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Partie II Villes secondaires, confins et métropoles : l'innovation au cœur ou à la périphérie ?

Pakima SIYONGWANA (University of Transkei):

The selection of the capital city of the Eastern Cape province

& The fall of a former capital city : Umtata

THE SELECTION OF THE CAPITAL CITY OF THE EASTERN CAPE PROVINCE

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Abstract

This paper examines the selection of the capital city of the Eastern Cape Province in 1994, an important concern in post-apartheid political geography. Initially there were four contenders, Bisho-King William’s Town, Umtata, Grahamstown and Port Elizabeth. Grahamstown withdrew from the competition in the early stages of negotiations preferring to remain the judicial capital of the Province. Bisho-King William’s Town won the competition.

Setting the scene

The issue of capital cities has been an important research theme in geography especially after the de-colonisation of many former colonial countries. Earlier work on the issue of capital cities in former colonial states has been done in a variety of researches conducted by many academics including the following: (Stephenson, 1970; Kearns, 1973; Pott, 1985; Parnell, 1986; and Pfaaf, 1988). However, recent researches undertaken on capital cities that focus on South Africa have been conducted by scholars including: (Hatting, 1994; du Preez, 1995; and Maharaj, 2001), their concern with capital cities has been attributed partly to the role and the functions they render in their respective states. Scholler (1978) on the aspect of role and functions of capital cities, regarded them; firstly, as high order political, cultural and economic centres, secondly as important venues for transactional and linkage functions and lastly, as centres that are very distinct in portraying the national dignity of a state. In a similar vein, on the issue of role and functions of a capital city (Hatting, 1994, p.33) described it as follows:

“A capital city is normally the seat of the government, contains the residence of the head of the government, the legislature and the higher echelons of the executive departments of government usually the heads of the judiciary, variety of the institutions find it necessary to have speedy and frequent contact with the government agencies, and non-official bodies involved in the welfare state/province”.

Hatting’s emphasis in his analysis of the capital city is that it is the venue for the palace, the executive, legislative and the judicial functions of the state. Moreover, government related functions are often found in a capital city. However, there are capital cities, which have deviated from the trend that has

been described by this scholar. It is possible to find in a state or province the capital city functions being allocated to different cities. Glasser (1993) referred to this type of governmental arrangement as divided capital city functions. Bolivia, Chile, Peru, Malawi, South Africa (prior to 1994) are examples of countries with divided capital city functions. For example, South Africa prior to 1994 had its executive, legislative and judicial functions allocated in different places namely; in Pretoria, Cape Town and Bloemfontein respectively. South Africa’s unique situation of divided capital city functions was the result of 1910 compromise between the South African English people and the Afrikaners. The compromise left South Africa with a divisive, unsatisfactory, costly and ineffective dispensation for more than eighty years (du Preez, 1995).

The way in which capital cities are established vary but they generally can be seen in four basic patterns:

Firstly, there is a category of capital cities that developed from the core as reflected in many capital cities of Western Europe. With regard to this category of capital cities, Febvre (1950, p.2) remarked:

“There is no little provincial state which has not its germinal, its geographical starting point; there is no durable political formation in whose origin we cannot discover a combination of forces, a kind of armature around which other territories could build themselves up like the soft parts around the bones of the skeleton”

Secondly, there is a category of capital cities that owe their existence to the colonial powers. They were mainly established in order to facilitate administration in colonized countries, for example, Lagos, Livingstone, Mafeking, and Pretoria.

Thirdly, is a category of capital cities that was created by people in former colonized countries after the attainment of their independence and these may include, Dodoma, Abuja, Brasilia, Lilongwe, Ulundi, and Bisho. They owe their origin and development to government policy and are financially supported by the government.

The fourth category is the result of unification. For example, El Aaum in West Sahara.

However, in South Africa, following the complete de-colonization in 1994, the preamble of the new South Africa resulted in: firstly, the acceptance of modified federalism in South Africa; secondly, the re-incorporation of South Africa’s bantustans into greater South Africa; and thirdly, the rearranging of South African boundaries (Christopher, 1995). Since then the issues of the national capital city and of the provincial capitals have been among the priorities in the agenda of the new government. This has been greatly influenced by three things. Firstly, the urgent need for effective governance. Secondly, the desire to change the face of South Africa which was ravaged by apartheid ideology (figure 1). Thirdly, the need to change the face of South Africa so that it could participate in the global economy.

It is against this background that this paper intends to investigate how the capital city of the Eastern Cape was chosen.

This research paper is divided into six sections. The first is an introduction, which sets the scene for the research. The second section gives a brief overview of the Eastern Cape province, its location in relation to the rest of South Africa as well as the location of the four contenders for the capital status of

the Eastern Cape province. The guidelines for selecting the capital of the Eastern Cape are examined in section three. The fourth section is devoted to arguments presented by each negotiating group for their respective contenders. In the fifth section emphasis is on the analysis of the arguments. The last section is devoted to the final decision and conclusion of the issue of choosing the capital for the Eastern Cape province.

The main data sources for this research paper include the following: reports from the three negotiating groups, the report of the Tripartite Alliance, listening to talk shows on the issue of the capital of the Eastern Cape from nearby radio community stations, information from the newspaper, the review of literature on capital cities and lastly retrieving information from government publications.

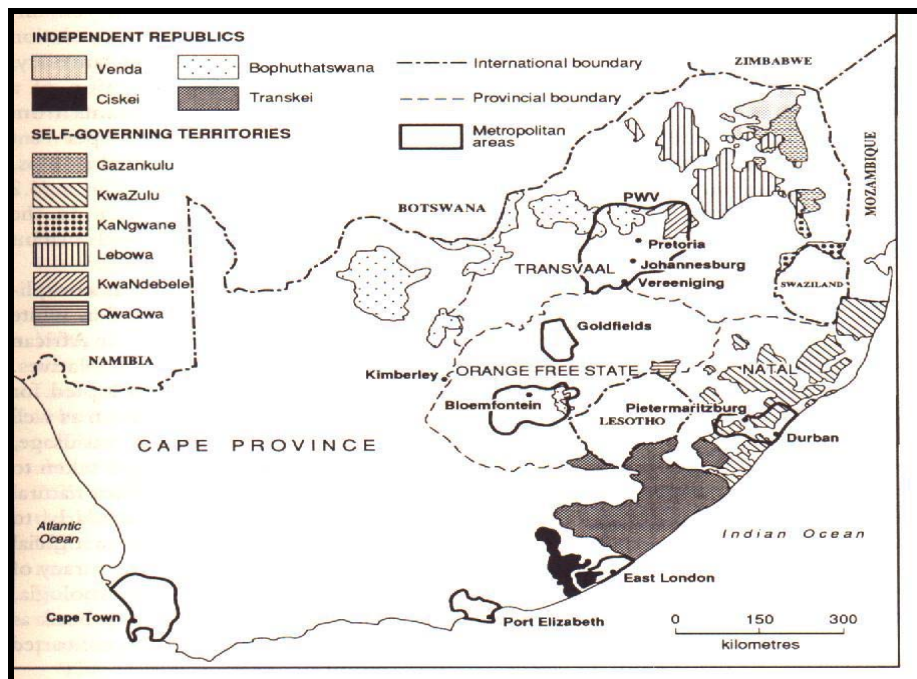


Figure 1: The Boundaries of South Africa prior to 1994
(South Africa’s apartheid planning)

Brief overview of the study area: The Eastern Cape Province

Since 1994 the Eastern Cape region has included: the former homelands of Ciskei and Transkei, the Border/Kei and the former Eastern Cape Province. A small portion of Eastern Cape land (the Umzimkulu district) is landlocked in the KwaZulu-Natal region (refer to Figure 1). In terms of size, the province is the second largest province of South Africa with an area of 169580 square kilometers. Moreover, in terms of population figures, it is the third largest province of South Africa with an estimated total population of approximately 6, 302525 (South Africa, 1996).

