THE URBAN NETWORK STRATEGY – THE PANACEA FOR URBAN AND DEVELOPMENTAL ILLS?

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1. PURPOSE OF PAPER

The government through the National Treasury is implementing a Cities Support Programme (CSP). Spatial targeting is the broad strategy of the CSP. The main strategic instrument is the Urban Network Strategy (UNS), to address the following challenges facing metropolitan municipalities: poor governance and financial accountability, poverty, unemployment and social marginalisation, and the undermining of both financial and ecological sustainability of city environments and services. The purpose of this paper is to develop an argument that spatial targeting is insufficient to address the challenges of unemployment and poverty, which lie at the root of social marginalisation, as well as the argument that cities have insufficient revenue base to cope with the growing mass of people migrating from the rural areas. If other, historical spatial targeting instruments (e.g. the Regional Industrial Development Programme and the Strategic Development Initiatives) failed to create sustainable employment what makes the CSP different? Is spatial targeting likely to deliver green economic growth and jobs and integrate our cities? Can we rely mainly or entirely on the cities for the provision of work, housing and services for the urbanising population or do we need to have a concerted rural development strategy? What do we do for people living on the fringes now?

Spatial targeting is prioritised by government because they assume that through restructuring space planning can address and facilitate the resolution of poverty, inequality, social marginalisation, dysfunctional cities and ecological breakdown. However, these malaises need to be understood in a broader context, namely the combination of dominant state policies and strategies and a given regime of capital accumulation\(^1\) that these policies and strategies function to reproduce\(^2\). To understand these underlying causes and devise appropriate strategies, requires a political economy as well as an ecological economics analysis\(^3\).

The UNS is a necessary intervention to prompt cities to manage development more efficiently through targeted, compact and integrated residential and non-residential development based on medium to higher population densities. A compact urban form and appropriate water, sanitation and energy infrastructure, including the promotion of renewable energy sources and not pricing basic resources out of the reach of the marginalised majority, would have a positive impact on municipal finances and at the same time extend the time frame of the functioning ecological platform of urban-based societies and economies. Within this time frame we will have to move on to the usage of renewable sources of energy to mitigate the effect of global warming by reducing carbon emissions to levels that avoid the threat of runaway climate change. The absence of decisive governmental political, economic and ecological strategies to address jobless growth and the limits to exponential economic and population growth will further inhibit the impact of the CSP and undermine its potential long-term outcomes.

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\(^1\) Accumulation is used in its Marxist derivation, to refer to a cycle of processes where money capital is invested in labour power and materials to produce new commodities, which are then exchanged for money – in this processes the owners of capital are driven to maximise profits and workers to maximise wages (Hendler 1993, 37-47).

\(^2\) Social reproduction is used in the sense developed by Marxist structuralists (like Althusser, 1970; Poulantzas 2000; and, Castells et al, 1990) in the 1970s and 1980s, to refer to processes like the provision of policing, education, housing, transportation as well as ideological discourses that give meaning to societies, where the state has performed – and continues to perform - historical functions, although social reproduction functions also extend beyond the state to maintain social relations of production.

\(^3\) The point of departure of ecological economics is that there are finite resources and that the earth has a finite capacity to recycle noxious industrial pollutants, before exponential growth in population and production/consumption prompts tipping points that radically alter the ecological state and pose a threat to the life of species.
Rethinking how planning fits into and reflects a political and economic framework requires a different conceptual starting point to the current dominant neo-liberal way of seeing urban economic development, and to apply theory to explain the phenomena. The economy and the state are constructed through asymmetrical social power relations that made settler colonialists dominant vis-à-vis indigenous people (Terreblanche, 2005: 6) and underlie the creation and reproduction of historical as well as current urban land use patterns. The theoretical underpinning of this analysis is framed with three key concepts: social reproduction, capital accumulation and social struggle. These are used in the following section to tabulate the periodised history of the political economy of urban land use as well as resistance to this usage, based on Hendler (1986; 2015a; 2015b).

1.1 Social Reproduction, Capital Accumulation and Social Struggle

To analyse economic and political structures as outcomes of the practices of historical agents, rather than as essential givens, requires specific concepts of what constitutes the economic and the political and their interrelationship.

The struggles over land usage were framed by the interests underlying processes of capital accumulation, articulated with state social reproduction policies and practices. The following is a graphic representation of the theoretical framework for understanding the historically changing spatial policies and land use management practices.

A key link between state policies and the economy is reproduction of labour power, i.e. the rejuvenation of the physical and mental abilities of people, in order for them to work (Althusser, 1970: 125-128). Reproduction of labour power for mining, manufacturing and agricultural capital happened through the statutory accommodation of workers in defined spaces and under specific circumstances. The purpose is to demonstrate the interdependence and interlinking of the state, capital accumulation and social struggles in the construction of urban land usages in South Africa (Hendler, 2010: 245-268; Poulantzas, 2000), and thereby show the viability of analysing spatial planning and land use management as the outcome of both dominant political and economic practices as well as social struggles waged against the imposition of these plans and regulations. For most of the historical period spatial plans and land use management regulations aimed at dominating and controlling people of colour functioned to heighten the exploitation of black workers and maximise profits in mining, agriculture and manufacturing.

Specific land use regulations and practices in respect of urban land rights and land ownership were interpolated within the framework of accumulation, reproduction and social struggle that took place during the historical periods. A third area of regulation and practices is also important to include, given the critical state of the ecology in which cities are embedded, namely environmental impact, the significance of which is grasped through ecological economics.
1.2 **ECOLOGICAL ECONOMICS**

The global growth economic model is unsustainable (Swilling 2010: 11). Both neo-liberal ideology and Marxist political economy avoid the ‘natural’ limits to the supply of resource inputs to economic processes as well as the limited capacity of natural sinks to process the waste outputs from economic processes. Exponential economic and population growth places continuously increasing demand on limited planetary raw materials and resources; at the same time continuously expanding industrial waste is starting to overwhelm the finite ability of the earth’s ecology to degrade noxious waste into benign components and to recycle these in the biosphere. Two stark examples of the limits to growth are the peaking of oil production and the inability of the earth’s ecological systems to sufficiently sequester carbon from atmospheric carbon dioxide. The underlying depletion of oil supply is reflected in the trend rise in as well volatility of oil prices; oil price changes have a knock on effect on prices throughout the global economy because oil-derived products and by-products form part of all the materials in the production of commodities (Rubin, 2009). Global warming from green house gas emissions reflects the inability of ecosystems to sequester the carbon being spewed into the atmosphere.

1.3 **STRUCTURE OF THE PAPER**

The paper will next explore the history of the planning of South African urban space, a story that has fallen by the wayside for a new generation of policy makers but which needs to be understood in order to illustrate the unity of the state and the economy as non-essential processes and structures, evolving through concrete, specific social histories. The third section will identify the type of investment cycles to facilitate the emergence of green economic growth and jobs on a significant scale. Inherent in spatial targeting is an urban focus - the fourth section will make a case for seeing the rural and communal areas as independent economic generators in their own right, and not simply as appendages linked to the urban. An effective rural development strategy also addresses the economic development needs of people living currently on the urban fringes. Finally the conclusion identifies the main threads of the argument and vindicates the economic, political and social struggle concepts that are used to make sense of spatial planning and land use as responses to poverty, underdevelopment and ecological breakdown.

