

**LOCAL GOVERNMENT AND SUSTAINABLE  
HUMAN DEVELOPMENT: LOCAL GOVERNMENT AS  
DEVELOPMENT AGENT IN THE PROMOTION  
OF LOCAL ECONOMIC DEVELOPMENT**

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*I, the undersigned, declare hereby that the work contained in this dissertation is my own original work and that I have not previously in its entirety or in part submitted it at any university for a degree.*

A handwritten signature in black ink, appearing to read 'H.R. Noble', written over a dotted horizontal line.

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December 2003



## **ABSTRACT**

*The research report investigates the theoretical foundation of the understanding of decision-makers at local government level of the term "development", with specific reference to local government as development agent and Local Economic Development. The choice of theoretical model by these decision-makers to conceptualise their understanding has historical and analytical antecedents, and secondly, the decision-maker is faced with a basic dualism in developmental thinking, ie. the emphasis on universalism (global competitiveness) on the one hand and the need for specificity (local economic development) on the other. The theoretical principles and assumptions on which the neoliberal and market-orientated approach to development is based are incorporated in the macroeconomic policy approach 'Growth, Employment and Redistribution' in South Africa. This approach has recently overshadowed the social welfarist developmental approach represented by the 'Reconstruction and Development Program' or Sustainable Human Development. The basis for specific policy formulation and intervention strategies are found in the theoretical assumptions, goals and objectives in each of these alternate approaches to development.*

*The research design for the study is primarily qualitative. A semi-structured interview schedule is applied in directing in-depth interviews with identified central decision-makers in metropolitan and larger "B" municipalities. The research design and process is constructed around three themes based on current and historic analysis of development thinking as a means to address poverty and inequality: theme 1 - theoretical understanding of the term development, Economic Growth in the formal sector versus Sustainable Human Development; theme 2 - the nature and relevance of participation by civil society in the Local Economic Development (LED) process; and theme 3 - Local Economic Development and the role of infrastructure investment, land use planning and zoning as intervention strategy. A benchmark position is developed on local government as development agent and LED, using various sources, for example, interview with Director-General in the Department of Provincial and Local*

*Government dealing with Local Economic Development, the Constitution of the Republic of South Africa and legislative acts and policy papers relevant to LED. This position is compared with the position held by local government decision-makers dealing with LED.*

*The analysis of the information collected suggests that the theoretical perspective and policy framework on development, participation and strategies to address inequality and poverty, ie Sustainable Human Development (researchers title) held by the Department of Provincial and Local Government (DPLG) is not compatible with the definition and understanding of the majority of the decision-makers at local government level dealing directly with LED. The notion of participative development with anti-poverty strategies focussed on poor urban citizenry at the local level is not seen as the relevant theoretical or applied focus by developmental decision-makers at municipal level. In addition, limited knowledge is available to local government decision-makers on both formal and informal economic activity. In this regard, de facto leadership has already been handed over to formal-economy organisations and institutions. The idea of using land-use planning and zoning regulations to reorientate economic activity to low- and informal housing settlements and the reconstitution of low-and informal housing as sites of manufacture utilising flexible specialisation principles was positively received. However, the respondents were either not knowledgeable about these principles, for example; Globalisation of production and flexible production processes, or had not considered them in relation to their planning, land use or zoning and development functions.*

*In the light of the above, the notion of local government as development agent with specific reference to addressing poverty and inequality utilising the Local Economic Development process as envisaged by the Department of Provincial and Local Government does not have the majority support of decision-makers at city and metro level. The majority of respondents defined the process of consultation as limited to formal economic sectors that were/could be competitive in the new global economy. The majority of decision-makers hold the view that the redefinition and location of sites of economic activity could be delegated to these formal sector organisations and institutions. Their common understanding of development and the related intervention strategies was based on formal sector growth and related job creation strategies, as*



*well as the “trickle-down” of resources and opportunities to the informal sector. If they wish to remain relevant in this context the Department of Provincial and Local Government has to develop intervention strategies to reorientate and redefine the theoretical and applied definition of development held by the decision-makers especially with regard to Local Economic Development. If these issues are not addressed the form and shape of South Africa cities and metros will be based on the entrenchment and escalation of economic dualism and exclusion of the poor from any developmental decision-making and strategies. This has serious implications for the development of local democracies and developmental institutions based on the formulation and understanding of local conditions and circumstances of poverty and inequality and holds serious implications for social stability in the South African metros and municipalities in the future.*

