs
Wykeham	1969	rural black spot- Durnacol	Newcastle	5 landowner hhs, 138 tenant hhs
Milton	1970	rural black spot - site of Iscor	Newcastle	19 landowner hhs, 187 tenant hhs
Vrede	1969/70	rural black spot	Newcastle	250hhs
Thokozeni	1960s	rural black spot	Newcastle	?
Annandale	1960s	rural black spot	Dannhauser/ Dundee	?
Bulwerton	1969	rural black spot	Newcastle	?

SOURCES: SPP (1983b); Urgent Memo from the Department of Bantu Administration and Development (BAD) to the Private Secretary, Gegewens oor Swartkolopruiming in die Distrik van Newcastle, 18/3/64, File G57/2/1456/1; Letter from P. van Wyk (hereafter W), Bantu Affairs Commissioner, Newcastle, to the Chief Bantu Affairs Commissioner, Pietermaritzburg, Insake: Verskuiwing van Swartkollie: Newcastle en Dannhauser Distrikte, 27/5/69, File G59/2/1456/1; Memo from H.P. Kloppers (hereafter K), First Administrative Official, Black Spot Removals, BAD to the Undersecretary, BAD, Opruiming van Swartkollie in die Distrik Newcastle: Verbeteringslyste, 21/6/60, File G57/2/1456; Memo from BAD to the Undersecretary (White Areas), Charlestown Town Board: Removal of Bantu illegally in Charlestown to Duck Ponds, 15/12/61, File G59/2/1456/1; Bylae B, 29/8/69, File G59/2/1456/1.

NOTES:

1. BAD to the Private Secretary, 18/3/64, File G57/2/1456/1.
2. W to the Chief Bantu Affairs Commissioner, Pietermaritzburg, 27/5/69, File G59/2/1456/1.
3. While Lennoxton was largely occupied by Africans, who were moved out to make way for Indians removed from other areas in the town and in rural areas, Fairleigh was a mixture of Indians and Africans who were replaced by coloured occupants.
4. K to the Undersecretary, BAD, 21/6/60, File G57/2/1456 lists a number of other black spots which were to be removed in the Dundee and Bergville districts, but it is unclear whether this was ultimately done or if they were removed to Madadeni or Osizweni. It does not provide details of household numbers or location. SPP (1983b) suggests that all except one black spot in the Newcastle, Dundee and Dannhauser districts were removed however. Table 9.8 therefore includes Bulwerton (reported in K to Undersecretary, BAD, 21/6/60, File G57/2/1456.) as it is likely that it would have been moved to Madadeni or Osizweni although no details are available on it. Other settlements removed from Dundee might have gone to Madadeni or Osizweni, but no details are available.
5. Households were of the order of 7- 10 people at the time.
6. While the numbers of people removed from Newcastle town itself exceeds the African urban population numbers for 1960, both population growth and in-migration into Lennoxton and Fairleigh from rural areas (see Report from G. White, BAD to the Adjunct-Minister, BAD, Newcastle, n.d. (circa 1968), File G57/2/1456/1.) might account for the difference.
7. This table is not necessarily comprehensive. Van Zyl and Viljoen (1973b) hint that removals also took place from outside Natal, in for example Wakkerstroom - then in the Transvaal - and Harrismith in the Free State.

MAP 9.5: FORCED REMOVALS IN NEWCASTLE



SOURCE: Adapted from SPP (1983b), and Table 9.8

The creation of the townships reflected state policy to move away from migratory to commuter labour.¹⁴ They were intended to 'overcome the evils of migratory labour', providing workers with 'a chance for an ordinary home life with his family' (*Pretoria News* 28/10/63). Africans working in Newcastle or in the broader region were expected to stay in Madadeni or Osizweni: hospital workers, police, and those employed by the South African Railways,¹⁵ were housed there. Archival sources reveal that even farm workers were expected to be housed there and managed through local labour bureaux.¹⁶ After lengthy negotiation, a third of Amcor's 750 migrant workers who had been located in a compound at the plant, were relocated to Madadeni.¹⁷ Similarly, married Zulu workers on mines within reach of the townships were expected to live there, despite employer concerns

that this would cause a loss of control over workers and could result in productivity losses.¹⁸

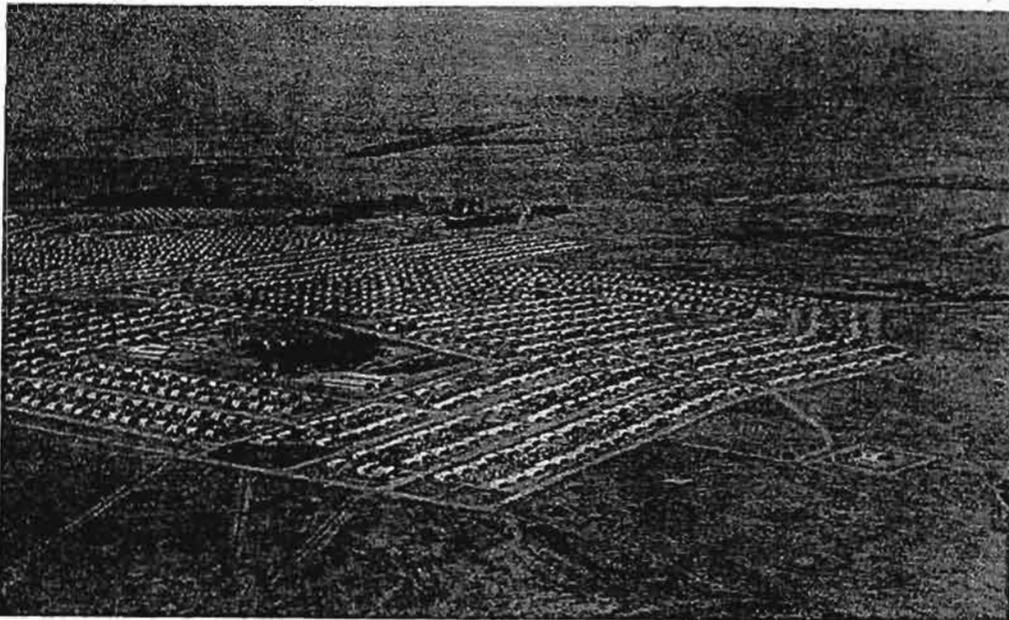
The origins and early development of Madadeni and Osizweni were very different. While Madadeni was seen as a model township, housing wealthier landowners and formally employed urban dwellers¹⁹ in completed housing units, Osizweni was a 'self building' township²⁰ intended largely for those removed from rural areas, unemployed and unskilled 'squatters', and poorer urban dwellers.²¹ Infrastructural services were rudimentary in Osizweni.²²

Duck Ponds, the farm on which Madadeni was built,²³ was originally purchased by the Newcastle municipality to enable the removal of 'qualified' African people from outside the municipal 'location' (township).²⁴ The farm was taken over and developed by the Department of Native Affairs on condition that Africans from Newcastle received preference,²⁵ but in practice, removals from Newcastle were sometimes slowed by 'urgent settlement of homeless Bantu families displaced from other European areas'.²⁶

Madadeni was planned by prominent town planner T.B. Floyd, and intended to house some 20 000 families²⁷ at a cost of R4.5m (*Pretoria News* 28/10/63). It was to be built by Africans, providing them with entrepreneurial opportunities (Ibid.). It would offer a large community centre and hospital, and one of the first home ownership schemes for Africans in the province (Ibid.). In the early years, however, the reality was somewhat different. By 1962, some 550 of the 875 units were temporary wooden shacks.²⁸ Further, there was severe overcrowding and an absence of health services.²⁹ Shopping facilities were lacking, leading to concerns that relocation would be resisted.³⁰ Nevertheless, by 1971, conditions in Madadeni had improved significantly - although it retained the sterile and regimented style which characterises apartheid settlements (see Figure 9.1). According to Desmond (1971, p.65), Madadeni 'as townships go, is a rather superior one'. Houses were mainly four roomed, with toilets and water outside, and there was a two year waiting list for houses. A 1300 bed TB hospital and a 400 bed infectious diseases hospital was also developed in Madadeni.³¹

Osizweni was established by the Department of Native Affairs on the farms Mountain View, Golagh and Roseless to the east of Madadeni.³² It was originally planned for about 10 000 plots,³³ and sites were sold under Deed of Grant. Fletcraft huts were provided for households who were relocated there. In contrast to Madadeni, Desmond described Osizweni as ‘a sub-economic township with nothing like the same facilities as Madadeni’ (1971, p.66). Two-thirds of houses were one-roomed asbestos under iron structures of 4m by 3m, while a third had two rooms, one of them brick. Despite their size, up to 15 people might occupy these houses. Poverty was rife, and high levels of malnutrition due to starvation were recorded by the local hospital (Ibid.).

FIGURE 9.1. THE EARLY DEVELOPMENT OF MADADENI TOWNSHIP



Source: Plan Associates, 1971

With removals, the economics of the prevalent pattern of low waged industrialisation were called into question. In a letter to the Bantu Commissioner of Newcastle, the Senior Superintendent of Madadeni township³⁴ appealed for bus subsidies on the grounds that wages were much lower than in the cities, and poorly paid domestic labour provided the only possibility for women to earn additional income. According to census figures, women accounted for only a third of Madadeni's formally employed labour force by 1970 and were confined largely to the community, social and personal services sector. Industrial

employment was dominated by men, who accounted for 73% of African workers. Removals also undermined the possibility of combining wage income with subsistence agriculture, which has been critical to industrialisation in a number of countries (Hart, 1995).

Despite the stated intention to stimulate African entrepreneurship, archival records reveal how paternalistic bureaucratic controls stifled it in the early years. Hawking of products other than milk was forbidden as it might undermine businesses on designated sites,³⁵ traders who had operated in Lennoxton or Fairleigh had to apply for sites, which were not necessarily granted to them. For example, Zacheus Mack Gumede was turned down on the grounds that his understanding of business was too limited.³⁶ By contrast Mr H.T. Madonsela, a trader who owned an eating house in Fairleigh and wanted to set up several larger businesses (including cinemas and garages) in Madadeni, was informed that a principle of ‘one man one business’ applied.³⁷

Possibly as a result of the desire to escape the highly controlled spaces of the townships, the rural areas within Madadeni district also grew in the 1960s (Table 9.7).³⁸ Agricultural restructuring and farm evictions may also have played a role, as is explored below. Growth largely occurred in the African freehold farms Blaawboschlaagte, Cavan and Johnston - collectively referred to as Blaaubosch (Map 9.4). These farms had been bought by a Methodist Minister in 1892, and were subsequently resold to some 31 landowners who held 200 acres each. Some of the land was resold or divided amongst descendants, but a syndicate of the descendants of the original 31 landowners ran the area. Land was rented to tenants. As freehold land within the KwaZulu homeland, it was a place where those trying to maintain a rural base retaining cattle and large complex households, could at least attempt to do so. Although by now densities have increased, sites are still generally larger than in townships, and the area has a far more rural feel.

Although the slow pace of development of sites and housing in Madadeni and Osizweni³⁹ constrained removals and the restructuring of the region on apartheid lines, the main spatial outlines were laid by the end of the 1960s.⁴⁰ Greater Newcastle was seen as a model of apartheid development - a factor that seems to have influenced its choice as a location for

the third works of Iscor. In a report on Newcastle by G. White, Secretary of Bantu Administration and Development to the Adjunct Minister in 1968,⁴¹ Newcastle is presented as:

the best example in the country where the governments policy of separate development and border industry is being implemented to the full...Here we have the ideal position of a large developing industrial area between the white town and the Bantu homeland only seven miles east of Newcastle. The homeland is further cut off from the white area by the Ingangane river...The two suburbs of Newcastle, viz. Lennoxton and Fairleigh where Bantus previously lived and had ownership rights is entirely bought out, apart from 5 properties... and Bantus have settled in Madadeni...and Osizweni. The towns provide labour for Newcastle and its growing industries...The Department is busy with the removal of the black spots in the district...The local (municipal) labour bureau as well as the district labour bureau functions well. All employers in the town as well farmers in the district without exception are asked to fulfil their labour requirements through the labour bureaux...With this development Newcastle will move forward - an adequate labour source on its step without the bother of a location that always runs at a loss. This is also the ideal condition for decentralisation of industry as we have here ample labour and services such as water and electricity...There are therefore no barriers to Newcastle's rapid development (translated from Afrikaans).

9.3.2. The 1970s: The Growth Years

The 1970s were the growth years for Newcastle - the period when Iscor was established. In contrast to the 1960s, where there was net out-migration at a district level, and population redistribution was largely internal to the region, people streamed into the area (Table 9.9). Only the rural areas of Newcastle district declined. The growth of the white population in the town was particularly pronounced, reflecting the mobility of the white population, and the impact of Iscor. The rapid in-migration into the surrounding African areas, however, was not simply the result of economic growth.

Removals continued in the 1970s. As Table 9.8 showed, some substantial removals such as Charlestown and Newcastle location, as well as a number of smaller rural black spots occurred in this period. As if symbolically, the black spot Milton was cleared to make way for the establishment of Iscor. Clearly, however, removals of this sort can only account for

a part of the growth of townships. Although it is difficult to establish their extent, farm evictions and voluntary movements off farms were significant, particularly from the 1970s.

TABLE 9.9: CHANGING RACIAL AND URBAN-RURAL COMPOSITION OF THE POPULATION: NEWCASTLE DISTRICT AND TOWN, 1970-1980

	WHITE	COL	INDIAN	AFRICAN (TOTAL)	AFRICAN (NEW-CASTLE)	AFRICAN (MADADENI)	TOTAL
District							
1970	7 645	625	5003	105 635	31 757	73 878	118 908
1980	27 619	1258	7621	225 451	18 866	206 585	261 949
Annual growth rate %	13.7	7.2	4.3	7.9	-5.0	10.8	8.2
Town							
1970	5132	557	4323	36 793	4395	32398 (2)	46 805
1980	24 903	1175	6980	120 115	3097	117 018	153 173
Annual growth rate %	17.1	7.8	4.9	12.6	-3.4	13.7	12.6
Rural							
1970	2513	68	680	68 842	27 362	41 480	72 103
Annual growth rate %	0.8	2	-0.6	4.3	-5.3	8	4.2

SOURCE: *Population Census 1970*, Report No. 02-05-12; *Population Census 1991*, Report No. 03-01-02.

NOTES:

1. Figures for 1970 are not the same as in Table 9.7 due to boundary changes. In the 1970 census, parts of what is currently the Madadeni district were in the districts of Dannhauser and Dundee. This change almost doubled the population. The change of districts is recorded in Viljoen and Van Zyl (1973b). The town areas were unaffected by these changes.
2. The township population may have been 48 933 (see Table 9.7).

Massive state-sponsored evictions occurred in the late 1960s and early 1970s as the state moved to abolish labour tenancy in Natal (SPP, 1983b).⁴² Evictions were accelerated by the mechanisation of agriculture in the 1970s (see Appendix B). In contrast to the 1960s then, a sharply declining rural African population in Newcastle district was paralleled by a 43% cut in agricultural employment.⁴³ Evictions continued in the late 1970s and 1980s, but occurred on a more fragmented and smaller scale than before (SPP, 1983b). Some farm workers and labour tenants moved off the farms to escape paternalistic control and oppressive conditions as some of the qualitative interviews (discussed in Chapter 10)

demonstrate. Other labour tenants might have been driven off land as increases in farm efficiency reduced the land area available to them, undermining their livelihood base.

Although the 1995 survey cannot be taken as definitive, it does suggest that movement off white farms was substantial (Table 9.10). Movement off farms was particularly important in Blaaubosch, a logical location for households moved on an individual basis and for those attempting to maintain rural bases. SPP (1983b) similarly reports a massive influx into Blaaubosch between 1968 and 1982.

TABLE 9.10: PROPORTION OF SURVEYED ADULTS IN THE MADADENI REGION WHO CAME TO THE AREA FROM WHITE FARMS

AREA	% OF SURVEYED ADULTS FROM WHITE FARMS
Total Settlement (N = 990)	32.9
Madadeni (N = 351)	31.9
Osizweni (N = 382)	24.8
Blaaubosch (N = 257)	45.8

SOURCE: 1995 survey.

Given the constraints on movement and urbanisation at the time, Madadeni district was an easier place to move to. Housing and sites were more readily available, since pressure to increase housing supply to enable removals⁴⁴ and to accommodate the growth of Iscor,⁴⁵ lead to a sharp increase in the number of sites and houses available in the area in the 1970s and 1980s. The number of units in Madadeni grew from 2400 in 1969⁴⁶ to 11 600 in 1987 (De Leeuw Cather, 1987), while those in Osizweni increased from about 2870 in 1971⁴⁷ to 12 900 in 1987 (De Leeuw Cather, 1987). In response to a question about why adults came to Newcastle in the 1995 survey, some 27% said they came to get sites or housing: only 17% said that they came to the area to get jobs.

While the growth of Iscor and related development did undoubtedly stimulate in-migration into Madadeni district, its direct effect may therefore be much lower than Table 9.9 suggests. Viljoen and Van Zyl (1973b) argue that the Bantu Commissioner's figures for the registered townships population was 48 933 by September 1971, far higher than in the 1970 census - indicating an undercount in the census and/or rapid in-migration in the early 1970s before the establishment of Iscor.

In the early years, Iscor largely brought in workers from elsewhere. A significant proportion of white workers, who accounted for 36% of its employees (Table 9.11) were transferred from Vanderbijlpark and Pretoria (Willis and Rule, 1988/9). And about three-quarters of African workers were recruited as migrants from tribal areas within KwaZulu.⁴⁸ In the early years therefore, the establishment of Iscor did not contribute to the development of a commuter labour force.

TABLE 9.11: RACIAL COMPOSITION OF ISCOR'S LABOUR FORCE, 1977-1996

	WHITE	INDIAN	AFRICAN	TOTAL
1977	4680	1170	7150	13 000
1989	3252	718	4110	8080
1996	2022	495	2991	5508

SOURCE: Figures from Retief, Personnel Department, Iscor Newcastle, May 1996.

NOTES:

1. Figures were given of approximately 13 000 in total in 1980, and 9000-11 000 in 1985, but no racial breakdowns were available.
2. While the workforce was intended to be reduced to 3600 by mid-1996, according to Retief, some 5508 people were employed by May 1996.

The dominance of migrancy in the early years is curious given that part of the motivation for locating industries in Newcastle, was availability of labour. Both archival records and interviews (Francis Khumalo, Numsa shop steward, Newcastle, May 1996; Norman Goodes, retired personnel manager for Iscor Newcastle, June 1995), suggest that in reality, migrants were used, since work in Iscor was seen as undesirable by locals.

In 1970, Iscor requested permission to establish a hostel in Madadeni⁴⁹ on the grounds that,

...Although the Corporation is trying as far as possible to use local Bantu labour at its existing work centres, it has discovered from experience that the urbanised Bantu are not willing to work for the Corporation. The main reason is that the work is physically demanding and the salaries for unskilled work are necessarily lower than that paid for semi-skilled and skilled labour by commerce and such employers. It must therefore be expected that the Corporation's Bantu employees will largely be on a contractual basis from the homelands. The hostel is needed to house these Bantu. (translated from Afrikaans)

Iscor's motivation here was not therefore couched in terms of conditions in Madadeni, and seems curious, given levels of unemployment and poverty described by Desmond (1971). While Madadeni township might have been peopled by urban workers, Osizweni and Blaaubosch contained many people displaced from rural areas. At this stage however, households appear to have continued to rely on migrant links to the cities (see Chapter 10; also Desmond, 1971).

In a 1971 letter to the Bantu Affairs Department,⁵⁰ Iscor argued that

...the original intention was that a significant number of Bantu living in the town could be drawn into service and our planning did not envisage the need to provide housing at such an early stage.

The Corporation is very keen to use Bantu workers who are permanently settled in Madadeni but it remains a fact that for many years there will not be sufficient numbers available in this category to meet the Corporation's needs. In any case a percentage of the Corporation's Bantu employees will be single as is the case for other employee groups. (translated from Afrikaans)

But control over the labour force was also an important motivation:⁵¹

- 1.1. Many of the production processes in the industry are continuous in nature which implies that breakdowns have to be speedily repaired...It is therefore urgent that some workers are housed at a central place where they can easily be called for emergency work...Better control can be kept over workers...
- 1.2. The unskilled work...is generally physically taxing...proper feeding is essential in certain circumstances. Many of the Bantu that come from the homelands are underfed...The tendency of Bantu to save on food in order to spend on luxury goods is naturally a well known fact.
- 1.3. Better control can be exercised over the employees...[with regard to attendance, particularly for afternoon and evening shifts]
- 1.4. In times of unrest hostel residents can be protected from intimidation and can be brought on board as a necessary source of labour for essential services.
- 1.5 The hostel residents keep ties with their homeland and can be encouraged to maintain their independence.

(translated from Afrikaans)

In the 1970s, therefore, migration processes around Newcastle were complex. Considerable in-migration occurred as a result of rural displacement and constraints on the movement of Africans. The establishment of Iscor generated a new labour market and another wave of

in-migration, bypassing local residents. Over time however, the two streams converged as locals began to work in Iscor to a greater extent and migrant workers began to settle with their families in the area. A housing loan scheme available from the late 1970s encouraged investment in housing and the stabilisation of the workforce (Goodes, 1995). From the early 1980s, sections of the hostel were converted into family accommodation (Goodes, 1995; *Sunday Times* 21/9/80).

9.3.3. Economic Restructuring and Migration: Dynamics Since 1980

In the 1980s, migration into the functional area of Newcastle town slowed considerably, but still far exceeded natural increase - despite economic restructuring. Migration into the townships and surrounding 'rural' areas in Madadeni district (Table 9.12) at 3.7% and 4.1% was particularly marked. Only whites, and to a lesser extent coloureds, followed the expectations of neo-classical theory.

The greater mobility of whites could be explained in terms of neo-classical theory, and their greater freedom to move, but was also linked to the operation of labour markets. White Iscor employees who were retrenched from the Newcastle plant were generally offered alternative employment in the plants in the Transvaal (Interview with Goodes, 1995) - a possibility which was not open even to Indian workers. There were no Indian Group Areas in Vanderbijlpark, and the move would have been resisted by the white Mineworkers Union. In response to suggestions that Indian workers be moved to Vanderbijlpark following retrenchments in 1983, Arrie Paulus, head of the union said that, 'Ons wil nie dieselfde mengelmoes hier in Transvaal hê as op Newcastle nie' [we don't want the same mixed up mess here in Transvaal as in Newcastle], and commented that they would do all in their power to resist the move (*Beeld* 12/2/83).