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4 Peak Oil is explored in detail in Hendler *et al*, 2007.
2. HISTORY OF PLANNING URBAN SPACE

The relationship between capital accumulation rhythms and spatial planning policies and regulations develops historically through five periods: the period before 1913, the period between the 1913 Land Act and the commencement of apartheid, the period from 1948 to the 1976 Soweto Revolt, the period of apartheid reformism from 1976 to 1994 and finally the first 21 years of post-apartheid democracy. Within each period urban space and land usages was planned and implemented to meet the (mainly) labour needs for accumulating capital in the mining, agricultural (and later) manufacturing sectors. These plans were also resisted by political organisations, trade unions and social movements – resistances had their greatest impact during the 1979 to 1994 periods, leading to the overthrow of apartheid spatial planning and land usage.

<table>
<thead>
<tr>
<th>Capital Accumulation/ Relations of Production</th>
<th>Social Reproduction through planning and land usage</th>
<th>Social Struggle against dominant land use regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pre-1913: Creating the Basis for Segregation</strong></td>
<td><strong>Pass laws and segregated housing (in segregated locations) first introduced in the countryside (later including Cape Town and Port Elizabeth)</strong></td>
<td><strong>Squatting resisted the dominant regulations</strong></td>
</tr>
<tr>
<td>• Mining industry created Basis for industrialisation</td>
<td>• Movement of labour controlled for agricultural, commercial sectors</td>
<td>• Mine worker strikes against brutalising compound controls</td>
</tr>
<tr>
<td>• Labour tenants pushed off privatised agricultural land</td>
<td>• Compounds provided total environment to control worker resistance, theft and the spread of disease (Callinicos, n.d; Davenport, 1971; Dederer, 2012; Home, 2000; Van Aswegen, 1970: 26–27).</td>
<td>• Trade unions defended white mine worker interests</td>
</tr>
<tr>
<td>• Reserve army of labour migrated to towns</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• High-cost deep-level mining constrained wages</td>
<td></td>
<td></td>
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<tr>
<td>• Whites formed land-owning, capital-owning and managerial classes</td>
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<td></td>
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<tr>
<td><strong>1913 to 1948 The ‘Segregation Period’</strong></td>
<td><strong>Provisions to segregate white and black working classes’ urban living place</strong></td>
<td><strong>(1930s) SA Native National Congress (later the ANC), the Industrial and Commercial Workers Union (ICU), the Communist Party as the Confederation of Non-European Trade Unions (CNETU) resisted segregation and controls</strong></td>
</tr>
<tr>
<td>• Agricultural, gold mining industries and the state collaborated (Terreblanche, 2005: 248-249)</td>
<td>• Blacks temporary sojourners in ‘white man’s land’ (Terreblanche, 2005: 255)</td>
<td>• Smuts suppressed African Mine Workers Union-led 1946 strike with army</td>
</tr>
<tr>
<td>• With Electricity Supply Commission (Eskom) (1923) and Iron and Steel Corporation (Iskor) (1928) above sectors formed a “minerals energy complex” (MEC) Fine (n.d.: 1)</td>
<td>• Structures to fund – and control - housing developments for workers (Calderwood, 1953)</td>
<td></td>
</tr>
</tbody>
</table>
### The Urban Network Strategy – The Panacea for Urban and Development ILLS?

#### Capital Accumulation/ Relations of Production

- Right of land tenure withdrawn (Wilkinson, 1998: 217)
- Right of accommodation linked to employment. Manufacturing demanded more urban rights for a settled urban workforce (Terreblanche, 2005: 279).

#### Social Reproduction through planning and land usage

- MEC continued under apartheid
- Industrial decentralisation strategy (Todes, 2013: 9) created accumulation opportunities on homeland borders
- Long boom in white property market (Chipkin, 2008: 104–129), decentralised commercial centres, (Beavon, 2000: 3)
- Financial institutions and insurance companies invested surpluses into shopping malls
- Property developers diluted traditional role of architects (Chipkin, 2008: 136)
- 1973 and 1979 global oil crises led to significant oil price rises, inflation and economic stagnation (Terreblanche, 2005: 337-340).

#### Social Struggle against dominant land use regulations

- Bantu Services Levy Act and beer and township liquor monopoly sales paid for state transportation of workers for industry - later redirected to newly constructed homeland townships (Davenport and Hunt, 1975)
- Spatial planning (the Mentz Committee Reports, the Natural Resources Development Council and the 1975 National Physical Development Plan) (South Africa Union 1955: 4, quoted in Hendler, 1992: 41; Mabin and Smit, 1997: 205–206; Fair, 1975), public financial mechanisms and administrative controls achieved land allocation and management objectives
- Housing welfare subsidies provided for some poorer whites, and home ownership subsidies for white suburbanites (Parnell, 1987: 134)

#### 1948 to 1979 Apartheid and tightening of controls

- Financial capital grew to larger portion of the GDP
- A time of global ‘stagflation’
- 1982 Regional Industrial Decentralisation Programme resulted

#### 1979 to 1994 Revolt and Reform

- State and capital reformed apartheid reproduction mechanisms by:
  - Introducing a private housing market
  - Reforming labour market
  - Removing restrictions on urban residential rights of

- Key tipping points: 1973 Durban Strikes, 1976 Soweto Uprising and generalised labour and community movements in the late-1970s

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5 Cf. Hendler, 2013: Personal communication with Professor Francois Viruly, Property Specialist, March 2013
### Capital Accumulation/ Relations of Production

- in 55 industrial development points in Atlantis, Richards Bay, Isithebe, Rosslyn, Newcastle, Ladysmith, Butterworth, Dimbaza and Botshabelo
- 1982-1987: 147 000 jobs particularly in clothing industry; 1961-1982: only 200 000 jobs (Todes, 2013: 10–11)
  - Labour was Cheap and disorganised

### Social Reproduction through planning and land usage

- a minority (in line with Wiedahn and the Rieker Commissions)
- Selectively upgrading township infrastructure to win the ‘hearts and minds’ residents
- 1986: pass laws and township regulations abolished.
- Contradictory reproduction impacts:
  - Increased fragmentation and urban industrial sprawl
  - Separation of work and living opportunities
  - Long travel times and high transport costs

### Social Struggle against dominant land use regulations

- government
  - Some civic associations conceptualised (and implemented) institutional structures, like community development trusts and community land trusts (e.g. in Tamboville, Wattville and Alexander), and housing associations and housing cooperatives (e.g. Seven Buildings Project in Hillbrow).

### 1994 to 2015 The new dispensation

- High unemployment and inequality under the MEC (Fine, n.d.)
- Promotion of non-value-adding black economic empowerment
- Financialisation and offshore investments
- SA integrated into global trade and imbalanced financial flows between US, China and Japan

### Social Reproduction through planning and land usage

- Removal of apartheid spatial planning and land use management regulations, intended to enable effective and efficient urban land markets
- New regulations and public funding interventions:
  - Social grants (to cushion effects of persistent unemployment, preserve social peace)
  - Free housing on cheap (peripheral) land and further rights for informal settlement dwellers (to limit exposure to homelessness)
- But geographically uneven provision of municipal services:
  - Services poorly managed and maintained

### Social Struggle against dominant land use regulations

  - 1 027 protest actions (January 2009 to June 2010) (Hirsh, 2010: 4)
  - Average 6 protests per working day in Gauteng (early 2014) (Eliseev, 2014)
- Protests organised by groups like:
  - Informal Settlements Network (ISN) and Abahlali baseMjondolo, for shackdwellers (Hendler, 2014; Todes, 2013: 10–11).