## OPSOMMING

*Die navorsingsverslag ondersoek die teoretiese begronding van die begrip wat besluitnemers op plaaslike regeringsvlak het van die term “ontwikkeling” met spesifieke verwysing na plaaslike regering as ontwikkelingsagent en Plaaslike Ekonomiese Ontwikkeling. Die keuse van teoretiese modelle deur hierdie besluitnemers het historiese en analitiese voorlopers en tweedens, word die besluitnemer in die gesig gestaar deur ‘n basiese dualisme in ontwikkelingsdenke, die klem op universalisme (globale kompetendheid) aan die een kant en die behoefte aan spesifiekheid (plaaslike ekonomiese ontwikkeling) aan die ander kant. Die teoretiese beginsels en aannames waarop die neoliberale en markgeoriënteerde benaderings tot ontwikkeling berus, word geïnkorporeer in die makro-ekonomiese benadering “Groeï, Werkverskaffing en Herverdeling” (GEAR) in Suid Afrika. Hierdie benadering het onlangs die sosiale welsynsontwikkelingsbenadering, wat verteenwoordig is deur die “Heropbou en Ontwikkelingsprogram” (HOP) of Volhoubare Menslike Ontwikkeling, in die skadu gestel. Die basis vir spesifieke beleidsvorming en intervensiestrategieë word gevind in die teoretiese aannames, doelwitte en doelstellings in elk van hierdie alternatiewe benaderings tot ontwikkeling.*

*Die navorsingsontwerp vir hierdie studie is primêr kwalitatief. ‘n Semi-gestruktureerde onderhoudskedule word toegepas om rigting te gee aan in-diepte onderhoude met geïdentifiseerde sentrale besluitnemers in metropolitaanse en groter “B” munisipaliteite. Die navorsingsontwerp en proses is gekonstrueer rondom drie temas wat gebaseer is op huidige en historiese analise van ontwikkelingsdenke as ‘n manier waarop armoede en ongelykheid aangespreek kan word: tema 1 - teoretiese begrip van die term ontwikkeling, ekonomiese groei in die formele sektor teenoor Volhoubare Menslike Ontwikkeling; tema 2 - die aard en relevansie van deelname deur die siviele samelewing en die Plaaslike Ekonomiese Ontwikkelingsproses (PEO); en tema 3 - Plaaslike Ekonomiese Ontwikkeling en die rol van infrastruktuurbelegging, grondgebruikbeplanning en sonering as ‘n intervensie-strategie. ‘n Beginpuntposisie word ontwikkel oor plaaslike regering en PEO deur gebruik te maak van verskeie bronne, byvoorbeeld, onderhoude met die Direkteur-Generaal in die Departement van Provinsiale en Plaaslike Regering gemoeid met Plaaslike Ekonomiese Ontwikkeling*



(PEO), die Grondwet van die Republiek van Suid Afrika en wetgewing en beleidskrifte relevant tot PEO. Hierdie posisie word vergelyk met die posisie wat ingeneem word deur plaaslike regeringsbestuurbesluitnemers gemoeid met PEO.

Die analise van die inligting wat ingesamel is suggereer dat die teoretiese perspektief en beleidsraamwerk oor ontwikkeling, deelname en strategieë om ongelikheid en armoede aan te spreek, die Volhoubare Menslike Ontwikkeling (navorserstitel) wat gehuldig word deur die Departement van Provinsiale en Plaaslike Regering (DPPR) nie versoenbaar is met die definisie en begrip van die meerderheid van die besluitnemers op plaaslike regeringsvlak wat direk gemoeid is met PEO nie. Die idee van deelnemende ontwikkeling met anti-armoede strategieë wat gefokus is op arm stedelike burgers op plaaslike vlak word nie deur die ontwikkelingsbesluitnemers op munisipale vlak beskou as die relevante of toegepaste fokus nie. Bykomend is beperkte kennis tot beskikking van plaaslike regeringsbesluitnemers oor beide formele en informele ekonomiese aktiwiteite. In hierdie verband is de facto leierskap alreeds oorhandig aan formele ekonomiese organisasies en instellings. Die idee van die gebruik van grondgebruik- en soneringsregulasies om ekonomiese aktiwiteite tot lae en informele behuisingsnedersettings te heroriënteer en die hersamestelling van lae en informele behuisingsplekke vir vervaardiging deur gebruik te maak van buigbare spesialiseringbeginsels is goed ontvang. Die respondente was egter nie ingelig oor hierdie beginsels, of hulle het weggelaat om hierdie beginsels in berekening te bring by hul beplanning, grondgebruik of sonering en ontwikkelingsfunksies.

