

**Towards Alternative Conceptions of Local Economic Reform in the  
Developing World: The Case of South Africa**

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**(1) Introduction**

Against a comprehensive critical review of the international literature over the past decade on cities and the global economy, this paper argues that in many of the cities in the developing world, in large part due to state incapacity to address local problems, there has been a flourishing of organisations in civil society to engage in self-help, build social networks and mutual support groups, and create other forms of associational life to meet basic services needs as well as generate economic growth.

The paper posits that this raises the question, then, given the specific and often complex local contexts within which cities in the developing world operate, as to what actually constitutes appropriate mechanisms to stimulate local economic development (and initiate political reform) in these places, South Africa's town and cities included? Are public-private partnerships, urban growth coalitions, urban regimes, and other types of urban entrepreneurial ventures, most of which embrace privatistic and corporatist growth agendas, the most suitable institutional arrangements to effect local economic growth in the cities of Asia, Africa and Latin America? Or are new locally-based associational arrangements like forums, voluntary bodies representing a broad spectrum of social interests and seeking essentially to debate issues of importance to a metropolitan area

(including things like local government, economic development, infrastructure shortfalls, etc.) in a truly inclusive manner, more ably placed to address the issue of economic growth and generation, thereby reducing poverty, in these cities?

The recent South African experience has suggested that these voluntary associations have made crucial interventions into policy debates at a national, regional, and local level and should be taken seriously. Local planning forums in the South African context, for example, are not only vehicles for participation, but have also become mechanisms that, in strategic alliances with other locally-based institutional actors, have started giving expression to a newly formulated economic and political vision of the city.

Derivative insights such as those above, the paper argues, alerts one to the dangers of assuming an uncritical acceptance of models and arrangements that have been popularly embraced as vehicles to stimulate economic growth in the localities of developed societies. By doing so one is forced into thinking about what more organically-derived versions of these kinds of models should look like if they are to fundamentally reconfigure the economic landscape of very distinctive urban areas in the developing world. Local planning forums and other associational forms and arrangements being experimented with in the urban economies of the developing world, as the balance of the paper argues and illustrates, represent a start in this direction.

The paper concludes with some comment on the dangers of a monolithic conception on the economic condition of localities. It is argued that such an awareness forces both scholars and practitioners to think critically in relation to the economic plight of particular areas. The solutions that are offered, grounded in local reality but cognizant

also of forces operating at other spatial scales, tend then to be of the kind that are truly workable, practically implementable, and ultimately sustainable.

## **(2) Cities and the Global Economy: The International Literature**

Much of the international literature on cities and the global economy (over the past decade and a half) has documented the profound historic change in the geography of production and how, following major crises in many urban economies, possibilities were created for cities to regain economic importance and leverage. The literature focused on how ailing local economies constructed new social networks (whether through public-private partnerships, urban coalitions, growth machines or urban regimes) that linked local economic and political actors. As these important groups got their acts together, and as urban management focused on economic regeneration rather than 'welfare' issues, a new era of urban economic development was anticipated. The end of the twentieth century was seen as representing a return to the urban dynamism of the late nineteenth century, with a restoration of civic initiative, and a new era of beneficial urban economic change. The remaining task would be how to get on with reconfiguring local governance arrangements around the agenda of competition and economic growth.

One of problems with this literature, which otherwise is very convincing in the way it argues this transition, is the way it views the replacement of a supposedly ubiquitous Fordist economic order by its post-Fordist sequel. As Amin and Malmberg (1996) have noted, these scholars see the above process as a historically inevitable one. This, the above authors point out, is a gross distortion of reality, as real-world restructuring cannot be reduced to a sort of binary switchover. Further, there is nothing new about the emergence of new growth sectors in new places, accompanied by local institutional

development. As Lovering (1995) has argued, these features have characterised uneven development since the beginnings of industrialisation.

