

Incipient Local Economic Development in the Eastern Cape, 1909-1947

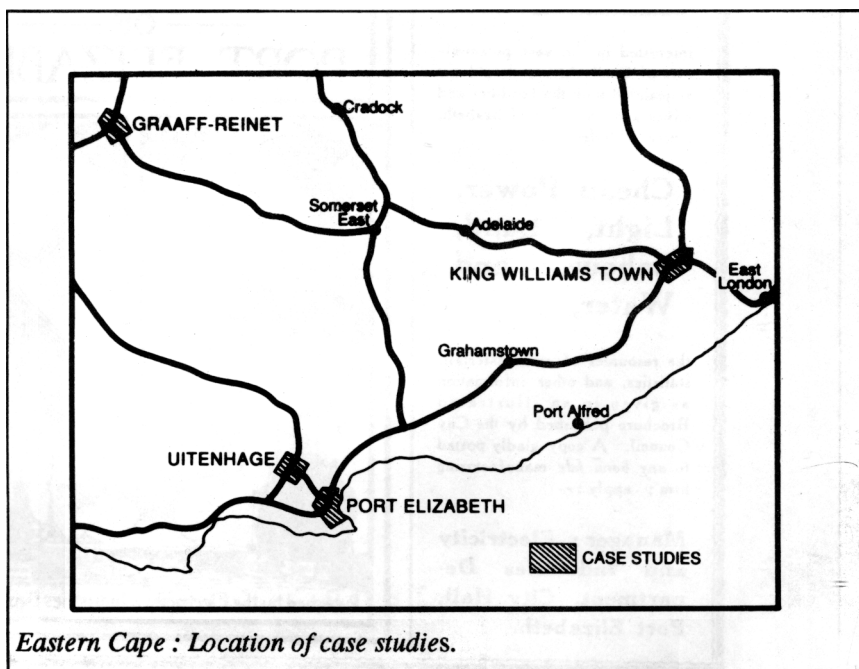
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Introduction

Since the mid-1980s one major research theme in economic and development planning has been the issue of Local Economic Development (LED).¹ The concept of LED is used increasingly to describe the various activities of local government, private sector and community based organizations which seek to improve the quality of life within their locality with little or no reference to central government. Over the past decade LED activities have been widespread across both developed countries and the developing world.² International trends have been followed in South Africa, where the growing importance of LED has been stressed by several researchers.³

The emergence of LED planning is explained in terms of broader processes affecting global economic restructuring. These are shifting the locus of responsibility for development from national to local levels of government. The rise of what is called this "new localism"⁴ in development planning is attributed to a series of changes occurring in contemporary capitalism which "are at present heightening the economic, social and political significance of each locality".⁵ In an era of global economic restructuring, when localities are increasingly being affected by social forces beyond their borders, "the desire is actually growing for regions to become more active protagonists rather than passive recipients of external change".⁶ Another factor underpinning the strengthening of LED initiatives has been the demise of traditional "top-down" regional planning. The period from the 1940s to the 1970s was one marked by high degrees of central state control of spatial planning with "growth centre" planning a characteristic feature of this period. Roberts⁷ attributes the growing significance of LED in part to the failure of such regional policy measures to alleviate the decline of many local communities, and in part to an increased awareness that local authorities and local agencies can exert an important role in restructuring local economies.

The preceding comments underscore the vital contemporary contribution of LED planning. The emergence of centralized "top down" regional planning after World War II, in many instances, led to the suppression of local economic initiatives. Indeed, this centralization of economic power restricted the range of options previously available to local authorities to promote economic development within their local areas. There is, however, a considerable body of material to suggest that the pre-1945 era was one characterised by high degrees of municipal involvement in urban economic activity through what might be termed "incipient local economic development" approaches. For example, in Britain, a rich pre-1940 tradition of local



economic initiatives has been documented.⁸ Similar traces of earlier phases of local economic development have been recorded also for the USA and Canada.⁹

The objective in this article is to draw attention to an early tradition of LED activity in South Africa. The analysis builds upon and extends previous research which highlights that "place entrepreneurialism" was a distinctive feature of pre-1950s municipal policy in some

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South African cities.¹⁰ More specifically, the focus is upon tracing the nature of incipient LED activities in urban centres of the Eastern Cape. An investigation was conducted on LED activities in a range of different-sized urban places in the region. The specific centres which are discussed here are the largest centre in the province, namely the metropole of Port Elizabeth, and the three small towns of Uitenhage, Graaff Reinet and King William's Town.

In all four selected urban places a tradition of LED as a definite feature of municipal policies was identified.