In die lig van bogenoemde het die idee van plaaslike regering as ontwikkelingsagent met spesifieke verwysing tot die aanspreek van armoede en ongelikheid, deur gebruik te maak van die Plaaslike Ekonomiese Ontwikkelingsproses, soos in die vooruitsig gestel deur die Departement van Provinsiale en Plaaslike Regering, nie die meerderheidsteun van besluitnemers op staats- en metrovlak nie. Die meerderheid van die respondente het die proses van beraadslaging gedefinieer as beperk tot die formele ekonomiese sektore wat kompetend was of kan wees in die nuwe globale ekonomie. Die meerderheid van hierdie besluitnemers is van mening dat die herdefiniëring en plasing van plekke van ekonomiese aktiwiteite gedelegeer kan word aan hierdie formele sektororganisasies en instellings. Hierdie gedeelde begrip van ontwikkeling en

*verbandhoudende intervensie-strategieë was gebaseer op groei in die formele sektor en verbandhoudende werkskeppingstrategieë, asook die “afsyfering” van bronne en geleenthede na die informele sektor. As dit hul wens is om in hierdie konteks relevant te bly, moet die Departement van Provinsiale en Plaaslike Regering intervensie-strategieë ontwikkel om die teoretiese en toegepaste definisie van ontwikkeling, wat gehuldig word deur besluitnemers, veral met betrekking tot Plaaslike Ekonomiese Ontwikkeling te heroriënteer en te herdefinieer. Indien hierdie aangeleenthede nie aangespreek word nie sal die vorm en fatsoen van Suid-Afrikaanse stede en metros gebaseer wees op die verskansing en uitbreiding van ekonomiese dualisme en die uitsluiting van die armes van enige ontwikkelingsbesluitneming en strategie. Dit het ernstige implikasies vir die ontwikkeling van plaaslike demokrasie en ontwikkelingsinstellings gebaseer op die formulering en begrip van plaaslike toestande en omstandighede van armoede en ongelykheid en hou ernstige implikasies in vir die sosiale stabiliteit in die Suid-Afrikaanse metros en munisipaliteite in die toekoms.*

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### **Relevant Legislation and Acts**

The Proclamation of Township Ordinance, number 19 of 1905  
Transvaal Township Act of 1909  
Black Labour Regulation Act, number 15 of 1911  
Black Land Act, number 27 of 1913  
The Public Health Act, 1918/1919  
Black Administration Act, number 38 of 1927  
The Township and Town Planning Ordinance, number 11 of 1931  
Development Trust and Land Act, number 18 of 1936  
Group Areas Act, number 41 of 1950  
Black Authorities Act, number 68 of 1951  
Reservation of Separate Amenities Act of 1953  
The Town planning and Township Ordinance, number 25 of 1965  
Community Development Act, number 3 of 1966  
The Group Areas Act, number 36 of 1966  
The Act on Environmental Planning (Physical Planning Act), number 88 of 1967  
The Physical Planning and Utilisation of Resources Act of 1967  
The Physical Planning and Utilisation of Resources Amendment Act, number 73 of 1975  
Environmental Planning Amendment Act, number 104 of 1977  
Environmental Planning Amendment Act, number 51 of 1981  
Promotion of Local Government Affairs Act, number 91 of 1983  
Black Communities Development Act, number 4 of 1984  
Town and Regional Planners Act, number 19 of 1984  
The Town Planning and Townships Ordinance, number 15 of 1986  
Less Formal Township Development Act, number 113 of 1991  
Physical Planning Act, number 125 of 1991  
Constitution of the Republic of South Africa, Act number 200 of 1993  
Local Government Transition Act, number 209 of 1993  
Development Facilitation Act, number 67 of 1995  
Local Government Transition Act, second amendment act, number 97 of 1996  
The Constitution of the Republic of South Africa, Act number 108 of 1996

Local Government: Municipal Structures Act of 1998

Municipal Systems Bill of 2000 (National assembly section 75 Bill)

