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INDUSTRIAL DECENTRALISATION
REVISITED

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Introduction

For many South Africans ‘industrial decentralisation’ conjures up images of crazed apartheid spatial engineers seeking to turn back the tides of economic logic by locating factories in the middle of nowhere. In practice these images are the product of neo-liberal presumptions that, with some key exceptions, have been subjected to very little critical scrutiny. They crystallised in the late-1980s in the context of a concerted critique of the Regional Industrial Development Programme (RIDP) sponsored initially by the Urban Foundation. The neo-liberal consensus now is that the RIDP of the 1980s was not only wasteful, inefficient, and politically motivated, but also represented a hopeless effort to fly in the face of ‘natural’ tendencies for industry to agglomerate in the main urban centres. These assumptions have enjoyed widespread currency: flat assertions that industrial decentralisation didn’t work in South Africa and has never worked anywhere in the world are rife.

Our purpose in this paper is to challenge this consensus and to stimulate a reconsideration of industrial decentralisation. We propose several related arguments. Firstly, assertions about ‘natural’ tendencies of industry to agglomerate in main urban centres are partial and problematic. Some years ago, Trevor Bell (1983, 1986) argued that the movement of labour-intensive industries to peripheral regions since the early-1970s was not simply the result of apartheid policies that distorted incentives, but was driven by industrialists’ search for lower production costs in the face of intensified international competition and the growing power of the trade union movement. Neo-liberal critiques of the RIDP either dismissed or underplayed what Bell termed this ‘spontaneous decentralisation.’ In fact, Bell’s argument has considerable contemporary relevance; particularly in KwaZulu-Natal, new impulses of decentralisation in labour-intensive industries are taking shape in the post-apartheid era despite the sharp decline in RIDP subsidies.

These impulses are by no means peculiar to South Africa. Since the 1970s, tendencies towards industrial decentralisation have emerged in many different
parts of the world in the context of intensified global competition. These include some of the most rapidly growing Asian economies - notably Taiwan and China - as well as the much-vaunted ‘Third Italy.’ In short, assertions that industrial decentralisation is an apartheid relic and has never worked are simply false. If anything, industrial dispersal is a characteristic feature of late twentieth century capitalism.

Yet we are not proposing a return to earlier decentralisation debates cast in terms of ‘politics vs. economics.’ On the contrary, we argue that superficially similar patterns of industrial dispersal encompass multiple trajectories or paths of socio-spatial restructuring. These in turn reflect locally-specific forms of contestation and negotiation both within and beyond the workplace. In other words, decentralisation may be driven by a broad capital logic, but it is not simply ‘spontaneous’; rather, it is socially, politically, and historically constituted in particular localities. It also assumes a wide variety of institutional forms, and generates very different distributional outcomes. Rather than politics vs. economics, the key question is whether and how progressive possibilities can be wrested from conditions in decentralised regions.

This is a particularly crucial question because many of the areas to which low-wage, labour-intensive, industries are moving are home to large populations constituted through forced removals and farm evictions. Indeed, the distinctive feature of industrial decentralisation in South Africa is not, as neo-liberals assert, that it was politically motivated, but rather that the workforce in decentralised areas has been constituted through a particularly brutal process of dispossession. In contrast, in the rapidly growing Asian economies, broadly-based access to residential and productive land, and a variety of social services, operate to subsidise the industrial wage (Hart, 1995, 1996).

A key neo-liberal presumption is that, with the lifting of influx controls, people can simply pick up and move to the main urban areas. This assertion ignores high levels of effective immobility. For all their inadequacies, relocation townships - or what Murray (1988) calls ‘displaced urbanisation’ - provide a crucial base of social security for huge numbers of people, particularly women, that they are unable to find elsewhere. In the absence of massive state expenditures on urban housing, employment schemes, and social welfare programmes, these localities will continue to play this role. Particularly for women who bear the major brunt of social reproduction, local sources of income are crucial.

In the discussion that follows, we develop and document these arguments in three stages. Firstly, we outline the emerging dynamics of socio-spatial restructuring in KwaZulu-Natal, focussing particularly on the forces that have driven accelerating decentralisation of the clothing industry in the first half of
the 1990s. Drawing on our recent survey and ethnographic research in Newcastle, we also illustrate one set of localised strategies and struggles that have intersected with these broader processes.

Secondly, we address the question of foreign - particularly Asian - investment. Contrary to widely-held stereotypes, many Taiwanese investors in the area (and South Africa generally) are not simply fly-by-nights drawn in by ridiculous subsidies. In fact, the bulk of new foreign investment in the 1990s is from Taiwan, and continues to locate in former bantustan and border areas. Part of what makes Newcastle particularly interesting is that in the early-1980s, at the height of ‘top down’ regional planning, the white local government launched a foreign investment strategy and lured large numbers of Asian (mainly Taiwanese) industrialists to the town with RIDP subsidies and other inducements. In the 1990s, Taiwanese industrialists have continued to establish firms in Newcastle without subsidies. Despite its evident dynamism, Taiwanese investment is simultaneously extremely fragile. This fragility derives not from ‘artificial’ subsidies, but rather from intense labour conflict and global competition.

Although foreign investment in Newcastle assumes locally-specific forms, it illuminates a far broader set of issues. Primary among these is the relationship between industrial production and the conditions of social reproduction. This dimension is totally ignored by the neo-liberal consensus. Yet it is crucial both to the way things work and to the possibilities for change.

