

THE ECONOMIC DEVELOPMENT OF THE TRANSKEI



University of Fort Hare
Together in Excellence

Editor : W. BACKER

WHAT OTHERS SAY ABOUT THIS BOOK

The vast disparity between the material well-being of the so-called "developed" and "underdeveloped" countries of the world underlies much of the strife afflicting 20th century humanity. In microcosm, the situation of South Africa is further bedevilled by the categorisation of the population into "haves" and "havenots" mirroring ethnic divisions to an unfortunate degree—thus complicating the solution to a problem essentially no different from that obtaining in homogeneous societies plagued by areas of apparently intractable poverty.

Economic development in the Bantu Homelands is, therefore, an exercise not only in the cultivation of socio-economically backward peoples in primary, secondary and tertiary industrial fields, but also in advanced applied political science and public administration calculated to remove, at source, grounds for inter-racial tension arising from the vicious circle of poverty affecting the indigenous peasantry.

As a concise statement of the many problems facing those charged with the development of the Transkei, in particular, and as stimulus for thought towards constructive solutions to those problems, the student of political science and public administration, as well as the practitioner, will find *The Economic Development of the Transkei* a most welcome addition to his bookshelf.

P. P. WRONSLEY.

Secretary: Public Service Commission,
Transkeian Government.



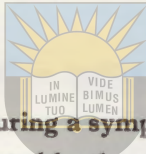
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"This publication, ... of Fort Hare University, is a must for every library".

Daily Dispatch, 1.5.70.

THE ECONOMIC DEVELOPMENT OF THE TRANSKEI



**Papers read during a symposium
presented by the
University of Fort Hare
FORT HARE ECONOMIC SOCIETY**

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PREFACE

Fort Hare is the University which is situated on the threshold of the independent homeland of the Xhosa tribes—the Transkei, and it is therefore the task of this University to give direction and guidance to not only the political development of the Transkei, but also to the economic and social progress of the territory. Five years have elapsed since the first Transkeian Government occupied the Bunga, and the Economic Society of Fort Hare considered this to be its task to create an opportunity during which the economical development of the Transkei could be examined and discussed critically from different points of view.

This symposium has also been organised in order to make the Transkeian inhabitants conscious of what already has been accomplished economically and what would be expected of them regarding their contribution to the economic growth of their homeland. This further serves as a source of information to those interested in the development of the Transkei.

Throughout the symposium a large audience attended, and it was with great satisfaction that we could welcome to the symposium His Hon. the Chief Minister of the Transkei, his secretary, heads of state departments of the Transkei Government as well as representatives of the Ciskei Tribal Authorities. The Transkeian representatives were found to be authoritative sources of information on relevant problems. Fort Hare students, of whom large numbers have never been to the Transkei, have stated outrightly that this symposium has been a valuable source of information to them on the present conditions in the Transkei.

The papers cover a wide field of study. The theme of the opening address of the Chief Minister of the Transkei is the actual contribution of every citizen of the Transkei by strenuous personal exertion and diligence in the general development of the Transkei. In more than one paper attention is paid not only to the general tendencies of the present nature and pace of economic development, but also to future prospects with regard to the economic development of the Transkei. A careful analysis is made of the financial assistance given to the Transkei in

order to keep the state machinery going and to stimulate economic growth. The role of the Xhosa Development Corporation regarding the development of the Transkei is emphasized in several papers. Particular attention is given to the relationship between economic development, education and agriculture. The paper on employment opportunities for graduates in the Transkei is of particular importance in the planning of manpower required for the development of the homeland.

The Economic Society is indebted to the speakers for compiling and presenting their papers and also to the rector of Fort Hare, Prof. J. de Wet, by whose kind support and co-operation this symposium has been presented at Fort Hare.

We are convinced that students who study the problems of the Transkei as well as planners of development of other homelands in South Africa will find this edition most useful.



W. BACKER,
*President of the Fort Hare
Economic Society.*

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VOORWOORD

Fort Hare is die Universiteit wat geleë is op die drumpel van die onafhanklike tuisland van die Xhosa volkseenheid—die Transkei. Dit is dan ook die taak van hierdie Universiteit om leiding te gee in nie alleen die staatkundige ontwikkeling van die Transkei nie, maar ook in die ekonomiese en maatskaplike ontwikkeling daarvan. Vyf jaar het verloop sedert die eerste Transkeise Regering die Bunga betrek het. Die Ekonomiese Vereniging van Fort Hare het dit sy taak geag om hierdie geleentheid te benut om die ekonomiese ontwikkeling van die Transkei vanuit verskillende oogpunte krities to laat beskou.

Hierdie simposium is ook beplan om die Transkeise inwoners bewus te maak van wat hulle alreeds bereik het op ekonomiese gebied en wat in die toekoms van hulle verwag sal word. Verder dien dit as bron van inligting vir diegene wat belangstel in die ontwikkeling van die Transkei.

Die simposium het deurentyd 'n groot gehoor getrek en dit was besonder bevredigend om die Hoofminister van die Transkei, sy sekretaris, hoofde van die staatsdepartemente van die Transkeise Regering sowel as verteenwoordigers van die Ciskeise Gebiedsoowerheid hier te kon verwelkom. Die Transkeise verteenwoordigers was 'n waardevolle bron van inligting t.o.v. die vraagstukke wat bespreek is. Studente van Fort Hare van wie groot getalle nog nooit 'n besoek aan die Transkei gebring het nie, het onomwonde verklaar dat hierdie simposium voorwaar 'n uitmuntende bron van inligting was vir hulle aangaande die omstandighede wat in die Transkei heers.

Die referate dek 'n ruim veld van ondersoek. Die openingsrede van Sy Edele die Hoofminister van die Transkei het as tema die daadwerklike bydrae van elke burger van die Transkei deur inspanning en ywer tot die algemene ontwikkeling van die Transkei. In meer as een referaat word nie alleen aandag geskenk aan die algemene ekonomiese tendense van die huidige aard en pas van ontwikkeling nie, maar daar word ook 'n toekomsblik gewerp op die jare vorentoe. Finansiële hulp wat aan die Transkei verleen word om die staatsmasjinerie en ekonomiese ontwikkelinge aan die gang te hou word sorgvuldig ontleed. Die bydrae van die Xhosa Ontwikkelingskorporasie t.o.v. die ontwikkeling van die Transkei word deur verskeie referate beklemtoon. Die ver-

wantskap tussen die ekonomiese ontwikkeling en die onderwys en landbou het besondere aandag gekry. 'n Referaat oor werkgeleenthede vir gegraduatees in die Transkei is van besondere belang t.o.v. beplanning van mannekrag benodig vir die ontwikkeling van die tuisland.

Die sprekers word van harte bedank vir die opstel en voordra van die referate, asook die rektor van Fort Hare Prof. J. M. de Wet deur wie se bemiddeling die simposium te Fort Hare aangebied kon word.

Ons is oortuig daarvan dat studente wat vraagstukke van die Transkei bestudeer, sowel as beplanners van die ontwikkeling van ander tuislande in Suid-Afrika, die inhoud van hierdie boek nuttig sal vind.

W. BACKER,

*President van die Ekonomiese
Vereniging van Fort Hare.*



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SPEECH BY THE CHIEF MINISTER

As Chief Minister and Minister of Finance in the Transkei I understandably have a very real and direct interest in the topics chosen for the symposium. Can anything be of more vital importance to the Government of an as yet relatively underdeveloped country than its economic progress?

Development in the political field is of course very important to us in the Transkei. That no one will deny. But, as I have so often said, economic viability is prerequisite to our further political aspirations. Political independence without a sound economic structure is an empty shell as so many emergent states can now testify.

The problem of how best to develop the Transkei is always foremost in my mind. I have done much hard thinking and soul-searching. I have referred to this problem on innumerable occasions. The problem is a very real one and a lasting solution will call for urgent and drastic activating by the Republican as well as my own Government and by responsible Transkeian citizens in general. You must accept that economic development in the Transkei is the earnest desire of the Republican Government and that to the Transkeian Government it is priority no. 1. The speakers at this symposium must accept this as one of the given factors.

There are of course those who believe that the tempo of economic development, in the situation with which we in the Transkei are faced, is determined by one factor only, i.e. the amount of money made available either by way of capital for new undertakings or by way of government subsidization. Let me say emphatically that in the situation, as we find it in the Transkei today, this is not the case. With money alone we cannot hope to achieve satisfactory and lasting results.

During his visit to the Border area in March this year the head of the Industrial Development Corporation, the world famous Dr. H. J. van Eck, the man who probably has a greater share in guiding South Africa's industrial development than any other man, said development was not a one-sided thing. There has to be initiative on both sides, he said.

We must then accept as a second given factor that when funds are poured into any area for development, that area or rather its inhabitants *must* respond by showing the necessary initiative in accommodating those funds on a productive basis. By this I mean that the people of the territory must show the willingness, energy, initiative, adaptability, aptitude and responsibility to learn to run industries and other projects made possible by investment of funds. The inhabitants must have *the honest desire* to provide management and technical skills and above all a willing, reliable, permanent and thoroughly activated labour force. They must have the *will to succeed*.

If the Xhosa people at present fail to meet these requirements then the duty rests on us, the leaders of the Ama-Xhosa people, and on you, our future leaders who are at present studying at this University to instill in our people this will to succeed, to activate and educate them to greater heights of achievement and to shake them out of their bonds of apathy and complacency.

Our whole approach to advancement and development must be changed from one of an undue readiness to accept what others do for us to one of personal effort and achievement. Instead of leaning so heavily on others to solve our problems and to plan for our future, we must brace ourselves to face our own problems and to plan our own future.

Should other retarding factors to the speedier economic development of the Transkei perhaps be the lack of raw materials or conveniently situated markets, or a suitable communication system, or our approach to schooling with the accent on academic subjects, or our approach to land tenure, or our tribal and family system, then this symposium might attempt to provide honest answers to them.

As I said earlier the lack of funds has often been put forward as a reason or an excuse for the non-participation by the Xhosa people in industrialisation or in commerce on any scale worth mentioning. This has undoubtedly been an important contributory factor in the case of the individual. But can it honestly, with the advent of the Xhosa Development Corporation, still be so regarded?

What is the position in so far as group enterprise is concerned? Statistics prove that our citizens can and do save considerable sums, but that they are inclined towards gilt-edged investments. Their field of

investment does not extend to include the formation of public companies. Group capital formation has not taken root amongst my people. This phenomenon can again be attributed to many factors and I am sure that the speakers to follow will find this a very interesting and ponderable subject for further research.

It would of course be folly to force the pace of economic development beyond the present capabilities of the people, but it would be even greater folly not to strive at this juncture for a far better utilization of our human material. Our development is dependant firstly on the better use of our bodies and our brains, or to speak plainly, greater productivity.

There is, I am afraid, no shortcut for us—we must educate and activate in the shortest possible time and without undue regard to cost.

With all the fertilizer and water in the world you cannot grow a big strong tree in a season. The roots and the branches multiply and spread faster and faster as the tree grows. You can encourage and even force growth up to a point, but nature must take its time. Just so with our development. We can do everything possible to accelerate, activate and educate, but human development (which to me is synonymousto economic development) is not an overnight process. Like the tree it will take a few seasons yet to achieve economic viability notwithstanding the implementation of the so-called agency basis for providing capital and notwithstanding subsidies and other “perks” designed to force growth.

Gentlemen, the soil has been provided. You must advise how best to cultivate, fertilize and water it so as to achieve the optimum growth. You must advise what tree to plant and what fruits we need most. You must decide where to graft and where to prune and in the process I am sure that there will be many fruitful ideas put forward by the speakers to follow. We will listen carefully to them and any advice they have to offer.

Gentlemen, the economic development of the Transkei presents a complex problem and I have touched upon a few of the basics only. There are of course many other matters incidental to the problem of how to develop the Transkei—matters such as taxation, differential education and compulsory education, deductions from wages earned by citizens working outside the Transkei to enforce greater spending

in the Transkei—all matters which can influence economic growth. But let me in the time permitted confine my remarks today to the matters which are basic to our problem.

I have said (and I shall continue to say) that our first objective should be agricultural development—we have the land, a wonderful land, and we have the labour which need not necessarily be very skilled. Combine these two elements and you have what is referred to in some quarters as a “natural”. The development of all our natural resources must come first and foremost. Also we must give preference to projects where unskilled labour will predominate, which will provide employment to the greatest number of our people and which will process our own produce and raw materials.

Our second objective should be to find the necessary capital and skills for industrialisation. On this subject, while piloting the Transkei Development and Revenue Fund Bill through the Legislative Assembly in 1964, I remarked as follows:

“Our trouble is therefore that whilst the development of the Transkei, by free private white capital, should for very valid reasons not be allowed, it would also be unrealistic to depend on private black capital or initiative alone to stimulate such development.

“I, however, firmly believe that there must be a solution to this dilemma. One solution would of course be industries started with government capital and managed by the Transkei Government itself. Although this might be a feasible proposition in the case of certain major undertakings it would obviously, for reasons which I need not enumerate here, not be a sound or wise long-term policy. Private capital and initiative should be allowed to play its part in the development of the territory.

“Another possibility which I think should receive serious consideration is to allow private white enterprise to establish industries in the Transkei provided that this government be allowed to have a controlling financial interest in such undertakings. We could under such a scheme take up shares or supply 51% of the capital of such undertakings and then allow white initiative to establish and run the undertakings.

“Should such a scheme eventuate it would be essential to lay down a

well-defined policy and explicit conditions before embarking thereon. I have in mind stipulations concerning—

- (a) the proportion of White workers to Bantu workers in such an undertaking;
- (b) the gradual withdrawal of white workers and the progressive advancement of the Bantu workers; and
- (c) the eventual take-over of the whole undertaking by the Bantu.

“It is clear that any such scheme or policy should be properly investigated and considered. We should also develop and embark on such a policy only in close collaboration with the Government of the Republic of South Africa.”

Add to this the ideas embodied in the Honourable the Minister of Bantu Administration and Development's speech on the 4th March this year when he addressed the Federated Chamber of Industries in Cape Town, and I think you will agree that we have gone a long way in solving the question of how to establish and finance new undertakings in the Transkei.

The Minister explained the “Agency basis” in detail. He said that this system had worked extremely well in connection with mining concessions in some of the other homelands and also in connection with certain industrial undertakings, e.g. forestry, sawmills, etc.

He explained that fundamentally the object was to develop and activate the people in each of the Bantu homelands as *nations* to enable them as separate *nations* to take care of all activities, including economic matters, *for that nation*. At the same time assistance should come from outside the homeland. Profits are not the main object—employment opportunities and general growth are of greater importance to that nation.

He said that white agencies would be allowed to carry out mining and industrial development in the various homelands but not to their exclusive advantage. They must play a secondary part in that they cannot obtain rights of land ownership and other permanent or entrenched rights. They may be assisted in various ways by governments and semi-government bodies and can obtain rights of occupation, royalties and commissions or might have to surrender a percentage of

profits. Agreements with agencies will be for fixed periods of workable length so that their enterprises can in the course of time pass into Bantu hands.

The necessary infra-structure will be the Government's responsibility and, if necessary, wage, housing and labour laws can be divorced from those of the Republic. The Minister announced also, and this is important, that all the border industry concessions would apply also to manufacturers establishing factories in the Bantu Homelands.

From what the Minister of Bantu Administration and Development said, it is clear that would-be agents operating in the Transkei will be kept in no doubt as to the terms and conditions under which they will be starting their undertaking, and a position such as the sudden nationalisation of the copper mines in Zambia should never arise.

Would-be entrepreneurs entering the Transkeian development program can be assured that they are very welcome in the Transkei. We will honour all long term arrangements entered into under the "agency basis" and we will by all possible means at our disposal create and maintain that favourable political climate in the Transkei which is so essential for industrial development and economic growth.

Gentlemen, my time, I think, has expired, but in closing allow me to congratulate those responsible for arranging this symposium on their foresight and to express the hope that the lectures to be offered here today and tomorrow will serve to guide our policies for the future and will lead directly to an era of development and prosperity in the Transkei.

THE ECONOMICS OF DEVELOPING COUNTRIES WITH SPECIAL REFERENCE TO THE TRANSKEI

By

Prof. D. HOBART HOUGHTON

It is with some trepidation that I address you on this theme for two reasons. The first is that the literature on economic development is so vast and is increasing so rapidly that I cannot keep pace with it; the second is that although I grew up in Umtata, I left the Transkei in 1928, and much water has flowed under the Kei bridge since then. Many of you know much more about the Transkei than I do.

Time does not permit me to give you a summary of the literature on development and most of you are well acquainted with it. I shall merely select certain points which in my opinion are relevant to the Transkei at the present time. Hla Myint's distinction between *underdeveloped* and *backward* is perhaps a useful starting point. You will recall that he uses underdeveloped and developed in relation to the natural resources of a country, and backward and economically advanced as a description of the people who inhabit it. In this sense, Israel is an underdeveloped (or developing) country. But, its people can certainly not be regarded as backward because they exhibit remarkable ability to bring about the economic advancement of their land. The Transkei is an underdeveloped area, but we have also to recognise that its people are economically backward. This makes the task of development greater because not only must the natural resources be developed but the people must be taught how to bring about the necessary transformation of their economy from the existing low level of productivity, and how to adopt new methods to transform the production function so as to increase output in all sectors of the economy. The Transkei at present is a stagnant economic backwater and exhibits many of the characteristics so ably described by Ragnar Nurkse. Many of the poor countries of the world are confronted by this problem and because of their poverty they lack the capital and enlightened economic leadership necessary to make full use of the natural resources which they possess. The following passage from his book—*Problems of the Capital Formation in Underdeveloped Countries*—is so apposite to the Transkei that I shall read it to you:—

"In discussions of the problem of economic development, a phrase that crops up frequently is 'the vicious circle of poverty'. It is generally treated as something obvious, too obvious to be worth examining. I hope I may be forgiven if I begin by taking a look at this obvious concept.

"It implies a circular constellation of forces tending to act and react upon one another in such a way as to keep a poor country in a state of poverty. Particular instances of such circular constellations are not difficult to imagine. For example, a poor man may not have enough to eat; being under-fed, his health may be weak; being physically weak, his working capacity is low, which means that he is poor, which in turn means that he will not have enough to eat; and so on. A situation of this sort, relating to a country as a whole, can be summed up in the trite proposition: 'a country is poor because it is poor'.

"Perhaps the most important circular relationships of this kind are those that afflict the accumulation of capital in economically backward countries. The supply of capital is governed by the ability and willingness to save; the demand for capital is governed by the incentives to invest. A circular relationship exists on both sides of the problem of capital formation in the poverty-ridden areas of the world.

"On the supply side, there is the small capacity to save, resulting from the low level of real income. The low real income is a reflection of low productivity, which in its turn is due largely to the lack of capital. The lack of capital is a result of the small capacity to save, and so the circle is complete.

"On the demand side, the inducement to invest may be low because of the small buying power of the people, which is due to their small real income, which again is due to low productivity. The low level of productivity, however, is a result of the small amount of capital used in production, which in its turn may be caused at least partly by the small inducement to invest.

"The low level of real income, reflecting low productivity, is a point that is common to both circles. Usually the trouble on the supply side receives all the emphasis. The trouble there is certainly obvious and serious, and some aspects of it will be thoroughly

gone into later. But the possible block on the demand side, once one becomes aware of it, is also fairly obvious, though it may not be so serious, or so difficult to remove, as the supply deficiency."

One of the great difficulties of modernising an economy of this kind is that the inducement to invest is inhibited by the small size of the market. In such a situation the application of capital to the establishment of factories, for example, is unlikely to be profitable because the people are too poor to buy the output of these factories. Moreover, the economies of large-scale production make the cost of production in a larger factory so much less than that in a small one that the gradual expansion from small-scale activity to large-scale activity is not feasible. For this reason, it is often said that some "big push" is necessary to lift the country out of this economic backwater. We shall return to this point later.

It is sometimes said that the Transkei is too small to be economically viable. The area of the Transkei is 16,500 sq. miles and this is a very small territory in relation to the Soviet Union, the United States or even the Republic of South Africa, but it is well to look at its area in relation to some other countries in which the population enjoys a high standard of living. The Transkei is 13 times larger than either Belgium, or the Netherlands; it is about the same size as Switzerland and Denmark; and all these four countries rank with the highly developed countries of the world, so that mere size is no real hindrance. Coming nearer home it is interesting to observe that the Transkei is considerably larger than either Lesotho or Swaziland both of which countries are now independent states, and its possibilities for development would appear to be no less favourable than either of these two.