### **List of Abbreviations**

BIG	Basic Income Grant
BN	Basic Needs
DFA	Development Facilitation Act
DLG	Developmental Local Government
DPLG	Department of Provincial and Local Government
DTI	Department of Trade and Industry
EIC.	Environmental Impact Coefficient
FDI	Foreign Direct Investment
GCP	Gross City Product
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution strategy
IDP	Integrated Development Plan
ILO	International Labour Office
LED	Local Economic Development
LG	Local Government
LGNF	Local Government Negotiating Forum
OECD	Organisation for Economic Cooperation and Development
RDP	Reconstruction and Development Program
SA	South Africa
SHD	Sustainable Human Development
TLC	Transitional Local Council
TMC	Transitional Metro Council
UN	United Nations
UNDP	United Nations Development Programme
WB	World Bank



## Chapter 1

### Introduction

#### 1.1 Introduction

This research project is an investigation into the theoretical foundation and understanding of the notion of “development” held by decision-makers in South Africa’s local government bureaucracies today. This investigation will be formulated in the context of the constitutional, legislative and policy definition of local government as a “developmental agent” and in the context of Local Economic Development (LED). This developmental role and the process of Local Economic Development are important procedural and institutional tools in the political and socioeconomic transformation of South African society. The goals which this critical level of government are to achieve as part of the post-apartheid reconstruction project are clear: to address inequality and structural poverty; the delivery of basic services; and to bring about the propagation of local democracy. It is this “change”, in other words, the values and norms and related procedures, process and objectives that, I believe, is a contested terrain. In short, there is no agreed definition of what constitutes “development”. The term “development” captures the areas of change in which these disputes; theoretical and applied, are to be resolved. In my opinion, the specific theoretical framework chosen by the decision-maker at this level of government defines the developmental procedures, objectives and goals of the particular metro or municipal institution acting as the development agent.

The research tool on which the investigation will be based is a qualitative questionnaire which will be constructed in relation to the theoretical definition of the term “development” and applied to “decision-makers” at municipal level. Decision-makers or executive implementers are those individuals who can influence or direct strategic decision-making and related implementation and evaluatory schemes in terms of developmental issues based on their theoretical choices. The theoretical basis for the questionnaire was constructed by analysing both the various definitions of development and the ways in which these definitions have evolved historically. A topology of development theories based on Webster (1990) *Sociology of Development* formed the

basis for this discussion (see chapter three). A further literature review will form the groundwork for the construction of a continuum of theoretical definitions of development, [see Oxaal et al (ed) 1975; Booth (ed) 1994; Himmelstrand et al (ed) 1994; Hoogeveldt 1997; Becker & Jahn (ed) 1999; Leftwich 2000; Roberts & Hite (ed) 2000; Coetzee et al (ed) 2001; Robinson (ed) 2002]. A continuum of developmental theories will be formulated. This continuum will include the notion of globalisation/global competitiveness at one end of the scale and the notion of sustainable human development at the other end (of the scale). The second element of this research project will be the investigation into, and definition of, the theoretical position and application, in practice, of the views of the Department of Provincial and Local Government in terms of “developmental local government” and Local Economic Development. The basis for this review will include academic books and articles with international and South African focus [see Logan & Molotch 1987; Cloete & Mokgoro 1995; de Villiers 1996; McCarney 1996, 1996a & 2000, Atkinson & Reitzes 1998; King (ed) 1996; Borja & Castells 1997; Swilling 1998; Venter (ed) 1998; Cape Metropolitan Council 1999; Bond 2000, 2001 & 2001a; Mabin 2001; Gedes 2001; Mogale 2001; Nel 2001; Palmer 2001; Pieterse 2001 & 2001a; Rogerson 2001; South African Government 1996, 1998, 1998a, 2000a, 2000b, 2001; Bekker & Leilde 2003; van Zyl 2003]. This view is then located on the development continuum referred to above and will be used as a benchmark in the analysis of the individual respondents’ responses.

Responses, in turn, will be collated and analysed and also located on the development continuum; results will then be reported and analysed. Once this is done, I shall then draw certain inferences about the developmental role of municipal government in the context of Local Economic Development and the goals of the post-apartheid transformation project. I believe that the theoretical and applied distinction and/or contradictions that exist in relation to understandings of development will have serious implications for this sphere of government as far as achieving the goals of the socioeconomic and political transformation project are concerned. For example:



- (1) The theoretical definition of what constitutes poverty and inequality identifies and conceptualises the proposed strategies for addressing and resolving poverty and inequality.
- (2) The majority of urban citizenry in South Africa's metros and municipalities are poor. The choices made by decision-makers at local government level in relation to Local Economic Development will have a major impact on these people's life choices and quality of life.
- (3) The transformation project in South Africa rests on the development and spread of local democracy and institutions that are responsive to local needs and conditions, that is, participation. Different theoretical definitions of development treat the issue of participation and consultation with different emphasis and assign varying levels of importance to both. This is why specific decision-makers' choice of theoretical definition has significant, concrete consequences.