The Dynamics of Spatial Restructuring

Contrary to neo-liberal perspectives which saw industrial decentralisation as an ‘artificial,’ politically-driven process, peripheral industrial development is occurring to a much greater extent than is generally recognised. The growth of industrial employment outside of metropolitan areas reinforces Bell’s (1983) argument that industrial decentralisation was occurring spontaneously, but the dynamics underpinning these processes are more complex and varied than his work suggested. Further, while the structural forces Bell emphasised are clearly at work (but with new dimensions in the 1990s), place-specific dynamics are shaping trajectories of industrial development. This section describes the new waves of peripheral industrial growth in KwaZulu-Natal in the late-1980s and 1990s, and explores these processes in the context of Newcastle.

One of the ironies of the current debate over industrial decentralisation policy in South Africa is that the Report of the Development Bank’s Panel of Experts (1989) which played a key role in the demise of the generous incentive schemes of the 1980s, in fact showed that employment in decentralised industries grew in the context of stagnation at the national level (Platzky, 1995). Growth in
decentralised employment accelerated in the 1980s when about 147,000 jobs were created between 1982 and 1987, as compared to 200,000 in the preceding 21 years. This growth was particularly concentrated in KwaZulu-Natal, which accounted for some 28 percent of the new employment.

Within KwaZulu-Natal itself, industrial development proceeded rapidly in selected peripheral areas. Phillip Harrison's (1994) census-based analysis of spatial shifts in the organisation of manufacturing in the province demonstrated that while the 1980s had witnessed a net decline in manufacturing employment in the metropolitan core, employment in several centres outside of it grew - in some cases quite dramatically. Growth was particularly rapid in the homeland industrial decentralisation points of Isithebe and Ezakheni.

In the 1990s, the macro context has changed dramatically. State support for decentralisation has declined as incentives were reduced and made more neutral spatially. But decentralisation has been accelerated by the increasing integration of the South African clothing industry into the international economy. The removal of sanctions has opened up opportunities for firms seeking sites for low-wage production for the protected USA market. The rapid rise in import penetration from 19 percent to 44 percent of local consumption between 1988 and 1991 - the unintended effect of export-promotion schemes (Altman, 1994) - resulted in the loss of some 22 percent of jobs in metropolitan areas between 1990 and 1994. As cheap imports flooded in, low-wage sectors of clothing, inter alia, have increasingly established in peripheral areas where minimum wages are less than half those in metropolitan areas, and union organisation is far weaker. Leading clothing industry officials interviewed by Karen Harrison (1996) argue that decentralisation has been the dominant trend in the 1990s. Netshitomboni (1995) shows that the decline of parts of the clothing industry in Durban is directly linked to the decentralisation of the industry. Similarly, Karen Harrison's (1996) study of clothing in Port Shepstone points to rapid industrial development largely without the assistance of decentralisation incentives - a trend also present in Newcastle.

A recent study on the effect of the revised 1991 Regional Industrial Development Programme in KwaZulu-Natal (Harrison and Todes, 1996) showed that only 39 percent of projects and 37.5 percent of employment was concentrated in the Durban metropolitan area - despite the fact that areas outside of the centre could qualify for 60 percent of incentives. Foreign investment - the bulk of which was Taiwanese - was concentrated almost exclusively in Isithebe, Ladysmith/Ezakheni and Newcastle/Madadeni. The study also showed that the incentives were not critical to the survival of most firms, nor had they played any role in the location of industry. Both of these points are corroborated by case
studies of the effects of the programme in other parts of the country (BDA, 1996; Sharp and Spiegel, 1996; Luiz and van der Waal, 1996).

The RIDP and other studies only reveal parts of the process. There is also evidence of industrial dispersal beyond established industrial estates on the Durban metropolitan fringe and on the KwaZulu Natal South Coast. This may well represent a new wave and form of peripheral location to areas which are reasonably accessible and often semi-rural.

Although there are broad trends towards various forms of peripheral industrial development, these processes are highly uneven. The RIDP study, for example, showed that peripheral industrial development is only occurring in some places, and that trajectories of industrial development vary significantly between places. This variation is not a result of simple 'location factors'. Further, very different local dynamics underpin what appears to be a pattern of low-wage industrialisation. For example, industrial patterns and local dynamics in Newcastle are very different from those in Ladysmith-Ezakheni, which is structurally and locationally quite similar (Hart, forthcoming). Karen Harrison’s (1996) study of the recent growth of the largely Indian-owned locally based clothing industry in Port Shepstone, operating without any form of governmental support, also suggests very different institutional dynamics than those in Newcastle. There are also complex patterns within places, including growth and decline within specific sectors.

The recent history of Newcastle exemplifies the multiple forces driving low-wage industrialisation within a locality. It also shows the fragility of this kind of industrial development in the face of labour conflict and increasing international competition.

Until the 1960s, Newcastle was a small town with a limited economic base defined mainly by developments linked to the coal industry (see Todes, forthcoming). A new wave of industrialisation in the late-1960s and early-1970s took place in the context of forced removals. When people living on African freehold land were moved into relocation townships outside Newcastle, two very large clothing firms shifted from Charlestown into Newcastle. Other clothing industries also established in this period. The massive population growth of greater Newcastle, from around 14,000 in 1970 to approximately 360,000–400,000 by the early-1990s, resulted from widespread removals and farm evictions and from the establishment there of a branch of Iscor in 1972, as part of an earlier industrial decentralisation policy.

The growth of Iscor in the 1970s unleashed an unprecedented economic boom, making Newcastle one of the most rapidly growing towns in South Africa. By the early-1980s, however, changing macro-economic conditions forced a
rationalisation and contraction of Iscor’s operations, and produced severe ripple effects in the local economy. According to the Industrial Censuses, local industrial employment declined from 19,514 in 1982 to 15,544 in 1985.

