

Notes

1 The 1948 income figures have been calculated from Houghton and Walton (1952), p. 106, at the 1961 conversion rate of 1 British Pound to 2 South African Rand. Real incomes have been calculated by means of the South African Reserve Bank's Consumer Price Index. The 1981 figures for Chatha, are taken from De Wet's research, from a once-off sample of 78 out of 405 households, trying to trace income patterns back

over a 6 month period. In Rabula, Leibbrandt sampled 46 out of possibly upward of 600 households in 1987, going back to each household five times over a period of a year.

Statistics are derived from a sample of 162 households in Chatha during 1981 and a sample of 99 households in Rabula in 1986.

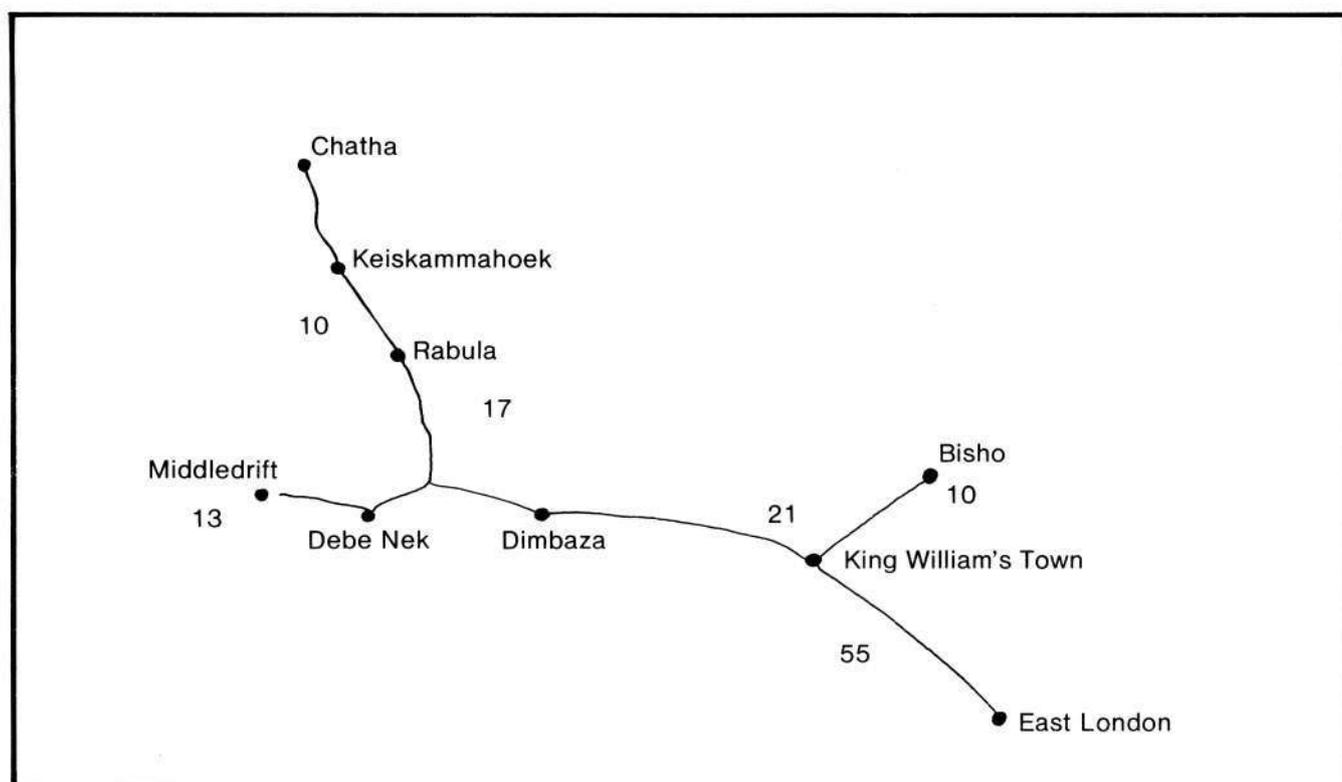
COMMERCIAL SERVICES AND RURAL-URBAN LINKAGES

by Murray Leibbrandt

Opening points

This paper will frame its discussion in terms of the commercial linkages between the Ciskeian village of Rabula and the surrounding regional economy. Given

that the story is told by looking outwards from Rabula, commercial linkages are being explored through a rural lens. The rough map below presents the key dramatis personae.