A second criticism of most of the international literature on urban entrepreneurial local economic development initiatives relates to the way in which there is often a separate treatment of the abstract realms of the economic, the political, and civil society. These are often treated as empirically separate domains with the economic often being prioritised. All the weight tends to be placed on the supposedly autonomous transformation of the regime of accumulation, and as a result treats the mode of social regulation as derivative (ibid). As Lash and Urry (1993) have pointed out, the effect of this is that there is no serious analysis of local level politics and the state; the transformation of the 'local' is viewed as an effect of economic forces independent of the state and local, national and international political influences.

A third criticism relates to the fact that much of this literature not only neglects the state, it also neglects non-state dimensions of the social mode of regulation, viz. the complexity of civil society in places across space. While places are constitutive of social action, place is not absolute; its social substance is highly uneven. No locality can really be regarded as a coherent crucible of social relations, hence the multiple forms of associational life and forms that occur in different places. Outcomes in particular places are therefore not only mediated by the primordial importance of place itself, but also by the different types of social relations constitutive of that place. And this is particularly true of cities in developing economies where economic decline, violence, poverty, and the attendant demand for basic infrastructure are key concerns.

In many of the cities in the developing world, in large part due to state incapacity to address local problems, there has been a flourishing of organisations in civil society to engage in self-help, build social networks and mutual support groups, and create other forms of associational life to meet basic services needs as well as generate economic growth (McCarney, 1996). Testimony, indeed, to the lack of a coherent crucible of social relations. This raises the question, then, given the specific and often complex local contexts within which cities in the developing world operate, as to what actually constitutes appropriate mechanisms to stimulate local economic development (and initiate political reform) in these places, South Africa's town and cities included? Are public-private partnerships, urban growth coalitions, urban regimes, and other types of urban entrepreneurial ventures, most of which embrace privatistic and corporatist growth agendas, the most suitable institutional arrangements to effect local economic growth in the cities of Asia, Africa and Latin America? Or are new locally-based associational arrangements like forums, voluntary bodies representing a broad spectrum of social interests and seeking essentially to debate issues of importance to a metropolitan area (including things like local government, economic development, infrastructure shortfalls, etc.) in a truly inclusive manner, more ably placed to address the issue of economic growth and generation in these cities?

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The above discussion alerts one to the dangers of assuming an uncritical acceptance of models and arrangements that have been popularly embraced as vehicles to stimulate economic growth in the localities of developed societies. By doing so one is forced into thinking about what more organically-derived versions of these kinds of models should look like if they are to fundamentally reconfigure the economic landscape of very distinctive urban areas in the developing world. Local planning forums and other associational forms and arrangements being experimented with in the urban economies of the developing world, as the discussion below will allude to, represent a start in this direction.

### **(3) The South African Urban Experience: the early 1990s**

Significantly, South African local economic and political reform initiatives during this period attempted to premise themselves on new (as opposed to the mainstream U.S. and U.K. entrepreneurial versions cited above) conceptions of urban partnerships. These were initiatives that ostensibly focused redevelopment priorities on the needs of a truly representative cross-section of a city's population. This is where alternative conceptions of development, the nature of city life, and human relations in general were articulated. An array of new public-private programmes that address a variety of problems, most of which had underlying commonalities, were devised in the 1990s. These were programmes and partnerships premised on a commitment to growth and equity; to the notion that growth and equity can be mutually reinforcing. The prime objective was to make cities more livable, not just more profitable (Squires, 1997).

These attempts among South African cities met with limited success in embracing some of the characteristics informing this alternative conception of public-private partnerships and urban development. But to the vague extent that they did, and it must be noted that some of these initiatives did represent innovative institutional arrangements attempting to unlock the development process in cities, they did not necessarily represent a surreptitious attempt by business elites to influence local economic activity in a manner strictly concordant with their own interests. However, their corporatist growth agenda path (in particular its focus on speculative investments/ ventures in the downtown), their ultimate inability to be representative of all interests groups in the region, their lack of consultation when taking key decisions that had important development consequences, and the often limited and derivative strategies for growth identified by these coalitions, tended to cast them in more traditional light as instances of corporatist growth coalition initiatives.

