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# IMPLICATIONS OF SPATIAL PLANNING IN LOCAL ECONOMIC DEVELOPMENT: THE COEGA IDZ

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# 1. SITUATION ANALYSIS

## 1.1 INTRODUCTION

Shortage of resources in South Africa and unbalanced regional and local development for the past decades has almost compelled a paradigm shift in local government planning. South Africa is characterised by disintegration and planning on the bases of racial segregation, thus separating functionally linked settlements and placing them under separate municipalities.

The Reconstruction and Development Programme of 1995 emerged as an attempt to establish the three-tier government and integrate national, provincial and local government planning by establishing RDP forums and Local government forums across the three tiers. The emergence of the Growth Employment and Redistribution Strategy (GEAR) was within this context of an integrated economic strategy to deal with the challenges of meeting basic needs and alleviate poverty through implementing all facets of the RDP.

## 1.2. DEVELOPMENT PLANNING

It appeared at the beginning of this decade that the problems associated with inappropriate planning had a lot more to do with unequal land distribution and lack of a national framework to co-ordinate spatial planning within the three levels of government in general, thus impacting

on housing issues, local economic development and private sector investment. The paradigm shift in South African planning most obviously manifests itself in recent attempts to formulate a national legal framework for development planning in general. There are currently two Acts of Parliament that emanated from an imperative for the State to integrate development. (1) The Development Facilitation Act 1995 has a strong focus on land-use planning and land developments. The Act compels municipalities to produce Land Development Objectives (LDOs) which should spell out a municipality's long-term objectives and vision of integrating development and should take serious consideration of the future impact of land development strategies upon the environment.

## 1.3 THE REGULATORY FRAMEWORK

The Local Government Transition Act -Second Amendment, 97 of 1996 (LGTAA) also compels municipalities to adopt an integrated development planning process which is somehow an umbrella to all forms of development, drawing to a large extent from the objectives, vision and strategies of Land Development Objectives. Integrated Development is the long-term vision of the new local councils elected in terms of the above mentioned Act. The idea of integrated development plans is to allow municipalities and regions to initiate only developments that go beyond their areas of jurisdiction to enhance developments across boundaries in order to distribute economic benefits and share scarce resources, thus discouraging regional imbalances of the past.

"Integrated development planning can be defined as a short, medium to long-term process through which a municipality assesses its current

situation including available resources; draw goals and development objectives, devise programmes to achieve key objectives and regularly monitor developmer programmes to adjust to new circumstances"[1]
A municipality's integrated development plan (IDP) emanating from the long-tern vision of Land development objectives; is in turn informed by the broader integrated development planning process. However objectives on their own are not enough unless they are informed by an institutional plan, which includes a budget plan. The underlying principle is that an IDP should contain a social development plan, an economic plan, and a spatial development plan a service infrastructure plan and a budget plan. The budget plan becomes of particular importance in that it determines a municipality's priorities for each planning year.

The LGTA, which has recently been complemented by the white paper on local government; is too broad and does not specifically spell out the role of local government in LED issues.

It does however state that" ...a municipality must structure and manage its administration, budgeting and planning processes in such a way as to address basic needs in a community, and to promote social and economic development".[2] While land development objectives and the integrated development plan are propagated by two different pieces of legislation, they are closely related in the sense that they are both part of the broader integrated development planning process. This further points to the lack of a co-ordinated national legal framework for development planning. A survey on IDP/LDOs conducted by the Department of Constitutional

[1] Department of Constitutional Development: "White Paper on Local Government"; p 25
[2] Local Government Transition Act Second Amendment, 97 of 1996.

Development pointed to the fact that planning in South Africa has proved to be a much complex and confusing process for a significant number of local authorities.

Nevertheless it should be understood that the integrated development planning process has attracted much controversy and criticism largely from the NGO sector as regards the lack of clear-cut guidelines for local economic development. "At this stage there is still no particular piece of legislation which empowers local government to undertake activities related to local economic development".[3] The recently launched white paper on local government (March, 1998) goes no further than to state the need to review existing policies and procedures- referring specifically to procurement procedures- to promote local economic development and to provide special economic services.

It is however important to bear in mind that the above two are only national frameworks, and therefore define broad issues relating to local government. A major void still exists in South Africa for Provincial government to devise planning Ordinances to designate specific powers and duties to municipalities to enable them to undertake LED activities. The DFA and the LGTAA, already provide local authorities with statutory powers through which they can define local priorities.

Comparatively speaking the Local Government Transition Act 1996 draws heavily on the principles of the Development Facilitation Act. However

[3] Erica Emdom:(1997) "Legal Constraints to Local Economic Development at Local Government level", p1.

unlike in the LDO process IDP plans have their focus on activity planning and budget planning other than land development.

## 1.4 LOCAL ECONOMIES

Economies of municipalities and towns in South Africa are constructed around major economic sectors. For example, Greater Johannesburg specialises in producer services, Newcastle in manufacturing, Welkom in mining, Cape Town in clothing and industry and Durban in chemicals and clothing. The emergence of different sector clusters of industries (agglomeration) in a metropolitan council provides the town with more comparative advantages for economic development (Rogerson, 1997)

In South Africa, however many of these economies are vulnerable to competition in the international market. This situation can only be explained in a historical analysis of the effects of the government's regional development policies, particularly the Regional Industrial Development Policy (RIDP) of 1982. This policy sought to decentralise economic activity to the decentralisation points of former homelands. While it has been argued that the motives of the policy were altruistic and aimed at job creation and economic development of the surrounding rural hinterlands. The RIDP however failed, because a situational analysis was never conducted, and there were no prior studies pointing to the fact that growth points could simply be planted unto national economic space with no agglomeration advantages. The industrial economic nodes that emerged as a result have been highly dependent on central government subsidies and tax incentives to a significant extent.

Changes in trade reform and international markets are more likely to have a direct impact on such local economies. Robin Bloch et al argues that "Successful industrial development and local economic development policies, must be compatible and must explicitly seek to build on locations specificity and foster agglomerative strengths." [4] National government departments in South Africa have become conscious of the regional and local impact of their policies.

After three decades of Industrial decentralisation, many local authorities still face a situation where local revenue collected is insufficient to begin to address backlogs in service provision. Current approaches by national government departments are quite divergent. The Department of Finance has made available Intergovernmental Grants (IGGs), and the Department of Constitutional Development provides subsidies through the Consolidated Municipal Infrastructure Programme (CMIP). The spatial development Initiatives (SDI's) of the Department of Trade and Industry aim to revive industrial development and create jobs in areas with clear competitive advantages.

This initiative seeks to strengthen agglomerations that were artificially created under the previous policies and to firmly root these within their local economies. Within this perspective significant scope exists to tailor national support measures to suit specific economic situations of local authorities.

[4] Robin Bloch, Rolf Dauskard and Melanie Samson (1996) Spatial Implications of Trade Reform in the SA economy.

## 1.5 PROBLEM ANALYSIS

The above mentioned Acts and the Reconstruction and Development Programme were first attempts to start the transition process in South African Local government. However it is important not to overlook the country's current situation characterised by severe poverty, spatial and social segregation and rather slow progress in improving people's livelihoods: in terms of employment creation, improving housing conditions, delivering municipal services and improving social services such as health and education. Existing conditions are such that people's expectations of what the transforming local government can do are not fulfilled.

What is also important to note is that, while institutions have changed with the democratically elected Councils, professional staff within these Councils still largely comprises of officials who were implementers of past policies. Therefore even if one is to acknowledge the time it takes to shift from an old way of thinking to the new, one is also compelled to admit the lack of a functional system of planning during the transition phase. Furthermore despite the mechanisms put in place for integrating development a gap still exist in terms of capacity building to provide the necessary "think tools" in order to shift from the old to the new mindset.

Furthermore in certain instances there are rural councils who possess absolutely no administrative capacities especially in the size of the Rural Representative Council /Local Council consist of only a small population

development orientation in local planning, and have no areas of comparative / competitive advantage.

## 1.6 METHODOLOGY

This dissertation follows a case study based method of research. The case of Port Elizabeth's Coega Initiative is used to explore the possibilities for success and limits of Spatial Development Initiatives. The Study will further explore to what extent the integrated development plan can facilitate the development of strategies to bring about local economic development, job creation and poverty alleviation and how these can help in the development of viable local economies.

## 1.7. OBJECTIVES:

- To assess the current South African planning situation.
- To review the theories of economic growth and development.
- To assess the Spatial organisation of South African Economic space.
- To explore the possibilities for success of the Integrated Development Plan in post apartheid planning.

## 1.8. CONCLUSION

South Africa does not currently have mechanisms or the Institutional Framework, to coherently promote social and economic development, and to provide a framework within which service delivery will occur. The current situation reveals incoherent and failure of planning to respond to the needs of society, especially the poor and marginalized.