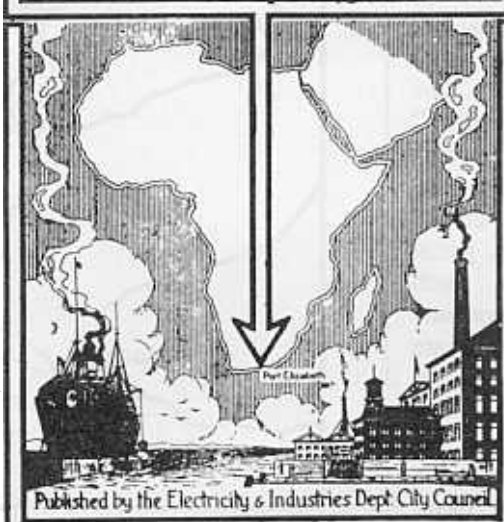
The study discloses the existence of incipient LED activities in the Eastern Cape from the early decades of the twentieth century through to the 1940s. Moreover, it reveals diverse approaches which were applied in the area; these range from place marketing¹¹ to direct employment creation initiatives. Given the greater financial, infrastructural and technical resources of the

primary to secondary sector domination, a trend accelerated by the government's commitment to nurture import-substitution industrialization from 1925. The opportunity given to broaden out the local industrial economy beyond its previous agro-industrial base was seized and reflected in active municipal place-marketing by Eastern Cape urban centres.

The Regional Metropole: LED in Port Elizabeth

Port Elizabeth's development as a major industrial centre began soon after the town's foundation in the nineteenth century. Early industrial activity was dominated by leather tanneries, wool washes, footwear, food processing, soap, candles, cigarettes and explosives production. The strong linkage of the city's initial industrial base to the area's rural hinterland is apparent from the nature of the evolving industrial activities.

The mineral discoveries in the interior during the latter

<p>Manufacturing FIRMS</p> <p>interested in the vast potentialities of South Africa should get acquainted with the facilities and advantages of Port Elizabeth, which include—</p> <p>Cheap Power, Light, Land, Labour, and Water,</p> <p>the resources of raw materials, statistics, and other information as given in an illustrated Brochure published by the City Council. A copy gladly posted to any <i>bona fide</i> manufacturing firm; apply:—</p> <p>Manager: Electricity and Industries Department. City Hall, Port Elizabeth.</p>	<p style="text-align: center;">THE TRADE & COMMERCE — OF — PORT ELIZABETH</p>  <p style="text-align: center;">Published by the Electricity & Industries Dept. City Council</p>	<p>Commercial FIRMS</p> <p>are reminded of the convenience and suitability of Port Elizabeth as a Distributing Centre for South African Trade. Full and reliable information and illustrations are given in the</p> <p>Illustrated Brochure now ready; write for a copy, post free.</p> <p>Established Overseas Firms can be assured of every encouragement by the Municipality. Main railway lines adjacent to Algoa Bay and chief commercial premises. Port Elizabeth is the chief South African centre for import and export of merchandise.</p> <p style="text-align: center;"><i>Home and Foreign Enquiries may be addressed to</i></p> <p>Messrs. DAVIS & SOPER, 54, St. Mary Axe. London, E.C.</p>
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Selling Port Elizabeth, 1919. Source: Industrial South Africa, December 1919, p. 615.

larger centres it is not surprising that Port Elizabeth experimented with a far broader range of activities than the three smaller centres. One common thread across all four case studies is, however, the almost exclusive focus of LED activity on promoting manufacturing as the "lead" economic sector. To a large extent, this is explained by the fact that this particular phase of "place entrepreneurialism" in the Eastern Cape coincides with the period when the national economy shifted from

half of the nineteenth century, the development of a large commercial and banking sector characterised by the establishment of Imperial Banks, the Anglo-Boer War (1899-1901) and the First World War (1914-1918) together provided major stimuli to further industrial and general development in the city. In particular, the First World War was described as inducing an "industrial miracle in the city".¹² According to Robinson,¹³ Port Elizabeth had a well-established tradition of local

economic development, marked by a local state and mercantile coalition which sought to "transform Port Elizabeth from a run-down and poorly serviced colonial town into a suitable place for capitalist expansion".

The city's manufacturing sector received a major boost during 1925 when the Union Government embarked on a policy of import-substitution, imposing tariffs on imported manufactured goods.¹⁴ Port Elizabeth's coastal situation was a major locational attraction to new durable goods manufacturers such as cars, tyres, cement and glassware. The diversification of production away from a purely consumer goods and agriculturally based focus led to significant growth in the local economy.¹⁵ The result, according to the municipality, was that "Port Elizabeth's industrial expansion became a source of wonderment", with local industries outcompeting foreign suppliers because of the tariff protection.¹⁶ Local business interests clearly had a stake in the development of the city and on their own initiative "made stout efforts to promote economic activity in the area". These efforts included publicizing the city "promoting railway and harbour development and ... encouraging cotton growing and processing in the region".¹⁷ The local chamber of commerce also sang the praises of the city's business climate and of its future role as an industrial centre. Nevertheless, while these efforts made by local business were noteworthy, the co-ordination and technical support role played by the council was crucial in local development initiatives. As early as 1919 the municipality produced a town brochure and was placing advertisements in magazines, such as *Industrial South Africa*, in order to sell the locational attractions of Port Elizabeth.¹⁸ During the 1920s the council's efforts at place marketing were further extended with promotional material for Port Elizabeth appearing widely in the local press, at railway stations and, significantly, at the 1924 British Empire Exhibition. The South African exhibit in London included a special manufacturing section, organised by the South African Chamber of Industries, designed to advertise developments in secondary industry. At the Empire Exhibition, the promotion of Port Elizabeth was only one of many South African local authorities seeking to make their locational virtues known to overseas investors.¹⁹ To augment such direct place promotion endeavours the Mayor of Port Elizabeth personally wrote to major industrial firms in England inviting them to establish plants in the city.