Despite the limited and often ambiguous impact these initiatives had, as one of the first attempts at explicit and institutionalized co-operative problem-solving in South African localities, they represented a bold and imaginative step towards beginning to redress the seemingly insurmountable development problems facing South Africa's metropolitan regions.

**(4) The Concept of Forums in South Africa Cities: Towards an Alternative  
Conception of Local Political and Economic Reform Mechanisms in the mid-  
late 1990s**

By the mid-1990s, however, the notion of local planning forums gained ascendancy as mechanisms more appropriately placed to deal with local development problems and politico-institutional reform. Forums are voluntary bodies representing a broad spectrum of social interests and seeking to negotiate agreed upon (mostly local) policies in an attempt to ensure that decisions are not monopolised by sectoral interests and agendas. While it is generally held that forums aim to be as inclusive as possible, this in reality implies inclusivity of interested parties around a specific issue. It is observed that it is usually these interested parties who set up forums and, depending on the issue being negotiated, the social interests represented may include delegates from business, labour, government, the civic movement, NGOs, and so on.

Forums in South Africa at this particular point operated relative to two particular spheres of government. At a regional level, forums crystallized around two central issues. On the one hand they were aimed at bringing together the major political actors in the region concerned to debate political or regionally-related constitutional issues. On the other hand, most regional forums were aimed at addressing a range of regional economic and development issues. At the local level, and in particular at a metropolitan-wide level, local forums emerged to debate issues of importance to the metropolitan area. In many instances, the roots of local forums can be traced to the impasse, or crisis of legitimation, in local government and development which occurred in the mid-late 1980s. As Atkinson (1997) has observed, the latter half of the 1980s and the early-mid 1990s witnessed a series of urban initiatives intended both to restructure the urban political order on a non-racial basis and promote economic growth. Local forums became the mechanisms through which these kinds of issues were debated.

While forums seemed to work during this period (in contrast to internationally-derived models of urban reform) because of the specific historical period in South Africa's transition to democratic nation-hood (i.e., they became a strategic necessity), they were also successful because they drew on a wider range of participants, dealt with a broader range of issues, and relied on different means to influence policy. Forums, according to Schreiner (1996), attempted to prevent the government from taking decisions alone and embarking on unilateral restructuring. Forums thus represented an attempt by previously excluded and marginalised groups to gain entry into policy-making arenas. They played, and continue to play, a major part in reducing political contestation over development issues. This, however, does not translate into a clean divide between politics and development. By freeing decision-making from the strictures of centralized decision-making, and by stressing the need for a variety of stakeholders to agree, through negotiation, on policy and then accept the responsibility for it, forums created the potential to reduce the danger that locally-based development and political reform is seen as means of gaining sectional competitive advantage, usually at the expense of presumed beneficiaries.

## **(5) South African Case Studies**

### **(a) An Experiential Overview**

The recent South African experience of locally-based associational arrangements involved in LED and institutional reform has been mixed, although most outcomes have been positive. These arrangements offered successful alternatives to the mainstream approaches to LED in retaining a focus on delivering to the poor. Prior to the elections in 1995-96 of democratic local authorities in South Africa, and indeed prior to the election

of the new national government in 1994, the institutional space created by the lack of political legitimacy was occupied by development forums comprised of associational arrangements representing a broad spectrum of community interests. The 1995-96 local government elections certainly delivered political legitimacy to the local sphere of governance. However, as the following case studies reveal, local authority technical capacity and financial constraints, and competing ideological discourses on development, tended to result in the continuation of the local institutional vacuum of the previous era. This space, however, soon became occupied by associational arrangements of various types, with a primary interest in improving the material conditions of the poor. Significantly, the developmental methodologies adopted by such arrangements were firmly focused on delivering to the needs of the urban and rural poor.