# 2. THEORETICAL DIMENSION:

## 2.1. INTRODUCTION

The changes that took place in the political regime of South Africa from the release of President Nelson Mandela in 1989 – 1990s ran parallel to the political changes which swept through Central and Eastern Europe in 1989 through to the 1990s. In both parts of the world, this era distinctively represented a *modern world* a world shaped according to liberal political and economic principles (Hall, 1989 my emphasis). The period beginning from 1989 is important because it represents a crucial movement in the development and consolidation of the liberal polity and the free-market economy in the global order (ibid: 993). This period has also become of great significance for South African politics for two reasons. First because the Apartheid government was beginning to lose control of an already demanding situation due to internal political instability due to pressure against the apartheid system, the 1986 riots and mass demonstrations and the sanctions applied to South Africa during the 1980s all of which contributed to an economically unstable environment.

Secondly, South Africa like the former Soviet Union had not been integrated into the world economic system. While this offered protection in the short-term from the pressures and instabilities that come with achieving the levels of competitive productivity necessary for a sustained role in the international division of labour. In the long-term the same lack of integration left the economy weak and uncompetitive. The centrally administered economy had to find new avenues through which to deliver

of integration left the economy weak and uncompetitive. The centrally administered economy had to find new avenues through which to deliver better economic performance. This the state did by introducing industrial growth points on the periphery of existing developments.

The developments that took place in South Africa during the mid 1980's were by no means typical of what was happening in Eastern Europe as a whole. In both sub continents these were nevertheless indicative of a growing democratic pressure to "roll back the state and to create an independent civil society in which all citizens could pursue their chosen activities free from political pressure"[5]

This dissertation is concerned primarily with planning for local economic development. The notion as addressed herein refers to economic progress, which looks beyond growth in per capita incomes to poverty reduction, greater equity, progress in health, education, and nutrition to environmental concerns. Such a focus it is believed will uncover the original purpose of planning in order to highlight the key attributes that should form the basis a morally and economically orientated approach.

## 2.2. MODERNITY AND THE STATE

According to Giddens, there are four main institutional aspects to modernity: (a) capitalism (the system of production of commodities for markets, in which wage labour is also a commodity); (b) industrialism (the application of inanimate sources of power through productive techniques

[5] Hall, 1993 "Modernity and its Futures p19

for the transformation of nature); (c) co-ordinated administrative power focused through surveillance (the control of information and monitoring of the activities of subject populations by the state and other organisations); and (d) military power (the concentration of the means of violence in the hands of the state).[6]

He further claims that it is the interplay between the above mentioned factors that has helped to develop an alternative power system to capital and the modern nation state. Growing literature on economic development further attempts to capture the paradigm shift that is taking place across the globe with regard to the nature of the nation states and their relationship to regional and local development initiatives. In South Africa too the notion of globalisation has gained considerable significance since the dawn of democracy. Globalisation is one of the most visible consequences of modernity (Giddens and Harvey in Hall, 1993), because it involves a re-ordering of space and time in social life. "Globalisation is a process through which events, decisions and activities in one part of the world can come to have significant consequences for individuals and communities in quite distant parts of the globe"[7]

Globalisation has also been associated with the dissolving of the nation-state, and in effect has compromised its legitimacy, authority and competency. In a global economic system, productive capital, finance and trade flows across national boundaries and the traditional perception of external and internal domains no longer holds. Indeed South Africa's integration to the world economy has brought particular claims that the

[6] Giddens in Hall, 1993 "Modernity and its Futures" p33
[7] Ibid.

national economy is loosing it's autonomy, and independence with growing privatisation and massive capital flows in cross border transactions, despite people's expectations for improvement in their living conditions and job creation – the corner stone of the democratic government's Reconstruction and Development Programme (RDP).

There is however truth in the assertion that the opening up of the economy, especially after our victory with the democratic elections in May 1994, has been accompanied by a reduction in the strength and impact of state programmes on the country's national policy objectives. South Africa's exposure to global capital flows continues to demonstrate that our ability to influence the flow of capital through the fiscal policy is very limited. The sudden fall in the exchange value of the Rand in July and August 1998 is daunting proof of the state's inability. Minister Trevor Manual in his 1997/8 budget speech argued that " It is imperative that South Africa takes notice of the impact and disciplines of the global economy and the need to continually examine how we integrate ourselves into it, without grossly sacrificing our fundamental commitment to social transformation".[8]

South Africa therefore needs to pursue policies which will encourage the inward flow of foreign capital in order to realise our social obligations. Through which the role of the state becomes of critical importance. With the obviously declining performance of local economies, job losses and a shrinking absorption capacity of the formal economy, one is more inclined to believe that there is a need to strike a substantial balance between

[8] http://www.finance.gov.za

private domestic investment, foreign capital investment and what Pillay refers to as the "crowding out thesis" coming from the notion that too much government involvement damages the market economy by limiting resources available to the private investors. (Pillay,1997).

The world banks' development report also argues that nations need to rethink the role of the state. The last three decades have witnessed governments' significant contribution all over the world, to improvements in basic needs and services such as education, health, reduction in social inequality and poverty. The growth of the East Asian and Southeast Asian economies, for example bears witness to the impact of appropriate state intervention, development strategies and industrial policies. However in certain instances the actions of government have also led to poor outcomes, the collapse of the command and control economies of the former Soviet Union, Eastern and Central Europe, is one example.

The argument advanced by the world development report is that the determining factor behind economic development is not doing away with the nation state but increasing the capabilities and effectiveness of the state itself: " An effective state is vital for the provision of goods and services – and the rules and institutions – that allow markets to flourish and people to lead healthier and happier lives. Without the state it argues, sustainable development both economic and social is impossible".[9] The report goes on to state that while Welfarists in the past alluded to the importance of central governance about thirty to fifty years ago, they tended to mean that economic development has to be state provided. Experience has

[9] World Development Report: "The state in a changing world", 1997:1

shown that even though the state is and should be central to economic and social development, it does not have to be a direct or sole provider of growth, but can play a significant role as a partner, a catalyst and a facilitator. Nevertheless, what makes government effective in one country will not necessarily make it effective in another country at a different or same stage of development.

Of critical importance is the nature of the state and its role in economic development. The new South Africa has increasingly become aware that a developmental role for government as mandated by the new constitution and the White paper on local government, will only be realised if the task of the state is reoriented to "steering not rowing". This is more evident in transformation reforms aimed at improving the performance of the state. Typically changes in the country's strategy for the macro-economic policy dealing with exchange rates, fiscal policy and trade policy have emerged. An awareness that changes dealing with social services, finance, infrastructure, public works and regulation will not be rapidly accomplished during the transformation stage is important to note. Because such institutional change involves wrenching changes in the way government agencies think and act, and that this might even involve a complete overhaul of the 45 year long established systems of apartheid and corruption. Only then can South Africa achieve a combination of good policies and more capable state institutions to implement them.

## 2.3. POST MODERNITY

Modernity has been defined as reshaping the world according to liberal principles and has largely been concerned with mass production and mass

markets as a form of industrialism. "Post-modern economic organisation has not meant the end of industrialism. Furthermore a post-modern approach to economic development, but signalled a more recent form of industry".[10] Post-modernity stresses the role of knowledge, the rise of lead industries followed by breakthroughs in information technologies and macro-electronics. Due to higher levels of multi-skilled workers and a new class of service workers, post-modernity has brought about greater economic and social inequality which (Castells, 1989) argues, seems far from being an accident of economic development, but appears to be a structural tendency of the new economic order.

Drake and Jones 1998 refer to the resulting socio-economic inequality as dualism, which they argue results in lagging regions which will not benefit from globalisation, neither will there be any trickling down of development for them (Drake and Jones, 1998). Post-modernity appears therefore, to be a conflict of modernity which is nevertheless dependant on modernity and in itself has " little or nothing by way of a set of definite characteristic features, but is simply an overcoming of institutions, arrangements and relationships which were elevated to the status of a second nature through the reifying tendencies of modernity".[11]

Therefore a post-modern approach to economic development can also be associated with the heavy reliance on liberal approaches to consumption and production processes, subsequently enforcing individualistic and market orientated interventions. Based on the fundamental belief that

[10] Ibid.
[11] Tester, K 1993 "The life and times of post-modernity" p151

competitive markets are the best way yet found for efficiently organising the production and distribution of goods and services.