Port Elizabeth's locational advantages, as the "central port of the Union", were widely proclaimed for both manufacturing and commercial enterprises. In addition, Council promotional material emphasised the city's proximity "to the Native territories with their large aboriginal population and constant and heavy demands for blankets", which was marketed as a locational advantage to prospective industrialists. Cheap labour, raw materials, abundant water and electricity, and available land were all regarded as ideal ingredients for industrial growth in the city.²⁰

Although the city experienced a phase of industrial expansion in the 1920s, it would appear as if growth rates had slowed down by the early 1930s. Clearly, the local municipality in Port Elizabeth could not assume that industry would move to the city with minimal effort on its behalf given the competing locational attractions of other South African cities. The relatively complacent attitude shown by the council was epitomised by the fact that whilst the council did place numerous promotional advertisements in newspapers in the 1920s and 1930s, it failed to sanction various other advertising publications in local and overseas magazines and the offer of a promotional film. By contrast, other South African cities were taking full advantage of the media to "sell" their locations to prospective industrialists throughout the 1920s and early 1930s. The result appears to have been a phase of impeded development in the early 1930s and a failure to draw in significant new investment.²¹ The situation was such in this period, that Councillor J. Neave urged the city to "take stock" of the situation since Port Elizabeth had "few major industries".²²

The city's glacial industrial progress was reflected in serious local unemployment problems and the implementation of another facet of incipient local economic development planning in Port Elizabeth. In an effort to address the city's serious unemployment problems, the municipality embarked in 1931 on a major local campaign to employ destitute males. The council entered into an agreement with the government whereby both authorities would each contribute 50 percent of the wages paid. In October 1931 the council resolved to employ 200 men at a rate of 6 shillings a day to work at the city water scheme and power station, to maintain the stormwater drainage system, and, to clean furrows, fields and cemeteries.²³ From 1932 the scheme was expanded and the council set aside £ 5 000 for the programme, targeting road maintenance and construction as a priority. Racial discrimination prevailed in the conditions of service applicable, with non-European workers being paid 3 shillings a day compared to the 6 shillings for Europeans.²⁴ By 1933, the public works programme was costing the state and the council a combined £ 150 000 and total numbers employed had risen to 1 620 Europeans, 860 coloureds and 1 100 Africans.²⁵ Problems with the scheme were experienced from 1934 after the government subsidy for African labour was suspended. African labourers had been subsidized by the government's Native Affairs Department, whilst whites and coloureds were subsidized by the Department of Labour.²⁶ The public works system was continued throughout the 1930s, albeit with a significantly reduced staff complement and at reduced rates of remuneration. By 1941 the programme and this aspect of local economic development had effectively been suspended.²⁷ The limited results of this programme, the lack of training achieved and the costs incurred are a poor commentary on the efficacy of public

works programmes and employment creation embarked on by local authorities.

Alongside such public works initiatives, during the 1930s the municipality began an active marketing drive to attract new inward investment. In order to facilitate a process of local economic development an Industries Committee was appointed by the Town Council and strenuous efforts were made to improve the availability of serviced industrial sites.²⁸ Under the aegis of this committee a determined effort was made to enhance local economic development. According to the Town Clerk, "Port Elizabeth encourages economic development by affording special privileges in the provision of essential services... industrial sites are set out and procurable at a very reasonable figure".²⁹ In support of the drive to develop the city, an aggressive advertising campaign was launched in 1935. Councillor T.C. White announced in September 1935 that there was "a new era of development" and that "with the special facilities which the council is prepared to offer, we shall, within a few years be a great industrial centre ... no effort will be spared (by council) to bring about a desirable state of affairs".³⁰ Advertisements on Port Elizabeth were placed in overseas newspapers, such as the Manchester *Guardian*, and 10 000 brochures on the city were jointly ordered in conjunction with the South African Railways and Harbours Administration. This vigorous marketing campaign designed to sell the locational attractions of the city continued throughout the 1930s and into the 1940s.³¹ In 1939, it was noted that "Port Elizabeth is to-day making every effort to attract industries. This city is perhaps most alive to the benefits accruing from industrial development".³² This aggressive marketing campaign proclaimed Port Elizabeth as, "the City of Industrial and Commercial Opportunity" and "the commercial and industrial hive of South Africa".³³

Table 1 The Number of Industrial Establishments in Port Elizabeth, 1907-1950.