***Mhala Development Centre (MDC), Northern Province***

The MDC is located near the town of Thulamahashe in the Bushbuckridge area of the Northern Province, South Africa. Unemployment levels in the early 1990s stood at around 50%-60%, with migrancy a long-established feature of the local economy. With household income levels at some R630 per month (\$180) during this period, the area was recognized as being ultra-poor. The MDC was a grassroots project, founded in 1992 by retrenched miners linked to the National Union of Mineworkers (affiliated to the Congress of South African Trade Unions). The MDC was operated by local residents committed to the development of the area. The local authority responsible for the area faced serious capacity constraints and was thus unable to organically initiate local development projects.

The experience of the MDC is viewed as a valuable illustration of the workings of an informal and innovative approach to community-driven LED. The MDC's mission was to increase its clients incomes and create conditions for sustainable development in the locality. Essentially, the MDC was a small business support-centre focusing on training, business support services, and low-cost materials and equipment supply. Since its inception, the MDC evolved from an income-generation project for its members to a service provider to local micro-enterprises. The MDC's membership base eventually included all members of the community, rather than retrenched mineworkers, as was the initial focus. The initiative received recognition for its success in 1997 when it received the President of South Africa's Reconstruction and Development Program (RDP) Award for best project. The success of the MDC may be explained in its having developed local opportunities and generated local solutions to local problems (Bauman, 1998).

### ***Khayelitsha, Western Cape Province***

Khayelitsha is a large, predominantly informal settlement located some 30km from the centre of Cape Town. The settlement was developed as a dormitory settlement and labour reservoir to Cape Town at the height of the apartheid era. Despite the lack of reliable statistics, Khayelitsha is recognized as a sizable poverty-stricken area in metropolitan Cape Town.

Dyantyi and Frater (1998) argue that the Cape Town local authority has been relatively ineffective as a development facilitator. This created space for several civil society formations, most notably the Khayelitsha Development Forum (KDF), to become involved in poverty alleviation strategies. The KDF has been involved in a series of social and economic initiatives, many of which have embraced high levels of community

participation. In attempting to fulfill their poverty reduction aims, these local initiatives contributed to increasing the well-being of the people of Khayelitsha, increasing their productive potential and sometimes opening up job opportunities.

To the credit of the local authority, it recognised the important contributions made by organizations like the KDF, allocating funds to such organisations and involving them in the development process. Dyantyi and Frater (1998) further argue that poverty alleviation rests with an equal partnership between representative community-based structures and local government. Moreover, the role of the local authority is critical in ensuring that such partnerships are formed and that development programmes are implemented in which the process is owned and endorsed by local residents.

### ***Harrismith, Free State Province***

The local economy of the town of Harrismith, Free State, has been placed under severe strain by the decline of the mining and agriculture sectors on which the town was historically dependent. The termination of the apartheid state-subsidised industrial decentralisation programme following the election of the post-apartheid government further decimated the local economy as companies closed shop and retrenched labour in search of more efficient urban-economies in which to set up enterprises.

The Harrismith local authority was reportedly slow in developing an explicit LED strategy. Moreover, the strategy adopted was premised on more mainstream approaches, including place-marketing to secure external investment. This changed in 1997 when an alternative approach to LED was adopted. Key local stakeholders in the area formed a section 21 (private not-for profit) company, called the Harrismith Development

Partnership, which comprised the local authority, the business sector and community-based organisations. The partnership aimed at improving the lives of local residents by facilitating LED initiatives, rather than implementing capital projects.

As an illustration of the application of public-private partnerships as the basis for development programmes in a small town, Abrahams (1998) argues that the success of initiatives such as the Harrismith Development Partnership was significantly dependent on the availability and commitment of a local champion to drive the initiative, political support from key stakeholders, institutional capacity, and the availability of technical support and funding.