Processes driving economic development are not yet fully understood in many developing countries including South Africa, but a lot can be learned from the experiences of others. Experience has shown above all that markets do not operate in a vacuum - there has to be some kind of a legal or regulatory framework – which the state is better positioned to provide. In many tasks markets have proved inadequate or failed completely. As Goodchild argues " Even though post-mordenism would wish to complete a total disintegration of the national state. In practice, even in the most decentralised planning systems a non local agency will have to exist to redistribute resources from rich to poor areas, to resolve strategic issues which affect more than one area, and protect citizens' rights against neglect and discrimination"[12]

In the former Soviet Union, Eastern and Central Europe, the long-term failure of the state to deliver on promise finally led to its overthrow. However the collapse of central planning in certain parts of the world, such as Liberia, Afghanistan and Somalia has notably resulted in citizens being deprived of basic public services e.g. basic health, education, law and order. In South Africa consensus is slowly but gradually gaining ground in favour of a "market friendly approach" to development. The fundamental principle of current government thinking appears to say: if the market works well and is allowed to, there will be substantial economic gain, if the market fails and government intervenes cautiously

[12] Goodchild, Planning and the post-modern debate, 1990:134

and in appropriate ways, there will be a further gain. The prevailing notion is that the whole is greater than the sum. When the government and the market complement each other, the results are bound to be successful. The critical question is whether or not South Africa has the appropriate institutional foundations during the transition phase to facilitate a complementary relationship between the market and government in the interest of social and economic development.

## 2.4. CONCLUSION

Proponents of post-modernism argue that experience everywhere shows that the State stands in the way of economic growth...that no country, not even the United States retains economic sovereignty.... and that South Africa has no choice but to step in line with global standards. Debates persist about the validity of such conclusions as (Marais, 1997) states that the fundamental point is that neo-liberalism/post-modernism approaches do not encompass a set of global standards, but it merely describes a political and economic ideological discourse which in itself is the outcome of choices that answer to the imperatives of particular social forces and interests.

It is far from self-evident, and far less discernible, that the existing economic system with it liberal approaches is compatible with the central liberal concern to treat persons as free and equal (Miller, 1989 in Hall). It is therefore inevitable to conclude that liberal approaches are inadequate and far from bringing a safe and fair economic order.

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# 3. : SPATIAL ORGANISATION OF SOUTH AFRICAN ECONOMIC SPACE

## 3.1 INTRODUCTION:

In 1981 R J Davies observed the social formation and the spatial organisation of South Africa's economic space. In his paper entitled *"The Spatial Formation of the South African City"*, he makes an attempt to map out the socio-economic gap devised by the apartheid theory of segregation. According to him the apartheid ideology perceived the changing urban society in the expanding segregation city in conflict terms. The then Afrikaner dominated National Party government postulated that race and cultural differences in society are incompatible and that socio-economic contact between the various ethnic groups will lead to friction, therefore a harmonious relationship between ethnic groups can only be secured by reducing points of contact (Davies R J, 1981).

This theory shaped and guided spatial organisation of South African society. Group areas planning effectively began with the Group Areas' Act in 1950. Native Africans were allocated land in the now ex-homelands, however land distribution was never equated to or proportional to population size reflecting the existing constraints on land ownership, and economic differences between ethnic groups. Separating areas for whites, coloureds, Indians and native Africans propagated countrywide spatial segregation. In urban areas native townships were separated by either man- made barriers or by buffer zones of sterile land, from land allocated

to other groups. Transport routes by rail and road were developed to separate lines of movement.

The existing form of spatial organisation reflects the occupation of peripheral sectors by native Africans away from the CBDs of many cities, adding substantially to transport costs and emphasising the spatial and economic disadvantages for native Africans. Cashdan B, identifies 6 major challenges directly and indirectly emanating from apartheid planning: (i) a history of discrimination, (ii) worsening poverty and inequality, (iii) rising unemployment, (iv) service backlogs in non white areas (v) unaffordability and persistent refusal to pay and (vi) municipal financial crisis (Cashden B, 1998).

Immediately after the elections the African National Congress (ANC) government released its RDP document in 1995, as its main policy platform. Economically the RDP document successfully articulates the main aspirations of the broader South African community for the post-apartheid South Africa, that is economic growth, socio-economic development and reconstruction and redistribution. Proposing growth and development through reconstruction and redistribution promises an enabling role for planning to guide the mixed economy through reconstruction and development.

## 3.2 NATIONAL SPATIAL DEVELOPMENT FRAMEWORK (NSDF)

As a follow up to the Reconstruction and Development Programme (RDP) government identifies employment creation as the focal pillar for social and economic development. During 1996/7 a role for spatial planning was

recognised in order to make budgeting and the allocation of scarce state resources more effective. One method to go about doing this , was an exercise begun in the RDP office involving all nine provincial MECs for local government, to formulate a National Spatial Development Framework (NSDF). This duty was later shifted to the Department of Constitutional Development and Provincial Affairs. The NSDF attempted to illustrate to provinces and national line function departments the implications of their plans and programmes in order to rationalise government spending, and co-ordinate efforts. One of the duties of the NSDF is to assist provinces to develop Provincial Growth Development Strategies (PGDS) and co-ordinate those into a national strategy.

The exercise involved provinces having to sketch maps indicating wh provincial priorities for development lay, which areas were receiving focused attention and where planned programmes would lie. According to Platzky the outcome of this exercise gave an indication of four major things:

- That priorities are scattered randomly.
- That certain programmes stop at provincial borders.
- That provinces perceive certain areas to present problems while the extension of the same region falling in another province is perceived to be an area of opportunity and requiring particular intervention.
- That national departments and parastatals have very different priorities from each other and the provinces. (Platzky L, 1998)

Emanating from the above exercise, two major implications are worth highlighting: (i) that from the above it is clear that programmes such as housing are being implemented kilometres away from major

developments, from roads that are being built, from factories that are being extended, and probably remain where Bantustan subsidies are supposed to be withdrawn, and (ii) that administrative boundaries used by each line function department are different e.g. boundaries for water catchments, health care services, local authorities, and education (Platzky L, 1998). This makes co-operative governance as advocated by the White Paper on local government far from being achieved.

The NSDF has triggered debate over the past year for two reasons. First because the 1975 National Physical Development Plan drawn up by apartheid planners remains vivid and deeply entrenched in the minds of many South Africans. Secondly, clearly few people understand the difference between land use planning and spatial planning. The former refers to planing for the different uses of land e.g. residential areas, industry, recreation etc, and the latter refers to creating goals and principles in relation to physical space. Spatial planning is a broader concept that land-use planning involving the regulation and co-ordination of planning approaches which affect the location of projects upon national space. Platzky further comments that " many politicians and bureaucrats interpret the NSDF as *"centralised planning"* the press and the business community have joined in the outcry, criticising the RDP's top down interventionist approach forcing government to retreat into the conventional line function mode"[13]

Drake and Jones further claim that " the lack of vertical and horizontal co-ordination in government is the primary barrier to effective planning and

[13] Platzky, Can South Africa's SDIs turn cumulative disadvantages into competitive advantages?, 1998:7

implementation, that the NSDF is merely a compilation of line department and provincial projects without any co-ordinating and administrative body"[14]

NSDF's committee sat for only one year, however two important concepts currently representing a paradigm shift in South African planning were coined: The Department of Trade and Industry, and the Department of Transports' Spatial Development Initiatives, and the Department of Constitutional Development's Integrated Development Planning, hereafter referred to as SDIs and IDPs.

## 3.3. SPATIAL DEVELOPMENT INITIATIVES (SDI's)

At a macro level the country's Growth, Employment and Redistribution Strategy (GEAR), released in 1996 becomes the point of departure. Clearly GEAR's approach is towards opening up new opportunities for investment. The document states "....the general direction of economic policy is towards greater openness and competitiveness ...the expansion of market access through preferential trade arrangements... the promotion of small, medium and micro enterprises as the key element in the government's strategy for employment creation and income generation, as the economy becomes increasingly subject to global forces".[15]

Emanating from GEAR is South Africa's new industrial strategy, which focuses on the economy in two ways namely the sectional level and the spatial level. In both these cases an assumption is made that South Africa has to pool and concentrate its efforts. Through "industrial clusters" the

[14] Drake M F and Jones, R S, 1998 "GEAR and the RDP: The missing planning link, p4
[15] Department of Finance, Growth, Employment and Redistribution Strategy, 1996

strategy gives importance to certain sectors and through 'spatial development initiatives concentrates in certain areas. According to Platzky, Michael Porter's (1990) clusters of economic activity for competitive advantage had hit South Africa about a year before the 1994 democratic elections (Platzky, 1998). In certain parts of the country this is illustrated by the mushrooming of economic development forums, involving organised labour, organised business, government structures, universities and non-governmental organisations. Competitive advantage is also sought from inter- and intra-firm co-operation. Improved co operation and information flow is becoming necessary between stakeholders within an organisation, between producers and their customers, between customers with common interests and between business labour and government

Historically South African manufactures competed for a share of the local market. In the emerging economic context, few industries and firms are positioned to respond to a new globally competitive environment single-handedly. In chapter one mention was made of the 1982 RIDP, which created artificial local economies which are vulnerable to competition in the international market. This particular targeting approach is thought by government to be the appropriate manner during the current transition period to phase out a predominantly import driven manufacturing sector to an outwardly orientated market through international competitiveness.