TABLE 9.12: CHANGING RACIAL AND URBAN-RURAL COMPOSITION OF THE POPULATION: NEWCASTLE DISTRICT AND TOWN, 1980 - 1991

	WHITE	COL	INDIAN	AFRICAN (TOTAL)	AFRICAN (NEW-CASTLE)	AFRICAN (MADA-DENI)	TOTAL
District							
1980	27 619	1258	7621	225 451	18 866	206 585	261 949
1991	24 381	1469	11 922	329 372	15 812	313 560	367 144
Annual growth rate %	- 1.1	1.4	4.2	3.5	- 1.6	3.9	3.1
Town							
1980	24 903	1175	6 980	120 115	3097	117 018	153 173
1991	22 686	1402	11 636	177 155	3313	173 842	212 879
Annual growth rate %	-0.8	1.6	4.8	3.6	0.6	3.7	3
Rural							
1980	2716	83	641	105 336	15 769	89 567	108 776
1991	1695	67	288	152 217	12 499	139 718	154 267
Annual growth rate %	-4.2	-1.9	- 9.3	3.4	-2	4.1	3.2
Urban Fnl Area							
1980	24 903	1175	6 980	209 682	3097	206 585	242 740
1991	22 686	1402	11 636	316 873	3313	313 560	352 597
Annual growth rate %	-0.8	1.6	4.8	3.8	0.6	3.9	3.5

SOURCE: *Population Census 1991*, Report No. 03-01-02

NOTES:

1. Blaaubosch itself has a smaller population than that indicated by the category Madadeni 'rural', although it is not clear how large it is. De Leeuw Cather (1993) estimated its size at 52 000 on the basis of the number of units and an average of 8 persons/house. There are also other rural areas of different types in the surrounding areas, including what has become tribal land. It is difficult to assess to what extent these areas form part of the functional area of Newcastle, and as Cross (1996) notes, the concept of 'functional' is very flawed, since it assumes a much greater urban-rural divide than is the case. The whole area of Madadeni is, however, used as the functional area since it allows a comparison between census years, and since the area is relatively small, thus making it likely that there is at least some relationship between these areas and the town itself.

One explanation for net in-migration by Africans might be that the decline of employment in heavy industry had little effect on the local population. In the early years, as section 9.3.2. indicated, only 55% of Iscor workers were Africans, and of these about 75% were migrants. African migrant workers appear to have borne the brunt of Iscor's first rounds of retrenchments (Interview with Goodes, 1995; Interview with Khumalo, 1996): for example, some 60% of the first 900 workers retrenched in 1982 were sent back to rural homes (*Citizen* 26/11/82).

In later years, however, locals were increasingly affected. Through the 1980s, employment in Iscor increasingly localised. By 1987, the hostels had been reduced to 3000 beds (Department of Development Aid, 1987), but not all of these beds would have been occupied by Iscor workers. In 1994, the hostel was only half full, and a significant proportion of beds were being used by the police (Interview with Cathy Ferguson, De Leeu Cather, August 1994). Iscor Newcastle's personnel department gives the following figures for the number of workers in its hostel in Madadeni (Table 9.13).

Ischor retrenchments therefore increasingly affected the local population. Newspaper reports as early as 1984 reflected the impact of retrenchments and recession on African residents:

...the black population, who had also streamed to Newcastle, were stuck there. Used to the high wages, the families enjoyed high standards of living and food was in abundance. When the recession set in, they were the hardest hit...There is no work for the men and they have nowhere to go to find employment. The women battle to feed their children and there is a sense of desperation among the people. (*Rand Daily Mail* 13/8/84)

The report went on to quote one of the men retrenched in 1982 as stating that,

What can we do? There is nowhere to go for work and there seems no chance of further development. When we settled here 10 years ago and built our homes, the future looked very bright.

Retrenchments in heavy industry other than Iscor, such as in Falkirk, Venco, and Karbochem, which as Chapter 7 showed, were substantial in the 1980s, largely affected the local population (Interview with Hlatswayo, Numsa Durban, May 1996). In contrast to Iscor, there was no tradition of using migrant workers in these companies. Stagnation or decline in employment did not just occur in heavy industry, as Chapter 6 showed, but

affected the local economy as a whole. As Table 9.3 showed, economic activity rates declined sharply in the 1980s.

TABLE 9.13. NUMBER OF SINGLE ISCOR WORKERS IN ITS MADADENI HOSTEL

YEAR	WORKERS
Before 1985	Just over 2000
1990	1320
1996	350

SOURCE: Figures from Retief, Iscor Newcastle Personnel Department, May 1996.

NOTES:

1. Figures for the period prior to 1985 seem low, but may reflect the situation just before 1985 - following several rounds of retrenchments, and a period of localisation.

The growth of the population in the context of restructuring in Greater Newcastle can be explained empirically by two main patterns.

First, the emergence of a 'home base' strategy, in terms of which working class and low income households as whole units do not easily move out of the area in the context of economic decline or restructuring. Although households are, in this sense immobile, home base strategy occurs within a context of mobility. This is explored in detail in Chapter 10.

TABLE 9.14: WHEN DID ADULTS COME TO NEWCASTLE?

	TOTAL %	MADADENI %	OSIZWENI %	BLAaubOSCH %
Born here	37.3	49.2	26.8	30.1
Before 1961	1.2	0.7	0.5	2.7
1961-1970	21.6	24.2	25.1	12.6
1971-1980	29.8	18.1	44.5	30.3
1981-1990	8.4	6.2	2.5	20.7
Since 1990	1.7	1.6	0.6	3.6
Total	100.0	100.0	100.0	100.0

SOURCE: 1995 Survey

Second, there has been a level of in-migration into the area in the 1980s and early 1990s, although as Table 9.14 shows, it has dropped off sharply in the 1990s. Some of this movement was not linked to employment. Continuing farm removals in the 1980s and violence elsewhere in the province and in the country have been important. As Table 9.14

indicates, Blaaubosch was probably the main area where new migrants located. In some cases, whole households have moved from other areas, but continue to depend (to different degrees) on income from and commuting to Gauteng. Two of the households interviewed in the qualitative study had moved their entire households to Newcastle in the context of violence elsewhere. Households moving in this way, however, continued to depend to various degrees on old employment and income sources, resulting in, or perpetuating spatially extended survival strategies. The 1995 survey may in fact, underestimate the extent of this in-migration, particularly where it is associated with violence, since new migrants are often afraid to admit that they are new to the area or that they have moved due to violence (Interview with Sister Leo, September 1994).

Violence in Gauteng has led to a level of migration back to more peaceful smaller towns and rural areas, and interrupted and altered the migration patterns of even those who had become quite established there.

Mrs AM and her family's story, shows how violence and removals combined to lead to in-migration into Newcastle in the 1980s, and the way in which violence disrupted what might have been a permanent rural to urban movement.

Mrs AM was born in a rural area near Dekkersdorp in the Transvaal in 1919. Her husband (who had died in 1979) had been an independent shoemaker who worked in Johannesburg. She lived with her husband in Johannesburg before her children were born, and then returned to Dekkersdorp. In 1984, they were removed from the farm they were living on as the area was to be mined. They had a relative in Blaaubosch who helped them to arrange a site in the area. Mrs AM now lives in Blaaubosch with her three adult sons on a large site with adjoining but separate houses. Her sons are all shoemakers who had been trained by their father, and worked with him in Johannesburg.

The oldest son had married a woman from Dekkersdorp, and both lived and worked in Gauteng in the early 1980s. Her son bought a house in Thokoza where the couple lived, and he set up a shoe business in the area. They left the area following the violence there. The place next door to where he made shoes was burnt down. He still owns the business,

but now just goes there to fetch money from it. He rents his house out to people from Dekkersdorp to cover repayments. He's too frightened to return, believing that the violence isn't over yet. His wife says that 'when you come from Natal they think you belong to Gatsha and burn you down'. Neither of Mrs AM's other two sons would go to Gauteng due to the violence.

For Mrs AM's family, Newcastle became an alternative 'home base' in the context of removals. Her eldest son and his wife had begun to establish themselves in a consolidated way in Gauteng, but the politics of violence meant that they shifted back to the 'home base', now in Newcastle.

Movement into the area may also be occurring for other non-economic reasons. Day (1993) suggests that people within North Western KwaZulu-Natal might have been moving into towns to gain access to services and facilities. This argument bears similarities to Chant's (1991) conclusion in a study of in-migration into an economically weak region in Mexico. Movement into Newcastle might also be understood in terms of Kiepel's (1994) and Hindson and McCarthy's (1994) argument that households are shifting to informal areas along major movement routes accessible to major centres, as indicated in section 9.1, but the research did not find much evidence of this.

Economic restructuring in Newcastle might also have led to a level of in-migration. Although employment levels have declined on aggregate, employment within clothing has expanded - in a context where it has contracted in metropolitan areas. Even if wages are lower than in metropolitan areas, they are still available in Newcastle. Women workers have moved in, generally as migrant workers.

Ms NO, a migrant worker from Rustenburg, described how she had tried to get a job in Johannesburg but couldn't - 'everyone is looking for a job in Johannesburg and you wait a long time to get one'.

For some women, migrant work was a way of supporting their households based in rural areas. Others would have liked to have moved to the area on a more permanent basis, but

lack of housing and low wages made it impossible. Ms NH mused how she would like to move her household to Newcastle, but would only be able to do so if she earned R300p.w. - a far cry from the R78p.w. minimum wage in clothing in 1994.

Low wage industrialisation has in this sense generated new forms of circular migration and spatially extended survival strategies. Surveys, however, suggest that this is a relatively limited phenomenon. In the 1995 survey only 2% of clothing workers were migrants to the area. Similarly, the 1992 DRA survey did not show up any clothing workers in categories such as lodgers, and very few as relatives. The 1995 survey suggested that apart from workers born in the area, others had largely moved in by 1985 - prior to the establishment of Asian firms in the area, and much of the growth of the clothing industry.

9.4. CONCLUSION

Since the ending of influx control in the mid-1980s, urbanisation patterns have not followed the expectations of the normalisation thesis. In KwaZulu-Natal, continuing farm evictions, slowed economic growth and violence have, in part, underpinned urbanisation patterns that depart from expectations. Newcastle, where in-migration continued in the context of restructuring, provides a prime example of one such pattern.

The equilibrium thesis does not provide a sufficient explanation of this seeming paradox. Although migration has to some extent been responsive to declining employment, differentials in income, employment and unemployment levels persist between Newcastle and metropolitan areas.

This chapter has shown that migration into the area has never been simply the result of economic growth. In the early years, forced removals, farm evictions, and tighter controls on influx to the cities, all lead to the rapid growth of the townships and informal areas not linked to economic growth. Although the establishment of Iscor led to new waves of growth, it was coupled with further forced removals and farm evictions. Farm removals and violence since the 1980s have underpinned further waves of in-migration, even in the context of economic stagnation and restructuring.

The nature and operation of labour markets and the way they structured migration, provides another structural explanation for in-migration disjoint from overall economic growth, insofar as there were migrations linked specifically to Iscor and to the growth of the clothing industry. Their effects, however, are less striking than in the case of other elements.

Research conducted did not find evidence of significant wholesale out-migration. Although influx control has long been abolished, as Chapter 10 shows, investments made in a period of greater legal constraints on movement, continue to shape patterns of movement. Chapter 10 therefore explores the dynamics of mobility and immobility in Newcastle in order to explain why households remain tied to place, and the role of place in survival.

NOTES

- ¹ On DBSA (1995) figures (derived from the census), labour force participation rates were also lower in Newcastle at 55.5%, compared to 64.9% in Durban, and 74.9% in Gauteng.
- ² Figures derived from *the Census of Population* similarly show that some 25% of households in Madadeni, compared to 11,8% of African households earned no income in 1991 (DBSA, 1995).
- ³ Apart from a few minor dips in the early part of the century. The African population, which accounted for 85% of the district and 91% of the rural population by 1960, followed a similar pattern.
- ⁴ Agricultural restructuring may also have played a role in the reduction of the rural population. The white population employed in agriculture dropped from 340 to 102, the coloured population from 38 to 18, and the Indian population from 52 to 4. (*Population Census* 1960, Vol. 7, No. 2; *Population Census* 1970, Report No. 02-05-06). Taking Newcastle and Madadeni together, the African population employed in agriculture actually rose from 4107 in 1960 to 5433 in 1970, but 1994 of these people were in Madadeni, and would not have been employed on the white farms. It is impossible to say what proportion of the 1960 figure was outside of the white farms, however.
- ⁵ Using figures reflected in Table 9.6, and assuming an average household size of eight.
- ⁶ There is no evidence of organised resistance to removals in SPP (1983b) and in archival material, although SPP (1983b) reports that residents did not want to move from Lennoxton and Fairleigh. This history may underpin the more conservative and less militant tone of local politics, although this has not been explored here.

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- ⁷ Informants from Charlestown described it as an area where it was possible for even tenants to farm. Dr Kishun, of the University of Natal, who was brought up in Newcastle, describes Lennoxton as an area where one acre plots were held by owners and there was a large number of trees. Densities were relatively low, and although soil conditions were not always good for agriculture, a level of farming did occur.
- ⁸ Letter from the Undersecretary (White Areas), Utrecht: new Bantu Township, 26/11/62, File G59/2/1456/1.
- ⁹ Memo from Department of Bantu Administration and Development (BAD) to the Undersecretary (White Areas), Charlestown Town Board: Removal of Bantu illegally in Charlestown to Duck Ponds, 15/12/61, File G59/2/1456/1. This applied even if other household members derived some form of local income. In the case of Charlestown, where two large clothing factories were located, local employment for women would have been significant.
- ¹⁰ Letter from Borough of Newcastle to the Bantu Affairs Commissioner, 16/7/64, File G59/2/1456/1.
- ¹¹ The African component of Newcastle town dropped from 63% in 1960 to 30% by 1970.
- ¹² Letter from the Division Bantu Towns to the Chairman of the Bantu Towns Committee for its 24th Meeting, Newcastle: Voorgestelde Stigting van 'n Selfboudorp op die Plaas Roseless, 8/10/63, File G57/2/1456/1.
- ¹³ The townships were intended to act as relocation sites for areas as far afield as Weenen, but abortive attempts to relocate labour tenants from Weenen to Madadeni in 1969/70 put paid to these plans (SPP, 1983b). It is possible that the site was used as a relocation area for removals from beyond the province, such as Wakkerstroom in the Transvaal and Harrismith in the Free State, as Van Zyl and Viljoen (1973b) hint, and as suggested might occur in archival sources. See Letter from the Chief Bantu Affairs Commissioner, Natal, to the Secretary of Bantu Administration and Development, Pretoria, Ontruiming van Swartkollie: Newcastle en Dannhauser Distrikte, 16/6/69, Reference 23/3/46, G59/2/1456/1.
- ¹⁴ Letter from H.T. Duncan, Manager Personnel Department, African Metals Corporation, to the Secretary for Bantu Administration and Development, Pretoria, Newcastle Works: Housing of Bantu Employees in New Township on Farm 'Duck Ponds', 16/10/62, File G57/2/1456/1.
- ¹⁵ Memo from Adjunct-Secretary (White Areas) to Adjunct-Secretary (BAD), 16/11/65, File G59/2/1456/1; Letter from South African Railways to Secretary BAD, 14/12/70, Reference 58.128/3/5/6/63, File G59/2/1456/1.
- ¹⁶ Report from G. White (hereafter W), BAD to the Adjunct-Minister, BAD, Newcastle, n.d.(circa 1968), File G57/2/1456/1. It is not clear whether this actually occurred. By

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- 1992, only 0.1% of formally employed adults living in the townships were farmworkers, according to DRA's (1992b) survey.
- ¹⁷ The concession to allow the remainder of workers to remain at the plant was only possible after extensive motivation that these workers were essential to keeping the 24 hour a day export industry functioning. See the debate in: Letter from Duncan, Personnel Department, Amcor, to the Secretary Bantu Administration and Development, 25/6/64, File G59/2/1456/1; Letter from the Undersecretary, Bantu Townships to Deputy Secretary (White Areas), Amcor, 19/9/64, File G59/2/1456/1; Letter from Du Randt, Director Bantu Labour, Chief Bantu Affairs Commissioner to Manager Amcor, 28/9/64, File G59/2/1456/1.
- ¹⁸ See debate in: Letter from H.J. Potgieter, Secretary for BAD, to African Metals Corporation, 20/6/62, File G57/2/1456/1; Madadeni; Memo from Undersecretary, Bantu Towns to Adjunct-Secretary BAD, 16/11/65, File G59/2/1456/1; Letter from Rand Mines to Secretary, BAD, 26/10/65, File G59/2/1456/1; Memo from Adjunct-Secretary (White Areas) to Adjunct-Secretary (BAD), n.d. (circa 1965), File G59/2/1456/1. After extensive negotiation, it was resolved that only 'foreign' and single workers could be housed outside of the townships.
- ¹⁹ Letter from Department of Native Affairs to Town Clerk, Newcastle, 31/3/62, File T.61/2/1456/1.
- ²⁰ Letter from Secretary of BAD to Chief Commissioner Native Affairs, Pietermaritzburg, 18/7/63, File G 57/4/1456/2.
- ²¹ Division Bantu Towns to Chairman Bantu Towns Committee, 8/10/63, File 57/2/1456/1; W to the Adjunct-Minister, BAD, Newcastle, n.d.(circa 1968), G57/2/1456/1; Letter from Secretary BAD to Chief Bantu Affairs Commissioner, Pietermaritzburg, 24/10/63, File G57/2/1456/2.
- ²² This was all residents could afford. Residents at this stage comprised households removed from Newcastle, a small group from Charlestown and other black spots.
- ²³ Duck Ponds was also the original name of Madadeni until its proclamation in 1964.
- ²⁴ Letter from Borough of Newcastle to Bantu Affairs Commissioner, 2/6/61, File G57/2/1456.
- ²⁵ Letter from Forbes, Town Clerk, Borough of Newcastle to the Secretary, BAD, 7/2/62, File G61/2/1456/1.
- ²⁶ Letter from J.S. de Wet, Secretary BAD to Town Clerk, Newcastle, 30/11/61, File T.61/2/1456/1.
- ²⁷ Letter from Secretary BAD to Messrs Bowling, Floyd and Richardson, Town Planners, 18/2/60, File G 57/2/1456/1.

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- ²⁸ Memo from the Undersecretary-White areas, Verskuiwing van Bantoegeesinne in Charlestown, n.d. (1962), File G59/2/1456/1; Letter from Potgieter, BAD to Bantu Commissioner, Newcastle, 13/3/63, File G59/2/1456/1.
- ²⁹ Letter from State Health Department, Durban, to Regional Director, State Health Services, Durban, n.d.(circa 1963), File G59/2/1456/1.
- ³⁰ Letter from the Office of the Minister of Bantu Education to the Minister BAD, 26/4/63, File T.61/3/1456/1.
- ³¹ W to Adjunct-Minister, BAD, (circa 1968), File G59/2/1456/1.
- ³² Letter from Secretary BAD to Secretary of Bantu Administration, 9/10/63, File 57/4/1456/2; Letter from Secretary BAD to Chief Bantu Affairs Commissioner, Pietermaritzburg, 24/10/63, File G57/2/1456/2; Letter from the Division Bantu Towns to the Chairman, Bantu Towns Committee, Newcastle: Voorgestelde Stigting van 'n Selfboudorp op die Plaas Roseless, 8/10/63, File G57/2/1456/1.
- ³³ Letter from H.J.B. Potgieter, Department of BAD, to The General Manager, South African Railways, Future of Private Railway Line: Newcastle-Utrecht, 21/6/64, File G57/2/1456/1.
- ³⁴ Letter from Senior Superintendent, Madadeni Bantu Township, Newcastle, to the Bantu Commissioner, Newcastle, Huur en Dienstegelde: Madadeni Bantodorp, Newcastle, 20/7/64, File G59/2/1456/1.
- ³⁵ Letter from H.J.B. Potgieter, Secretary BAD to Chief Bantu Affairs Commissioner, Pietermaritzburg, 18/6/63, File T.61/3/1456/1.
- ³⁶ Letter from H.J.B. Potgieter, Secretary for BAD to Chief Bantu Affairs Commissioner, Pietermaritzburg, Application for Trading Site, 25/11/64, File T.61/3/1456/1.
- ³⁷ Letter from Secretary of BAD to H.T. Madonsela Company, 17/7/68, File T.61/3/1456/1.
- ³⁸ It is difficult to assess the extent of growth in Blaaubosch since the district of Newcastle was split in the 1960s and no direct comparison can be drawn between 1960 and 1970.
- ³⁹ Throughout the 1960s, the Bantu Commissioner battled to get money to enable the planned removals, and numerous official letters refer to the way this constrained removals - particularly in the case of Fairleigh and Lennoxton, which the Newcastle Town Council were very anxious to remove (see Letter from Borough of Newcastle to the Bantu Affairs Commissioner, 16/7/64, File G59/2/1456/1).
- ⁴⁰ By 1968, removals from Lennoxton and Felixton were largely complete, although a number of black spot and other removals still remained. See W to Adjunct-Minister, BAD, (circa 1968), File G59/2/1456/1.

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- ⁴¹ W to Adjunct-Minister, BAD, (circa 1968), File G57/2/1456/1.
- ⁴² For decades, the state had encouraged a shift away from labour tenancy, and in the 1960s measures were introduced to limit or abolish the practice by proclamation. The Orange Free State and Transvaal were the first to be proclaimed (SPP, 1983b). Proclamation only occurred in 1970 in most districts in Natal (including Newcastle) since the practice was heavily entrenched and farmers resisted its abolition.
- ⁴³ In Newcastle and Madadeni together, agricultural employment declined by 65% between 1970 and 1980.
- ⁴⁴ Letter from Chief Bantu Commissioner Natal, to Secretary of BAD, 25/9/69, File G59/2/1456/1.
- ⁴⁵ Letter from Chief Bantu Affairs Commissioner, Natal, to Secretary BAD, 6/10/1971, File G59/2/1456/1.
- ⁴⁶ See Plan by Strydom and Roux, 9/6/70, in File G57/4/1456/2.
- ⁴⁷ This is the figure for Unit 1. A plan dated 15/12/1967 (in File G57/6/1456/2.) indicates Unit 2 with 4202 sites, but it is unclear whether this was actually built at the time. If so, this would tend to support Van Zyl and Viljoen's suggestion that the 1970 census was a severe undercount of the actual population. Desmond (1971) however, comments that up to 15 people might live in a house in Osizweni - thus even if only Unit 1 were built by then, their figures could be correct.
- ⁴⁸ According to Norman Goodes, Iscor Newcastle personnel manager at the time (Interviewed May 1995). This accords with archival sources containing plans for a hostel with 5376 beds (dated January 1971, in File G57/4/1456/1.) - 75% of the African labour force in 1977 (see Table 9.9). A small group of workers who spoke Afrikaans were recruited from QwaQwa.
- ⁴⁹ Letter from J.P. Coetzee, Chief Director, Iscor, to Secretary BAD, Oprigting van Enkelwarterie vir Bantowerknemers in Madadeni-Bantodorp naby Yskorwerke, Newcastle, 24/2/70, File G57/4/1456/1.
- ⁵⁰ Letter from L.C.J. de Villiers, Personnel Manager, Iscor, to Secretary, BAD, Bantowerknemers: Enkelbehuising Madadeni Bantodorp, 8/10/71, File G59/2/1456/1.
- ⁵¹ Letter from J.P. Coetzee, Chief Director, Iscor, to Secretary BAD, Oprigting van Enkelwarterie vir Bantowerknemers in Madadeni-Bantodorp naby Yskorwerke, Newcastle, 24/2/70, File G57/4/1456/1.