The Transkei lies between the 10,000 ft. mountain range of the Drakensberg and the sea in the relatively high rainfall area of the Eastern part of Southern Africa. Practically the whole of its economic activity at present is derived from farming, but the land surface is highly vulnerable to bad farming practises for the rivers fall from 10,000 ft. to sea level in a few hundred miles. Thus topography makes the danger of soil erosion great and constant vigilance is essential. The Transkei has several excellent rivers, but it lacks the flat plains where this water can be utilized for irrigation farming by means of furrows and canals and the alternative method of overhead irrigation requires

very large capital outlay. Moreover, many of the slopes are too steep to be safely put under the plough. Even as far as stock farming is concerned the land is highly vulnerable, because if over-stocking removes the vegetation cover the top soil is easily washed out to sea. This process has been going on for some time and much irreparable damage has been done by bad farming.

The 16.500 sq. miles of the Transkei is an area equal to about 4.5 million morgen. Of this some 300,000 morgen is unsuitable for farming purposes, leaving 4.2 million morgen, and of this less than 1 million is suitable for arable farming. The resident population of the Transkei at the 1960 census was:

Bantu	1,387,000
White	14,000
Coloured	11,000
Total	1,412,000

To this should be added some 204,000 migrants temporarily absent, making the total domiciled population at that time 1,616,000. The population was overwhelmingly composed of Xhosa-speaking Africans, giving a measure of linguistic and racial homogeneity found in few other areas of Southern Africa. To estimate the present population (1969) some 200,000 to 300,000 should perhaps be added. It is therefore reasonable to assume that the population of the Transkei today is between 1.9 million and 2 million, of whom some 233,000 are probably out at work in the industrial areas of the Republic at any given time.

The Gross Domestic Product of the Transkei for the year 1966/67 has been given as R68 million¹, and a breakdown of this is attempted in the *Monthly Bulletin of the Bureau of Economic Policy and Analysis* of May 1969. It is attributed to sectors as follows:

	%	R(millions)
1. Agriculture and Forestry	43.7	30
2. Public Sector (Central Government Transkei Government etc.)	23.3	16
3. Other i.e. Trade, Commerce, Transport Services etc.	33.0	22
Total	100.0	68

¹Hansard, 1969, Col. 7138, R67.68 million.

This is, however, the Gross Domestic Product and to estimate the income available to the inhabitant of the Transkei, depreciation should be subtracted. I know of no estimate of this figure. Moreover, the income accruing to whites in the Transkei should also be subtracted to arrive at that income available to Transkeian citizens. Then, too, remittances from emigrant workers should be added. It has been estimated that temporary migrants from the Transkei earn R76 million working in the Republic, and that some 20% of this is probably remitted home. If these figures are anywhere near correct, the fact that emigrant workers earn more than the total Gross Domestic Product of the Transkei reveals clearly the low productivity of Transkeian agriculture which accounts for the greater part of the National Product of that territory.

At present there is little industrial activity in the Transkei. A few small factories have been established, but their total employment at present is an insignificant percentage of the population. Even in the tertiary sectors development has been slow, and until recently most of the trade, commerce, banking, insurance and transport has been in the hands of white people. Now, however, Africans are moving into these fields at a fairly rapid rate, assisted greatly in the case of trading by the Xhosa Development Corporation. We noted earlier that, by and large, the people of the Transkei lacked entrepreneurial experience and were unfamiliar with the intricacies of modern economic institutions. How many Transkei citizens have, for example, ever received a cheque or operated a bank account, or are familiar with a balance sheet or a profit-and-loss account. It is easier to enter the commercial field in a small way and gradually to accumulate capital and know-how, than it is to enter the manufacturing and industrial field. Industrial undertakings usually require vastly more capital and technical skill and cannot easily be started on a small scale and gradually expanded because the type of machinery installed and the planned volume of output are usually related to output before the enterprise is commenced. Commerce, therefore, can provide a useful training ground in entrepreneurship and be an introduction to modern economic institutions.

Like trading, road transport services can provide an education in the elements of modern economic activity and can be commenced on a

relatively small scale. This activity appears to be expanding fairly rapidly and should be encouraged. Perhaps the South African Railways Road Transport Services might gradually be withdrawn in the Transkei to enlarge the area for operation by private enterprise.

The economic problem of the Transkei can be briefly stated as that of poverty and low productivity of labour which is the result of the large proportion of the population that is engaged in inefficient self-sufficient agriculture. The average yield of maize is still, I believe, only about 2 bags per morgen, but with better agricultural methods it could be raised seven or eight fold. There is therefore an urgent need to draw a significant number of people out of peasant farming into more productive undertakings. In other words greater economic diversification of the Transkei combined with a transformation of its agriculture are the objectives to be sought.

How are these to be achieved? There is vast literature on the strategy of economic development, and for any particular country this strategy must be related to the existing resources both natural and human. It is clear, however, that what is required is a vast increase in the productive capacity of the land and its people, and this can only come about by an increase in the physical capital of the territory. This must of necessity involve heavy investment outlays, but poverty precludes any large volume of domestic saving. The Transkei will therefore have to rely fairly heavily upon investment from outside. Until recently, private capital was precluded by Government policy from moving into the Transkei, but this has recently been somewhat relaxed with safeguards for the interests of the people of the Transkei. Private capital is now permitted to seek investment in the Transkei if operating under the aegis of the Xhosa Development Corporation. Nevertheless, a large inflow of private industrial capital cannot really be expected because the Transkei has little to offer as an investment area. The great difficulty of persuading industrialists to go to the East London/King William's Town area which lies on the main railway line between the port of East London and the Southern Transvaal, illustrates the reluctance of private enterprise to go to an undeveloped and unproven location. Deep in the Transkei the reluctance would even be greater because any disadvantages of location in the Border area would be magnified in Umtata or elsewhere in the Transkei interior. Nevertheless, every

encouragement should be given to private entrepreneurs to establish in the Transkei area and reasonable inducements should be offered to them. I would have thought that the long term interests of the Transkeian citizens would have been satisfactorily met if white capital were allowed to establish itself in the Transkei without any restrictions whatsoever save that (1) a percentage of the shares in the company should be made available to Transkei citizens at a progressive rate, so that, after a reasonable period of time, the majority of shares should be held within the Transkei and (2) that in the sphere of employment there should be a guaranteed policy of training Transkei citizens as rapidly as possible for skilled and managerial jobs, so that ultimately these industries would be entirely staffed by people from the Transkei. It was suggestions on these lines that were put forward by Professor Arthur Lewis in his recommendations for Ghana some years ago and they seem to me to have great merit. Although there is great poverty in the Transkei this does not preclude some domestic saving and investment taking place there. Very considerable sums of money are at present going to waste, and the heavy stock losses experienced during the recent drought illustrate very clearly that, had this stock been sold in its prime before it died of starvation, a considerable sum of money should have been realized. Another possibility to consider might be a development tax on emigrant workers seeking employment in the Republic, so that a portion of their earnings there might be directed to capital formation within the Transkei. Borrowing from the Republic, and perhaps Government subvention by the Republican Government, must also be used as major sources of development capital. Approaches through the South African Government to the World Bank and other international agencies should also not be precluded.

Although everything should be done to encourage the establishment of viable manufacturing concerns, it should, however, be remembered that a capital investment of between R5,000 to R7,000 is probably required to provide employment for one industrial worker and something in the order of R250,000,000 would be required to provide 50,000 industrial jobs. Therefore, rapid industrialisation of the Transkei would appear to be financially quite unrealistic. Moreover, as the critics of the 'big push' philosophy have pointed out, it is not only capital that is required, but also all the co-operating factors of pro-

duction. Where would the skilled labour, industrial know-how and entrepreneurial ability be found for rapid industrialisation on this scale? A realistic appreciation must therefore be that large scale industrial development is unlikely to occur in the Transkei in the near future.

The 'vicious circle of poverty' has been breached in many countries by the discovery of rich mineral deposits whose exploitation attracted foreign capital and provided the finance necessary for developing the infra-structure. As these mines developed they generated sufficient income to transform the whole country and to enable it to 'take off' into a higher level of economic activity. This is what diamonds and gold have done for the Republic. No such mineral deposits have yet been revealed in the Transkei and although detailed prospecting has not been carried out in most parts of the territory it would be unrealistic to rely on a windfall of this nature. Development must, therefore, be based primarily upon the transformation of farming within the Transkei, and on the gradual development of secondary and tertiary activities relative to this agricultural advance.

There are those who decry the possibility of major development based upon agriculture but I think they are unduly pessimistic. The present low productivity of farming gives reason to expect that with relatively, small investment in ploughing machinery, in fertilizers and in better quality seed, a major advance could take place. Theodore Schultz in his book—*Transforming Traditional Agriculture*—lays very great stress upon the improvement that can arise from expenditure on the education of peasant farmers. This should, of course, be part of a co-ordinated plan for development which would include a general review of the system of land tenure and the organisation of peasant agriculture. Much is being done at present by the Department of Agriculture and some spectacular results have been achieved in certain betterment areas, but I wonder whether a more fundamental approach is not called for at the present time, which should include experimentation in large-scale farming activities organised on some scheme of public company or collective tribal ownership. At the present time the Transkei cannot feed itself, and a first objective of development should be to ensure that the people of the Transkei, both at present and for the foreseeable future, are provided with sufficient food from their own territory. I believe that this is within the bounds of possibility. The

monoculture of maize, often on unsuitable soils, has long been a curse of Transkei agriculture. A sound system of crop rotation should be applied throughout the land and the exploration of alternative crops with a higher cash yield should be intensified. Forestry too has great potential and conifers like *pinus radiata* and *pinus patula* thrive in the mountain regions and eucalyptus and acacia plantings should be expanded for hard wood and for fuel. The provision of fuel for domestic use is of great importance because at present cow dung which should go into the fields is used for this purpose. Further improvement in animal husbandry is also essential and requires controlled grazing and quality stock breeding. Much has been done in these directions by the competent and dedicated agricultural officers, but a popular drive and the enthusiastic support of the people as a whole is necessary if it is to be really effective, as it can be, given the determination to make the necessary changes in the social life of the people. A four-fold increase in the agricultural output of the Transkei would have a major effect upon the whole economy because agriculture plays such a large part in the generation of the Gross Domestic Product, and the effects of increasing income would make their influence felt on both secondary and tertiary activities.

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Another field in which development is urgently necessary is in improving the transport system and the general infra-structure of the territory. In comparison with some African territories, the transport system of the Transkei may appear to be reasonably advanced, but one of the matters which should receive a thorough investigation is the desirability of providing a railway link between the Cape Eastern sector and the Natal sector of the railways. The possibility of extending the line from Umtata to Kokstad has been discussed for many years and there was considerable opposition to this from the merchants of East London who feared that a link between Umtata and the Natal section might drain some of their wholesale trade from East London to Durban. The mere fact of this fear leads me to believe that perhaps it might be in the interests of the Transkei to strengthen its links with Natal where economic development is occurring at a much more rapid rate than has been the case over the last half century in the Border areas of the Eastern Cape. Some of the main roads in the Transkei are excellent, but much still remains to be done to the subsidiary roads if

agricultural produce is to be brought effectively to market and the trade and commerce of the area is to be advanced. In an underdeveloped country where there appears to be concealed unemployment of labour, it might seem that road making and other infra-structure development should employ labour-intensive means, but it should not too readily be assumed that labour-intensive methods are to be preferred. Oskar Lange in—*Economic Planning and International Co-operation*—writes:

“Thus there emerges the dilemma in underdeveloped countries whether to use methods which are less labour intensive, provide less employment, but rapidly increase output and national income, or whether to choose methods which are labour-intensive but which lead to a slower rate of output and national income. The decision to be made depends on the period for which you plan. If planning is made only for a short period, then one might argue that the most labour-intensive method is the best because it leads most rapidly to the absorption of unemployment or underemployment. However, if you take the longer view of development, then you find the following. By investing in methods, as well as in industries, which yield a rapid increase of output, you get more rapid increase in the national income.”

In the establishment of factories it is seldom found profitable to install obsolete labour-intensive machinery because technological progress has been so great that no matter how hard they may work, men with less efficient machines cannot compete with those with the more efficient equipment. Territories like the Transkei should seek industries which from their general nature are labour-intensive because labour is still a plentiful factor of production, but they should not attempt to employ labour-intensive techniques when more modern techniques are available. In the general strategy of industrial development care should be devoted to the selection of the fields of industry most likely to be appropriate, and attention should be paid to the possible expansion of local markets, the possibilities of export and various backward and forward linkages of any particular industrial enterprise.

All these things lead me to the belief that the two most urgent requirements for the Transkei's economic development are the

establishing of an effective statistical office at Umtata for the Transkei and the appointment of a Commission to advise on the broad lines of economic development. I believe the first of these is about to occur. One of the greatest difficulties in planning economic development in underdeveloped territories is the lack of reliable information on which to base projections for the future and plans for growth. The sort of information that is required for the Transkei is information about population, population growth and migration; information about the Gross Domestic Product and changes in the Gross Domestic Product, information about capital investment, and in particular some sort of cost/benefit studies of the outlays by the Department of Agriculture on betterment works and agricultural rehabilitation. As much information as possible should be assembled on employment, both aggregate employment and employment opportunities at various grades of skill, together with data relating to wages and employment earnings.

Lastly, educational facilities should be studied in relation to manpower problems and the anticipated demands for various skills as development takes place. Under manpower I include woman power, and I believe there to be many opportunities for the employment of girls as typists and secretaries and that this demand will increase.

What I had in mind in suggesting a Commission was that it should be appointed by the Transkeian Government to advise on economic development and resemble the missions sent out by the World Bank to particular underdeveloped countries to make an assessment of their present position and the possibilities of development. Such a Commission should be small and should consist both of members of the Transkeian Government or Civil Service to ensure their commitment to the project and provide the local knowledge, and experts from the Republic and, perhaps, someone drawn from the World Bank whose wider international experience might be of value. The aim of such a Commission should be to produce a development programme as a guide for the Transkeian Government in its policy-making.

May I conclude with a few references to political facts because political facts have a great influence upon economic growth. The Transkei is now in a transition stage towards self-government, and the attainment of self-government within the last few years by many African countries has some important lessons for us all. The quality of

the administration after independence has often not been notably higher than it was under the imperial regimes; in fact, the reverse has sometimes been the case. Nevertheless, self-government can provide a new dimension in the field of economic growth because the people feel that the promotion of the national welfare is now their own sole responsibility.

“It matters not how strait the gate
How charged with punishments the scroll
I am the master of my fate
I am the captain of my soul”

This fact may provide the great impetus necessary for the transformation of the social and economic structure of the country and may succeed when such transformation would have been resented had it been imposed by even the greatest of the white administrators of the past. Change may now be accepted, given wise and dynamic leadership, because the Government is one and the same as the people whom they govern. For almost a century the South African Government has been aware of the need for many changes in land tenure and social practises but was often reluctant to act for fear of the consequences. The new rulers may be able to give a more effective lead towards modernisation. I hope they will.

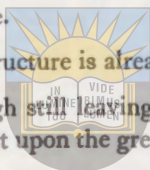
One thing is essential, namely the maintenance of law and order; because, if law and order are not effectively maintained, economic progress will be impossible. If a man cannot be sure that he can reap where he has sown, or if traders are in danger of being murdered or robbed, one cannot expect agriculture and commerce to flourish. On the other hand, too repressive or rigid control can often stifle economic growth because freedom is essential for private initiative, and private initiative is the breath of life of a dynamic economy. Law and order should therefore be maintained in order to create and expand the area of personal liberty and commercial opportunity.

It is also important to maintain a high quality in the administration of the country and an efficient civil service is not easy to create. The people of the Transkei, on their way to independent self-government, have many difficulties of trained manpower, the lack of experienced administrators, problems of bribery and nepotism, so great a curse in many other lands. They have, however, the great advantage that the

transference of power was gradual and evolutionary and that the country had been spared the horrors of civil war and revolution.

An economist from abroad recently remarked, that of all the under-developed territories in Africa, he thought the Transkei's chances of economic success were great for the following reasons:

1. It had a reasonable rainfall and some good rivers, its climate was not extreme and, although its arable potential was not high, it was probably some of the best stock-grazing land in Southern Africa.
2. Its population was not excessive for its area and, moreover, the population had a long period of education in self-government since the Glen Grey Act and was homogenous in respect of language and culture.
3. The basis of an infra-structure is already available.
4. School education, though still leaving much to be desired, had made a significant impact upon the greater part of the population.
5. The position of the Transkei adjacent to the rapidly expanding modern economy of the Republic of South Africa was the most important advantage enjoyed by the Transkei and, taken with the goodwill existing between the Republic and the Transkei and the opportunities for employment and of trade and capital movements between the two, led one to hope that the Transkei could move successfully into a much higher level of economic productivity.



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EXTERNAL ASSISTANCE TO THE PUBLIC SECTOR OF THE TRANSKEI.

By

Prof. J. H. SMITH

FIVE YEARS may in some eras be regarded as an insignificant moment in the sweeping passage of history. But the past five years have been of great importance in the history of the Transkei: this period having witnessed the evolution towards independence, and the emergence of new and dynamic approaches to economic and social development. For the Republic, it has been a period of assisting the government and people of the Transkei along the road toward self-reliance. The Republic has, inter alia, provided significant resources in the form of economic and technical assistance to this end. These allocations are made regardless of conditional development objectives or controls which are normally applied in other developing countries. The Treasury of the Transkei is, therefore, in the first instance, concerned with the formulation of its own financial policy and in the second place it is responsible for the implementation of this policy as framed and dictated by the Transkeian Government.

The present study analyses this process of development with external assistance granted to the public sector of the Transkei. It refers to bilateral financial aid and technical assistance which flows from the Republican Government. In this context, external assistance could be defined as the supply of financial means as well as the provision of skilled manpower and transfer of technical skills.

External Assistance.

At present the official resources flowing from the Republic to the Transkei take five principal forms:

- (i) *An annual grant* to be paid into the Transkeian Revenue Fund from the Consolidated Revenue Fund of the Republic, in terms of paragraph (c) of section 52(1) of the Transkei Constitution Act, 1963 (Act No. 48 of 1963). The size of the grant is determined on the basis of the estimated expenditure of the Republican government in maintaining law and order

and other basic services in the Transkei during the financial year 1963/1964¹. Certain revenues, e.g. licence fees, taxes, fines, etc., which previously were accrued to the Republic and which will now be routed to the Transkeian Revenue Fund, are deducted from this amount. The same principle applies in the case of the salaries and allowances of public servants seconded to the Transkei in terms of section 63(2) of the Transkei Constitution Act.

In accordance with section 63(2) the Republic accepts responsibility for the payment of salaries and allowances to these officials. To a certain extent, however, both revenue as well as expenditure are artificially reduced by the application of this section. Since this amount is deducted from aid granted in accordance with section 52(1)(c) both the revenue and expenditure side of the budget reveal a similar reduction. However, as the seconded officials are gradually replaced by Bantu, financial aid under section 52(1)(c) will increase more rapidly than the expenditure. This can be explained by the fact that the salary scales of Bantu officials in the Transkei are considerably lower than those of seconded White Officials². Consequently, on balance, the replacement of seconded White Officials by Transkeian citizens will increase the financial aid granted to the Transkei in accordance with section 52(1)(c). Up to 1968/69 the grants which the Republic has provided in terms of this section, amounted to R52,251,000 as follows:

<i>Year</i>	<i>Grant (R, 000)</i>
1964/65	11,000
1965/66	10,080
1966/67	10,466
1967/68	10,510
1968/69	10,195

¹Section 52(i)(c), Act No. 48 of 1963.

²In 1964/65, for example, R5,100 per year was budgetted by the Republic for the average salary of a White Secretary of a government department in the Transkei, while a salary of R3,120 per year was allocated for a similar post by the Transkeian Government.

- (ii) *An additional sum (grant) to be appropriated by the Republican Parliament in terms of paragraph (d) of section 52(i) of the Transkei Constitution Act, 1963. This sum is determined annually by circumstances related to the normal administrative functions of the Transkeian government. Grants in terms of this section of the Transkei Constitution Act were as follows:*

<i>Year</i>	<i>Grant (R,000)</i>
1964/65	2,000
1965/66	2,920
1966/67	—
1967/68	300
1968/69	2,800

TOTAL 8,020

- (iii) *The salaries, allowances and transport expenses, as have already been mentioned under (i), of officers in the public service of the Republic seconded to the Transkeian Government in terms of section 63(2) of the Transkei Constitution Act. Until such time as these officials can be replaced by Transkeian citizens, this constitutes an estimated annual saving of R1.6 million for the Transkei³.*
- (iv) *The provision of capital-intensive infra-structure and the supply of certain basic services as an extension of those of the Republic. These comprise railway and road motor services, posts, telecommunications and radio services, electricity and national roads. For quite a number of reasons, the supply of these services is at present still uneconomical. Excluding that of the Department of Posts, Telegraphs, Telephones and Radio Services, the amounts expended by Republican Departments on services rendered in the Transkei were as follows⁴:*

³Budget Speech of the Transkeian Minister of Finance 1964, p.29.