As Gordon notes that " SDIs must be placed in the context of a new paradigm adopted by the South African government. The key component of which is to move away from the protected an isolated approach of local economic development towards one in which international

competitiveness, regional co operation and a more diversified ownership base is paramount[16]".

An understanding of this approach and the principles which under pin SDI's becomes significant because it is their application which is suppose to mark the difference between the development of transportation routes as opposed to economic and social development corridors, between sustainable development and unsustainable development and whether or not we can successfully mobilise private sector investment.

Some SDIs incorporate a series of Industrial Development Zones (IDZs). These are designed to attract export orientated , high value and labour absorbing projects by providing excellent locations combined with good infrastructure, import and export facilitation and investment incentives.

The broader aim of Spatial Development Initiatives is to generate long-term, internationally competitive growth and development while at the same time restructuring the apartheid space economy. The development of competitive and outward orientated development is usually expected to produce local linkages which should create sustainable job opportunities.

The SDI and IDZ approaches are based on the assumption that cluster areas will perform economically well, demonstrating viable regions and the population will spread itself especially away from the metropolitan areas as has been the fear in South Africa. It is hoped that this is going to a major way of redressing the skewed space economy inherited from

[16] Gordan, SDIs: Their Potential Contribution to Investment and Employment, 1996

apartheid. Given the high level of unemployment it is also assumed that the population especially, blacks are willing to be mobile, in search of employment. The Department of Constitutional Development's Spatial Planning Task Team (SPATT) identifies several SDIs and developments that have started countrywide:

- **The Maputo Corridor** is the most advanced and first to be developed, stretches from Gauteng to the Port of Maputo in Mozambique.

- **The Richards'Bay SDI** stretches between Richards' Bay and Empangeni in Northern KwaZulu Natal. This initiative will facilitate the upgrading of transport and municipal infrastructure, and the development of a container terminal at the harbour.

- **The Fish river SDI** comprises of a series of development zones between East London and Port Elizabeth. Important to note is that tourism projects will be set up in partnership with local communities. Investment opportunities are envisaged in textile, wool, food processing and wood product industries.

- **The West Coast Initiative** one of the biggest zinc smelter is envisaged at Saldanha Bay. Other projects include mining, mineral beneficiation, fishing, agriculture and tourism.

- **The Lubombo SDI** covers Northern KwaZulu Natal, Southern Mozambique and Eastern Swaziland, comprises mainly of agricultural and tourism investment projects. One of the main objectives of this

initiative is to ease border controls and ensure international co-operation in managing and conserving the regions' environment.

- **The Wild Coast SDI** stretches along the Eastern Cape coast between East London and the KwaZulu Natal border. Aims to direst tourists to projects involving wild coast residents, especially craft manufacturing.

- **The Coega IDZ** planned next to a deep-water industrial port, at Algoa bay, just North of Port Elizabeth, plans for infrastructure developments to attract companies and stimulate industry in the area are underway.

- **Gauteng Economic Zones** aims to boost the provincial economy by providing the much-needed infrastructure to develop hi-tech industries.

(Department of Constitutional Developments, SPATT,1998)

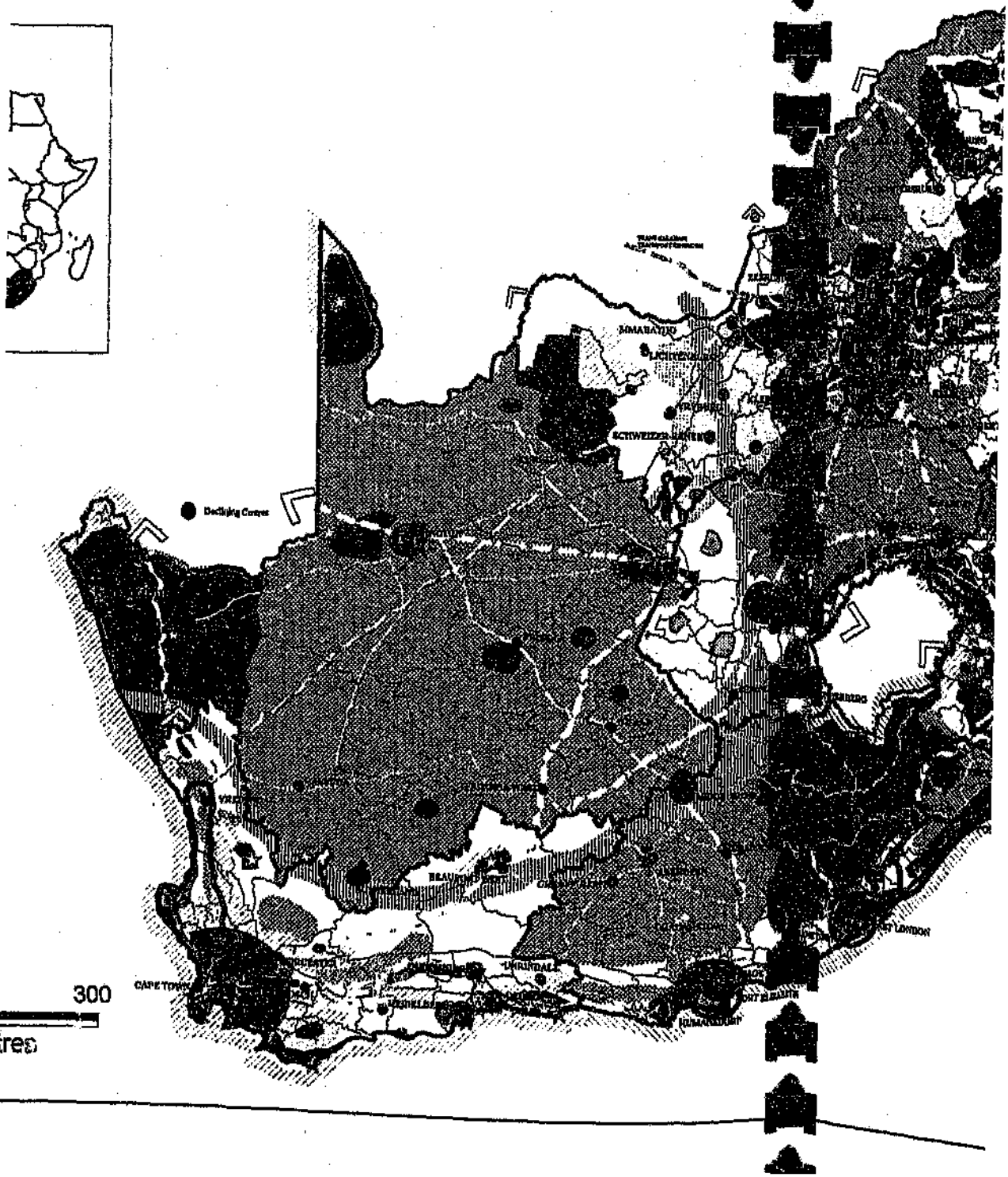
See map opposite page)

Platzky identifies at least four main objectives for spatial initiatives:

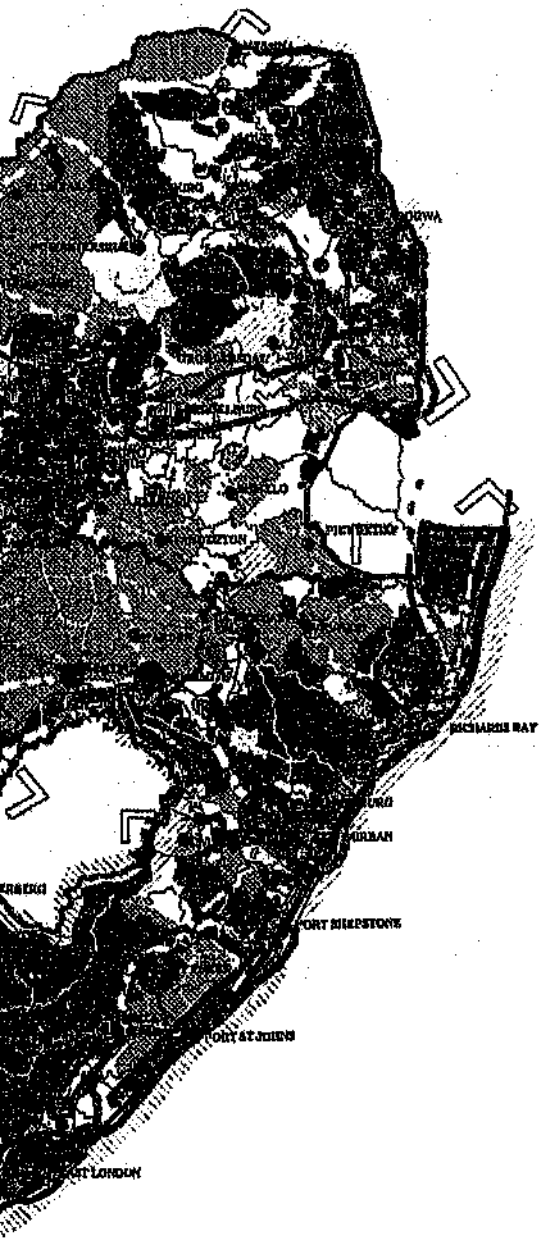
a) South Africa is strategically located at the southern tip of Africa, has the raw materials and the human resources to become a global player. Therefore government perceives the transforming of the over protected South African economy, which suffers the classic symptoms of import substitution into a globally competitive one.

b) GEAR clearly indicates that job creation is a top priority for government. A need to create sustainable jobs in view of the shortage of appropriately skilled labour.