The decline of Iscor coincided with the launching of the new RIDP in the early-1980s. By 1984, it became clear that Ladysmith-Ezakheni had garnered most of the resources disbursed through the KwaZulu Finance Corporation in northwestern KwaZulu-Natal (Hart, forthcoming). At that point, the white local government in Newcastle launched its own quite aggressive foreign investment strategy. Drawing on the revised RIDP which now stressed labour intensive industries, Newcastle local officials went directly into the global economy to recruit industries from Asia, primarily Taiwan (Hart, 1996a).

As discussed more fully below, Taiwanese industry started moving into South Africa in the 1980s not only in response to subsidies, but also due to structural changes in the Taiwanese economy. Yet the specific pattern of growth of the Taiwanese community in Newcastle was fundamentally shaped by local dynamics. Newcastle’s local government officials who went to Taiwan developed personalistic relationships with prospective investors that meshed with local cultural practices. In addition to RIDP incentives, they used the inducement of extremely inexpensive luxury housing left vacant by the downsizing at Iscor to lure investors, and promised weak labour organisation and quiescent conditions in the townships. Low wages were of course important, but even lower wages were available at other nearby locations such as the Madadeni industrial estate, where few Taiwanese established enterprises.

By 1990, according to a survey conducted by the Newcastle municipality, 37 East Asian (mainly Taiwanese) firms had established in the town employing some 5333 workers. The large majority of these firms (78 percent) were clothing producers, mainly knitwear. Over the course of the 1980s a number of South African clothing producers were also drawn to Newcastle, and by 1990 employment in the clothing industry (approximately 9300) was more or less the same as in heavy industry.

Our survey conducted in 1994, which when compared to the 1990 survey, reveals several broad trends over the first part of the 1990s. According to the surveys, aggregate employment in the main industrial sectors in Newcastle fell by about 17 percent between 1990 and 1994. Yet most of this contraction was in heavy industry, where predominantly male employment plummeted by nearly 30 percent. A key dynamic is the continued downsizing of Iscor, where employment has fallen from about 8500 in 1990 to 5500 in 1994.

The surveys register a slight decrease of about four percent in total clothing employment between 1990 and 1994 - far less than in metropolitan areas. In
practice, these aggregate data represent somewhat arbitrary movements in an extraordinarily dynamic, multidimensional, and fluid set of processes. In early-1995, a large new Asian multinational firm moved into the area along with some small Taiwanese firms, but other firms were contracting as illegal imports flooded in. Beneath the aggregates, one can discern at least five sets of dynamics at work over the 1990s.

Firstly, over half the firms (both Asian and sectors of South African clothing industry) which came in under the 1982 incentive scheme have contracted. The Asian firms generally came in expecting to use South Africa as an export base, but were forced to reorient to the local market as local inputs proved too costly for export markets. In addition, they were unable to achieve required levels of productivity and faced ongoing labour conflict in the work place. Political turmoil and sanctions against South Africa also undermined the possibility of exports, leaving it in the domain of the largest and most well-connected firms. In response, various strategies have been used to reduce the workforce, increase productivity, and some firms have closed down. Several South African firms also contracted or closed following the removal of preferential procurement under the old RIDP and increasing competition in the market.

Secondly, there has been a new wave of growth amongst Asian firms as technicians have 'spun off,' establishing their own small firms operating in a networked way within the area. Between 1990 and 1994, 33 new Taiwanese firms were established, almost all of them knitwear producers and the large majority (nearly 80 percent) employing under 50 workers. This new proliferation of small firms is certainly linked to efforts to avoid unions and state regulation, and in at least one case, is associated with forms of informalisation. More significantly, however, it reflects a peculiarly Taiwanese form of growth, discussed below. Although they are technically eligible, very few of these firms receive incentives under the new scheme.

Thirdly, despite labour conflicts, large Asian multi-nationals oriented to export markets have continued to move into the area in order to benefit from South Africa's quota-free status in USA markets. These exporters account for the bulk of foreign firms receiving 1991 RIDP incentives.

Fourthly, there has also been a limited growth of small, locally-owned South African firms -most assisted by the 1991 RIDP. This is a very recent trend, at least partially led by retrenched Iscor employees. These firms are largely cut-make-trim (CMT) operations producing for orders by large metropolitan-based retailers, but some produce for the local or specialised markets. The logic here is the decentralisation of production - not through relocation, but by sourcing from lower-waged industries on the periphery.
Fifthly, the fortunes of large South African clothing producers has been mixed. Where management and organisation is weak, contraction or closure has occurred. But this is by no means uniform. Some firms have highly developed management systems and achieve high productivity. They are also generally oriented to the middle market, or to niche markets. Whereas some of these companies had once been the inefficient ‘dinosaurs’ described in the decentralisation literature, they have now restructured for greater efficiency. Managers of these firms recounted how others had closed, but were confident they could hold their competitive position even in the context of trade liberalisation. This restructuring directly counters the assumptions that decentralised industry is necessarily backward and inefficient.

Although light industry has been more stable than in metropolitan areas in recent years, it is by no means secure. Yet the sources of fragility have little to do with the withdrawal of industrial subsidies; instead they derive from intense labour conflict and intensified global competition. These forces are most clearly evident in relation to Taiwanese investment, the major source of growth in Newcastle over the past decade.