	1907	1920	1929	1940	1946	1950 ¹
Port Elizabeth	131	156	188	286	325	596

Note: ¹ = combined total for Port Elizabeth and Uitenhage.

Sources: Howard, *Eastern Province and Orange River Colony Directory* (Cape Town, 1907); Davidson and Braby, *Davidson and Braby Cape Provincial Directory* (Cape Town, 1921); Donaldson, *Donaldson's Cape Provincial Directory*, (Cape Town, 1929); Griffith, *East London and Frontier Red Book* (East London, 1940); Union Government, *Census of Industrial Establishments* UG 21 (1941), UG 30 (1954).

This promotional drive appears to have borne fruit as indexed by the scale of new factories opening in the city (Table 1). By 1935, several reports indicated that keen interest in the city was developing amongst prospective industrialists.³⁴ In 1939 it could be observed that the city's industrial revival "has been so marked recently that leading industrialists are emphasising the optimism with which they are planning future production".³⁵ A threat to continued industrial expansion appeared in 1941 with a shortage of industrial land. This prompted the council to launch "a bold programme of industrial development" linked to the provision of new sites.³⁶ New industrial estates were laid out at Deal Party (46 acres) and Neave (223 acres). Freehold sites were made available at low cost, services, transport and housing for workers were provided, all of which were major inducements for prospective investors in the city.³⁷ By 1945, 248 acres of industrial land had been sold to a variety of new investors, both South African and foreign.³⁸ The city's advantages of power, gas, labour and the port, imbued local manufacturers and councillors with the confident belief that "the future of Port Elizabeth appears assured".³⁹

Uitenhage 1909-1947

The town of Uitenhage has always existed in the economic shadow of the neighbouring metropole of Port Elizabeth. Although local development occurred in Uitenhage, the town lacked the obvious advantages of agglomeration and of a coastal location which counted strongly in favour of Port Elizabeth. In their effort to secure the future of the town, the actions taken by the city fathers are noteworthy. The municipality attempted to promote local economic development for almost four decades, a considerably longer period than in the other towns investigated in this study. Promotional and developmental endeavours took a variety of forms.

In 1909 the Town Clerk's department began a marketing and advertising strategy to promote the town. In a published brochure entitled "*Uitenhage, Cape Colony: And the Advantages it offers for the establishment of various industries*", the town was described as a "Garden Town" with excellent water and raw materials, wool, cheap electricity, healthy cheap living, a large native population, railway workshops, a market, light municipal tax, good education facilities and a hospital. In addition, the council was prepared to "furnish land and water on exceedingly advantageous terms". Accordingly, it was argued that "Uitenhage is able to provide unusual advantages, which are well worth the attention of manufacturers who contemplate the establishment of industrial works in South Africa".⁴⁰

By the early 1930s the need to encourage industrial development was once again prioritised. The council declared that "the municipality was anxious to embark on a publicity campaign for the town, more particularly in the direction of encouraging the establishment of

industries". In 1933, the process was enhanced through a decision to establish a permanent Industrial and Development Association.⁴¹ The council reported on the desirability variously of engaging an advertising agency, entering into a publicity arrangement with the railways, advertising posters, launching a competition for the most suitable advertisement, and producing a well illustrated publicity brochure.⁴² In 1933, the town council resolved to vote £100 to cover the costs of an advertising campaign.⁴³ Further, in November 1933, it decided on the wording of a promotional poster which read: "Uitenhage: Free Industrial Sites, Water and Power in Uitenhage". The steps which the council was prepared to embark on to "sell" the town were quite significant, especially in terms of the offer of "free" land, giving the town's campaign the characteristics of local economic

Offered", the council set out the major incentives which it was offering, *inter alia*, sites on rail, nominal lease rental of 1 shilling per annum for 99 years, sale at £ 25 /acre if the purchaser built within one year, an assessment rate of 3d in the £ which the council was seeking to lower.⁴⁸ After World War II the campaign to promote inward investment was further enhanced. In 1947, the council published a pamphlet entitled: "*Facilities for Industrialist in Uitenhage*", which proclaimed the following locational attractions for Uitenhage, *viz.*, a surplus of employable, female, European labour; artisans; railway workshops; a large African workforce; and good communications.⁴⁹

Table 2 provides details of the state of industrial development both in Uitenhage and other small Eastern

Table 2 The Number of Industrial Establishments in select Eastern Cape centres, 1907-1940

Towns:	1907	1920	1929	1940
Uitenhage	16	18	19	18 ¹
Graaff Reinet	25	18	19	n.d.
King William's Town	60	44	52	60

Note: n.d.= no data available.

¹ = Data for 1946.