# INTEGRATED SUMMARY OF THE S TIAL DEV
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# IAL DEVELOPMENT STRATEGIES
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**LEGEND:**

*EXISTING FEATURES-*

- Dispersed Rural Settlements (10-100 persons/square km)
- Sensitive Environmental Areas
- Dense Rural Settlements (100-200 persons/square km)
- Important Road/Rail Linkages
- Magisterial District Boundaries
- Macro Recreational Facilities
- Major Towns
- Major Roads
- Railway Lines

*GROWTH AREAS:*

- Informal Growth Settlements
- Potential Growth/Growing Urban Nodes
- Provincial Growth Corridors
- Agri/Eco./Tour.SDI
- Industrial SDI
- Industrial Growth
- Tourism/Rec. Growth Areas
- Proposed Tax Holiday Areas
- Profitable Commercial Agri.
- Potential Agriculture

*POTENTIAL DECLINE-*

- Threatened Commercial Agri.
- Industrial Decline
- Mining Decline
- Desertification Threat

**SOURCE:**
CSS and Surveyor-General
Provincial Development Strategies
National Line Departments
Parastatals

**Building Technology**
**CSIR**
**May 1997**

c) To better utilise existing infrastructure and resources especially since the National Party government has located high quality infrastructure in inappropriate places, including defence infrastructure e.g. highways and airports which can now be utilised for economic purposes.

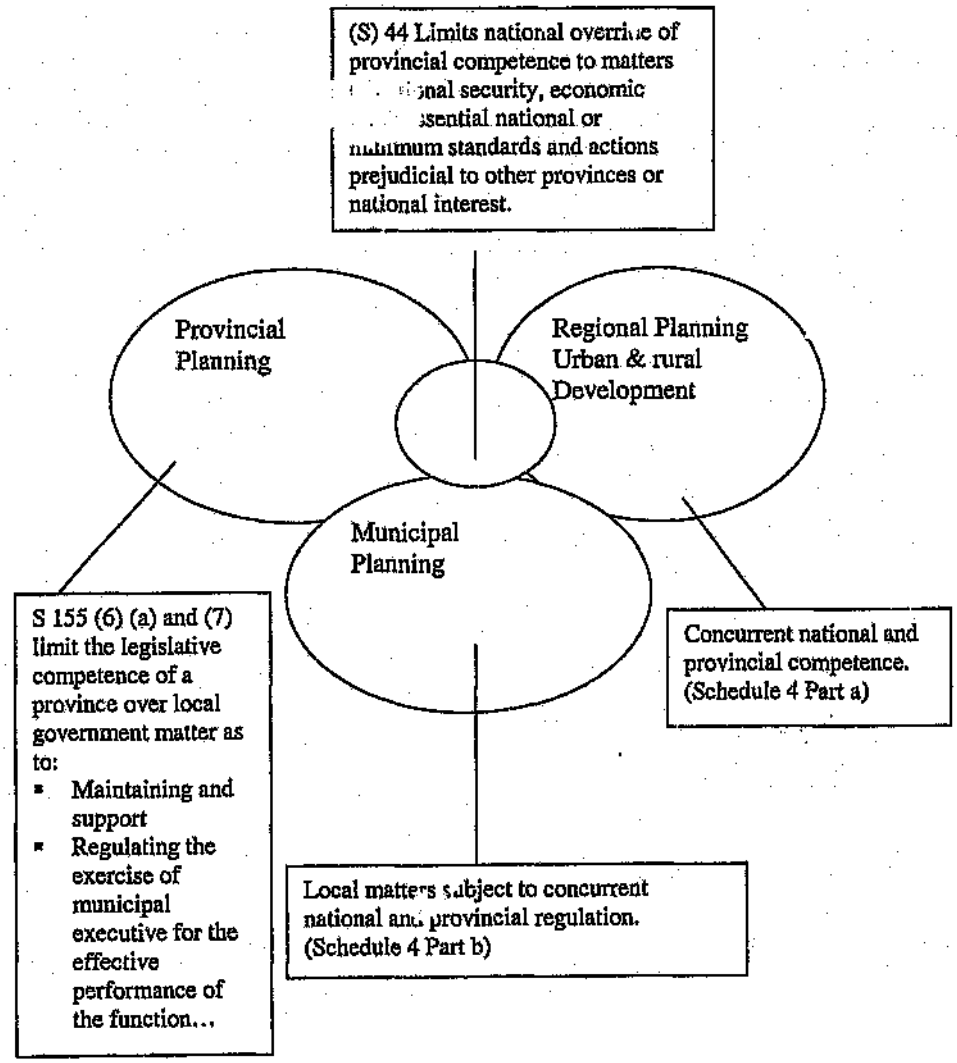
d) Broadening the ownership base of the economy to small and medium entrepreneurs, farmers and fishermen.

## 3.4. SPATIAL PLANNING , A STATE PRIORITY?

Economists all over the country have argued that SDIs are a trickle down approach of government intervention, and that they echo the fast track development strategies of the Asian tigers whose agenda was to build up jobs and wealth fast (Mail & Guardian 18/09/98). Crystallised in the Growth, Employment and Redistribution Strategy's free-market, free-trade spatial planning in South Africa currently receives minimal financial inputs from the State, irregardless of the fact that Spatial Development Initiatives are driven by the national government. The South African Constitution makes no provision for spatial planning. Provincial planning is an exclusive Provincial function. Regional planning and urban and rural planning are concurrent competencies between national and Provincial government. Municipal planning is a local government function, regulated concurrently by National and Provincial government. Spatial planning is manifested in different levels of detail at different levels of government, and forms an important aspect of each of the above mentioned forms of planning.

However in terms of the Constitutional principle of co-operative governance, all spheres of government are required to work together to develop and manage the country effectively. This implies that national, provincial and local government should seek to align their planning in pursuance of mutual interest, such as growth and development. The diagram below better illustrates the South African environment:

FIGURE 1: RELATIONSHIP BETWEEN PLANNING COMPETENCIES



## 3.5. CONCLUSION

As mentioned above Spatial Development Initiatives are to generate long-term outward orientated and internationally competitive growth, hence their location on the coastal borders. Coastal locations in this instance clearly represent an articulation of globalisation, in its most dramatic manner, through a systematic interlocking of the 'local' and the 'global'. In South Africa SDIs will only enhance the dichotomy between areas of high-polarised growth and the degrading surrounding hinterland due to their outward orientation.

The above diagram further implies that the more detailed levels of planning undertaken by provincial or local government should *nest* within the higher order strategies or plan of national government. The challenge therefore is the need for a common understanding of spatial priorities and strategies in relation to development and growth, not only between the different levels of government, but also between government, business and the broader community.

# 4. THE INTEGRATED DEVELOPMENT PLANNING PROCESS.

## 4.1 INTRODUCTION: THE THEORETICAL BACKGROUND

In an attempt to explain the purpose of town planning Faludi engages in the three theoretical dimensions of planning. He argues that if one is to understand the fundamental objective of the planning profession it is important to first come to grips with the motive behind the planning discipline (Faludi, 1973). The three dimensions of planning relate to the three traditional approaches of planning theory – there is theory of planning, theory in planning and theory for planning. Theory of planning largely provides for planning methodologies, focuses on the procedural aspect of planning and seeks to find the "rational behind the procedure". Theory for planning seeks to discover the objective behind the planning discipline and deal more with planning's motivational purpose. According to McCarthy " much of the theory for planning has it's origins in the political economy and moral philosophy" [17] Theories in planning are largely concerned with knowledge of the planning discipline, this theory deals much with the content of planning (Faludi et al, 1973).

This chapter seeks to spell out modern theory for planning and explicitly seeks to deal with the motivational purpose behind the adopted planning approaches in South Africa today, its social intentions and issues of legitimacy. Furthermore it attempts to provide a plausible account of not

[17] McCarthy et al, 1984 "South African City: Theory in Analysis and Planning" p102

only the events of the past and approaches thereof, but also how these form the basis for the present and future approaches to planning. The focus of apartheid planning was racial discrimination giving the planning profession a " split personality , two faces clearly evident in the marked differentiation in ethical approach in planning for Blacks and Whites" [18] He goes on to argue that planning for the White sector was permissive whereas planning for the Black sector was kept strictly under the control of the State in order to intentionally segregate and explicitly justify the act.

