

**COMMISSION ON THE DEMARCATION/DELIMITATION OF REGIONS MEETING  
OF THE TECHNICAL SUPPORT TEAM, 22 JULY 1993. (SIPHO BUTHELEZI)**

**1. THE EASTERN CAPE AND BORDER/KEI BOUNDARY ISSUES**

The Eastern Cape is at the centre of the dispute that has surfaced over the future of regional boundaries of the Eastern Cape area. The major political parties and business concerns differ over the new borders. The submissions that have been made have dealt with three main issues:

- 1.1 The question of whether the Eastern Cape/Border/Ciskei/Transkei should form a single large region in future, whether it should be split into two, i.e. Eastern Cape on the one hand, and Border/Kei (including Border, Ciskei and Transkei) on the other.
- 1.2 The issue of whether the North Eastern Cape, i.e. the area of the Drakensberg Regional Services Council, should remain part of the Eastern Cape and Border/Kei, or whether all parts or parts of this sub-region should become part of the Orange Free State.
- 1.3 The question of where the boundary between the Eastern Cape and Western Cape should be drawn; more specifically whether the George/Knysna/Plettenberg Bay area should be in the Eastern or Western Cape.

This brief analysis will deal primarily with issues in 1.1.

**2. THE EASTERN CAPE/BORDER-KEI DIVISION**

- 2.1 Strongly motivated submissions have been made by the Democratic Party (DP), the Midlands Chamber of Industries and the Port Elizabeth Chamber of Commerce, to the effect that the larger region should be split into two with E. Cape centred around Port Elizabeth as the political and commercial capital being a distinct region from the Border-Kei with East London as its nucleus nodal centre.

It has been argued that the amalgamation of the Border-Kei with East Cape would put an intolerable strain on the economic resources of this area. For this reason, the DP among others, has proposed the Eastern Cape as a separate region constituted of the Port Elizabeth - Uitenhage metropolitan areas and environs along the eastern coastal sub-region; the southern coastal sub-region and Little Karoo, with Graaf-Reinet as a sub-centre to serve the rural interest in the Karoo.

This prognosis reveals that this region would have the smallest absolute population larger than Kei land, Kalahari and Capriconia (Bushveld) while its



population figure is almost on par with that of the Free State. Also the high level of urbanisation (81%), as well as GGP per capita income of R7406 which is close to the national average, indicates a fairly good development potential. At the same time the DP has submitted that the East Cape area has a fairly large administrative load of 43 districts and seven regional services councils because of the extensive rural interior. Nevertheless the DP has argued that the region should remain economically viable because of the relatively greater diversification of the economy and concomitant high GGP figures the Port Elizabeth-Uitenhage area and the southern coastal region, as well as a number of prominent productive districts in the Karoo. In addition to this, the DP has submitted that the fusion of East Cape with Border-Kei would increase the total population to more than 5 million, but only raise the per capita income by R36 to R989. It would also make a noticeable difference in the extremely low level of urbanisation.

- 2.2 Those supporting a fusion, notably the African National Congress (ANC) argue that the economic indications of the Border-Kei (R1 764 per capita income) are such that the region is not economically viable, and would have a problem in terms of the underdeveloped industrial and tax base were it to a separate region. Against this, the ANC notes that those advocating for a separate Border-Kei region argue that, even if it is not viable in terms of its tax base, it is functional in relation of the flow of labour, goods and services, and in terms of development planning. Furthermore, proposals of separation note that it will be the task of central government to ensure adequate distribution of resources to poorer areas.

The Border-Kei Development Forum (BKDF) has argued that in the event of the Eastern Cape and the Border-Kei area be incorporated into a single region, this should only place if the regions nodal centre moves to the Border-Kei area for example, East London, King Williamstown/Bisho. This submission is motivated by the feeling of Port Elizabeth's potential unwillingness to play a secondary role to any other centre in the region. This will have the effect of heightening competition for regional resources in a manner that may be detrimental to the area.