To the ANC politicians, the main reason for unifying the areas stated above was aimed at combining poverty-stricken regions or underdeveloped areas (consisting of Ciskei and Transkei) with wealthy areas for example, the Port Elizabeth-Uitenhage area and East London and its surroundings. However,

the creation of the Eastern Cape region since the onset of democracy, unifying the regions which differed considerably in terms of stages of development met considerable opposition from the White populations of the two cities (Port Elizabeth-Uitenhage and East London). They did not want to be amalgamated with the former homelands of Transkei and Ciskei, which were regarded as being unproductive. There were such phrases in the local newspapers as: “Save us from the Wasteland” (*Eastern Cape Herald*, 6 July, 1993). The mean monthly household expenditure for the unified Eastern Cape region was estimated to be R1588 (*South Africa*, 1996), whereas if the region were to be divided, the Transkei-Ciskei would produce a mean monthly household expenditure of R930 compared with R3051 per head in Port Elizabeth. It would therefore, be reasonable to suggest the White community’s opposition was justifiable as were the political planning considerations to combine a severely poverty-stricken area with a wealthy and highly developed area. Moreover, the incorporation of the two former homelands into the former Eastern Cape Province meant that the province inherited vast areas, which were poor.

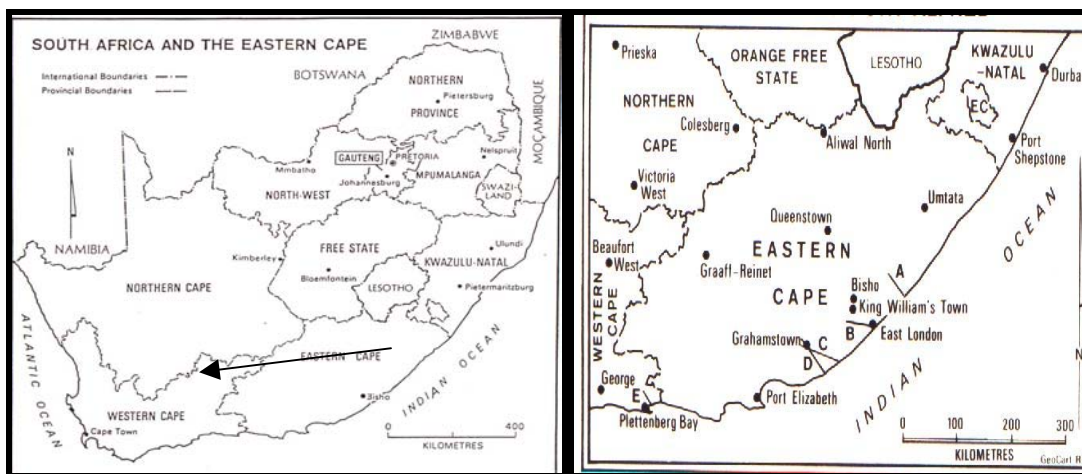


Figure 2: The location of Umtata, Grahamstown, Bisho-King William’s Town and Port Elizabeth in relation to the province.

Capital Choice for the Eastern Cape

Following the complete demarcation of all South African Provinces there was a quest for each new province to select its capital city (Refer to Figure 2). The decision as to which city should be the capital city was left to the new political decision-makers of the Province. The door was thus opened for each urban centre within the boundaries of the Eastern Cape to compete for the position of the capital of the province. In the Eastern Cape, unlike in other provinces, for example the Northern province, the selection of the provincial capital city was not an easy task. Four Eastern Cape cities wanted to be elevated to the rank of provincial capital city. Bisho-King William’s Town, Port Elizabeth, Umtata and Grahamstown became strong contenders for the rank of capital. (For the location of the four contenders refer to Figure 2). Later Grahamstown withdrew from the competition. Its withdrawal was based on the fact that it wanted to retain the status of being the seat of the Supreme Court. Mr Z. Titus

presenting the issue of selecting the Eastern Cape capital remarked to the members of the Eastern Cape legal fraternity, “We do not know what the future holds for the three contenders. It is the people who must tell us” (*Daily Despatch*, 2 August, 1994). This implies that the choice of the Eastern Cape capital city should be decided by the Eastern Cape community. This seems to suggest that ANC was in favour of a policy of community participation in all matters affecting the development of their ‘own areas’.

The guidelines for the selection of the provincial capital cities of South Africa since the onset of democracy

Certain standards were set for the selection of provincial capital. The standards had to take into consideration the role and the functions rendered by capital cities be they provincial or national capital cities (Hatting, 1994).

The criteria that were taken into consideration as a basis for the selection of the Eastern Cape provincial capital city were as follows:

- ❑ The administrative and infrastructural availability and capacity: The former relates to the availability of human resources in terms of administrative skills, while the latter is directed to such aspects as the office space.
- ❑ Accessibility of the provincial capital city: This relates to geographical accessibility encompassing communication and infrastructural connections. For example, air, land, water links, tele-communications etc.
- ❑ Centrality: This takes into consideration the geographical location of the capital city in relation to the population of the province.
- ❑ Natural resource base: This relates to aspects including the availability of land for future expansion of the provincial capital city, water supply for domestic use, to mention but a few.
- ❑ Acceptability of the proposed provincial capital by the community at different levels: This relates to people’s positive perceptions, attitudes, and feelings as well as aspirations with regard to the city. Cities which tend to bear deep imprints of the colonial past are not favoured to qualify as provincial capital cities of South Africa.
- ❑ The economic viability: In this regard the provincial capital city should have the potential for economic growth, especially the industrial sector.

There maybe other criteria but these seem be to the most important ones.

The procedures that were followed in the selection

With regard to the procedures to be followed for the selection of the capital city for the Eastern Cape (EC) the first premier of the province, Raymond Mhlaba made the following warning statement:

“The capital of the region must be the subject of intense and very representative discussion across the whole spectrum of our society” (*Eastern Province Herald*, 1994, p.1).

To ensure the community participation in this exercise three negotiating bodies representing Port Elizabeth, Bisho-King William’s Town and Umtata were formed. The representatives from the three

localities presented strong arguments as to why the respective cities should be selected as capital. The section that follows will portray how each negotiating body presented its case.

Case I: Port Elizabeth

Port Elizabeth and surroundings rank as the fourth industrial region of South Africa (Hanekom, 1982). Therefore, it would be reasonable to argue that it has the highest concentration of industrial and economic activities in the Eastern Cape. This would be ideal for the cabinet, as it needs to be easily accessible to the national and international business sector.

- The city has the necessary infrastructure including office space, conference rooms and hotels and this would help to facilitate efficient and effective administration that would be the cornerstone of sound government.
- Port Elizabeth being the largest city in the region has a population that ranks the top in the urban hierarchization in the region in terms of quantity (853, 204 people) and quality (25, 859 highly qualified professionals) (*South Africa*, 1992). Its selection to capital status would bring government closer to the people as well as to skilled manpower.
- The city has a well-developed communication network including road, rail, water, air as well as telecommunication . This would enable the government to communicate effectively with national and international investors. Furthermore the presence of this good communication network will attract tourists to the city.
- The city has been the ‘engine of transition’ in the province and the first city in the country to have a Transitional Local Council (TLC) in place.

Case 2: Umtata

- The capital city should be in Umtata in order to divert development from already well developed areas, for example, Port Elizabeth, to the most poverty-stricken region.
- The city has relatively good infrastructure. For example there is, adequate office space, reasonable housing and a good communication network. The infrastructure available could be used by the new government and thereby reduce the cost of inserting infrastructure in the new provincial capital.
- The city has a pool of trained personnel from the former Transkei administration, which was still intact. The new government would then make use of such trained personnel and this would facilitate effective administration.
- The city has a long history of being an administrative centre from 1931 when the United Territories General Council agreed to meet annually in Umtata and Umtata became the administrative centre. In 1963 Umtata was made the Capital City of the Transkei self-

governing state. With the granting of Transkei Independence in 1976 it was agreed with argument to keep Umtata the Capital City of Transkei.

- Umtata has enough land for the future development of the city. The prime land along the R65 road between the centre of the former South African Embassy and the Efata institution was set aside for future development of the city.