Asian Foreign Direct Investment: socio-spatial dynamics

The prominence of Taiwanese investment is, of course, not limited to Newcastle; during the 1980s, Taiwanese industrialists were by far the most important foreign claimants of RIDP incentives in the country as a whole (Pickles and Wood, 1989). Stereotypical understandings of Taiwanese investment form a key element of the neo-liberal critique of industrial decentralisation. Labels such as the ‘Seagull Syndrome’ are often invoked to depict Taiwanese industrialists as shoddy fly-by-nights who swoop in, gobble up subsidies, and fly off again when the subsidies dry up. The 1982 incentives were, without question, absurdly generous and frequently abused by South Africans and Taiwanese alike. At the same time, however, many of the stereotypes surrounding Taiwanese investment embody profound misunderstandings of key dynamics that are becoming increasingly important in the 1990s.

In the first place, the predominance of Taiwanese investment in the 1980s was not just a quirk of apartheid subsidies and diplomatic ties between pariah states. Precisely the point when huge subsidies became available in South Africa, hundreds of thousands of very small-scale, labour-intensive industries in Taiwan - many of them located in rural and peri-urban areas - became unviable.4 The phenomenal proliferation of lilliputian industries, particularly in the 1970s, organised around familial and network forms of production (the so-called satellite factory system), helped to create the conditions for their own destruction.
- rapidly escalating wages, a colossal trade surplus and exchange rate appreciation, skyrocketing land prices on the small, overcrowded island, and pressures for environmental controls. The Taiwanese state responded by relaxing exchange controls, promoting industrial upgrading, and encouraging labour-intensive industries to move abroad. In short, changing conditions of accumulation in Taiwan were the main driving force that propelled small industrialists to strategic points of the globe.

Since the mid-1980s, Taiwan has become one of the key sources of foreign direct investment in the world. According to official figures it now ranks seventh in the world as a source of direct investment, but in practice the official figures are vastly understated. For example, they exclude the estimated 20 000 Taiwanese industries in China with an investment of some US$10 billion. Taiwanese capital is now a key driving force in the economies of southern China, Vietnam, Malaysia, and a number of other countries. Not only Taiwan but East and Southeast Asia more generally has become a key locus of accumulation in the global economy, and forces emanating from there will shape what happens in South Africa in fundamental ways.

In aggregate terms, South Africa represents a minuscule proportion of total Taiwanese foreign direct investment - probably less than one percent. From the South African perspective, however, Taiwan has remained by far the largest single source of foreign direct industrial investment channelled through the RIDP in the 1990s. One indication of this continuing dominance comes from data on approvals under the 1991 RIDP. These data need to be treated with caution, since not all the projects materialise and figures on capital investment and employment are merely indicative. Nevertheless, between 1991 and 1994, Taiwan accounted for 32 percent of RIDP foreign investment projects, 40 percent of capital investment, and a huge 57 percent of employment generated by these projects in South Africa as a whole. Investment from Mainland China is increasing, but still well below that from Taiwan. These figures refer only to foreign relocations, and do not include extensions to Taiwanese firms; in the RIDP data, firms established by Taiwanese which receive extensions are classified as South African. They also exclude Taiwanese industrialists such as those who moved into Newcastle in the 1990s without incentives. In short, in a period of contraction of industrial employment in the economy as a whole, Taiwanese investment has been a major source of new employment generation - most of which of which is concentrated in low-wage, labour-intensive industries.

Taiwanese investment is not only dominant; virtually without exception, both Taiwanese and other Asian industries are located in former bantustan and border areas. Wilsenach and Lichthelm (1993) attribute this to the activities of former
bantustan investment corporations. In fact, this is too simplistic. In KwaZulu-Natal, the KwaZulu Finance Corporation and its marketing offshoot the KwaZulu Marketing Initiative played an aggressive role but the forces shaping these spatial patterns are far more systemic. In part, they are driven by the imperatives which Bell (1983, 1986) described - capitalists' search for low-wage sites on major transport routes. But there is more to these spatial patterns than a simple capital logic.

Apart from investment, many Taiwanese industrialists are interested in settling in South Africa. In fact, parts of South Africa have become nodes in a world-wide Taiwanese diaspora being formed in response to the threat of invasion by Mainland China, and by the congestion and escalating property prices on the small, densely-settled island. Newcastle is one of these nodes, but there are several others. The search for new homes has meshed with aggressive efforts by previously white local governments on the edge of former bantustans to use cheap residential property and good local facilities (schools, medical services, etc) to lure foreign investors to their towns. In fact, Newcastle was at the forefront of what has become a widespread phenomenon. These local government initiatives, and the personalistic relationships adopted between the local government officials and Taiwanese industrialists, also build upon social practices and cultural understandings that characterise post-war Taiwanese society.

A closely related point is that Taiwanese industrialists do not operate as isolated individuals, but as part of intricate social networks that stretch across the globe. Accordingly, once settlement takes hold in a particular place, these networks generate powerful forces that draw in additional people. This dynamic of social agglomeration operates in Newcastle and other locations in South Africa, and has played a key role in shaping ongoing processes of Taiwanese investment.

These social practices are also central to the way Taiwanese industries are internally organised and the dynamics through which they operate. A large proportion of Taiwanese industrialists in Newcastle have replicated the satellite factory system which, many observers argue, was the driving force behind explosive industrial growth in Taiwan in the 1970s. Essentially, this involves clusters of small and medium-sized firms linked to one another through intricate subcontracting ties. In Newcastle, 70 percent of the Taiwanese firms in our 1994 survey clustered around knitwear production; most of these firms are closely linked with one another (albeit through complex and sometimes conflictual factional alliances), and with a large Taiwanese acrylic yarn firm in Ezakheni. Although several of the larger firms that came in with subsidies in the late-1980s...
had downsized, a number of very small knitwear producers - some of them led by former technicians - have joined the network since 1991 without subsidies but with credit from the acrylic yarn firm. There is, in short, a powerful growth dynamic built into the way industry is organised.