Sources: Howard's, *Eastern Province and Orange River Colony Directory* (Cape Town, 1907); Davidson and Braby, *Davidson and Braby Cape Provincial Directory* (Cape Town, 1921); Donaldson, *Donaldson's Cape Provincial Directory*, (Cape Town, 1929); Griffith, *East London and Frontier Red Book* (East London, 1940); Union Government, *Census of Industrial Establishments* UG 21 (1941); CAD CA 3/UIT 4/1/216 - Town Clerk's Letter, 18 April 1946.

development in the later twentieth century.⁴⁴ In 1934, the council tried to introduce additional incentives; the Town Clerk made representation to the Administrator of the Cape for a far-reaching reduction in rates to assist new industrial development.⁴⁵

In February 1934 an additional £ 300 for advertising was voted by the council.⁴⁶ The wording of a 1934 advertisement in the magazine *Industrial and Commercial South Africa* illustrates the nature of the council's efforts at promoting local economic development. The brochure proclaimed the following: "Invest in Uitenhage the ideal industrial centre", "Uitenhage offers definite industrial advantages" and "Opportunities are awaiting industrialists in Uitenhage. Here, definitely are facilities and factors of economy without equal - strategic position, unusually low water rates, power at cost, free industrial sites - aerodrome and rail advantages". Overall, it was asserted that: "It will pay manufacturers of all products to get facts about the town".⁴⁷

In a 1934 report of the Town Clerk entitled, "The Establishment of Industries: Particulars of Facilities

Cape centres. In terms of effectiveness, an examination of Table 2 discloses that the initial attempts to promote LED in Uitenhage do not appear to have met with any major degree of success. As is evident from 1907 to 1946, the number of industrial firms remained little altered. Incipient local economic development efforts in Uitenhage, at least, appear to have had limited impact.

Graaff Reinet: Incipient LED in the 1930s

Graaff Reinet is a typical, small, country town in South Africa. Lying in a prosperous stock-rearing district, it has always had an important agro-industrial sector. By the 1930s the concentration of industrial and commercial activities on the larger Eastern Cape centres from the 1920s and the gradual drift of more skilled workers to the cities started to exact a toll on the town's economy. An examination of the number of firms in the town (Table 2), clearly reveals that developmental problems and the lack of staying power of firms was in evidence.

In a determined effort to attract new industry, the town council committed itself to a policy of subsidizing the

costs borne by potential entrepreneurs who were prepared to establish themselves in the town. According to the Town Clerk, "Graaff Reinet is prepared to offer suitable sites free of charge, adjoining the railway station, while there is an abundance of water and electric power supplies. Special contracts would be entered into to make these supplies available virtually at cost price".⁵⁰ A sub-committee of the municipality, tasked to promote the establishment of factories, was established in 1938. This committee sought to promote the town as a centre of stock and breeding areas with good grazing, cheap industrial sites, rail services, electricity and cheap building costs.⁵¹ None the less, despite this bold attempt at local economic development and efforts to make the centre attractive to new firms, there is no evidence of the council's initiatives being rewarded by any new developments. No evidence of similar promotional initiatives after 1938 could be found; the town's limited industrial growth reflects on the diseconomies of the site and the size of the centre.

The Case of King William's Town: 1918-1933

Finally, attention turns to the case of King William's Town, one of the larger Eastern Cape towns. The urban centre of King William's Town is situated 50 km. inland from the coastal city of East London and adjacent to the densely populated rural districts of the former Ciskei homeland (Fig. 1). Industrial development has been encouraged by the town's location close to major transport arteries, its abundant water supply and prosperous agricultural hinterland. Between 1918 and 1933 the town council embarked on various ambitious campaigns to attract manufacturing firms. These various initiatives are discussed below.

In an effort to attract industry, the council appointed a special council committee, consisting of representatives of the town council, the chamber of commerce and the manufacturer's association to consider "what measures might advantageously be taken to further the industrial development of King William's Town".⁵² No records of this committee appear to survive but it would appear to have been influential in an aggressive marketing campaign which was launched from 1918.

One of the most innovative attempts to interest foreign investors was taken in 1918 when Mr G. Whitaker, the local member of Parliament, agreed to visit industrial areas in the United Kingdom in order to promote the town.⁵³ In a letter sent to Whitaker, the Town Clerk advised that the council had established a promotional committee, set aside 30 acres of industrial land, and was prepared to supply electricity cheaper than that available in either Port Elizabeth or East London.⁵⁴ Particularly favoured industrial firms would be those involved with the wool, meat, fruit canning and fire-clay industries.

