The RECONSTRUCTION and DEVELOPMENT PROGRAMME (RDP) and REGIONAL DEVELOPMENT: A NEW CHALLENGE TO THE AGRICULTURAL ECONOMIST

Stef Coetzee
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Policy change has engendered a new regional dispensation which poses development problems and also challenges. Survival and sustainability are key requirements for human security. Modern approaches to regional development favour a bottom-up approach, with local and regional authorities taking the initiative. The South African government has only recently started to emphasise the need for economic growth as prerequisite for achieving basic needs such as education, health and employment. It has also become clear that the importance of structural rigidities in the South African economy. International competitiveness must be improved by industrial and trade reforms, employment growth must be accelerated, education needs improvement, South Africa must achieve monetary and fiscal stability, reduced inflation, increased savings and an attack on poverty. A new approach to regional development is needed. Although recent agricultural policy statements emphasise a balance efficiency and equity, the accent is already on improved access to previously excluded groups, particularly in terms of marketing development, research, finance, extension and human resource development. Regional development will be profoundly influenced by the type of power given to regional governments, fiscal relationships between regional and national governments, regional dispersed institutional and functional relationships with NGO's and civic. It is within this framework that agricultural economists must shape their contributions to the RDP.

1. Introduction: A new regional dispensation in South Africa

The transition from apartheid to the new South Africa has brought in its wake a new regional dispensation. The nine regions and four provinces under the previous government have been replaced by nine provinces. The so-called transitional and former homelands have been integrated into the newly democratised provinces. These provinces have been granted limited self-government under Section 6 of the Interim Constitution of South Africa (see section 6).

Since the election of the Government of National Unity (GNU) in South Africa in 1994, the Reconstruction and Development Programme (RDP), launched the BATAT 1993:81). The GNU has, by appointing a Task Team on Economic Affairs, has presented proposals to the government, including the stimulation of economic growth. The latter developments clearly indicate a policy shift from "redistribution with growth" to "growth with redistribution", which will force provincial governments to rethink their development strategies.

2. International pointers: The concept of human security

South Africa is experiencing problems of transition in the political, social, economic and institutional realms. These transitional problems are also prevalent in countries in other parts of the world which have undergone political and economic system for another. Instead of becoming a safer place, as was generally anticipated with the collapse of the Berlin Wall, there are today global problems such as social disintegration, unemployment, poverty, new forms of violence and social disintegration in some regions of the world. The challenge of the 1990's is therefore to create new forms of human security.

Human security is an encompassing term which has two key dimensions namely survival (i.e. to secure basic livelihoods) and sustainability (to protect people against excessive volatility in their living conditions) (e.g. Kas, 1994:5). The concept of human security is inter alia aimed at promoting sustainable human development economic growth, environmental regeneration, an attack on poverty and participatory forms of development to ensure sustainable livelihoods.

The above paradigm shift in developing thinking is underpinned by a considerate balance between growth and equity. There is little doubt today that the successful developing countries of the past two decades have succeeded in adopting parallel and interlocking efforts towards growth and redistribution (World Bank, 1994; World Bank, 1995). The controversy is rather about the policy package that should be employed and the specific mix of growth and distribution measures.

Recent approaches to regional development strongly favour a bottom-up approach, passing on responsibility for development to local and provincial levels (Markusen, 1994:279). The latter trend has set in place vigorous interregional competition for economic activity, often favouring a few well endowed regions. This process is reinforced by high tropical imports to compete in international markets, leading to spatial economic concentration and hence slow progress to eliminate regional economic disparities.

3. The RDP and the growth-equity debate: From redistribution with growth to growth with redistribution

The RDP alluded to the importance of the balance between growth and distributive equity (Kasai, 1994:6). The document states that: "The RDP integrates growth, development, reconstruction and redistribution into a unified programme" (RDP, 1994:6). It also states that "Economic growth is critical for sustainable improvements in services and income" (RDP, 1994:81).

However, in the implementation of the RDP, preference was initially given to distribution measures rather than to create the conditions for economic growth. Recently the emphasis has shifted from redistribution with growth to growth with redistribution - a policy switch which will have a paramount effect on regional development.