Although the production network in Newcastle bears a close resemblance to idealised notions of 'industrial clusters,' it provides no guarantee of sustained and relatively equitable growth. Many of the Taiwanese factories in Newcastle have become battlegrounds where employers, workers, and unions are locked in fierce and unremitting conflict. For reasons having to do both with extremely low wages, and with the ways gender and ethnicity infuse labour relations, the large majority of Taiwanese industrialists are unable to elicit even a modicum of worker consent, and frequently resort to outright coercion (Hart, 1996a). In addition to complaints about wages, workers express a general sense of maltreatment, bolstered by concrete examples of conditions and practices they find demeaning. There is also intense conflict between industrialists and union leaders, which from time to time erupts in physical violence.

Interestingly, a small group of Taiwanese industrialists has discovered ways of recreating paternalistic forms of labour discipline, and declare themselves quite satisfied with worker productivity. Most of these are former technicians who speak reasonably good English and sometimes a smattering of Zulu. Their strategies essentially involve various forms of 'gift-giving' which come with surveillance and other strings attached. Essentially, they have implemented a modified piece-rate system, and use group monitoring as an enforcement mechanism (Hart, 1996a). These self-proclaimed 'good bosses' are just as opposed to unions as their more openly exploitative compatriots; several declared that if unions came in, they would leave. For the time being, however, they seem to have devised a paternalistic barrier against union organising - a point which union organisers concede.

Ironically, just as some industrialists have begun to devise new strategies of labour discipline, a new form of instability has appeared in the form of identical knitwear produced in China. This competitive threat appeared suddenly and without warning. In the second half of 1994 during our initial round of research, imports were not an issue at all. When we returned in mid-1995, the Newcastle knitwear industry was in a state of siege. Most industrialists blamed the influx of knitwear on corrupt customs officials, but they also conceded that it was a portent of things to come as the GATT took hold.

Perhaps the ultimate irony is that the competition comes from compatriots of Newcastle industrialists who moved to the southern coastal regions of China. Newcastle knitwear producers claim that their counterparts in China can produce
essentially the same commodities at prices below the costs of production in Newcastle. Although we do not have the data to compare cost structures in the two locations, it is possible to say something about wage differentials. In mid-1995, the lowest wages in the Newcastle clothing industry were roughly 90 percent above those in China when measured in market exchange rates. If, instead of market exchange rates one uses Purchasing Power Parity which takes into account domestic prices of goods and services, then real wages in Newcastle at the time were about 30 percent lower than the Chinese wage (Hart, 1995:43). In other words, while labour costs are significantly lower in China from the viewpoint of industrialists, Chinese workers' consumption power may actually be higher than that of their counterparts in low-wage regions of South Africa.

This in turn focuses attention on a dimension that is totally missing from current discussions of industrial competitiveness, particularly in low-wage, labour-intensive industries. In the rapidly growing East Asian economies, industrialisation was preceded by redistributive reforms that provided a basic social security net. As discussed more fully elsewhere (Hart, 1995; 1996b; forthcoming), these indirect forms of social security - most notably access to land, along with education, health care, etc - subsidise the industrial wage. In South Africa, the reverse is true. Dispossession has systematically eroded the conditions of social reproduction of the large majority of the population. Not only are low wages in decentralised industries not backed up by other systems of support as they are in Asia; on the contrary, costs of living in places like Newcastle are not much different from those in Durban (Todes, 1995). Indeed, workers who travel from adjacent townships into Newcastle pay extremely high transport costs which probably absorb a higher proportion of workers' wages than in Durban. The relationship between industrial production and the conditions of social reproduction is one of the key reasons why decentralised industries may be so problematic. It is also totally missing from the neo-liberal critique.

Place, Immobility and Social Reproduction

Feminist analyses of industrial decentralisation (Ardington, 1984; Bonnin et al, 1991; Jaffe 1988, 1991; Mager, 1989; Pudifin and Ward, 1986; Posel et al, 1993; Posel and Todes, 1995) provide crucial insights into the links between decentralised industry and social reproduction. While pointing to exploitative wages and working conditions associated with decentralised industries, these studies also suggest the contradictory character of these jobs - in particular, the ways they provided women with more room to manoeuvre in the context of influx control. It allowed them to maintain close ties to their families, to avoid marriage
and maintain independent lives, and offered an alternative to the farm and domestic work which was previously the only source of local employment.

These linkages have largely been ignored by neo-liberal authors who presume that with the removal of influx control, workers will simply abandon their current homes and move to work in metropolitan areas. This presumption has been challenged by Mabin (1990) and others who have demonstrated the persistence of circular migration and complex patterns of household survival spanning cities, towns, and rural areas. Likewise, in Latin America, Roberts (1989) demonstrates that in similar contexts patterns of migration have become increasingly fragmented, linked to the growing instability of particular labour markets, and the spatial effects of global economic change. Mabin and Roberts illustrate the complexity of migration processes, the ways in which they are historically constructed, and how they are changing in the context of socio-spatial restructuring.