It is also the view of the Border-Kei Development Forum (an association of political, civic, traditional, business and other interests in the Border-Kei area) that no matter what occurs with regard to regional boundaries, this will not fundamentally affect the economic realities of the Border-Kei region (eg the association between towns, the manner in which business operate, etc). Thus the determination of the future quality of life in the region depends largely on the extent to which the central government can be influenced to distribute funds to areas that are most in need of development.

### 2.3 APPLICATION OF CRITERIA

Note has been made that the DP's submission on the separation of Border-Kei overemphasizes linguistic considerations, and is not based on economic viability and functionality of this area. This area, dubbed Keiland, is a



supposedly "linguistically homogeneous (Xhosa) region on both sides of the Kei area. Their proposal is thus measured by such a consideration, and the DP evade their own case when they admit that the proposed region is not economically viable and that the support received from SA districts "is inadequate and the region have to receive financial assistance from other more prosperous regions, or from central government."

If it is agreed that the delimitation/demarcation of regions should take into account the creation of conditions for balanced growth within the different areas of the country, it is therefore critical to support the ANC proposal for the amalgamated Eastern Cape region, especially in the circumstances where, for historical reasons, significant intra-regional and urban-rural disparities assist in terms of infrastructural endowments, institutional capacity, and hence the capacity of regions to attract investment.

In economic terms, the industrialisation of an economy is always geographically imbalanced, but then the separation of Border-Kei with East Cape raises the possibility of consigning the former to permanent underdevelopment and perpetuating the dualistic character of the area. Also, if the national economy develops by way of spatial polarisation, this must imply that regional problems are an inevitable by-product of the growth process regardless of whether they receive attention from central government or not.

With regard to the area in question, fusion of East Cape with Border-Kei offers real possibilities of decentralisation tendencies with the metropolitan area of Port Elizabeth-Uitenhage, because of the potential of metropolitan centres to adapt their structures to changes in social, economic and technical conditions. To that extent possibilities of dispersion associated with narrowing sub-regional per capita income differentials. This is likely to happen because of the tendency for secondary and tertiary industries to become more geographically dispersed.

Finally in South Africa economy in general, and the Eastern Cape in particular there is a tendency that the pure centre-periphery dichotomy gives way to a stage in which the central regions remain dominant but some counterweight is provided by the emergence of viable peripheral sub-centres (Umtata, Queenstown, King Williamstown/Bisho and East London). In such a situation, polarisation gives way to a diffusion process in which economic growth spreads out from the metropolitan (core) into the sub-regions.

- 2.3.1 In terms of economic functionality it is quite clear that the Border-Kei area cannot survive on its own with a GGP per capita of R1,764 and this supports the observation that this region would tend to be one of the poorest in the country. By separating out Border-Kei from the East Cape region, which contains the Port Elizabeth - Uitenhage Industrial Centre as well as a commercial farming sector, the GGP per capita drops from the Region D level of R3,569 per capita to a Border-Kei figure of R1,764 per capita. The remaining East Cape Region then increases from Region D level of R3,569 to an East Cape figure of R7,406.



According to available evidence the Border-Kei area has a GGP per capita which is less than 50% of any other region, with the exception of the Northern Transvaal because of the rural nature (82%) of the Border-Kei area, as a peripheral region it remains economically bewildered, and functions largely as primary producers, tends to suffer from unfavourable interregional terms of trade, and fail to compete in manufacturing industry with the Port Elizabeth - Uitenhage metropole.

The fusion of East-Cape with Border-Kei would increase the GGP per capita income of Region D by R1,805 and this suggests that when per capita incomes are higher, growth is dispersed in the peripheral areas and there is a strong possibility of urbanization occurring and accelerating the development of The Border-Kei spatial economy. Historically, throughout the course of the development of the South African economy, growth is predominantly urban growth, and the spatial incidence of growth within each region is itself heavily polarised in favour of the larger cities and towns.