The GNU has, by appointing a Task Team on Economic Growth, only recently come round to emphasise the crucial role of economic growth as a prerequisite for achieving basic needs and human development efforts. There was also recognition of the fact that implementation of the RDP has advanced rather slowly and that the socioeconomic transition of the country is a long term process which the GNU expects to achieve. It is submitted that successful implementation of the RDP will require a fundamental restructuring of the South African economy (e.g. Coetzee & Jadh, 1995), a revision of the content and targets of the RDP and a building-in of the potential for development decentralization, of the capacities of provincial governments to implement the RDP. The emphasis on economic growth will bring about more severe competition between provinces short-run and long-term. The focus will be more particularly on competitive advantages and structural rigidities, both provincially and nationally.

4. Restructuring the South African economy

Structural rigidities of the South African economy are well documented and not be stated (e.g. Brion, 1988; Coetzee, 1993; Coetzee, et al., 1995; Eckert & Kritzinger Van Nicker, 1993; Gelb, 1993; Natara, 1992). These rigidities include factors which are causing a lower than potential rate of economic growth, a high share of government in the economy, low formal sector growth of employment, skilled and semi-skilled labour shortages at high levels of growth, balance of payments surpluses which are caused by dependence on imported capital and intermediate good, low saving and investment and lack of international competitiveness interf alia due to high tax regimes and a high incidence of poverty and inequality.

Given the structural economic rigidities of the country, restructuring the economy entails the following (Coetzee & Jadh, 1995:13-14):

- Trade and industrial reforms to improve international competitiveness. This includes investment in human capital, and technology to compete in international markets, leading to spatial economic concentration and hence slow progress to eliminate regional economic disparities.
- A growth process that will absorb more labour than the current 10% labour growth of the formal sector of the economy. It also requires investment in education and particularly Adult Basic Education and Training (ABET) and technical skills to come to grips with the structural problems in the South African education and Training system.
- More labour intensive growth process which could lower the adverse effects of high import of capital and intermediate goods at high levels of growth.
- Monetary and fiscal stability to bring inflation in line with our competitors internationally, to reduce interest rates and the effect of high interest rates on the capital costs in the South African manufacturing industry and its adverse effect on the balance of payments, and tax
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Political change has engendered a new regional dispensation which poses development problems and also challenges. Survival and sustainability are key requirements for human security. Modern approaches to regional development favour a bottom-up approach, with local and regional authorities being responsible for the RDP. The government has only recently started to emphasise the need for economic growth as prerequisite for achieving basic needs (see section 6). Politikos veranderings het ’n nuwe regionale dispensasie meegebring wat ontwikkelingsprobleme en ook uitdagings daaraan oorlewing en volhoubaarheid is sleutelvereistes vir menslike sekuriteit. Moderne streekontwikkelingsbeginsels bestem van hulle buiteverplas toe en streekontwikkeling die belangryke verantwoordelikheid dro.

This article submits that the agricultural economist has a vital role to play in regional development in the new South Africa. The new challenge to the agricultural economist is both a sectoral one as well as a broader developmental one. The rigorous analysis of the economic sciences will have to be integrated with the broader development agenda of the RDP. It may require a change in focus of those agricultural economists who have been granted limited mandates under Section 6 of the Interdepartmental Constitution of South Africa (see section 6).

Since the election of the Government of National Unity (GNU) in April 1994, the Reconstruction and Development Programme (RDP), launched the BATAT to cabinet regarding the stimulation of economic growth. The latter developments clearly indicate a policy shift from "redistribution with growth" to "growth with redistribution," which will force provincial governments to rethink their development strategies.

1. Introduction: A New Regional Dispensation in South Africa

The transition from apartheid to the new South Africa has brought in its wake a new regional dispensation. The nine provinces and four regions under the previous regime have been replaced by nine provinces. The new provinces have been granted limited financial powers, particularly in terms of marketing development, research, finance, extension and human resource development. Regional development will be profoundly influenced by the type of power given to regional governments, fiscal relationships between regional and national governments, regional development and institutional power relationships with NRO’s and civics. It is within this framework that agricultural economists must shape their contributions to the RDP.