Case 3: Bisho-King William’s Town

- Bisho-King William’s Town has an adequate well-developed infrastructure built for the Ciskei homeland government, for example adequate office space and a communication network. The existing infrastructure could be inherited by the new government and thus reduce the cost of building administrative facilities.
- The city is more or less geographically central to the whole region. Therefore, its centrality would facilitate effective government (Refer to Figure 2).
- The city is accessible due to developed communication network including; road, rail, air and telecommunication. This would enable the government to communicate effectively at all levels.
- Bisho-King William’s Town has enough space for future development relating to the economic, industrial and administrative activities.

An analysis of the arguments

A closer scrutinizing of the different arguments presented by contenders in support of their selection of provincial capital is important. The analysis takes into consideration the guidelines that were proposed for the selection of the provincial capital.

□ The economic base reasoning

Experience elsewhere regarding capital cities be they national or provincial without an economic base have shown that they soon become entrenched in unbalanced economy. Such experience occurred in Ulundi (KwaZulu-Natal), Mafeking (Botswana), Livingstone (Zambia) and many others. On the other hand, capital cities with an economic base show balanced economy as in the case of Lagos in Nigeria, Dar es Salaam in Tanzania to mention but a few. Out of the three contenders, Port Elizabeth had a strong economic base as it ranked fourth in the industrial classification of South Africa (Hanekom, 1982). Besides Port-Elizabeth’s strong economic base, the recent developments at Coega would attract investors and would also be of tourist interest. Therefore, Port Elizabeth as capital would boost the image of the entire province (Eastern Cape Herald, July, 1994). Moreover, in an ideal situation those who have economic power frequently cluster with those who have political power and therefore, making Port Elizabeth the provincial capital, would be an additional advantage, as this would make the city economically viable or economically sustainable.

□ The administrative argument and its acceptance by the community

Umtata’s representatives were adamant in terms of the administrative experience of Umtata as the town had been an administrative town since the colonial times until 1994 with the phasing out of the Transkei independence planned by the Government of National Unity. But the question that needed to be raised about this administrative function of Umtata is whether this was universally accepted by South Africans or how the outside world perceived the Bantustan Policy and bantustan capitals. With regard to the Bantustan Policy and the created homeland capital cities, the Secretary General of the United Nations Organization remarked:

The opposition of United Nations is clear on the question of the so-called security council and the General Assembly has condemned on numerous occasions the Bantustan Policy upon the grounds that they were designed to consolidate apartheid, to violate the unity and the integrity of the country and to perpetuate the minority rule. (South Africa, Hansard, 26 October, 1976, p. 8).

Therefore, the factor of Umtata and Bisho-King William’s Town’s administrative legacy would probably be a sore point to the ANC government whose main concern was to eradicate apartheid in South Africa. It would therefore, be reasonable to suggest that the administrative factor for the two contenders would in fact discredit them, as would also, the fact that they had trained personnel. Moreover, Umtata gained its capital status from a compromise, which was not reached by negotiations between representatives of popular opinion. Umtata was selected as the capital city by the White colonial officials who did not want to favour any of the Transkei major tribal groups. Best et al (1972) in support of this maintained that Umtata was made the capital city of the then Transkei state despite the fact that it met three out of five of the preferred requirements for the capital status of a homeland. Its regaining of capital status would greatly harm the Xhosa people, since it would underline the division between the two major branches of the tribe (*Eastern Cape Herald*, 26 August, 1994).

□ **The accessibility and infrastructure arguments**

The three contenders argued that they were accessible because they had well developed communication networks including rail, air and tele-communication but Port Elizabeth had an additional advantage of having access to the sea. The accessibility of the provincial capital would be an advantage to the government in the facilitation of RDP programmes. Moreover, they all maintained that they had the necessary infrastructure but in this factor Bisho-King William’s Town ranked last. To overcome the problem of the inadequate infrastructure in Bisho, for example, housing, conference halls and hotels, the representatives of Bisho-King William’s Town suggested that the government officials would make use of the infrastructure facilities in East London which is about sixty kilometres away from Bisho-King William’s Town.

□ **Decentralization argument:**

This factor was proposed by Umtata representatives for they maintained that the capital city should be in Umtata in order to divert development from well established areas, for example, Port Elizabeth, to the most stricken region, in this case Umtata. This philosophical view was advocated by many former colonial states in their selection or relocation of the capital functions since their attainment of independence. Such examples of capital cities are Lilongwe in Malawi, Abuja in Nigeria (Kearns,

1973 and Nwafor, 1980). This argument was also in line with the principles of the Reconstruction and Development Programme (RDP) whose ideology is to channel resources where they are needed most. Moreover, the implementation would facilitate the spreading of wealth throughout the province and this would thus be a saving of the RDP funds for additional development projects. Comparing the three contenders Umtata is located in the outer periphery (Hanekom, 1982) that is, further away from South Africa’s industrial core and therefore, it is where the development is needed most.

The centrality argument:

The centrality argument was presented by Bisho-King William’s Town representatives. They were merely focussing on the geographical location of the place in relation to other component parts of the province. No efforts were made to check the population density surrounding the area. For effective government they maintained that the site of Bisho-King William’s Town was centrally located. Moreover, the centrality of the Eastern Cape capital city would make it easier to implement the RDP programmes, which formed the cornerstone of development since the onset of democracy in South Africa. With regard to the centrality of the capital city many African governments considered that as important not only for the social cohesion of the population of their respective countries but also for effective governance. In a similar vein regarding the issue of the centrality of capital, Brown (1935) remarked; ‘the change from Livingstone to Lusaka is due to the desire for a more central site. Livingstone is in the extreme South, and four-fifths of the White population live North of the Kafue River”.

The Eastern Cape’s final decision on the provincial capital issue

After much debate the three different negotiating bodies for the Port Elizabeth, Umtata and Bisho-King William’s Town regions formed a Tripartite Alliance in order to settle the capital city question for the Eastern Cape. The Tripartite Alliance concluded, with regard to the issue of the capital for the Eastern Cape region and presented their recommendations to the Premier, that Bisho-King William’s Town should be the capital city of the region. In announcing the capital of the Eastern Cape, Bisho-King William’s Town, the Premier of the Eastern Cape, Raymond Mhlaba, said that the decision had been influenced by the availability of the infrastructure that the administration and the legislature could use. Furthermore the centrality of Bisho-King William’s Town in relation to the other parts of the province served as Bisho’s strong point. Moreover the accessibility of the town due to its proximity to the railway, and the national road (N2) which passes Bisho-King William’s Town from Durban through Port Elizabeth to Cape Town. Lastly, the availability of land for future development, especially the “Greenfields” between Bisho and King William’s Town was also very instrumental in selecting Bisho-King William’s Town as capital of the Eastern Cape (*Eastern Province Herald*, 15 October 1994.) Following the Premier’s announcement of the capital the chapter of the Eastern Cape capital was closed. The issue of the judicial capital was left to the Eastern Cape legal fraternity who later recommended that Grahamstown should be the venue for the Eastern Cape judicial capital (Hoexter, 1997).

Conclusion

Based on the arguments given by the representatives of each province regarding which city should be the capital it was evident that centrality outweighed other factors. Moreover, since South African integration in 1994, the Eastern Cape region had divided capital city functions, Bisho King William’s

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Town being the executive and legislative capital and Grahamstown being the judicial capital. Umtata and Port Elizabeth lost the competition. Whether Bisho-King William’s Town was the correct choice for the Eastern Cape capital and also whether there are any administrative problems caused by capital functions which are in different venues, are subject to further research.

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The fall of a former capital city: Umtata

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Abstract

This paper focuses on the impact of the restructuring of South African boundaries in 1994 which resulted in the re-incorporation of the Transkei into South Africa and its impact on Umtata's development, a significant issue in post-apartheid political geography. These changes have been particularly restricted to the labour market and formal employment in the city. Three specific variables have been used to show the transformation of the labour market and employment in the city since 1994 and that forms the focus of the discussions. The paper is structured in six parts. The first part is an introduction which sets the scene for the research. In the second section some analytical framework is provided. The third section is devoted to a brief overview of the town relating it to Transkei urban hierarchy. In the fourth part there is some discussion of the developmental post-independence changes reflecting the shifts in the labour market and employment in the city. The fifth section is devoted to strategies that can be adopted to exploit the inherited infrastructure, a skill pool to sustain economic development in the city. The final section is the conclusion.