Even before the democratic elections in 1994, it was evident that there was a crisis in local government planning, which eventually led to national reform processes that started in 1990. Protests against the manner in which human settlements were spatially and economically distorted led to the collapse of the apartheid planning system. Debates about the future of planning took place alongside the national negotiating process.

## 4.2 THE CURRENT POLICY CONTEXT

Both the Reconstruction and Development Programme (RDP) and the Growth, Employment and Redistribution Strategy (GEAR) have a big impact on Development planning. As has been mentioned above, an integral part of the Reconstruction and Development Programme, is its interventionist approach, emphasising a strong role for spatial planning in response to the apartheid physical planning. Making a shift towards participation in planning makes this approach much more explicit in the Development Facilitation Act, 1995 which tries to address a range of

[18]. fuller J, 1983 "Theory and Practice: The Janus Face of Planning" p 18

problems. The Local Government Transition Act 97, of 1996 further augments this by placing particular emphasis on *strategic* and *Integrated Development Planning.*

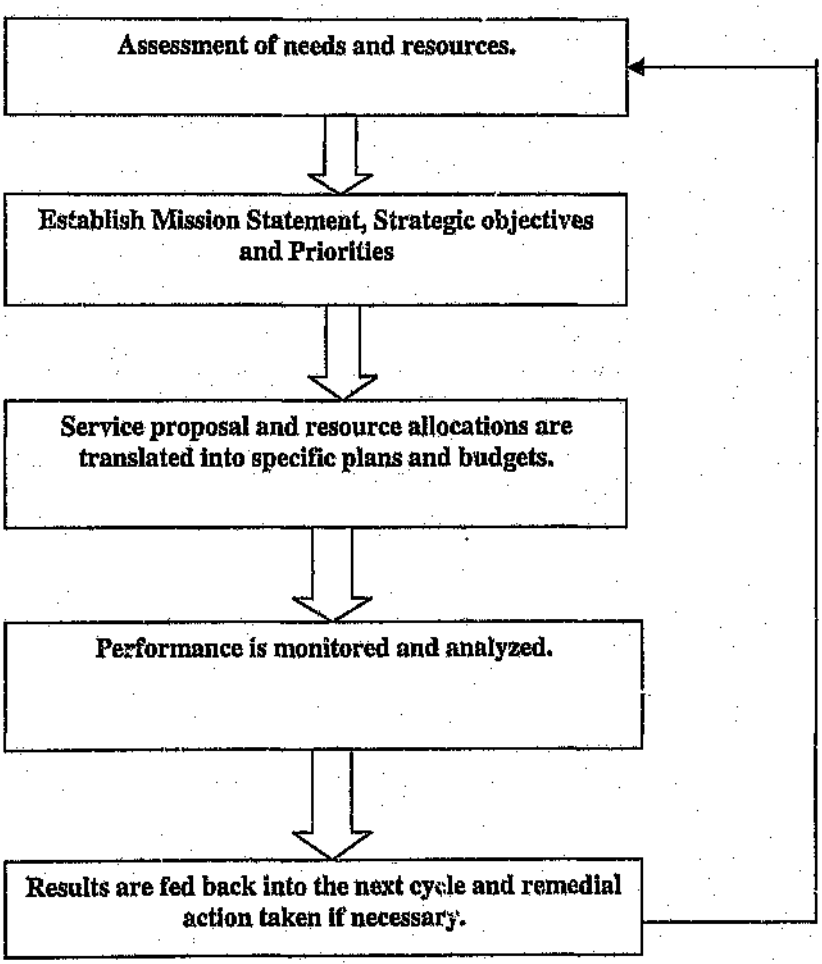
The basic aim of the Development Facilitation Act is to overcome the different systems of planning between the former four Provinces and former ten Bantustans, who had developed their own land-use structure planning and control systems. This Act provides for a strategic planning approach, including a vision and land development objectives which were not part of previous statutory planning provisions.

### 4.2.1. Strategic Planning

Strategic Planning can be defined as *"a disciplined effort to produce fundamental decisions and actions. It links with actual needs and available resources and emphasises the best use of what is locally available".*[19] Strategic planning begins with a position statement, outlining a situation analysis in order to identify what problems exist in an area and the availability of resources to tackle such. The next stage is to set out the organisations' (raison d' etre); its mission statement, objectives and priorities. Once objectives have been set, policies and resources are translated into action plans and budgets. The organisation's performance is then monitored and analysed. The final stage of the strategic planning process is to feed the results of performance reviews into the first stage of the next cycle, taking steps to carry out improvements where necessary. See Fig 2 below:

[19] Department of Constitutional Development 1998 " IDP Manual"(my own emphasis)

FIGURE 2: STRATEGIC PLANNING PROCESS:




Source: 'Guidelines on Performance Review in Local Government" Audit Commission (1986)

## 4.3. SOCIAL RESPONSIVENESS OF THE IDP

By its very nature the planning process, requires that the planning profession categorically disbands its former constraining and socially unresponsive role of being "value neutral", apolitical and bureaucratic (Laburn, 1991). The planning profession is beginning to recognise the political context of planning and attempts to represent a more socially responsive planning approach. Apart from meeting a range of developmental objectives, the Integrated Development Planning process seeks to promote the objectives of developmental local government and facilitate local processes of democratisation, empowerment, and social transformation.

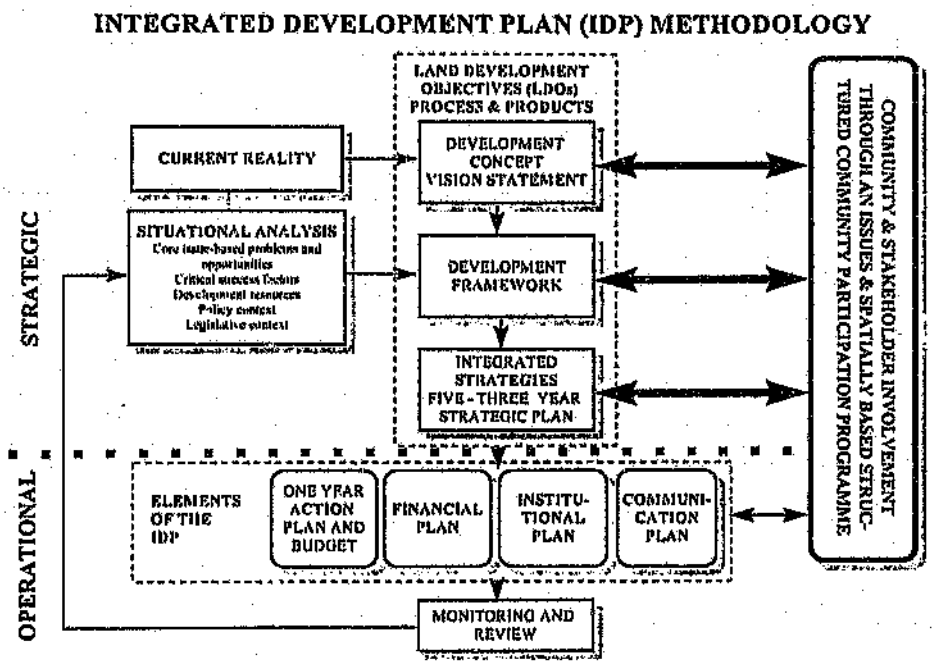
The Integrated Development Planning process by its very nature also seeks to support the main objective of the Reconstruction and Development Programme which is to " mobilise all our people and our country's resources towards the final eradication of apartheid -*planning* – and the building of a democratic non-racial non sexist future" [20]

The planning process presented in this dissertation has two focuses: (i) The *Strategic Focus:* including an assessment of current reality, identification of needs, an audit of available resources, prioritisation of needs, development of frameworks and goals to meet needs and the formulation of strategies to achieve goals. (ii) *An Operational/Implementation Focus:* including a financial plan , an

[20] ANC, 1995 "Reconstruction and Development Programme", (my own emphasis)

institutional plan, a communication plan, an annual budget plan, a programme of project implementation and time frames and performance monitoring to measure impact and performance. Fig 3 Illustrates the IDP process.

FIGURE 3 THE INTEGRATED DEVELOPMENT PLANNING PROCESS



### 4.3.1. The Concept of Communication

Of critical importance to note is the addition to the strategic planning process of the concept of *communication*. A communication plan seeks to ensure that all stakeholders are informed about the process. This plan details how planners will report back to residents and other stakeholders, hear their views on whether or not targets were met. Forester noted in 1989 that communication and information usage is central to planning strategies. According to Habermas' Critical Theory in (Forester 1989) is that both communication and the use of information represent sources of power – because they can be manipulated to the advantage of various actors during the communication process.