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6 The Commission was set up after the 1973 Durban strikes and the 1976 Soweto uprisings (SA History online, 2015a).
7 The Commission considered ways of adapting the influx control laws for changing economic and political challenges (SA History online, 2015b).
8 Hendler and Spiropolous (1991) for a further discussion on the details and contradictions inherent in community participation, residential planning and product delivery.
9 Hendler (1993: 378–387) and Hendler and Spiropolous (1991) for a further discussion on the details and contradictions inherent in community participation, residential planning and product delivery.
10 Terreblanche (2012: 3, 6, 69) argues that the ANC was brought over to the view that neo-liberal globalism and market fundamentalism would be economically advantageous for South Africa through ‘ideological training at American universities and international banks’, pressure from Western governments and the IMF and World Bank, and a material interest in allocating government procurement contracts to an emerging black elite.
Capital Accumulation/ Relations of Production | Social Reproduction through planning and land usage | Social Struggle against dominant land use regulations
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16):  
- Triggered by oil supply depletion, and price volatility (Rubin, 2009: 207-242)
- Knock-on effect: private car transport and food more expensive
- Currently, financial bubble prompts global stagnation
- Food insecurity (Camaren and Swilling, 2011: 21; Frayne et al., 2009: 1; DGE, 2010: 12) and fuel costs (Association for the Study of Peak Oil, 2013: 78) create a need for transportation and food alternatives

  - Councilors capitalised on accumulation through privatisation, reflecting ANC power struggles (Alexander, 2010: 31-38)
  - Following spatial targeting initiatives introduced:
    - Neighbourhood Development Partnership Grant (NDPG)
    - CSP (including the Integrated City Development Grant [ICDG])
    - Spatial Planning and Land Use Management Act (SPLUMA)

  - Birkinshaw, 2008)
  - Decommodification campaigns organised by the Anti Privatisation Forum (APF), Landless Peoples Movement (LPM) and Soweto Electricity Crisis Committee (SECC) (Ngwane and Vilakazi, n.d.: 15)
  - Treasure Karoo Action Group and the South Durban Community Environmental Alliance (SDCEA) (South Durban Community Environmental Alliance, 2011: 120) resist environmental degradation and exploitation of fossil fuel resources

The history of spatial planning and land usage, until 1976, resulted in severely fragmented cities, on ethnic and class lines but also in the often vast separation between commuter dormitories on homeland borders and industries located in white South Africa. Displaced urbanisation was the form of urban planning under apartheid. An expansive road and rail infrastructure functioned as linkages between living places and work places. This increased both the social and monetary cost of reproducing labour power. Urban spatial planning happened in a historical process of dispossession and underdevelopment of rural and traditional land.

The following table locates specific state spatial reproduction functions, in the form of laws and regulations relating to urban land rights, land ownership and environmental conservation, within the above historical framework. The text in the table narrates the impact of these factors on class/ethnic segregation, the range of housing types built, the development and underdevelopment of different areas, population densities, and sprawling versus compact infrastructure for development. In each historical period the comparative per capita personal incomes for the different ethnic groups are also given to illustrate the levels of income disparities that mirrored the broader social power imbalances and spatial morphologies.
### 2.1 Historical Impact of Urban Land Usage on Space and Society

<table>
<thead>
<tr>
<th>Reproduction Factor</th>
<th>Ethnic/class integration/segregation, Range of housing types, Developed/underdeveloped areas</th>
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<td><strong>Pre-1913: Creating the basis for segregation</strong></td>
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<tr>
<td>Urban land Rights:</td>
<td>Segregated town locations and employer accommodation first introduced and squatting prohibited (but happened anyhow).</td>
<td>Mainly self-erected informal structures in segregated locations and barracks in the mining compounds, while formal brick and mortar accommodation and mansions were erected for the nouveau riche.</td>
<td>The land and property owning classes emerged in new residential towns and cities while workers and people of colour generally were accommodated separately in less developed areas.</td>
<td>Population densities were generally much lower in the areas of the land owning and managerial classes, than for the working classes and people of colour.</td>
</tr>
<tr>
<td>Land Ownership:</td>
<td>Emerging white entrepreneurs were the main land owners (Butt, 1984; Chipkin, 2008). Small white farmers lost their land through recessions and were forced into wage labour on the mines, and rented accommodation.</td>
<td>White workers did not live under the brutalising controls that workers of colour faced, mainly in the compounds of the mines.</td>
<td>Working class areas were generally underdeveloped in comparison with the residential areas of the nouveau riche.</td>
<td>There was little if any infrastructure in segregated living areas for workers and people of colour, who were displaced from the centre of towns, creating the precedent for future sprawling mass dormitory townships.</td>
</tr>
<tr>
<td>Environmental Impact:</td>
<td>The living environments of the nouveau riche were generally better serviced than areas for the working classes and people of colour, who sometimes endured severely.</td>
<td>Workers and people of colour housed themselves in informal structures in segregated areas while mine employees were housed in compounds. In the white suburban areas mine magnates and the nouveau</td>
<td>Being relatively expensive, the deep-level mining industry was always looking to cut costs. As a result, the quality of life in the emerging working class living places was neglected, and</td>
<td></td>
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11 Terreblanche, 2005: 393; for 2011 figures see Appendix 1
### Reproduction Factor

<table>
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</tr>
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<tbody>
<tr>
<td></td>
<td>degraded living environments and were exposed to health hazards. <em>riche</em> lived in large spacious homes and mansions. toxic waste output and acid mine drainage added pollutants to the local ecosystems.</td>
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**1913-1948 – the ‘segregation period’**

#### Urban land Rights:

- Statutory and funding requirements for future segregation practices were completed, and the process of segregating the white working class from the broader proletariat commenced.
- Many black workers housed themselves (often in informal structures) within segregated ‘locations’ close to where they worked (Hendler, 1986: 67).
- There emerged a distinction between the ‘civilised and upgraded (white) areas and the underdeveloped ‘native’ areas.
- The low density of suburban housing persisted in this period, while densities in mixed inner city neighbourhoods and peripheral segregated areas remained higher largely due to smaller plots and sometimes overcrowded informal structures.
- Provision was made for clearing slums and installing infrastructure in new segregated townships – peripheralisation implied a form of infrastructure that encouraged relatively low density sprawling dormitory townships,

#### Land Ownership and Development:

- Ownership of land by people of colour severely restricted or (in the case of Africans) continuously undermined in terms of the principle of temporary sojournership.
- Local government rental subsidies were provided for white workers (Parnell, 1987: preface; 129-137). Some capital was also funneled for formal housing for people regarded as ‘Indian’ and ‘coloured’.
- White areas were developed philanthropically as part of a crusade to ‘save white workers for civilisation’ (Garden Cities, 1972: 11-12; 17; Citizens Housing League, 1979; Die Stedelike Behuisingsbond, 1970). This stood in stark contrast with areas where people of colour lived.
- More nature conservation areas/game parks declared for whites. ‘Homelands’ and ‘black’ urban centres suffered severe environmental degradation (Sowman et al., 1995: 3).