Key words ; South Africa, Transkei, , apartheid, Umtata, Capital city, Transkei bureaucracy, Territorial restructuring .

Introduction

The most internationally unacceptable exercise that was implemented by the former White South African government in the twentieth century was undoubtedly the partition of South Africa into 'White' and 'Black' areas (Fair, 1982). The former consisted of mainly the most rich and developed areas of the country, while the latter was composed of a substantial proportion of less developed parts of South Africa. The former South African self-governing states (Lebowa, KwaZulu-Natal, Gazankulu, Southern Ndebele, Kwangwane, and Qwaqwa), and the independent bantustans (Transkei, Ciskei, Venda and BophutaTswana formed part of the 'Black section' of South Africa. Moreover, each independent bantustan as well as self-governing state, had its own capital city –mostly falling into the category of what is referred to by Stephenson (1970) as the introduced capital cities. Nevertheless Umtata, the former capital of Transkei, was unique because it was established in a developed colonial town (Best et al, 1972).

However, with the attainment of a non-racial South Africa, the Government of National Unity (GNU) was faced with the problem of the South African landscape which showed deep imprints of the scars of

apartheid: for example, the homelands/bantustans and their capitals. Soon after the GNU was in power it transformed the governance and restructured the boundaries of South Africa. The main motive of the exercise was to change the face of South Africa politically and economically. As a consequence of that the country was subdivided into nine provinces, five more than in the past (Hatting, 1994). Regional integration was implemented in order to eradicate the structures that were created by ‘grand apartheid’. This resulted in the reintegration of the bantustans/homelands into South Africa. With regard to the restructuring of South African boundaries, Christopher (1995, p.1) remarked: “the apartheid African homelands have been deliberately and effectively erased from the political map of South Africa”. South African regional integration also resulted in the restructuring of territories. The result was that some of the bantustan capital cities were phased out. Umtata is an example.

Following Umtata’s loss of capital status the city made news headlines for some time because many South Africans, especially those residing in the Transkei region, were concerned about the future economic base of the city. They were of the opinion that Umtata’s relegation from capital status to an ordinary medium level regional urban centre would have negative repercussions on Umtata’s economic sector as the city relied predominantly on the government and the government related functions for its economic viability. Attempts to lobby for a tenth province consisting of the Transkei, the border (Ciskei, and East London and environs) and East Griqualand with Umtata as its capital city were turned down by the Government of the National Unity. It is against this background that this paper seeks to explore the impact of the loss of the capital status on the economic development of the former capital city of Transkei. The research also aims to suggest the appropriate steps to be taken in Umtata in order to address the problems caused by the apartheid project with respect to the economic sector. This would enable the city to enjoy sustainable economic development during the 21st century. The section that follows will focus on the theoretical framework that has guided this research.

Analytical Framework

The impact of the capital status on an urban centre

To assess the effects of the loss of the capital status on the development of a city, an overview of capital city functions and roles is important. This will then serve as a basis for the analysis of the impact of the removal of capital city status on the economy of Umtata since 1994. This section will examine capital cities with respect to both their roles and functions in relation to the development of their respective countries. The functions of capital cities include the following: Firstly, they are venues which cater for high order political, economic and cultural functions of their respective states (Scholler, 1978). The functions include the residences of the head of the state, ministers, senior officials in the government and government-related institutions, executive, legislative and judicial centres. Furthermore the capital city accommodates leading national firms and financial institutions, government supporting institutions for higher education, research information organisations, museums and national stadiums to mention but a few. The high order functions provide a labour market and employment opportunities for the capital. Secondly, they serve as important centres for linkage functions at micro, meso and macro-scales (Gottmann, 1985). It is therefore, common to find in capital cities, centres for diplomatic relations which may include ambassadors and charge’s d’affaires. In order to facilitate the linkage functions, airports are commonly found in capital cities. The linkage functions in turn boost the economic development of the capital city partly due to the flow of money from various countries to the capital city and also by providing employment opportunities for the capital city

residents. Thirdly, they serve as distinguished centres that portray the national dignity of their respective countries (Scholler, 1978; Azaryahu, 1997). It is for this reason that many countries have tried to create their capital cities as "an image of the state as it will be in the future, a goal for people's aspirations and source of national pride" (de Blij, 1967, p.407). It is equally important that items of touristic interest are commonly found in capital cities. These items in turn have the ability to pull multitudes of people, especially tourists. The tourism industry provides a labour market and employment opportunities for the capital city dwellers and this in turn boosts the economy of the capital cities. Fourthly, due to their magnetic effect on a diversity of people, they serve as convenient spots for implementing development projects, for example, housing, road construction, tourism and many others. The development projects in turn provide employment opportunities for people living in the capital and hinterland.

Taking into consideration the capital functions examined above and their positive impact on the labour market and employment it would be reasonable to argue that the availability of these functions causes the capital cities to be more developed than the surrounding areas. Also, in many instances the capital cities occupy the highest positions in the hierarchy of central functions in their respective countries.

The impact of the loss of the capital status on a capital city’s functions

With the loss of capital status the diversity of capital city functions relocate to a new capital. The causes of the relocation are multivariate and may include: economic factors, rejection of colonial legacy (politics), historical factors, physical factors, unification, colonial decisions and many others (Nwafor, 1980). The most distinct capital functions that often relocate include; palace, parliament, central government, government related functions, consulate, embassies, high order cultural and economic services, to mention but a few (Du Preez, 1995). Nevertheless, there may be functions that do not relocate after the change of a capital city. These functions are referred to as inherited or survival capital city functions (Gottmann,1985). The relocation of these functions greatly hinders development in former capital cities because of their negative impact on the labour market and employment opportunities (Parnell,1986). The decline in the labour market and employment opportunities has a negative impact on the economy of the former capital city.

With the loss of the capital city status the residents of a former capital city are faced with problems of adjustment and adaptation to the new situation especially in former capital cities which are characterized by being unifunctional and small in size. Most ‘introduced capital cities’ fall into this category. For example, Livingstone (Zambia), Tohooyandou (South Africa-Venda homeland) and many others. In addition to being unifunctional and small in size the ‘introduced capital cities’ have been viewed by governments as small administrative centres rather than large metropolitan centres capable of becoming primate cities or major cores (Stephenson, 1970). Moreover, the residents in these small administrative introduced capitals very rarely consider the importance of stimulating economic growth and development in avenues other the administrative sector. In most cases they depended on the government activities and funding as their source of labour and economic development respectively. Citing the cases of Bisho, the former capital city of Ciskei, Umtata, the former capital city of Transkei and Tohooyandou, the former capital of Venda, prior to 1994 they depended on the former South African government for their economic sector through generous funding (Siyongwana,1990). It would therefore be appropriate to suggest that they had an unbalanced economic development trend. The same trend can be observed elsewhere in all ‘introduced capital cities’ for example in Livingstone, Mafeking

to mention but a few. However, when capital functions relocate from these small administrative centres some residents, on one hand may even decide to leave the former capital city and migrate to other towns. While on the other hand, others in order to preserve the economy of the former capital develop planning and development strategies for the former capital city (Thieme et al, 1994). However, the former capital cities which were multifunctional do not experience severe impact on economic development with the relocation of the capital city functions elsewhere. Such experience was observed in Lagos (Nigeria) and Dar es Salaam (Tanzania). In Dar es Salaam with the relocation of capital city functions to Dodoma the residents of the former capital city for the town’s economy concentrated on the industrial sector, and the same trend was observed in Lagos.

From here the focus will be on Umtata as a case study. A brief description of the evolution of the town from its early colonial times, then the apartheid era until the attainment of a non-racial South Africa will be made.