⁴Reports of the Controller and Auditor-General for the Financial years 1964/65, 1965/66, 1966/67 and 1967/68, Pretoria.

<i>Year</i>	<i>Amount (R)</i>
1964/65	n.a.
1965/66	5,334,172
1966/67	5,587,748
1967/68	6,628,502

TOTAL 17,550,422

As the supply of basic services is usually regarded as a function of government, any concessions to encourage industry in respect of such services must also be considered to be external assistance from the Republic.

(v) *Concessions to encourage the establishment of industries in the Transkei.* These apply to Bantu undertakings, undertakings by the Xhosa Development Corporation and White undertakings established on an agency basis with the approval of the Republican government. Concessions would be applied on a selective basis and include inter alia:

- (a) A railway rebate of 15% on industrial products manufactured or processed in the Transkei and sent elsewhere;
- (b) A rebate of 25% on harbour charges for shipping out Transkeian industrial products to any other harbour in the Republic and South West Africa; and
- (c) An "electricity holiday" appertaining to the supply of Escom power. Escom would be enabled to recover, only after five years, the capital costs attached to the supply of electricity on a large scale. Such schemes being expensive and invariably constituting too heavy a burden for pioneer undertakings.

Other measures to encourage the establishment of new industries in the Transkei and which could also be regarded as aid from the Republic, include:

- (a) A formula enabling industries in the Transkei to compete on better terms for Government and Railway tenders;

- (b) A price-preference allowance of not more than five percent in State tenders on end-products manufactured in the Transkei; and
- (c) Interest-free or low-interest loans to cover the cost of moving a factory, for the purpose of expansion, to the Transkei. Loans are repayable from the third year after the move and over a period previously agreed upon.

It is clear that the current aid programme has been shaped by political and economic factors such as:

- (a) the intention of the Transkei to provide for the continuation of all existing services and the normal expansion thereof;
- (b) the need for economising and for engendering a sound sense of financial responsibility;
- (c) the necessity to implement to the full, planned projects such as the first and second five year development plans;
- (d) sound, yet progressive budgeting (especially with a view to foster development); coupled with
- (e) effective financial control over all State expenditure.

External Assistance and Economic Development.

Generally economic development embraces a transformation of the productive system. Accelerating this transformation is in fact the core of the development problem. Its solution requires a shift in the proportion of various types of factor inputs and types of output. The more rapid the resultant rate of growth, the larger the reallocation of labour and capital away from traditional patterns will be. Without external assistance, a developing State would need to provide for all of these changes from its own resources. Today most developing countries depend heavily on external resources to raise their standards of living. In all these cases, foreign assistance "has become virtually a separate factor of production"⁵.

⁵H. B. Chenery and A. M. Strout, "Foreign Assistance and Economic Development", *American Economic Review*, 1966, p.679.

By relieving potential bottlenecks, external assistance can make the required structural changes less severe and allow fuller use to be made of local resources.

There has been relatively little analysis of the possibility of accelerating these changes through the use of significant amounts of external resources over a limited period of time. So many social and sociological factors are not yet measured adequately that we can only guess how they will influence the process of development. It is promising, however, to note that there is a considerable amount of research now going on in this field at the United Nations Research Institute for Social Development, the Netherlands Economic Institute and also at a large number of Universities. Knowledge will gradually expand and will make it possible to have more precise ideas as to how the development process can be influenced. Unfortunately we cannot wait until this new knowledge is forthcoming. Thus we have to act with the aid of whatever knowledge is available at present.

Recent economic research emphasised three bottlenecks in the process of development,⁶ viz.

- (a) the shortage of skilled labour (human capital)⁷;
- (b) insufficient domestic capital formation⁸; and
- (c) inadequate international division of labour caused by trade barriers⁹.

The above three obstacles have been elaborated by Chenery and Strout into a "stage theory"¹⁰. They come to the conclusion that development in poor countries is usually arrested at a point where one of these three obstacles applies. At the lowest stage of development the *shortage of human capital* is the most important bottleneck. Here, the granting of technical assistance will provide the best results. At a higher stage of development *insufficient capital formation* is the main retarding factor. Economic and financial aid will here best answer the

⁶The analysis summarized here is stated in more complete terms in J. H. Smith, *The Development of Border Industries in the Ciskei*, to be published elsewhere.

⁷Cf. F. Harbison and C. A. Myers, *Education, Manpower and Economic Growth*, London, 1964.

⁸Cf. B. Balassa, "The Capital Needs of Developing Countries", *Kyklos*, 1964.

⁹Cf. H. G. Johnson, *The World Economy at the Crossroads*, Oxford, 1965.

¹⁰H. B. Chenery and A. M. Strout, *op. cit.*, p.681.

need according to the principle of economic rationality. In a later stage *international trade barriers* are the most important limiting factor. At this stage, aid in the form of tariff preferences and trade agreements are preferable and in the ideal case, will produce the "optimum" results.

In so far as these obstacles apply, to a greater or lesser extent in the Transkei, the policy of promoting the establishment of industries in border areas can be regarded as another form of assistance. The development of industries on the borders of the Transkei should bring relief in respect of the second bottleneck, i.e. insufficient capital formation on the part of the Bantu himself. Wages paid by these industries shall, for a considerable time, be a most important source of income, and consequently also of capital formation. The Transkei, however, apparently has no suitable border areas which lend themselves to industrial development on any worthwhile scale. The necessary essential requirements, such as raw materials, water, electricity, railway facilities and a labour concentration, are obviously not readily available. While between June, 1960 and December, 1966 approximately R220 million were invested in secondary industries in Border areas, no such development has been planned or is envisaged for the Transkei in the near future.¹¹

The Effectiveness of Assistance.

In view of the lack of official statistics hitherto, an analysis of the annual budget of the Transkei for the five year period 1964/65—1968/69 will now be undertaken.¹² Government resources are usually tapped for the financing of economic development in developing countries. Through the imposition of taxes or with the aid of foreign assistance, budgetary surpluses can be created and these surpluses invested. With this in mind, an attempt will be made, firstly to assess the need for budget aid; secondly to determine how much scope is allowed for progressive budgeting, and thirdly, to isolate some of the major bottlenecks.

¹¹Permanente Komitee vir Nywerheidsvestiging en Grensgebiedontwikkeling, *Verslag van Werkzaamhede vir die Tydperk 1 Januarie 1966 tot 31 Desember 1966*, p.6.

¹²Cf. J. H. Smith, *Afrika-state en die Bantoeuistande—'n Studie in Ekonomiese Ontwikkelingstrategie*, D.Com. thesis, University of Port Elizabeth, 1969.

The form in which the budget of the Transkei is published, limits to a great extent its usefulness as a basis of analysis. No distinction is made between current and capital expenditures. The most important expenditures of the Departments of Education, Justice and Interior are however, current expenditures. Those of the Department of Agriculture and Forestry, the Chief Minister and Finance, and in particular those of the Department of Roads and Works, are mainly of a capital nature. If, however, national accounts are to be used as a basis for development planning and programming, the form of the budget should necessarily be changed in future.

The First Budget (1964/65).

The granting of self-government to the Transkei inevitably resulted in a considerable increase in expenditure in connection with salaries and allowances paid to the newly-elected members of the Legislative Assembly, the planning and development of Bantu townships, holiday savings-bonuses and pensions. As is apparent from Table 1, it is estimated that during 1964/65 the Transkei was able to finance from its own sources of revenue, only about 20% of its current and capital expenditure, excluding the salaries and allowances for seconded officials. The most important single source of revenue was general taxation which was expected to yield R1.2 million. It was estimated that R1 million of this amount would be collected by the Republican Government on behalf of the Transkei by a levy on Transkeian citizens living and employed in the Republic.¹³ Income tax, general tax, local tax, quitrent and general levy are imposed only upon Bantu, while all other levies except road tax (applicable exclusively to Whites) are paid also by those Whites resident in the so-called 'White spots' of the Transkei.

It would appear, furthermore, that in order to make provision for the social and basic services enjoyed by the population before independence, and in order to expand such services, the Republican government was obliged to allot for the 1964/65 budget, aid of R13 million. Although the Transkeian government had budgetted for a surplus, the effect of this assistance, which was given as a direct grant, should at least have been expansionistic.

¹³*Budget Speech of the Transkeian Minister of Finance, 1964, p.27.*

In this budget provision was made for, amongst other things, a *Development and Reserve Fund* of R1 million. The purpose of the fund was firstly "to finance schemes for the economic development of the Transkei and the exploitation of its natural resources and, secondly, to create a reserve from which to draw in the lean years or in the event of a disaster or an emergency".¹⁴ *Nevertheless, the main object of this fund remained economic development with particular emphasis on the establishment of industries.* Yet it was then already apparent that a shortage of skilled manpower would hamper, to a considerable extent, the efforts of the Transkeian government to use its budget as an instrument of economic development.¹⁵

The shortage of skilled manpower was indeed responsible for the fact that R3.21 million actually budgetted for development projects for the year 1964/65 could not be employed for such purposes. *It was the policy of the Transkeian Government to award contracts for capital works to foreign (i.e. non-Transkeian) contractors only in very urgent cases and/or where technical knowledge necessitated such action.* In all other circumstances the government aimed at ensuring "that they (the Transkeian citizens) share to the greatest possible extent, in the employment and other benefits to be derived from the process of providing the nation with these assets".¹⁶ In the pursuance of such a policy the ability to absorb capital is determined chiefly by the availability of skilled manpower. Together with the surplus of R616,000, an underestimation of revenue to the extent of R204,000 made possible the transfer of a sum of R4.3 million to the 1965/66 financial year.

The Second Budget (1965/66).

From Table 2 it appears that expenditure for 1965/66 was estimated at R18.6 million, as compared to R15.5 million for the previous year. This represented a net increase of approximately 20% on that of the previous financial year. However, more than R2.5 million of this amount was ear-marked for capital works. The most important single undertaking included here was the Qamata Irrigation Scheme for which

¹⁴*Second Reading Speech for the Transkei Development and Reserve Fund Bill,* p.1.

¹⁵*Idem,* p.3.

¹⁶*Budget Speech of the Transkeian Minister of Finance, 1965,* p.6.

R1.3 million was requisite. Under 'normal' expenditure, provision was again made for the transfer of a sum of R1 million to the Development and Reserve Fund.

Estimated revenue from Transkeian sources was higher than the 1964/65 estimate by R205,000, the largest individual growth deriving from the Department of Forestry. However, if cognisance is taken of the fact that revenue under this vote was underestimated to the extent of R204,000 in the previous year, it becomes evident that the 1965/66 increase is barely worth mentioning. If salaries and allowances to seconded officials are left out of account, the revenue from Transkeian sources covers according to calculation only 18% of the current and capital expenditure of the territory. However, budget aid amounting to R13 million granted by the Republic, plus the sum of R4.3 million carried forward from the previous year, made it possible to budget for a surplus of R1.8 million.

The Third Budget (1966/67)

The limited and apparently static capacity of the Transkei to absorb capital resulted once more in the year 1965/66 ending with an ever-increasing surplus, namely R4.8 million¹⁷. The backlog in the Government's building programme was of such magnitude that all building projects, except the smaller ones, had to be put out to tender to private companies in the White sector of the Transkei, as well as in the Republic. *This step represents an important reversal of the official policy of the Transkei (see above) and results undoubtedly from the acute shortage of skilled manpower experienced in the territory.* Despite the fact that this shortage could to some extent be relieved by employing labour from the White sector, the 1966/67 Budget (Table 3) was in fact an admission that the two previous budgets had overestimated the capacity of the Transkei to absorb capital. Accordingly, for the year under review approximately R2. million less was budgetted for the Expenditure Account than in the previous year. Furthermore, no provision was made in the estimates for increasing the Development and Reserve Fund. This fund still stood at approximately the original sum of R2 million¹⁸.

¹⁷ *Budget Speech of the Transkeian Minister of Finance, 1966, p.14.*

¹⁸ *Idem, p.15.*

In the Revenue Account the assessment for purely Transkeian sources of income was R102,000 higher than in the previous year when the revenue accruing from these sources had been underestimated by R172,000. Thus in reality a slight decrease was anticipated in the revenue from these sources, which would cover, by estimate, 21% of all expenditure, excluding salaries and allowances to seconded officials. Budget aid of R10.5 million, in accordance with section 52(1)(c) of the Transkei Constitution Act, made possible a surplus of R2.1 million. Consequently, for the first time since the granting of self-government to the Transkei, the Republic was not required to render budget aid in accordance with section 52(1)(d) of the Act.

The Fourth Budget (1967/68).

Table 4, however, indicates that expenditure for 1967/68 was estimated at R18.9 million, representing an increase of approximately 15% on that of the previous year. Salary increases amounting to R1.2 million and an improved pension scheme were chiefly responsible for this rise in expenditure. Furthermore, large amounts were allocated in the budget for the development of agriculture and for the erection of buildings. It was anticipated that the income from Transkeian sources would exceed that of the previous year by R554,000; chiefly, in the first place, because of an expected increase accruing from general tax consequent upon more vigorous action on the part of the Department of Bantu Administration and Development in combating the evasion of taxes within the Republic. In the second place, this increase would arise also from a revised investment policy as regards the daily balances of the treasury, and the higher interest rate structure in general.

Together with a cumulative surplus of R5.4 million, an amount of R9.4 million from Transkeian sources was available for appropriation.¹⁹ The increased surplus thus carried forward cannot be attributed entirely to the limited capital absorptive capacity of the Transkei. It must be ascribed in some measure to the plea made by the Government of the Republic that, in an effort to combat inflation, expenditure on capital works be limited to the bare essentials only. Budget aid amounting to R10.8 million was, however, necessary in order to budget

¹⁹*Budget Speech of the Transkeian Minister of Finance, 1967, p.11.*

for a surplus of R1.3 million. This aid was increased by R344,000 and was granted in accordance with section 52(1)(c) and section 52(1)(d) of the Transkei Constitution Act.

It was, moreover, announced that R1 million would be available out of the Development and Reserve Fund for loans to agricultural co-operatives, the purpose being to afford credit facilities to members for the purchase of seed, fertilizers and insecticides.²⁰ *Considering that this Fund was originally instituted chiefly for the purpose of establishing industries, this new approach indicated a change in policy as regards the economic development of the territory.* If due consideration is given to the general level of development of the Transkei it might be claimed that the new strategy is a more realistic approach to the problem.

The Fifth Budget (1968/69).

In consonance with the fiscal policy of the Republic, the Transkeian budget for the financial year 1968/69 was anti-inflationary (vide Table 5). State expenditure on capital works was curtailed, although not to the same extent as in the Republic. Total revenue was estimated at just under R20 million, reflecting an increase of only 5½% on the corresponding figure of the previous year. Of this amount, R7.1 million (approx. 36%), representing an increase of R462,000 on that of 1967/68, was allocated for salaries and wages. It has been appraised that of the total estimated expenditure, only 21% will be met by revenue accruing solely from Transkeian sources. Despite a credit balance of R3 million carried forward from the previous year, the Republic was obliged to increase its budget aid by R2.2 million to enable the Transkei to budget for a surplus of R519,000.

Conclusion.

Three conclusions may be reached from the above analysis of the first five budgets of the Transkei.

Firstly, it is clear that for the foreseeable future the granting of budget aid by the Republic will be essential for the maintenance of self-government in the Transkei. During the period reviewed, the Transkei was capable of financing only between 18% and 20% of its

²⁰*Idem*, p.14.

current and capital expenditure, excluding salaries and allowances to seconded officials. Expenditure during the same period increased by about R4.5 million as against a growth of about R1.4 million in domestic revenue. The general prospect would appear to be that the more effective the territory is in increasing its investments, the more aid it will need.

Secondly, while the ability of the Transkeian government to carry out its development function is certainly limited by a relatively small increase in domestic revenue, fiscal measures for the channeling of funds into industrial development particularly are lacking. All these measures could be aimed at easing the financial burden on the emerging industry until the enterprise should become competitive.

Thirdly, if it is accepted that sound budgetary policy in a developing state should be "to make available for economic development the maximum flow of human and material resources consistent with minimum current consumption requirements"²¹, then it is rather the serious shortage of skilled manpower in the Transkei and not a lack of financial means, which constituted an obstacle to the economic development during the period under review. This state of affairs may possibly continue for some time — for exactly how long is a question to which both the Transkeian and Republican governments will have to give serious consideration.

²¹W. W. Heller, "Fiscal Policies for Under-developed Countries", in *Readings on Taxation in Developing Countries*, edited by R. M. Bird and O. Oldman, 1967, p.5.

TABLE 1.

SUMMARY OF THE BUDGET OF THE TRANSKEI 1964/65.

EXPENDITURE		REVENUE	
<i>Vote</i>	<i>R</i>	<i>Own Sources.</i> <i>Vote</i>	<i>R</i>
Chief Minister and Finance	1,499,000	Income Tax	2,000
Justice	390 000	General Tax	1,200,000
Education	4,176,000	Local Tax	240,000
Interior	1,637,000	Quitrents	98,000
Agriculture and Forestry	3,491,000	General Levy	217,000
Roads and Works	4,317,000	Licences	48,000
		Stamp duties and Fees	8,000
		Estate Duties	1,000
		Fines and Forfeitures	68,000
		Rents of Government	
		Property	24,000
		Forest Revenue	523,000
		Transfer Duty	1,000
		Motor Vehicle Tax	155,000
		Road Tax	72,000
		Interest	3,000
	15,510,000	Sundry Receipts	466,000
			3,126,000
		<i>Budget Aid:</i>	
		Grant in terms of section 52(1)(c) of Act No. 48 of 1963	11,000,000
		Grant in terms of section 52(1)(d) of Act No. 48 of 1963	2,000,000
Surplus	616,000		
	R16,126,000		R16,126,000

SOURCE: Estimates of Expenditure to be defrayed from the Transkeian Revenue Fund during the year ending 31st March, 1965, Umtata, 1964.

TABLE 2.
SUMMARY OF THE BUDGET OF THE TRANSKEI 1965/66.
EXPENDITURE **REVENUE**

<i>Vote</i>	<i>R</i>	<i>Own Sources.</i>	<i>R</i>
Chief Minister and Finance	1,620,000	Income Tax	1,000
Justice	439,000	General Tax	1,200,000
Education	4,341,000	Local Tax	240,000
Interior	2,925,000	Quitrents	100,000
Agriculture and Forestry	5,089,000	General Levy	215,000
Roads and Works	4,142,000	Licences	60,000
		Stamp duties and Fees	10,000
		Estate Duties	1,000
		Fines and Forfeitures	65,000
		Rents of Government	
		Property	20,000
		Forest Revenue	600,000
		Transfer Duty	1,000
		Motor Vehicle Tax	180,000
		Road Tax	73,000
		Interest	15,000
	18,556,000	Sundry Receipts	550,000
			3,331,000
		<i>Transfers from 1964/65:</i>	
		Surplus	616,000
		Savings	3,210,000
		Revenue under-estimated	204,000
			4,030,000
		<i>Budget Aid:</i>	
		Grant in terms of section 52(1)(c) of Act No. 48 of 1963	10,080,000
		Grant in terms of section 52(1)(d) of Act No. 48 of 1963	2,920,000
Surplus	1,805,000		
	R20 361 000		R20 361 000

SOURCE: Estimates of the Expenditure to be defrayed from the Transkeian Revenue Fund during the year ending 31st March 1966 Umtata 1965.

TABLE 3.
SUMMARY OF THE BUDGET OF THE TRANSKEI 1966/67.
EXPENDITURE REVENUE

<i>Vote</i>	<i>R</i>	<i>Own Sources.</i> <i>Vote</i>	<i>R</i>
Chief Minister and Finance	645,000	Income Tax	2,000
Justice	480,000	General Tax	1,200,000
Education	4,718,000	Local Tax	230,000
Interior	2,972,000	Quitrents	100,000
Agriculture and Forestry	4,548,000	General Levy	215,000
Roads and Works	3,205,000	Licences	65,000
		Stamp duties and Fees	15,000
		Estate Duties	1,000
		Fines and Forfeitures	70,000
		Rents of Government Property	20,000
		Forest Revenue	600,000
		Transfer Duty	2,000
		Motor Vehicle Tax	215,000
		Road Tax	78,000
	16,568,000	Interest	50,000
		Sundry Receipts	570,000
			3,433,000
		<i>Transfer from 1965/66 :</i>	
		Surplus	1,805,000
		Savings	2,840,000
		Revenue under- estimated	172,000
			4,817,000
		<i>Budget Aid :</i>	
		Grant in terms of section 52(1)(c) of Act No. 48 of 1963	10,466,000
Surplus	2,148,000		10,466,000
	R18,716,000		R18,716,000

SOURCE: Estimates of the Expenditure to be defrayed from the Transkei Revenue Fund during the year ending 31st March, 1967, Umtata, 1966.