CHAPTER 10
MIGRATION, PLACE, GENDER AND LIVELIHOOD STRATEGIES IN
MADADENI

According to neo-classical theory, immobility in Newcastle could be explained in terms of utility; barriers to migration such as age, gender or poverty; or constraints on movement as a consequence of recession or welfare payments, limiting the necessity for out-migration. In terms of the framework developed in Chapter 5, immobility might also be the result of the linkages between place and survival. Past physical investment and social relations in particular places may act as 'assets', which are not easily abandoned. Households may respond to preserve these assets through extending numbers involved in wage labour, or through circular migration. Explanations centring on gender relations also provide a powerful reasoning for why particular groups of women remain tied to place.

This chapter explores why households have not moved out of Newcastle, despite restructuring. The first section provides an overview of housing and socio-economic conditions in the Madadeni area both to provide a background, and to begin to examine the significance of housing and pensions as barriers to migration, and the role of circular migration in survival.

The second section investigates the dynamics of mobility and immobility amongst households in Madadeni, showing why households are tied to place, even in the context of mobility and links over space. It suggests that as a consequence of the history of the removals and displacement which underpinned the growth of Madadeni, the area has come to act as a 'home base' for households - a place where households have invested and have some security. While housing as a form of 'utility' provides part of the explanation for immobility, the effects of housing dynamics on mobility cannot be understood purely in static terms. Violence and limited employment growth in the metropolitan areas are also important underlying reasons for immobility.

The third section of the chapter then examines how patterns of mobility and immobility are gendered, and the way in which certain groups of women are at the centre of the home base

strategy. This forms the basis for the discussion in the fourth section, of role and significance of women's work in the clothing sector, at wage rates that are half those in metropolitan areas. The final section of the chapter looks at the impact of industrial restructuring on retrenched workers, exploring how households have survived. Both the last two sections highlight the prevalence of multiple livelihood strategies, and the growing importance of women's work in both the clothing and tertiary sector to household livelihoods. Circular migration, and links over space are significant for some households, but are largely embedded in broader multiple livelihood strategies centring on Newcastle as a home base.

10.1. AN OVERVIEW OF HOUSING CONDITIONS AND SOCIO-ECONOMIC DIFFERENTIATION IN MADADENI, OSIZWENI AND BLAaubOSCH IN THE 1990S

10.1.1. Housing

Compared to many other areas within the province, and particularly the metropolitan areas, the supply of sites and housing in Madadeni district has been far more substantial. Although water supply remains a problem in Osizweni, and Blaaubosch has until recently been denied services,¹ housing conditions, narrowly understood, are probably better than in the metropolitan areas.²

By the mid-1990s, further housing development had occurred in Madadeni and Osizweni. Although Osizweni had begun as a site and service scheme, a high level of consolidation had occurred, and its origins are no longer immediately apparent. Simple observation revealed very few sites where the old fletcraft structures still remain. Private developer housing schemes had occurred in both Madadeni and Osizweni, and a large site and service scheme (providing ultimately for 7000 sites) had been established from 1991 on Stafford's Farm adjacent to Madadeni. By June 1995, the number of sites had increased to 19 433 in Madadeni, and 16 138 in Osizweni.³ It seems likely that the area has been favoured in relative terms by state and parastatal interventions in housing.⁴ According to the Newcastle municipality, there are no shack settlements in the municipal area (which includes

Madadeni, Osizweni and Blaaubosch), although some houses have backyard shacks, and Blaaubosch could technically be described as an informal settlement. The proportion of houses described as shacks in DRA's 1992 survey was only 7.3% in Madadeni and Osizweni.

By 1993, Blaaubosch had reached an estimated size of 52 000 (De Leeuw Cather, 1993).⁵ Parts of the area are used for farming – largely on a subsistence basis. Overall, the gross density is low, with an estimated eight dwelling units per hectare (although parts of the area are densely settled). Blaaubosch had received much of the spillover of demand for housing from the townships, but with the development of new sites and housing in Madadeni and Osizweni, this demand for sites had receded. By 1993, demand largely reflected natural increase and in-migration as a consequence of people fleeing violence (De Leeuw Cather, 1993).

Although land in Blaaubosch is privately owned and rented to tenants,⁶ a high level of consolidation has occurred here as well. After the 1984 floods, which washed away a number of mud structures, landowners allowed tenants to build more solid structures, and by 1992, only 18.4% of households lived in shacks, according to DRA's (1992) survey.⁷

Housing conditions in Newcastle, compared to metropolitan areas, might provide a basis for explanations of immobility centred on utility maximisation. As section 10.2 shows, however, it is not so much utility in abstract static terms that is significant, but the way historical investments in housing in a more constrained context have come to shape household strategies in the current era.

10.1.2. Socio-Economic Conditions

Data from DRA's 1992 survey provides an insight into the socio-economic conditions in and differences between Madadeni, Osizweni and Blaaubosch in the 1990s.⁸ By the 1990s, the extent of differentiation between Madadeni and Osizweni had narrowed considerably, as Tables 10.1, 10.2, 10.3 and 10.4 show, but Blaaubosch was poorer on aggregate than the formal townships. Mean household incomes were much lower in Blaaubosch than in the

townships, and the proportion of households in lower income groups was larger. A smaller proportion of working age residents were at school in Blaaubosch than in the formal townships. While a larger percentage were in formal employment in Blaaubosch than in the other areas, they were more likely to be migrants, or to be engaged in lower paid activities such as domestic work or the clothing industry. This is consistent with Moser's (1996) argument that increasing the numbers employed within households is a common response to economic crisis (Chapter 5).

TABLE 10.1: MADADENI REGION(1): CUMULATIVE MONTHLY HOUSEHOLD INCOME BY AREA, 1992

INCOME	MADADENI %	OSIZWENI %	BLAAUBOSCH %
< R200	4.1	10.3	18.4
< R400	11.0	14.1	28.6
< R600	28.8	29.5	42.9
< R1000	52.1	47.4	65.3
< R1400	61.6	56.4	79.6
< R2000	74.0	76.9	93.9
< R3000	87.7	91.0	98.0
Mean	R1571.30	R1480	R863

SOURCE: Derived from DRA's 1992 survey.

NOTE:

1. Madadeni region refers to the combined areas of Madadeni township, Osizweni township, and the informal area of Blaaubosch. It covers the area which now forms part of the Newcastle local authority, excluding the more distant rural areas parts of the Madadeni magisterial district.
2. 1991 Population Census figures suggest much lower incomes than DRA's 1992 survey. For urban areas (Madadeni and Osizweni), some 40% of households earned under R250p.m., and 50% under R417p.m. For rural areas (Blaaubosch), some 61% of households earned under R250p.m., while 72% earned under R417p.m.(see DBSA 1995).
3. Household size ranged from 6.2 to 6.6 between the settlements.

TABLE 10.2: MADADENI REGION: VOCATIONAL STATUS OF ADULTS OVER 16 BY AREA, 1992

	MADADENI %	OSIZWENI %	BLAAUBOSCH %
Scholar	23.7	24.0	14.9
Not Economically Active	4.3	8.2	5.0
Retired	5.2	4.4	7.2
Housewife	4.6	5.6	5.0
Unemployed - Seeking Work	20.3	16.4	19.8
Informally Employed	4.6	4.7	4.1
Formally Employed	37.4	36.8	44.1

SOURCE: Derived from DRA's (1992) survey.

TABLE 10.3: MADADENI REGION: MIGRANCY AMONGST ADULTS OVER 16 BY AREA, 1992

	MADADENI %	OSIZWENI %	BLAaubOSCH %
% Migrants	10.2	15.2	18.9
Migrants as a % of Formally Employed	12.3	24.8	34.7

SOURCE: Derived from DRA's (1992) survey.

TABLE 10.4: MADADENI REGION: OCCUPATIONAL STATUS OF NON-MIGRANT FORMALLY EMPLOYED RESIDENTS BY AREA, 1992

	MADADENI %	OSIZWENI %	BLAaubOSCH %
Middle/High Services (1)	9.1	9.8	4.8
Low Services (2)	18.2	16.3	27.4
Public Sector	20.2	28.3	4.8
Heavy Industry (4)	13.0	6.6	9.6
Clothing (4)	16.2	10.9	29.0
Other Industry (4)	3.0	2.2	-
Construction (3)	8.0	14.1	8.0
Driver (3)	11.1	7.6	29.0
Miner/Other	1.0	4.4	1.6

SOURCE: Derived from DRA's (1992) survey.

NOTES:

1. Professional, managerial, clerical, sales.
2. Domestic work, cleaner, other manual or lowly paid work.
3. Figures here seem to be unusually high compared to DBSA and 1991 census figures where construction and transport are each in the order of 5% of formal employment for Madadeni district as a whole.
4. The proportion of industrial workers is low compared to DBSA and 1991 census figures, where it accounts for around 40% of formal employment (see Chapter 6).

By 1992, salaries and wages were the dominant source of income in Madadeni region, suggesting that by then, incomes had largely been localised (see Table 10.5). Pensions and remittances however, remained significant among lower income groups and in lower income areas (Tables 10.5 and 10.6). Households without income from salaries or wages were particularly concentrated in the lowest income groups, with 53% in the poorest 20% of households. Reliance entirely on remittances or pensions was therefore rare and confined largely to the lowest income groups. Although they might be the sole means by which some households survived in Newcastle, for the most part, they formed part of

broader livelihood strategies, encompassing a range of income sources. Both pensions and remittances contributed to household income across the income range.

TABLE 10.5: INCOME SOURCES AND INCOME LEVELS IN MADADENI REGION, 1992

INCOME GROUPS	SALARY/WAGES %	REMITTANCES %	PENSIONS %	BUSINESS/INFORMAL %	OTHER %
Poorest 20%	37	24	21	13	5
21-40%	60	10	19	6	5
41-60%	67	15	6	9	3
61-80%	68	13	4	13	2
Top 20%	77	7	4	9	3
Total	71	10	6	10	3

SOURCE: Derived from DRA's 1992 survey.

TABLE 10.6: INCOME SOURCES IN MADADENI, OSIZWENI AND BLAUBOSCH, 1992.

	SALARIES/WAGES %	REMITTANCES %	PENSIONS %	BUSINESS/INFORMAL %	OTHER %
Madadeni	80	6	4	7	3
Osizweni	67	10	6	13	4
Blaaubosch	55	21	11	10	3

SOURCE: Derived from DRA's 1992 survey.

While access to pensions, and strategies encompassing remittances might provide part of the explanation for how some households remain in Newcastle, middle class households, especially those with jobs in the civil service (for example, as teachers or policemen) would have little reason to move. Census figures indicate that 38% of formally employed people were in the tertiary sector, while Table 10.4 suggests that the proportion of those formally employed in public services and in better paid parts of the service sector, varied from 9% to 30% across areas in 1992.

10.2. DYNAMICS OF MOBILITY AND IMMOBILITY

The general hypothesis that households do not necessarily move out of areas experiencing decline or restructuring was largely borne out by the research. Although households which

might have moved out were not interviewed, the immobility of households was clearly apparent. Immobility should not be understood in terms of sentimental ties to place nor in isolation from context. Rather, it occurs within the context of a history of often forced movement and complex links over space (frequently related to survival strategies).

Employment and migration histories show the tremendous flux and movement in people's lives, and the way it has spanned different areas and has mirrored changing structural conditions. For example:

Mr SU moved around to jobs all over the country, leaving his family in Newcastle. When Iscor was being built in 1972, he returned home to work there. He bought a site and built a home. When the contract with Iscor ended in 1976, he decided to stay home as he was getting old. He managed to get a job at a local firm, but after nine months it went bankrupt, so he returned to Johannesburg. He worked for a firm there until 1984, when it went broke, and then returned to Newcastle.

Most households interviewed in the qualitative study had members who had at some point moved to other areas in search of work, or had worked elsewhere. A number of the poorer households (as well as others) depended partially on some form of remitted income.

These complex patterns of movement and livelihood strategies stretched over space, need to be understood in the first instance within the context of the history of removals and flight from farms, which underpinned much of the growth of the area, as Chapter 9 showed. In most cases, households would have had no alternative rural base. DRA's 1992 survey showed that a small proportion of households in Madadeni, Osizweni and Blaaubosch (less than 4%) had any access to rural land.

In a number of senses, Newcastle has acted in a way often described for rural areas, that is as a 'home base' from which forays in search of employment and income are made by selected members of the household. For many households, removals or flight from the farm meant that older strategies of periodic migrant work were initially shifted to a new, now 'urban' locale. Some households continue with this survival strategy even in the 1990s.

For example, Mrs SM described how she, her husband and his mother moved from the farm to Newcastle in 1975, but her husband continued to work on the railways in Vereeniging. Newcastle became in many ways 'a place to live', as Mabin (1988) put it. Mrs SM's husband continued to work elsewhere throughout the 1980s and 1990s. Newcastle acted as a home base in the context of influx control when movement of families to cities was difficult and accommodation hard to find. Children were left with grandmothers while daughters worked in the city, and wives returned home on marriage - or at least after they had children. As in rural areas, pensioners retired here after working elsewhere for much of their lives. Newcastle has also acted as a place where the sick or disabled are looked after. Although the disappearance of influx control has eased access to urban centres, lack of accommodation, violence and the absence of secure employment has meant that these patterns are perpetuated. When household members living in cities, or working elsewhere become unemployed or unable to find jobs, they frequently return 'home' to Newcastle. The use of the town as a 'home base' therefore continues, although with a somewhat different content and meaning in the 1990s.

But Newcastle is not a rural area. The availability of local employment has meant that incomes are considerably higher than in rural areas (see May and Rankin, 1990). All except five⁹ of the 31 households interviewed in the qualitative study derived some local income (albeit minor in some cases), and access to services and infrastructure is far better than in rural areas. Further, the availability of local employment and income has enabled households to live together to a far greater extent than is possible for rural based households.

Authors such as Hindson (1987) have argued that border industrialisation meant a shift from migrant to commuter labour. Support for Hindson's argument is clearly apparent in the context of Newcastle, where most households have either largely shifted to a reliance on local employment and incomes, or were able to develop livelihood strategies centred on local employment.

The development of Iscor and related heavy industry, in particular, provided an alternative to migration for men, at least in the context of constraints on family migration to cities. Iscor workers described how they 'came home' when work became available.

Mr AM came to Osizweni in 1977. He was tired of living 'under the white boer' and his brother had had a conflict with the boer. He was working in Johannesburg as a labourer for the Sunday Times at the time. He married and left his wife in Newcastle. But he returned to Newcastle in 1980 and took a job at Iscor as he wanted to stay with his family. He could not have taken his family to Johannesburg due to influx control laws, but when they were abolished in 1986, he did not want to return due to the conflicts there. Moreover, Niehaus (1988) argues in the context of a resettlement area in QwaQwa, that men came home when they could find local jobs since it gave them greater control within the home, and over their wives.

Work within heavy industry is by now at the same rates of pay as metropolitan areas. Those with access to such jobs, and to well-paid work in the tertiary sector generally, rely entirely on local income sources. Section 10.1.2 showed that income from wages and salaries was the dominant source in 1992, although remittances and pensions are significant among lower income groups and areas, and can be used as a contribution to income across a range of households. Reliance on local incomes was predominant in Madadeni, where only 14% of households received any migrant income, compared to 30% in Osizweni and 49% in Blaaubosch in 1992. These figures suggest that a stable urban working and middle class has emerged in Greater Newcastle.

Conversely, however, these figures are interesting in that they show the extent to which a reliance on migrant labour persists, particularly in Osizweni and Blaaubosch. On DRA's 1992 survey, migrants were on average some 23% of the formal workforce, ranging from 12% in Madadeni to 35% in Blaaubosch (Tables 10.3). These figures are high for an urban area, suggesting a perpetuation of patterns of circular migration in the context of limited and fragmented employment opportunities, as suggested by Roberts (1989). Nevertheless, it is not clear that migrancy has been a significant response to restructuring. Levels of migrancy appear to have declined since 1984. At that time, some 13% of people were

migrant workers in Madadeni township (May and Peters, 1984), whereas by 1992 some 9.5% were migrants in the settlement as a whole, and 6.9% in Madadeni township.

A decline in migrancy is consistent with national trends (May, 1996) since traditional migrant jobs have experienced decline. Ardington's (1995) work has also pointed to migrants severing ties with rural households. There was evidence of both these possibilities in the qualitative study. In three households, former migrant workers who had lost jobs had returned to Newcastle. Similarly, while Mrs SM's husband had continued to operate as a migrant, by 1995, he had abandoned her. The qualitative study, however, did uncover considerable linkages over space. These linkages were not necessarily monetised, and financial flows were sometimes irregular gifts which would not necessarily be picked up in a standard survey.

These linkages over space could be interpreted to suggest that economic restructuring or decline would lead to out-migration of both individuals and households. While individuals - and especially young people - may move, it is unlikely that households as a whole will do so, at least under current conditions. A number of processes appear to make households immobile.

Violence has played a significant role in shaping migration. While Newcastle did not escape the political violence of the 1980s and early 1990s, it was less pervasive there than in many areas, largely targetting key individuals (Interview with Mzimela, Truth and Reconciliation Commission, June 1997). Respondents generally saw the area as a safer place than the cities. A number of interviewees talked about it as a 'polite' place where there are for the most part good relations with neighbours. 'People here have a good spirit - there is a culture of understanding each other' (Interview with Mr HE, May 1995). Levels of crime are lower than in cities and it is perceived as a much safer place.

The older Iscor workers were very wary of moving to Gauteng or even other cities, as the story of Mr AM above shows. Conflict between the ANC and IFP in Gauteng, and popular perceptions that Zulu people are IFP supporters, underpins particularly men's fears of moving.

Housing also plays a critical role in the consolidation of households in places, and in their consequent immobility. The issue is not simply the limited housing market which exists in townships, but the fact that years of effort and considerable household resources have generally been spent building homes. Households which were tied into spatially extended livelihood strategies had received remittances specifically for housing. This is consistent with research showing the way patterns of circular migration are linked to investment in rural rather than urban housing (Watson, 1992). Further, houses are not simply units of expenditure, they are homes which have come to take on meaning for residents.

For households which are dependent on women's wages, the process of consolidation has been a very long one - and houses will not easily be abandoned.

Ms ES lived with her mother, brothers, children and grandchildren. She had been removed with her family from Charlestown in 1975. Her family obtained the site they were living on in 1978 and built a two roomed zinc house. They saved for years to build a more permanent house. By December 1994, they had just completed a four roomed unplastered block and brick house, which had taken two years to build.

The time taken to gather resources to build the house reflects the limited income sources available to the household. The entire household was supported by Ms ES and her mother's work in clothing factories (although Ms ES was now unemployed), and by remittances from her sister. Ms ES was unmarried and had received no support from the fathers of her children.

Although they might now be able to move back to Charlestown, and would like to do so, Ms ES argued that 'its better to stay here', as they would have to start afresh with building and making arrangements for a house.

Similarly, Mrs EP at age 51, had only just managed to complete her house. It had taken three years to build and had been developed with the support of her son who worked for a company in Gauteng. From 1976 (when they were removed to Osizweni) until 1994, they

had lived in the fletcraft hut given them on removal, to which two zinc rooms had been added. The house was clearly a major achievement for Mrs EP - one that she would not abandon for a return to Charlestown.

As section 10.1 showed, in the apartheid years, investment in housing was possible in homeland areas in contrast to other areas, and a high level of consolidation occurred in the townships and informal areas around Newcastle. Past apartheid policies have shaped migration patterns in long-term ways. Although there is freedom of movement now, past attempts to forge a 'normal' life with some dignity have led to investments in place which will not easily be reversed in future. While individuals may move out, the 'home base' is likely to remain - at least for the present generation.

Currently, possibilities are being opened up for households removed from 'black spots' to regain access to land under government's land restitution programme. At the time of the research, the programme had not been established, but certain areas such as Charlestown were to be returned under a government programme initiated in the early 1990s. Informants who were in a position to regain access to land, generally said that while they wanted to get their land back, they would not give up their homes in Newcastle. Dlamini's (1996) research on recipients of land reform in Roosboom (residents relocated to Ezakheni near Ladysmith) and Charlestown, similarly suggested that households would retain their urban homes, with older people and the unemployed sent to the rural area. Divisions of households over space may therefore occur in a more complex way than before, with returned land becoming another part of household livelihood strategies, rather than an alternative to it.

But ties to place are not solely the result of fear, or of investments in housing. Emotional ties and networks may be important, but have not been explored except peripherally here. Massey (1994) warns against an overly romantic view linking place to identity insofar as identity is formed in multiple and shifting ways, and place can mean very different things for people (especially men and women). A romantic view of place does not seem justified in a town created largely out of an often brutal apartheid history. Suliwe Mkhize, a

researcher who was brought up in Newcastle says her mother called Osizweni 'Osizini' - literally 'place of hardship'.

Nevertheless, a valid area of research - which is beyond the scope of this study - is the extent to which a sense of 'community' has formed in the area, and the way this may underpin ties to place. Systems of mutual support may also be important, but attempts to probe this issue have not been fruitful. While Mrs SM, who had been abandoned by her husband and was unemployed with limited means of support (see above), said that people did help her with food and money, most people interviewed said that mutual help no longer occurred. One woman interviewed had in fact lost everything in a fire resulting from political violence, and claimed that she had received no assistance at all from neighbours or others in the area. Only her son and a welfare organisation had helped her.

Limitations in this regard may, however, be a result of the research itself, and a deeper ethnographic approach might have uncovered other realities. Nevertheless, it seems unlikely that mutual support networks and ties would prevent migration to cities if much better conditions were available there.

Immobility of households in Newcastle is also crucially the result of limited access to employment within cities and other areas. It is well known that the labour absorption capacity of the South African economy has been declining, and further, that an increasing proportion of people are occupied in the informal sector. In the absence of the production of secure well-paid work in cities, it is not surprising that 'home base' strategies in rural and other urban areas are significant. Nor is it surprising that migration rates to Durban have been lower than expected, and that forms of migration which are inconsistent with the normalisation hypothesis have been evident (Chapter 9). In other parts of the world, recession has also been associated with declining metropolitan growth rates and the growth of peripheral centres (Gilbert, 1993).