This section draws on research in Newcastle to explore - some ten years after the abolition of influx control - how and why 'place' continues to play a crucial role in household and family survival (Todes, 1996). In contrast to neo-liberal assumptions, the town’s population in fact increased in a period of overall employment stagnation in the 1980s. It grew at three percent per year, compared to natural increase of 2.3 percent. A complex set of processes was involved. Few people left and continuing farm evictions in the 1980s provided a major source of growth. Other people came for jobs in the clothing industry. Many came simply seeking a secure and peaceful place to live. And the sizable middle class of teachers, nurses and other government employees had little reason to leave. According to the 1991 census, the population of Newcastle is approaching 370,000 people, and its tertiary sector accounts for 41.5 percent of formal employment. But the historical construction of place in Newcastle and current economic conditions have also reinforced its importance to low-income households. Investments in housing and in social networks are not easily abandoned.

The massive growth of Newcastle since the 1970s derives from a number of apartheid-linked processes. From the 1960s, state policy to remove African freehold owners and tenants from 'prescribed' rural areas provided much of the growth of the formal townships of Madadeni and Osizweni, some 20km from Newcastle itself. Removals were particularly intense in North Western Natal. Removals from the town under the Group Areas Act in the 1970s added to the growth of these areas.

Many African people also moved into the townships, and into Blaaubosch - an African freehold area between the two townships - to escape oppressive
conditions on white-owned farms. People 'running away from the farms' came from the surrounding region, the Orange Free State, and even further afield. A substantial part of the growth of the area, therefore, was not linked to the economic development of the town, although people increasingly came to depend on income generated there.

The establishment of Iscor generated its own dynamic and people came seeking work there, but this was also often tied to flight from the land. Most households in the area now have no alternative rural base. A survey by Data Research Africa (1992) showed that less than four percent of households in Madadeni, Osizweni, and Blaaubosch had any access to rural land.

In a number of senses, Newcastle played the role often described for rural areas as a 'home base' from which selected members of households made forays in search of employment and income. Newcastle emerged as this kind of home base in the context of influx control when the 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. When household members living in cities became unemployed or unable to find jobs they returned 'home' to Newcastle. As in rural areas, pensioners retired there after working elsewhere for much of their lives. Newcastle also served as the place where the sick or disabled were looked after. Although the end of influx control has eased access to urban centres, lack of accommodation, violence, and the absence of secure employment has meant that Newcastle has retained its 'home base' functions.

But Newcastle is not a rural area. The availability of local employment has meant that incomes are considerably higher than in rural areas. Most households derive some income locally, and access to services and infrastructure is far better than in rural areas. Furthermore, the availability of employment and incomes has enabled households to live together far more often than is possible in rural households. Workers described how they came 'home' when Iscor jobs became available. Under the harsh restrictions of influx control, working locally provided women with an opportunity to live a life of dignity - a 'normal family' life. A number of older women described returning home from work in Johannesburg (generally as domestic workers) when they had children. One explained that there was no space for children where she had worked, and she wanted to be with the people she was born among and had grown up with.

Newcastle is not rural in another important way; households do not have access to land for agricultural production. Most of the area consists of characteristic township sites. The plots are larger in Blaaubosch, but its legal definition as 'rural' has meant that it lacks even township infrastructure and important
resources such as water are scarce. Without the support of an agricultural base, low wages have proved particularly problematic. Differences in living costs between metropolitan areas and smaller towns have in fact declined (IPS, 1992), and transport costs can absorb as much as a third of minimum level wages in Newcastle. Women workers removed from Charlestown, where two of Newcastle’s largest factories were originally located, indicated that their living costs had risen after removal. Previously their living expenses were much lower; they could walk to work, and subsistence agriculture subsidised their wages. In Charlestown, as in different regions of Asia (Hart, 1995), access to land lowered social reproduction costs.

Now, under current conditions, although households can legally move to cities, it is unlikely that they will do so. Housing plays a critical role in the consolidation and immobility of households in relocation townships, where housing markets are extremely limited. People have put years of effort and considerable resources into building township homes. Households tied into spatially-extended survival strategies have often received substantial remittances specifically for housing. This is consistent with research in other areas showing that circular migration is often linked to investment in rural rather than urban areas (Watson, 1992). For households dependent on women’s wages, the process of consolidation had been a very long one, and houses will not easily be abandoned.

Immobility is also the result of limited access to employment within cities and other areas. In a context of declining jobs, it is hardly surprising that ties to place have continued to be important. In numerous instances household members in Newcastle had tried to migrate to cities, but finding no work, returned. Mobility is also proscribed by the high costs of seeking a job, and often by limited access to contacts and accommodation in cities.

Within households, gender dynamics are crucial to understanding who is mobile, and on what terms. In general, women are less mobile than men, but this varies with their position in the household and personal circumstances. Marriage plays a critical role. Married women cannot move at will, nor can they if they are the sole breadwinner, retrenched, or simply unhappy with their job or wages. Social norms suggest that unmarried women are freer to move, but the extent to which they can actually do so is also deeply constrained. Responsibility for children, for the sick and disabled, and for older parents limit migration possibilities. Women who have no alternative source of child-care are effectively tied to place. Young unmarried women—especially those without children—might seem less constrained, but social and emotional ties still often limit their movement.
These impediments to women’s mobility partially explain their willingness to work for low wages. Decentralised industries offer women local employment and the ability to maintain close ties to families. Gender constructs are critical here, but in a stagnant economy the only alternative for many women may be low-wage domestic and informal work.

As we saw earlier, the clothing industry is a substantial source of employment. Furthermore, while there is considerable evidence of the perpetuation of spatially extended survival strategies and high migrant remittances, the proportion of migrant workers seems to be declining, suggesting an increasing reliance on local income sources.