#### Environmental Impact:

- White living/commercial areas, well served with water, sanitation and electrical reticulation while black areas relied on coal/wood stoves for cooking and warmth. Poor Differential housing types manifested in white areas. Some formal housing was built in segregated townships, while most accommodation remained either informal or mining compounds. Limited More nature conservation areas/game parks declared for whites. ‘Homelands’ and ‘black’ urban centres suffered severe environmental degradation (Sowman et al., 1995: 3).
- **1917:** Whites: R9 369 Coloureds: R2 061 Asians: R2 075 Africans: R849
- **1936:** Whites: R13 773 Coloureds: R2 151 Asians: R3 185 Africans: R1 048
- **1946:** Whites: R18 820 Coloureds: R3 068 Asians: R4 238 Africans: R1 671
<table>
<thead>
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</thead>
<tbody>
<tr>
<td>sanitation at times posed a general public health hazard.</td>
<td>construction of some formal housing for poorer sections of the white working classes.</td>
<td>One consequence was influenza epidemic in 1920s, claiming lives of 500 000 Africans (Morris 1981: 15–16).</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**1948-1979 Apartheid and tightening of controls**

**Urban land Rights:**

Stringent application of urban segregation through group areas, cleaning up black spots, etc. African residents categorised as migrants or with urban residential rights.


Townships, initially constructed on new infrastructure, deteriorated from the late 1960s as infrastructure left unmaintained. By contrast suburbanisation in white areas on basis of modern electrical, sanitation and water infrastructure.

Proliferation of low density urban forms, including segregated black (urban and homeland) living places and suburbanisation in areas prescribed for whites.

Suburbanisation as well as decentralisation meant a form of infrastructure that facilitated growing urban sprawl.

**Land Ownership and Development:**

Owner of ownership rights severely restricted for Africans in urban areas but reintroduced for ‘urban insiders’ during the mid-1970s.

By 1968: five tenancies in public housing: site and building permits; occupation certificates/residential permits (from municipality); lodger’s permits (renting from households); and, hostel permits (renting hostel beds). In homeland conurbations: a deed of grant from the traditional authorities (Hendler, 1993: 396–397).

Privately owned land could be – and often was – expropriated for segregated township development. The government micro-managed the movement and accommodation of the urban workforce (and redirected development funding) on state-owned land in both white areas and homelands.

Suburbanisation as well as decentralisation meant a form of infrastructure that facilitated growing urban sprawl.

**Environmental Impact:**

Significant atmospheric pollution of African

Segregated townships constructed in a grid of rows

Expanding white property market environmentally

1960:
Whites: R22 389
Coloureds: R3 568
Asians: R3 828
Africans: R1 815

1970:
Whites: R32 799
Coloureds: R5 684
Asians: R6 630
Africans: R2 246
<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>townships – they lacked electricity. Expert/elitist environmental planning started emerging in the 1970s (Sowman et al., 1995: 50–55).</td>
<td>of matchbox houses, housing Africans moved from informal settlements and decaying inner city neighbourhoods. Initially resembled cleaner living environments but deteriorate during the 1970s when the emphasis shifted to homeland towns.</td>
<td>clean, built on infrastructure and cheap Eskom electricity as well as sanitary and water reticulation. However toxicity from mines was noticed already in the 1960s.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1979-1994 revolt and reform</td>
<td>Affordable private developer housing for urban insiders. Sold state units, some of which upgraded, entered housing market. Informal structures grew in the backyards and in free-standing settlements.</td>
<td>Distinction between developed white and underdeveloped township areas persisted, although certain townships were upgraded in response to social uprisings.</td>
<td>There was an increase in informal settlements, which translated into higher population densities than in the suburbs but still relatively low densities by other third world country standards.</td>
<td></td>
</tr>
<tr>
<td>Land Ownership and Development:</td>
<td>Segregation persisted after abolition of pass laws, Group Areas and other racially-based land statutes. Affordability became the criterion of access. Increase in squatting (informal settlements) closer to Homeownership: 1978: 30-year upgraded to 99-year lease, with building societies loans; 1984: lease title transfer perpetual, convertible to freehold, registrable in Deeds office (SA/TVBC\textsuperscript{11} citizens); selling of 350 000 state units (Hendler, 1986: 95–96;</td>
<td>With the development of a housing market segregated housing classes soon appeared within existing underdeveloped townships with a smaller elite section comprising the new homeownership class.</td>
<td>The increasing extent of informal settlement contributed to an already sprawling urban residential land environment</td>
<td></td>
</tr>
</tbody>
</table>

\textsuperscript{12} Noseweek. 2013. ‘Here comes the poison’, 10–13 April 2013, p. 12.

\textsuperscript{13} Transkei/Venda/Bophuthatswana/Ciskei
### Reproduction Factor

| Ethnic/class integration/segregation, Range of housing types, Developed/underdeveloped areas | Low versus high population densities | Sprawling versus compact infrastructure | Per capita personal incomes by racial group (in constant 1995 Rands)
--- | --- | --- | --- |

#### Urban centres.


| Environmental Impact: | Environmental Impact: | Environmental Impact: | Environmental Impact: |


The differentiation of housing types (and classes) in still segregated townships, combined with the upgrading of certain townships, contributed to an improved environment through fully reticulated serviced housing, in some of these areas

Environmental impact regulations (requiring environmental impact assessments at all stages of the planning of development projects) were incorporated into the spatial planning regime of Integrated Environmental Management (IEM) (Sowman et al., 1995: 50–55).

1994-2015 The new dispensation

| Urban land Rights: | Urban land rights universally applicable, apartheid restrictions dropped. Economic (employment and affordability) obstacles hinder majority’s ‘right’ to the city, since 2004 prompting protests about inequalities and marginalisation. | Policy objective: centrally located housing, mixed residential/retail/commercial development, and a secondary market. However municipalities sold central land, invested proceeds in peripheral RDP housing. Existing property market values expanded while peripherally only basic formal shelter was developed. | Apart from some of the larger and better-known townships – like Soweto – and new areas – like Cornubia (KwaZulu Natal) and Cosmo City (Gauteng) – the old pattern of developed colonial centres and peripheral underdeveloped areas, has persisted. | Government’s stated intention has been to facilitate integration and densification of work, living and recreational spaces (i.e. the 1994 Housing White Paper, the 2003 National Spatial Development Perspective [NSDP] and the 2004 Breaking New Ground: A Comprehensive Policy on Sustainable Human Settlement [BNG]), statutory requirements for municipal integrated development plans (IDPs), spatial development frameworks and public-private partnerships (National Department of Human Settlements, n.d.): |

| Land | Minority from townships | Suburban housing - 1997 to | High land prices confined |


Household income distribution (2011):