The evolution of Umtata and its status in the Transkei urban hierarchy

Umtata was originally established in the 1860s as a European settlement on the banks of the Umtata river, where the white settlers were to act as a buffer between the Pondos and the Tembus who were frequently in dispute (Umtata, 1952). Umtata flourished and was proclaimed a municipality in 1882. However, Umtata since its establishment, up to the early 1990s was important in shaping development in the then Transkei State. This was due to being an important nodal point for marketing agricultural products (Redding, 1987) and also because of its long history of being the centre for administration (Siyongwana, 1990). The establishment of the railway station in 1916 in Umtata attracted many people to the city as the railway line became the hub of Transkei transport facilities including the transportation of labourers to mining towns. At the same time Umtata established wider connections with other parts of South Africa.

Umtata showed signs of rapid growth and development between 1976 and 1993 when it was the capital city of the then Transkei State. However, this was not the result of natural processes. It stemmed rather from poorly conceived previous government policies and practices regarding urban development. As a part of the previous government decentralisation (both political and socio-economic) programmes or segregation plans or independence plans, Umtata was transformed from being predominantly an agricultural nodal point with limited administrative functions to a dominant political centre as well as an industrial centre. This resulted in the emergence of many secondary, tertiary and quaternary activities in the city. As shown in Figure 1 the number of functions found in Umtata in 1992 far exceeded that of other former Transkei urban centres. Moreover Umtata’s selected functions outnumbered that of its closest rival, Butterworth by more than three times in the urban hierarchy. This implies that Umtata was one of South Africa’s leading central places during the “Transkei independence era”. The calculation of central functions is adopted from Davies (1967).

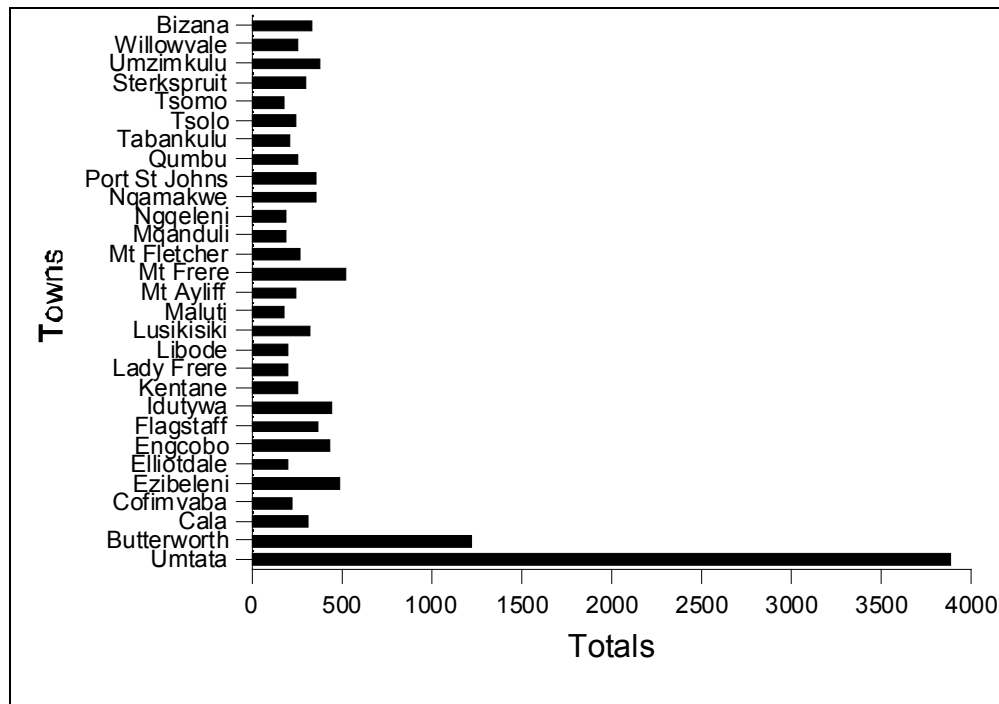


Figure 1: The number of selected central urban functions found in the former Transkei urban centres in 1992
 Source: *Transkei Telephone directory, 1992 and Fieldwork*

The labour market and employment patterns in Umtata

Introduction

With the granting of Transkei ‘independence’ in 1976, the Transkei Government, working hand in hand with the former South African government, presented a model of Transkei independence planning (refer to Figure 2). The presence of the activities portrayed in Figure 2 greatly affected the labour market and the formal employment pattern in the city. The formal employment structure in Umtata is best viewed from the following perspectives: the civil service, parastatals and the modern industrial sector. Therefore, these are the three variables that will form the basis of the discussion in section four.

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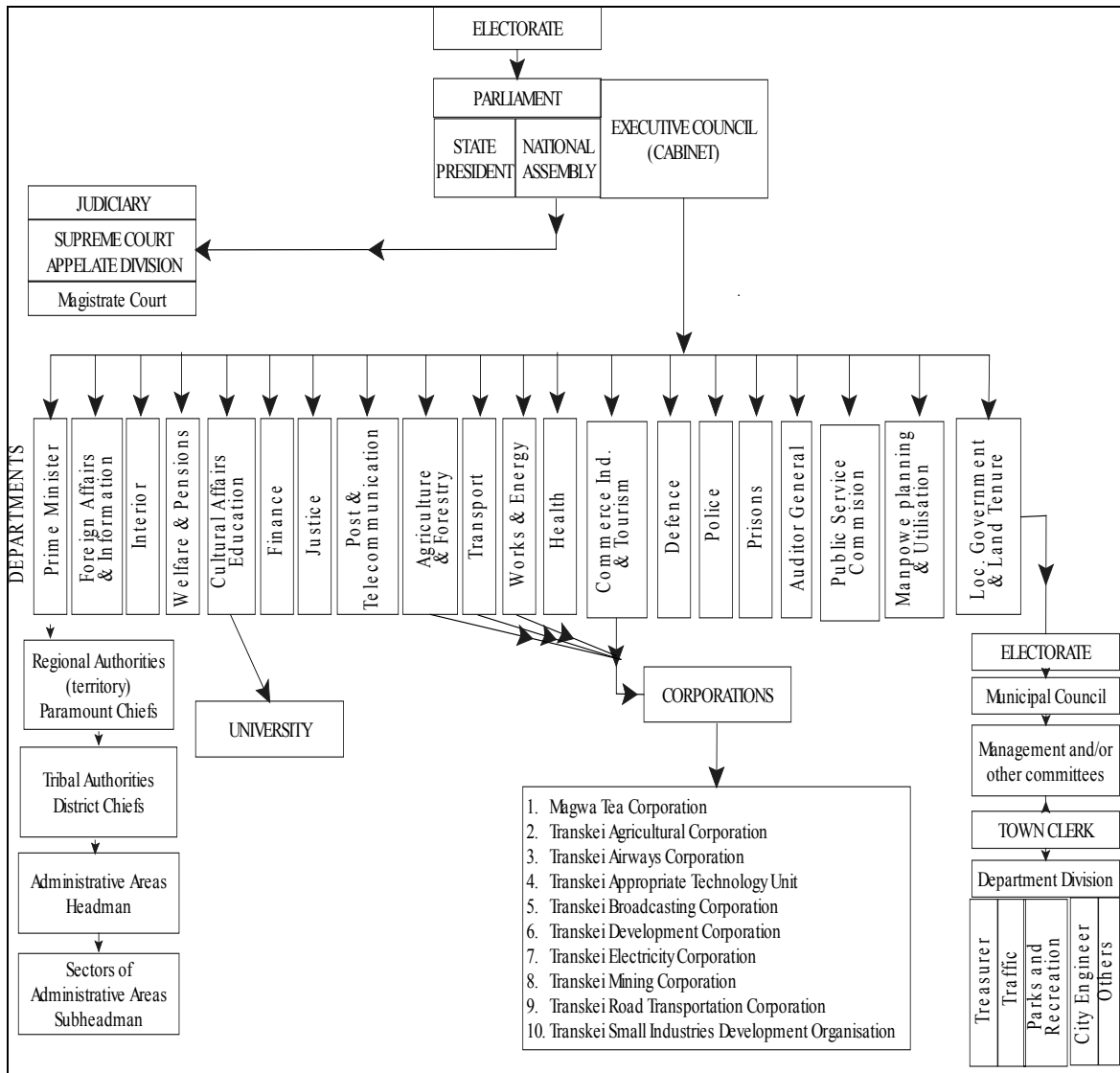