A macro-perspective on commercial linkages

In a technical sense, commercial linkages can be modelled as a series of flows with goods and services flowing in one direction and payments flowing in the opposite direction. Such an approach offers a useful starting point in documenting the development of commercial linkages and the various institutions through which these operate. The map above

represents a contemporary snapshot of these flows. At the time of the original Keiskammahoek survey (1949), the regional economy would only have included Rabula (which had three trading stores) and the town of Keiskammahoek. East London was effectively as distant as any of the other urban centres with the only linkages being those sustained through long range migrant labour.

Clearly, significant changes have taken place in the regional economy over time. The growth of King William's Town has provided a new and accessible source of supply for commercial services. The increasing number of Rabulan residents finding employment within the region and the improved transportation system has greatly increased the number of daily commuters and weekly migrants which, in turn, has pulled East London and many other surrounding towns into the network of suppliers of commercial services to Rabula.

There have also been changes in the flow of commercial services out of Rabula over time. However, changes in these outflows appear to have followed a more uneven course than the simple increase in the inflows. The second volume of the Keiskammahoek Rural Survey (1952)¹ states that traders coming into the district in order to sell goods also bought a small quantity of wool, skins and hides for resale outside of the district. From the anecdotal accounts of current residents of Rabula it seems that these exports had largely ceased by the 1960s but that, due to the provision of a furrow irrigation scheme on one area of trust land, a lively export trade in vegetables had taken their place. Along with the collapse of the irrigation project, these exports had also died out by the 1970s. Over the last few years, a small supply of some commercial services (mainly meat and vegetables) has again begun to flow from Rabula to the region. In fact, Middeldrift, Debe Nek and Dimbaza are included on the map as demanders of commercial services from Rabula rather than as suppliers. Keiskammahoek has also offered a market for these services but, in this case, the dominant flow of services is in the other direction. The stuttering development of exports out of Rabula gives an indication of the difficulty that rural areas have in trying to balance the increased inflows of commercial services with increased outflows.

To the extent that this flow model deals with commercial services as a generic category, it is losing a lot of detail and is therefore, analytically, rather blunt. The Rabulan experience makes it very clear that changes in the provision of commercial services occur in heterogeneous ways. Food, clothing and building supplies serve as good examples in that, assuming that there was a time in which they were all supplied to residents through the local traders, they have since evolved in very different directions.

Today, almost all new clothing is purchased outside of the village (mainly in King William's Town) and the stores in Rabula stock very little clothing. Therefore, clothing represents a commercial service in which very strong urban/rural linkages prevail and in which an urban dominance characterises the relationship. The supply of building materials lies on the other extreme, in that the local stores still do a busy trade in building supplies, with supply from outside the village and

particularly outside the Keiskammahoek district being limited. Thus, for building materials the urban/rural linkages have remained weak. Food represents the middle ground between clothing and building materials because supply is spread fairly evenly between the local stores, Keiskammahoek and King William's Town. There are strong linkages present but these reflect a more complex urban/rural balance.

In trying to explain these differential outcomes the importance of transportation is highlighted. All the places on the map are linked by regular bus and taxi services. This type of service is adequate for personal transportation and therefore gives people free reign as to where they wish to buy (or sell) their clothes. It is less satisfactory as regards food transportation and most unsuited to moving building supplies. It therefore seems that transportation is one of the key constraints affecting the rural and urban linkages in commercial services.²

A closer look at the delivery of grocery services

During the course of a research project on incomes and expenditures in Rabula regular price surveys were undertaken of the three stores in Rabula as well as grocery stores in Keiskammahoek (two), King William's Town (three) and Bisho (one) which were frequently used by Rabulan residents. There were also a few of the residents who were operating informal grocery stores out of their kitchens. Rough sets of accounts were assembled for two of these informal stores during the fieldwork. One of these sets is sufficiently detailed to pull into a comparative price analysis for all of these stores. This comparison is illustrated in the table below.³

Table: Prices of groceries supplied at different places in the Rabulan regional economy

	Bisho	KWT	KKH	Rabula Formal	Informal
Soap	0,95	1,15	1,38	1,22	0,90
Washing Powder	3,09	3,61	3,97	4,71	4,50
Matches	0,35	0,41	0,44	0,52	0,50
Candles	0,89	1,00	1,06	1,20	1,10
Tobacco	1,49	1,56	1,61	1,78	2,00
Tea	2,79	3,24	3,66	3,60	4,50
Mielie Meal	8,65	8,63	8,65	8,50	11,88
Samp	9,23	9,88	9,95	10,44	15,60
Yeast	1,97	1,92	1,91	1,98	2,00
Sugar	13,62	16,16	15,72	16,78	20,00
Total	43,03	47,56	48,35	50,73	62,98

Given that it costs R2,80 for a return bus trip from Rabula to King William's Town and 80 cents for a return trip to Keiskammahoek, the ascending order of the total prices seems to accord rather well with a priori expectations. By locating a store closer to a group of villagers the store keeper is saving them both time and transport expenses and this should entitle the store keeper to some premium on prices. However, this general point should not be pushed too far. In

particular, the actual magnitudes of the differences in prices can not be accounted for in any precise way by transport costs.