15,4 % earn more than R15 000

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Document name: 2016-08-16 - Treasury Seminar paper 2015-11-10.docx
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<tr>
<th>Reproduction Factor</th>
<th>Ethnic/class integration/segregation,</th>
<th>Range of housing types,</th>
<th>Developed/underdeveloped areas</th>
<th>Low versus high population densities</th>
<th>Sprawling versus compact infrastructure</th>
<th>Per capita personal incomes by racial group (in constant 1995 Rands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership and Development:</td>
<td>moved into gated communities, new township suburbs (e.g. Soweto), new mixed income projects (e.g. Cosmo City in Gauteng and Cornubia in Durban), and upgraded/refurbished buildings for rental Johannesburg and Pretoria CBDs). Residents unable to afford homeownership/rent excluded.</td>
<td>2008: prices rose by 389 per cent, compared with Ireland (193 per cent) and the United States (66 per cent) (Bond, 2010: 18), focus on compaction contributing through creating scarcity. 15 per cent of households (above R15,000 income) afford established housing markets (Appendix 1, household income profiles). The ‘gap’ ownership market (R300,000 and R500,000) despite new financial products. Many informal structures erected (NUSP, n.d.).</td>
<td>BNG housing to peripheral townships. 57 per cent of households are excluded from ‘right’ to the city, as they earn less than R3501 per month (including social grants) and are on long waiting lists for government housing (Appendix 1, household income profiles).</td>
<td>2). Densities however remain relatively low and sprawl has persisted</td>
<td>monthly</td>
<td></td>
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<tr>
<td>Environmental Impact:</td>
<td>The large-scale provision of electricity has helped to curb the worst atmospheric pollution in previously segregated townships.</td>
<td>Strong biodiversity conservation measures (SANBI, 2014: 17–60), the National Environmental Management Act (NEMA) (No. 107 of 1998) covers pollution control, waste management, environmental authorisations and natural and cultural resources use and</td>
<td>Specifications of bioregional plans sometimes not incorporated into municipal IDPs, or sectoral strategies.14 Examples: in Polokwane,15 acid mine drainage pollution (affecting West Rand informal settlement communities16), air pollution (oil refineries and burning</td>
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14 Based on consulting services provided to several metropolitan municipalities in terms of the CSP.
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<th>Per capita personal incomes by racial group (in constant 1995 Rands)</th>
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<td>conservation. Nevertheless, 57 per cent of river ecosystems and 65 per cent of wetland ecosystems classified as threatened (Driver et al., 2003: 5-6).</td>
<td>biomass in Durban South) (South Durban CEA, 2011), and the exploration for fracking in the Karoo.(^{17})</td>
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Past spatial plans and land use practices had a significant impact: segregated and underdeveloped, polluted dormitory living places; living places that were displaced from economic centres; a social distancing of individuals with families (through the migrant labour system); and, lack of access to affordable and quality social facilities and public amenities.

2.2 **STATE POLICIES AND ECONOMIC ACCUMULATION**

During four out of the five historical periods investigated, the forms of spatial planning and land use management dominated and controlled people of colour and the working classes of South Africa. Political and economic elites imposed oppressive residential segregation through match-box houses in undeveloped and underdeveloped, polluted dormitory townships, and a wasteful and sprawling road and basic services infrastructure. Much of this persists. The period of Revolt and Reform (1979 to 1994) is exceptional because popular organisations resisted the imposition of this exclusionary reproduction of space by rendering urban townships ‘ungovernable’ and in some townships started developing and implementing new and creative forms of planning and land use management. They did this in a process of negotiation with the state and were able to wring concessions. Ironically, the moment of national political liberation and democratic enfranchisement was also the moment of cooptation of these popular forces and the re-imposition of exclusionary spatial plans and land use regulations, driven this time by class distinctions.

Since 2004 there has been growing protest and resistance to the persistent inadequacy of service delivery, the relatively high cost of basic services, spatial and social marginalisation, unemployment, and the lack of support for livelihood opportunities. The CSP is a direct response to this resistance, that is intended to reverse all the ills of *apartheid* spatial targeting, but without intervening to restructure the economy. Persistent unemployment and low wages undermine the strategies proposed for using urban land. Many households are struggling in an environment of limited state welfare to make ends meet. They can’t afford the cost of living on well-located urban land.

The UNS is insufficient to restructure the economy, which also requires that the current rent-seeking and financialisation trends are recognised as problematic, a point avoided by the CSP framework document (National Treasury, 2012). This framework omits understanding that metropolitan political leadership should shape the city economies which provides the direction for the administration to align municipal plans with. Instead the framework focused on what Terreblanche (2012: 122) has identified as “the ‘ideology of targetism’” that avoids addressing the “role political and economic power structures have played from 1886 to 1994, and since 1994 in creating and perpetuating the PUI (Poverty, Unemployment and Inequality) Problem” (Terreblanche, 2012: 118-119).

Political intervention in the past, through spatial targeting, resulted in the creation of an oppressive regime of economic exploitation. Today the state needs to use other creative instruments – like fiscal reform, public banking and directly developing public land – to reshape investment and funding flows into productive, employment-creating economic activities, in a manner that will weave the CSP initiatives into a broader economic restructuring programme.
3. SPATIAL TARGETING UNLIKELY TO PROMPT GREEN ECONOMIC DEVELOPMENT AND JOBS

Spatial targeting by itself cannot be expected to drive the emergence of a green manufacturing sector, but must be part of a package of government interventions (including fiscal reforms, public banking and government performing the function of public developer) that will disincentivise rent-seeking activity and incentivise and enable investment in economic activities that employ labour to produce commodities.

To address unemployment we first need to understand that labour is the starting point of real (as opposed to ‘fictitious’) capital (Kay, 1979) and identify the types of investment that lead to jobless growth. To clarify the conditions under which labour is employed in the capital accumulation process we need to identify two different cycles of investment, one of which leads to employment and the other to jobless growth. Failure to distinguish between these types of investment means that spatial targeting might well facilitate investment that perpetuates jobless growth.

3.1 JOBLESS GROWTH

The South African economy since the 1980s, following global trends, has become increasingly financialised, meaning that speculative activities in the sectors of finance, insurance and real estate as well as derivatives, have grown with minimal employment creation. This is the context in which unemployment has remained stubbornly high, intensifying poverty. This speculative activity is however not seen as problematic when viewed through the lens of neo-liberal ideology, and it is necessary to demonstrate conceptually why this is so if we are to target productive investments that create significant employment opportunities.

According to Hudson (2010: 2) money channelled towards financial assets, i.e. for the purpose of making money purely by financial means (e.g. investing in mortgage-backed securities and other derivatives) is represented by Marx through the expression

\[ M \rightarrow M' \]

where \( M \) = money capital invested and \( M' \) = money capital plus a surplus returned (an example of this is when placing a bet on the movement of oil prices and appropriating the surplus on winning the bet). Transactions in the financial, insurance and real estate (the so-called FIRE) sectors are also reflected in the above schema. No labour inputs are involved in the M-M’ process.

The value of this cycle of accumulation has grown as investment banking became a significant economic activity in western capitalist economies since the late-1980s, a consequence of which was asset bubbles, where the price of the assets diverge significantly from their earnings (i.e. the income required to fund them). At some point the spread between asset prices and earnings becomes too wide to sustain and the asset ‘bubble’ bursts. In 2006 the global derivatives market was valued at $681 trillion, i.e. more than 10 times the value of underlying global GDP of $66 trillion (Hodgson-Brown, 2010: 192). The collapse of Lehman Brothers in 2008 was prompted by the bursting of a subprime US housing bubble. Locally, the relative shift from productive to fictitious assets is indicated by the fact that between 2000 and 2008 South Africa’s financial sector grew 160% while its manufacturing sector grew only 13% (Bond,
By 2011 finance formed 20% of gross added value but 40% of the population remained unbankable (Fine, n.d.2: 3; 5). The extent of investment in the FIRE classes of assets in this period in metropolitan areas, contributed to jobless growth. Over the past 25 years, as financialisation of the economy developed, South Africa’s metropolitan areas expanded greatly under population pressure, but spatial fragmentation and inefficiencies persisted.