In the case of Newcastle, there were numerous instances of household members who had tried to migrate to cities, but finding no work, had returned.

Mrs MM described how her nephew had 'been everywhere looking for jobs - Johannesburg, Durban, Mandini - and couldn't find any. He looked for several years. Now he's back and he just stays at home'. Similarly Mr MN's sons had tried to find jobs elsewhere. One son had gone to Durban, and had worked with various building contractors. After being unemployed in Durban for a few months, he returned to Newcastle. The other son had looked for jobs in Johannesburg, but a relative there had phoned Mr MN asking him to send money for transport to send his son home as he had no money left at all. Mr MN said that 'I don't want my child to live in Johannesburg without working. He could get taken over by a criminal element and could get shot. Then I'd have to fetch a corpse'.

The 1995 survey found that amongst unemployed retrenched heavy industry workers, only 21% had not looked for a job elsewhere. Some 56% had sought work elsewhere, but not finding it, had returned. The remainder had only been able to find temporary or part-time work, or had returned after losing a job, or for personal reasons. Only 7% were still looking for jobs in the cities.

Mobility is also proscribed by the costs of seeking a job (transport and accommodation), and by access to contacts and accommodation in metropolitan areas. As standard migration theory would suggest, households which are too poor (but still have some security) have found it difficult to leave. The example of Mrs GM is discussed in section 10.3 below.

Within households, the costs of even temporary migration meant that it was used selectively as a survival strategy. While some members of the household might have gone to metropolitan areas in search of jobs, others who were unemployed remained behind due to the costs of job search. Migration might be seen as a household strategy, but migrants did not necessarily send remittances - or sufficient remittances to enable the household to live without local income sources. Migration, in this sense, has become increasingly individualised. Selective migration however, is based on a 'politics of mobility' (Massey, 1994), which, as argued in section 10.3 below, is deeply gendered.

Like rural areas, Newcastle is a 'home base' for households which have invested in the area and who have at some point had jobs or earned an income in the area. In the context of

limited access to secure employment in large cities, and of ongoing crime and violence, it is likely that people who have a level of security in the area will remain there. This underpins strategies in terms of which migration out of the area is by individuals - often on a circular basis - or by young people seeking new opportunities. But it is unlikely that households as a whole will leave.

Iscor workers (interviewed in the qualitative study) who had lost jobs, did not have any intention to move their families from the area. Apart from one of the younger men, these workers did not want to look for jobs in metropolitan areas due to violence.

It has been suggested that one result of restructuring may be the re-emergence of migrant labour. As Sikhumbuzo Khubheka, Numsa official put it, 'its reverting back to the 1800s when men went to work on the mines - its reverting back to migrant work' (Interview, May 1995). But the 1995 survey suggested that this has only occurred to a limited extent amongst retrenched workers, possibly because so few had been able to find jobs elsewhere, as indicated above. Only 9% of retrenched heavy industry workers had become migrants - despite the fact that 55% were unemployed and seeking work.

10.3. GENDER DYNAMICS OF MOBILITY AND IMMOBILITY

Migration literature has increasingly come to accept that women's migration patterns differ from those of men, and that they vary contextually in terms of the division of labour, culture and so on (Chant, 1992). In Newcastle, it is apparent that gender differences in migration patterns are critical, and that if the area is a 'home base' for many households, certain categories of women form a central part of this 'home base'.

Gender dynamics within households and in society are crucial in understanding who within the household is mobile, and in what terms. In general terms, it is apparent that women are less mobile than men. It is still rare for women to experience the kind of mobility which characterised much of Mr SU's life.

Mr SU first got a job in 1957 at Durnacol (a mine near Newcastle), but the pay was poor. He heard 'you could get more at Dannhauser', and moved to worked there, commuting weekly. 'In those days, things were very cheap. You could buy bread for 5 pennies'. His family lived at Isididine, which was removed in 1964. 'Government people came and put numbers on the house'. They had to sell livestock for R15 per beast. When they came he says that 'he couldn't stand the life - the small tents'. So he looked for a job at Putco in Johannesburg, and lived in Alexandra. Then he was transferred to Durban. He lost that job, and got another one with another transport company. He travelled all over South Africa and Namibia. He left the Durban based job because the salary wasn't good enough and went to Johannesburg, where he obtained a job through a friend. In 1972 he came back to work at Iscor.

Mr SU's story shows how men move with the changing opportunities available to them - and therefore, in relation to economic changes within the local and national economy. Further, they are far less reliant on access to contacts in other places. Women's movement, on the other hand, is more contingent and dependent on access to contacts and networks. Although this pattern may not be ubiquitous, both of the women migrants interviewed had relatives in the area, and some of the unemployed or partially employed women said that they had not moved to other areas because they had no contacts there.

But women's mobility and immobility also varied according to their position within the household and their home circumstances. Marriage plays a critical role in shaping migration. For most married women interviewed, the practice of moving to the husband's (or his family's) house was still clearly in evidence. Married women could not move at will, or because they were retrenched or unhappy with their job or wages. While married men might continue to work as migrant labourers elsewhere, or might leave in search of jobs, their wives remained tied to place - and to whatever income and employment opportunities were available locally. They were part of the 'home base' around which spatially extended livelihood strategies occurred.

Married women were not free to decide where they lived - their husband's power in this regard was clearly apparent. Mrs MA, for example, said that her husband 'didn't allow his

wife to leave his house'. Mrs MY had never tried to speak to her husband about moving to the cities - she knew that he would refuse.

Husband's families might also insist that wives stay with them. In response to questions as to why she had never gone to live with her husband, a migrant, Mrs SM said that African custom forced her to stay with his mother. 'Some families allow you to go with your husband. My mother-in-law was selfish and wanted me to stay with her'. Mrs SM had had a very poor relationship with her mother-in-law, and for many years with her husband, from whom she had only recently separated.

Women's roles as care-givers constrain their mobility. Responsibility for children, for the sick and disabled, and for old parents limit migration. In terms of social norms, unmarried women are much freer to move than married women (see also Jones, 1994). But the extent to which they are able to move out - even on a circulatory basis - is shaped and constrained by their position and conditions within the household.

Although Mrs SM is now theoretically free to move, and she is now unemployed (she had lost a job three months previously), it is difficult for her to do so. She doesn't like Newcastle, and wonders whether the place has had a bearing on her unfortunate life. She has relatives in Vereeniging, and would like to go there, but responsibility for her children and the years of investment in the house prevent her from going. While she could move to Vereeniging as a single person, there would not be space for the whole family. Her children are still at school, and besides, she has no money to go.

Women who have no alternative source of childcare are effectively tied to place.

Ms AS lived on her own with her four young children in a house she was looking after for people who had gone away. The father of her children is a migrant worker in East London, and until recently she worked in one of the clothing factories. He sends her money, but it's not enough, and he hasn't increased it since she lost her job. She would like to move, but has no-one to look after her children. Her mother lived nearby, but there are so many

children there that she couldn't leave her own there, even if it was possible to do so during the day.

Unmarried women who are sole breadwinners, or have responsibility for ageing parents, or sick or disabled household members, are in a similar position. To the extent that women-headed households are poorer, poverty is also a constraint on migration, as literature generally suggests. A number of women mentioned that they could not move as they had no money for transport and accommodation. Mrs GM's story exemplifies the way these various factors combine to create immobility.

Mrs GM was born in Charlestown and worked at a clothing company there. When removals occurred, the factory moved too, and she continued working for it. She was 38 then. She came to Osizweni in 1975 with her parents and four children. She had married while she was still in Charlestown, but had separated from her husband by the time of the removals. After they separated, her husband didn't give her any money to support herself or her children. By 1994, they had only managed to build a two room wattle and daub house, which was in very poor condition. She worked for the same factory until 1991 when she was retrenched during a period when orders were limited (the company has since expanded). While she worked there she could support her children. Now she is too sick to look for work. She is virtually destitute, as she gets no disability grant and is too young to claim a pension. She has siblings in other parts of the country, but receives no income from them, although her sister in Dannhauser sends her some food, and she grows some crops. Her only source of support is a son in Johannesburg who sends R150 per month, but only on an irregular basis. He delivers goods by bicycle, but has had an injury, so money is being sent less often. He went to Johannesburg in 1979 after her parents died. Their death meant, amongst other things, a loss of income. At the time, he was still in school, but they decided that he had to leave home in order to find work. He had looked for jobs locally for months. She has another son in Johannesburg, but he is unemployed. Her third son is at home, also unemployed. They can't afford to send him to Johannesburg to find work. Her fourth son is mentally ill and stays with her. He does not get a disability grant. Since being in Newcastle, she has also had a twin son and daughter, both of whom are still at school. The child of her oldest son in Johannesburg lives with her as his mother (also working in

Johannesburg, but not with her husband) can't take care of him herself. Mrs GM has never thought of going to live somewhere else. When she was married she wasn't able to move, and after her separation from her husband, she had to look after her sick mother at home. By then her brother and sister had left, and she alone was responsible for their parent. Since then, she has been responsible for her children and her (now adult) disabled son. Although Mrs GM could in theory get back her father's land in Charlestown, it would be too expensive to move - to transport her goods, and build another house - so she anticipates selling it.

Young unmarried women - especially those without children - were much less constrained in terms of migration. Families on the whole did not seem to prevent daughters from moving, and in fact were frequently quite supportive of their daughters. The feminisation of the labour force (see Posel and Todes, 1995) has meant that women's chances of accessing jobs are increasing, and older prejudices have to be confronted. The story of Ms ZO is interesting in this regard.

Ms ZO, a 24 year old clothing worker, was planning to move to Durban. She had made arrangements with her cousin who had promised to help her find work in his factory in Durban. She would leave her two children aged two and four behind with her parents. Her parents were happy for her to go to Durban, and supported her decision in this regard. Her mother felt that it would enable her to earn enough money to help them and to support her children going to school. Her boyfriend, however, the father of her children, did not want her to go - he 'refused' her. But he had to accept her move as he had been retrenched a few months before from a welding firm which had left town. He was 'desperate for money'. He had previously helped her with maintenance, but was now unable to do so. He had looked for jobs in the region but had not found them. He wouldn't go with her as she was going to stay with her relatives and it would be 'a shame for him to come with' if they were unmarried.

Ms ZO's migration might be interpreted as a response to her boyfriend's loss of a job, i.e. to the decline of men's employment in the area. Their situation reflected the way the changing labour market has altered the prospects for men and women both locally and in the cities.

While men were much less bounded by social norms, their prospects of finding jobs have declined. It was most often men who returned to Newcastle on being unable to secure or maintain a job.

The dynamics around migration, however, are not purely economic. Social and emotional ties might also limit young women's movement. The support expected from daughters might mean that their migration was not as easy as that of sons. For example, while Ms ST's parents would not prevent her from moving to Durban, her mother did not want her to leave. In her case, marital relations between her parents were poor, and her father was frequently drunk. Her mother did not want to be left alone. 'I am unfaithful to her if I leave'. Nevertheless, Ms ST had decided to leave.

It seems likely that while some young women may move out, others - and especially women tied by marriage - remain trapped in the area, and subject to the wages on offer there. Men's movement, however, is no longer as free as previously, due to both violence and changing economic conditions.

10.4. THE SIGNIFICANCE OF LOCAL EMPLOYMENT FOR WOMEN

A crucial issue in assessing the significance of place, is the role of local jobs and incomes in survival. Wages in clothing factories and in light industry in general are considerably lower than in metropolitan areas, but reproduction costs have increasingly become uniform across urban areas as Chapter 9 showed. The question is why (largely) women take these jobs, and how they are or might be affected by job losses. Although employment in the clothing industry has grown, sections of it are vulnerable to both wage pressure and labour conflict, and to the inroads of imports from abroad.

Feminist debates on industrial decentralisation in the past addressed this issue to some extent (see Bonnin et al, 1991; Jaffe, 1988, 1991; Pudifin and Ward, 1986; Posel et al, 1993; Posel and Todes, 1995). At one level, this literature stressed the exploitative wages and working conditions associated with decentralised industry (Ardington, 1984; Pudifin and Ward, 1986). At another level, however, authors showed how the policy gave women

more room for manoeuvre within the context of influx control. It allowed them to maintain closer ties to their families (an alternative to migrant domestic work, for example) (Jaffe, 1988), to avoid marriage and maintain independent lives (Jaffe, 1991), and also offered an alternative to farm and domestic work which was previously the only source of local employment (Bonnin et al, 1990).

The Newcastle study provides further dimensions and evidence of the essentially double-edged way in which decentralised industry operated under influx control. Of course, wages were low, and unionisation much more limited than in the cities.

But in the context of the harsh restrictions associated with influx control, working locally provided women with an opportunity to live a life of dignity - a 'normal family' life. A number of older women told how they returned home from work in Johannesburg (generally as domestic workers) when they had children. Mrs NK said that there was no space for children where she had worked, and she wanted to be with the people amongst whom she was born and had grown up (she lived in a section of Osizweni where all inhabitants had been removed from the same area).

The significance of low waged work for women varied, depending on people's history and life situation.

As elsewhere, it provided an alternative to farm labour (Bonnin et al, 1991), and especially to living on 'white' farms under the oppressive conditions which have often pertained on them.

Women removed from Charlestown, where the two largest factories in Newcastle had been located, largely continued to work in the same factories. But with removals, living costs rose. Prior to removals, costs of living would have been much lower, as the journey to work could be made on foot, and subsistence agriculture would have subsidised the wage (see Chapter 9). In contrast, at present, transport costs can absorb as much as a third of wages set at minimum level in Newcastle. As in Asia (see Hart, 1996a), in Charlestown,

access to land might have lowered reproduction costs sufficiently to make lower-than-metropolitan wages a reflection of differential living costs.

For households removed from other areas, the process of removals itself forced women to work. Numerous people told stories about the harsh conditions under which removals occurred, and how life became expensive, forcing women to work. For example, Mrs NK told how she was forced to work when they were removed from Isididine¹⁰ in 1964. In Isididine, they had had land, and farmed - 'you didn't need to buy so much. You could pick up coal and things weren't so expensive'. She did some sewing for others there - there wasn't any other work, and men generally worked in Johannesburg or Durban. When they were removed, she was forced to work 'due to poverty'. Her husband in Johannesburg wasn't sending money regularly.

In all cases however, women's immobility, arising from influx control, but also from the way gender relations structured responses to these restrictions, would have made them more vulnerable to the lower wages on offer in decentralised areas.

The debate on decentralisation needs to be seen in a new light in the 1990s, a decade after the abolition of influx control. The question now is what these jobs mean to survival, and why women still work for these lower wages. It is worth noting that much of the growth in the clothing industry (and especially of Asian firms) has occurred since the abolition of influx control, and firms generally perceived as exploitative and as paying very low wages tend to be more recently established.

The discussion in the previous section provides a context in which women working for lower wages can be understood. While decentralised industry does offer women alternatives in terms of local employment, and the ability to maintain close ties to families, it does so within a context where they have few choices about migration as an alternative, or where their migration patterns are restricted by their responsibilities in the household or by past decisions and investments. In many cases, gender relations continue to underpin immobility. Mrs MA, for example, argued that if she had not been married she would have gone to Johannesburg where wages were higher.

But in the late 1980s and 1990s, recession has limited access to employment in the cities. The alternative for women workers in Newcastle - and especially those who are less experienced and skilled (who are also often the ones who are more mobile i.e. young women and migrants) - may not be better paid clothing work in the cities, but domestic and informal work. Although there is considerable variation in levels of incomes in these sectors, earnings are not uniformly higher than in clothing in Newcastle. Working in clothing in Newcastle may thus be a better alternative to living on the streets to minimise costs of informal trading in Durban.

The essential dilemma is that while local jobs do provide an alternative in some sense, wages are not sufficient for household survival, as noted in Chapter 8 (see also Wellings and Black, 1986; and Pickles, 1991 on this contradiction). In almost all cases in the qualitative study, wages in clothing are supplemented by other household incomes. Work in clothing forms part of multiple livelihood strategies forged in the absence of well-paid, secure employment - it does not provide an alternative to it.

The role that low waged work in decentralised industry plays in household survival will vary contextually. In Newcastle, it is juxtaposed to employment in the service sector, and to men's (relatively well-paid) work in heavy industry - although this is declining. In the 1995 survey, only 16% of clothing worker households contained heavy industry workers, while a further 20% contained retrenched heavy industry workers. The way women use work in clothing here, however, is likely to be somewhat different from areas where there are few alternative sources of income.

In Newcastle, there are essentially four main patterns, which may also be mixed.

a) In terms of the 1995 survey findings, the largest group of clothing workers are daughters (41%) who live in their parent's homes - but as demonstrated below, they are not likely to be young girls (see also Table 9.5). Sons form a further 15% of the total. In roughly half (56%) of these households, income from clothing is a more limited source, alongside much higher incomes from heavy industry and/or service industry. In the

qualitative study, daughters' incomes tended to be seen as supplementary. Interviewees said that these earnings were used for their children's clothes, to save for studying and so on - they were not presented as central to household incomes. In practice, however, where fathers have lost jobs or where they are the sole source of income, such earnings may become more important, but fathers tended generally to deny this. In one case, where an Iscor worker had lost his job and was living off his retrenchment package, his daughter's income was still presented as supplementary. This could, however change, if he is unable to get a job.

It is easy to underestimate the significance of clothing income in households where workers are sons and daughters. In 23% of cases, however, this is the only formal source of income. Further, income from clothing is dominant in some 40% of these households - although close to half have more than one clothing worker. These figures also shed little light on how incomes are deployed within households, and an analysis of this sort might reveal further dimensions of their significance.

b) In the large scale survey, 25% of clothing workers were wives. Wives tended to work more often in South African clothing than in Asian firms, possibly since they were on average older, and had been able to access this work at an earlier stage. Wives in households where there were other (and better) income sources could elect to avoid work which they saw as very demanding or unpleasant (including work in the Asian factories). They could stop 'working for transport' - a common comment about the wage levels. It was also possible for them to give up work when they became sick, or not return to work when they were retrenched. Most of the women who had given up work in this way, however, did part-time work from home, selling cool drinks, sewing or knitting.

But the extent to which marriage insulated women from the more arduous working situations did vary. In some households, it was clear that there was an attempt to improve living conditions, therefore all members who could work, did. In other instances, relations within the household were such that wives could not rely on husbands' incomes. For example, Mrs SM took on a job in a Chinese factory shop when she lost her better-paid South African clothing job in a strike. She was 'desperate for money' since her husband, a

migrant, only sent money to his mother (with whom she lived). Mrs SM's mother-in-law would not share the remittance with her. Although Mrs SM had to cook the food for her mother-in-law, she did not get much to eat, and her mother-in-law hid the food from her.

Wives' incomes were also not necessarily supplementary. In 35% of cases, they were the only source of income.

c) 15% of clothing workers were heads of households, mainly women. Over half (53%) have no other formal income source in the household. Reliance on clothing income is likely to be significant in these cases.

The 1995 survey did not suggest that female-headed households formed a particularly important source of clothing workers, however. Some 24% of clothing workers were in female-headed households, and some 28% of women-headed households contained clothing workers, compared to a norm of 24% for the area.

The qualitative study found that woman-headed households were usually the result either of widowhood, divorce, separation or desertion, or of situations where unmarried women had remained in the natal home, but fathers - and sometimes both parents - had died. Although these are different trajectories, a common (but not inevitable) net result is a dominant reliance on women's incomes, placing them in a different position to those in households where men were still alive and working. Clothing workers within these households were generally heads (43%) or daughters (43%).

Usually, incomes from factory work were supplemented by other incomes in the household - by remittances, pensions, domestic work, and home work. Sometimes more than one woman worked in the factory. Incomes from clothing were, however, dominant in 50% of cases. This is consistent with Jaffe's (1991) study in a rural area near Brits. These women generally had had no financial support from the fathers of their children, and were forced to rely on their own resources.

Ms EU for example, said that the father of her children is 'so useless...he doesn't help to make them grow'. Everything comes from her. The last thing he gave her was soap and napkins when her children were very young.

d) Migrants who generally sent money home to rural areas. As noted above, the 1995 survey suggested that this is a small proportion of the total, but this group may be under-represented in the survey. Generally, however, it does appear that clothing work is largely for locals.

In the case of migrant workers, clothing income would be one source among others, although it might be a critical one. Migrants generally came to Newcastle on their own, often through contacts or relatives in the area.

Some migrants had come to the area as a form of limited migration, enabling them to support their rural homes, and to maintain ties to it.

Ms PM said that she had come to Newcastle as it was closer to home than the cities (she lived in Mahlabatini) and she could go home more frequently. Ms PM's response could be seen as a choice - as a limited migration from a rural area to which she was attempting to maintain ties. Ms PM saw her future in the rural area where she had come from, and had in fact hoped to develop skills which she would be able to use to set up business in rural areas.

Others, again, would have liked to have moved to Newcastle on a more permanent basis, but lack of access to housing and low wages made relocation a difficult option.

The significance of women's local employment also varies between industries. There are variations in wage levels, and not all factories pay at the minimum level. In most cases, South African industries had moved well beyond the minimum wage, although their remuneration was generally much below the 80% of metropolitan levels demanded by unions. Labour relations and labour practices were also seen as better in South African firms, and levels of conflict are much lower. There are of course variations in both South

African and Asian firms, although they tended to be seen in quite uniform ways by interviewees.

Although the industrial survey revealed important differences among Asian firms, they are almost universally resented, and tend to be seen in quite a uniform light. Low wages are a particular source of concern. According to industrialists, wages in Asian factories have been forced up to minimum levels or above, but unions dispute this - pointing to court cases where this has been an issue. It is not possible to establish with certainty what proportion of Asian firms pay at or above the minimum wage, but in the popular mind-set the very low wages of the past still apply.

In general terms, both wage levels and labour practices are resented. Further, Asian firms' attempts to increase productivity through the use of a 'score' (an adapted form of piece work where a piece rate is used to determine the bonus), was often resented. Some women however, commented that people had become used to the score - and that most factories had them. Working in an Asian factory was generally seen as a second choice.

It might be expected that workers in Asian factories would be a different and more marginal group than those in South African factories. The common perception is that these jobs are taken by 'babies' (Interview with Alpheus Mdluli, SACTWU, July 1995), but factory visits and the large scale survey data do not corroborate this view. The 1995 survey found that South African clothing workers were on average older than workers in Asian factories, but very few of either group were under 20 (see Table 9.5). A total of 47% of Asian clothing workers and 36% of SA clothing workers were under 30. Some 48% of SA clothing workers were over 35, compared to 34% of Asian clothing workers. This is consistent with the findings of the qualitative study.