TABLE 4.
SUMMARY OF THE BUDGET OF THE TRANSKEI 1967/68.

<i>EXPENDITURE</i>		<i>REVENUE</i>	
<i>Vote</i>	<i>R</i>	<i>Own Sources.</i> <i>Vote</i>	<i>R</i>
Chief Minister and Finance	695,000	Income Tax	6,000
Justice	524,000	General Tax	1,550,000
Education	5,554,000	Local Tax	220,000
Interior	3,300,000	Quitrents	100,000
Agriculture and Forestry	5,025,000	General Levy	220,000
Roads and Works	3,839,000	Licences	70,000
	18,937,000	Stamp Duties and Fees	20,000
		Estate Duties	1,000
		Fines and Forfeitures	75,000
		Rents of Government	
		Property	20,000
		Forest Revenue	600,000
		Transfer Duty	2,000
		Motor Vehicle Tax	235,000
		Road Tax	78,000
		Interest	150,000
		Sundry Receipts	630,000
			<hr/>
			3,977,000
			<hr/>
		<i>Transfers from 1966/67:</i>	
		Balance as at 1/4/1966	2,905,000
		Savings	1,536,000
		Revenue underestimated	981,000
			<hr/>
			5,422,000
			<hr/>
		<i>Budget Aid:</i>	
		Grant in terms of	
		Section 52(1)(c) of	
		Act No. 48 of 1963	10,510,000
		Grant in terms of	
		Section 52(1)(d) of	
		Act No. 48 of 1963	300,000
			<hr/>
Surplus	1,272,000		10,810,000
	<hr/>		<hr/>
	R20 209,000		R20,209,000
	<hr/>		<hr/>

SOURCE: Estimates of the Expenditure to be defrayed from the Transkeian Revenue Fund during the Year ending 31st March, 1968, Umtata, 1967.

TABLE 5.
SUMMARY OF THE BUDGET OF THE TRANSKEI 1968/69.

<i>EXPENDITURE</i>		<i>REVENUE</i>	
<i>Vote</i>	<i>R</i>	<i>Own Sources.</i>	<i>R</i>
Chief Minister and Finance	751,000	Income Tax	6,000
Justice	506,000	General Tax	1,600,000
Education	6,022,000	Local Tax	240,000
Interior	3,862,000	Quitrents	100,000
Agriculture and Forestry	4,158,000	General Levy	240,000
Roads and Works	4,678,000	Licences	70,000
	<hr/>	Stamp Duties and Fees	25,000
	19,977,000	Estate Duties	1,000
		Fines and Forfeitures	90,000
		Rents of Government	
		Property	35,000
		Forest Revenue	600,000
		Transfer Duty	2,000
		Motor Vehicle Tax	290,000
		Road Tax	89,000
		Interest	200,000
		Sundry Receipts	900,000
			<hr/>
			4,488,000
			<hr/>
		<i>Transfers from 1967/68 :</i>	
		Balance as at 1/4/1967	1,156,000
		Savings	1,337,000
		Revenue underestimated	520,000
			<hr/>
			3,013,000
			<hr/>
		<i>Budget Aid :</i>	
		Grant in terms of	
		Section 52(1)(c) of	
		Act No. 48 of 1963	10,195,000
		Grant in terms of	
		Section 52(1)(d) of	
		Act No. 48 of 1963	2,800,000
			<hr/>
Surplus	519,000		12,995,000
	<hr/>		<hr/>
	R20,496,000		R20,496,000
	<hr/>		<hr/>

SOURCE: Estimates of the Expenditure to be defrayed from the Transkeian Revenue Fund during the Year ending 31st March, 1969, Umtata, 1968.

EDUCATION AND ECONOMIC DEVELOPMENT OF THE TRANSKEI

By

D. M. NTUSI

To me has been assigned the task of discussing Education and Economic Development in the Transkei. Perhaps a more fruitful line of approach to the subject will be to treat it as a discussion of the Transkei system of Education as it affects, or should affect, first and foremost, the Economic Development of the Transkeians. It will be next to the impossible to confine the symposium rigidly to the Transkei, and thus isolate the Transkei by ignoring other similar movements and schemes of human development undertaken elsewhere outside the territory.

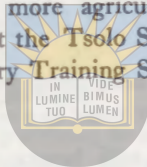
Preliminary:

Such a discussion must, of necessity, focus much of our attention on the satisfaction of man's material wants and needs, on the acquisition and use of wealth, on man's mental attitude towards life and his environment, on his struggle for existence and his emotional life as affected by the strain of economic factors; the discussion is thus bound to raise some controversial issues in the minds of listeners. That must be accepted as, in fact, it can only state a point of view on a subject of immense interest to us all, and along this road one's business will be to win neither connivance nor support nor mutual agreement from the audience, but rather to solicit a willingness, a preparedness for the bold to go forward with open unbiased minds, imbued with a tolerable measure of objectivity and poise (balance) in our quest for truth.

To indicate somewhat the boundaries of the field within which we proposed to operate: The Transkei, 16,675 square miles, in size almost equal to Switzerland in Europe, occupies the extreme Eastern portion of the Cape of Good Hope, and stretches from the Kei River to the Southern tip of Natal, and in the East, from the Indian Ocean to the Maluti Mountain Range. Its population of 1,439,195 people of all ages, is made up of 1,407,815 Blacks, 17,514 Whites and 13,840 Coloureds, as well as a very small sprinkling of Asians (Indians).

It has a population density of 86 per square mile if all the inhabitants, irrespective of colour or race, are taken into account. But it has to be remembered that a fair percentage of the territory is taken up by arable land as well as afforestation and urban rights.

Broadly speaking, the African population in the Transkei is served by some 1,600 primary, 57 secondary, 13 high, and 7 teacher-training schools with 350,000, 12,500, and 13,000 scholars respectively, and about 6,600 teachers of all grades; and of this army of teachers the European group is a diminishing quantity now represented by some 40 of them, all engaged in the teaching of such special subjects as English, Afrikaans, Sciences, Mathematics, Book-keeping, Typing and Commerce in the post-primary schools, and Motor Mechanics, Carpentry, Tailoring, Brick-laying and Leather-work in the Vocational and Technical Colleges. Further more agricultural demonstrators are trained in a two-year course at the Tsolo School of Agriculture and the Blythswood and Clarkebury Training Schools offer a Homecraft course for girls.



Area of Discussion. University of Fort Hare

Together in Excellence

The above-mentioned courses of learning are offered to children and scholars drawn from families whose habits, tastes, likes and dislikes, attitudes, standards of living, aspirations and traditional behaviour are of special interest for our purpose. By and large, the following may be listed amongst the more prominent characteristics of the majority of the Transkeian people:

- (a) A very high percentage of the family population, about 80% to 90%, is either employed in, or endeavours to eke out a living from, agriculture—a type of agriculture which cannot, by any stretch of imagination, be qualified as highly scientific and successful in approach or method as it still lays little or insufficient emphasis on deep ploughing, crop rotation, soil-conservation, seed selection, fruit-growing, selective animal-breeding, the combat of non-rotational animal grazing and of dessication of the veld, the formation of producers' co-operative societies, the concept of good economic returns and the productivity of labour.

There is also a very noticeable lack of proper marketing facilities. Animals are owned more for admiration, social ritual and the enhancement of man's status and prestige than for breeding, milk and meat or for marketing purposes.

(b) At this stage the majority of the Transkeians can only be classified as peasant farmers who produce mainly to satisfy the immediate needs of their families. The main human occupational activities within the communities are pursued for this purpose; organised marketing is conspicuous by its absence in this set-up. The people are wedded to a traditional type of economy, the subsistence economy. For, indeed, here the "produce-to-sell-to-buy" way of life is still foreign to these people; the "produce-to-sell-to-save" concept is well-nigh morbid and smacks of hoarding, of grabbing, of taking an advantage of "the other man" and of exploitation. Their attitude has very little room for free economic enterprise and initiative which are basic in a sound system of economy.

(c) The population still boasts very little income per head, crude meagre equipment in the agricultural sector, limited savings and of no strong middle class.

Its expenditure is incurred mostly on basic foods and necessities and its agricultural output consists mainly of cereal grains and includes little of protein foods. Thus the people run the risk of becoming prone to malnutrition and deficiency diseases.

Needless to say a very high incidence of ill-health, arising in this manner, can lower the health standards of a people, lower the economic productivity of its labour force and thus render it more of a liability than an asset.

(d) The level of education for the majority of Transkeian adults may be described as but little above the elementary. Library facilities, which must be regarded as a *sine qua non* in the forward push of any well-founded society, hardly exceed the Transkei Government Library and the existing library services provided at the Transkei post-primary schools. Thus for as long as library services fail to be woven into the entire educational

programme of the Transkei, there must always yawn a big gap in the educational and economic machinery of the territory. For who does not concede that illiteracy or failure to develop the reading habit in a people makes for weakness and begets failure to think, to understand broadly and to march with the rest of the world? No people can afford to neglect, and relegate to the background, a system of library services for itself.

Planning undertaken for and money spent on such an all-important service is a first-rate investment for it promotes an effective use of one's free time, the dissemination of knowledge and the re-orientation of mental attitudes.

- (e) Lower down in the scale of literacy, the status of the Transkei women-folk is considerably inferior to that of the males, and their occupational opportunities are subject to many limitations because at this point of the social ladder the life of the people is tradition-bound.

However, it is most gratifying to note that in proportion to the rise in the level of literacy, the women become more and more emancipated to take their place among productive men and play an important role for the good of all in the spheres of social and Christian service, of education and school management, of youth movements, of business management and party politics.

Further, the labour class still remains one unwieldy, unclassified human mass of people who float between one job and another, with no grades of unskilled, semi-skilled and skilled workmen to speak of. Here the educational system has much to contribute—to make a contribution which must affect one way or another the productivity and wages of the labourer.

Educational Background.

The picture depicted above may appear drab and bleak, depressing and uninspiring, but its inclusion here gives the necessary background for a proper understanding, assessment and appreciation of the progress that the Transkei is making in building its economic structure. Let it also be stated that the Transkei self-government came into

being only six years ago—a period far too short to produce any appreciable results in the total life of its people. At the same time it should not be assumed that the Transkei had been a neglected territory prior to the inception of its self-government.

During the old memorable days of state-aided school management by Church Missions, St. John's College, Clarkebury, Healdtown and Lovedale (to quote only a few of the older State schools) offered African youth school curricula that would not exclude practical subjects such as Carpentry, Brick-Laying, Wagon-making and Book-binding for boys and Domestic Science for girls. This type of education was born of foresight on the part of the early Missionary pioneers and gave a foretaste of better times to come, even against the fact that then the demand for African artisans was almost nil. In 1955 the Department of Bantu Education sponsored by the Republican Government brought forward a broad basis for the education of the many and for participation in school management by African communities.

Re-orientation :

Such participation has had a great impact on the attitude and life of African people and challenged them to think and talk pertinently about the education of their children as they never did before. There had come like a bolt from the blue, a rude but meaningful shock! A process of re-orientation had started within communities where rigid custom and tradition die hard and sometimes tend to impede progress if the latter should require a break-away from the old order.

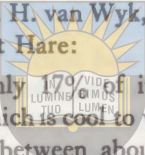
In our study of the economic development of any nation, we are soon faced with the important fact that "the economic machine functions under such varied and changing conditions, and is so largely dependent on the uncertain and changeable human element that the results of its operation cannot always be forecast with certainty". It therefore follows that one way of changing or modifying the course or effects of economic factors in the Transkei, or elsewhere, is to change or modify the habits and living-conditions, tastes and thought—patterns of the people affected and to re-orientate their attitude and life purposes in the desired direction.

Here the government, through its well-directed educational system and carefully planned legislation, can shepherd, influence, lead and

coerce its citizens gently towards accepting and adapting modern ideas of soil-conservation, agriculture and animal-husbandry, of organised marketing and co-operative movements, of business management and health education, and thus assist in the promotion of a higher standard of living for all. These are matters touched upon sketchily in the preamble. The young Transkei Government is conscious of, and appreciates, the significance of this principle concerning its duties and obligations towards its citizens.

A perusal of its educational regulations and programmes supports this view, and with the passage of time, careful planning, sound administration and reasonably increased annual funds available for development schemes, much should be achieved in the field of education plus economic development.

According to the late Prof. J. H. van Wyk, Professor of Agronomy at the University College of Fort Hare:

- 
- (i) The Transkei with only 17% of its surface as arable land has an ideal climate which is cool to warm in temperature, with an annual rainfall of between about 30 and 40 inches, and suitable for grass and tree growth and for the production of timber and such field and commercial crops as maize, sorghums, legumes, perennial pastures, fodders and vegetables, and
- (ii) extensive agricultural experiments show that its coastal and semi-coastal soils promise to produce good quality tea, coffee, fibre plants, sub-tropical fruits and vegetables. In this connection the Transkei may have to answer soon or late this question: "How long can the Transkei citizens afford to produce less out of this arable land than its possible maximum capacity?"

In the meanwhile it is reckoned that the average peasant farmer produces about $2\frac{1}{2}$ bags of maize per morgen instead of ± 20 bags per morgen of fair or medium fertility, or of 30 to 50 bags per morgen of soil with high potential.

Rate of Progress :

A puzzling thing is the apparently rigid, unchanging mental attitudes of our people; their conservatism and inertia.

For is it not true that during the past five years so many of the African people have been through the corridors of various Training and High Schools as well as schools of agriculture where they qualified as teachers, as agricultural demonstrators, as understanding men and women? What sort of an impression have their services made on their society? Hardly visible! Hardly discernible! Yet it is a proven fact that many of these men and women have rendered invaluable service, undying service to their people, and the historians of the future will possibly be better able to assess their contributions.

June 1, 1969 witnessed President Nixon cite in his Teacher Remembrance Day Proclamation in Florida, the role of education in building a better America. There he paid tribute to the dedicated contributions of school teachers. In similar manner the Transkei, like the other young territories, states or countries, realises that the teacher is pivotal in the whole process of active education if, as it should be, he by his selfless dedication and worthy example to the youth in the school, helps "ensure a successful future by cultivating our most precious resources, the children, by strengthening the educational system which equips young people to become good citizens and leaders of their communities and by developing their talents to the fullest potential." The question of course, is always: "How?" or "Now how has it happened that your educational system has not grown while all the world has been moving to ever fuller attainments?"

It must be admitted that the demand for an immediate and definite break-through against opposition to progress and development is very urgent. The tempo of the forward movement, of the social drive to eliminate hindrances to progress and modern constructive schemes of community development needs to be increased considerably. The satisfaction of such a demand requires, inter alia:—

- (a) plenty of sound planning so as to make the future a period of reasonable happiness and of increasing freedom from the fear of hunger, poverty, disease and social insecurity,
- (b) worthwhile investment through increased expenditure because otherwise development schemes cannot be undertaken with confidence,
- (c) a system of education that provides for all—the children and adults,

- (d) free and full consultation between governmental or administrative bodies and the people in their communities so as to achieve the participation and involvement by all in the schemes and projects of development, and
- (e) provision of library facilities for all scholars and adults.

Let it be appreciated always that on the average the Xhosa people like any other African group, thinks and acts as a community and each member of the community wishes to act with the many. To him social approval is essential. It is only some powerful personality in the group that dare come forward boldly to initiate some new and unknown practice and thus set a new example for the others to follow suit. Happily, in situations where an influential headman or chief ventures to advocate openly education, or some other important service, for his community, the possibility is that the majority of his tribe may soon follow suit.

Hence the great importance of a school like the Jongilizwe High School for the Sons of Chiefs and Headmen, who, with the aid of academic knowledge and of the more practical subjects of Administration and Commerce taught, could wield a great influence for the good among their subjects in later life. In the same light a question may be posed as to whether it would be attempting the impossible if a special crusade were organised conveniently to bring pressure upon the chiefs and senior headmen to send at least their sons to school and keep them there till the age of 17.

Economic Welfare :

History has shown that the advent of Western industrialisation and businesses tend to have a disintegrating effect upon the social solidarity of the tribe; with them individualism sets in. The uniform and communal life of the tribe cracks under the weight of industrialisation. New comforts and luxuries are sought, which can not be produced in a primitive society.

Regard must be paid to the fact that the economic development of a country goes hand in glove with the economic welfare and the productive power of its people. Hungry, ill-paid labourers produce little; they are impatient, inefficient and they never exert themselves. Their product-

ivity is low. Hence the truth of the maxim: "Cheap wages are dear wages." Much money is paid for a comparatively small output.

Today we witness the humble beginnings of an industrial revolution coming over the Transkei as evidenced by the proposed or completed:

- (i) R400,000 Lambasi Tea Factory in Lusikisiki,
- (ii) R100,000 fuel depot at Umtata,
- (iii) Vulindlela Furniture and Timber Factory,
- (iv) The Umtata Meat Processing Abattoir,
- (v) Hillmond Spinning and Weaving Factory,
- (vi) Butterworth Brewery,
- (vii) Phormium Tenex Factory at Butterworth,
- (viii) Fingoland Mill,
- (ix) Grain Bag Factory,
- (x) Government Buildings and Schools, and
- (xi) Road construction schemes, all of which also result in the opening of new avenues of employment for many Transkeians.

Immense changes have occurred in the life of the Transkeians. Nobody does know that the African had his own educational methods before the West came on the scene. The family instruction of Do's and Don'ts and the initiation schools drilled the young people in the spirit and rule of the tribe. From the lips of the African father and mother the children acquired knowledge of cattle and agriculture, veldlore, fables and tradition, sing-songs, domestic and family arts and ritual. Such instruction gave cohesion and direction to a people. That was an age when information about social customs and the life of the people was transmitted from father to son, or from mother to daughter. But with the coming of modern times, the order was reversed; it was the child's knowledge and information that was superior to that of the parent, but the latter could not readily learn from his child and junior in years and experience.

Then in one fell swoop, formal education intruded. Consequently there always lurked the fear that this new-fangled form of learning might be divorced from the ordinary daily life of the people. There was fear lest the child should be made to live one type of life within the

school and another at home; in other words, he would live a double life and develop a mental conflict which condition saps his energies.

Business Opportunities :

Until a few years ago the African concentrated on agriculture and pastoral farming, and that with small returns. African business enterprises increased slowly in the Transkei till the Bantu Investment Corporation (to be replaced later by the Xhosa Development Corporation) was founded in 1959 for the purpose of promoting in every possible way the economic and industrial development of the Bantu Homelands. As a result the Africans have come forward in ever-increasing numbers to participate in Transkeian business which is growing in the towns and in the country-side. Undoubtedly there is going to emerge a considerable class of modern business-men out of this whole situation, a field which will challenge the African strongly and help give a much needed satisfaction and expression to his feelings and aspirations economically.

It will be noted that, although the Transkei is said to be favoured with a very productive climate, its potentiality is determined by the scientific knowledge, skill and industry of its inhabitants. But those who study this type of subject, become confronted by the uncertainty of the human element. We cannot run away from the fact that, in the absence of minerals, the economic development of this territory depends mainly on agriculture.

The Transkei Government realises fully that its agriculture has to be developed to the fullest so that at least the maize produced will be enough to meet the local demand. At present the Transkei has to import maize during periods of short supply.

The Government has demonstrated its keenness on agriculture by fostering the formation of co-operative societies for the small peasant farmers, by the implementation of tractor schemes for ploughing purposes and the purchase of hybrid maize seed and fertilizers and by the planned construction of irrigation dams, the greatest of which is the R6,000,000 Lubisi Irrigation Scheme near Qamata in the St. Marks district—a scheme which, it is calculated, will irrigate 4,500 morgen of land to which could be added a further 21,200 morgen.

According to Hogen, crops produced in this project can yield incomes of from R510 to R625 per 1.5 morgen of arable land under irrigation.

This new scheme will certainly give rise to new ideas and new visions and is fraught with much significance for the Transkei as each peasant farmer will evidently have to qualify for permanent residential rights. This selective process in agriculture will operate for the first time ever in the Transkei. Possibly the farmers who now have arable land of $2\frac{1}{2}$ morgen allocated to them by the tribal chief, will one day have to be subjected to this test.



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BELOW ARE STATISTICS INDICATING THE TRANSKEI REVENUE FOR THE PERIOD 1968—1969 AND THE ESTIMATES OF THE REVENUE FOR THE PERIOD 1969—1970:

REVENUE RECEIVED DURING YEAR ENDING 31ST MARCH 1969 AND ESTIMATES OF REVENUE TO BE RECEIVED DURING YEAR ENDING 31ST MARCH 1970.