### 3.2 Productive Investment

The challenge of creating jobs through green economic development is to optimise the ratio of units of labour to those of capital (i.e. cost of plant, materials and technological means of production) as factors of the production process – this ratio will reflect the skills required of workers to use the available technology to participate in the production process but it is generally assumed that investment in manufacturing will of necessity have a strong labour to capital input ratio, a proposition that requires explanation.

In contrast with the schema M-M’ (above) the flow of money into the production of commodities to sell at a profit resolves itself into the expression

\[
M \rightarrow C \left\{ \frac{MP}{LP} \rightarrow P \rightarrow C' \rightarrow M' \right\}
\]

where M = money laid out by the investor to purchase commodities (C), comprising labour power (LP) and means of production (MP), which are combined in the production process (P) to produce the final commodity plus surplus-value (C’). C’ is sold for M’, which represents the initial money plus surplus value returned and divided amongst the investor, the owner of the MP and the money lender (Hendler, 1993: 39-40). The point is that the difference between productive and fictitious investment is that the former involves the application of labour power to create economic value. Manufacturing is a good example of a productive process that creates employment because it is in this sector that physical products are created which have a use value for consumers.

The national, as well as the provincial and local governments need to promote productive investments that lead to enterprises on targeted urban space. They need to incentivise competitive enterprises with the aim of facilitating the emergence of a sustainable manufacturing sector. This requires more than simply planning infrastructure for urban economic activities, and assuming that this will be sufficient to lead to businesses that create – and sustain – significant employment. Additionally, what is required is fiscal reform on company taxation to disincentivise the FIRE sectors and incentivise investment in productive manufacturing enterprises.

### 3.3 Shaping Private Investment

A government strategy to influence private investment into productive assets needs to be based on the understanding that a key consideration that drives private investment is after-tax profit. Assuming that risks are kept constant, investors are likely to choose investment destinations that yield the largest after-tax returns, regardless of whether these are in financial derivatives, the production of goods and services, or in dirty or green sectors.
3.3.1 Fiscal Reform

During 2010 Hudson (2010: 21-23) made the case for macro fiscal reform to prompt productive investment in Latvia through lower taxation on company profits in manufacturing enterprises (including lower PAYE taxation on employees) and increased taxation by the same amount on the unearned wealth of the FIRE sectors. The logic is that through expanding manufacturing as well as employment aggregate tax contributions would grow significantly in the medium term. By contrast, existing municipal fiscal instruments have not significantly changed patterns of investment from financial and other non-productive assets into productive green economic activities like the manufacturing of electric cars, solar voltaic cells, efficient light bulbs etc.\textsuperscript{18}

In South Africa municipalities currently rely totally on property tax and services charges for their revenue streams. This means that municipalities have an incentive to keep property prices high, which undermines encouraging productive investment, and supports rent-seeking economic activity. Increased tax on property is likely to depress rising property values and this could result in smaller revenues for municipalities. To offset the municipal revenue losses from smaller increases in property values and increase their revenue base national government should make extra transfer payments from an expanding company tax base from respective municipal jurisdictions.

Fiscal reform will need to be complemented by the provision of affordable credit to enable small, medium and micro enterprises (SMMEs) to participate in and benefit from a growing green manufacturing sector. This credit will need to come from the public sector because public-owned banks can reduce the cost of interest and absorb the associated risk.

3.4 Shaping Public Investment

Affordable business loans are critical especially for SMME sector that requires nurturing. In South Africa the existing Development Financing Institutions (DFIs) mobilise funds from the capital market and lend at near commercial rates. The DFI’s have become risk averse because of their cost of capital, and they have proven unable to intervene where market failure exists. Therefore, a state economic development strategy will need to consider implementing public banking. A major benefit would be zero interest loans. Besides cost recovery, a public bank would be driven by a social objective too and not simply to maximise monetary return.

3.4.1 Public Banking\textsuperscript{19}

The developmental context for a public, government-owned bank, is critical: there is a growing perception that the private fractional-reserve banking system is not making funds accessible to emerging entrepreneurs and small contractors because they are perceived not to be creditworthy and also that they cannot afford to pay the price (i.e. interest charged) of the funds (loans). Public banking is based on the principle that the bank is there in order to make funds accessible for development and this is the basis for the institution’s existence as well as its operations going forward.

\textsuperscript{18} US-based research also suggests that municipal property tax rebates have a limited or no effect on firms’ investment decisions, probably because municipal property taxes form a small proportion of a firm’s fixed overheads (Peters and Fisher, 2004).

\textsuperscript{19} This section on public banking formed part of a technical proposal to the Gauteng Department of Economic Development for the feasibility study of a Gauteng Provincial Public Bank to fund the reindustrialisation of the Sedibeng and West Rand District Municipalities.
Low or zero interest rate loans to SMMEs are crucial for the affordability of the cost of capital for these start-ups, which need to be taken up in an emerging re-industrialisation through manufacturing. In a historical precedent Castells, et al (1990) describe the dynamic role played by outsourced small, often family-based enterprises, in the development of a competitive economy in Hong Kong between the 1970s and the 1990s.

The critical targets for the funding are the infrastructure required as a platform for green economic growth as well as the funding of the individual enterprises that find traction within this infrastructure. Therefore, the bank should be seen as a vehicle for providing funding for both public infrastructure as well as for specified private enterprises. The emphasis should be on developing a green industrial sector because of the challenges of climate change and the need to mitigate the effects of global warming.

In order to make funding accessible to the SMME sector, hitherto excluded and marginalised from enterprise development funding, the bank typology will have to be carefully considered with a view to get the best fit-for-purpose typology. Consideration will have to be given to how best to achieve an affordable cost-of-funding to the borrowers (recipients of the loans), including the government itself through its infrastructure programmes.

### 3.4.2 Public Land for Residential Development

Key to facilitating a green manufacturing sector is significant public investment in housing in the appropriate locations to enable the reproduction of the labour power required for these manufacturing start-ups. This will require municipal, provincial and national government, as well as state owned enterprises, to release well-located land proximate to areas of economic enterprise development and significantly increase the rate of output of completed units, to provide these on either a rental or ownership basis or both.

About 10,1 per cent of South African households (numbering about 1,23 million households) (see Appendix 2) is currently in informal structures in settlements or backyards, under conditions neither conducive to rejuvenating employees for a day’s work nor facilitating the educational process. In addition there is significant overcrowding of many formal housing units – both historical and RDP housing – that are often still located relatively far from work opportunities.

A stumbling block to the above (reproduction) function is that municipal governments perceive themselves to be referees of the development process and not developers in their own right, developing land for the residential and non-residential functions referred to above. The principles of public sector development are already contained in the SPLUMA, but they need to be developed and expressed as a policy framework.²⁰

There are two important aspects to this role of public developer. First, developing their own municipal land for specific social purposes, i.e. mixed residential and non-residential land usages to enable small producers to use their homes as places of production, on the lines of experiences described in the development of an outsourced manufacturing sector in Hong Kong by Castells, et al (1990: 65-75).