The Die Heropbou-en Ontwikkelingsprogram (DIE HEROPBOU-EN ONTWIKKELINGSPROGRAM (HOP) EN STREEKONTWIKKELING: 'N NUWE UITDaging VIR DIE LANDBROEK-ENOKOMON

2. International Pointers: The Concept of Human Security

South Africa is experiencing problems of transition in the political, economic, social and institutional realms. These transitional problems are also prevalent in other countries in parts of the world which have undergone major economic and social changes. This may lead to a balance between growth and equity. It will have of a number of interlocking institutions with structural rigidities in the South African economy. International competitiveness must be improved by industrial and trade reform, employment growth must be accelerated, education needs improvement, South Africa must achieve monetary and fiscal stability, reduced inflation, increased savings and an attack on poverty. A new approach to regional development is needed. Although recent agricultural policy statements emphasise a balance between efficiency and equity, the accent is already on improved access to previously excluded groups, particularly in terms of marketing development, research, finance, extension and human resource development. Regional development will be profoundly influenced by the type of powers given to regional governments, fiscal relationships between regional and national governments, regional development and institutional power relationships with NRO’s and civics. It is within this framework that agricultural economists must shape their contributions to the RDP.

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The above paradigm shift in developing thinking is underpinned by a considered balance between growth and equity. There is little doubt today that the successful developments of conditions for the past two decades have been reasonably to parallel and interlocking efforts to promote growth and redistribution (World Bank, 1994, World Bank, 1995). The controversy is about the public policy which should be employed and the specific mix of growth and distribution measures.

3. The RDP and the Growth-equity debate: From redistribution with growth to growth with redistribution

The RDP alluded to the importance of the balance between growth and equity (1994:6). The document states that: "The RDP integrates growth, development, reconstruction and redistribution into a unified programme" (RDP, 1994:6). It also states that "economic growth is critical for sustainable improvements in services and incomes" (RDP, 1994:81). However, in the implementation of the RDP preference was initially given to distribution measures rather than to create the conditions for economic growth. Recently the emphasis has shifted from redistribution with growth to growth with redistribution - a policy switch which will have a paramount effect on regional development.

The GNU has, by appointing a Task Team on Economic Growth, only recently come round to emphasise the crucial role of economic growth as a prerequisite for achieving basic needs and human development efforts. There was also recognition of the fact that implementation of the RDP has advanced rather slowly and that the socioeconomic transition of the country is a long term process which will take years to achieve. It is submitted that successful implementation of the RDP will require a fundamental restructuring of the South African economy (c.f. Coetzee & Jab9, 1995), a revision of the content and targets of the RDP and a building-out of the RDP, instead of development decentralization, of the capacities of provincial governments to implement the RDP. The emphasis on economic growth will bring about more severe competition between provinces and will have a pronounced effect on development policies on the provincial level. The focus will be more specifically on competitive advantages and structural rigidities, both provincially and nationally.

4. Restructuring the South African economy

Economic growth is critical for sustainable human development and will have a paramount effect on development policies on the provincial level. The focus will be more specifically on competitive advantages and structural rigidities, both provincially and nationally.

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reforms to make the country internationally more competitive.

The promotion of saving and investment through poverty reduction policies. The GNP should continue on its drive of increasing capital expenditure through consumption restraint and stimulation of private savings and the GNP should provide the necessary institutional infrastructure to ensure that the agricultural sector is capable of increasing its output.

An attack on poverty and inequality which entails a two-pronged approach; the development of strategies to reduce both supply- and demand-side dimensions. This includes the continued urbanization and housing process which offers an array of opportunities for entrepreneurs, small business development and possibilities for small-contracting and sub-contracting (thereby forging the links between big and small companies), as well as opportunities offered by the unbundling of utilities, small-farmer development programmes; regional development and a revision of the Regional Development Programme. On the other hand improved access of the poor to finance and credit, improvement of the business environment for entrepreneurs, and improved institutional capacity to NGOs could improve access of the poor to opportunities.

Restructuring the economy also includes a revision of the corporate tax structure and the early stage of its existence. The argument was developed above that the RDP should be designed with a strong incentive scheme to generate new financial and economic development opportunities, substituting the traditional state approach to development. A review of the RDP should be an opportunity to improve the RDP's growth capacity and lessen its drain on resources or its current income substitutes. The issue is: Which of the basic needs in the RDP could make a more direct impact on poverty and will simultaneously promote economic growth and employment creation? (Coetzee, 1991).

However, a restructuring of the economy and a revision of the RDP, will also require a new approach to regional development, which addresses the particular problems associated with regional development in the new South Africa.