For the purpose at hand this table can be used to tell a story of rural people who are alert to price differences and to the opportunities which these create for them. The large difference in prices between Bisho and the informal store in Rabula is very telling in trying to understand why a number of these informal stores were opening up in Rabula at the time. However, the Rabulan experience also makes it clear that it is not simply a question of rural households recognising that an opportunity exists. In order to capitalise on this they have to have the means to do so. As stated earlier, buses and taxis are not a satisfactory means of transporting groceries in large quantities. Without exception, those in Rabula who were able to set up these stores had access to independent means of transport. A further requirement was for potential store owners to have built up some savings in order to be able to sell on credit as all the local formal stores offered this service to their customers. Some of the stores could not or would not do this and this severely hampered their progress because it meant that it was only in cases of emergency or for small purchases that customers would make use of their services.

It needs to be stressed that it is not only those who might be able to exploit price differentials directly who need to be included in this story. To do so would imply that, besides making sure that they bring a bag of groceries back with them when they return home from a funeral in East London, most of the residents of Rabula are unresponsive to these developments. In fact, these prices are offering the community signals about changes taking place in the environment within which they are living. There are many ways in which members of the community can and do respond to these signals. The agricultural decisions of households can be considered by way of example. The fact that, even at the highest local prices, the cultivation of maize is not a viable proposition provides a signal to the community that the production of maize, even for subsistence purposes, is not worth the effort. This has indeed been the signal to the Rabulan community and they have responded accordingly. However, vegetable, meat and milk prices have been sending different signals. In these cases there definitely is scope for subsistence production and a demand does exist within Rabula, Dimbaza and other neighbouring areas for any surplus production. Once again, there is evidence of the community taking account of these signals.⁴

Closing thoughts

It is obvious that Rabula is well meshed into the regional economy. In this sense Rabula is an atypical rural community and one wonders to what extent it can yield insights into the fewer (but better defined) linkages operating between more removed rural areas and the

urban areas. In a speculative vein, the Rabulan experience does reveal two trends about the way in which commercial linkages evolve over time. Both are rather gloomy from a rural perspective.

Firstly, there appear to be very few commercial services in which rural areas do have any sort of an advantage over urban areas. Therefore, although the peri-urban areas may offer rural communities some export opportunities in the medium term, well-developed linkages in the long term will be characterised by urban dominance.

Secondly, to the extent that improved linkages do open up improved possibilities for the rural areas, these possibilities do not appear to be available to the rural poor as they do not have the means to make effective responses. This is particularly sobering because it is also the rural poor who find it hardest to make the move from the rural to the urban areas. □

NOTES

- 1 Houghton, D. and Walton, E. **The Economy of a Native Reserve**. Shuter and Shooter, 1952.
- 2 It is important to note that transport is not necessarily a binding constraint in the provision of commercial services. The supply of furniture to the rural areas provides a good counter example. Clearly furniture is most unsuited to transportation by bus or taxi but there must be enough incentive to the suppliers to want to overcome this problem because the furniture stores take it upon themselves to provide deliveries even into remote rural areas.
- 3 Some technical notes on the price data:
 - The actual goods included in the comparison were determined by the goods which the informal store was selling and the month in which the informal store data was gathered was used consistently for all the price data.
 - For King William's Town, Keiskammahoek and Rabula (formal) the price given is an average price taken from all the stores which were surveyed in each area.
 - The Rabulan stores include tax in their prices and therefore all prices are presented as after tax prices.
 - Clearly, relative price differences in goods which are expensive are going to dominate in determining the overall differences in cost. However, as relative price differences are fairly consistent, I have not attempted to standardise the data.
 - The survey asked for prices of specific brands which should ensure that price differences do not reflect brand differences.
- 4 In the peri-urban areas rental income has far exceeded income from growing vegetables thus leading to the growth of 'shack farming'.