Patterns were by no means uniform, but in general terms, workers in South African clothing (and especially in the large, older established industries) had been there for years, while those in Asian factories had remained for relatively short periods of time. Those who could afford to do so, often avoided working there.

Mrs EP's husband had been disabled in a car accident in 1976, and he had died in 1993. She relied on remittances from her son, and also worked at one of the large South African clothing factories. She was retrenched in 1990 when orders were low, but has been called back to work on and off. At one stage, she thought of going to work in a Chinese factory but decided that the money was too little and she'd stay home instead. To earn money, she takes in sewing, and does ironing. Although she only makes R5 per day, she can 'use it to buy things' - she doesn't have to spend it on transport.

Ms ZO had worked at a Chinese factory in Newcastle for six months in 1992. It was her first job. She left as she had to work very hard and earned little. She claims she was paid R40p.w., and that if you didn't achieve the 'score' they only paid R11p.w. She thought it would be better to stay at home than work there (both her parents work, and she was therefore in a position to make this choice). She stayed at home for six months until she found a job at a recently established South African clothing firm.

Jobs in Asian factories were often taken by women who had previously worked in South African industry after a period of absence looking after children, or due to sickness, or after retrenchment. These jobs were also taken by younger women entering the labour force (who might leave once they had some experience). In some cases, these women left to pursue other activities (e.g. studying, or jobs elsewhere) and jobs here did provide them with some income to do so. The 1995 survey found that clothing workers in Asian factories were mainly daughters (72%), and a small group were wives (18%). Many of these daughters would have had their own children, and might have been tied to place in this way.

Other differences between the two groups were limited. It would appear then, that jobs in Asian factories are used as another part of multiple livelihood strategies - as another source of income in the area. Both South African and Asian firms have largely drawn on an existing potential labour force. For 64% of clothing workers in the 1995 survey, this was their first job. Prior to their current employment, they were at school, at home caring for children, housewives, or unemployed. A further 8% had been in the informal sector. It seems likely that women - and particular younger women - have been drawn into the

labour force to a greater extent in the context of declining prospects for men, both within and outside of the area. It may well be the case that women's local incomes are starting to replace migrant incomes. Women are becoming an increasingly significant part of the formal workforce, occupying between 55% and 60% of such jobs. Clothing work accounts for about 38% of women's employment, suggesting that it has become an important part of the local economy. Although labour conditions pertaining in much of the clothing industry are problematic, loss of jobs here could have very negative consequences. As the above discussion showed, employment in clothing is more significant for some households than might be apparent.

Nevertheless, in the majority of households, income from clothing is used along with other income sources and forms part of multiple livelihood strategies. Only 20% of households had no other income sources at all, and 36% of households have no other formal income earner. Female-headed households are over-represented here. It is also worth noting that most households with clothing workers (82%) in the 1995 survey, did not have migrants or commuters in their households, although they might have depended on informal and irregular incomes as suggested above.

10.5. THE EFFECTS OF INDUSTRIAL RESTRUCTURING

The growth of local employment made it possible for men to move away from migrant labour. In past rounds of restructuring, men who could do so had generally attempted to find local jobs, and some men's lives are marked by a move from one job to the next as firms went bankrupt, or left town. Men might also have become migrant workers as local employment contracted.

The more recent round of restructuring, however, is more problematic as jobs for men overall are declining, and there are few local alternatives. Most Iscor workers in the qualitative study had only recently been retrenched, and were living off their retrenchment packages. They had not really had to confront the change yet. Most had looked for jobs, but had been unable to find them. Although some of the younger men might consider looking for jobs in the cities, the older men were trying to avoid this. Men who had skills

which could be used elsewhere (like truck driving) were quite confident that they would get jobs in the longer term. Older men were in a worse position as employers did not want to employ them. Some men had turned to self-employment - to farming, house repairs, block making and so on - in some cases on a full-time basis.

The 1995 survey included 108 retrenched heavy industry workers in 101 households - 29% of the sample. Retrenched heavy industry workers surveyed were generally married male heads of household (69%). A smaller group (23%) were sons. The bulk of retrenched heavy industry workers in the sample were therefore older: 71% were over 35, and 56% over 45. The majority of retrenchments were quite recent - some 64% had occurred since 1990. Only 18% of retrenched heavy industry workers in the survey had managed to find a formal job locally, and another 14% were self-employed in Newcastle. A full 55% remained unemployed in Newcastle, and a further 9% were by now retired.

Analysis of retrenched worker households in the 1995 survey reveals that most households were embedded in multiple livelihood strategies, which might involve a combination of formal and informal sources of incomes, pensions, commuter income and remittances. Although only 9% of retrenched workers had become migrants or commuters, some 27% of households had income from remittances or commuters. It was rarely the case, however, that these were sole sources of income - in most cases they were combined with one or more other kinds of income, or there was more than one migrant or commuter. For these households, therefore, Newcastle remained the home base. It is unclear however, whether migrancy or commuting was a response to retrenchment, or whether it existed prior to retrenchment.

A minority of households had no evident sources of income (6%) or relied entirely on pensions (8%). Where retrenched workers remained unemployed or were retired, households derived incomes from a range of sources, usually including formal employment (71%). For the most part, households combined formal incomes with pensions, remittances, or informal sources (36%), or had more than one formal worker (17%). Formal work included both professional work such as teaching and nursing and more poorly paid activities such as cleaning, domestic work, and clothing factory work.

Households were not necessarily separated along these lines, with professional and better paid employment frequently combined with income from pensions, remittance, or more poorly paid work.

Although the growth of the clothing sector broadened the employment base, enabling the extension of multiple livelihood strategies, it did not in itself provide a replacement for incomes lost in men's work on a generalised basis.

The older Iscor workers interviewed in the qualitative study had generally forbidden their wives to work. Mr MM for example said that:

My wife doesn't work [outside the home]. Ever since I was married I didn't give her an opportunity. I told her I want her to work when I'm already dead. If my wife wants all these things I must be the one to get them. I want her to look after my children. I married her to feed her not to have her work somewhere. (Interview, May 1995).

Although he had been retrenched, he would not let his wife look for work now. Nevertheless, his wife had always done home-based work (knitting bedspreads and selling them locally), and she had stepped up production since he had been retrenched. Mr MM however, did not acknowledge that this was due to his retrenchment - rather he argued that it was the result of outstanding orders.

While in many cases wives were not allowed to work, daughters could, but their incomes were seen as supplementary, as noted above. Men interviewed denied that this had changed on retrenchment. It is perhaps too early to judge the effects of retrenchment where workers still had money from their retrenchment packages to live on. Their views might change in future, and new strategies might be adopted.

Some wives of retrenched Iscor and heavy industry workers did work within clothing, but had done so while their husbands were employed. In the interviews conducted, there was no evident 'release' of wives and daughters into clothing on retrenchment, as occurred in Britain (Massey, 1994). Only 22% of retrenched workers in the 1995 survey had family members working in clothing. Similarly, very few workers said that they had taken a job in clothing in response to a household member being retrenched. Nevertheless, in 46% of

cases (in the 1995 survey), where retrenched workers have a family member working in clothing, clothing work is the only formal source of income. For these households, clothing income is significant.

Women's participation in the labour force was, however, clearly a significant way in which retrenched worker households survived. Some 80% of households had women (mainly wives and daughters) contributing to income as formal or informal workers, commuters or migrants, compared to 55% of households where men contributed to household income.

Women interviewed in the qualitative study who had been retrenched (generally in clothing factories which had closed down or left), had in some cases, been able to find other jobs, but they frequently waited a long time without employment. Some women had never been able to find jobs since, and had resorted to self-employment, or relied on remittances or other income sources within the household. Those who had husbands or parents who were working were in a better position, but a number of women without supports had become virtually destitute. They were frequently too poor - or too tied to place - to move in search of better opportunities elsewhere. Women-headed households were often vulnerable in this regard - their economic position depended on levels of remittances, pensions or the amount they could earn from self-employment.

One clear response to restructuring has been the growth of self-employment (see Chapter 6), although this is commonly under-represented in social surveys. This response is likely to be extended as restructuring continues to occur in the local economy. But self-employment at present depends on local markets, and its viability must depend on local incomes - and therefore on the stability of the jobs in the local economy, or income from remittances. This is especially so where self-employment amounts to a form of 'taking in each other's washing', which is often the case. Where self-employment was partial (i.e. where it did not involve setting up a full-time business, which some retrenched Iscor workers were trying to do), incomes from it were low - ironically generally much less than in Asian factories. There are, however, spaces to provide services which are limited in townships, and some retrenched workers in the qualitative study and in the 1995 survey

had moved into these more profitable areas - such as taxis, shebeens, spaza shops, burglar guard production, and construction.

Reorganisation of households is another way in which households might have responded to retrenchment, and avoided leaving the area, although this has not been examined directly here. The 1995 survey contained hints of this possibility, with a number of large, multi-generational or extended households.¹¹

Industrial decline in future is not likely to lead to large-scale out-migration of households as a whole, at least within a context where jobs in cities remain limited and insecure. The vulnerability of people - and especially women - in place, and their ties to it, underpins the need for strategies to extend livelihood possibilities within the area.

10.6. CONCLUSION

Past apartheid regional policy largely created Newcastle - initially through generating a captive population, and later through creating jobs for men, and then for women. Removals created a labour force and forced people to work. In the context of influx control, the development of Newcastle did provide households with an ability to lead a more 'normal' life, especially through the growth of relatively well-paid work for men. But it also created a population which became established in the area through access to sites, ability to develop housing, and jobs in the area. People invested in the area (especially through housing), drawing on migrant remittances and increasingly on local income sources to do so.

These patterns of investment have created a form of immobility in terms of which Newcastle can be seen as a 'home base' like rural areas, although local employment has now become dominant in most households. Despite high levels of unemployment among retrenched heavy industry workers, their households have largely remained in Newcastle, reliant increasingly on women's work and diverse sources of both local and migrant income.

Certain categories of women are at the centre of this home base strategy, and their immobility has made a pattern of low wage industrialisation possible in Newcastle. Wage differentials with cities rest partially on this immobility, rather than on cost of living differentials. The equalisation of living costs over space, however, means that low wages are increasingly problematic and resented. It is nevertheless clear that these jobs are critical for certain categories of women, and for many households, and they would be badly affected by job losses.

If only limited sections of industry decline, the alternative of self-employment might be possible, especially if the commercial centre retains its status. Further declines in heavy industry, or declines in South African clothing could have devastating effects, particularly to the extent that it has ripple effects on the tertiary sector, and insofar as low wage clothing work has rested on a combination of income sources.

The 'story' of Newcastle challenges the neo-liberal workers to work argument in a number of ways. First, it provides evidence that while there is tremendous movement overall, people - and especially certain categories of women (but increasingly men too) - are not free agents to move. The establishment of 'home bases' over time, and their use in a context of insecurity and constraint, and against a background of considerable investment, has provided a significant barrier to wholesale movement. Investment in housing and social networks can be seen as an asset in Moser's (1996) terms, as a hedge against poverty and vulnerability. Similar processes are likely to be occurring even in areas which have not had such substantial economic development (for example, in resettlement areas).

Second, and related, while the neo-liberal argument suggests that people should move to work, it assumes that jobs are there to be moved to. Both the discussion of recent urbanisation trends in KwaZulu-Natal, and those in Newcastle suggests that lack of secure employment in metropolitan areas is a significant barrier to wholesale migration, and even appears to be constraining more limited attempts by the unemployed to find work in the city. Recession as a barrier to migration is recognised in certain contributions to equilibrium theory, as Chapters 3 and 5 showed, but is not fully acknowledged in the neo-liberal argument. The argument is that jobs are most easily created in metropolitan areas.

The more recent emphasis on developing competitive advantage - at least in the South African context - sees a high road strategy focusing largely on the metropolitan areas and some other areas of high potential. But if the high road is a limited and inaccessible one as suggested by a number of authors (eg. see Bond, 1996; Bell, 1996; Hart, 1996b; Valodia, 1996), or if development continues on the current path, then, as now, migration to metropolitan areas is likely to be limited, and circular.

Third, the study highlights the role of place in survival, an element not considered in the neo-liberal argument. It shows how households have localised their livelihood strategies, drawing increasingly on women's labour in a range of low waged activities in manufacturing and the tertiary sector. Further, circular migration is more significant than is immediately apparent, and continues to enable some households to retain the security they have built up in the area.

Fourth, the thesis provides clues as to why - contrary to the neo-liberal argument - in-migration has occurred in the context of restructuring. It shows the significance of non-economic factors such as violence and farm evictions, and it points to dimensions of immobility not usually considered by neo-liberal authors. While age, income and skills are recognised, gender dynamics are not widely incorporated. Further, the effects of differentiation within the labour market - and migration linked to specific labour markets - is not considered by South African neo-liberals.

Finally, the thesis suggests, in contrast to the neo-liberal view, that regional development policy aimed at economically weak and declining or threatened areas cannot simply be written off. As Agnew (1984) argues, 'places are the context for people's lives'. The intention here is not to romanticise a place which has a harsh history and current reality (and very few of the women at least did so), but rather to point to the way place is embedded in livelihood strategies, and to the 'politics of mobility' (Massey, 1994) which shapes it. These perspectives suggest a rather different approach to policy, which is explored in the following chapter, thus concluding the thesis.

NOTES

- ¹ Blaaubosch did not fall under any local authority, and so remained unserved. Boreholes to provide water were developed through community projects. The Thukela Joint Services Board covering much of North Western KwaZulu-Natal, and established in the late 1980s, assisted to some extent in water provision, although conditions were still poor at the time of the initial research in 1994. Since then, much of the area has been electrified by Escom, and a water project is to be financed by the Department of Water Affairs. Although the area is now part of the local authority, further housing development and the application of housing subsidies, remains problematic due to private ownership. The possibility of owners selling land to enable development is currently being negotiated.
- ² In terms of houses themselves. Home - work distances are, however, considerable. Housing supply still appears to be inadequate: by 1996, there was still a waiting list of 7000 in Madadeni and 600 in Osizweni, according to Newcastle municipality's figures. This is nevertheless better than in many other areas. The development of Stafford's Farm does appear to have alleviated the housing pressure noted in planning reports in the 1980s (De Leeuw Cather, 1991).
- ³ According to figures supplied by the Town Planning Department of the Newcastle Municipality.
- ⁴ The KwaZulu Finance and Investment Corporation's Housing section had, for example, developed more housing in Newcastle and other inland areas, compared to the metropolitan areas and Richards Bay (Interview with KFC, April 1993). The KFC explained this in terms of lower levels of violence and political resistance in these areas.
- ⁵ In-migration therefore clearly must also have occurred into surrounding rural areas as well. More recent estimates by the Newcastle municipality suggest a figure of 59 846 in 1996.
- ⁶ Rents are of the order of R70p.a.
- ⁷ The sample size of 50 households in this area is, however, relatively small.
- ⁸ Since the sample size is small given the size of the area, and some distortions have occurred (see notes 3 and 4 on Table 10.4) it is used only in a very broad and limited way.
- ⁹ These households depended on remittances, pensions, or retrenchment packages, or some combination of the three.
- ¹⁰ The name 'Isididine' could not be found in any of the archival sources (see Chapter 9), but from discussions of the timing and nature of the removal, and its location, it is likely that it was East or West Hesselton (see Table 9.8).
- ¹¹ These households might provide a mechanism for income-sharing (see Moser, 1996).

CHAPTER 11

CONCLUSION

This thesis set out to evaluate the neo-liberal perspective on regional policy in South Africa, and its emphasis on areas of strength, particularly the metropolises. It also examined in a subsidiary way the linked argument that apartheid regional policy created unsustainable settlements, and assumptions that these places would disappear as controls on movement were removed.

The thesis proposed to critique these arguments on the grounds that they neglected processes of economic restructuring, and the possibility of associated place specific decline. It suggested that these concerns were of particular significance to South Africa as it opened to the global economy and as political change occurred. While metropolitan areas might be more insulated from these effects due to their diversity and the significance of a locally oriented tertiary sector, smaller towns relying on a few sectors, and where potentially vulnerable sectors within industry and mining were more dominant, could be particularly affected by restructuring. The potential vulnerability of places - many with very large populations directly or indirectly dependent on them - was being ignored in a focus on areas with growth potential, and on the metropolises.

The thesis also proposed to critique the assumption that households could and would move out of areas experiencing restructuring or decline, or from places with weak economic bases. It suggested that migration might be shaped by forces other than equilibrium economics. Further, recession limits the prospects for movement, and increases the significance of forms of security and assets established in place. Households may therefore remain in places with weak, stagnant or declining economic bases, against expectations.

The policy implications that these places should be left to 'find their own level' or to develop entirely self-generating local economic development strategies, was questionable as well. The critique was therefore based on the argument that while the neo-liberal perspective focused on the potential which market-led forms of regional policy might contribute to national economic development, older social concerns were still relevant and

had been neglected in this process. These social concerns related to people's ties to and investment in place, rather than to abstract spatial equity, which for many years dominated regional policy.

The argument was developed in two ways. First, through a theoretical critique of the neo-liberal perspective as an approach to regional policy, and in terms of its theoretical assumptions in relation to spatial restructuring and to migration. Second, through an empirical examination of broad dynamics in KwaZulu-Natal, and a detailed focus on the case of Newcastle. The rest of the chapter summarises, draws together and debates the findings of the empirical work, and discusses the implications for policy in South Africa in terms of a number of key debates within regional policy.

11.1. RESTRUCTURING AND MIGRATION

The thesis provided an insight into some of the current dynamics of spatial restructuring in South Africa. Using KwaZulu-Natal as an example, it demonstrated the spatial shifts which have occurred over the century, and presented evidence to suggest that new forms of instability appear to be emerging in the 1990s as South Africa opens to the global economy, and as political change occurs.

The study of Newcastle provided an account of one process of restructuring on the periphery. It demonstrated that restructuring in Newcastle is not a simple outcome of factor mobility or adjustment away from apartheid distortions, except in a crude and limited sense. The research showed the complex forces shaping processes of restructuring, and demonstrated the fragility of key sectors of the local economy.

The study of Newcastle supports the argument that restructuring is a concern even in larger towns. Although the traditional neo-classical argument that diversification and size ensure stability does have some merit in the case of Newcastle, the research suggested that it misses key fragilities in the local economy. Although diversification has occurred, even sectors that are part of this process are vulnerable. Further, while the tertiary sector has been a source of stability, as predicted by neo-classical theory, it is largely dependent on

the economic health of manufacturing, its ability to maintain its regional service role, and the continued existence of a large population in the area. Even if size is important therefore, it is not a guarantee of long-term stability.

In the case of Newcastle, prospects for future growth appear to be limited, and some sectors are likely to face further declines. While Newcastle may be assisted in the short-term by the revised 1996 RIDP, providing a moderate level of stimulation, incentive policies are likely to work with dynamics within industries, as was the case previously. Newcastle is being bypassed by major new developments planned by Iscor - its major industry - and by the national government's Spatial Development Initiatives which focus on areas of high growth potential (Goldin and Jourdan, 1996). Within KwaZulu-Natal, these initiatives focus on the Pietermaritzburg-DFR-Richards Bay axes, where capital-intensive industries (often linked to ports) are to develop, and on the eco-tourism potential of the North-East. Major developments proposed in terms of the Provincial Growth and Development Strategy (KwaZulu-Natal Development Planning Committee, 1996) also largely focused on the coastal areas. Although the initial Provincial Growth and Development Strategy did include an emphasis on supporting large, vulnerable towns (which was largely lost in the subsequent 1997 Provincial Spatial Growth and Development Framework), this point was not carried through in the designation of centres for the seven new regional councils, which are also to act as regional headquarters of provincial government functions. In terms of this policy, Dundee, rather than Newcastle will be the centre of the Mzinyathi regional council. Policy shifts may therefore weaken Newcastle's role as a regional service centre as well.

Although Newcastle is a unique case, the broader processes underpinning restructuring are far more general. Restructuring in Newcastle has occurred in a recessionary, low investment environment. Far more extensive forms of spatial restructuring are possible with new rounds of investment. It seems reasonable to argue, therefore, that place vulnerability is a concern for regional policy and planning.

Yet the study also revealed strengths and resources which can be lost in a focus simply on vulnerability and decline. Although severe declines have occurred in some sectors in

Newcastle, and others are vulnerable, there are centres of stability which could be built upon. These may be neglected in the neo-liberal emphasis on areas with significant growth prospects. While some potentials could be developed through local economic development as the neo-liberals suggest, there are limits to this approach, as is argued more fully below. Sources of stability lie within particular parts of the manufacturing sector, and in the size of the tertiary sector. Whilst employment in heavy industry declined, it was still possible for many households to derive some local income from work within other sectors of the economy. Similarly, low waged employment in clothing was frequently supplemented by other local income sources. But livelihood strategies partially stretched over space were also common as households preserved the physical and social 'assets' (Moser, 1996) created in place.

Ironically, Newcastle turns out to be an important case in terms of arguments over the impact of industrial decentralisation. It demonstrates that the policy had much more far reaching effects than is generally acknowledged by neo-liberals (see also Platzky, 1995; Pickles, 1992; Hart and Todes, 1997). It is an example of how state policy created places, and the way in which its urban and regional policies linked. While industry in Newcastle is vulnerable, this vulnerability is not a simple outcome of the policy and its demise (Hart and Todes, 1997).

The thesis highlighted the spatial implications of processes of restructuring occurring within certain industries. It showed that forms of restructuring are pervasive, but that they vary significantly between industries. Their spatial effects are similarly diverse. New technologies and forms of organisation are being introduced to a greater extent within heavy industry than in light industry. Further, they are occurring within sectors which are close to the heart of the 'Mineral-Energy Complex', in contrast to Fine's (1995) assertions. Nevertheless, the findings are not consistent with a mechanistic application of the flexible specialisation model. The spatial outcomes of restructuring, and of the introduction of new forms of production, are also more complex than is often assumed. While Newcastle is being marginalised, it is not, for the most part, due to 'recentralisation' - although it is being bypassed by developments of what might be termed 'new production spaces' of different kinds. Past investments also provide a more important constraint to movement in

a recessionary context than is often implied in the literature. Nevertheless, forms of restructuring 'in place' have resulted in significant job losses, and more pronounced shifts could occur over the longer term.

If some places are vulnerable in the context of restructuring, can people be expected to move out of them? The thesis raises questions about the assumptions implicit in the normalisation hypothesis. The research showed that while there is a relationship between urbanisation and economic development in KwaZulu-Natal, there are also significant exceptions. Newcastle represents one such exception, although it clearly offers far greater chances for livelihood than many smaller towns, rural areas and resettlement locations. The case of Newcastle nevertheless does offer insights into the persistence of areas with weak economic bases.

