

## Economic Development in the Northern Cape and the new economic geography

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### Overview

- Challenge of economic development wrt spatial economic reference
- Some concerns regarding NSDP
- New Economic Geography (NEG)
- Critical evaluation of NEG
- Clustering
- Conclusion

### NSDP perspective on NC



### Poverty



### Evaluation- National Perspective

- Makes perfect sense
- Covers majority of poor and economic activity
- NC however is an exception

### Evaluation Northern Cape perspective

- The metropolitan bias of the NSDP
- The use of aggregate numbers versus percentages
- The NSDP policy proposal for areas with limited economic potential

## Four approaches to spatial economics

- Evenly distributed welfare
- Local endogenous opportunities
- Equal opportunities
- Free market competition

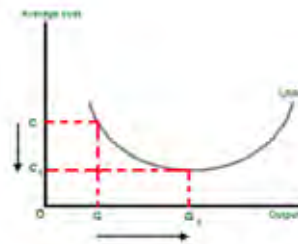
## New Economic Geography

- Country can endogenously differentiated into industrialized core and agricultural periphery
- Marshall- workers, other industries, cluster
- Krugman- economies of scale, transportation cost and manufacturing % of total output

## Transportation cost

- Minimize transportation cost
- Locate close to high demand for manufactured output
- Biggest demand in the city

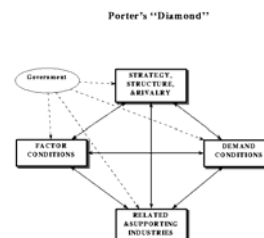
## Economies of Scale



## Policy implications

- NEG and NSDP
- NEG and developing the periphery
- Infrastructure
- Labour

## Clustering





## Clustering in the Northern Cape

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- North West Study
- Manufacturing Centres



## Conclusion

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- Solution to rural development not as clear as indicated by NSDP
- NEG and Clustering
- Need for further research