Forester 1989 identifies four norms of "pragmatic communication" and argues that planners as responsible professionals should ensure that they:

- Communicate *comprehensively* – to ensure that stakeholders understand what is happening around them.
- Communicate *sincerely* and in good faith – planners must ensure that non of the actors in the planning process are misguided.
- Communicate *legitimately* – planners must not advance their own ideas and professional philosophies but should seek the view points of stakeholders.
- Communicate *truly* – planners must support their claims by explaining and providing the necessary evidence.[21]

[21] Forester J, (1989) "Planning in the Face of Power":p157

Albrecht 1985 advances this perception by arguing that the procedures of Critical Theory are analogous to the communicative processes of planning "human growth and development as an overriding purpose of planning is similar to the goal of critical theory which is to enlighten society and free it from ideological constraints".[22]

The Integrated Development Planning process therefore currently recognises that communication is fundamental to the practice of planning and that planners must develop sound and communicative traits. Hence the Communication plan outlines the profile of target groups, communication media and ways and means of distributing information.

### 4.3.2. The Financial plan

Another aspect of the integrated development planning process is the development of a plan for raising revenue to support planning strategies. The capital side of the planning process includes the formulation of a coherent infrastructure or capital investment plan which sets out to achieve infrastructure targets, mobilise public and private funding sources in order to promote local economic development. Local Economic Development (LED) is defined in the Green Paper on LED as a process empowering the people themselves and facilitating their individual and collective development at local level. The basic assumption is that, by improving the local economy, a local authority will be able to generate more revenue with which to budget in the future.

[22] Albrecht J (1985) "Planning as a Social Process: The use of Critical Theory":p84

### 4.3.3. Local Economic Development

The Integrated development planning process however identifies LED as a cross cutting and interdisciplinary issue, aspects of which are part of operational planning. Local Economic Development includes the following strategies:

- Support for small and medium business through the provision of training and support mechanisms and creating optimal infrastructure.
- Improvement in infrastructure and services in general to improve economic efficiency and productivity.
- Training and capacity building.
- Targeted investment to boost potentially growing sectors e.g. tourism or knowledge industries.
- Pro-localism procurement and servicing policies.
- Simplifying regulations and by-laws to stimulate as opposed to hinder economic development.
- Urban renewal strategies.
- Place marketing to attract potential tourists and investors.[23]

Important to note however is that some of the above mentioned approaches are usually not mutually exclusive , an LED strategy may combine elements of the different approaches. Furthermore these strategies have in the past been used to perpetuate rationalism which sought to perform technical functions without engaging in political and

[23] Pieterse E, 1998 "LED and Anti- Poverty Report"

social values. Value- free rational approaches to local economic development have recently come under serious consideration "as they have led to the failure of the development decade in the sixties, subsequently leading to uncertain control of economies under the neo Keynesian policies leaving us (planners ) sceptical of approaches that attempt to reduce social problems into neat formulae".[24]

Therefore the above set of issues must be underpinned by a broader strategic agenda of a local authority. While local economic development strategies are necessary and might inevitably have a positive impact on the locality. International evidence suggests that there is a need for planners to become much clearer about how they assess the quality and impact of economic strategies, if they are interested in distributional effects. One has to be able to disaggregate what each approach is ***for*** and what it seeks to ***achieve*** and who will ***benefit*** from it herein lies one of the primary objectives of this discourse, - as will be clearly demonstrated in the Coega case –to draw a parallel debate on local economic development approaches.

## 4.4 CONCLUSION

An IDP process contains an environmental assessment or a feasibility study to define Councils priorities and strategic priorities. Within this it is important to ensure that relevant information pertaining to socio-economic conditions are included in this assessment. The most important potential of the Integrated Development Planning process, is that it offers

[24] Friedman (1974) "Knowledge and Action: A guide to planning theory" p13

a holistic development approach which links local economic development initiatives to financial resources. As Pieterse 1998 asserts that the IDP and its budgetary basis is an ideal framework to operationalise an anti-poverty driven LED strategy, in the sense that it will be mainstreamed into the normal activities of the local council (Pieterse, 1998). Furthermore it ensures that economic strategies are underpinned by institutional and budget allocation.

# 5. CASE STUDY: COEGA PORT IN PORT ELIZABETH

## 5.1. INTRODUCTION:

The Department of Constitutional Development commissioned 10 case studies in the area of local economic development. This project was an attempt to identify what is happening on the ground in terms of local initiatives to effect dynamic economic development. Furthermore this initiative was concerned primarily with whether or not planning at local level is making an impact on economic growth, local economic development, job creation and poverty alleviation. The findings of this study as shall be addressed in this chapter showed that a number of local authorities understand the need for job creation, economic growth and poverty alleviation, but very few understand the need for a deliberate attempt to make it happen.

Due to the fact that the Department of Constitutional Development saw a need to link economic growth, poverty alleviation and job creation, this study focused on the following five main points:

- Job creation which will directly contribute to the increase of household incomes.
- The alleviation of poverty in local economies.
- The delivery of appropriate and quality services to those who have no access.
- Coherent local economic development strategies that are based in an integrated development planning framework.

❖ Promoting local democracy.

This case study is structured to present a comprehensive overview of the main findings of the Port Elizabeth Case study with the focus on what this means for current frameworks for economic strategies as practised by local government planners in South Africa.

## 5.2. OBJECTIVE OF THE STUDY

The main objective of this study was to document the Spatial Development approach of the Coega Port in Port Elizabeth, and to make this available as a case study to guide local authorities who might take this route for local economic development. To devise a proposal to support and develop this approach further.

## 5.3 METHODOLOGY

This study was structured into the following steps:

1. An initial workshop was conducted in November 1997 (of which the author was part) to bring together stakeholders from various departments, researchers.

2. A Steering Committee meeting convened by the author and other task team members, was held on the 10th of December 1997 to formulate the criteria that would inform the selection of the case studies per Province. The following criteria were identified:

- ❖ Fast growing cities to establish their potential for economic development and growth.
- ❖ Examples of major local industrialisation strategies.
- ❖ Various approaches to local economic development.
- ❖ Diverse Provinces.
- ❖ Localities with high concentrations of poverty.

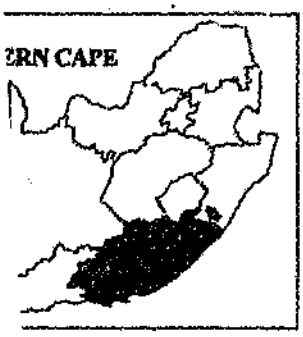
3. Field research started in March 1998.
4. A workshop was held to present the findings of the study in April 1998.

## 5.4 THE COEGA PORT SPATIAL DEVELOPMENT INITIATIVE.

The Coega initiative includes the envisaged development of a major deep water harbour, a zinc smelter, infrastructure for heavy industry and an Industrial Development Zone among other developments. It fits into the envisaged Fish River Corridor that will stretch to East London (See map opposite page).The primary objective for a harbour at the mouth of the Coega River is the reduction of transport costs for heavy industry. This initiative is expected to cover approximately 10 000ha encompassing industrial areas that lie South of the Sundays River (Bond P, 1998).

The sudden mushrooming of Corridors or Spatial Development Initiatives in South Africa's coasts can be associated with the process of economic re-balancing "in order to facilitate urban integration of apartheid settlements" within metropolitan local economies. According to (Perroux, 1966) in Bond a "Corridor is a geographical line of economic interaction involving various means of transport through which imports and exports

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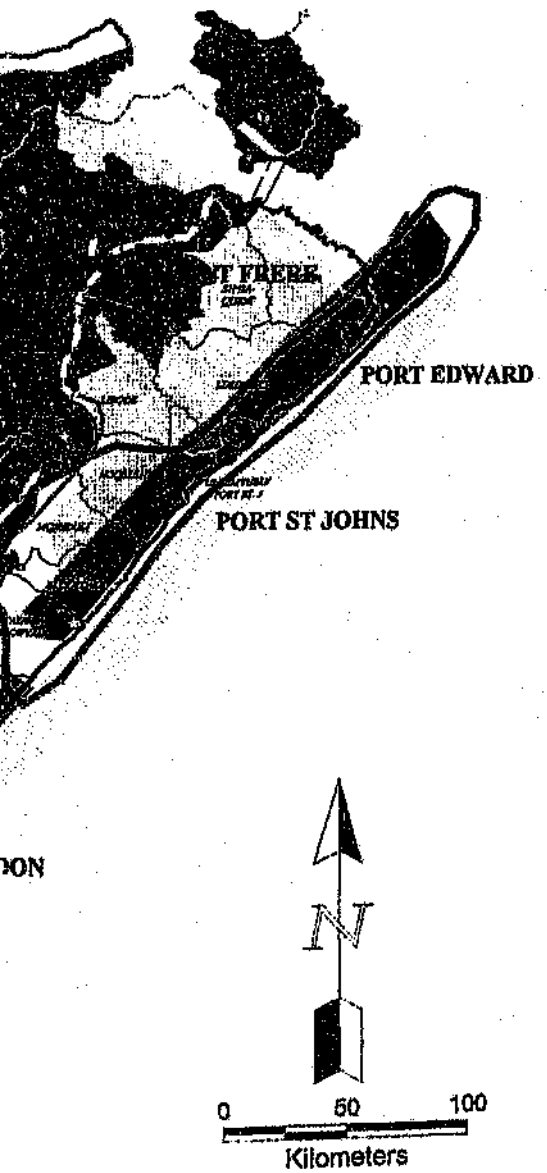