5. Approaches to regional development in South Africa

South Africa’s Interim Constitution makes provision for nine provinces, with the so-called Schedule 6A provisions in terms of the latter constitution. The legislative competencies of provinces include: Agriculture, Abattoirs, Airports, other than international airports, Animal control and pest diseases, Casinos, racing, gambling and wagering; Consumer Affairs; Economy, public finance and economic growth; Education at all levels, excluding university and technikon education; Environment, Health services, Housing, Indigenous law and customary law; Language policy and the regulation of the use of official languages within a province, subject to section 27 of the Constitution, and the provisions of Chapter 10; Markets and pools, Nature conservation, excluding national parks, national botanical gardens and marine resources, Police, subject to the provisions of Chapter 14; Provincial public media; Public transport; Regional planning and development, Road traffic regulation; Roads; Soil conservation; Tourism; Trade and industrial promotion; Traditional authorities; Urban and rural development; Welfare services.

The above demarcation of competencies and the RDP document (1994) it could be gleaned that South Africa has a constitutional system with federal characteristics, learning more towards a centralization of powers to unify the nation than towards the delegation of powers and decentralization of authority and responsibility for the implementation of development at the regional and local level. Limited powers for development and to raise resources at the regional and local level could make an important bearing on the unfolding constitutional system internationally more so.

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refirms to make the country internationally more competitive.

- The promotion of saving and investment through policies of fiscal decentralisation. The GNP should continue on its drive of increasing capital expenditure through consumption restraint and stimulation of private investment, for example through housing, privatization, cost-contracting (Calitz, 1995), encouraging savings, investment and development of the risk insurance industry.

- An attack on poverty and inequality which entails a two-pronged approach combining supply and demand-side initiatives. This includes the continued urbanization and housing process which offers an array of opportunities for entrepreneurs; small business development and possibilities for subcontracting and non-contracting (thereby forging the links between big and small companies), as well as opportunities offered by the unbundling of services: small farmer development programmes; regional development and a revision of the Regional Development Programme. On the other hand improved access of the poor to finance and credit, improvement of the creditworthiness of the poor, improved investment in education and training, improving access of the poor to opportunities (Coetzee, 1991).

- Restructuring the economy also includes a revision of the land reform process as early stage of its existence. The argument was developed above that the RDP could bring tremendous pressures to bear on financial and management institutional capacities, notwithstanding the theoretical developmental advantage of a two-pronged approach the RDP should endeavour to improve the RDP's growth capacity and lessen its drain on resources or co-exist with an equilibrium strategy. The issue is which of the benefits of the RDP could make a more direct impact on poverty and simultaneously promote economic growth and employment creation (Coteet, 1995; Van Zyl, 1992).

However, a restructuring of the economy and a revision of the RDP, will also require a new approach to regional development, which addresses the particular problems experienced with regional development in the new South Africa.

5. Approaches to regional development in South Africa: From industrial decentralisation to integrated development

Regional development in South Africa has, since the Second World War, moved through five distinct phases:

i) Industrial decentralisation (1960-70): The GNP continued on its drive of increasing capital expenditure through consumption restraint and stimulation of private investment, for example, through housing, privatization, cost-contracting (Calitz, 1995), encouraging savings, investment and development of the risk insurance industry.

ii) Homelands development: Due to the limited effect of industrial decentralisation, the policy change shifted to homeland development. Capital was allocated to homelands and the new Government embarked on a programme of homelands affairs, Education at all levels, excluding university and technician education; Environment; Health services; Housing; Indigenous law and customary law; Land use policy and the regulation of the use of official languages within a province, subject to local government, subject, to the provisions of Chapter 10; Markets and pools, Nature conservation, excluding national parks, national botanical gardens, National museums and zoos, Police, subject to the provisions of Chapter 14; Provincial public media; Public transport; Regional planning and development, Road traffic regulation; Roads; Soil conservation; Tourism; Trade and industrial promotion; Traditional authorities; Urban and rural development; Welfare services.

From the above demarcation of competencies and the RDP document (1994) it could be gleaned that South Africa has a constitutional system with federal characteristics, learning more towards a centralization of powers to unify the nation than towards the delegation of powers and decentralization of authority and responsibility for the implementation of development at the regional and provincial levels. Limited powers for development and to raise resources at the regional and local level. Such a trend bears on some of the most important, though certainly not the only, problems related to regional development.

Only scant reference is made in the RDP document to regional development; the RDP document talks of the relationship of cooperation between central and provincial governments, grant-in-aid strategies to provide provinces with an adequate share of revenue collected (RDP, 1994:123) and rural development (RDP, 1994:84-86). This was supplemented by a somewhat more detailed account in the RDP White Paper (1994), without entering into a discussion on the ensuing debate on regional development and the powers of regional versus central government.