Low-wage work in clothing presents a critical dilemma. Given the importance of place to women, it is a crucial source of income, but wages are not sufficient for household survival. Further, women workers deeply resent labour practices and wage levels, particularly in the foreign-owned factories which account for much of the growth. Unions claim that many foreign factories do not pay minimum rates, and legal proceedings have been instituted in several cases. The popular perception is also that wages in these firms are well below those in South African firms - workers cited wages ranging from R36 to R52 per week, compared to the legal minimum at the time (late-1994) of R78 per week.

Contrary to frequent assertions, employment in the clothing sector is not dominated by migrants, or by young girls. According to the 1994 survey, only two percent of the clothing workforce and five percent in foreign-owned factories were migrants. While workers in South African clothing firms were on average older than workers in foreign factories, very few of either group were under 20. Some 48 percent of the workers in South African firms, and 34 percent in foreign factories were over 35. The majority were between 26 and 50.

Clothing workers occupied different positions within households. The largest group of clothing workers (41 percent) were daughters living in their parents’ home - but they were not young girls. Another 25 percent were wives. For a fifth of daughters and a third of wives, industrial wages were the only source of formal income in the household. For other households, this income was one element of a multiple livelihood strategy, and might be used in very different ways. Such incomes might also offer greater autonomy within the household as Jaffe (1991) suggested for a rural area near Brits. Fifteen percent of clothing workers in Newcastle were heads of households, mainly women. In half of these households, industrial wages were the only source of formal income.

The role of incomes from clothing must be understood within the broader context of the history of the area, and the dynamics underpinning place to social reproduction, especially for women. Emotional ties and social networks are
crucially important. Yet just as these places cannot be dismissed, they should not be romanticised. Massey (1994) warns of too tightly linking place to identity; identities are formed in multiple, shifting ways, and place can mean very different things to different people (especially to women and men). A romantic view of place is particularly problematic in a town created largely out a brutal apartheid history: in a play of words, one woman called Osizweni ‘Osizini’ - literally, ‘place of hardship.’

Conclusions

Even during the heyday of ‘top-down’ regional planning, industrial decentralisation was a far more locally-driven process than is generally recognised. In addition, distinctively different local dynamics, labour politics, and industrial trajectories are evident even in localities that are structurally and locationally quite similar (Platzky, 1995; Hart, forthcoming). Yet these are not simply studies of local specificities. Our work in Newcastle, taken in conjunction with other in-depth studies in South Africa and elsewhere, speaks directly to a much broader set of issues.

Firstly, industrial decentralisation is not just the product of incentives made available through apartheid policies, but reflects much broader tendencies in global capitalism. The key point is that these tendencies are constituted and fought over in particular localities in highly varied ways (Pred and Watts, 1992). Decentralised industries also assume a variety of institutional forms in different regions of the world economy, and produce widely varied distributional outcomes (Hart, forthcoming). Some of the most interesting of these are in certain parts of China where rural industries are owned and operated by local governments, and a large proportion of the surplus is retained in local circuits and reinvested in productive activities and social services (eg Oi, 1992; Bowles and Dong, 1994).

Secondly, industrial decentralisation and relocation townships are not just apartheid relics, destined to whither away in the context of political and economic liberalisation. The neo-liberal consensus not only underestimates the economic forces of industrial dispersal; it also ignores the history of dispossession that produced huge agglomerations of population in rural regions, as well as the ongoing imperatives of social security that render large numbers of people - particularly women - effectively immobile.

Thirdly, our study illustrates the potentially devastating effects of intensified global competition and rapid trade liberalisation which, particularly in the clothing and textile industry, is proceeding at a more rapid pace than prescribed by the Uruguay Round of the GATT (Bell, 1995). In the early-1990s, policies to
promote exports effectively reduced the level of protection of the clothing industry and resulted in major job losses in metropolitan areas. Although Newcastle was also affected by these processes, employment declines were far more limited than in metropolitan areas. Since 1995, however, the flood of illegal imports has further undermined firms in the area. Cheap imports are coming in from China, where social investments during the communist era together with broadly based access to land are subsidising industrial wages, and where real wages - and hence workers' consumption power - are actually higher than in Newcastle (Hart, 1995).

In fact, conditions quite close to neo-liberal prescriptions have often obtained in decentralised areas, but operated in deeply problematic ways that are fundamentally shaped by the legacy of the past. Places like Newcastle are indeed fragile, but the sources of fragility have little to do with the withdrawal of industrial subsidies. Rather they derive from intensified global competition, intense labour conflict, and a history of dispossession. These intersecting global, national and local dynamics are precisely the reason why assertions that the time has come to shift from 'top-down' regional planning to 'bottom-up' local economic development where 'places' market themselves on the basis of their comparative advantage are so inadequate. In addition, the presumption that old decentralisation areas are simply apartheid relics does little to encourage creative work on the possibilities for constructing alternatives to neo-liberalism.

Instead of being dismissed or assumed away, the regional question - by which we mean conditions in relocation areas that are neither rural nor urban, but where millions of people have some sort of a base - needs to be placed at the forefront of public debate. The possibilities for any sort of progressive change in these areas will depend most immediately on the constitution of new social forces in local arenas. But these possibilities will also be crucially shaped by what happens at other societal levels.