	Total 1968-69	Total 1969-70	Increase.	Decrease.
	R	R	R	R
PART 1.				
Income Tax	6,000	10,000	4,000	
General Tax	1,600,000	1,990,000	390,000	
Local Tax	240,000	250,000	10,000	
Quitrents	100,000	100,000		
General Levy	240,000	280,000	40,000	
Licences	70,000	75,000	5,000	
Stamp duties and Fees	25,000	27,000	2,000	
Estate Duties	1,000	1,000		
Fines and Forfeitures	90,000	100,000	10,000	
Rents of Government Property	35,000	40,000	5,000	
Forest Revenue	600,000	700,000	100,000	
Transfer Duty	2,000	1,000		1,000
Motor Vehicle Tax	290,000	390,000	100,000	
Road Tax	89,000	85,000		4,000
Interest	200,000	200,000		
Departmental and Miscellaneous Receipts	900,000	1,020,000	120,000	
TOTAL PART 1	4,488,000	5,269,000	786,000	5,000
PART 2.				
(1) Grant to be paid into the Fund from the Consolidated Revenue Fund of the Republic in terms of paragraph (c) of section 52(1) of the Transkei Constitution Act, 1963 (Act No. 48 of 1963)	10,195,000	10,325,000	130,000	
(2) Additional Sum to be appropriated by the Republican Government in terms of paragraph (d) of section 52(1) of the Transkei Constitution Act, 1963	2,800,000	4,750,000	1,950,000	
TOTAL PART 2	12,995,000	15,075,000	2,080,000	
GRAND TOTAL	17,483,000	20,344,000	2,866,000	5,000.

See paper by J. H. Smith for Budget 1968/69 Including Transfers 1967/68—ed.

Educational Trends in the Transkei.

Here one can do no better than to quote from a recent pronouncement by the Transkei Minister of Education:—

“How else can we acquire mechanics, electricians, radiotricians, plumbers, road-makers, transport and machine operators except through a revolutionised and well-planned system of education?”

The minister felt very strongly that the Transkei system of education must be organised in such a manner that it should not only supply the new knowledge and new techniques necessary, but that it should also see to it that sufficient individuals are educated to make and supply the necessities demanded by the new society.

The minister emphasised that no dynamic system of education could limit itself to the academic field of knowledge only, but that it certainly must enable every individual child to earn a living according to the needs of mankind in a manner that satisfies his aptitudes and training best. He further stated that in order to fight the disturbing shortage of skilled technicians in all fields of activity in the Transkei, the doors of a new large modern Technical College would be opened at the beginning of 1970 at Umtata, to re-inforce and consolidate commercial and technical training offered at St. John's High School and in Butterworth as well as in Eastern Pondoland.

Migratory Labour :

The question of useful employment of the available labour is one of supply and demand and this fact is paramount in whatever decisions are made about the employment of those affected. Today there is much talk about migrant labour which we never can hope to satisfy unless the creation of employment opportunities coupled with good congenial conditions of living is made to come FIRST.

WORKERS EMPLOYED WITHIN THE TRANSKEI AND IN THE REPUBLIC

Right down over the years the Transkei has always had a large surplus of labour which is in demand on the European farms, in the large cities and on the mines in the Republic. Thus according to the 1966 statistics, the distribution of male and female workers is as follows:

A. *Workers Employed in the Republic :*

	<i>Number</i>	<i>Percentage.</i>
(i) Workers recruited by labour Agents/Bureaux	160,093	57.6
(ii) Workers continuously employed in the Republic	118,000	42.4
TOTAL	278,093	100.00



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B. *Economic Benefit derived annually by the Transkei from Earnings of Migratory Labour ;*

(i) Deferred Pay, etc.	R3,500,000
(ii) Remitted Home Personally by Workers	R3,000,000
(iii) Brought Home Personally by Workers	R2,500,000
TOTAL	R9,000,000

C. *Number of Workers employed within the Transkei (excluding professional persons, Teachers, and Government, etc.)*

	<i>Number</i>	<i>Percentage.</i>
(i) Employed by Government		
Departments	15,000	46
(ii) Employed in Industry		
(including building Industry)	1,700	5
(iii) Employed by Municipalities	1,500	5
(iv) Employed in Commerce		
(including hotels, flats, etc.)	5,500	17
(v) Employed in Domestic Service	9,000	27
TOTAL	32,700	100

Total cash Earnings per annum of these Workers is estimated to be at least R4,000,000

D. *Labour recruited by labour Bureaux :*

	1966	1965	1964
(i) For Western Cape	18,143	13,388	10,590
(ii) For Eastern Cape	439	707	150
(iii) For Namaqualand	1,150	908	200
(iv) For Transvaal			
(Witwatersrand)	3,295	4,721	5,035
(v) For Orange Free State	488	227	240
(vi) For Natal	86	191	—
TOTALS	23,601	21,142	16,215

F. *Labour Recruited by Licensed Labour Agents : (1966)*

Percentage Distribution :

(i) For Gold Mines	48.4%
(ii) For Coal Mines	10.3%
(iii) For other mines and industries ..	12.7%
(iv) For Agriculture	28.6%
(including sugar Industry)	

G. *Average Wages Paid in the Republic to Migratory Workers :*

	<i>Basis</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Free Food</i>	<i>Free Qts.</i>
(i)	Agriculture Monthly	R14.00	R18.00	Yes	Yes
(ii)	Factories Weekly	4.50	9.00	No	No
(iii)	Building Daily	.85	2.00	No	No
(iv)	Railways Daily	.90	1.40	No	No
(v)	Mines:				
	(a) Gold Shift	.34	2.00	Yes	Yes
	(b) Other Shift	.60	Plus	Yes	Yes.

(Rates of pay become considerably enhanced in the case of Workers who acquire special skills, experience, and responsibility in operating machinery, etc.)

H. *Average Wages paid to Workers in the Transkei :*

(Unskilled labourers and Domestic Servants):

	<i>Basis</i>	<i>Minimum</i>	<i>Maximum</i>
<i>Government :</i>			
(i)	Males	Daily	R c .85
(ii)	Females	Daily	.35 .55
(iii)	Juveniles	Daily	.20 .30
<i>Non-Government :</i>			
(i)	Males	Monthly	R10.00 R20.00
(ii)	Females	Monthly	5.00 10.00
(iii)	Juveniles	Monthly	4.00 7.50

Conclusion :

Indeed the measure of the advancement and progress of a people can also be gauged from its active interest in, and comparative study, of its practical problems, not in cold isolation from the world around but in their relation to the larger, more advanced modern communities and states because any other course may but mislead, and favour the unfortunate disregard, and glossing over, of some of the real, pertinent issues, ideas and facts. Such a line of approach to life and the urgent questions of mankind conduces to the correct understanding and evaluation

of the varied circumstances and conditions of our human situations. For in this setting we are bound to consider and discuss without prejudice those matters of special concern to us, and of common interest, those trends of thought, those standards of living, those human values that make up the real content of man's life.

So:

“Let thy voice rise like a fountain.....night and day. For what are men better than sheep or goats that nourish a blind life within the brain, ?”



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AGRICULTURE'S CONTRIBUTION TO THE ECONOMIC DEVELOPMENT OF THE TRANSKEI

by

B. KRÄMER

Let us first consider the concepts Agriculture and Economy, specifically a so-called free Economy as contrasted to a controlled or guided Economy.

1. *Economy*

This I see as *the gainful creation, exchange and consumption of goods and services utilising the available resources within a given environment*. The very first word "gainful" is critical to the whole situation. Activity must be gainful. Then the next three items of creation, exchange and consumption—these are all aspects of economy which must be evident. The fact that goods and services are exchanged implies that people will be wanting these and will be using them. The resources we know are many, not only physical resources, but also human resources. The environment I see as the given social environment, the given legal environment—in other words, the boundaries within which we have to operate.

2. *Agriculture.*

To me as an Engineer, agriculture appears to *be the purposeful conservation and utilisation of soil fertility by the application of manpower and technology in order to produce wanted goods and services*. Again, "purposeful" I think is vital. Agriculture is not just the picking of wild fruits or the reaping of crops which grow naturally. It is purposeful—it is a directed activity and it has two main directions:—

- (a) CONSERVING a resource which has limited availability, and which disappears very easily;
and
- (b) UTILISING this resource to benefit, the basic resource being soil fertility.

By "application of manpower", I mean not only physical manpower but also intellectual manpower, and by "technology", I mean not only

scientific methods but also scientific instruments and tools, mechanised equipment, systems of credit, methods of financing and so forth.

Let us now have a closer look at the various contributors to economic development. I saw myself here today as having to convince you that the most important part of economic development in the Transkei rested on agriculture, but I will refer only to the fact that agriculture at present contributes 43.7% of the gross domestic product of the Transkei, and this major contribution it makes in its present, very low, level of productivity. The potential, the possible future effect of agriculture is hard to grasp. If a subsistence agriculture is now producing 43.7% of the gross domestic product, what could it not be producing if it were a commercial or an economic agriculture.

I have listed a few of the past achievements in agriculture. For these figures, I am most indebted to the Secretary for Agriculture in the Transkei, Mr. Pienaar. First of all on the conservation of soil fertility, we see that until the 30th June, 1968, the area for reclamation was 1.867 million morgen. This I understand is approximately 45% of the total area of the Transkei. Of this, already 1.182 million morgen has been put into effect. In other words, the fences have been put up, the contour ploughing has been done and everything has physically been put into shape as it was planned. Grass stripping on arable lands to the tune of 128 thousand odd miles has been planted. Heavy diversion banks of 2,200 miles have been made. Twenty four thousand miles of fencing has been erected. 980 dams for domestic and stock use have been built, and 305 equipped boreholes have been sunk. This is no mean feat.

Let us now look at an extract of results achieved regarding the utilisation of soil fertility. On Table I I have listed some statistics of the major crops currently produced in the Transkei. Phormium Tenax produced in Butterworth and Lusikisiki currently covers 2,200 morgen and will finally cover 3,000 morgen, currently employs 300 Bantu and will finally employ 500, the final investment will be R500,000. This leaf which is growing in the Transkei is at present being processed only in one stage, and that is to the fibre. The fibre is still currently being exported but we are now busy with finalising a plan for a factory to convert this fibre into a final product in the form of grain bags. These two stages of fibre production and grain bag production are incorporated

under the secondary activity column. They will finally give employment to 1,200 Bantu requiring an investment of R4,000,000 approximately, and returning a sales value of 2.3 million rand per year. This will be income into the Transkei. I am sorry to say that this 2.3 million rand income is going to be earned not only from the production of Transkeian fibre. This 2.3 million rand is going to be earned by processing a total of ten thousand tons of fibre per year of which only four thousand tons will be produced by the Transkei. The other six thousand tons will come from other Bantu territories.

The second row lists the tea project which is handled by the Transkeian Department of Agriculture. Plantations in Lusikisiki currently cover 400 morgen and will ultimately cover 1,600 morgen. The present employment is 1,200 with an ultimate figure of 4,000. The final investment in the plantations is R240,000. The tea from the plantations will be further processed in a number of drying factories which I have listed under secondary activities. These will be employing 105 Bantu requiring a final investment of over a million rand and causing an income to the Transkei of R640,000.

In the last row we have the Qamata project which is really the Lubisi dam irrigation scheme in which a number of products are to be grown on a cultivated area of 4,000 morgen initially and employment of 2,700 with six million rand investment and a sales value of approximately a million rand worth of agricultural products per year.

What about the adequacy of these past achievements? When we look at them in isolation, we are inclined to be impressed by their size. But when we look at them in relation to the entire situation, the entire subsistence agriculture of the Transkei, the low total output of these past achievements falls pitifully short of what is really required.

What are agriculture's objectives? We have heard people speak of avoiding starvation, about clothing and about providing a reasonable standard of living. I think agriculture's objectives can be briefly stated as to feed, clothe and to gainfully employ the local population, which can be spared for agricultural work, in two main channels:—

- (1) conservation of soil fertility;
- and
- (2) utilisation of this soil fertility.

The objective of conservation of soil fertility can be broken down again into three sub-components. First of all, complete rehabilitation of the entire area. Before the whole of the Transkei has been rehabilitated and properly planned, and the planning all properly executed, we cannot say that this sub-objective has been achieved. Secondly, the complete elimination of erosion. Before we have stopped valuable soil from running away into the Indian ocean, we have not achieved our objective. And thirdly, the elimination of soil impoverishment. I see the conservation of soil fertility not only of retaining the soil where it is, but as retaining the fertility in the soil. We must not let that soil be impoverished by using wrong farming methods.

The objective of the utilisation of soil fertility also has three sub-components. First of all, increased agricultural production. We have heard figures quoted of an average 5 bags of maize produced per morgen. It has been indicated that this can easily be pushed up to 20 to 30 bags per morgen on average soil with average conditions. Increased agricultural production—this is what it boils down to. Secondly, increased soil productivity. We must adopt the most up-to-date methods and increase as far as possible the bearing power of each arable morgen of land available. And thirdly, we must increase the productive manpower absorption. This idea of manpower absorption has been discussed earlier on, and I see in agriculture really the only means of absorbing manpower in the intermediate future. We trust that agriculture will develop to such an extent that industrial activity can ultimately become significant, but in the intermediate term—the next five, ten, fifteen years, we must look to agriculture and nowhere else. If we look elsewhere we are going to be disappointed.

Let us now consider ways and means of realizing these objectives. Firstly, the conservation and productive utilisation of all available water resources. This can be done:—(a) by means of irrigation schemes, which require a large fixed capital investment and which are limited to certain areas, and (b) by means of mobile overhead irrigation services, by means of boreholes, which require lower fixed capital investment but, on the other hand higher operating costs. But both of these methods do conserve and productively utilise available water resources.

Secondly, we can realize our objectives in agriculture by the guided

productive application of manpower as individual farmers, members of co-operatives, as communal farmers, and also as plantation employees. This guided productive application of manpower is something which has been done for many years, and is something which will have to be continued, with more effort and with more emphasis.

Thirdly, in order to realize our objectives, we must look to the systematic application of the latest agricultural tools and techniques by making these available to the farmer at economic terms. It has been mentioned that there may be the danger of the application of labour-intensive machinery, or labour-intensive methods, to an under-developed area. In Agriculture this also applies. There are various ways and means of tilling the soil and of ploughing the land. One way is by means of animals. If the animals are healthy and sturdy, and if the plough is suitably constructed and also sturdy, a good job of ploughing can be done. Let us be realistic—how many of us have seen the animals which are used for ploughing, and have seen the implements which are used for ploughing, and have seen the results of this soil-scratching? This is one of the examples where modern tools and techniques must be used. It may mean employing less manpower. One man with a tractor can plough a lot more land than he can with a span of oxen, but in order to get a good job done we do require modern tools.

The fourth means of approaching our objectives and realising them is by the provision of credit to farmers to permit—:(a) the improvements to land and buildings of their own, (b) the acquisition of modern tools, (c) the use of best materials and also (d) to exploit market price fluctuation to their own advantage.

We all know too well the difficulty in which the farmer finds himself when he has to sell his crops when the market is down. He has no finance to see him through—he must have money so he must sell now. With finance, with a bit of capital backing he might have been able to ride over that market depression and wait for higher prices.

I mentioned four ways of realising our objectives in agriculture. I now come to the most important one and this one has also been stressed by others, and this is changing the attitude of the people towards three things: firstly, the dignity of agricultural labour; secondly, the use to which land should be put; and thirdly, the accumulation of wealth.

The dignity of agricultural labour is important if we want our

people to do well in agriculture. If a man feels that he is doing a job which is looked down upon by others, he will not do it well. It is essential that the attitude be changed there and that agricultural labour become dignified. Regarding land usage, land should not be seen as a place to be owned and to be sat upon in times of holiday or times of old age, or something which is only to provide the bare necessities of life. Land should be seen as a potentially productive resource.

The attitude towards the accumulation of wealth needs to be changed. The Transkeians must break away from the idea that so long as we have enough for today, and maybe tomorrow, we are all right. It is necessary that this spirit of accumulating wealth—of making profit—of creating something more than we need immediately, of creating something for next week, next month, for your children—must become generally accepted.

The change of attitude can be brought about slowly it can be assisted, it can be speeded up. Education here plays a vital role. Education can create and can cause a change of attitude and I think that as far as the Transkeians' attitude towards Agriculture is concerned, the education in the Transkei has a very important role to play.

Now let me again be realistic. Symposia such as this, universities, schools, can stimulate economic development. Education can stimulate economic development but economic development *takes place* only by action, by sweat and by tears. I suggest that the Transkeian politicians give serious thought to a proposal which was raised earlier; that of utilising unemployed labour on constructive planned and organized capital development work. This is nothing new in history. It has been done in the past, and to great advantage. President Roosevelt at one stage had 2 million unemployed people working on land reclamation. This was at a time when the economic situation in America was very poor. Conscripted agricultural service, conscripted land service was used with very practical and very good results by Adolf Hitler in Germany. President Banda is currently using a similar concept with his movement of the Young Pioneers.

I suggest that if the Transkeian youths were to be mobilised, were to be given boots and an overall for a uniform, were to be given picks and shovels instead of weapons, and were to be trained and used for

building the roads, for tilling the soil etc., they would be rendering themselves and their nation an immense service.

I would like to close with a statement which is attributed to Dr. Banda, and this I quote:

“Do not ask what I can receive from my country but ask how I can contribute to my country, to my people and to my society”.



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EMPLOYMENT OPPORTUNITIES FOR GRADUATES OFFERED BY THE TRANSKEI

By

Dr. W. BACKER.

1. *General Background on Staff Situation:*

The present staff situation of the Transkei Government Departments will be discussed to serve as background to the viewing of employment opportunities for university graduates.

The Transkeian Public Service came into being in 1963. The main task of the Transkeian Public Service Commission has been since inception to find suitable people to fill the large number and variety of positions required by several government departments.

The growth of the Government Service is illustrated by the following extract from the 1968 Annual Report of the Transkeian Public Service Commission:¹ As at the year's end, the fixed establishment (i.e. prescribed and non-prescribed posts but excluding the Transkeian Police, Teachers and Labourers) stood at 3460 posts.....The following schedule reflects the position since 1963:—

DEPARTMENT	Establishment as at				31.12	31.12
	11.12.63	31.12.64	31.12.65	31.12.66	67.	68.
Chief Minister & Finance	123	94	116	135	158	162
Justice	310	350	351	356	333	342
Education	150	151	178	208	225	226
Interior	44	50	58	66	62	65
Agriculture & Forestry	1271	1249	1436	1469	1535	1613
Roads & Works	548	581	682	686	1080	1052
Total	2446	2475	2821	2920	3393	3460

¹Annual Report of the Transkeian Public Service Commission 1968, p.2-3.

At the end of 1968, the fixed establishment was staffed as follows:—²

DEPARTMENT	Permanent Transkeian incumbents	Trans- keian officers out of adjust- ment	Repub- lican officers held against posts	Temp. employ- ees held against posts	Vacant		Total				
	1	2	3	4	5	6					
	P	N.P.	P	N.P.	P	N.P.	P	N.P.			
Chief Minister & Finance	121	2	9	—	18	—	1	—	11	—	162
Justice	232	1	10	—	74	—	15	3	6	1	342
Education	147	6	13	1	19	—	8	19	9	4	226
Interior	40	4	1	—	10	—	1	—	9	—	65
Agriculture & Forestry	518	699	52	66	131	—	26	—	70	51	1613
Roads & Works	135	206	56	30	72	—	12	280	123	138	1052
Total	1193	918	141	97	324	—	63	302	228	194	3460

- NOTES:
1. "P" denotes prescribed posts.
 2. "N.P." denotes non-prescribed posts.
 3. Held out of adjustment against posts of higher or lower grading for various unavoidable reasons —mainly re-organisations entailing upgradings of posts for which existing incumbents are not qualified.
 4. No qualified Transkeian replacements available.
 5. In the absence of qualified permanent incumbents.
 6. No incumbents whatsoever, Transkeian or Republican, permanent or temporary available. Of the 228 vacant prescribed posts, 53 are, for the foreseeable future, likely to have to be filled by Republican officers with particular qualifications and/or experience, as and when they become available.

²Annual Report of the Transkeian Public Service Commission 1968, p.3.

Republican Officers

The rate at which Republican Officers have been replaced by Transkeians during the past 5 years, is indeed a very satisfactory one. The following summary will confirm this statement:³

<i>Date</i>	<i>Total Establishment</i>	<i>Number Filled by/ Likely to be filled by Republican Officers on Secondment</i>	<i>Percentage seconded Incumbency</i>
11.12.63	2446	455	18.6
31.12.67	3393	365	10.7
31.12.68	3460	377	10.8

The increase of 12 posts in the 1967 figures is due to the re-organisation of professional and technical services in the Department of Roads and Works and Agriculture and Forestry. No suitably qualified Transkeian incumbents were available for these posts. Great effort, however, is put into grooming Transkeians for specialist positions. In this regard, it must be reported that definite progress was made in the legal profession at Flagstaff and Tsomo where Transkeian magistrates took over from their Republican predecessors. Further advances in this direction are expected in the relatively near future.