### ***Bergville, Kwa-Zulu Natal***

The experience of Bergville, a typical poverty-stricken rural area in the province of Kwa-Zulu Natal, highlights the issue of capacity constraints that hinder the implementation of alternative LED initiatives across South Africa. Kruger and Sithole (1998) argue that the Bergville local authority had neither the financial resources, nor the requisite capacity to address the local poverty challenges of the area. In response, the Bergville District Development Forum was formed in response to the local institutional vacuum. The forum comprised 110 community-based organisations, and became involved in LED projects in the area, including a local business service centre.

Owing to local authority capacity constraints, responsibility for driving LED projects was assumed by the Development Forum. However, Kruger and Sithole (1998) reveal that this resulted in considerable local political tension. It is further argued, in light of this, that the successful implementation of LED projects in small towns and rural areas of

South Africa will be dependent, in part, on support mechanisms from national and provincial government. Such measures might include the training of local authority councilors and officials in LED, community participation, and funding of pilot projects. This would be linked to ongoing monitoring and evaluation, and the facilitation of local processes to resolve conflicts and deadlocks.

### ***Metropolitan Insight - Durban, KwaZulu-Natal Province***

A Durban Functional Region (DFR) development summit in the mid-1990s launched the DFR-Development Forum in response to Durban's dire economic crisis at the time. Participants included numerous political groups, local and regional government bodies, civic groupings, business organizations, and a range of women's, sporting religious, health, welfare, environmental, education, parastatal, professional and NGO bodies. The main goals and objectives of the Forum were identified as follows: to increase democratic participation in development; to devise strategies and undertake planning to respond to the development challenges; to promote economic growth; to make recommendations on the use and allocation of development resources; and to identify and facilitate appropriate institutional arrangements for delivery (DFR Forum, 1995; Pillay, 1996).

Aimed, ultimately, at unleashing the potential strengths of the greater Durban area in order to effect economic growth and stimulate job creation, what set this initiative apart from the more mainstream growth-orientated initiatives that preceded it was its distinct community-development orientation, with specific emphasis on the provision of infrastructure and services. Disadvantaged communities were the targeted beneficiaries, and speculative ventures tied to the notion of a trickle-down-theory of urban development were put on hold. Further, while participants expressed the simultaneous

need to restructure local government in the DFR as a matter of urgency, the outcome of this latter process was not seen as a *sine qua non* for the initiation of development projects (ibid.).

(b) Summing Up

The above broad-brush sweep through select case study experiences reveal the innovative attempts by the urban poor of South Africa, and in the case of Durban a broad coalition of key stakeholders, to take control of conditions in a situation of local economic strain, and against the fluidity of a local government institutional reform process with all its attendant difficulties and challenges. The intention in reviewing these experiences is not to overly romanticize these efforts as flawless, but rather to acknowledge that local communities are not passively waiting for the state to deliver them from poverty, and related conditions of abject deprivation. On the contrary, local associational arrangements are devising local solutions to local problems on a trial and error basis, which offer alternatives to mainstream approaches to LED.

It was the emergence of local forums (and other locally-based associational arrangements) during this period, discussed in the previous section, that ultimately led to a new vision of local governance for South Africa towns and cities. Finding constitutional expression on 5 December 2001, South Africa's new model of *developmental* local government seeks to form partnerships between municipal government and citizens in order to find sustainable ways to meet the social, economic and material needs of constituents, as well as improve the quality of their lives. Underpinned by a set of tools and strategies, the new dispensation on local government hopes to:

- provide democratic and accountable government for local communities’
- ensure the provision of services to communities in a sustainable manner
- promote social and economic development
- promote a safe and healthy environment, and
- encourage the involvement of communities and community organisations in the matters of local government.

While time will tell whether growth and equity issues become truly reinforcing concepts as the new model of local governance attempts to reconfigure local landscapes, the future of South Africa’s towns and cities looks bright. However, the new local government model will only succeed if lessons learnt during the height of the forum era (and preceding that during the resistance struggle) are not lost. If negotiations and pre-electoral activities in the run-up to South Africa’s first democratically-constituted local election in December 2000 are anything to go by, though, the signs look decidedly encouraging.