Figure 2: Transkei independence plan

The civil service as a source of labour market and employment in Umtata

Obviously, the political and the administrative functions that accumulated in Umtata after its elevation to the rank of capital increasingly became more powerful in influencing the labour market and employment in the civil service. There was therefore a high concentration of the parliamentarians in the town, especially ministers. Furthermore the Transkei government created unprecedented and unique development of Transkei bureaucracy. For example, a number of establishment increase from three thousand six hundred and seventy three (3673) in 1970 to 52, 101 in 1992. Regarding this, the Minister of Finance for the Eastern Cape, Shepherd Mayatula remarked; “ The Eastern Cape government inherited about 55,000 public servants from the former Transkei (*Daily Dispatch*, July 1995, p.1). Umtata by virtue of being the capital city of the then Transkei state managed to absorb a fair share of civil servants especially those who were in the senior echelons of the civil service.(Siyongwana,1990).

These included directors, deputy directors, and chief clerks to mention few. The 1985 census has revealed the importance of the government as a source of labour in the town. It estimated the total number of civil servants in the city to be 6415 people with males getting a lion’s share of 3678 in the public service while females consisting 2737 employees (Transkei, 1985). Given the fact that the total population of Umtata urban area was about 57,000 in 1985, the people who were employed in the public service accounted for about 12% of the labour market. Moreover, the 1985 Census has revealed that 56 percent of the civil servants of the entire Transkei were employed in Umtata. Therefore, it would be reasonable to suggest that the central government activities contributed to labour market and employment in the town. This in turn boosted the town’s economy due to the parliamentarians, and civil servants financial spending in the town. This pattern came to a halt in 1994 with the attainment of a non-racial South Africa.

However, on its accession to power, in 1994, of the Government of National Unity implemented the Public Service Act of 1994(Procl.103/1994). The Act, on one hand, created the basis for the integration of the fragmented system of administration inherited from South Africa’s apartheid era into a Unified National Public Service. On the other hand, it created a ‘leaner’ and ‘cost-effective’ public service. Its implementation had an impact on the ‘bloated’ former Transkei Public Service (Lacey, 1994). In this regard a comment from the *Daily Dispatch* (17 July, 1995) was made;(This is a quote, but don’t know where it ends) For the government to fulfil its pre-election promises, which involved capital projects, it would have to reduce the structure of the civil service.

Moreover, as a consequence of its implementation a new Eastern Cape organization chart was introduced. The new Eastern Cape dispensation resulted in: Firstly, the reduction of the national government departments in Umtata. The national departments that remained in Umtata included the departments of Premier, Statistics South Africa, Land Affairs, Public Investment Commission, Finance, and Safety and Security (also refer to Table 1). All high level government departments were transferred to either Pretoria or Bisho (provisional capital city of Eastern Cape). Secondly, some civil servants were transferred to other South African administrative urban centres but mainly to Bisho or Pretoria while others were retrenched, especially those who were at senior management level in the former Transkei civil service. Thirdly, there was a predominance of civil servants in the middle, the junior and the service staff (formerly referred to as labourers). By 1998 there were about 1378 civil servants (the number excludes the service workers) who were employed in approved government posts. Moreover, the peculiar employment pattern that is reflected in Table 1 is a predominance of civil servants who are in unapproved posts (also referred to as additional personnel or supernumeraries) in the government service in Umtata. These form mainly the civil servants at low management level as well as the casual workers. The highest concentration of additional personnel is found in the Department of Public works, the Department of Agriculture occupying the second position and the Department of Health ranking third. The main reason for this pattern is that these three departments cater for the bulk of the service workers. Equally important with regard to the civil service is that the Eastern Cape has embarked on a process of right-sizing its personnel, Umtata included. But for a number of reasons related to the nation’s historical social pathology the process is slow. It is expected that when the process of right-sizing is ‘fully blown’ there will be a considerable shrinking in the number of civil servants in Umtata and a subsequent mushrooming of the town’s population becoming engaged in the private sector. The loss of the capital status in the town contributed to the decrease of government departments in Umtata and the subsequent decline of civil servants which in turn has had a negative impact on the city’s economy.

“Rencontres de l’innovation territoriale”

YEAR	1998		2000	
DEPARTMENTS	Approved	Nt ap.	Approved	Nt ap.
1. Agriculture (excl. land affairs)	93	4605	99	4000
2. Ec.Affairs, Environ.& Tourism	74	28	72	20
3. Education (excl. teachers)	312	14	309	20
4. Health	150	800	152	770
5. Welfare	20	14	124	8
6. Local Govt. and Housing	209	5	207	2
7. Public Works	92	7532	143	9961
8. Sport and Culture	62	4	66	2
9. Transport	238	5	234	6
10. Central Statistics Services*	47	-	-	-
11. Premier*	-	70	-	68
12. Land Affairs*	19	-	18	-
13. Public Invest. Commission*	13	-	12	-
14. Finance*	49	-	27	39
15. Safety and Security**	-	-	-	-
TOTAL	1378	13 077	1411	14 882

Table 1: Civil Servants in Umtata in 1999.

Source: Statistics from the regional office in Umtata & from the HR at Ubulembu (Bisho).

**Denotes head of office base or national level.*

***Figures not available for security reasons*

The extent to which parastatals in Umtata provided a labour market and employment prior to 1994 and post-1994

As anywhere else, the presence of Transkei Parliament central government functions in Umtata attracted a great number of government related institutions/parastatals. The former Transkei parastatals included all Transkei corporations, the University, Municipality and South African Embassy (see also Table 2). Their presence greatly influenced Umtata’s economic development in that they provided a labour market and employment to Umtata residents. As reflected in Table 2, in 1990 there were 5776 people who were employed in parastatals in Umtata. Considering that the population of the city was 71,986 in 1991 (Transkei, 1991) it would be reasonable to say that the Transkei parastatals made a substantial contribution to Umtata’s labour market and employment during the Transkei “independence era”. With the exception of university and municipal employees the number of people employed in the different parastatals shows symptoms of decline as one approaches the new South Africa Integration

Era (Table 2). It is significant to Umtata’s urban economy that the parastatal employees contributed positively to sustain it due to their spending a fair proportion of their earnings in the town.

With the loss of the capital status in Umtata significant transformation also occurred in the labour market of the parastatals in the city as the number of employees in the different parastatals, excepting the municipality, shrunk, (refer to Table 2). The following factors might have contributed to their shrinkage: Firstly, the loss of Umtata’s capital status which resulted in the relocation of parliament central government activities either to Bisho or Pretoria and that in turn greatly affected the government supporting institutions. Secondly, the Eastern Cape province government’s decision to pull out of some of the former Transkei parastatals as it encouraged their privatization. In support of the privatization of a former Transkei parastatal, TRACOR, the Minister of the Eastern Cape (MEC), Mr. Ezra Sigwela made this statement “the retrenchment would be implemented as part of handing over the running of the parastatals to communities or farmers. They would be expected to form business structures or cooperatives to control and manage them” (Daily Dispatch, 24/01/1997, p.5). With regard to employment patterns at the University there was a steady increase in University employees between 1997 and 1998 but thereafter the numbers decreased. Another interesting employment pattern that is reflected in Table 2 is the gradual increase of the municipal employees. For example, the workers increased from 1200 in 1996 to 1528 in 1999. This is attributed to the implementation of the Reconstruction and Development Programme (RDP) in 1994. The municipalities play a major role in the RDP hence it increased its employees.