Recruitment and Vacancy Level

Although no psychological tests are applied in the selection process, properly structured interviews are held whereby the suitability of the candidate is assessed objectively. Tests for selection are likely to be introduced as soon as Personnel Officers with the necessary training in psychometrics are appointed.

During 1968, 891 applications (863 in 1967) for employment in prescribed posts were received of which 183 resulted in appointments. An additional 202 appointments were made by departments in non-

³Public Service Report 1968, p.3.

prescribed posts. The main categories in which prescribed appointments were made were as follows:—

<i>Designation</i>	<i>Number of Appointments</i>
Supervisor of Education	6
Clerk, Grade I	6
Clerk, Grade II	108
Stock Inspector, Grade III	6
Agricultural Officer, Grade III	25
Forester, Grade III	6
Records Clerk	8

“Five vacancies, some in directions calling for post-matriculation qualifications, were advertised both within the Public Service (by circular minute) and outside (through the medium of the press) and these elicited a generally poor response. As is evident from other parts of this report, Transkeians possessing professional qualifications are in extremely short supply and are, indeed, non-existent in many fields... *The long term solution appears rather to be with the institutions for higher learning which will have to produce a greater number of graduates in many directions before the needs of these institutions themselves, the private sector and the Public Service will be met*”.⁴

The vacancy situation can be interpreted from the table reflecting how the fixed establishment was staffed during 1968. These figures represent a vacancy factor of 12.2%—this signifies a level 0.7% lower than that for 1967. Seen as a whole, the vacancy situation is improving—if not yet entirely satisfactory. (Corresponding figure for the Republican Public Service in 1967 was 10.9%.)

In spite of this there was an increase in labour turnover from 3.9% during 1967 to 7% during 1968 for the full establishment.

The majority of the resignations occurred in non-prescribed posts and the rest in junior prescribed posts (mostly clerical) where departures rarely cause undue dislocation. Resignations from promotion (as distinct from entry) grades are virtually unheard of.

In the circumstances, the labour force of the Transkei Government Departments can be labelled a stable one.

⁴Public Service Report, p.4.

Staff Development

The Public Service Commission has not failed to realise their responsibilities of staff development—staff development with the aim of increasing the required level of knowledge and skills of officers in the Government Departments which, in itself, will promote efficiency. The Commission's Training Section not only presents *induction courses* in basic administration with particular reference to the differing roles of the Public Service, the Judiciary, the Legislature and the executive (cabinet) which is intended to orientate the newcomer, but also *courses in supervision* for more senior officers teaching them fundamentals of personnel management which they urgently need in controlling subordinates. The courses are well supported and results are generally good. Training in specific line functions and responsibilities, for example, knowledge of the accounting systems used in Government Service, Court work, etc. etc., is undertaken at Departmental level.

A further attempt to increase efficiency of Transkeian public servants is by offering *bursaries* for study at various institutions. See the following table for details of bursaries and places of study.

Full-Time Study: University of Fort Hare

Together in Excellence

Institution	Bursary	Course	No. of Bursary Holders in 1968	Results Obtained
Univ. Coll. of Fort Hare	Full salary as officer	Public Service Law Certificate	9 (11 in 1968)	Excellent. 8 out of 9 pass
Univ. Coll. of Fort Hare	R300 p.a.	B.Agric.	0 (1 in 1969)	
Univ. of the Witwatersrand	Full salary as officer	Degree in civil engineering	3	excellent. 3 out of 3 pass
Mmadikota Technical College,	Full salary as officer	Course for learner engineering technicians.	4 (9 in 1969)	Excellent. 4 out of 4 pass
Thutamaphelo Technical College	„	Course for surveying officers.	2	Excellent. 2 out of 2 pass.

*³Public Service Report, pp.16 and 17.

Part-Time Study by Correspondence with the University of South Africa

- (a) *Legal Qualifications*: 16 Officers in the Department of Justice entered for studies in law. The results were generally poor with 8 who failed altogether, 2 passed all courses entered, the rest passed only some of the courses entered for. (They were subsidised to the extent of 50% of university fees).
- (b) *Other Degree Courses*: 19 Candidates recruited from different departments enrolled for a degree study. The results were even poorer than those of the law students: 13 failed altogether, 3 passed all courses entered, and the rest passed only some of the courses entered for (They were subsidised to the extent of 75% of university fees).

The number of students enrolled during 1968, was considerably higher than in previous years. A special endeavour was made by the Public Service Commission to ensure greater participation in its part-time bursary scheme which, up to the end of 1967, had been extremely poorly supported. (Of the R3000 voted for bursaries in the 1967/1968 budget only R147 had been utilised by the end of 1967.⁶ It is clear from the above that since 1967, the Commission has left no stone unturned in its drive to attract as many Transkeians as possible to the professional and technical ranks of the government service and to offer training facilities to serving officers. Reactions to advertisements inviting applications for bursaries, however, in general had been very poor and, in spite of relaxed requirements in some cases, a number of bursaries had to be withheld and the unused funds ultimately returned to the exchequer.

The above analysis shows that part-time students studying by correspondence find this method of study extremely hard. Whatever reasons led to this poor performance—either the students did not work hard enough or had to study under adverse domestic circumstances—the only solutions to this problem seems to be the granting of more bursaries for full-time study and the creation of lecturing facilities in the Transkei itself. We have here an ideal opportunity for Fort Hare to consider opening a branch of these faculties which could be of most practical use to the Transkei in Umtata or any centre in the Transkei

⁶Public Service Report, 1967, pp.13 and 14.

nearer to the point of requirement, but no more suitable place than Umtata could be envisaged.

Until this development has been achieved, it should be considered to offer university studies in Umtata by Fort Hare staff on certain days of the week travelling to the Transkei. An enthusiastic start could eventually lead to an institution offering a wide variety of study directions. A further possibility would be for Fort Hare to offer short courses during the year in Alice to officers who are not in a position to leave their work for longer than 2-6 weeks at a time. Although such courses would not be for degree purposes, students would gain valuable knowledge directly relevant to their work. (During September of this year, a 10-day course in Personnel Management will be offered by the Industrial Psychology Section of Fort Hare for Bantu personnel officers). Holiday courses already have been offered in the Departments of Law and Librarianship.

II. *The Xhosa Student: Motivation for Higher Education:*

Between 1966 and 1968, an investigation was undertaken at the University College of Fort Hare by Prof. Kruger⁷ on student essays as indicators of academic success. 52 first-year students in the Psychology Department were asked to write short essays on: (a) Why I came to Fort Hare, (b) Why I study Psychology, and (c) Why I study.....(any other subject chosen). The essays were scored for the presence of specific motives.

As has been expected, surface motives like motives of knowledge for own sake, facilities available, status and self-improvement, were recorded in a large number of cases. Whilst these motives are probably genuine they do not reach to deeper levels of personality. However, motives of achievement, affiliation and power were also strongly evidenced.

By the *affiliation motive* we understand friendly supportive intentions, such as being of help to other people. A statement to illustrate this motive is the following example: "Social work concerns working with people for their own good. This certainly makes the worker happy when he has been of use to the people, as it is always the giver who is happier and wealthier than the receiver". The label of the *achievement motive*

⁷Kruger, T. M. D.: Unpublished article on "Student essays as indicators of academic success", Fort Hare, 1968.

was given to response indicating striving for success in competition with a standard of excellence. A striking example of the achievement motive is found in the following extract: "The most important thing in life is education. After I passed my matriculation examination I realized that as time goes on, Matriculation will have no place in this field. There was that feeling for longing for knowledge in me. Although I got a good job as a clerk.....that feeling of wanting more knowledge was not removed. I could'n't bear to see my classmates completing their degrees while I stayed at home with only matric". The *power motive* concerns the control of the means of influencing other people. The statement of "I have come to gain knowledge so that I can be able to lead my people to a civilised way of life", refers to obtaining a leadership position—a means of controlling other people.

The above findings provide evidence for the development of secondary motives of achievement, affiliation, power and others by the Xhosa student, which will enable him to accept the challenge offered so widely today of not only serving, but also leading, his people. The possession of such motives would seem to be important to the Xhosa for facing up to the challenges at the higher levels of contemporary Western culture. To be productive requires not only skill and understanding, but also the necessary drive and motivation.⁸ I have no doubt in my mind that our students at Fort Hare do have the necessary motivation—the driving force behind them—but motivation is no end in itself; it should be directed towards some or other goal. (Student guidance Services that are in the process of being formed at Fort Hare, will help the student to formulate these goals to himself in a much clearer light).

To students I wish to say: *Service to your homelands is the biggest challenge after completion of your studies. The Transkei, which is in the process of attracting industries not only to its borders but also to the interior, which has succeeded over a period of 5 years in founding a Government, and six Government Departments (with more to come eventually) and which successfully runs the Transkei, offers bright opportunities for employment. Working in the Transkei, either in a Government Department or in commerce or industry, will give you the goal-directedness of your motivations and aspirations.* The resistance to working in the homelands will be discussed further on in this paper.

⁸Biesheuvel as quoted by Kruger.

III. *Future Needs for Graduates in the Transkei*

The writer recently paid a visit to the Secretary of the Public Service Commission in Umtata with the objective of obtaining a picture of future needs for graduates in the Transkei. The discussions revealed that, at the moment, 49 graduates are employed in Government Departments and a further 129 in the teaching profession. Present needs for graduates and needs for the near future can be expressed as follows:- Excluding the needs for teachers) At least 6 surveyors; 2 architects; 2 quantity surveyors; 3 engineers; 6 veterinary surgeons; 9 agricultural professional officers; 12 advocates (B.A. LL.B.); 3 welfare officers; 9 personnel officers (Industrial Psychology); local Government Bureau officers (Industrial Psychology): 26 working in the districts and 6 at Head Office; (The function of local Government Bureau officers is to assist and guide lower authorities in the Transkei in the performance of their powers, functions and duties).

These figures should not be interpreted as if all 84 posts are vacant at this moment; some of them are indeed vacant; in others, officers are already in the process of being trained (engineers); some posts are occupied at this time but, as labour turnover occurs, these could be filled with graduates who are better qualified for incumbency thereof; still others are posts yet to be created.

The above picture clearly illustrates that the Transkei Government Departments are a source of challenging positions which are awaiting bright Transkeian graduates. (They must be Transkeians in the normal run of events—Ciskeians would normally not be eligible for appointment.) Regarding industries, the Xhosa Development Corporation has employed a large number of graduates as accountants and personnel officers; this serves as example of employment opportunities in industry. The Transkei is bound to see fast industrial growth which, in itself, is a definite source of employment of highly qualified men. Commercial undertakings, like the banks, employ African graduates and undoubtedly in the near future will call strongly for more workers trained in commerce. The Xhosa Development Corporation is offering further opportunities for business entrepreneurship to Transkeians who wish to start up their own business by means of financial assistance and training.

Salary scales for Government posts are determined on the basis of ensuring that remuneration is not less favourable than that applicable to comparable posts for Bantu in the Republican Public Service. They are attractive and are periodically revised and adjusted. These are undoubtedly some of the factors contributing to the lower labour turnover amongst Government employees as promotion prospects for Bantu are far better in the Transkei than in the Republican Public Service.

Examples of salary scales are as follows:—

Senior Agricultural Officer	: R1440 × 60—1800-1890.
Professional Agricultural Officer (B.Sc. Agric. or B.Sc.)	: R1680 × 60—1800-2340.
Assistant Accountant, Grade I	: R1680 × 60—1800 × 90-2340.
Accountant	: R1980 × 90—2520 × 120-2880.
Archivist (Degree in history)	: R1020 × 60—1800-1890.
Architect (Degree in Architecture)	: R2340 × 90—2520 × 120-3360.
General Clerks (B.A. degree)	: Starting R1020, after one year may be promoted to scale with maximum R1560, thereafter to higher scale.
Engineer Grade II. (B.Sc. Civil Engin.)	: R2340 × 90—2520 × 120—3360.
Land Surveyor (Degree surveying)	: R2340 × 90—2520 × 120—3360.
Librarian (degree or Diploma Librarianship)	: R1020 × 60—1800—1890.
Translator (Degree Xhosa and English)	: R1680 × 60—1800 × 90—2340.

IV. Occupational Expectation of University Students

In order to study the pattern of occupational expectations of African university students, the writer, with the help of his senior students, during this year undertook a survey in this connection. Students were personally asked by interviewers what the choice of employment after

completion of their university studies is, what commencing salary they would consider, whether they would consider taking up employment either in the Transkei or Ciskei, and at what starting salary. Reasons were collected on statements of reservation to working in the homelands. The findings were as follows:—

Although a 100% sample of students living in hostels was planned, only 55% were prepared to co-operate. (25 do not live in hostels). The sample was made up as follows:—

<i>Study Direction</i>	<i>Population</i>	<i>Sample</i>
Education	100	50 (50%)
Law	59	30 (50%)
Commerce and Administration.	32	24 (75%)
Natural Sciences	142	75 (52%)
Art, Divinity and Social Science.	135	77 (57%)



TOTAL: University of Fort Hare 468 256 (55%)
Together in Excellence

The 25 students not living in hostels (mostly from post-graduate level) were excluded.

The senior student interviewers reported the following reasons for lack of co-operation:—

- (a) Fear by students to commit themselves to taking up certain positions in the homelands—pressure could be brought to bear on them regarding their choice.
- (b) The opinion that there is no point in stating the salary required since the African has no say in wage determination in South Africa.
- (c) The opinion that there is no point in making occupational choice because nothing ever comes of it.
- (d) Ideological reasons—against separate development.
- (e) Resistance towards further research in the Psychology Department due to their “extensive” participation in research during this year.

Analysis of Data

The following table illustrates the choice of occupations for the different study directions, and also shows the average starting salary required per month:—

Education:

No. of Students females in ()	Occupation	Prepared to work in Transkei	Prepared to work in Ciskei	Total prepared to work in Home- lands	Starting Salary Required	
					M.	F.
					•	
14 (5)	U.E.D. teacher	11	2	13	R145	R132
32 (9)	S.A.T.D. teacher	16	10	26	R105	R108
1	Farmer	—	1	1	R250	
1	Personnel Officer	—	1	1	R110	
1 (1)	Nurse	—	—	—		R 65
1	Other	—	—	—	—	—

Total:
50

University of Fort Hare
27 14 41 (82%)
Together in Excellence

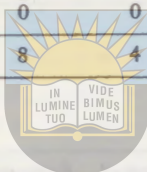
Law:

No. of Students Females in ()	Occupation	Prepared to work in Transkei	Prepared to work in Ciskei	Total prepared to work in home- lands	Starting salary required	
					M.	F.
1 (1)	Advocate	0	1	1		R180
2	Lecturer	0	0	0	R200	
6 (1)	Attorney	2	2	4	225	
7 (1)	Lawyer	3	2	5	150	80
5	Prosecutor	2	0	2	180	
4	Civil Service clerk	4	0	4	90	
2	Magistrate	1	0	1	175	
1	Judicial officer	1	0	1	100	
2	Law career (unspec.)	0	0	0	200	
30		13	5	18 (60%)		

*Median = R122. **median = R103. ***median = R85.

Commerce and Administration:

6	Personnel Officer	2	0	2	150	
1	Bantu Commissioner	1	0	1	200	
1	Research Off	0	0	0	150	
1	Firm Manager	0	1	1	150	
1	Admin. officer	0	0	0	90	
1	Commercial officer	0	1	1	80	
1	Chartered Accountant	1	0	1		
7 (3)	Accountant	3	1	4	175	180
2	Industrial post	0	1	1	160	
2	civil servt.	1	0	1	125	
1	Supervisor	0	0	0	190	
24		8	4	12 (50%)		



Natural Sciences:

No. of students, females in ()	Occupation	Prepared to work together in Excellence		Total Prepared to work in homelands	Starting salary required	
		Transkei	Ciskei		M.	F.
26 (3)	Teacher	11	7	18	R140	R150
22 (2)	Industrial Chemist or Lab. asst.	5	2	7	185	200
11 (5)	Medicine	2	0	2	260	280
1	Personnel officer	0	0	0	140	
3	Land surveyors	2	0	2	195	
4	Agriculturist	1	1	2	250	
1	Engineer	0	0	0	300	
3 (2)	Pharmacist	2	0	2	200	175
1	Geologist	0	1	1	100	
1	Dentist	0	0	0	400	
1	Medical Techn.	0	0	0	200	
1	Engineer's Asst.	0	0	0	150	
75		23	11	34 (45%)		

Arts, Divinity and Social Sciences:

41 (14)	Teacher	21	8	29	110	105
1	Pub. Service	1	0	1	90	
4	Minister	1	0	1		
5 (2)	Psych. & Soc. Researcher & Indus.					
	Sociologist	0	1	1	140	150
1	Indus. Post	0	0	0	100	
1	Politician	0	0	0	200	
20 (14)	Soc. Worker	8	7	15	145	110
1	Bank Offic.	1	0	1	200	
1	Sales Rep.	1	0	1	120	
1	Clinical Psychologist	0	1	1		300
1	undecided	0	0	0		
77		33	17	50 (65%)		



Summary:

No. of Students.	Field	Prepared to work in Transkei	Prepared to work in Ciskei	Total Prepared to work in home-lands
50	Education	27	14	41
30	Law	13	5	18
24	Commerce & Admin.	8	4	12
75	Natural Sciences	23	11	34
77	Arts, Divinity & Social Sciences	33	17	50
256		104	51	155 (60%).

The reasons given for unwillingness to work in either the Transkei or Ciskei can be analysed as follows:—

Reason	Education	Law	Commerce & Admin.	Natural Sciences.	Arts, Divinity & Social Sciences.	TOTAL.	RANK ORDER
Too low salaries.	2					8	4
Economically under-developed.						3	7.5
Does not live in Transkei or Ciskei	4	5	5	22	12	48	1
Wants to travel & meet others		3				3	7.5
Prefers to work in other prov. than Cape.				4	5	9	3
No scope for advancement.	3		1	7	4	15	2
Ideological reasons.				2		5	6
Prefers Natal (English)						1	10.5
No advanced training fac.				1	1	2	9
fear of competition from witchdoctors.				1		1	10.5
No reason.					2	6	5



University of Fort Hare
Together in Excellence

Comments on the Above Data

1. Proportion of Students Prepared to Work in Homelands

Sixty percent of the sample of students who participated in this survey consider taking up employment in either the Transkei or Ciskei with twice as many preferring the Transkei to the Ciskei. Since between 45% and 50% of all Fort Hare students refused participation in this survey, presumably predominantly due to negative feelings towards working in the homelands, one can safely assume that about one-third of the student population of Fort Hare do wish to take up employment in the Transkei or Ciskei.

We notice that the participants with the positive reactions fall in a minority group—but it is important to note that these 150 to perhaps 200 university trained men and women, who are going to throw in their weight with their own people and who are going to work hard, could within the next five to fifteen years be members of an emerging elite group within their society. Those taking up entrepreneurship even have a chance of being amongst the pioneer millionaires in the Transkei or Ciskei in the years to come.

University of Fort Hare
Together in Excellence

2. Choice of Occupations

The direction of study which attracted the most positive reactions was Education, followed by two directions sharing almost the same position, namely, Arts, Divinity and Social Science and Law, followed by Commerce and Administration and, lastly, by Natural Science.

The most popular occupations to be followed in the Transkei and Ciskei seem to be teaching, followed by social work and a variety of occupations in the legal profession, such as attorney, lawyer, prosecutor, etc. Greater interest was expected in administrative and commercial positions, mainly due to the larger number of administrative positions created by the different State Departments in the Transkei and by opportunities of entrepreneurship, which have been made available during the last number of years. There are, however, a considerable number of accountants in training who have realised the opportunities as offered by the Transkei.

The negatively inclined response from the natural science field could be attributed partly to the association of employment with industrial growth. While the latter statement could be justified for the moment, service posts, such as medicine, land surveying, pharmacy, engineering and agriculture, could be very rewarding, both from the satisfaction and financial points of view. As further State Departments, such as a department of health, will be introduced, greater growing needs will occur from Transkeians who are trained in the natural sciences. Until industries have been erected, which will provide posts for chemists, product developers, engineers, etc., candidates from the natural science discipline, who are interested in industrial work, should in the meantime consider service posts which are available and also posts for science teachers.

3. *Reasons for Unwillingness to work in the Homelands*

The relevant table on P.77 provides an insight into the reasons as stated by students from the different fields of study.

The reason that was mentioned most frequently was that of "no coming from the Transkei or Ciskei" To my mind, this is a very valid reason since those who do not live in the Transkei still have to be educated to identify themselves with the development of the Transkei and Ciskei, and with making this area their new home. The Group Areas Act and other influx control measures have been interpreted wrongly by a large number of students in the sense that these acts prohibit them from settling in the Transkei—the opposite, indeed, is true.