## **(6) Lessons Learnt**

The brief documentation and analysis of the recent South African urban experience above, and the comparative assessment with similar developments elsewhere, has been significant in three major respects.

Firstly, it allows for much needed conceptual analysis of this research problematic, ultimately enhancing our understanding of these kinds of processes. In particular, one is

able to tease out the dynamic interplay of state-capital-popular class relations that are set in motion during the formation of such initiatives. In addition, such analysis helps begin to fill a crucial research void in the field of urban development and politics, not just in South Africa, but in developing urban economies at-large.

A second reason that makes the above analysis worthwhile is that it raises a number of questions in relation to what may constitute appropriate mechanisms to stimulate local economic development (and enhance the imperative towards political reform) in South Africa's towns and cities and, perhaps, in the urban economies of the developing world. These are towns and cities where a very specific set of conditions and processes operate at a local level. Locally-based public-private partnerships that embrace an urban entrepreneurial agenda, as the analysis of early attempts at local institutional reform in some South African cities has suggested, may not represent the most appropriate institutional arrangement to effect local economic (and political) reform. This is despite the fact that these initiatives often represented bold and imaginative attempts to unlock the development process in metropolitan areas. However, given, the broad range of local actors on the South African urban landscape, the competing discourses on development, the importance ascribed to consultative procedures and practices, and the distinct nature of locality-based practices and conditions, new approaches and more organically-derived models need to be experimented with. In these kinds of approaches and models, it is imperative that procedural matters are given high priority, and that growth and equity issues become truly reinforcing concepts. This situation applies to most of the urban economies of the developing world as well.

By questioning the appropriateness of locally-based institutional arrangements that have given expression to a particular kind of economic (and political) vision of the city, and that have been popularly embraced in the developed world, the analysis above has challenged the conventional typologies and classificatory models that have been presented in the international literature. These typologies and models have often been assumed to have widespread applicability across or, indeed, in most localities. However, as discussion on urban forums has intimated, it is locally-derived models for economic regeneration and political reform that are perhaps best suited to the task at hand in the complex urban economies of the developing world.

These models and institutional arrangements for local economic growth, what McCarney (1998) has referred to as new associational forms in many Asian, African, and Latin American cities, have adopted very specific development strategies, have initiated consultative processes and procedures in relation to key decisions that need to be made that are totally inclusive, and have tried to represent all key stakeholders in the metropolitan region. Called urban or local planning forums in some cities, economic development associations/committees in others, and growth networks in a few (McCarney, Halfani, and Rodriguez, 1997), they are the new urban 'growth'/'reform' coalitions of the developing world. The urban economies of the developing world will have to take cognizance of this new pattern of urban development if local level economic (and political) interventions are to have their desired effect. A critical appraisal and a re-think around issues of institutional form, strategy, agenda, and process is what is called for.

Finally, the analysis offered in this chapter has reinforced that body of literature which has suggested that locality-based practices, circumstances, and conditions provide the context and setting for the emergence of initiatives documented in this study. This argument maintains that it is often the case that notwithstanding the imperatives of the global economy, as well as the influence of national processes, it is often the specific local context, and the weight carried by local politics, that govern economic development interventions and political reform initiatives at a local level. After all, not all localities, not least of all those in the developing world, have similarly felt effects of a supposedly autonomous transformation of the global regime of accumulation. The situations that prevail in many localities are often the effect of a combination of independently operating global economic forces and locally-based modes of social regulation. Local politics, conditions, and practices further mediate this situation. So do national political and economic processes (Pillay, 1996; 2000).

The significance, then, of such an understanding is that it cautions one to any monolithic conception of the economic condition of localities. This, in turn, forces both scholars and practitioners to think critically in relation to the economic plight of particular areas. The solutions that are offered, grounded in local reality but cognizant also of forces operating at other spatial scales, tend then to be of the kind that are truly workable, practically implementable, and ultimately sustainable.