On viewing regional development in context of the RDP, it does imply an application of the RDP principles to the regional level maybe the industrial development points qualifying for incentives will be narrowed down to a few major points qualifying for incentives in different regions. What is clear is that the new approach will focus on human development, capacity-building, and the satisfaction of basic needs. However, the recent policy shift towards the realisation of economic growth will force provincial governments to identify their competitive advantages more clearly in order to foster regional economic growth. At this early stage it would seem that the vision of the two-pronged approach to regional development is emerging which will provide incentives for more development options, but which will be more complex to implement and manage.

6. The RDP and regional development

South Africa's Interim Constitution makes provision for nine provinces, with the so-called Schedule 6 competencies delegated in terms of the latter constitution. The legislative competencies of provinces include: Agriculture; Abattoirs; Airports, other than international airports; Animal control, livestock diseases; Casinos, racing, gambling and wagering; Consumer affairs, licensing of business; Education at all levels, excluding university and technician education; Environment; Health services; Housing; Indigenous law and customary law; Land use policy and the regulation of the use of official languages within a province, subject to local government; Local government, subject, to the provisions of Chapter 10; Markets and pools, Nature conservation, excluding national parks, national botanical gardens, National museums and zoos, Police, subject to the provisions of Chapter 14; Provincial public media; Public transport; Regional planning and development, Road traffic regulation; Roads; Soil conservation; Tourism; Trade and industrial promotion; Traditional authorities; Urban and rural development; Welfare services.

The Good Hope proposals: In the early eighties governments realized that a new paradigm was needed and that homeland development could not achieve the stated objectives. Growth points were identified and back-to-back development of industrial points in and near homeland areas were promoted. Specific emphasis was placed on possibilities for decentralisation and development axes. The Development Bank of Southern Africa (DBSA) promoted across-border cooperation and regional development coordination was sought through an elaborate system of regional advisory and liaison committees.

The Regional Industrial Development Programmes (RIDP): By the mid-eighties it was clear that the incentive scheme under the above approach was bringing rising costs to bear on the provinces. Limited powers for development and to raise resources at the regional and local level. Such a trend bears on some of the most important, though certainly not the only, problems related to regional development.

The Regional Industrial Development Programmes (RIDP) have hitherto been high profile programmes, but which will be more complex to implement and manage. At this early stage it would seem that a more integrated approach to regional development is emerging which will provide incentives for more development options, but which will be more complex to implement and manage.

A cursory glance at the White Paper on Agriculture (1995) and the Broadening of Access to Agriculture Thrust (BATAT) confirms a clear policy shift in agricultural policy. The vision and mission of a new agriculture reflects an attempt to balance efficiency (May, 1992), and equity (White Paper, 1995:4). However, the new policy line leaves no doubt that the emphasis, as embodied in the BATAT initiative should henceforth be on improving access to agriculture for those who were previously excluded (Njobe-Mdluli, 1995:1). The objectives are to enhance income, food security, employment and quality of life in a sustainable manner.

The new emphasis on small and medium farmers includes an array of new policy initiatives including a new marketing system, a National Township Agricultural Assistance Programme (AFAP), a new technological development scheme to involve private sector consultancy and endowment systems and human resource development (Njobe-Mdluli, 1995:1). This new policy line also implies new data needs and a shift in emphasis in research and extension services.

An issue which receives only scant attention is the differences in agricultural potential and resource endowments between the different provinces/regions of the country. A cursory glance at the White Paper on Agriculture (1995) and the Broadening of Access to Agriculture Thrust (BATAT) confirms a clear policy shift in agricultural policy. The vision and mission of a new agriculture reflects an attempt to balance efficiency (May, 1992) and equity (White Paper, 1995:4). However, the new policy line leaves no doubt that the emphasis, as embodied in the BATAT initiative should henceforth be on improving access to agriculture for those who were previously excluded (Njobe-Mdluli, 1995:1). The objectives are to enhance income, food security, employment and quality of life in a sustainable manner.

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group of medium human development countries. According to DBSA (1994:17) calculations provinces scored higher than the average, namely Western Cape, Northern Cape and PWV. The other provinces included Eastern Cape and Northern Transvaal, displayed HDI figures below 0.5 which rank them among poorer countries such as Lesotho and Zimbabwe. Although, DBSA (1994:17) the Free State, Eastern Transvaal, KwaZulu/Natal and North West have below 0.5 range. Illiteracy is high in the Free State, Eastern Cape, KwaZulu/Natal, Northern Transvaal, Eastern Cape and North West Province.