From as early as 1918, the town council identified the need to develop an advertising brochure of a standard

similar to those of the larger centres.⁵⁵ In 1923 a high-quality brochure on the town was produced in conjunction with the Railways Administration. In total an impressive 12 500 copies were produced for circulation. The town brochure was simply titled: "King William's Town: Its Natural Advantages and Commercial Activities". The town was marketed to potential investors, with typical advertising hype. It was proclaimed that "the industrial heart has awakened" and moreover that "there is undoubtedly no town in South Africa that can boast of as many industries as can King William's Town". Overall, the town brochure claimed that "King William's Town is an excellent manufacturing centre", having abundant water, cheap living, good food supply, an "immense native population"/ cheap labour, good transport, cheap land, ample room for expansion.⁵⁶ As part of this place marketing campaign, the advantages of the town were advertised in the *South and East African Year Book* (c.1928) in which King William's Town was described as "the centre of the second most thickly populated district in the Cape, therefore labour is plentiful ... water is abundant and cheap".⁵⁷ As part of an aggressive campaign designed to attract industry, it was decided in 1929 to request the South African High Commissioner in London to distribute information about the town in the United Kingdom.⁵⁸ Unfortunately, the recession of the 1930s wrought its toll on local finances and in 1932 the council informed the railways administration that it could no longer afford to pay its contribution towards advertising.⁵⁹

Local advertising of the locational virtues of King William's Town continued, however, into the 1930s. In 1933 in the *Mercantile and Commercial Directory* an advertisement boasted the town's "natural industrial advantages, important commercial and manufacturing centre, perfect climate, magnificent scenery".⁶⁰

More importantly, despite budgetary constraints, the council in 1932 commissioned the *Daily Dispatch* publishers to produce another illustrated brochure on the town. Once again, the document extolled King William's Town's locational advantages to investors. Emphasis was given to the following factors: the town's excellent facilities, healthy climate, land, water and electricity. Overall, the brochure declared that "there is undoubtedly no town of similar size in South Africa that can boast of as many industries as can King William's Town".⁶¹

Indeed, during the early 1930s the town council embarked on numerous enterprising missions designed to attract investment. In 1930, the Town Clerk requested an interview with the Minister of Railways in order to secure part of a contract to supply wooden railway rolling stock and horse drawn vehicles for local wagon builders in King William's Town.⁶² A similar instance arose in 1930, when the Mayor personally requested the intervention of the Prime Minister, General Smuts,

following the threatened relocation of a King William's Town factory to Rhodesia as the South African government had refused to waive duty on imported cotton wastes used in blanket manufacturing.⁶³

Throughout the early 1930s, the council handled numerous requests for information on the town and its facilities, many of which arose from its advertising campaigns. Such requests came primarily from Germany, England and Scotland. In its replies the council marketed the town on the basis of available land, cheap labour and services.⁶⁴ For example, in response to requests from a prospective German blanket factory, the Town Clerk informed the management of the extensive wool industry in the area and the town's ideal location for the sale of blankets as it was a "distribution centre for the Transkei Native territories".⁶⁵

One of the most instructive episodes in the history of LED in King William's Town was the outright competition which the council engaged in with East London and other centres in an effort to lure one particular German blanket manufacturer, Fisher and Mauerberger, to set up operations in the town. In 1932, in a letter to the Mayor of King William's Town, the Town Clerk proposed that the town should offer the firm "extraordinarily favourable terms, so as to place King William's Town on a better footing than East London, where, I am informed, attractive conditions have already been offered". He suggested that 6 months free electricity (valued at approx. £ 1 100) should be offered as "the cost would be infinitesimal compared to the advantages the town would derive from the establishment of industry". Because of the competition posed by East London his view was that "it would be to the advantage of King William's Town to make some sacrifice financially with the view of offering better terms so as to obtain the advantages which would inevitably result".⁶⁶ As part of the strategy to attract the firm the council agreed to offer 6 acres of land at the nominal charge of £ 10 per acre, provided buildings to the value of £ 10 000 were erected on it. In addition, a special reduction on electricity tariffs was agreed to.⁶⁷ The firm subsequently decided, however, that the interior location of the town was a disadvantage and that a coastal location was more desirable. After establishing this from an interview with Mr Mauerberger, the Town Clerk reported that "if King William's Town is to consider the encouragement of industry in competition with other towns (in future), there are many points which must be viewed carefully" in terms of services and transport disadvantages in particular.⁶⁸

King William's Town appears to have been very energetic in its policy of offering incentives to prospective investors. In 1928, the council authorised the Town Clerk to offer "facilities and inducements" to prospective applicants. Incentives included the sale of industrial land at a nominal figure of £ 1 per acre, making available water at a concessionary charge of 9d

per 1000 gallons and offering low electricity tariffs.⁶⁹ As part of an appeal to new firms the Town Clerk was mandated also to offer industrialists the attractions of "an ample supply of good and cheap labour" claiming that "the Natives are intelligent and a large percentage have a fair education and are accustomed to the work of the various industries in the town". In addition, the cost of living in the town was deemed to be 5 percent cheaper than in coastal cities. Other advantages proclaimed for the town were the area's good agriculture, forestry, rail facilities, educational institutions, and large wool industries.⁷⁰

Despite the range of LED initiatives launched by the municipal authorities in King William's Town the efforts to market the town as an industrial centre did not achieve their desired results. Table 2 shows that the number of industrial firms in the town actually declined after 1907, declining to the same level as in the early years of the century by 1940.