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PARASTATALS	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Tr. Agricultural Corporation	810	750	689	551	520	520	509	471	-	-	-
Tr. Airways Corporation	30	28	26	17	3	2	1	1	-	-	-
Tr. Appropriate Techn. Unit	115	112	107	107	102	92	99	103	97	73	63
Tr. Broadcasting Corporation	120	122	127	133	121	113	92	86	81	65	54
Tr. Development Corporation	1016	676	361	275	221	185	177	168	155	105	62
Tr. Electricity Corporation	220	200	175	141	135	130	125	120	109	101	65
Tr. Mining Corporation	32	30	29	24	20	18	15	-	-	-	-
Tr. Road Transportation Corp.	940	850	801	794	882	-	-	-	-	-	-
Tr. Small Industrial Dev. Corp.	986	650	117	221	209	185	177	127	-105	87	54
Tr. Magwa Tea Corporation	13	14	15	15	16	17	18	18	-	-	-
University of Transkei	594	665	633	609	722	705	693	715	753	680	650
Umtata Municipality	900	905	920	931	936	1010	1200	1395	1400	1428	1445
Total	5776	5002	4000	3818	3887	2877	3106	3204	3247	2539	2393

Table 2. The labour market and employment in the parastatals in Umtata prior to 1994 and post-1994. *Source: Statistics from Human Resource Departments of parastatals in Umtata*
Unitra employment excludes the general workers

The transformation of the industrial sector as a source of labour market and employment in Umtata

The presence of parliament and the central government functions in the city also attracted industries. As a result of this, new firms/industries were established in the town in the late 1970’s. The types of industries that were established in the city included: wool products, electronics, textiles, household equipment, food and beverages and chemicals (Tshaka, 1993). The industrial sector also became the source of labour employment in the city. However, contrary to the expectations of Umtata industries as a source of labour market, they could not provide employment opportunities to the extent that was envisaged by the “Transkeian government” (Tshaka, 1993). For example, out of the nine thousand one hundred and forty people (9140) who were employed in the industrial sector in Transkei in 1993, Umtata accounted for 1690 people, about 18.5%. However, the large-scale manufacturing firms were located in Butterworth, often referred to as the Transkei’s industrial capital town (Transkei Development Corporation Record, 1977–1998). The industrial sector in Butterworth employed approximately half of Transkei total industrial employees (Tshaka, 1993).

As portrayed in Figure 3 the number of people employed in the industrial sector in the former Transkei showed a steady increase from 10 974 in 1983 to 18,226 in 1987 and reached its peak in 1988 with 19,208 Transkei employees being absorbed into the industrial sector. Industrial incentives offered to industrials contributed to the increase. Thereafter, the number of industrial employees showed symptoms of decline. For example, the industrial employees dropped from 16,101 in 1990 to 9140 in 1994. The following factors contributed to the decline of employees in the industrial sector:

(i) Tight restrictions on industrial incentives

During the Transkei ‘independence era’ the South African Government offered industrial incentives to industrialists who were prepared to come to underdeveloped parts of South Africa, for example Transkei, to develop industries. These incentives ranged from assistance in the erection of buildings through tax concessions, low rate loans, transport rebates, and wage subsidies to assistance in housing for white personnel (Bell, 1973). However, due to corruption as well the overspending that emerged in the industrial sector, especially in the homelands, (bantustans) after 1991 the South African government imposed tight restrictions on industrial incentives. The result was that the South African government phased out transport, housing and labour cost concessions. In response to the incentive restrictions many industrialists decided to leave Transkei, Umtata included. That had a negative impact on the industrial sector as a source of labour market and employment. Employment opportunities in this sector shrunk (Transkei Development Corporation, 1994).

(ii) Emergence of labour unions

The emergence of labour unions in Transkei in the late 1980s also played a vital role in the decline in employment in the industrial sector of Umtata. Initially the unions aimed at harmonizing the relationship between the employer and the employee and also focusing on disparities with regard to the remuneration of workers, hence they stipulated the minimum wage for workers throughout Transkei. The industrialists who were used to the exploitation of African

labourers in Transkei could not accept such demands. In response to this, many industrialists decided to close their firms in Transkei and this resulted in the decline of industry in Transkei, including Umtata. The shrinking of the industrial sector reduced the number of industrial workers in the city (Transkei Development Corporation, 1992) and this in turn negatively affected the economic development of the city.

However, the decline became very acute with the integration of Transkei into greater South Africa. For example, the number of people employed in the industrial sector decreased from 7200 in 1995 to 4156 in 1998. (Transkei Development Corporation, 1994-1998). By the year 2000 only service industries like panel beating were found in Umtata’s industrial zones. Nevertheless, besides the restructuring of the industrial decentralization strategy in terms of tighter controls over spending and the phasing out of transport, housing and labour cost concessions, the implementation of the 4th RIDP scheme in Transkei in 1994 contributed to the drastic decline of the industrial sector . The cornerstone of the RIDP scheme was that an industry may relocate to where it has a natural comparative advantage. Since markets are a major pull in the location of industry many industries relocated near markets, in other words, in the four core regions of South Africa namely: Pretoria-Witwatersrand region, Durban-Pinetown region, Cape Town metropolitan area, and Port Elizabeth-Uitenhage region.

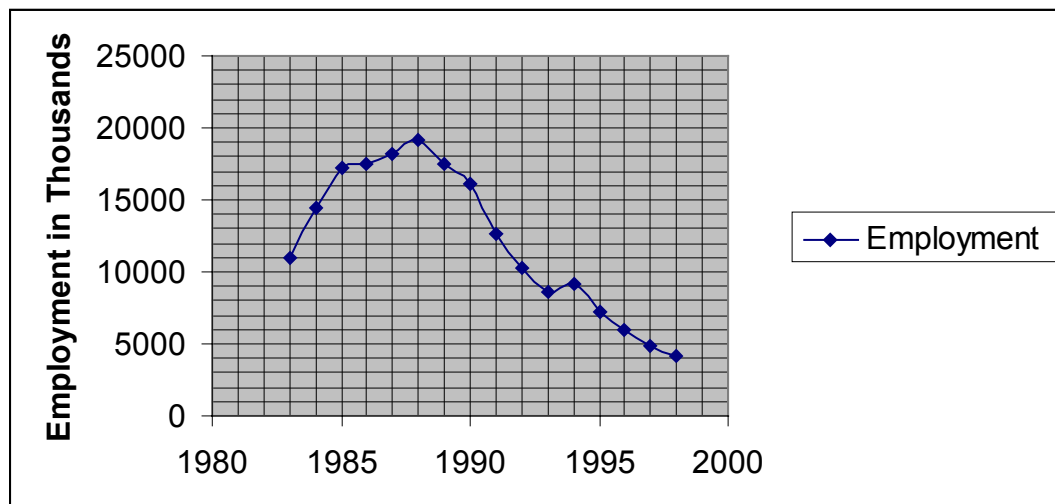


Figure 3: Employment trend in the Transkei industrial sector prior to 1994 and post-1994.

Table 3 reflects a fluctuating pattern of decline in industrial employment in Umtata. For example, there appears to be an increase in industrial employees in Umtata between 1994 and 1995. The main contributory factor for that was due to the net gain of a few industries and fewer retrenchments. (Transkei Development Corporation, 1992). Thereafter, the number of people employed in the industrial sector declined. The loss of the capital status in the city has partly been attributed to the shrinking of the number of employees in the industrial sector. As a consequence of this some industrialists decided to pull out of the city after its relegation to a lower status, relocating to a new capital city such as Pretoria or Bisho where their services were more needed. The printing industry and Vulindlela furniture manufacturing are the most appropriate examples. On one hand, Vulindlela, the main industrial area in Umtata is invaded by wholesalers, retailing shops, and service industries, for example, panel beating and brick making to mention but a few and on the other hand the Zamukulungisa industrial area has been rezoned for low and middle

income housing. The industrialists and the business people are of the opinion that there is nothing in Umtata for industries in the area. The Eastern Cape Development Agency (ECDA), during the post-apartheid era in Umtata is offering factory space at R3,40 per square metre and is assisting with the provision of accommodation, but there is no interest from the prospective industrialists to come to Umtata and open industries. The loss of the capital status has contributed to the unpopularity of the town to the industrialists.