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NOTES


2. Critiques were sponsored by the Urban Foundation and the Development Bank of Southern Africa Panel of Experts. Although the Urban Foundation and Panel of Experts expressed neo-liberal leanings, they drew on a wider literature, some of which was concerned with the way the policy had been used to support the apartheid project. There were a number of reasons why the critique was so influential, only some of which can be mentioned here. Perhaps the most important was that it resonated with legitimate concerns about the role of the policy in providing a technical rationale for influx control and homeland policies. Further, the coupling of policies to develop the periphery with an anti-metropolitan stance - in both South Africa and elsewhere - did much to discredit the former. An anti-metropolitan bias was not only used to justify repressive policies like influx control but also meant that resources were not made available to accommodate the reality of metropolitan growth. The assumption that the policy had failed to work was based on both empirical work in South Africa and on a reading of the international literature. As Platzky (1995) points out, however, much of the empirical work was done in the late-1970s and early-1980s - before the strongest decentralisation trends had occurred. The international literature on industrial decentralisation was widely used to justify the critique, yet it was a rather selective reading of this literature. The international literature certainly cast doubt on industrial decentralisation policies, and pointed to problems in the way policies had been conceptualised and implemented, many of which were duplicated here. These included inter alia, the proliferation of points limiting the development of industrial agglomerations; an emphasis on spatial redistribution rather than development; and spatial separatism in terms of which policies remain outside of and contradicted by more powerful macro-economic policies. Ironically, however, arguments that the policy could not work drew on examples from countries embedded in import-substitution led industrialisation policies which encouraged concentration of growth around metropolitan areas. As macro-economic policy shifted to export orientation, peripheral development occurred - even in the absence of supportive policy (Gilbert, 1993). South African writers also drew on European experience, but failed to point out that the inability to attract industry to the periphery in the 1970s recession was tied to the absence of mobile investment as capital relocated to or developed in even more peripheral locations in developing countries (see Todes, forthcoming). There were certainly many valid critiques of the policy in South Africa. Apart from its links to apartheid and its creation of a fragmented and unequal spatial landscape, incentives were absurdly high and easily abused, and the policy was not structured to encourage the development of sustainable agglomerations in particular places (although these did develop in some cases). But as we show in the paper, the central assumption of the neo-liberal critique - that any sort of decentralisation is necessarily politically induced and contrary to market forces - cannot be sustained.

3. The neo-liberal perspective was central in informing the review of the policy in 1991. In the past year, industrial decentralisation policy has once again been reviewed, this time with a more open agenda.
4. The Urban Foundation (1990), for example, noted these tendencies, but argued that they
would be reversed by new dynamics of spatial concentration linked to emerging flexible
specialisation. This argument ignores substantial variations in different sectors, and as we
demonstrate, the dispersal of low-wage industries is continuing unabated.

5. These and other instances of industrial dispersal are discussed more fully in Hart (forthcoming).

6. Compared to the scheme in the 1980s, incentives are now far lower, based on profitability, and
support capital investment. They are also less spatially selective - only the central areas of
Gauteng, Durban and Cape Town are excluded, while 60 percent of the incentive is available
in the rest of Durban and Cape Town and in Pietermaritzburg. Outside of these areas, full
incentives are available to new or expanding industries. The study was coordinated by
Phillip Harrison and Alison Todes, but worked around with Gillian Hart. It included papers on
Pinetown, Pietermaritzburg, Isithebe, Richards Bay, Port Shepstone, Newcastle and overall
analyses of trends within the Province. Although RIDP data provide only one indicator of
where growth is occurring (since all firms which established or expanded could apply for
incentives) and is complicated by access to information about incentives (which varies
widely), these data do suggest that peripheral industrial growth is proceeding apace. Isithebe,
an old homeland industrial decentralisation point - which was becoming self-sustaining by
1989, according to Platzky (1995) - received the largest share of employment assisted by the
RIDP (21 percent).

7. Todes and Harrison, 1996; Interview with Mark Bennett, SACTWU, February 1996.

8. The Town and Regional Planning Commission, for instance, recently received an application
to rezone agricultural land near Shakaskraal to uses including industry. The application was
motivated on the grounds that a large firm wanted to move from Isithebe due to the political
situation there.

9. Forced removals resulted in the relocation to the area of two of the largest clothing factories in
the 1970s, but more generally provided a surplus labour force for later industry.

10. See Hart (1996, forthcoming) and Todes (1996, forthcoming) for a detailed discussion of
findings. Todes (forthcoming) provides an extensive discussion of the data itself.

11. By the early-1980s, there were over 700,000 registered industries in a population of 20 million
(Hamilton, 1994); in addition, ethnographic studies reveal huge numbers of unregistered
industries particularly in rural areas.

12. These figures are documented in Hart (forthcoming).


14. These are discussed more fully in Hart (forthcoming).

15. This research was based on a qualitative study of 31 households and a later large-scale survey
of 354 households.


17. She lived in a section of Osizweni where all the inhabitants had been removed from the same
area.

18. The large-scale social survey found that amongst unemployed retrenched heavy industry
workers, only 21 percent had not looked for a job elsewhere; 56 percent had sought work
elsewhere, but not finding it returned. The remainder had only been able to find temporary or
part-time work, returned after losing a job, or returned for personal reasons. Only seven
percent were still looking for jobs in the cities.
19. The proportion of households deriving a migrant income was 51 percent in Blaubosch and 64 percent in Madadeni and Osizweni in 1992 (DRA, 1992). But the proportion of migrants declined from 13 percent in Madadeni township in 1984 (May and Peters, 1984) to nine percent in 1992.

20. Although these figures may be an underestimate, they are sufficiently small that the actual figures are unlikely to change the conclusions.

21. Suliwe Mkhize, a researcher, reports her mother’s comments here.

22. As suggested, for example, in the Urban Foundation’s (1991) report. There are a variety of other approaches to LED, some of which are more progressive than place-based marketing. For a fuller discussion, see Todes (forthcoming).

REFERENCES


Hart, G (forthcoming) Remaking the Landscape of Apartheid: Local Dynamics and Global Connections.