Analysis show that are only three provinces with a sizable economy namely Gauteng, KwaZulu/Natal and Western Cape which contribute 37%, 14.5% and 13.2% respectively to GDP. The other provinces have small economies, with the Northern Cape (2%) and the Northern Transvaal (3.2%) being the smallest (DBSA, 1994:40). Per capita GDP is highest in Gauteng and Western Cape and lowest in the Northern Transvaal, Eastern Cape and KwaZulu/Natal.

The above analysis reveals that the "peripheral/rural" regions will find it extremely difficult to compete with the "growth pole" regions for investment, industrial development and resources. In fact, the former regions may stand to lose more people through migration as people respond to the income distribution, with international aid agencies electing to forward a significant percentage of their funding to government agencies. NGOs are also struck by capacity problems similar to those of the civics. Although many of the NGOs which have collapsed are "development NGOs", the above changes should be regarded as a serious setback for the balance between the role of government and NGOs in development.

The problems experienced by the civics and NGOs can seriously hamper participatory development at the local level. While not to forecast the above analysis, it appears unlikely that the above will not alter the political future for the region.

7.6 Coordination between provinces

There has been a degree of competition between the nine provinces in their positioning and their efforts to be the new South Africa. The policy shift by the GNU from "development with growth" to "growth with redistribution" as described above, will sharpen the competition between regions. It will indeed pose a new challenge to the strategic positioning and policy and strategy capacity of regions.

The increasing competition between regions might not necessarily be detrimental to development efforts. In fact, if FFC should compete, this could increase the attractive and strategic and capacity regions within the region.

However, increased competition for investment, industrial development and scarce resources might also persuade provinces to begin to cooperate in their own interest. Joint marketing schemes, "cross border" development projects and even joint development institutions could be particularly difficult to maintain or improve their position vis-à-vis the metropolitan regions. Some of them may have more competences and advantages of continued urbanization. Coastal regions e.g. the Western Cape and KwaZulu/Natal will exploit their tourism and agricultural potential.

The peripheral regions such as the Northern Cape, Northern Transvaal, North Western Province and Orange Free State have a number of particular advantages to maintain or improve their position vis-à-vis the metropolitan regions. Some of them may have more competences and advantages of continued urbanization. Coastal regions e.g. the Western Cape and KwaZulu/Natal will exploit their tourism and agricultural potential.

8. Regional development: Quo Vadis?

Regional Development Policy

The policy switch from "redistribution with growth" to "growth with redistribution" and the problems described above, namely that the inclusion of the provinces, including the slow progress with implementation of the RDP, are bound to prompt a change in approach to the GNUs regional development policy. Some of the policy changes may be effected within the short to medium term, others may be a lot longer to address. Options for the future unfolding of regional development are discussed below as a contribution to the ensuing debate.

8.1 The powers of regions: Centralization versus decentralization of development

The above discussion has shown that South Africa's Interim Constitution displays rather weak federal characteristics which lean more towards a central versus decentralization approach. It is also clear that some of the political factors at work are clashing the issue. The entire discussion on this issue and to prompt the debate should therefore not be along political lines, but rather based on developmental considerations.

International development experience suggests a strong tendency in favour of decentralization of the responsibility for development. The centre assumes a more indicative role and responsibility for policy frameworks and coordination. Some key sectors such as international affairs, police, defense, law and order, etc. remain central government functions. It should also be noted that economic policy interventions and incentives for development are the domain of the provincial governments. Interactions are of a different order. Whether or not the objectives of such interventions are reached. If approach in the above way, a solution might be that the "South African" crisis which seem to be slipping out of control and becoming even more complex to resolve.

8.2 The ascendency of growth and the import of the system of financial relations

The North-West Province as a case study

The policy switch from redistribution to growth will have a pronounced effect on regional development and might influence the responsibilities of the provinces with economic development. The metropolitan regions have a clear advantage in driving industrial development and will continue to maintain this advantage. They could also build out the service economy linked to industry and promote the advantages of continued urbanization. Coastal regions e.g. the Western Cape and KwaZulu/Natal will exploit their tourism and agricultural potential.