Hence industrial development has started out in one or two regions which has specific advantages over the rest of the economy. The Port Elizabeth - Uitenhage metropole has been endowed with well developed manufacturing as well as a viable commercial farming sector in its environs. The favourable natural resource endowment and market advantages this metropole enjoys, has enabled economies of scale to be exploited much earlier in the area than at the peripheral Border-Kei area. This simply means that separation of East Cape from the rest of Region D, since initial polarisation has occurred, it can be deduced that there will be same cumulative reinforcement, because 'backwash' (polarisation) effects will tend to dominate over 'spread' ('trickling down') effects. Resources will continue to flow to the Port Elizabeth - Uitenhage metropole and the peripheral areas of The Border-Kei will find it difficult to adjust to this outflow of resources, especially human resources and capital.

Also, and perhaps most important of all, the increasing concentration of population in the Port Elizabeth - Uitenhage area, consequent upon the initial industrialisation, would tend to strengthen the advantages of this metropole in subsequent development. The concentration here would reinforce its dominance even if the original locational advances have been dissipated, say through a more equitable fiscal and intra-regional financial transfers. This helps to explain the failure of



diminishing returns to set in at the core. It also will account for the further development of key services, institutional capacity and infrastructural facilities (finance, education, research, health services and political control) at the centre which act as a magnet for attracting new industry.

- 2.3.2 Since social infrastructure includes health, housing, education and social welfare and their relative accessibility to the regional population, tin amalgamated Region D / Eastern Cape may experience a subsequent dispersion of growth of social infrastructure into other areas or sub-regions. This suggests that there will be some economic forces which may begin to assert themselves at later phases of development and offer peripheral sub-regions some opportunities for growth; moreover, at some time the relatively puny advantages of the lagging sub-regions will probably be reinforced by political pressures at regional and central levels.

Nevertheless, it is admittedly impossible to predict if and when polarisation will be set in reverse. This first factor in favour of the backward sub-regions, forcefully argued by The Border Kei Development Forum, is that simply because of their remoteness from the Port Elizabeth - Uitenhage metropole they do have a protected local market. The problem then becomes how to develop sufficient economies of scale, a problem that can eventually be solved by time itself assuming that both population and per capita incomes increase over time. Of course, it remains true that competition from the metropolitan areas will still be dominant in many sectors of the economy, but there are sectors where transport costs confer a significant advantage on local producers.

Secondly, the relative impact of "trickling down" and polarisation effects may alter over time. The "backwash" effects of resource movements may be offset by rising demand for complimentary products made in the lagging regions or by the diffusion of technical knowledge, managerial know-how and social advances over the space economy. In many cases, this may take the form of business in the core sub-region setting up branch plants in the lagging when demand levels justify more than one plant. The possibilities for decentralisation that fusion offers can be reinforced by technological changes such as the reduced reliance on natural resources, the ubiquity of cheap power and energy, the mobility of external economies and improvements in inter-regional transportation and by relative price effects such as lower wages in the less developed sub-regions.



- 2.3.3 An argument has been made that in relation to socio-cultural issues - a sense of identity with the region, language and culture - a separate Border-Kei, stretching from the Fish River to Umzimkulu, would tend to foster ethnicity. However, an amalgamated Eastern Cape, with the increase in its size (5 million), the population may become culturally heterogeneous; this favours innovation and diversification of its economic structure. At the present, private investors have tended to overestimate the profitability of investment in the East Cape relative to the fringe "bantustan" areas, even in cases where real peripheral investment opportunities exist. As has been the case previously, in the initial polarisation phase of development locational preferences have been influenced by racial/ethnic facts and this has had an impact on spatial patterns.
- 2.3.4 An amalgamated Eastern Cape can help facilitate geographical coherence, especially in correcting the rural-urban imbalance in the long term. In this region the legacy of apartheid and the creation of Ciskei has accentuated the urban-rural disparities, and created a fragmented economy and the marginalisation of the bantustan rural areas. A geographically coherent region will increase the possibility of dispersion tendencies especially in the service industries such as commerce, banking and finance, education and health, the government sector, miscellaneous and personal services - all industries that are overwhelmingly located in metropolitan areas. Dispersion of services will tend to integrate and unify previously disjointed regions, and ultimately integrate and unify the national economy and assist the process of interdependence among the industrial growth points and urban centres.

**SIPHO BUTHELEZI**  
**21 JULY 1993**