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²⁰ An initial framework was proposed in our work for the Housing Development Agency (HDA), but this was unfortunately not taken up (Hendler, et al, 2011)
Second, where there is a dearth of already owned municipal land, municipalities could resort to land swaps and land adjustment schemes,\textsuperscript{21} and as a last resort to expropriation in the public interest.

A compendium of instruments is required to incentivise and facilitate green economic development and jobs, the key ones being fiscal reform, new local government revenue streams, public banking and active public land development by municipalities. But will this be able to deliver sufficient infrastructure, shelter and employment to absorb on a financially and ecologically sustainable basis, the growing numbers of people migrating into the metropolitan areas? A further consideration must be how strategic interventions in urban areas can be complemented and sustained through interventions to facilitate rural development.

\textsuperscript{21} The state temporarily expropriates and services unused land in order to initiate development. Land readjustment is particularly relevant when there are a large number of landowners, many of whom are reluctant to sell their land. In exchange for ceding their land to the adjustment scheme, owners receive a proportion of developed sites relative to a generalised value of the land in the area and the amount of land ceded in the scheme. Land readjustment schemes could be useful ways for the state to develop vast portions of land, which it could not ordinarily afford to purchase at market prices (Wolfson, 1991: 241).
4. A RURAL DEVELOPMENT COMPLEMENT OF URBANISATION STRATEGY

The strong focus of the CSP on the metropolitan cities assumes that they will have to cope with ongoing increased urban migration. This is based on the projection that by 2030 70 per cent of South Africa’s population will reside in these urban areas, and presumably the flight to the urban areas will continue to grow this percentage unless there is a concerted attempt to create economic opportunities in the rural areas and thereby arrest the rate of out-migration. World Bank (2009: 2-3) suggests that South Africa’s developmental challenges will be addressed only – or mainly – in the cities rather than also in the rural areas, and that economic growth in cities will have a positive knock-on effect on rural development. This assumption appears to underpin the CSP mindset that city economic development will impact positively on rural economic development, presumably through forward and backward linkages (including labour, remittances, transportation and the circulation of goods) because the rural is a mere appendage of the urban in these times.

Yet this is an oversimplified relationship between the rural and the urban.

4.1 RURAL-URBAN INTER-DEPENDENCIES

Sufficient urban infrastructure is no guarantee of the type of economic growth required. Natural ecological sinks in metropolitan municipal jurisdictions might not cope with the continuously expanding population. There is a risk that the development and maintenance of the required urban infrastructure in metropolitan areas is financially unsustainable.

Regarding economic growth, the following additional factors need to be considered:

- The global demand for South African primary exports and foreign investment
- The risk of the global economy remaining stagnant over the medium term, interspersed with short-term price volatility (as referred to earlier)
- Municipalities lack the human resource capacities and transversal systems to unlock the economic development potential of spatial targeting to attract local and international investments

These factors are likely to have a dampening effect on the South African economy, regardless of spatial targeting.

As noted earlier, the risk of ecological breakdown is indicated by the fact that in 2003 already 57 per cent of South Africa’s river ecosystem types and 65 per cent of wetland ecosystem types were classified as threatened.

Increased local taxes and “responsible borrowing” is seen as an indispensable part of additional sources of funding (Savage, 2015: 10-13) to meet projected shortfalls. However, declining household affordability to expected taxation increases as well as to servicing debt-funding, risks threatening payment levels. Therefore there are limits to taxation increases and debt funding, which is viewed as necessary sources of extra revenue to meet expected loss of revenue arising from the move away from

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22 These were listed as part of the CSP’s Capacity Needs Analyses of the eight metropolitan municipalities, to be addressed through each municipality’s Capacity Support Implementation Plan.
grid to off-grid provided electricity. The implication is the restriction of the expansion of municipal infrastructure (Savage, 2015: 3-7), precisely at a time when it is needed to cope with in-migration.

There are risks of the metropolitan economies not generating sufficient economic growth, not coping with the infrastructure and job creation needs of the expected household population by 2030 as well as the likelihood of further ecological breakdown under population pressure. Without derogating from the CSP’s focus these risks could be mitigated if the CSP was incorporated into a broader government development plan that also coherently targeted rural development. Following Freund’s (n.d.) definition we can conversely define the rural economy as being preponderantly (although not exclusively) agricultural activities, relatively smaller populations (than metropolitan areas and secondary cities) and relatively lower population densities. So a rural economy would not necessarily have to be agrarian in order to qualify as a rural economy but could also include beneficiation of primary agricultural products through high-tech means of production – this would require the generation of the required energy to power these processes. Broadly speaking the South African rural economy lies outside the eight metropolitan municipalities. The secondary cities and towns play a significant role functioning as links to the deep rural areas. A rural development strategy needs therefore to also focus on these secondary cities and towns.

4.2 ACCUMULATION FROM BELOW

Currently, the government has reintroduced the land reform and restitution claims programme, but the earlier phases of this central government driven process had a very limited impact (Walker, 2008). But an ‘accumulation from below’ strategy should have a greater impact. Besides adding to the economic development and employment opportunities in rural areas the successful implementation of a rural agrarian development policy would mitigate the risk of ecological and financial collapse for metropolitan municipalities through slowing in-migration.

By 2015 only “eight per cent of farmland has been transferred through restitution and redistribution” and tenure reform had failed to prevent the large-scale eviction of farmworkers (Cousins, 2015: 254-255). Historically, land reform failed because:

- It was uncoupled from agricultural policies
- It had no programme of support for black farmers in the former reserves and for land reform beneficiaries
- Expectations of beneficiaries sometimes conflicted with local government land use strategies (Walker, 2008: 233)
- Many beneficiaries were rooted in urban economies which detracted from their focus on farming (Cousins, 2010: 121)
- National Development Plan [NDP] proposals puts agribusiness and white commercial farmers in the driving seat of land reform and lacks specifics about production and jobs (Cousins, 2015: 252-253; 263-265)

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23 The Prussian path, in which pre-capitalist landlord classes slowly transformed themselves into agrarian capitalists, can be described as a process of accumulation from above. Accumulation from below is exemplified where conditions for petty commodity production become established, and a fully capitalist agriculture emerges through class differentiation from within the ranks of family farmers (i.e. the American path) (Cousins, 2010: 119-120).
An alternative strategy would:

- Acquire farmland from marginal white farmers in the small-to-medium and medium-to-large scale commercial categories (referred to in Appendix 3)
- Release of these lands (subdivided if necessary) to people in the 200,000 to 250,000 black small holder farmers category
- Provide support programmes (including irrigation) for increasing levels of output from labour-intensive enterprises and reinvestment back into farming
- Extend support to the millions of small scale crop producers in communal areas and tenure reform to secure their rights (Cousins, 2015: 266-268)

While there will be both winners and losers in this process, it will take place within a much more broadly based and less racially skewed agrarian structure (Cousins, 2015: 268).

Besides the agrarian focus there could be diversification into manufacturing prompted by the government’s recent Renewable Energy Independent Provider Preferential Procurement Programme (REI4P), which has resulted in significant expansion of investment in renewable energy projects (solar and wind farms), mainly in rural areas (Brent and Walwyn, 2015). These projects have strong local content prescriptions for the emergence of up-stream manufacturing of components. This has the potential to diversify local rural economies into renewable-energy and other back-linked manufacturing enterprises that provide a basis for sustainable, broad-based accumulation and employment, which could stabilise – and even grow - rural populations.