The reason with the second highest frequency was that of "no suitable position" or "no scope for advancement". Although no suitable position available could be stated as a true reason, the possibility can not be ruled out of candidates not being aware of existing vacancies—how many Fort Hare students knew about the needs for graduates in the Transkei, as discussed on page 71? No scope for advancement or no growth in most cases was mentioned in connection with private practices, for example, as attorney, medical doctor or pharmacist. The only comment I can make here is that the Transkei offers excellent opportunities for people with drive and initiative.

The reason for preferring to work elsewhere than in the Cape is not an explanatory reason on its own and, in some cases at least, can be tied up with the reasons with either the highest or second highest rank order. (Two cases were mentioned to be sponsored by employers in Johannesburg, to whom they will return).

The reason of too low salaries, which was the fourth highest group, cannot be accepted as an altogether valid reason in view of the fact that salaries are being paid to Public Servants in the Transkei which are equal to those in Republican Service. Salaries in commerce and Administration, as well as in education, are favourably comparable to Republican standards.

Ideological reasons provided illustrate in most cases a rejection of the policy of separate development.

The remainder of the reasons given are interesting to note but, due to the small frequency, do not justify valid conclusions.

4. *Salaries Required*

In general, students expressed realistic salary expectations—although slightly on the high side in some instances, if compared with Public Service Scales provided on page 72.

The main use of these given figures is to serve as a guide to the Public Service Commission and to commerce and industry in the homelands in arriving at realistic salary levels for graduates in future.

5. *General Conclusion*

In conclusion it can be stated that a definite need exists in the Transkei for university-trained men and women, and that as many as one-third of the student population of Fort Hare is prepared to take up employment in either the Transkei or Ciskei.

It appears from this that as far as the required available brainpower is concerned, the Transkei can face its future with confidence and enthusiasm.

oOoOoOo

Sincere appreciation is expressed to Mr. P. Wronsley, Secretary of the Transkei Public Service Commission, for his valuable guidance in compiling this paper.

FINANCIAL AND CAPITAL AID TO THE PRIVATE SECTOR WITH SPECIAL REFERENCE TO THE XHOSA DEVELOPMENT CORPORATION LTD.

By

DR. J. VENTER

1. *Introduction:*

The Transkei has embarked on the road to ultimate political independence. This road has been paved by the Government of the Republic of South Africa through its policy of separate development.

The road to ultimate political independence requires the construction of various foundation stones before one can really talk about the real benefits of political independence. Amongst others these foundation stones include:

- (a) Educational Development,
- (b) Agricultural Development,
- (c) Industrial Development, and
- (d) Family Planning.

The Government has created various instruments to promote and guide development, on a planned basis, in the Bantu Homelands. These instruments can be related to social, educational, agricultural, and industrial development. To mention a few of the instruments which have been created to serve as the platforms for launching and executing the policy of separate development, we have:—

- (i) The Transkei Government,
- (ii) Regional and Tribal Authorities,
- (iii) S.A. Bantu Trust,
- (iv) Bantu Investment Corporation, Ltd., and the
- (v) Xhosa Development Corporation Ltd.

The question which must be answered is "How does the Xhosa Development Corporation Ltd. fit into the economic development

picture of the Transkei, and how does it provide financial and capital aid to the private sector”?

Before providing details, it is essential that you be introduced to:—

- (a) The Xhosa Development Corporation Ltd.,
- (b) The Private Sector in the Transkei, and
- (c) The concept of Financial and Capital Aid to the Private Sector.

2. *What is the Xhosa Development Corporation? :*

2.1 *Basic Objectives :*

The Xhosa Development Corporation was originally established by Act No. 86 of 1965 which is now superseded by Act No. 46 of 1968. The objective of a development corporation, such as the Xhosa Development Corporation, is to plan, finance, co-ordinate, promote and carry out the development of those portions of the Bantu Homeland in respect of which it has been established and the Bantu population thereof in the fields of industry, commerce, finance, mining and other businesses.

2.2 *Organisational Structure of the Xhosa Development Corporation :*

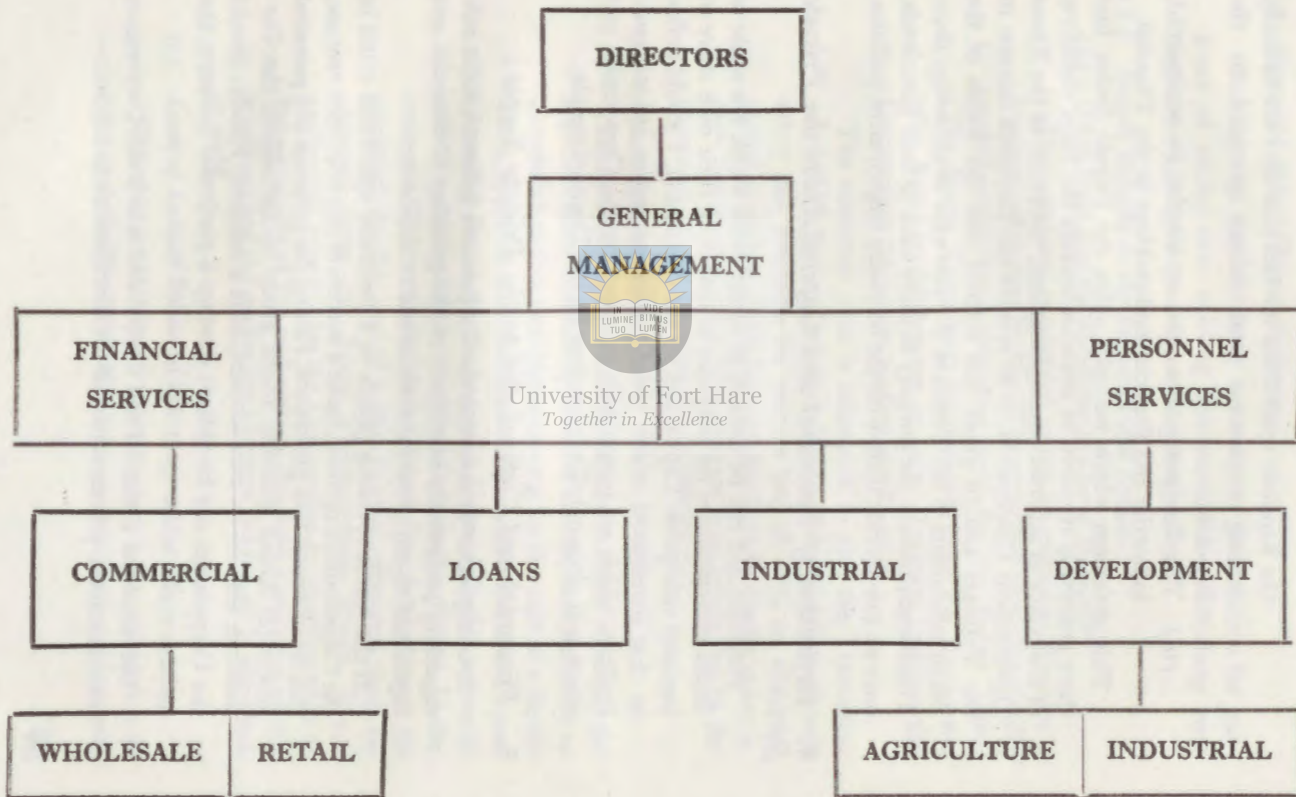
In order to achieve the objective as set out above, the Xhosa Development Corporation's organisational structure, which has been set up to execute the various activities, is as indicated on the organisation chart on the next page.

3. *Definition of the Private Sector :*

Having briefly sketched the objectives and organisational structure of the Xhosa Development Corporation, our attention must now be focussed on the private sector.

As far as the Transkei is concerned, the private sector may be defined as follows:—

- (i) The Bantu people living in the Transkei who at this stage of its development, have no or very limited claim to ownership in any commercial, financial or industrial activity, and
- (ii) those Transkeians who are employed in the European areas of the Republic of South Africa who have very little financial interests in the economic environment in



the Republic apart from the fact that they are basically earning an income from labour provided to the Republic.

- (iii) The Europeans who have an interest in commercial, industrial and financial undertakings in the Transkei.

This definition which basically splits the Private Sector into three groups, is regarded as essential because the basic objectives of the policy of separate development and, therefore, of the Xhosa Development Corporation, is to remove the European interest in the Transkei and to guide this interest into the hands of the Bantu inhabitants of the Transkei. We also want to encourage those Transkeians outside the territory to move back to their homelands, once we can provide them with the necessary employment facilities.

4. *Definition of Financial and Capital Aid to the Private Sector :*

Financial Aid can be defined as direct loans which are made to Bantu entrepreneurs for purposes of obtaining their own share in business enterprise. Capital aid, on the other hand, I would define as that investment which the Corporation makes in economic facilities which are temporarily managed by the Corporation and which will ultimately be taken over by the Transkei people.

5. *Financial and Capital Aid to the Private Sector :*

It is important to note that the Corporation follows a strict rule regarding preferences in respect of the granting of financial and capital aid to any concern or economic establishment.

If the Xhosa speaking people or a particular individual could in the Corporation's opinion, make a success of any economic venture, this is our line of first preference. Failing the presence of a potential successful Xhosa speaking Bantu group or individual, the Corporation will, on its own account, start a concern. Finally, should the Corporation not be able to develop a particular industry, the assistance of a white agent will be called in.

Details of the Financial and Capital Aid which the Corporation provides to the private sector of the Transkei are as follows:—

5.1 *Financial Aid:—(Direct Assistance)*

Housing and business loans are made to Transkeians for purposes of taking over existing businesses, for establishing new businesses and for extending existing businesses.

5.1.1 *Details Relative to the Financial Aid Scheme :*

(a) *What Price does the Purchaser pay for a Business?*

The purchaser is required to pay an economic price for a business taken over by him. The economic price is normally considerably lower than that paid by the Bantu Trust. (The Bantu Trust buys fixed assets from the Europeans who have establishments in the Transkei, whilst the Corporation takes over trading stocks etc.).

The economic price is calculated to give the Transkeian purchaser a nett return (after allowing himself a management salary and provision for income tax) of 15% on the total capital employed. (This includes fixed assets, stocks, debtors, cash, equipment, etc.). The relevant loan conditions to the purchaser of any business are as follows:—

(b) *Loan Application Procedure:*

Before applying for a loan in respect of a new business, the applicant must have the approval of the relevant authority to commence such a new business—e.g. in the case of a Bottle Store, approval must be obtained from the Transkei Liquor Licencing Board. In the case of a General Dealer, approval must be obtained from the Magistrate in the district. In the case of a Butchery the Meat Control Board must grant its approval. In the case of a Bus Service, approval must be obtained from the Local Transportation Board. Every application received by the Corporation is investigated as to the payability of the undertaking, business experience of the applicant and the profits the business yielded or is expected to yield.

(c) *Limit of Loans :*

There is practically no limit for any loan, provided it is for economically sound undertakings. As a matter of interest,

to date the largest single loan granted to a Xhosa speaking Businessman amounts to R174,000 in respect of a transport business.

(d) *Loan Charges :*

All applications are considered and investigations are made free of charge. The Xhosa Development Corporation does not charge any raising fee. Interest only is charged . This is calculated at $7\frac{1}{2}\%$ p.a. on the monthly declining balance. The Corporation also makes 5% stock loans available to Bantu businessmen who have had no previous business experience other than training and management under the Corporation's supervision. A supervision fee of $1\frac{1}{2}\%$ on turn-over is also levied for this service which the Corporation provides.

(e) *Loan Repayment Periods :-*

The loan repayment period is flexible. It is normally calculated so that capital reduction plus interest can be met out of 60% to 70% of the calculated surplus. Early repayment by successful businessmen is welcomed and encouraged by the Corporation.

(f) *Age Limit for Loan Applications :*

The Corporation requires that loans be repaid in full before the purchaser reaches the age of 65. If the applicant can produce a younger blood-relation to continue the business, this requirement is relaxed.

5.2 *Appeal to Potential Transkei Businessmen :*

We would like to make a special appeal to those Xhosas, who are interested in conducting a business and who are convinced that they have the necessary experience and drive to make a success of a business, to contact the Loans Division's Manager of the Xhosa Development Corporation, in order to establish how this Corporation can assist them. We would also like to appeal to those Xhosa speaking businessmen who are situated in the Republic of South Africa

and who are conducting businesses there to get in touch with us. We can assure them that the Corporation will do its utmost to re-establish them on a profitable basis in the Transkei.

6. *Capital Aid:*

We are still in the process where most of the concerns belonging to the Xhosa speaking people consist of individual ownership. The time must come when individual owners club together to form partnerships, private companies and later on public companies. This step may still take a number of years but this is the natural growth pattern which must take place in order to mobilize funds in large-scale undertakings. At the moment there are very few Transkeians who can successfully manage and finance medium and large-scale industrial undertakings. These industrial undertakings are necessary for the development of the Transkei and in this respect the Corporation provides indirect financial and capital assistance to the private sector in the Transkei. We do this by creating new industries and by employing Transkeians to work in these industries. These industries are created with the sole purpose of further stimulating the growth of the Transkei. These industries are temporarily managed by the Corporation until such time as they can be handed over to individuals, partnerships or companies. What is important at this stage is that the Transkeians must have patience and the will to work hard in order to be equipped and ready to run these large industrial establishments. It must be realized that the policy of separate development can only be successful in the long term if the changeover from white control to Transkeian control is based on a gradual, systematic and well planned take-over policy.

By granting employment in these organisations which are temporarily managed by the Corporation, we are increasing the purchasing power of the people. This purchasing power will create a demand for more products which can only stimulate the growth of the Transkeian economy. New enterprises are constantly being planned by the Corporation. The Development Division of the Corporation is responsible for investigating the

feasibility of new industries for the Transkei. The activities of the Development Division can be grouped into agricultural development and industrial development.

7. *Agricultural Development :*

The Transkei has an abundance of land and any industrial development must, to some extent, be preceded by the exploitation of the land which is available. It is our contention that agricultural development is of prime importance to the Transkei economy.

The Bantu people must be taught and guided on an operating basis how to make use of their land facilities. The Agricultural Department of the Transkeian Government has performed an extremely valuable task in putting into effect an orderly community planning policy in the Transkei. This department also renders invaluable services in respect of agricultural education.

The Corporation has already shown its faith in the importance and future of the Transkei by establishing a fleet of 150 tractors to actively participate in and stimulate agricultural development.

We hope to obtain sufficient land where we can farm on a corporate basis and where we can employ the Bantu, and through employment teach them how to farm in a business-like manner. By setting an example to the Transkeian farmers and by experiencing the results obtained, it will be a relatively short time before these farmers adopt improved farming methods. It is time that we break with antiquated agricultural methods and create an agricultural revolution in the Transkei. This can only be done by the introduction of mechanical aids, fertilizers and good seeds.

Agricultural development I consider as the launching platform for industrial development.

8. *Industrial Development :*

In order to develop new industries, it is necessary in certain instances to call in the assistance of European technical "know how". For this purpose specialized organisations in selected industrial fields may be called in by the Xhosa Development Corporation to act on an agency basis in the Transkei. Special con-

tracts with a duration of 10 to 15 years are entered into with European organisations to establish industries in the Transkei.

Although it may seem as an opposite trend to a policy of separate development, namely bringing white enterprise into the Transkei, one must see this as a temporary measure only in order to achieve the ultimate objective.

Technical and industrial "know how" in the development of the Transkei is of the utmost importance and the Europeans who enter into these agreements with the Xhosa Development Corporation are fully aware of the fact that these industries will be handed over to the Xhosa speaking people in due course.

9. *Achievements to Date* :—

The attached annexure provides details of achievements to date as regards:—

- (a) Loans provided,
- (b) Industries established, and
- (c) Industries presently being planned.

May I assure you that our growth factor is an exponential one.

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10. *Closing Remarks* :

The final long-term success of the economic development of the Transkei will not only depend on the efforts of the Government instruments (such as the Xhosa Development Corporation), but also on the efforts of every Transkeian. Use these instruments to your advantage.

Do not regard your country as a holiday resort where you can sit and dream of possibly a better tomorrow. Get up and make an effort to do something for your country. Those Transkeians who have the will to go forward and who are prepared to work hard must achieve success.

ANNEXURE
 KHOSA DEVELOPMENT CORPORATION
 ACHIEVEMENTS TO DATE

A. *Direct Financial Assistance to Bantu :—*

Up to the end of April, 1968, the Bantu Investment Corporation Ltd. provided loans to 147 Bantu with a value of plus minus R700,000.

The Khosa Development Corporation Ltd. took over the Loan's Division from the Bantu Investment Corporation and at the end of December, 1968, the loans picture was as follows:—

<i>Number of Loans</i>	<i>Type of Loans</i>	<i>Total amount</i>
148	General Dealers	R978,338
5	Other shops	8,900
7	Hotels, Off-Sales, etc	66,130
2	Butchers, Bakers	8,667
6	Garages	55,535
19	Transport Services	369,720
8	Tractors and ploughs	25,000
78	Housing	173,111
2	Other	6,121
311		R1,691,522

To date 373 loans have been granted totaling approximately R2,000,000. Estimated loans by 31 March 1970 is expected to be plus minus R3,000,000.

It is encouraging to see that 373 applicants have already been successful in obtaining financial assistance from the Corporation. (Since 1st April, 1968, to date 730 people applied for loans whilst 226 people were granted loans.)

B. Industrial and Commercial Enterprises Controlled by the Xhosa Development Corporation:

The list which follows, provides details of industrial and commercial enterprises controlled by the Xhosa Development Corporation. (This is information provided by the X.D.C. in February 1970. —edit.)

ACTUAL AND BUDGETED FUNDS ALLOCATION

Financial Year 1969/70

Industrial and Commercial Enterprises
31/1/70

Undertaking	Where situated	Actual	Budget	Under (Over) Budget	Year End Budget
Ploughing Unit	—	R569268	R701000	R131732	R811131
Borehole Unit	—	14033	17000	2967	20000
Beekkeeping	—	3856	4270	414	4490
Tanda Roller Mill	Butterworth	171357	129529	(41828)	128621
Transkei Fibre Industries	Butterworth	163033	129113	(33920)	133386
Sada Brickworks	Sada	17867	7675	(9691)	6194
Mabandla Granite Quarry	K.W. Town	19044	80000	60956	80000
Bulk Fuel Depot	Butterworth	96480	90000	(6480)	95000
Gcuwa Cement Brick Enterprises	Butterworth	20150	20000	(150)	20000
Transkei Construction	Umtata	181494	171787	(9707)	174530
Transkei Electrical	Umtata	7715	5810	(1905)	3484
Qumbu Bakery	Qumbu	3341	(2209)	(5550)	(4782)
Mt. Frere Bakery	Mt. Frere	(1302)	(3901)	(2599)	(7079)
Flagstaff Bakery	Flagstaff	10013	11162	1149	9755
Transkei Printers	Butterworth	26957	45892	18935	44138
Transkei/Ciskei Breweries	Butterworth	438529	348377	(90152)	294908
Transkei Bottlers	Umtata	111131	105298	(5833)	114873
Vulindlela Furniture Factory	Umtata	(10383)	18500	28883	8500
Transkei Hilmond Weavers	Umtata	125094	103364	(21730)	103853
Aloe Products	Butterworth	98514	67610	(30904)	67410

Transkei Metal Works	Butterworth	R38951	R29113	R(9838)	R28293
Transkei Handcrafts	Butterworth	6072	277	(5795)	(112)
Transkei Quarries	Umtata	134506	28414	(106092)	63424
Eyethu Body Works	Umtata	15075	12563	(2512)	11087
Willowvale Garage	Umtata	30887	69140	38253	72840
Transkei used Car Centre	Umtata	11444	15351	3907	15064
T'skei Engineering Spares	Umtata	(509)	—	509	—
T'skei Engineering Works	Umtata	68170	74410	6240	65000
T'skei Wholesale Motor Spares	Umtata	51484	169410	117926	167519
Tractor and Motor Division	Umtata	41460	6765	(34695)	(8808)
Fingoland Motors	Umtata	226630	107693	(118937)	97000
Pondoland Motors	Umtata	56531	44877	(11654)	42767
Lusikisiki Service Station	Lusikisiki	10671	—	(10671)	—
Bridge Motors	Umtata	35176	43063	7887	46776
Bashee Motors	—	14142	18504	4362	17072
Mqanduli Motors	Mqanduli	3000	3000	—	6138
C.D.M. Motors Cofimvaba	Cofimvaba	—	—	—	11861
Tembuland Motors	Umtata	11903	—	(11903)	—
Transkei Motors	Umtata	132352	78732	(53620)	67232
Umtata Motors	Umtata	216526	12186	(204340)	(18013)
Total Motors	Idutywa	8141	8778	637	7814
Emboland Motors	Umtata	13596	14309	713	14536
Ngqeleni Garage	Ngqeleni	4849	8598	3749	8707
Tsomo Motors	Tsomo	14197	16912	2715	16517
Nquamakwe Garage	Nquamakwe	13181	13566	385	13836
Carnegies Pharmacy	Butterworth	11758	11858	100	10975