Coega IDC
envisaged next to a deep water industrial
port, North of

# IAL DEVELOPMENT STRATEGIES
## D PROVINCIAL AUTHORITIES
## CAPE




**LEGEND:**

*EXISTING FEATURES-*

- Dispersed Rural Settlements (10-100 persons/square km)
- Sensitive Environmental Areas
- Dense Rural Settlements (100-200 persons/square km)
- Important Road/Rail Linkages
- Magisterial District Boundaries
- Macro Recreational Facilities
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*GROWTH AREAS:*

- Informal Growth Settlements
- Potential Growth/Growing Urban Nodes
- Provincial Growth Corridors
- Agri/Eco./Tour.SDI
- Industrial SDI
- Industrial Growth
- Tourism/Rec. Growth Areas
- Proposed Tax Holiday Areas
- Profitable Commercial Agri.
- Potential Agriculture

*POTENTIAL DECLINE-*

- Threatened Commercial Agri.
- Industrial Decline
- Mining Decline
- Desertification Threat

**SOURCE:**
CSS and Surveyor-General
Provincial Development Strategies
National Line Departments
Parastatals

**Building Technology**
**CSIR**
**May 1997**

of regional or international origins are in transit"[25] A number of companies have expressed interest in investing in the Industrial Development Zone, it is also envisaged that the Export Processing Zone of which the IDZ is a part will create backward and forward linkages in the South African Economy especially Port Elizabeth and its surrounding hinterland. Algorax, PPC, Afrox, Powertech, etc have already committed to the Coega Project. However the major danger that seems to crop up is that there are as yet no specific public investments aimed at meeting basic needs of low in-come residents, therefore resources might continue to be transferred from low income areas to high in come areas.

The SDI proponents of this initiative as quoted in (Bond 1998) argue that there is an economic logic to the proposed Port development. The following strengths have been noted:

- There is currently 10 000 ha of land available for industrial development.
- The IDZ will be close to the Motherwell residential area and there is also available land for further residential developments.
- Water supply is readily available form the Orange River and form the Fresh Water Flats facility currently pumping half of its purified water back to the sea.
- The Department of Transport has already committed to rail upgrades and road interchanges to meet the required demand (Coega Implementing Authority in Bond, 1998).

[25] Bond P, et al, (1998) "Local Economic Development Choices:Top-down or Botton-Up":p4

Despite the above potential's this initiative has however triggered a lot of debate around whether or not all alternatives have been considered, if this is the correct approach to address the problems of unemployment and underdevelopment, and finally whether or not this approach will target the poorest of the poor. As Wakefield states " There has been quite intense controversy about Coega's appropriateness, both from public and private interests and from the standpoint whether or not public or private funds should drive the large Port investment"[26]

Indeed environmentalists, farmers, residents and labour all for different reasons have strongly opposed the proposed developments at Coega.

According to Rogerson, the Coega initiative is a highly ambitious programme aimed at re industrialising a part of South Africa that has suffered for enormous decay and job losses. (Rogerson, 1998).

Recently Pakes and Nel conducted an economic assessment of the Coega IDZ and Port, they drew three scenarios based on *conservative, optimistic,* and *high road* investments:

- The Conservative Scenario: will comprise of key anchor projects, the zinc refinery, the phosphoric acid plant and the PPC cement plant.
- The Optimistic Scenario: will comprise of projects in the above scenario plus a steel mill, a stainless steel plant and a ferro-manganese smelter.
- The High Road Scenario: will include all the projects in the above scenarios plus a potential for further growth for several firms which have expresses interest, e.g. Powertech and Algofax (Pakes T and Nel H, 1997).

[26] Bond P and Mncwabeni L (1998) "Local Economic development Choices :Top-down or Bottom-up led"

The plausibility of the *optimistic* and *high road* scenarios however raises doubt, because no detailed information is made available about the key major projects. Table 1 below shows envisaged employment figures:

TABLE 1 INVESTMENT, DIRECT INCOME AND EMPLOYMENT GENERATED IN THE COEGA IDZ.

| Scenario | Investment[1] (millions of R) | Permanent direct income[2] – EC (millions of R) | Permanent direct income – SA (millions of R) | Permanent direct employment |
|---|---|---|---|---|
| **(a) Conservative** | | | | |
| New port | 1 275 | 12 | 12 | 100 |
| Other infrastructure | 779 | – | – | – |
| Zinc and phosphoric acid plants[3] | 2 325 | 179 | 272 | 750 |
| Cement[4] | (150) | – | – | – |
| Total – Conservative | 4 379 | 191 | 284 | 850 |
| **(b) Optimistic** | | | | |
| Conservative Total | 4 379 | 191 | 284 | 850 |
| Steel plants | 6 500 | 780 | not estimated | 1 350 |
| Total – optimistic | 10 879 | 971 | not estimated | 2 200 |
| **(c) High road** | | | | |
| Optimistic Total | 10 879 | 971 | not estimated | 2 200 |
| Assumed others[5] | 940 | 116 | not estimated | 521 |
| Total – high road | 11 819 | 1 087 | not estimated | 2 721 |

**Sources: Based on Pakes and Nel (Tables 22–33, 1997); Black and Saxby (1996); African Environmental Solutions (1997).**

The challenges facing this Spatial Development Initiative are that:

- There is currently insufficient transport infrastructure.
- There is a strong labour opposition, and therefore a potential for labour mobilisation.

- Given the opposition some stakeholders have suggested a greener approach to local economic development.
- Stakeholders feel that this in a top-down approach to local economic development highly influenced by the National governments' neo-liberal, free market approach, which does not take into consideration the needs of the poorest members of the community.

Bond strongly argues for an alternative vision of the local economic development strategy in Port Elizabeth. A bottom –up approach which will focus on infrastructure investments in low income communities. A universal lifeline supply of water and electricity is argued to be central in meeting the needs of the poor as this will re-direct subsidies to those with the lowest consumption.

## 5.5. CONCLUSION

The study found that there are weaknesses in Port Elizabeth's existing local economic development strategy, which is considered by beneficiaries to be top-down, and centred only on the Port and Industrial developments. A combination of other activities such as Agro –Tourism as suggested by citrus farmers, might provide greater, long term benefits and environmentally sustainable use of resources.

# 6. SUMMARY AND CONCLUSIONS

It is perhaps important at this point to re-iterate the words of Finance Minister Trevor Manual when he argued that it is imperative that South Africa takes notice of the impact and disciplines of the global economy and the need to continually examine how we integrate ourselves into it, without grossly sacrificing our fundamental commitment to social transformation (http://www.finance.gov.za).

The release of President Nelson Mandela in 1989 and the subsequent democratic elections in 1994, and the debates about the changes and transformation, which swept across South Africa at the time, stimulated an atmosphere of celebration. Democracy was proclaimed as the agent of progress and perhaps with that an acceptance that capitalism is *the* viable economic system. While Apartheid is severely discredited with its blue-print approach to planning and modernisation approach to development (Drake and Jones, 1998). South Africa still has to define the extent to which the new democratic state can enmesh in industrial capitalism so that - *equality, justice* and *liberty* – as elements of democracy are realised by all

The Growth, Employment and Redistribution Strategy (GEAR) sets our governments' approach to development and growth. Through it, South Africa should move towards an economy in which the needs of the people are met on a sustainable basis, however these cannot be achieved in a nation dominated by private ownership and in an absolute free-market capitalist economy, as propagated by GEAR. The Spatial Development Initiatives are highly dependant on private sector investment, they are

therefore more likely to perpetuate the already existing dichotomy between rich and poor regions and between rich and poor communities, and their effectiveness in job creation can be debated.

While this study has been an attempt to indicate the extent to which spatial planning impacts on local economic development and economic growth in general, the following recommendations are worth noting:

- South Africa is still in its transformation phase, there is a need to guard against mistakes in financial policies, including improper investment distribution, in appropriate equity debt ratio and freeing up the capital market too quickly can lead to an accumulation of contradictions.

- Even though GEAR attempts to stimulate positive economic growth it might result in negative influences, if the private sector becomes the major stakeholder. High deposit and high investment ratios by government are essential to economic development, they must however be handled properly so as not to cause over-investment.

- While state intervention has been commonly used to adjust economic development in East Asian countries, when in appropriate, this may lead to barriers to market growth and corruption in government as is currently seen in Republic of Korea.

- High-speed economic increase, without restraint, can become too hot. Financial policies especially related to currency exchange must emphasise efficiency rather than high speed increase to attain appropriate increase and sustainable economic development.

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