### 4.3 Urban Fringe

The proposed rural development strategy should have a positive knock-on effect on livelihood and employment in the fringe settlements, because:

- They are relatively close to the ‘rural’ (as defined earlier)
- There would be shorter and more affordable food supply-lines
- Energy and beneficiation manufacturing provides more employment opportunities (including through outsourcing)

Currently the UNS ignores settlements on the urban periphery (like Orange Farm outside Johannesburg) because these are too far away from the CBD (i.e. excluded from the bubble in the diagram below) to justify infrastructure roll out and densified connections. Nevertheless, social grants are still invested there because the state has a constitutional obligation. But as poverty in these settlements deepens people will be pushed towards the urban metropolitan centres, unless the rural strategy as proposed above functions to link settlements to closer opportunities.
This development will cause people to choose whether to move towards the planned centres of infrastructure investment, rather than simply being pushed there through dire economic circumstances.

The political feasibility of developing and implementing a broad-based rural development strategy is challenged by the ANC’s current strategy of supporting rural elites, but there are challenges from below. As in the case of the appropriate industrial development strategy there will have to be a left political realignment before we are likely to see the type of state intervention required. Until then the economic, financial and ecological contradictions facing metropolitan municipalities are likely to persist, causing social and economic instability.
5. CONCLUSION

Our analysis demonstrates that past spatial planning was oppressive in order to reproduce an extreme imbalance in economic and political power. Now, after the taking of political power by the majority, the exclusive reliance on using spatial planning in a "progressive way" is constrained while economic power remains concentrated.

Spatial targeting, while important for building an infrastructure for metropolitan (and rural) labour and goods and services markets, is a blunt instrument to try and restructure the economy. Spatial targeting avoids exploring in detail the question of how to restructure dominant political and economic relations. Instead, what is required is a political intervention in the economy to reshape funding flows to productive green industries. This paper has made the case for three key interventions in this regard, viz. fiscal reform, public banking and recasting municipalities as public developers.

Fiscal reform that disincentivises investment into the FIRE sectors but incentivises investment into green manufacturing, can go a long way to prompting the emergence of an economy that both provides a higher absorption of the supply of labour and decouples economic growth from escalating resource usage\(^{24}\). This increases the long-term potential for significantly reducing poverty, and increasing fiscal sustainability, social stability and environmental protection.

Public banking creates funds in a new way that is affordable for both deserving start-up entrepreneurs as well as governmental programmes, projects and services needed by the citizenry. In the long-run there is a persistent availability of funding support for critical social and economic development needs that is not undermined by debt-servicing burdens.

To address the unaffordability of decent housing as well as the lack of integration of living and productive space, requires interventions additional to fiscal reform and public banking. Municipalities in their role as public sector developers can perform this function through being clearly focused on acquiring, holding, developing and releasing land that achieves mixed land use for economic development and housing.

Finally a balance needs to be reached between the government’s focus on the rural and the urban economies. A concerted effort needs to be made to ensure that the rural economy is bolstered through the range of strategic initiatives referred to in the final section of the paper. (i.e. accumulation from below, beneficiation and renewable energy production). In the long run this will take pressure off the urban fiscus and infrastructure as well as mitigate the risk of ecological collapse. Last, but not least, rural society and economy will be rejuvenated and citizen’s participation and local democracy there deepened.

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\(^{24}\) Decoupling means reducing the rate at which primary resources are used per unit of economic output and/or increase economic activity while decreasing negative environmental impacts like pollution, CO2 emissions or the destruction of biodiversity (Hodson, et al, 2012: 790; 798). Decoupling might open the door for a more fundamental restructuring of the urban form but this is not guaranteed.
To implement the above requires a political realignment. Until that happens political and social instability will continue. Increasing instability may force government to incorporate aggrieved communities into the land use planning process.
6. **APPENDIX 1- South African Households that qualify for Housing Subsidies or can afford a Mortgage Loan**

![Image of a bar chart showing distribution of SA Households qualifying for subsidies or being able to afford a mortgage loan.]

- **15.4%** Monthly Household Income: Can afford established mortgage market (R 500,000+)
- **11.6%** R 7,501 – R 15,000: Can afford to purchase housing in the Affordable (R 200,000–R 300,000) and Gap housing (R 301,000–R 500,000) market segments
- **15.9%** R 3,501 – R 7,500: Qualifies for Government Institutional plus HSHF Subsidies
- **57.1%** R 0 – R 3,500: Qualify for Government Capital Subsidy
7. **APPENDIX 2 – Distribution of South African Households in Informal Housing**

<table>
<thead>
<tr>
<th>Monthly Household Income</th>
<th>Percentage of all Housing Types</th>
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<tr>
<td></td>
<td>Traditional Structures</td>
</tr>
<tr>
<td>R 15 000 +</td>
<td>0.1%</td>
</tr>
<tr>
<td>R 7 501 – R 15 000</td>
<td>0.2%</td>
</tr>
<tr>
<td>R 3 501 – R 7 500</td>
<td>0.6%</td>
</tr>
<tr>
<td>R 0 – R 3 500</td>
<td>7.8%</td>
</tr>
</tbody>
</table>

**Sum of Informal Structures as percentage of all Housing Types**

- Traditional Structures: 8.7%
- In free-standing informal settlements: 6.1%
- Informal Backyard Structure: 3.4%
- Caravans/Tents/Others: 0.6%
8. **APPENDIX 3 – Profile of Current South African Agrarian Production**

<table>
<thead>
<tr>
<th>Farmers</th>
<th>Numbers</th>
<th>Key features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 20 per cent of large-scale commercial farmers on private land; almost all are white</td>
<td>7 000</td>
<td>Sophisticated, specialised, capital-intensive farmers, producing for export or for agro-processing and large retailers; produce bulk of produce, perhaps as much as 80 per cent</td>
</tr>
<tr>
<td>Medium- to large-scale commercial farmers on private land; almost all are white</td>
<td>9 000</td>
<td>Some farmers succeed, some struggle, some are unable to earn a living from farming alone</td>
</tr>
<tr>
<td>Small- to medium-scale commercial farmers on private land; mostly white, some black</td>
<td>19 000</td>
<td>Many cannot survive from farming alone; includes hobby farmers</td>
</tr>
<tr>
<td>Small-scale black capitalist farmers in communal areas and in land reform contexts</td>
<td>5 000 to 10 000</td>
<td>Many farmers earn income from off-farm incomes and businesses in addition to farming</td>
</tr>
<tr>
<td>Market-oriented black smallholder farmers in communal areas and land reform contexts, supplying tight value chains (e.g. under contract)</td>
<td>200 000 to 250 000</td>
<td>Many grow fresh produce under irrigation, and others are livestock producers. Few depend wholly on farming</td>
</tr>
<tr>
<td>Subsistence-oriented smallholder farmers growing food for themselves and selling occasionally</td>
<td>2 to 2,5 million</td>
<td>Most crop production takes place in homestead gardens, some of which are quite large. Occasional livestock sales by some</td>
</tr>
</tbody>
</table>

SOURCE: Cousins (2015: 258)
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