The research did not find a complete disjuncture between urbanisation and economic development in Newcastle. In the period of severe cuts in employment in the 1990s, which largely affected the local population, in-migration did appear to tail off, although it did not disappear, and there was no evidence of extensive out-migration. Further, the effects of restructuring for the local population were to some extent mediated by Iscor's reliance on migrancy in the early years, and for some households by the relative diversity of local economy.

The research found that the reasons for disjunctures between urbanisation and economic development could, to some extent, be explained in terms of neo-classical theory, but only if the effects of recession and limited employment creation, the impact of violence and differential housing conditions on considerations of 'utility', and the selectivity of and barriers to migration, are incorporated. These elements, and their implications, are not sufficiently considered in the neo-liberal argument.

Neo-classical theory would explain limited out-migration as the consequence of the pattern of jobless growth which has dominated the South African economy over the past decade (South Africa, 1996). Research on rural areas also indicates a withdrawal from labour markets and high levels of immobility in the face of limited prospects elsewhere

(Leibbrandt and Woolaard, 1996; South Africa, 1996). To the extent that these patterns continue, ties to place can be expected to be maintained. Conversely, high rates of employment creation could result in rapid migration to centres of job growth - but job growth of this order will need some time to take effect. Even on the optimistic projections of the government's macro-economic strategy, Growth, Employment and Redistribution's (Gear) integrated strategy (South Africa, 1996), it is likely that high (albeit declining) rates of unemployment will continue over the short to medium term, with 34% unemployment by the year 2000 and 8% unemployment by 2020. Large-scale movement of entire households from places with weak or declining economic bases is likely to take at least a generation, even under conditions of rapid employment growth. Current trends however, are not promising, with further employment declines being reported. Under these circumstances, as Roberts (1989) suggests, the risks to permanent migration are high, and multiple livelihood strategies stretched over space can become significant. In Newcastle, it was not clear to what extent circular migration was a response to restructuring, but levels of circular migration were high for an urban area, and it was a significant aspect of survival for some households.

Wholesale out-migration has also been limited by perceptions of crime and violence in cities, and differential housing conditions. While conditions could change in future, the extent of crime and housing backlogs, and the complexity of dealing with these issues in the metropolitan areas, suggests that they are unlikely to be resolved quickly.

Importantly, neo-classical theory does not consider the role of place in reproduction, and the way place links to survival in a recessionary context. Both mobility and immobility can be elements of livelihood strategies. It has been argued that as a consequence of the history of removals and flight from farms, Newcastle acts as a 'home base' for many households: a centre of security and place of reproduction similar to rural areas. Although livelihood strategies are now largely focused on the local economy, circular migration and commuting are significant for some households, and the area is used as a base for the unemployed and those unable to find work elsewhere. Despite the limitations of the local economy, the possibility of extending the numbers of household members in the labour force, even at low rates of remuneration, has enabled households to retain the assets which

they have built up in the area. Both housing and social networks (which have not been examined) are important here. Housing represents years of investment: it is more than simply a utility or a set of conditions which can be compared to those elsewhere. Neo-classical theory also ignores the way gender relations shape migration, but the case study demonstrated how certain kinds of gender relations were linked to patterns of immobility.

The study did not examine the influence of practical consciousness, identity, cultural perceptions and meanings, which is ignored or marginalised in neo-classical and neo-liberal thinking, but these elements may be significant in explaining why individuals and households make choices which defy the normalisation hypothesis. More detailed research could uncover its significance in underpinning seemingly 'irrational' choices such as those by workers to invest in rural housing, continued long distance commuting, and strong demands for employment creation in small towns and rural areas. Although it might be argued that these patterns and perceptions are a hangover of the past which in time will disappear, the influence of everyday experience in perpetuating these perceptions needs to be considered. And clearly, the way in which gender power relations shape these perceptions need to be examined, as Massey (1994) suggests.

The study therefore suggests that if places are vulnerable to processes of economic restructuring, or if they have weak economic bases, migration cannot be relied upon as a corrective or a solution, at least if current trends in employment creation continue.

11.2. IMPLICATIONS FOR POLICY DEBATES IN SOUTH AFRICA

Beyond equity vs efficiency

The thesis raises questions about the neo-liberal perspective on regional policy, with its emphasis on areas of high growth potential and its focus on the market as a corrective to regional problems. In South Africa, as elsewhere, this perspective ignores problems of uneven development and the limitations of migration as a solution. Although these concerns initially arose in the context of developed countries, they have relevance to South

Africa as it reorientates to the global economy and confronts the legacy of past apartheid settlement planning.

The thesis suggests a need to shift the discourse of regional policy and planning away from considerations of growth alone, as in the neo-liberal argument, to include those of social need as well. As Chapter 2 showed, these concerns formed part of the origins of regional policy, but were lost in the formulations of the post-war era. Social need cannot be understood as abstract spatial equity or spatial balance, however. It is not addressed through older concepts of developing settlement hierarchies. Rather, it is crucially about people and their ties to place in a context of slow national employment growth. The thesis suggests that in contrast to the traditional dualism of people vs place prosperity, place may play important roles in survival among groups of low income households. In the absence of rapid employment growth or massive investment in social security, these roles are unlikely to disappear.

Nor can regional questions be constructed by counterposing peripheral, lagging or declining areas with metropolitan areas a priori. The coupling of these concerns and the emphasis on metropolitan growth control did much to discredit policies aimed at development of areas in need. This is not necessarily a very useful way of conceptualising policy: a relationship between development in metropolitan areas and underdevelopment or decline in peripheral areas cannot be assumed, although it may exist. Further, metropolitan areas are not invulnerable to restructuring. And as a number of authors have argued, an anti-metropolitan stance has contributed to the failure to accommodate metropolitan growth, with negative impacts on both the national economy and the urban poor in a number of developing countries, including South Africa. In KwaZulu-Natal, for example, backlogs for housing and related infrastructure are highest around metropolitan areas and growing centres (KwaZulu-Natal Development Planning Committee, 1996). Similarly a concern about social need does not deny the necessity to facilitate growth and employment creation where potential exists.

The argument of this thesis suggests a third position, which goes beyond a focus on either spatial balance (or 'equity') as in the past, or 'efficiency' as in the neo-liberal

conceptualisation - and which embraces both the possibility of using spatial policy to facilitate growth in areas of potential, and of responding to economic restructuring and social need as defined here. In some instances, this will involve a trade-off, but frequently, the needs for intervention vary over space and between localities. For example, in a crude sense, investments in housing and related infrastructure may be more important in areas of growth than in places where the local economy is stagnant, and where initiatives to secure parts of local industry may be more significant. Similarly, the most important interventions in growing areas might be to remove blockages to planned development, while in declining areas, retraining of retrenched workers for example, or strategies to improve the competitiveness of local industries, could be critical. In some cases, needs for intervention are similar in metropolitan and peripheral areas, but peripheral areas are neglected in a sole focus on areas of strength. For example, strategies to strengthen the clothing industry have application in smaller areas of concentration such as Newcastle, as well as in the DFR where the industry is dominant. The old focus on core or periphery, on areas of strength versus areas of weakness, therefore seems overstated.

The question of large, populous centres which are threatened by processes of restructuring, such as Newcastle, is an important aspect of this middle road. Not only are there large numbers of people dependent on these places, but there are likely to be resources and strengths which can be built on. Towns of this size cannot simply be thrown away. While places such as Newcastle may not be the powerhouses of the future; their sustainability is important to people who are relatively immobile. If places such as Newcastle are in some senses reproduction spaces like rural areas, they also offer greater opportunity for survival than rural areas, and the possibilities of intervening to support or extend livelihoods are also larger. Hart (1996a) and increasingly others, for example, argue that the prospects and potential impact of even agricultural development is much greater in and around towns than in isolated rural areas. Further, these places contain significant economic bases, which, while fragile, could be strengthened through supportive intervention.

Normalising the apartheid landscape?

The thesis also speaks to some extent to the more general debate over whether policy should actively intervene to 'normalise' settlement patterns created through resettlement and constrained urbanisation, or whether these should be accepted as a base for the provision of housing, infrastructure and services. This question is increasingly being raised as a policy issue. Debate has for example, emerged over whether long distance daily commuting, enabling the survival of communities far from places of work, should continue to be supported by state subsidised transport. Similarly, there are debates over whether places such as Botshabelo, a declining decentralisation point some 60km from Bloemfontein, should be eligible for municipal infrastructure subsidies. The question of whether housing subsidies should be allocated to resettlement areas with limited economic bases has also been raised.

There are two related issues here: whether places with limited or declining economic bases should be closed down through a withdrawal of subsidised services, and whether further public investment should go into these places. Crankshaw and Parnell (1996) for example, argue that a national urbanisation strategy should be devised to ensure that public investment only occurs in areas with a sustainable economic base. Their view is consistent with the neo-liberal perspective, although their point of entry is rather different. They question whether providing housing subsidies to households in these places simply roots them there, rather than forcing them to move to where their survival chances are higher.

There are, clearly, a variety of types of settlements. The range of these settlements, their histories, social and economic dynamics, and the extent to which some are underpinned specifically by transport subsidies, needs to be established. Research of this sort might provide a differentiated answer to these questions. Yet the case of Newcastle - admittedly a 'better' case than many areas created through apartheid policies - does offer insights into some of the underlying dynamics. It suggests a far more cautious approach than that advocated by Crankshaw and Parnell (1996).

First, it raises questions about the extent to which people can be expected to move, given the limited prospects for employment in the cities: i.e. that immobility is in part linked to real prospects elsewhere. Under these circumstances, migration is likely to remain highly selective, and very often partial. Securities people have in place are unlikely to be abandoned. The case for place triage in this context is weak.

Yet it could be argued that investing in these areas might simply cement ties to place, as it did in the past. These investments might act as a barrier to migration under more auspicious circumstances, or could be wasted as people move out. Whether service provision is a barrier to migration in times of rapid employment growth is debateable. The experience of policies to contain population in rural areas through improved services and infrastructure has demonstrated that the provision of services which develop the labour force and increase incomes, such as education and health, often encouraged out-migration. Investments in housing might more plausibly be seen as promoting immobility. There is little evidence however, that housing on its own acts as a barrier to migration in periods of rapid employment growth. Rather, the effects of housing intersect with the operation of the labour market. It is more likely under a high employment growth scenario that the young migrate out, while the old remain. After a generation, places of this sort may decline or collapse, as has been the case with many small towns internationally.

There is also considerable uncertainty about how much employment growth will occur, what the nature of that employment is likely to be, and where it will occur. Further, given that processes of economic restructuring are recomposing the prospects for towns, it is not always immediately obvious which places are likely to be secure and sustainable. While small towns are generally less stable, larger towns, as the case of Newcastle has shown, do not escape these processes.

Second, the research has highlighted the links between place, reproduction and survival in a context of economic insecurity. It suggests that the resources, investments and social networks people have in places, may underpin their ties to place, raising questions about an a priori assumption that these places should be abandoned. The existence and significance of these elements may however, vary considerably between settlements, according to their

histories, politics and their length of establishment. The settlements around Newcastle for example, are relatively long standing, compared to the much more recent removals to Waaihoek near Ladysmith in the 1980s. Rather than a blanket approach to these settlements therefore, their social dynamics and significance and people's perceptions of and ties to place needs to be examined in context.

Similarly, the economic resources contained in places needs to be examined. In some cases, they may be greater than expected. These resources might arise from proximity to towns and opportunities for local employment, but large remote settlements could contain significant informal activities due to a combination of size and isolation. The economies of these remote settlements are likely to be underpinned by migrant remittances, long distance commuting and pensions, as is the case for rural areas more generally.

Ironically, while the need to service rural areas is generally accepted, a sharp distinction between resettlement and informal areas, and rural settlements is difficult to maintain given variations between types of resettlement areas, forms of settlement in rural areas, and the very limited extent of agricultural production in rural areas. Of course, access to land for farming in resettlement areas is generally limited, although this is not always the case. Ardington (1995), drawing on DRA's 1992 survey of settlements in KwaZulu-Natal, in fact suggests that incomes are somewhat higher in concentrated than dispersed rural settlements.

It is unclear to what extent land restitution will replace, and provide an alternative to, old resettlement areas. Dlamini's (1996) research indicates that restitution is not leading to a shift out of resettlement areas (at least around the larger towns of Newcastle and Ladysmith), but rather to new ways in which households are divided over space, and to more complex rural-urban linkages and survival strategies stretched over space. Ironically, rural restitution, while restoring the rights of victims of forced removals, may contribute to new forms of fragmented settlement patterns and disjunctures between where people and employment are located, since the new settlements are unlikely to be full-time farming units (Hart, 1996a). Similarly, critics (McIntosh and Vaughan, 1996; Cross et al, 1996c) suggest that the current pilot land reform programme in KwaZulu-Natal is largely being

used as a way of accessing land for reproduction by marginalised rural households. The prospects for a neatly ordered settlement landscape therefore seems remote.

Yet Crankshaw and Parnell's position does have a point if applied to the way in which major new developments are seen. The need to draw a closer link between housing and employment forms is an important basis for future settlement planning at both a city/town and a regional scale. Although apartheid is gone, old practices and the technocratic discourse which underpins them, may remain. For instance, a recent project to identify new land for low income housing in the KwaZulu-Natal province, initially did not set any criteria for such land. A first attempt to correct this failed to consider any locational or spatio-economic considerations. While the disjunctures of the past may have to be accepted, there is little reason to create them anew.

The limits of local economic development

The neo-liberal approach advocates self-generated local economic development based on developing comparative and competitive advantages. The research has shown the significance of local dynamics in shaping development paths. It has demonstrated the specificity of the local development trajectory. In consequence, the findings are consistent with an appreciation of local possibilities and needs for intervention. Arguably therefore, a local economic strategy is an appropriate form of intervention. The neo-liberal perspective is nevertheless problematic in a number of ways.

First, by constructing local economic strategies around developing comparative and competitive advantage, the neo-liberal perspective seems to focus only on sectors or activities in which there is high growth potential. This approach offers little to places where such advantages are limited. In the case of Newcastle, resource based advantages have, if anything, declined in significance, while the comparative advantage of low wages is neither unique nor secure. The areas in which competitive advantage could be constructed are not obvious. There are centres of stability and to some extent, potentials for growth, around the chemical industry and in parts of the clothing sector, but these are not

truly areas of competitive advantage. A more limited focus on areas of strength and potential may be more useful.

In places such as Newcastle, which are unlikely to be major centres of growth, and which are threatened by processes of restructuring, strategies need to focus far more centrally on stabilising the local economy on the one hand, and on the generation of livelihoods on the other. This suggests a much more explicit consideration of the social implications of local economic strategies and who benefits from them. It also indicates the importance of strategies to secure employment, and to stabilise industries which exist in the area. For example, even if employment-intensive industries are unlikely to become competitive on international markets, it may be critical to assist them to become 'import competitive' due to their significance to local employment. Similarly, negotiated resolution of conflicts and altered forms of management may be necessary if, for example, Asian firms are to remain in Newcastle.

Strategies might also examine how workers' skills could be used or reoriented to form the basis for new forms of development. In Newcastle, reorientation has occurred to a limited extent as retrenched Iscor employees have set up small firms or informal operations using their retrenchment packages, but local economic strategies might look at ways to take these processes further and to develop enterprises on a more systematic basis. The diverse ways in which livelihoods can be augmented through both local economic strategies and reoriented local authority practices can also be explored. Hart (1996a), for example, stresses the potential role of small scale agriculture in extending livelihoods in towns such as Newcastle.

Secondly, the neo-liberal reliance on self-generated local economic strategies is questionable. Although the development of local economic strategies may allow for a consideration of a range of interventions that are normally overlooked in more 'top down' strategies, local capacity to develop strategy may be limited, and local politics may result in a narrow approach to policy. In the case of Newcastle, local politics in the mid-80s led to a boosterist form of local economic development, focused largely on attracting new industry. While it is still too early to assess how local politics will shape policy in the new

local government in Newcastle, Hart's (forthcoming) research suggests that interests which played a dominant role in the older local economic strategy of the 1980s are still significant. There are links between sectors of the Asian industry and the IFP (a leading member of one group is an IFP local councillor). Although the ANC is the largest party, it does not have a majority in the council. Local economic strategy could therefore remain narrowly based, yet as has been demonstrated, the Asian strategy is both contested and unstable. While an economic strategy based on an understanding of the locality may be important therefore, it may not be appropriate to rely on its development through local institutions.

Thirdly, the limits of a purely local economic strategy needs to be recognised. The influence of national macro-economic and sectoral policies over space is now widely recognised, and was certainly evident in the case study. As Massey (1992) suggests, these policies need to be monitored to identify problematic effects over space. Although some sector-specific studies have been conducted in particular places, it may be useful to examine more systematically the way a range of places are being affected by policy changes. South Africa's reorientation to the global economy is the most important of these changes. Debates over major policies should recognise how they (re)construct space and places, and the possibility of modifying policy to take these considerations into account should be explored. The extent to which policies can be adapted is likely to vary. There may be more room for manoeuvre in those policies where space and place are considered more directly, or in the spatial application of certain policies. The spatial organisation of the public sector is an obvious area here. For example, the designation of regional centres could have been used to reinforce large threatened centres.

Where policies cannot be modified, strategies to assist industries to adapt to change need to be developed. While local authorities may play a role here, given the generic nature of the problem, it is more properly the responsibility of national or provincial government. In some cases this may simply involve an extension of the spatial application of sector-specific strategies to peripheral areas where appropriate as suggested in relation to the clothing sector above.

In some cases, strategies of this sort, or a reliance on local initiatives, may be insufficient to rescue declining industries. While heavy industry in Newcastle has not entirely collapsed, it is possible that Iscor could eventually close, with severe ripple effects on other parts of the local economy. If this is the case, stabilisation strategies may be insufficient, and more far reaching approaches would need to be explored. If the social case for intervention is strong, then strategies to attract or to generate major new forms of economic activity could be considered, but should be designed to achieve sustainability over the longer term. Although these might be developed at local level, they could more usefully be seen in the context of a common programme aimed at responding to the effects of restructuring over space. It is doubtful whether purely local initiatives can be relied upon where capacity and 'institutional thickness' is limited, as is the case in many smaller towns.

11.3. CONCLUSION

The neo-liberal perspective emerged as a new paradigm of regional development following the critique of growth poles. In South Africa, for a time, its proponents captured the terrain, as they incorporated and reinterpreted a broader ranging critique of the way regional policy and settlement planning had underpinned and reflected apartheid. By moving sharply away from the patterns which had been created under apartheid, neo-liberals identified their position with a liberatory agenda, presenting it as an alternative to apartheid policy.

Yet in assuming that the slate can easily be wiped clean, this position ignores how deeply imprints have been created on the landscape, and the way patterns of urbanisation are shaped and perpetuated by current social and economic processes. Similarly, the focus on the way past regional policies underpin vulnerabilities of assisted centres, fails to recognise the influence of a far more common set of processes of spatial restructuring. Although it might be desirable to shift to new symbols of growth, regional policy and planning in future will have to respond to the far more complex and messy legacy of apartheid, and to the destabilising pressures of globalisation.

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APPENDIX A

RESTRUCTURING IN KWAZULU-NATAL IN THE 1980S

Tables A.1 and A.2 show the changing spatial distribution of overall GGP and formal employment in the province in 1980 and 1991. Table A.3 shows the changing distribution of manufacturing employment in the main urban centres across the province. Although the three tables are to some extent contradictory due to the different sources of data used (see note 1, Chapter 6), some trends are clearly evident.

First, GGP figures suggest that the DFR continued to experience slower growth than a number of outlying areas, although it remained overwhelmingly the dominant centre within the province. Nevertheless, Table A.2 shows that the DFR consolidated and extended its share of employment, with growth experienced largely in the commercial, financial and community service sectors (for the full figures see DBSA, 1995). Table A.3 shows a decline in industrial employment between 1982 and 1991, but if measured from 1979, there is a slow but positive growth.¹ Slowed growth within manufacturing employment reflects the increasingly capital-intensive nature of industry, and the contraction of labour-intensive industries, which were increasingly dispersing to the periphery (McCarthy, 1993; Day, 1993; DBSA, 1993). Nevertheless, growth continued on the periphery of the DFR, with the main effects felt in central Durban (Harrison and Todes, 1996). Essentially then, trends noted in the 1970s continued, although the process underlying them might have been different. The DFR however, diversified its employment base in the period, focusing increasingly on the tertiary sector.

Second, as Harrison (1995) argues, the main areas of growth were on the periphery, accelerating some trends noted for the 1970s. Most rapid growth occurred in Ezakheni and Isithebe,² and was largely focused on manufacturing. Although Isithebe's industries diversified during the 1980s (Platzky, 1995), in both cases growth was based on more labour-intensive industries such as clothing, textiles, plastic and fabricated metals. Port Shepstone also grew rapidly on all measures, but across a wide range of sectors, including manufacturing.

Third, Richards Bay, based on capital-intensive export oriented heavy industries, continued to grow rapidly in terms of output, but performance in terms of employment, which was

largely concentrated in manufacturing, was less impressive. Nevertheless, manufacturing census material suggests a much higher employment growth than figures within the population census, as used by Harrison (1995).

Fourth, both Newcastle and Vryheid experienced decline in terms of total formal employment and output, while growth, albeit slow, was occurring provincially and nationally (see Tables A.1 and A.2). Vryheid's decline was particularly linked to contraction within the coal mining sector - a process affecting a number of smaller towns in the province. Decline was, however, felt across a range of sectors, including manufacturing. By 1980, Newcastle was the third largest centre of output, formal employment, and manufacturing employment within the province. Although it retained its relative position in manufacturing employment, it had dropped behind Richards Bay on other measures by 1991. Contraction within Newcastle occurred across a number of sectors. Both population and manufacturing census data, however, suggests that manufacturing employment was stable on aggregate, and that the town performed better in relative terms than the country as a whole (see Table A.3). Nevertheless, apparent stability masks processes of both growth and decline within manufacturing.

Fifth, Pietermaritzburg appears to have been marginalised in the period as Harrison (1995) suggests, although its growth in manufacturing employment was somewhat more rapid than the DFR. Nevertheless, both growth and decline were evident in various sectors in the 1980s (DRA-SSM, 1993). The position of Estcourt is unclear. Data is contradictory, and there is insufficient other evidence to comment. Seddon's (1987) study suggested that employment contraction was occurring as a result of capital intensification within the predominant food processing industry. This is consistent with data in Tables A.1 and A.2, but not with Table A.3.