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group of medium development countries. According to DBSA (1994:17) calculations provinces stored higher than the national average namely Western Cape, Northern Cape and PWV. The other provinces namely Eastern Cape and Northern Transvaal, displayed HDI figures below 0.5 which rank them among poorer countries such as Lesotho and Zimbabwe (DBSA, 1994:17). The Free State, Eastern Transvaal, KwaZulu/Natal and Northern Transvaal have HDI figures in the 0.5 - 0.7 range. Illiteracy is high in the Free State, Eastern Cape, KwaZulu/Natal, Eastern Transvaal, Northern Transvaal and North West Province.

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The above analysis show that there are only three provinces with a sizable economy namely Gauteng, KwaZulu/Natal and Western Cape which contribute 37%, 14.3% and 13.2% respectively to GDP. The other provinces have smaller economies, with the Northern Cape (2%) and the Northern Transvaal (3.2%) being the smallest (DBSA, 1994:40). Per capita GDP is highest in Gauteng and Western Cape and lowest in the Northern Transvaal, Eastern Cape and KwaZulu/Natal.

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According to the above analysis development problems are most severe in provinces which have both a low HDI and low GDP per capita. The Northern Transvaal and Eastern Cape are in this category. Some others such as KwaZulu/Natal, the Free State and North West Province are only marginally better off. It should also be noted that some provinces have structural weaknesses (e.g. dependency on primary sector, which makes economic diversification extremely difficult).

The above analysis leads to the conclusion that the "peripheral/rural" regions will find it extremely difficult to support "metropolitan/province" regions for investment, industrial development and resources. In fact, the former regions may stand to lose more people through migration as resources are redirected to socio-economic needs. The resource poor provinces will find it more difficult to implement the RDP and to promote both economic growth and human development. They will have to strategize more clearly and to build capacities on the regional and local level.

7.4 Institutional problems and the lack of policy capacity

Progress with regional development is hampered by the integration of structures in provinces which have former separate administrative capacity (in all the provinces), and the restructuring of the public service with officials from the post dispensation and others coming from the former regions. The system is not yet integrated in one structure. The challenge is to create, through the management of changes, a new South Africa framework to which officials could commit themselves. In addition the provinces have limited policy apparatus and capacity which disrupt co-ordination and implementation of policies and strategies. In most of the provinces problems related to the institutional framework for development, such as development finance and support agencies, have not been addressed. These problems are compounded by limited resources, a lack of coordination and energy and slow progress with implementation of policies.

The above institutional problems have slowed down the implementation of the RDP and the formulation of economic development programs in South Africa. Some of it is evident that much of the future attention will have to focus on institutional capacity anyway, and that the new dispensation has to take some time in consolidating the building on the provincial and local government levels.

7.5 Changing relations between government structures and the civics and NGOs

Since the general election of 1994 the relationships between government and the civics and NGOs have changed dramatically. Many of the civic leaders have moved into government structures which have weakened civil society and their development role. RDP Councils which were established at local level have shown limited progress due to serious capacity problems. The NGO-sector has experienced some problems with international funding, with international aid agencies electing to forward a significant percentage of their funding to government agencies. NGOs are also struck by capacity problems similar to those of the civil. Although many of the NGOs which have collapsed have accumulated "development NGOs", the above changes should be regarded as a serious setback for the balance between the role of government and NGOs in development.

The problems experienced by the civics and NGOs can seriously hamper participatory development at the local level. We have already seen that the above discussion is crucial for the future success of the RDP.

7.6 Competition and cooperation between provinces

There has been a degree of competition between the nine provinces, both for the "metropolitan" and the new South Africa. The policy shift by the GNU from "distribution with growth" to "distribution with growth", as described above, has sharpened the competition between regions. It will indeed pose a new challenge to the strategic positioning and policy and strategy capacity of regions.

The increasing competition between regions might not necessarily be detrimental to development efforts. In fact, if the provinces apply competitive strategies more rationally, to delineate and integrate structures and to use scarce resources more productively.

However, increased competition for investment, industrial development and scarce resources might also persuade provinces to begin to cooperate in their own interest. Joint marketing, re-hiring "across border" development projects and even joint development institutions could be particularly important to "peripheral/rural" provinces of South Africa. Even the metropolitan provinces might wish to seek cooperation with adjoining regions in order to maximize the advantages of continued urbanization. Coastal regions e.g. the Western Cape and the Northern Transvaal will exploit their tourism and agricultural potential.

The peripheral regions such as the Northern Cape, Northern Transvaal, North Western Province and Orange Free State have particular difficulty in maintaining or improve their position vis-a-vis the metropolitan regions. Some of them may have more opportunities than others. For example, the Northern Transvaal might have some advantages in terms of natural resources. However, there are advantages which are functional integrated with a metropolitan - witness the case of the Greater Pretoria area - fall within more than one province.