I believe that this research report will have a definite impact on our understanding of local government as a development agent and of what constitutes Local Economic Development in practice. The research findings will also be central to any further research into the nature and functioning of local government in South Africa.

## **1.2 Research review and research questions**

The research project on local government's understanding of development has its roots in the socioeconomic changes that were initiated by the unbanning of the former liberation movements, the negotiations taking place at municipal level about the form of local governance and the reintegration of the formal South African economy into the global economy. During the early 1990s, I was in the process of completing my undergraduate degree at the University of Stellenbosch with 3<sup>rd</sup> year Sociology modules as one of my major subjects. The understanding I gained in this study area, including the combination of political sociology and general sociology, coupled with my observations of wider processes of political change, led to my becoming interested,

specifically, in the socioeconomic and political processes taking place in South Africa. I subsequently registered for a Master of Science degree at the School of Architecture at the University of Witwatersrand. The specific academic focus was on Development Planning and Economics, with the city and city governance as the primary unit of analysis. My master degree research thesis focussed specifically on the adaption of private sector planning systems, for example the Harvard Business School Strategic Planning model, to public sector institutions. During the early 1990s, the national constitutional negotiations that took place in South Africa were paralleled by the negotiations on local government transformation. My Master of Science (Development Studies) thesis research project and findings were directly related to and informed by these negotiations (which were conducted via the Local Government Negotiating Forum negotiations [1993]). These negotiations culminated in the promulgation of the Local Government Transition Act of 1993. This Act, together with the Reconstruction and Development Programme (RDP) (South African Government 1994) as the normative framework, put the regulatory and developmental framework in place; this, in turn, determined the shape, form and focus of the new transitional local government and municipal structures. These normative and legislative developments, and the recognition of the important role the municipal institutions could play in the transformation project in post-apartheid society, further focussed my interest in the city/metro as a unit of analysis. The whole issue of transformation and development was made more problematic by post-apartheid South African society's reintegration into the global economic and social system (ie globalisation).

My first attempt at a PhD research study project focussed specifically on developing an applied research tool which the newly formed transitional local councils could utilise as mechanism to investigate their external and internal environments. It was hoped that this process would also help to develop new systems at local government level through which consensus decision-making could be introduced and developed amongst competing political parties and interest groups. (In other words, the development of local level multi-party democracy around access and distribution of resources, or "development".) The theoretical and normative base of this applied tool was to be the theoretical underpinnings of the RDP program for socioeconomic and political



reconstruction within the legislative framework of the Local Government Transition Act (1993). However, before the research project could be completed, this policy framework was replaced by the Growth, Employment and Redistribution (Gear) macro economic policy document (South African Government 1996a) in which the theoretical assumptions for “change” were theoretically and normatively different from that of the social welfarism of the RDP (GEAR was based on neoliberal/neomodernist socioeconomic assumptions). This meant that the research framework of my initial research project had to undergo a revision and, secondly, that the perceived consensus on the theoretical model for change, RDP, had become a contested terrain. During this same period the constitutional, legislative and policy frameworks and the geographical demarcation of the new metro and municipal governments were formalised in the various legislative and policy documents drawn up during the period from 1996 to 2000. These will be identified and discussed in chapter 3. The developmental role of local government with specific reference to local economic development became the cornerstone of these separate, but interrelated, constitutional, legislative and policy frameworks. It is clear, however, that no attempt was made to clearly define the theoretical and normative notion of what development or change is, and how this definition of development would influence policy, intervention strategies, the shape and form of municipal government and government’s interaction with wider civil society. It is in the light of this that I formulated my revision of my PhD research project.

The new research project focuses specifically on an in-depth examination of how local government decision-makers theoretically and normatively understand the term “development”, with specific reference to the notion of Local Economic Development (LED). The following three questions and the introduction of a possible framework for intervention, (see number 4 below), form the basis of the questionnaire which is analysed and critically discussed in relation to the concerns underlying this research project, these being:

- (1) What theoretical understanding of the term “development” do decision-makers at city/metro level endorse, with specific reference to Local Economic Development and local government as the development agent? How do these



views critically compare with that of the view held by the official from the Department of Provincial and Local Government (DPLG) who deals with LED specifically and the policy, regulatory, legislative and constitutional definition of LED as held by the DPLG?