	Year Employed	No of people Decline/Increase	Decline / Increase %
1994	1662	-	
1995	2350	+ 888	+ 60%
1996	1820	- 530	- 22%
1997	1570	- 250	- 14%
1998	1320	*	*

Table 3 Changes in employment in Umtata in the industrial sector 1994 -1998
Source: Transkei Development Corporation, 1995-1998.

Summary of the Economic development in Umtata between 1882 – 2000

The overall picture that is given in this paper regarding the economic development of the city is that:

- During the colonial era the city depended mainly on agricultural industry for its economic sector. The agricultural industry provided employment as well as raw material for the industrial sector in the town. The economic development was indigenous in nature and sustainable. This pattern of economic development continued until the outbreak of rinderpest incidence which resulted in labour migration from the town and the dependency of Umtata residents on migrant labour as another source of income in the town (Redding,1988).
- However, following the implementation of the territorial segregation which gave rise to the establishment of Umtata capital city, the economic development changed drastically. It was ‘artificially’ induced by the former South African Government. The traditional economy was disintegrated, which resulted in Umtata residents being less innovative. They were introduced to modern economy with emphasis on white-collar jobs. The civil service, corporation and the modern industrial sector became the main source of labour market and employment. In contrast to the pre-independence era, the sustainability of the economic development in the town was maintained by South African Government. In doing that, the previous government aimed at portraying to the public the success of South Africa’s independent planning or segregation. In many instances economic development was initiated from the top. The government played a major role in deciding for the people.
- Following the attainment of non-racial South Africa, which resulted in the integration of Transkei into South Africa and the “slaughtering” of Umtata capital status, employment

in the civil service, corporation and the industrial sector shrank. The city is now confronted with the problem of boosting its economic sector.

Umtata seeking its future development strategies

With the transfer of the central government functions from Umtata to Bisho and Pretoria the city was confronted with the difficult challenge of adapting to operating without the capital city functions which had been the backbone of its employment prior to the re-incorporation of Transkei into South Africa. Therefore, a search for appropriate strategies that will preserve Umtata’s economy in the post-apartheid era include the following:

- (a) The first proposal is that the government functions in Umtata should be expanded by relocating some of the provincial functions from Bisho to Umtata. Considering the extensive infrastructure and additional trained personnel that exist in Umtata it would seem reasonable to assume that the move can be possible. The choice of the departments to be relocated must be relevant to the needs of the rural, backward and poor community living in the former Transkei. As an example, the departments of agriculture and public works seem to be appropriate ones. The transfer of these departments would be in line with what the Zambian Government did to counteract the decline of Livingstone (former capital city of Northern Rhodesia – Zambia) after the relocation of capital city functions from Livingstone to Lusaka. Furthermore, this would also be in line with the German proposal for the preservation of economy in Bonn, that some government departments should remain in the former capital city (Ehlers, 1994; Thieme, *et al.*, 1994). The retaining of some of the government departments at provincial level would then provide employment for the Umtata community. Indeed, it is understandable that the main impediment to this proposal could be the motivation to eradicate apartheid but decentralization of provincial activities seems to be one of the viable options that would save Umtata from its decline.
- (b) The second proposal that may be undertaken in Umtata with some of the government functions is to make Umtata the main centre of computerization in the Eastern Cape. This would enable some work to be done in Umtata instead of being taken to the provincial capital at Bisho and this in turn would provide employment in the town. This proposal would build upon the concept of the global information age (Castell, 1998).
- (c) The third suggestion that may be undertaken with respect to the former Transkei corporations is that the headquarters of some be retained in Umtata, especially those which are geared to rural development. Transkei has limited industries or minerals and its people are found mainly in the rural areas primarily relying on agriculture for their survival. Therefore, it is envisaged that having the headquarters of agricultural corporations in Umtata will boost the economic sector in Transkei and the headquarters of the corporations in Umtata will also provide employment in the city.
- (d) The fourth proposal for the town’s economic preservation relates to the University of Transkei. Its expansion and development might be recommended as it would also provide people with employment opportunities and thus save Umtata from further decline. It was this strategy which promoted Zomba in Malawi after the loss of capital status. Ehlers (1994) had also considered the future expansion/development of the University of Bonn

as a viable option that would counteract the decline in employment in Bonn with the recent transfer of capital city functions back to Berlin (the German historical capital).

However, the success of expanding or developing the University of Transkei will depend on many factors, which include the following:

Firstly, the scientific potential and the readiness of the university and its academic staff to adopt new tasks and also adjust itself to new and innovative demands and challenges of the present time, that is, the 21st century particularly in South Africa. Secondly, the visions of both the university planners and academic staff as a source of innovative creativity not only for the university, but also for society at large. Thirdly, the ability of the University of Transkei to adjust to the new South African political framework regarding the role and the expectations of the South African institutions of higher learning in the 21st century. Fourthly, the ability of the university to adhere to the expectations of the people/society with regard to all kinds of academic excellence. So far, the prospects of expanding or developing the university hinge on the medical faculty as it is the only university in the Eastern Cape that offers a Medical School. Also the availability of infrastructure, in particular, the new 350 million rand hospital that is under construction in Umtata can be regarded as a valuable asset for the Umtata Medical School. Furthermore, the deposition of President Mandela’s papers in the University library would promote a research center akin to the American president libraries.

- (e) The fifth proposal is linked to the industrial sector. With regard to this sector small-scale services and manufacturing activities which are directed to the needs of local and overseas markets should be encouraged in the town. It is hoped that such a venture would make Umtata’s people employed. Given the extensive industrial infrastructure that now exists in the city (Vulindlela industrial area) it would be reasonable to assume that such a proposal can be facilitated. The industrial sector should be linked to Local Economic Development (LED). This move would be a “bottom up” approach for development from “below” which would center on increasing infrastructure investment in low-income communities. The nationally funded programmes particularly by public works programmes should be undertaken in the city. Improvement in infrastructure offers the most direct way of enhancing LED in Umtata. This can be implemented through its multiplier effects on employment creation, the creation of a conducive environment for activities of small, medium and micro-enterprises (SMME) and through productivity gains as a result of improved working environment. For example, the provision of services and facilities that would assist hawkers in Umtata, or that would allow Umtata residents to have their businesses operating at home. The types of businesses include dressmaking, guesthouses, leatherwork, small bakeries, etc. This would be in line with the United Kingdom and European Union’s recent trends in linking economic development to poverty alleviation (South Africa, 1998).
- (f) The sixth suggestion for the future development of the city is that retailing and wholesaling should be promoted. This would be achieved by providing a diversity of goods to be sold as well as the establishment of the national stores in the city. It is envisaged that retailing and wholesaling sectors could employ many Umtata residents. This in turn would boost employment opportunities in the city.
- (g) Lastly, intensive agriculture should be stimulated close to, and in the town and this could be achieved by the implementation of an agricultural plan for the peri-urban areas as well

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as urban agriculture. This move in turn could provide employment in Umtata and also provide Umtata’s secondary industries with raw materials.

Conclusion

Eradicating apartheid, in particular the main pillars of apartheid, is not an easy task. Therefore, it would seem reasonable to suggest that Umtata is going to take some time to restructure its economic sector. However, if the Umtata people can redirect their potential to skill development and back to agriculture they can speed the restructuring of the economic sector in the town. Also it should be taken into consideration that the problems to be faced in building a new South Africa in Umtata differ from other major South African urban centers. Indeed, there is no doubt that similar problems can be identified in other South African former homeland capital cities. Umtata’s experience pertaining to its local economy especially the labour market and employment prior to 1994 has revealed that it relied mainly on government and government-related activities. This is a sign of a skewed economic development. Proper economic development should be people-driven and also integrated. If it adopts these two trends it is likely to be sustainable.

The overall picture that emerges is that for provision of employment in Umtata during the 21st millennium it has to rely mainly on local initiatives. Government support is also needed to facilitate employment in the town. However, with the existence of inherited capital infrastructure and skilled personnel, it should be possible for Umtata to make use of these factors in revitalizing employment opportunities in the town. These will then provide a labour market and employment in the city.

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