Sixth, the rest of KwaZulu-Natal declined in terms of formal employment and manufacturing employment, while output grew, albeit at a slower rate than in the province as a whole. A number of processes might underly this shift: dynamics undoubtedly vary over space. The most obvious patterns were the decline of the coal mining industry; decline of agriculture in more marginal areas; increasing mechanisation within some agricultural sectors; and restructuring within agriculture, from mixed farming and sugar, towards less employment intensive forestry in some areas. The massive movement of

people out of commercial farming areas (see Chapter 8) would also have reduced the role of small towns as service centres, along with other processes. Most small towns within commercial farming areas declined in absolute terms in the province in the 1980s. Restructuring within agro-processing might also have been influential, as for example, was the case in Richmond (Todes, 1995).

In very broad terms therefore, the patterns of spatial restructuring which had begun in the 1970s were accelerated. Dispersal continued, particularly to homeland growth points. Some towns (most notably Newcastle and Vryheid), however, declined as particular sectors contracted or as conditions in their hinterlands changed. Processes of restructuring were undoubtedly occurring within particular sectors and industries in various localities, but this is not apparent from aggregate data.

TABLE A.1: KWAZULU-NATAL: SPATIAL DISTRIBUTION OF GROSS GEOGRAPHIC PRODUCT, 1980 AND 1991, AT CONSTANT 1990 PRICES (R'000)

	GGP 1980 (R'000)	% OF KZN	GGP 1991 (R'000)	% OF KZN	ANNUAL AVERAGE INCREASE %
South Africa	212 368 339	-	244 244 662	-	1.4
Gauteng	87 677 064	-	90 616 429	-	0.3
KZN	30 102 613	100.0	36 267 110	100.0	1.9
DFR (1)	19 288 243	64.0	22 303 144	61.4	1.4
Pietermaritzburg	2 582 870	8.5	3 248 206	8.9	2.3
Newcastle	1 322 253	4.3	1 297 709	3.5	- 0.2
Richards Bay	1 143 867	3.7	2 486 219	6.8	10.7
Vryheid	770 270	2.5	688 114	1.9	- 0.9
Ladysmith	650 816	2.2	702 949	1.9	0.7
Port Shepstone	505 581	1.6	1 048 023	2.8	9.8
Isithebe/ Mtunzini	407 292	1.4	381 266	1.0	- 0.6
Estcourt	359 006	1.1	527 949	1.4	4.2
Rest of KZN	3 072 415	10.2	3 584 138	9.8	1.5

SOURCE: DBSA (1995), based on government GGP statistics

NOTES:

1. Durban Functional Region - includes Camperdown and Lower Tugela. All other areas based on functional regions, including the district containing the main urban centre and the adjacent district in KwaZulu to which it is linked functionally.

TABLE A.2: KWAZULU-NATAL: SPATIAL DISTRIBUTION OF FORMAL EMPLOYMENT, 1980 AND 1991

	1980	% OF KZN	1991	% OF KZN	% ANNUAL AVERAGE INCREASE
South Africa	7 560 386	-	7 911 377	-	0.4
Gauteng	2 129 923	-	2 152 367	-	0.1
KZN	1 237 703	100.0	1 352 888	100.00	0.8
DFR	623 137	50.3	736 111	54.4	0.3
Pietermaritzburg	93 018	7.5	100 268	7.4	0.2
Newcastle	57 711	4.6	53 942	3.9	- 0.6
Richards Bay	55 487	4.4	64 327	4.7	1.4
Vryheid	39 181	3.1	33 410	2.4	- 1.3
Ladysmith	30 704	2.4	36 679	2.7	1.7
Port Shepstone	28 131	2.2	39 951	2.9	3.8
Isithebe/ Mtunzini	22 065	1.7	23 673	1.7	0.7
Estcourt	24 095	1.9	20 824	1.5	- 1.2
Rest of KZN	264 174	21.3	243 703	18.0	- 0.7

SOURCE: DBSA (1995) on the basis of population census data.

TABLE A.3: KWAZULU-NATAL: MANUFACTURING EMPLOYMENT, 1982 AND 1991 (1)

	1982	% OF KZN	1991	% OF KZN	% ANNUAL AVERAGE INCREASE
South Africa	1 542 618	-	1 522 879	-	- 0.1
KZN	327 419	100.0	350 277	100.0	0.8
DFR	222 721	68.0	216 511	62.0	- 0.3
Pietermaritzburg	25 608	7.8	26 999	7.7	0.6
Newcastle	19 514	6.0	19 641	5.6	0.07
Richards Bay	9 182	2.8	13 418	3.8	5.1
Vryheid	2 353	0.7	1 444	0.4	- 4.3
Ladysmith	8 373	2.5	16 182	4.6	10.0
Port Shepstone	3 206	0.9	5 203	1.4	6.9
Isithebe/ Mtunzini	6 695	2.0	24 192	6.9	29.0
Estcourt	4 996	1.5	6 139	1.8	2.5
Rest of KZN	24 771	7.5	20 548	5.8	- 1.8

SOURCE: *Census of Manufacturing 1982*, Report No. 30-01-02; *Census of Manufacturing 1991*, Report No. 30-01-02.

NOTES:

1. Data from the 1982 survey is used since the 1979 census does not provide separate employment figures for Newcastle and some other centres.

NOTES

- ¹ Table A.3 reflects data for 1982 and 1991. Since it does not contain employment data for Newcastle and a number of other centres, 1979 was not used as a base year. The early 1980s was however, a period of growth, and in this instance, the use of 1982 as a base year is misleading and does not match with figures in the population census data.
- ² In Tables A.1, A.2, and A.3, data for Isithebe (in the Inkanyezi magisterial district) is combined with Mtunzini which contains Mandini, as the two form a single functional area. The combination is somewhat misleading since dynamics within Mandini, which contains a large pulp factory are rather different from those in Isithebe which is essentially based on clothing, textiles, fabricated metals and plastics. Employment in Mandini contracted, while it grew in Isithebe. Population census figures vastly underestimate the population employed in manufacturing in Isithebe, as well as the population in the district.

APPENDIX B

RESTRUCTURING IN NORTH-WEST KWAZULU-NATAL

Until the 1880s, the economy of the North-Western KwaZulu-Natal was based on agriculture. The development of the railways between the Witwatersrand goldfields and Durban, through Newcastle and Ladysmith, however, opened up the coal mining industry, which was to have a strong influence on the early development of the area. A significant part of the coal mining industry in the Province was located within the sub-region, and in adjacent areas such as Vryheid and Paulpietersberg. Although coal mining was never as important to Newcastle as it was to areas such as Dundee, Dannhauser and Vryheid, since the coal seams around Newcastle are relatively unproductive, this did play a role in its industrialisation. In the early years, Newcastle was a small agricultural town - it was Dundee that grew as the mining centre of the region. By the end of the nineteenth century, Newcastle had experienced limited industrialisation, linked to sheep and dairy farming in the area. A level of industrialisation based on iron and steel, using coal from the region's collieries, began from the 1920s, and a chemicals industry, relying on coal, was established in the 1940s (Harrison, 1990).

Until the 1970s, the economy of the region developed slowly, fluctuating according to the fortunes of the coal mining industry. Limited industrialisation occurred in Dundee, Newcastle and Ladysmith, largely linked to resources. Clothing and textile industries, however, began to locate in Ladysmith and Charlestown from the 1940s, as wage pressures pushed industry out of metropolitan areas (Harrison, 1990).

Removals of 'black spots' (areas of black freehold ownership) from the 1960s, and displacement of farmworkers to areas around and within striking distance of Newcastle and Ladysmith, increased the role of these towns as service centres. Table B.1 shows the changing distribution of population between districts in the sub-region between 1960 and 1991. It demonstrates the spatial shift in population that occurred, and the concentration of population around Newcastle and Ladysmith. Although Newcastle and Ladysmith districts themselves grew only marginally, the figures mask shifts from rural to urban areas within

districts. Table B.1 also shows in-migration into the sub-region. A more detailed discussion of these processes in Newcastle is undertaken in Chapter 9.

TABLE B.1: POPULATION SHIFTS IN NORTH-WESTERN KWAZULU-NATAL, 1960 - 1991

	1960	%	1991	%	GROWTH RATE %
Natal Districts					
Newcastle	47 673	17.6	53 581	7.3	0.4
Klipriver (Ladysmith)	57 460	21.3	64 779	8.8	0.4
Dundee	33 198	12.3	31 611	4.3	- 0.2
Glencoe	24 747	9.2	17 265	2.3	- 1.2
Dannhauser	20 002	7.4	14 152	1.9	- 1.1
Utrecht	36 185	13.4	27 795	3.8	- 0.9
Total Natal	219 265	81.3	209 183	28.7	- 0.2
KwaZulu Districts					
Madadeni	16 568	6.1	313 878	43.0	10.3
Emnambithi	33 897	12.5	205 636	28.2	6.2
Total KwaZulu	50 465	18.7	519 514	71.2	8.0
Newcastle	64 241	23.8	367 459	50.4	6.0
Ladysmith	91 357	33.4	270 415	37.1	3.7
Rest	114 132	42.8	90 828	12.5	- 0.8
Total	269 730	100.0	728 698	100.0	3.4

SOURCE: Figures from Harrison (1990) and DBSA (1995), reflecting population census data.

NOTES:

1. It is perhaps a misnomer to call the relationship between Ladysmith and Newcastle and their adjacent districts functional areas in 1960, although this would have been the case in 1991.

Both Ladysmith and Newcastle consolidated their position in the region through their industrial growth in the 1970s and 1980s, at least part of which was linked to the availability of a large surplus population which had been created by removals. In the 1970s, the development paths of the two towns were quite different. While Newcastle became a centre of heavy industry through the establishment of Iscor, Ladysmith's development was focused on labour-intensive industries in adjacent Ezakheni. The development of the much smaller Madadeni industrial estate adjacent to Newcastle only occurred in the 1980s, and never became a significant industrial centre.

Contrasting patterns in the two towns reflect different phases of industrial decentralisation policy, and the intersection of national policy with local and regional initiatives. Newcastle's designation as a growth pole meant that it grew rapidly in the 1970s - exceeding Ladysmith, which was previously the main centre in the sub-region. The development of the Ezakheni industrial estate followed the shift to a more labour oriented industrial decentralisation policy, focused on homeland areas. Industrial estates in KwaZulu were managed by the KwaZulu Finance and Investment Corporation (KFC), which adopted a policy of concentrating development, beginning with Isithebe and Ezakheni. With the contraction of Iscor in the 1980s, and the emergence of Newcastle municipality's local economic strategy, the KFC supported the municipality's call for an equalisation of incentives between Madadeni and Newcastle (Interview with Griessel, KFC, November 1994). Although this did not occur, the Madadeni industrial estate was developed only to a limited extent, since there was considerable surplus land in Newcastle itself.

TABLE B.2: NORTH-WESTERN KWAZULU-NATAL: CHANGE IN FORMAL EMPLOYMENT, 1980 AND 1991

	1980		1991		% ANNUAL AVERAGE CHANGE
	NO.	%	NO.	%	
Agriculture	10 899	8.7	7 943	7.0	- 2.5
Mining	16 978	13.5	7 890	7.0	- 4.9
Manufacturing	32 420	26.0	37 617	33.0	1.5
Electricity	1 609	1.3	1 311	1.2	- 1.7
Construction	5 555	4.4	4 877	4.3	- 1.1
Commerce	15 373	12.2	13 206	11.5	- 1.3
Transport	8 609	6.9	6 102	5.4	- 2.6
Finance	2 476	2.0	3 727	3.3	4.6
Services	31 579	25.0	30 901	27.2	- 0.2
Total	125 455	100.0	114 122	100.0	- 0.8

SOURCE: Based on figures from DBSA (1995)

The overall picture of the sub-region in the 1980s is one of decline and stagnation. Tables B.2 and B.3 show the changing composition of GGP and formal employment in the sub-region. Compared to the Province as a whole, which grew slowly in terms of formal employment and GGP, formal employment in the sub-region declined, while GGP was

almost static. The sub-region's share of Provincial formal employment reduced from 11% in 1980 to 8.4% in 1991, while its contribution to Provincial GGP contracted from 8.4% to 7% over the same period. Formal employment declined in all sectors except finance and manufacturing, where it grew slowly, while output contracted in all sectors other than commerce, transport, and services. The mismatch between employment and output reflects structural change in the sub-region, with the decline of heavy industry and the growth of labour-intensive industries in the 1980s.

Growth was not even across the sub-region. Formal employment declined in all districts other than the Ladysmith functional area (see Table B13 in DBSA, 1995). Manufacturing, construction, commerce, finance and services all showed growth here, whereas the only areas of growth in formal employment in Newcastle functional area, were in manufacturing and finance. Similarly, only the Dundee and Ladysmith functional area grew in terms of output (see Table C9 in DBSA, 1995). Ladysmith experienced growth in GGP in most sectors, while Newcastle contracted in important areas such as manufacturing and commerce, although finance and services increased. Ladysmith therefore consolidated its position as a manufacturing and commercial centre in the 1980s, while Newcastle declined in relative or absolute terms. Nevertheless, Newcastle remained the dominant centre within the region, as Table 6.1 (Chapter 6) shows. Incomes in Madadeni were somewhat higher than in Emnambithi in 1991 (Day and Moloji, 1993, Table 4), reflecting the role of heavy industry and the larger tertiary sector in the former. Economic activity ratios were, however, slightly lower in Emnambithi than Madadeni (Day and Moloji, 1993, Table 13). While Ladysmith out-performed Newcastle in the 1980s, growth in both cases was much weaker in the 1990s, as the previous section argued.

The restructuring of mining and agriculture, once the main economic base of the sub-region, also underpinned its changing spatial structure, and economic decline in the 1980s. They have influenced development in Newcastle, although in the 1980s, dynamics within the town itself were more important.

TABLE B.3: NORTH-WESTERN KWAZULU-NATAL: CHANGE IN OUTPUT, 1980 – 1991, AT CONSTANT 1990 PRICES

	1980		1991		ANNUAL AVERAGE INCREASE %
	R (000)	%	R (000)	%	
Agriculture	124 295	4.8	118 582	4.6	- 0.4
Mining	229 541	9.0	237 020	9.2	0.3
Manufacturing	958 196	37.8	805 512	31.5	- 1.4
Electricity	148 394	5.8	140 077	5.4	- 0.5
Construction	95 945	3.7	90 627	3.5	- 0.5
Commerce	232 184	9.1	259 138	10.1	1.1
Transport	246 187	9.6	281 892	11.0	1.3
Finance	272 868	10.8	232 177	9.1	-1.4
Services	389 840	11.8	389 840	15.3	2.8
Total	2 537 645	100.0	2 554 866	100.0	0.06

SOURCE: Based on figures from DBSA (1995)

Until the 1980s, the coal industry in the sub-region was a significant sector there. It shifted from exports to a domestic orientation from the 1950s, but local linkages were limited. Nevertheless, the opening of Union Steel Corporation Blast Furnace in Newcastle in 1934, and later the development of the Ngagane Power Station in 1957, as well as the establishment of Iscor in 1970, did extend local linkages. The massive increase in coal exports in the 1970s, following the oil crisis, boosted the industry in the sub-region. South African coal exports increased 2000% between 1970 and 1980. Natal coal accounted for 44% of the export market by 1982 (Harrison, 1990). The fortunes of the coal industry, however, changed dramatically after 1982 as export markets declined and local demand contracted with the restructuring of Iscor in Newcastle, and the closure of the Ngagane Power Station. The Klipriver Coalfield, between Ladysmith and Newcastle, was particularly affected by these processes, and a number of large collieries closed. By now, the collieries of Durnacol (close to Dannhauser), Hlobane (near Vryheid) and Welbedacht (close to Utrecht), are the only large mines left (Day and Moloi, 1993). Kilbarchan Colliery near Newcastle was closed in 1992 (Urbecon, 1996), affecting 850 workers (*Natal Witness*, 5/9/91). Durnacol is expected to close in 1998 (Interview with Webstock, Iscor Head Office, March 1995). Contraction or closure in a number of cases - for example in Kilbarchan and Hlobane - was underpinned by declining or poor quality reserves and therefore high production costs.

The mining industry in the sub-region is dominated by large national firms, including Iscor, which have increased the capital intensity of their production. In consequence, mining employment has contracted more rapidly than production has declined. Employment in the mining sector in the sub-region halved from 16 978 in 1980 to 7890 in 1991 (see Table B.2). Output increased, but was almost static in the period (see Table B.3). Dannhauser, Dundee and Glencoe were particularly affected by employment declines in mining. Mining employment within Newcastle/Madadeni also dropped sharply from 3367 in 1980 to 2306 in 1991 (DBSA, 1995). Further rationalisation was occurring at the time this research was being undertaken in 1994.

The agricultural sector also declined in the 1980s. Harrison (1990) comments that compared to other areas within the Province, North Western KwaZulu Natal is relatively unproductive, and is focused largely on extensive agriculture. Its early development was characterised by a slow development of commercial agriculture, and cycles of growth and decline. Although livestock remained dominant, maize was introduced in a substantial way in the 1970s. This growth however, led to declining absolute employment, as farmers used easy access to credit to mechanise. In the 1980s, this strategy led to crisis as drought and declining prices and markets undermined returns, while input costs and interest rates rose (Harrison, 1990). In the 1980s, employment in agriculture dropped further from 10 899 in 1980 to 7943 in 1991 (see Table B.2). By 1991 it accounted for only 7% of the sub-region's formal employment. Output from agriculture similarly declined (see Table B.3). The agricultural sector is negligible in Newcastle/Madadeni, accounting for only 2.6% of formal employment. Links to agriculture in terms of processing are also limited.

The broad picture that emerges is one of a declining region, where development has become increasingly concentrated spatially. But development has been uneven between large towns, with contraction in Newcastle and growth in Ladysmith in the 1980s. Newcastle's decline may be linked to processes within the broader region that have affected its role, but it is also the result of the dynamics of restructuring in the town itself.

APPENDIX C INDUSTRIAL SURVEY FORM



NEWCASTLE NATAL

My Verw.: C13/16/2/4
My Ref.:

Navrae: J.G. Benadè
Enquiries:-

Tel: (03431) 27211 71270
Fax: (03431) 21570

Munisipaliteit: Privaatsak X6621
Borough: Private Bag X6621
NEWCASTLE
2940

CONFIDENTIAL

INDUSTRIAL DEVELOPMENT PLAN: QUESTIONNAIRE

Name of Industry :.....
Lot No. :.....
Street Address :.....
Contact person :.....
Telephone number :.....

Background Questions

1. What year was your industry established in Newcastle?
.....
2. What product/s does your industry
produce?.....
3. (a) Was this industry established elsewhere in South
Africa? Yes/No
(b) If yes, where?.....
4. (a) Do you have a parent company? Yes/No
(b) If yes, where is the head office?
5. (a) Are you receiving incentives under the Regional
Industrial Development Programme? Yes/No
(b) If yes, when do they run out?.....
(c) If no, have you received incentives in the past?
Yes/No

- 6. (a) Are you the owner of the property or do you rent?.....
- (b) If renting, do you intend to buy?.....

LOCATION DECISIONS:

- 7. What are your reasons for locating in Newcastle?
 - (a).....
 - (b).....
 - (c).....
 - (d).....
 - (e).....
- 8. Why did you not locate in Durban or Johannesburg?
 - (a).....
 - (b).....
 - (c).....
- 9. Why did you not locate in Ezakheni or a similar area?
 - (a).....
 - (b).....
 - (c).....
- 10. What are the problems with doing business in Newcastle:
 - (a).....
 - (b).....
 - (c).....

INPUTS, TRANSPORT AND MARKETS

- 11. What are the main inputs your factory uses and where do you buy them?

	<u>Newcastle</u>	<u>Rest of S.A.</u>	<u>Import</u>
_____
_____
_____

12. Do you do CMT/subcontracting to or for other companies?
Yes/No/Possibly in the future

If yes: are these companies in Newcastle

rest of SA.....

overseas.....

What kind of work?.....

What proportion of your production/output occurs in this way?.....%

If you are considering CMT/subcontracting in the future, please explain

.....

13. What by-products does your industry have?.....

What do you do with it?.....

14. How do you transport your products?

.....

Are transport facilities in Newcastle adequate? Yes/No

If no, please explain.....

15. Where do you sell your product/s? (Percentage)

	<u>Newcastle</u>	<u>Rest of S.A.</u>	<u>Export</u>
_____
_____
_____

16. If you sell to the local market, who are your main buyers?

(a).....

(b).....

(c).....

17. If you export:

(a) What countries do you export to?

.....

(b) How did you establish your export markets?

Family/friends overseas: Yes/No

Parent company: Yes/No

Other (please specify).....

(c) Do you use the General Export Incentive Scheme (GEIS)?

Yes/No

(d) Will you continue to export when the GEIS is phased out? Yes/No

(e) Are you planning to increase your exports? Yes/No

(f) What difficulties do you experience in operating in the export market?

.....

.....

.....

18. If you do not export, what are the reasons?

(a).....

(b).....

Are you planning to export? Yes/No

19. How will your business be affected by the GATT (decreasing import tariffs)?

(a).....

(b).....

CAPITAL INVESTMENT

20. Initial capital investment:.....
21. Have you bought new machinery since you established your industry? Yes/No
- Approximate value.....
- If yes, are you using newer technology? Yes/No
- If yes, please describe (e.g. computer technology).....
-
22. Are you planning to purchase new machinery? Yes/No
- If yes, will the number of workers: increase
decrease
remain the same

LABOUR AND EMPLOYMENT

23. Number of people employed:
- In the year of establishment.....
- At present.....
- If there has been a reduction in employment, please explain:
-
- Are you planning to increase or decrease your workforce?
(Please explain)
- Increase(Yes/No).....
- Decrease (Yes/No).....
24. Composition of employment (amount)
- | | <u>Male</u> | <u>Female</u> |
|--------------------|-------------|---------------|
| Managerial: Family | _____ | _____ |
| Employees | _____ | _____ |
| Supervisors | _____ | _____ |
| Technicians | _____ | _____ |
| Semi-skilled | _____ | _____ |
| Unskilled | _____ | _____ |

25. What are your main labour problems?

- (a).....
- (b).....
- (c).....
- (d).....

26. What steps have you taken to avoid labour problems, or to deal with labour problems?

- (a).....
- (b).....
- (c).....

27. Please describe how you train your workers?

.....

.....

28. What is your company's labour cost as a percentage of total cost:

In the year of establishment:.....

At present:.....

GENERAL

29. What should be done to stimulate industrial development in Newcastle?

Attract linked industries: Yes/No; if yes, please describe

.....

Training institute: Yes/No; if yes, would you be prepared to support such an institute financially or in other ways? Please comment.

.....

Other (please explain).....