Conclusion

This analysis has disclosed that LED was a facet of municipal policy in Eastern Cape urban centres during the first half of the twentieth century. Indeed, at various times between 1909-1947, LED considerations came to the fore in terms of influencing municipal planning and activities in the Eastern Cape. Overall, these efforts were focused largely on encouraging industry, though in the case of Port Elizabeth, a defined public works programme was also undertaken. The strategies used to sell the Eastern Cape centres as attractive industrial places exhibit a wide array of inducements and publicity initiatives. Bold advertising campaigns, place marketing and the offer of various incentives, including subsidized land, were common features.

The results of the incipient LED activities appear to have been mixed. In the cases of Graaff Reinet, King William's Town and Uitenhage, what seemingly were innovative strategies do not appear to have exerted a significant impact on the total number of industrial establishments in these three towns. By contrast, in Port Elizabeth, industrial growth did accelerate and the foundation was provided for later phases of expansion. Nevertheless, Port Elizabeth, by virtue of its inherent locational and agglomeration advantages and its harbour facilities, did possess a natural growth potential which required exposure and marketing. Quite clearly, industrial growth only took place in those Eastern Cape urban places where natural advantages and potential already existed. The activities of LED served merely to enhance, rather than to create such advantages. Accordingly, the most well-meaning and well-conceived LED strategies could not succeed if urban centres lacked any inherent growth potential or locational attraction for prospective investors.⁷¹

