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PROVINCIAL CITIES/Ann Bernstein and Sandy Johnston

Losing hope in the heartland

SA's secondary urban areas deserve closer attention. Early last year the Centre for Development and Enterprise embarked on a research project focused on Bloemfontein and Welkom. Our key concern was with the condition of SA's heartland — provincial cities and towns sandwiched between the dynamics of economic growth in the metropolitan areas and the poverty of rural areas.

It is outside the major metropolitan areas, in the places that are "halfway to everywhere" as Free Staters wryly put it, that development policies are most rigorously tested and deficiencies exposed. It is for this reason that we believe our findings and recommendations are of national, not merely local, significance.

In Bloemfontein, a comparison of the 1996 and 2001 census results show a city whose total population has risen from 603 704 to 645 441. The African proportion has increased, with other population groups static, except for whites, who are leaving. Economic growth is stagnating, unemployment is rising, with a brain drain of young, educated people.

There has been a spatial redistribution of growth in the city and a growing disjuncture between private and public growth initiatives. Enterprise formation, private development and investment are now taking place almost exclusively in

the western and northern suburbs, while public-spending priorities are largely in neglected former black townships of the southeast, and the official development plan prioritises the rehabilitation of the central business district.

Overall prospects of development are clouded by a sense of marginalisation, a "branch economy" with little local capital formation. Over the past decade, foreign investment in manufacturing (textiles) in the region has declined.

Bloemfontein seems unable to deliver on people's aspirations largely because of a lack of synergy between public and private sectors. In this respect, it is not unique. There is a wider collective despondency about the nature of the challenges, which are the challenges of "middle SA". These include: geographical isolation; slow, jobless economic growth; little external or local fixed investment; incomplete racial reconciliation, and emigration or internal migration of the young and smart.

This diagnosis does not portend well

for the city or the province. The critical concerns for Bloemfontein cannot simply be those of coping; they must be issues of national and global competitiveness in common with other similarly sized and located cities worldwide.

In Welkom, both population and confidence are shrinking. On most economic indicators it is the consistently worst performing urban area in SA, a feature mitigated slightly by some economic dynamism in selected "new economy" areas.

One trend in Welkom is so dominant that it dwarfs all others — the decline in cost-effective gold mining, on which the town's economy was founded.

In differing ways, both case studies show how difficult it is to adapt to challenges and overcome vulnerabilities to changing trajectories of economic development. Stakeholders in both areas seem aware of the problems. Plans have been produced at provincial and municipal level in response to government devolution of responsibility for development.

However, such planning has been

slow to produce results. Our interviews with civic, business and government leaders revealed a lack of synergy between public and private sectors and the absence of a common understanding of growth. Local business organisations are too concerned with political priorities at the expense of growth and developmental initiatives, while political leadership does not fully understand what is needed if the private sector is to create jobs.

The different aspects of implementation are not being handled effectively. There is no real common vision of growth or agreed programme of action and prioritisation among the key role players, and little effective involvement by provincial or national government.

Our reluctant but inescapable assessment is that there is little prospect of achieving the kind of growth needed in either of these two cities or in many others across SA. There is a missing link in development strategy, namely genuine trust between public and private sectors and a collaborative mind-set.

■ Bernstein is executive director and Dr Johnston is senior associate at the Centre for Development and Enterprise. This article is based on a new publication by the centre: *Growth and Development in SA's Heartland — silence, exit and voice in the Free State*.

'In Welkom, both population and confidence are shrinking'