30. Do you own any other business in Newcastle? Yes/No
If yes: what kind of business?.....
How many employees?.....
31. Are you planning to open any other kind of business?
Yes/No
If yes, what kind of business?.....
Where?.....
How many people do you plan to employ?.....

Thank you for your cooperation.

APPENDIX D

**NEWCASTLE'S 1990 SURVEY AND THE 1991 MANUFACTURING CENSUS:
NUMBER OF FIRMS BY SECTOR**

SECTOR	NEWCASTLE 1990	CENSUS 1991
Food/Beverages	5	11
Textiles/Clothing	41	37
Footwear/Leather	4	4
Wood/Furniture	5	8
Paper/Printing	4	11
Chemicals/Rubber	6	7
Plastics	5	1
Non-Metallic Minerals	17	12
Basic Iron And Steel	1	1
Metal Products	13	22
Machinery/Electrical Machinery	3	16
Motor Vehicle Parts	-	6
Other	9	6
Total	113	145

SOURCE: Newcastle 1990 survey; *Census of Manufacturing* 1991, Report No. 30-01-02.

APPENDIX E
EMPLOYMENT BY FIRM 1990 AND 1994

SECTOR	1990	1994
Basic Metals, Metal Products, Machinery, Electrical Machinery, Transport Equipment		
Iscor	7500	5300
Venco	268	250
Falkirk	534	340
Chrome Plating	8	-
Burglar Proofing	3	6B
Carneys	6	10B
DK Fabricators	15	10B
Fred Sheet Metal	11	23
Jeffs	3	-
Maypoul	8	7
Newcastle Engineering	10	-
Newcastle Forge	36	-
Weldgrip	36	-
Boschpik	-	40
Mining and Electronic Services	-	6B
GMH Engineering	-	10B
Gorcast Engineering	-	10B
Spring Specialists	-	5B
Maclom's Hydraulics	-	24
Vaal Potteries	-	49
Marconi	-	14
Man Machinery	67	76
ABD	45	-
Igloo	-	15
Newelec	-	20
Civex	-	8B
Foremost Electrical	-	28
Pikkies Structural Welding	-	20B
Power Systems International	-	8B
Structural Welding and General Engineers	-	5B
CA Wolfaardt	-	23B
Newcastle Electroplating	-	13
Reinforcing Steel Contractors	-	13B
Dansyl Airconditioning	-	5B
Goodwin's Diesel Centre	-	6
Hytec Transvaal	-	8B
Ken's Auto Electrical	-	8
Coolcor Radiators	-	6

Bearings International	-	7B
Bracor	-	4
Northern Natal Armature Winders	-	12
Newcool Airconditioning	-	27
JEMS Mining Supplies	-	6
Rock Buster	-	10
Freton	-	6
Redges Automotive Engineering	-	5
Diesel Electric	-	8
Struweld Engineering	-	8
Fourie and Sons	-	2
JD Mining and Industrial Supplies	-	11
Chemicals		
Karbochem	759	580
AECI	500	-
Siltech	-	280
African Amines	-	20
Air Products	36	40B
Newehem	-	7
Clothing/Textiles		
Amigo/Nova	650	850
Bestform	426	250
Gevon	400	-
Sandown	1625	1800
Veka/Allwear	1275	1400
Wang on Fibre	400	350
Afrika HK	60	150
Appollo/Ascendo	200	200
Bristol	150	-
Castle	100	105
Corsair	300	-
Damaru	40	28
Empire	61	-
Evernice	50	40
Far Eastern	115	220
Friends	39	-
General Knitwear	150	100
Happy Knitting	119	40
Heng Nan Huang	115	90
Jenda	200	180
Jye Fuh	100	85
Leader	292	95
Lai Lai	140	70
Mayflower	-	43
Myton	30	-

Topwell	90	80
Ancient Arts and Crafts	65	-
Smoothedge	61	26
Ragno	160	-
Newever	90	160
Popular Knitting	192	-
Royal	100	50
Rand Hat and Cap	280	475
RMB Dress	100	-
SA Milliners	84	-
Super Quality Textiles	240	-
Susumu	134	120
SA Weatherwear	370	260
SA Cotton Waste	19	20
Sin Sin	25	25
Westbrook	150	165
Chi Chun	-	25
Ying Wei	-	30
New Life	-	23
A One	-	20
Golden Wheel	-	15
Chance	-	20
Hwan Yea	-	60
Super Merchandise	-	50
Elegance	-	150
Pidonel	-	80
Edmar	-	45
ABC	-	45
Chris and Marco	-	72
Orphan	-	35
Weskear	-	33
Kev	-	25
Springtex	-	40
La Joie	-	12
Newcastle Sewing	-	5
Acyland	-	30
Kuan Lung	-	14
Divine Tex	-	50
Astar	-	30
Best	-	100
Chua I	-	80
Jump	-	4
Everbeauty	-	15
Newcastle Knitting	-	5
Nan Mei	-	30
Sunrise	-	25
Hwa Shin	-	18

Tai Fuh	-	170
Lucky	150	35
Footwear/Leather		
Far Eastern Shoes	70	-
Victory Toys	158	A
Jeammy/Jiann Fong/Jiufu	552	200
Peretz	95	-
Formost Industrial	-	156
Walker	-	130
Plastics		
Asiachem	35	35
Chiao Lien	38	13
Formosa	320	180
Plastics Industry	80	-
Plasbo	14	17
We Li	-	110
Non-Metallic Minerals		
Heckett	68	A
Anchor	5	5B
BRC	100	-
Blocon	100	180
Cliffs Glass	6	9B
CPM	40	A
Hippo	29	A
Mother Earth Potteries	100	70
Natal Portland Cement	100	130
Natal Brickfields	204	40B
Newcon	23	19
Protecto	18	A
Pave-It	12	-
Rocla	68	48
Ralph's Glass	4	A
Yi Yang	200	A
Barracuda	-	64
Newcastle Sement	-	46
Northern Natal Cement	-	A
Wood/paper		
A and H	30	5
Federated Timber	79	59
JMS	7	-
Woodcraft	11	A
Charcoal	15	A
Paladin	25	A

TF Woodworkers	-	4
Coppel CC	-	47
Pro-Wood	-	7
Navco	-	42
Crescent	-	7
Natal Framers	-	3
Printing		
Buffalo	12	20B
Newcastle Advertiser	45	28B
Quick Print	2	12B
Print Inn	-	36B
Food/Beverage		
Newcastle Mills	-	5B
Madadeni Brewery	228	A
Madadeni Bakery	70	-
NCD	138	142
Suncrush	105	-
Blue Ribbon	102	140
Other		
Hardo Signs	10	10
Newcastle Diamond	306	134
Spanish Jeweller	43	-
Theo's Jewellers	7	-
Weico	-	8
Aurora	-	8
Great Sun	-	10
Land S Insulation	-	8
Top Shine	-	90
Control Instruments	-	8B
Number Plate Centre	-	5B
Andrew's Number Plate	-	A

SOURCE: Newcastle 1990 survey; 1994 survey

NOTES:

1. A = not interviewed, but exists

- = closed/not listed. Note that in the case of a number of the small firms listed under metal products, firms were established by 1990, but were not included in Newcastle's survey. Most of these are small service industries, primarily in engineering.

B = figure derived telephonically in 1996



DATA RESEARCH AFRICA

Development Researchers and Policy Analysts

UNIVERSITY OF NATAL

NEWCASTLE SURVEY 1995/6

AREA AND HOUSING TYPE

1	2	3	4
Survey No	Survey Area	Settlement Type	Dwelling Type
	1=Kwadadeni	1=formal township	1=Concrete block
	2=Oxizweni	2=shack area within township	2=4/5 roomed house (govt built: ex-rental stock)
	3=Blauwbosch	3=informal settlement	3=4/5 roomed house (developer built)
		4=rural	4=shack
			5=traditional / umuti
			6=brick, mortar and plaster
			7=combination

DEMOGRAPHICS

A household is defined as unit sharing resources. Another form should be filled in for lodgers who pay rent and live entirely on their own, but the informant may fill in the questionnaire for them if they are not there. Their presence should be noted under Q8. The household can also include members who are migrants / commuters.)

KEEP THE HOUSEHOLD MEMBERS CONSTANT FOR EACH QUESTION. ENTER IN ORDER OF AGE.

5	6	7	8	9
Age next birthday	Sex	Marital status	Relationship to household head	Highest education level completed
5.1	6.1	7.1	8.1	9.1
5.2	6.2	7.2	8.2	9.2
5.3	6.3	7.3	8.3	9.3
5.4	6.4	7.4	8.4	9.4
5.5	6.5	7.5	8.5	9.5
5.6	6.6	7.6	8.6	9.6
5.7	6.7	7.7	8.7	9.7
5.8	6.8	7.8	8.8	9.8
5.9	6.9	7.9	8.9	9.9
5.10	6.10	7.10	8.10	9.10
5.11	6.11	7.11	8.11	9.11
5.12	6.12	7.12	8.12	9.12
5.13	6.13	7.13	8.13	9.13
5.14	6.14	7.14	8.14	9.14
5.15	6.15	7.15	8.15	9.15
Enter row number	1= Male 2= Female	1=married 2=living together 3=widowed 4=divorced 5=separated 6=deserted 7=never married	1=Head 2=Spouse of head 3=Child of head 4=Sibling of head 5=Parent of head 6=Other relative 7=Lodger Tenant Relative 8=Lodger Tenant non-Relative Others specify	11=Pre-school 12=No education 13=Class 1 or 2 14=matric DipTeachNursPolice Dip 15=matric + DipTeachNursPolice Dip 16=non-matric + NatTrg - 1-3 Cert 17=matric + NatTrg - 1-3 Cert 18=non-matric + Buss Coll CertDip 19=matric + Buss Coll CertDip 20=non-matric + Agricul CertDip 21=matric + Agricul CertDip 22=non-matric + Other CertDip 23=matric + Other CertDip 24=non-matric + Tech College Dip 25=matric + Tech College Dip 26=matric + Technikon Dip 27=matric + Technikon Dip 28=matric + Uni Degree (B, Hons or M)

MIGRATION PATTERNS

10		11		12	
How often does this person sleep and eat at this house?		When did each adult come to Newcastle?		Where did each adult come from?	
10.1		11.1		12.1	
10.2		11.2		12.2	
10.3		11.3		12.3	
10.4		11.4		12.4	
10.5		11.5		12.5	
10.6		11.6		12.6	
10.7		11.7		12.7	
10.8		11.8		12.8	
10.9		11.9		12.9	
10.10		11.10		12.10	
1=every night		1=born here		1='white' farm near Newcastle	
2=every weekend		otherwise state actual year		2='white' farm elsewhere in KwaZulu/Natal	
3=once or twice a month				3='black spot'/black freehold land eg.Charlestown	
4=only at holidays (Easter, Xmas)				4= other towns in KwaZulu/Natal	
5=once a year				5= rural areas within areas previously in KwaZulu	
6=irregular				6='white farm' in the Free State	
7=during the week only				7='white farm' in Mpumalanga	
8=most nights, but goes home occasionally on weekends and on holidays				8=rural areas within other old 'homelands'	
				9=cities in Gauteng	
				10=Durban	
				11=other urban areas / cities in RSA	

13		14		15	
Why did each adult come here? (do not prompt - allow for 2 responses)		Are any people in the household from another household elsewhere who have come to Newcastle to either work or look for work?		For people answering YES to the last question (Q14), then - why did they come to Newcastle and not go to the cities or other areas?	
13.1.1	13.1.2	14.1		15.1	
13.2.1	13.2.2	14.2		15.2	
13.3.1	13.3.2	14.3		15.3	
13.4.1	13.4.2	14.4		15.4	
13.5.1	13.5.2	14.5		15.5	
13.6.1	13.6.2	14.6		15.6	
13.7.1	13.7.2	14.7		15.7	
13.8.1	13.8.2	14.8		15.8	
13.9.1	13.9.2	14.9		15.9	
13.10.1	13.10.2	14.10		15.10	
1=removals		1=yes		1=couldn't get a job in the cities you wait too long to get a job there	
2=running away from farms		2=no		2=wanted to be closer to home	
3=sites or land available				3=only had contacts here	
4=jobs available/to get work				Otherspecify	
5=access to services					
6=escaping violence					
7=came with family who came for one of the reasons above					

EMPLOYMENT

16		17	
Vocational status		Occupational category - formal sector employment only	
16.1		17.1	
16.2		17.2	
16.3		17.3	
16.4		17.4	
16.5		17.5	
16.6		17.6	
16.7		17.7	
16.8		17.8	
16.9		17.9	
16.10		17.10	
2=Scholar / student - attending 3=School-going age, - not attending 4=Retired - not working 5=Labour disabled - not seeking work 6=Housewife / help - unpaid work at home 7= Housewife / help - unpaid work in informal sector 8=Unemployed - not seeking work 9=Unemployed - seeking work 10=Employed - mainly in Informal 11=Employed - mainly in formal 12=Employed - both sectors 70:30 13=Self-employed - formal sector 15=Self-employed - informal sector		1=IsCOR 2=other metal industries 3=chemical industries 4=clothing factory 5=other factory 6=domestic worker 7=miner 8=nurse, teacher, social worker, policeman/woman 9= other professional, semi-professional and technical 10= farming and related occupations 11= construction worker 12= other service worker (cleaner, cook, janitor, waiter) 13= clerical and sales (clerk, typist, shop assistant/salesman) 14= middle level service occupation (plumber, hairdresser) 15= driver 16= technician outside of factory (eg. mechanic) 17= Managerial and administrative (admin, office manager)	
code 9 = accountant, doctor, bookkeeper, engineer, insurance salesman, journalist, priest, lawyer, librarian)			

18	
Describe in your own words what work adults in your household do - DETAILED.	
18.1	
18.2	
18.3	
18.4	
18.5	
18.6	
18.7	
18.8	
18.9	
18.10	

19	
For each person who does informal sector work or is self employed, please state what their main activity is?	
19.1	1=spaza shop
19.2	2=shebeen
19.3	3=street hawker
19.4	4=other retail
19.5	5=sewing or knitting
19.6	6=block making or construction
19.7	7=producing steel goods (eg. burglar bars)
19.8	8=agriculture producer
19.9	9=other producer
19.20	10=herbalist, healer
	11=professional services
	12=childminding
	13=washing, ironing and other domestic work
	14=hairdresser
	15= taxi operator
	16= other services
	Others specify

THE FOLLOWING FOUR QUESTIONS 20,21,22&23 ARE ONLY APPLICABLE TO PEOPLE WORKING IN FACTORIES.

Please note that all persons who were coded 1-5 in Ques. 17 are regarded as possibly being factory workers.

20		21		22		23	
Are the firms they work in South African or foreign-owned?		Please give the name of the factory that workers work in?		How long have they worked in their current factory?		Where did factory workers work before they worked in the factory where they are working now?	
20.1		21.1		22.1		23.1	
20.2		21.2		22.2		23.2	
20.3		21.3		22.3		23.3	
20.4		21.4		22.4		23.4	
20.5		21.5		22.5		23.5	
20.6		21.6		22.6		23.6	
20.7		21.7		22.7		23.7	
20.8		21.8		22.8		23.8	
20.9		21.9		22.9		23.9	
20.10		21.10		22.10		23.10	
1 = South African 2 = foreign, eg. German, Chinese, etc.				raw no - years less than 1 year, then = 0 month		1 = didn't work - at school 2 = didn't work - at home: housewife/looking after children 3 = didn't work - unemployed 4 = in another city or town 5 = in another heavy industry in Newcastle 6 = in (another) South African clothing industry 7 = in (another) Chinese clothing industry 8 = in (another) South African industry (not clothing or heavy industry) 9 = in (another) Chinese industry (not clothing or heavy industry) 10 = self-employed/informal Others specify	

PAST EMPLOYMENT PATTERNS - HEAVY INDUSTRY

24			
Has any living adult in this household ever worked for and been retrenched (/fired) from Iscor, or in one of the heavy (men's) industries (Venco, Karbochem, Falkirk etc) in the past?			
24.1		24.6	
24.2		24.7	
24.3		24.8	
24.4		24.9	
24.5		24.10	
(for each adult) 1 = Yes. 2 = No			

IF NO ONE HAS EVER WORKED FOR ISCOR OR ANY ONE OF THE HEAVY INDUSTRIES THEN GO TO QUESTION 29

25			
For each person who was retrenched from heavy industry in the past, please tell us when they worked there?			
year start	year left	year start	year left
25.1.1	25.2.1	25.1.6	25.2.6
25.1.2	25.2.2	25.1.7	25.2.7
25.1.3	25.2.3	25.1.8	25.2.8
25.1.4	25.2.4	25.1.9	25.2.9
25.1.5	25.2.5	25.1.10	25.2.10
answer in years (beginning and end year) i.e. 1972 - 1993			

MOVEMENT OUT OF THE AREA

34				35			
Have adults who are currently unemployed, tried to look for jobs elsewhere?				For people who commute on a weekly basis to work, why do they commute, rather than moving to the area?			
34.1		34.6		35.1		35.6	
34.2		34.7		35.2		35.7	
34.3		34.8		35.3		35.8	
34.4		34.9		35.4		35.9	
34.5		34.10		35.5		35.10	
1 = no 2 = yes, but couldn't find work so returned 3 = yes, but could only get temporary or part-time work so returned 4 = yes, but returned after losing a job 5 = yes, but returned (specify reason) 6 = yes, still looking for work or unemployed elsewhere (ie. on a migrant or commuter basis)				1 = violence in the cities/where they work 2 = cost of moving to city 3 = have home here 4 = used to live in the city, but left due to violence 5 = job in the city is too insecure or temporary to move there Other specify			

LINKS TO OTHER AREAS

36		37		38	
Are there sons and/or daughters of household members who have moved out of Newcastle completely, and are not considered as part of the household?		Why did they move out of Newcastle?		Do they send any money or any goods to the household?	
36.A		37.A		38.A	
36.B		37.B		38.B	
36.C		37.C		38.C	
36.D		37.D		38.D	
1 = yes 2 = no IF YES, ANSWER Q37 & Q38 OTHERWISE GO TO Q39		1 = to study 2 = marriage 3 = found work elsewhere Other specify		1 = no 2 = yes	

39		40	
Does the household have other relatives who live outside of Newcastle and whether they send money or other goods to the household?		Does the household look after children for relatives who do not live on a full-time basis in Newcastle?	
39		40	
1 = no relatives elsewhere 2 = relatives elsewhere who don't send money/goods 3 = relatives elsewhere who do send money/goods		1 = yes 2 = no	

HOUSING

41		42		43	
How long has the household lived on this plot?		Does this household rent or own the land on which this house is built?		If it rents, how much rent does it pay each month? <i>(if its given as a year, divide by 12)</i>	
41		42		43	
Answer in number of years -1 = DK		1 = rent - GO TO QUES 43 2 = own - GO TO QUES 44		Answer in rands -1 = DK	

44		45		46	
Does this household rent or own the house/unit it lives in?		If it rents, how much rent does it pay each month?		How many rooms does the house have? <i>(excluding passages, toilet & bathrooms, but including kitchens etc)</i>	
44		45		46	
1 = rent - GO TO QUES 45 2 = own - GO TO QUES 46		Answer in rands -1 = DK		Raw Number	

47		48		49	
Did this household build this house or pay for it to be built?		When did you finish building the house?		Did the household get money from family elsewhere specifically to build the house?	
47		48		49	
1 = yes. 2 = no		Answer numbers of year ago, i.e. 1975 = 30 -1 = DK		1 = yes. 2 = no -1 = DK	

INCOMES

50				51			
WAGE INCOME				COMMUTER INCOME			
Indicate the income that was earned by each person who is permanently living in this household from salaries and wages DURING THE MONTH OF NOVEMBER. <i>Refer only to those household members who live and eat every night at the homestead.</i> <i>For each person, fill in amount earned in Rands.</i>				Indicate the income from salaries and wages earned by each person who is commuting to work on a weekly basis DURING THE MONTH OF NOVEMBER. <i>Refer only to those household members who live and eat on weekends at the homestead.</i> <i>For each person, fill in amount earned.</i>			
50.1		50.6		51.1		51.6	
50.2		50.7		51.2		51.7	
50.3		50.8		51.3		51.8	
50.4		50.9		51.4		51.9	
50.5		50.10		51.5		51.10	
Other				Other			

52				53			
REMITTED WAGE INCOME				TRANSFERS AND PENSIONS			
Indicate the income from salaries and wages that was remitted by each member of the household who is living away from the household DURING THE MONTH OF NOVEMBER. <i>Refer only to those household members who do not live and eat on every night or on weekends at the homestead.</i> <i>For each person, fill in amount remitted.</i>				Indicate the income that was paid to each person in the household from pensions, disability grants, and other grants from government DURING THE MONTH OF NOVEMBER. <i>If the full amount is not known, then indicate the amount contributed to the household.</i> <i>For each person, fill in the amount contributed to the household.</i>			
52.1		52.6		53.1		53.6	
52.2		52.7		53.2		53.7	
52.3		52.8		53.3		53.8	
52.4		52.9		53.4		53.9	
52.5		52.10		53.5		53.10	
Other				Other			

54				55			
OTHER INCOMES - AMOUNT				OTHER INCOMES - SOURCE			
Indicate how much income (in Rands) that was received by the household DURING THE MONTHS OF SEPTEMBER, OCTOBER AND NOVEMBER from sources other than wages, pensions, disability grants, and income from a business or self-employment. <i>Enter the total for the three months under rands.</i> <i>If the full amount is not known, then indicate the amount contributed to the household.</i>				Please enter the source of this other income, as per the previous question (QUES 54). 1 = maintenance grant 2 = remittances/contributions from a non household member 3 = lobola payment 4 = rental payments 5 = other contributions from household members Other specify			
54.A				55.A			
54.B				55.B			
54.C				55.C			

56				57			
BUSINESS INCOME/INCOME FROM SELF-EMPLOYMENT OR INFORMAL WORK							
Does anyone in the household run a business? <i>Include formal and informal activities, and self-employment.</i>				How much money is generated monthly from these businesses?			
56				57			
1 yes - GO TO QUES 57 2 no - GO TO QUES 58				Enter the raw number in Rands. Probe for monthly averages rather than the last months takings.			

LAND AND AGRICULTURE

58		59	
Did this household have access to land for ploughing in between November 1994 and now?		Did this household have another home in rural areas other than here?	
58		59	
1 = yes 2 = no		1 = yes 2 = no	

60		61	
Does this household grow any food to sell or for its own consumption?		If the answer to Q.60 is yes, how much food is grown?	
60		61	
1 = yes - GO TO QUES 61 2 = no - END INTERVIEW		1 = enough to live on for most of the year and sell 2 = enough to live on for most of the year 3 = enough for less than half of the year 4 = enough for only occasional consumption Other specify	