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Transkei Advertising Agency	Butterworth	R1369	R9852	R8483	R15474
Henley Hotel	Butterworth	(1786)	1518	3304	1166
T'skei Furniture Removals	Butterworth	62763	77655	14892	79803
Butterworth Cartage	Butterworth	14070	15829	1759	15465
Transkei Properties	—	1068976	1119003	50027	1297304
Transkei Hotel	Umtata	452398	427428	(24970)	441723
Umtata Sanitary Plumbers	Umtata	4515	4515	—	4515
Loans Division	—	1613894	2724334	1110440	3278880
Trading Division	—	1681655	1603410	(78245)	1567914
Tembaletlu	Umtata	1542549	1399700	(142849)	1826000

9676287 10221041 544754 11394181



C. Planned Projects :—

ACTUAL AND BUDGETED FUNDS ALLOCATION

Financial Year 1969/70

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Development 31/1/70

Project	Where Situated	Actual	Budget	Under (Over) Budget	Year End Budget
Waterdale Phormium	Butterworth	R21271	R28800	R7529	R31000
Decorticating Phormium	Lusikisiki	26768	160239	133471	160239
Grain Bags	Butterworth	216153	260000	43847	263625
Agriculture Store	Umtata	800	808	8	20000
Abattoir, Meat Processing	Umtata	—	1000	1000	10000
Oysters	—	44	200	156	250
Seaweed	—	737	5000	4263	5000
Industrial Site	Umtata	6195	20000	13805	23000
Fuel Depot	Umtata	6000	100000	94000	100000
Bus Shed	Butterworth	—	—	—	13000
Laundry	Umtata	—	5000	5000	5000
Pharmaceuticals	Butterworth	—	15000	15000	15000

Publicity Centre-					
Zitulele	Butterworth	—	R1400	R1400	R22000
Drive-In Cinema	Butterworth	—	2000	2000	10000
Film Unit	—	—	6000	6000	10000
Municipal Water	Butterworth	81	8000	7919	10000
Bantu Housing	Umtata	—	10000	10000	10000
Office Block	Umtata	—	10000	10000	10000
Zitulele	—	156069	245000	88931	359000
Crayfish	—	889	876	(13)	876
Curio Shop					
Kei Bridge	Kei Bridge	203	—	(203)	—
Handcraft					
Exhibition	—	83	—	(83)	—
Butterworth					
Handweavers	Butterworth	2	—	(2)	—
Tourism and					
Holiday Resorts	—	3059	3059	—	3059
Tannery	Butterworth	2974	2973	(1)	2973
Bantu Housing	Butterworth	807	807	—	807
Experimental.					
Bags tested	—	5	—	(5)	—
			442140	886162	444022
					1084829



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D. Xhosa Development Corporation's Capital Growth:—

31 March	1966	R1,000,000
”	1967	R1,000,000
”	1968	R3,100,000
”	1969	R7,500,000
”	1970	R12,250,000 (Estimate)

SOME ESSENTIAL PRECONDITIONS FOR ECONOMIC DEVELOPMENT IN THE TRANSKEI

by

PROF. J. A. LOMBARD

1. Although I have been asked to prepare a paper on the future economic prospects of the Transkei, I have found it an impossible task at the present juncture. The reason for my difficulty is the fact that the Transkei economy is not yet in the sort of shape for which ordinary economic forecasts can be made with any degree of confidence. It would, of course, be possible to speculate on all the various theoretical possibilities, but as long as we cannot pick out the probable trends from these possibilities such an exercise seems to me to be rather futile.

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2. What I propose to do, however, is to discuss certain preconditions which seem to be necessary to put the Transkeian economy in the sort of shape which will allow the economist to talk more confidently about its growth prospects. In economics, it has been found convenient to distinguish between a process of growth on the one hand, and a process of development, on the other hand. Broadly speaking, the difference between the two terms lies in the attention paid to changes in structure. Growth normally refers to increases in the total output of the economy within a given institutional and functional structure, while development implies changes in the structure as well.

Even a superficial glance at present activity in the Transkei is sufficient to establish the fact that no dynamic growth in employment or output could be expected without considerable changes in the institutional and functional structure of the economy. I hope to demonstrate this in a moment. In short, the problem confronting us is one of structural development, rather than growth—simple increases in output within the present structure.

3. I have used the term structure to include both the functional pattern of output and employment, i.e. the nature and relative magnitude of objects, goods and services, produced, as well as the institutional pattern of control over these functional processes. A successful break-through in development should, however, primarily be sought in the institutional field—in which case a functional break-through could follow more or less automatically. I propose to make this statement the main theme of my paper.
4. The term “institutional” structure refers, therefore, to the entire system of control over decision making in the economic field. This is a very comprehensive concept, since there are very few kinds of decisions which do not have some influence on economic activity. Not even such decisions as about language mediums in education could be excluded. My intention is, therefore, not to try and limit my remarks to specific kinds of institutions, such as a proper land-use system, farmers co-operatives, industrial organisation, or a modern tax system, but to penetrate to what I believe to be the core of the necessary changes in all Transkeian institutions generally.
5. In this penetration, I, as an Afrikaner economist, is not likely to succeed fully. Even if I had an intimate knowledge of Xhosa culture (which I do not) none but the Xhosa themselves would, in the final analysis really know how to solve certain traditional barriers to dynamic decision making. There will be a number of ideas one could put forward as a non-Xhosa, but in the final analysis, the basic systems of decision making should have to be created by the Xhosa, or at least accepted by them as their own.

Until the Xhosa becomes the subject, or decision maker, of his own destiny, rather than the objects of the decisions of others, his will not be a nation.

In the same vein, it may be said that the image of an identifiable economy does not lie in its functional diversity—the range of goods and services it produces—but in the range of its institutions within which any feasible function can develop.

A point which may be made in passing concerns the Western dichotomy between capitalist and socialist institutional structures. Personally, I doubt whether the western debate on the pro's and con's of these two alternatives has much value for the Transkei. There seems to be no reason why efficient decision making among the Xhosa need follow one prototype or another.

6. A final introductory remark concerns the role of the "white South African Republic" and its government. I have no scope in this paper to analyse the South African concept of Trusteeship which differs fundamentally from that of metropolitan controller of a colony, on the one hand, or that of a disinterested trading partner, on the other hand. This concept, which is unique in the whole field of the *diplomacy of economic development*, must be clearly understood by the Transkei Government in order to gain the greatest benefit from it. It should, incidentally, also be clearly understood by agents of the Republican government and people who exercise responsibilities among the Xhosa, so as to prevent the very real danger of a lapse into neo-colonial attitudes.

Without entering into the basic philosophy of the diplomacy of development inherent in the Trusteeship concept, I would formulate three of its main manifestations as follows:

- (a) To confront the emergent nation squarely with the nature of its economic problem;
- (b) to allow the community to struggle with the problem until its pressure brings about a will to do something constructive about it; and
- (c) to stand by with the kind of assistance which could be accepted by the community as part of their own organic solution to their problem.

The Functional Pattern of Activity in the Transkei

7. The total *de jure* population of the Transkei, i.e. citizens of the Transkei states and their families living within *and* outside the borders of the Transkei, numbered 2,469,000 in 1960. Of this figure, 36.2 per cent is estimated to be continuously absent

from the territory while 8.2 per cent is estimated to be absent on a migrant basis.

The economically active male population (i.e. between 15-64 years of age) of 663,000 was in 1960, geographically placed as follows: 34.7 per cent in the area, 29.1 per cent as migrant workers and 36.2 per cent continuously absent.

Assuming a net increase of say 2.5 per cent in the economically active population, about 17,000 young men would have been seeking employment annually. The crucial question is *where*—in the Transkei area itself, as migrant workers, or as continuously absent Xhosa living in the Republic?

8. Some indication of what may be expected could be obtained from national income estimates recently made for the Xhosa Development Corporation by the Bureau for Economic Policy and Analysis at the Pretoria University:

Table 1.— The Origins of the income of the de jure population of the Transkei, 1960/61 and 1966/67 (R. million)

Source of income	1960/61	1966/67
1. Domestic income		
. Salaries and wages	8.1	13.6
. Other income in market sector	4.8	6.8
. Income in subsistence sector	27.2	34.1
. Total domestic	40.1	54.5
2. Income of migrant workers	44.4	76.0
3. Income of continuously absent households	97.1	165.9
4. Total income	181.6	296.4

9. To the best of our knowledge migrants send home about twenty per cent of their wages, or about R15.2 million, while continuously absent Xhosa remit little more than R3 million annually. If the R2.5 million of pension payments are added,

money income received in the area amounted to no more than R42 million,¹ while the value of subsistence activities is placed on about R34 million.

10. The plain fact is that migrant workers earn vastly more than workers remaining at home. Continuously absent Xhosa families earn a per capita income incomparably higher than even the value of migrant wages expressed per capita of their dependents at home. Moreover, a very high percentage of money incomes received in the area are earned in the public sector as teachers and civil servants. The national income and product of a country cannot, of course, be increased much by simply increasing the teaching and administrative activities in the public sector, particularly if the calibre of people qualified for these jobs are scarce in the community.
11. Outside the ordinary Government services of R23.3 million, the bulk of the domestic product of R68 million is produced in agriculture (R29.8 million) trade (R8.0 million) and manufacturing R3.4 million—all 1966/67 figures—A very large proportion of the latter incomes were received by non-Xhosa, while the Xhosa themselves were mainly connected with agriculture.
12. The salient feature of the agricultural situation is the subsistence system of exploitation. In fact the relative share of subsistence production to total production seems to have *increased* from about 72 per cent in 1954/55 to over 80 per cent in 1966/67. Moreover, the available statistics indicate that a decrease in the physical volume of output in agriculture per capita of the population involved, occurred.

Although a warning must be added that the agricultural statistics for the Bantu homelands are apparently not highly reliable, the main conclusion is abundantly clear:

The Xhosa people has for some years been in a process of transition from agricultural subsistence to migratory labour.

The answer to the problem posed earlier in par. 7 about the destiny of the 17,000 to 20,000 young Xhosa men coming into

¹To this figure may be added about R14 million earned by Whites in the area to obtain an idea of market size.

the labour market, seems to be that they might under current conditions almost all throw themselves upon the migratory system.

13. According to estimates by the Department of Economics at the Pretoria University the Xhosa population was distributed, and therefore economically active, in the following economic regions of South Africa.

Table 2.— Distribution of the Xhosa population according to economic region, 1960.

REGION	Number			Percentage		
	Total	Males	Females	Total	Males	Fem
Republic of South Africa	3,024,501	1,476,868	1,547,633	100	100	100
Cape Peninsula	66,055	43,289	22,766	2.9	2.9	1.5
Port Elizabeth/Uitenhage	158,514	76,530	81,984	5.2	5.2	5.3
Eastern Cape	1,950,931	836,515	1,114,416	64.5	56.7	72.0
Rest of Cape	335,397	184,241	151,156	11.1	12.5	9.8
Durban/Pine Town	15,799	8,630	7,169	0.5	0.6	0.4
Rest of Natal	43,834	32,625	11,209	1.4	2.2	0.7
Orange Free State	141,870	81,914	59,956	4.7	5.5	3.9
Southern Transvaal	219,613	148,894	70,719	7.3	10.1	4.6
Rest of Transvaal	92,488	64,230	28,258	3.1	4.3	1.8

SOURCE: Bureau of Statistics.

14. What is worse, is that it is usually only the most lethargic among the young men who do not make the break with home agriculture to work in trade and industry elsewhere. Only the less enterprising and illiterate seek work on white farms; the

more enterprising find work closer to city activity. It consequently is incorrect to maintain that the Xhosa are still today an agricultural people. According to our calculations of the total de jure Xhosa population their economic activity throughout South Africa was diversified as follows in 1960:

Table 3.— Occupational distribution of the Xhosa population, 1960.

Occupation	Number		
	Total	Males	Females
1. Professional and technical	15,786	6,296	9,490
2. Administrative, executive and managerial worker			
— Public administrative official	933	932	1
— Managerial worker	597	552	45
3. Clerical worker	4,774	4,503	271
4. Sales worker			
— Working proprietor	885	757	128
— Other	4,121	3,494	627
5. Farmer, fisherman, etc.			
— Farmer, farm worker, lumberman	527,149	416,336	110,813
— Other	1,358	1,349	9
6. Miner, quarryman and related worker	221	216	5
7. Worker in transport and communication	11,506	11,380	126
8. Craftsman, production worker and labourer			
— Labourer	298,264	295,352	2,912
— Other	18,652	16,646	2,006
9. Service, sports and recreation worker	141,756	28,681	113,075
10. Unemployed and unspecified	57,301	34,193	23,108
Total economically active	1,083,303	820,687	262,616



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15. As an economist, one is tempted by these trends to predict that the future prospects of the Transkei economy is one of increasing reliance on earnings from migratory labour. This may be a misleading deduction based on an incomplete perspective of all the factors which may enforce future trends. In particular the problem before us—namely that of the Transkei's economic future—is one of *political* economy in which government interference is important and not of market forces alone.
16. All political parties in the Transkei and the Republic of South Africa recognise the dangers of the migrant worker system. My impression is that in both parliaments the system is least acceptable to the respective oppositions. Mr. Guzana, the Transkeian leader of the opposition seeks the solution in the permanent employment of Xhosa in those areas where market forces happen to dictate. It is part of his philosophy of integration of the peoples of Southern Africa.
17. The governing parties of the Transkei and the Republic respectively, are in principle completely opposed to further permanent migration of Xhosa to Republican areas of activity. The socio-political reasons for this principle is perfectly clear. There is, however, the ironic possibility that the present balance of political forces in both parliaments may cause the importance of casual migrant workers in the total economically active population to increase rapidly relative to continuously absent and continuously present workers. From the point of view of economic efficiency, and development in the Transkei, I would regard such an eventuality as disappointing.
18. There can be no economic objection to some casual labour export from a slow growing economy, but the economic objection to casual labour as the dominant function in a community is that it renders the community incapable of development.
19. Nor could it be accepted that the Transkei is agriculturally or industrially incapable of functional development. Agronomically

it has a vast potential in cattle farming and in irrigation. In mining it has little payable potential, but in industry the basic problem is distance from the market, a factor which could be overcome by communication technique and by a policy of vigorous subsidisation of either capital or running costs or both. This statement sounds a bit glib but reference should be had to our ideas published elsewhere.²

The Institutional Framework of Development

20. The basic question seems to be: who is to make the kind of decisions which would transform the natural and human resources of the Transkei into output significantly superior to present levels of production?
21. I am convinced that the main engine of growth must be the Transkeian hierarchy (including the government) itself. It cannot be the government of the Republic, if only for the reason that the latter Government has to maintain a delicate balance of vested interests in a myriad of economic variables. (One fairly straight-forward example is the ill-founded but effective cry of 'Hong-Kong' raised by some members of Parliament when the least extent of subsidised competition is felt from Bantu or Border industries).

This task of the South African Government will become even more onerous as the claims of other Bantu communities, and even those of Lesotho, Swaziland, Botswana, Rhodesia, Malawi, etc. on the co-operation of South Africa becomes more sharply defined.

22. But even if the South African administration should be able and willing to provide the motivation for economic development in the Transkei, such a situation would amount to an obliteration of the Xhosa as a meaningful entity. It would become the object of South African motives. Moreover, and let us be quite honest about this, the nature of the population and employment problem among the Xhosa is such that the

²See J. A. Lombard, J. J. Stadler and P. J. van der Merwe: *The Concept of Economic Co-operation in Southern Africa*, Econburo, Pretoria, 1969.

South African Government would hardly be wise to accept sole and full responsibility for its solution.

23. The basic requisite for economic development in the Transkei is therefore a clear confrontation by the Xhosa hierarchy with the problem of the pressure of their population upon their present sources of income and their present processes of producing this income. This confrontation should last long enough and be clear enough to produce within the Xhosa people themselves a mighty resolve to seek change in every institution, method, law or custom which stands in the way of escaping from poverty.
24. In coming to these conclusions after some acquaintance with the problem of development in the economically retarded communities of Southern Africa, I find myself in close agreement with certain expressions used by Robert Heilbroner in his famous monograph on the struggle for economic development in our time.³

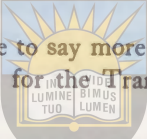
“Looking at development from our American viewpoint, we can scarcely help but see it as a process similar to that by which a depressed area, such as Wilkes-Barre or West Virginia, climbs out of temporary difficulties. That is, we naturally picture the sequence of economic development as a steady accumulation of wealth and a slow but growing expansion of incomes and employment. In so doing, however, we tend to overlook the fact that this kind of strictly economic development requires as a precondition the existence of a society in which wealth can be accumulated and in which incomes and employment are capable of being progressively enlarged.

“But it is precisely this kind of society which is lacking in the underdeveloped areas. The critical fact about the underdeveloped countries is that they are not “economies” in the American sense of the word—which is to say that they do not yet have the institutions, the habits, the foundation of skills and wealth which are preconditions for a long, sustained economic climb.

³Robert L. Heilbroner: *The Great Ascent*, Harper and Row 1963, page 16, *et seq.* (Torchbook edition).

“Economic development, in its initial stages, is the process by which such societies are created. Much of early development is, accordingly, pre-economic. It is concerned with the shaping of attitudes and the creation, forcibly or otherwise, of workable institutional structures. All of this requires far-reaching social change, and this social change, in turn, requires for its inception the mobilization of powerful political energies. Thus we deceive ourselves when we think of economic development in the pallid terms of economics alone. It is only by a profound social and political transformation that the Great Ascent will get into motion, and the momentum of the Ascent will itself inaugurate still further social and political change.”

The Diplomacy of Development by the South African Government

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26. Time does not allow me to say more on this important aspect of the future prospects for the Transkei, than the following brief statements:
1. The development diplomacy of the South African Government should be based on the golden rule of “living constructively with the underdeveloped communities of Southern Africa in their problems, but not to try and solve their problems for these communities”. This statement needs a good deal of elaboration but I can do no more at this occasion than place it on the agenda of your thinking.
 2. One major process by which South Africa could assist in the pace of development is by adopting a clear-cut philosophy of industrial decentralisation within the bounds of its own vital interests. A central aspect of this philosophy would be the legal fiscal and administrative framework within which entrepreneurs could decide to decentralise to border industries or to growth points within the Bantu homelands.
 3. The development of East London, King Williamstown and other border areas would at least provide Xhosa with employment opportunities within easier reach of their families. It is, however, no fundamental solution and might, if carried too far, even frustrate the main solution in important respects.

4. Efforts should be made to give the Xhosa Development Corporation a truly national character, instead of allowing it to remain—in the eyes of some Transkeians at least—a “foreign” institution created and financed by the South African Government for the purpose of promoting development in both the Transkei and Ciskei in loose liaison with the local governments. This could for instance be done by a direct financial contribution (even if small initially) from the Transkeian Government to the development funds of the Xhosa Development Corporation, the appointment of Xhosas on the board of directors and the location of the XDC’s headquarters in the Transkei itself.
5. Inter-governmental labour agreements should be negotiated between the Transkeian and Republican Governments in regard to the *specific* number of migrant workers that are to be allowed to leave the Transkei to take up employment in the Republic. These agreements should be subject to regular review.

The objects of such an agreement should be to confront Transkeian leaders with the problem of population increase and employment opportunities, as well as to ensure that those Xhosa who have agricultural land rights do not leave the Transkei unnecessarily but remain in the area to work their land.

Further elaboration of this philosophy would among other things, require:

The clear identification of—

- (a) the nature of the targets to be achieved by the process;
- (b) the nature of the boundary conditions in respect of the Republican economy, within which the process must be kept; parameters such as the common price level, the capital resources of the Republic and the cost factor in its export potential comes to mind;
- (c) the nature of the instruments to be used by the authorities to stimulate decentralisation to the border areas and homeland growth points respectively;
- (d) the agencies through which the process is to take place. In so far as “white” enterprise of the Republic will be relied upon as an

important agency of industrial decentralisation as must be the case “red tape” obstacles should be minimized and legal certainty be maximized.



University of Fort Hare
Together in Excellence

The first edition of this book was sold out only six weeks after publication. Government bodies like the South African Department of Information and the Legislative Assembly of the Transkei Government, as well as academicians and economists throughout the country have taken large numbers of it. Economic Development of the Transkei and found the thoughts expressed in the various papers both stimulating and informative.

Together in Excellence
To facilitate the increasing numbers of students who are becoming more interested in Homeland Development, the third edition of this book will appear as a Paperback.

(Editor).