In the North West Province (NWP) the Premier established an Economic Advisory Council to render advice on policies and strategies for economic development. An Economic Development Strategy Framework (Cootze) was established which outlines the objectives of human development, sustained growth and the formulation of economic development programs. This development programs of the province clearly point to the importance of attracting business and alleviating unemployment. It is therefore a very sober line. The province contributes only 6.0 per cent to the total GDP of the country. The economy of the NWP is dependent on mining, which currently represents 18.0 per cent to GDP. The NWP is the major platinum producer and is a major gold producer. Mining contributes only 5.8 per cent and agriculture also some 6.0 per cent. In summary, it is a poor province which scores low on both GDP per capita and human development indicators. Population growth is high and some 60 per cent of the population reside in rural areas, but a rapid process of urbanization is taking place to intermediate cities and towns. Given the above, the Economic Advisory Council of the NWP decided that its economic development strategy would be based on strengthening the linkages between mining and industry and diversification of the economy of the province. Mining industries could do more to stimulate light engineering industry, to promote sub- and out-contracting and to buy consumables from local producers, which could stimulate local production. Economic diversification (e.g. production) as well as the promotion of eco-tourism/game ranching, through the housing process, small business development, small farmer and rural development and infrastructural development.

It is important to note that the NWP does not purport to advance on all fronts simultaneously. The Economic Advisory Council (Coetzee) concentrated its efforts in Human development, attracting investment, industrial development, and rural and urban development (including both rural and urban development).
iii) The management of change.

iv) Capacity-building and improvement of skills of workers.

v) Building-out of a small but competent policy capacity to spearhead the policy process and to see that policies are implemented in a coordinated way.

vi) Clearer lines of responsibility to avoid unnecessary duplication.

vii) A data base/general information service and a regular flow of information to decision-makers and other roleplayers.

8.5 Cooperation and partnerships

The limited economic base of many of the provinces, structural rigidities and huge developmental problems leads to the conclusion that provinces will have to cooperate in a constructive, but critical way to do away with the concentration of financial markets on South Africa. This leads to the conclusion that provinces will have to promote development cooperation and partnerships. Cooperation could be pursued between international and local aid agencies, but also between regions e.g. "across border projects" and joint ventures to attract investment.

Of particular importance is the cooperation with the private sector in the development of DFI's. In the NEPAD series of summits are being conducted with private sector to promote the latter objectives.

The role of universities and technikons in development are also of crucial importance. These institutions should require a thorough knowledge of the structural rigidities both on a macro as well as a regional level. In fact, agricultural economists working at the regional level will have to become regional economists of some kind.

If agricultural economists equip themselves along the above lines, they will continue to fulfil a very important role in the development of the country, both sectorially as well as on a national and provincial/regional level. They will then find that their voice will broaden not only in the agricultural context, but also beyond those boundaries. Agricultural economists will be enabled to serve on a plethora of other forums and committees where their influence will be felt.

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ii) The management of change.
iii) Capacity-building and improvement of skills of workers.
iv) Building-out of a small but competent policy capacity to spearhead the policy process and to see that the priorities are implemented in a coordinated way.
v) Clearer lines of responsibility to avoid unnecessary duplication.
vi) Restructuring of development finance institutions (DFIs).

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Of particular importance is the cooperation with the private sector. The National Development Planning Framework (NDPF) with a series of summits are being conducted with private sector to promote the latter objectives.

The role of universities and technikons in development are also of crucial importance. These institutions should appear as though in practice most agricultural economists have been engaged in specialized and often technical areas such as production economics. The focus will in future not only be on how to achieve higher production, but also on the emerging farmers and the new entrants of black farmers in commercial agriculture.

Agricultural economists will still be in demand for their technical skills and competencies, and those must be kept at a high level. Yet, an understanding of the development framework within which the GNP operates, as embedded in the RDF, with a good grasp of both macro-economics and regional economics will be required. This integration of knowledge will also require a thorough knowledge of the structural rigidities both on a macro as well as a regional level. In fact, agricultural economists working at the regional level will have to become regional economists of some kind.

If agricultural economists equip themselves along the above lines, they will continue to fail if a very important role in the development of the country, both sectorally as well as on a national and provincial/regional level. They will then find that their role will broaden not only in the agricultural context, but also beyond those boundaries.

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