ENDNOTES

- See for example T. Boivard, "Local economic development and the city", *Urban Studies*, 29, 1992, pp.647-663; J. Glasson, "The fall and rise of regional planning in economically advanced nations", *Urban Studies*, 29, 1992, pp. 505-531; and, A. Eisenschitz and J. Gough, *The Politics of Local Economic Policy: The Problems and Possibilities of Local Initiative*, (Basingstoke, 1993).
- ² See for example C.M. Mason, "Community development corporations and local economic regeneration in Canada: The Cape Breton experience", *Regional Politics and Policy*, 1, 1992, pp. 115-139; M. J. Rich, "UDAG, economic development, and the death and life of American cities", *Economic Development Quarterly*, 6, 1992, pp. 150-172; M. Zaaijer and L.S. Miranda, "Local economic development as an instrument for urban poverty alleviation", *Third World Planning Review*, 15, 1993, pp. 127-142; and, W. Sengenberger, "Local development and international economic competition", *International Labour Review*, 132, 1993, pp.313-329.
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- See D. Massey, *Spatial Divisions of Labour: Social Structures and the Geography of Production*, (London, 1984); P. Cooke (ed), *Localities: The Changing Face of Britain*, (London, 1989); and, P. Cooke, *Back to the Future*, (London, 1991).
- J. Urry, "Localities, regions and social class", *International Journal of Urban and Regional Research*, vol. 5, 1981, pp. 455-474 (quote on p. 464).
- F. Pyke, "Regional development in an era of globalisation", Paper presented at the International Conference on Endogenous Regional Development in a Global Economy: The Roles of Technical Service Institutes and Co-operation Networks in Small Firm Economies, Valencia, Spain 17-19 November, (quote on p. 1).
- ⁷ P. Roberts, "Local economic development: alternative forms of local and regional policy for the 1990s", in L. Albrechts, F. Moulaert, P. Roberts and E. Swyngebouw (eds), *Regional Policy at the Crossroads*, (London, 1989), pp. 170-179.
- ⁸ S.V. Ward, "Local industrial promotion and development policies 1899-1940", *Local Economy*, 5, 1990, pp. 100-118.
- ⁹ R. T. Naylor, *The History of Canadian Business 1967-1914, Volume II: Industrial Development*, (Toronto, 1975) especially pp. 130-160; and S.V. Ward, "Time and place: key themes in place promotion in the USA, Canada and Britain since 1870", in J.R. Gold and S.V. Ward (eds), *Place Promotion: The Use of Publicity and Marketing to Sell Towns and Regions*, (Chichester, 1994), pp. 53-74.
- ¹⁰ J. Robinson, "'Progressive Port Elizabeth': liberal politics, local economic development and the territorial basis of racial domination, 1923-1935", *GeoJournal*, 22, 1990, pp. 293-303.
- ¹¹ For an explanation see R. Paddison, "City marketing, image reconstruction and urban regeneration", *Urban Studies*, 30, 1993, pp. 339-350; and J.R. Gold and S. V. Ward (eds), *Place Promotion: The Use of Publicity and Marketing to Sell Towns and Regions*, (Chichester, 1994).
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- See for details D. Hobart Houghton, *The South African Economy*, (Cape Town, 1964).
- ¹⁵ CA 3/ELN 1120 - Port Elizabeth Commercial and Industrial Review, 1955.
- ¹⁶ CA 3/PEZ 4/1/1/1118 - Note on Port Elizabeth, 1938, p. 3.
- ¹⁷ J. Robinson, "Progressive Port Elizabeth", *op cit*, p. 299.
- ¹⁸ See for example, *Industrial South Africa*, December 1919, p. 615.
- ¹⁹ See Central Archives Depot (CAD) Pretoria, MNW "Report by British Empire Exhibition Committee (Union)" 2514/25.
- ²⁰ CA 3/PEZ 4/1/1/1118 - Note on Port Elizabeth, 1938.
- ²¹ CA 3/PEZ 4/1/1/1120-1121 - letters and minutes, 1928-1933.
- ²² *Eastern Province Herald*, 16/4/1941.
- ²³ CA 3/PEZ 4/1/1/1670 - City Council Minutes, 21 October 1931.
- ²⁴ CA 3/PEZ 4/1/1/1670 - Letter from the City Engineer to the Town Clerk, 12 March 1932; Port Elizabeth City Council Minutes, 2 April 1932.
- ²⁵ CA 3/PEZ 4/1/1/1725 - City Council Minutes, 9 August 1933; Town Clerk's Note, 27 February 1933.
- ²⁶ CA 3/PEZ 4/1/1/1725 - Town Clerk's Note, 27 February 1933.
- ²⁷ CA 3/PEZ 4/1/1/1633 - Report of the Park's Superintendent to the Town Clerk, 26 February 1941.
- ²⁸ CA 3/PEZ 1/3/2/3/1 - Minutes of the Industrial Committee, 1936.
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- 39 *Eastern Province Herald*, 1/4/1946.
- 40 CA 3/UIT 31 - Brochure attached to the minutes of a special council meeting, 19 June 1933.
- 41 CA 3/UIT 31 - Council minutes, 19 June 1933.
- 42 CA 3/UIT 31 - Report of the Industrial Committee, 5 July 1933.
- 43 CA 3/UIT 31 - Town Council Minutes, 17 July 1933.
- 44 CA 3/UIT 31 - Town Council Minutes, 6 November 1933.
- 45 *The Port Elizabeth Advertiser*, 23/3/1934.
- 46 CA 3/UIT 31 - Financial Committee, 28 February 1934.
- CA 3/UIT 31 - attached brochure, September 1934.
- 48 CA 3/UIT 31 - Town Clerk's Report, 1934.
- 49 CA 3/UIT 4/1/216 - attached brochure, 15 February 1947.
- 50 CA 3/GR 4/1/1/13 - Letter from the Town Clerk to the Manager, African Consolidated Investments Corporation Ltd., 17 October 1936.
- CA 3/GR 4/1/1/13 - Minutes of the Graaff Reinet Sub-Committee on the Establishment of Factories, 7 September 1938.
- CA 3/KWT 4/1/257 - Council Minutes, 15 April 1918.
- CA 3/KWT 4/1/259 - Health and General Purposes Committee Meeting, 8 March 1918.
- 54 CA 3/KWT 4/1/259 - 24 April 1918.
- CA 3/KWT 4/1/259 - Health and General Purposes Committee Meeting, 8 March 1918.
- 56 CA 3/KWT 4/1/229 - attached with Council Minutes, 11 April 1923.
- 57 CA 3/KWT 4/1/228, c.1928.
- 58 CA 3/KWT 4/1/260 - Council Minutes, 1929.
- 59 CA 3/KWT 4/1/230 - Finance and Law Committee, 8 January 1932.
- 60 CA 3/KWT 4/1/230 - Finance and Law Committee, 8 January 1932.
- 61 CA 3/KWT 4/1/228 -Daily Dispatch - Illustrated Brochure, 23/9/1932.
- 62 CA 3/KWT 4/1/260 - Town Clerk's Report, 14 February 1930.
- 63 CA 3/KWT 4/1/260 - Town Clerk's Report, 14 February 1930.
- 64 CA 3/KWT 4/1/260 - 1930-1933.
- 65 CA 3/KWT 4/1/260 - Letter from the Town Clerk to Vereinigten Deckenfabrieken, Wartenburg, 15 September 1931.
- 66 CA 3/KWT 4/1/260 - Letter from the Town Clerk to the Mayor of King William's Town, 21 August 1932.
- 67 CA 3/KWT 4/1/260 - Council Meeting, 21 August 1933.
- 68 3/KWT 4/1/260 - Town Clerk's Report, 19 September 1933.
- 69 CA 3/KWT 4/1/260 - Minutes of the Finance and Law Committee, 11 April 1928.
- 70 *Ibid.*
- 71 The research reported here was supported by a grant from the Centre for Science Development, Pretoria, whose financial assistance is gratefully acknowledged. Opinions expressed in the paper, however, are those of the authors.