- (2) What relevance and importance do respondents attach to the notion of “participation” in relation to LED and in relation to the view held by the DPLG?
- (3) What data and knowledge are available to decision-makers in local government in relation to the economic activity of the urban poor, the informal economic sector, and/or the formal economic sector activities? What is the relevance of the two sectors in the context of LED?
- (4) An introduction of a strategy to directly address poverty and inequality by locating economic activities using the land-use and zoning regulations as the vehicle for facilitating asset and wealth creation for the urban poor. (The strategy will be discussed further in chapter 4 and chapter 5, and is primarily based on the redefinition of land-use and zoning regulations from a regulatory to a facilitatory perspective based on flexible specialisation principles as a means to initiate and facilitate economic activity by the urban poor citizenry [Logan & Molotch 1987, Watson 1996, McCarney 1996 & 1996a, Finnemore 1999, Schmitz & Nadvi 1999]).

### **1.3 The research process**

The construction of a research tool for investigating local government decision-makers' theoretical understanding of development required an extensive literature review on the part of the researcher. The reading in development studies and theory from undergraduate to post-graduate level provided me with a good theoretical basis from which to work. It is on the basis of this theoretical background that a continuum of development theories could be constructed. As I have already indicated, this continuum included sustainable human development and neoliberal/neomodern (globalisation)

theories at opposite ends of the proposed continuum. These will be discussed in chapter 2. I wrote and delivered various papers with a developmental focus at conferences and study groups to test my own understanding and viewpoints. At first, the study area had a very broad focus but, as I gained a better understanding of developmental theory and the different theoretical approaches to social change, the focus of my study became much more specific. Initially, my idea was to create categories of development theory into which specific theoretical approaches could be identified, categorised and/or allocated. In the literature review and research, I attempted to use material and readings that were topical and up to date. However, this was not always possible since the formulation of theoretical positions, criticisms and counterformulation of theoretical approaches to development studies have a chronological and historical context. This meant that it was sometimes necessary to utilise or quote authors whose work is now considered dated.

In the chapter on theory, chapter 2, the organisation of the literature review was based on, and organised around, the chronology of the evolution of theoretical approaches to development studies (see Webster, A. 1990: *Introduction to the Sociology of Development*), and on the three themes which constitute the question survey. These themes are identified and discussed in detail in chapter 3. This process was repeated in chapter 3 in which the theoretical and applied understanding of the role, form and function of the third sphere of formal government (called municipal, city, metro or local government respectively). A slightly different approach to the literature review was followed here simply because there is a less extensive range of theoretical literature on the subject area of local government and on local government as development agent. The general readings and available literature were found to be focussed more on form and structure, with the theoretical underpinnings subsumed in the specific texts (eg the relationship between legislative form and policy goals). The development of this section in chapter 3 is therefore based on the categorisation of the nature and form of local government and municipal structures. This section is organised in relation to the specific goal(s) to be achieved within a specific historical period. These are arranged chronologically, with specific reference to historical periodisation and related legislative and policy formulation. For example the post -1994 restructuring of municipal and local



government can broadly be periodised into periods. Bekker & Leilde (2003:144) state:

Local government reform in South Africa has, over the past decade, passed through two analytically distinct phases of policy. The first after the local government elections in 1995 and 1996 established *local democracy*. The second enunciated particularly in the *White Paper on Local Government* (1998) established *developmental* local government which emphasised *participative planning* and local *economic* initiatives as preeminent local government goals. A third set of policies which is emerging at the time of writing (2001), has been preceded by a country-wide re-delimitation of area jurisdiction and promises more effective and more equitably financed local governments.

The research project has its basis in the second period as identified by Bekker & Leilde (2003) as the period concerned with the formulation of developmental local government and the introduction of the concepts related to local economic development. The research project will as indicated investigate decision-makers understanding of these concepts at municipal/metro level. The interviews were conducted from February 2001 till August 2001 and the results were collated and analysed from September 2001 till July 2002. The first draft of the thesis report was handed in for examination in September 2002. The findings of the research project can be interpreted in relation to the third period as identified by Bekker & Leilde (2003). This third period deals specifically with financial equity and effective delivery of services and infrastructural development. The contention of this research project is that the theoretical choices of these decision-makers will effect the form and content of these services and infrastructural related issues.

A historical comparative approach is followed in chapter 3 since the nature and form of local government in South Africa reflected the historical evolution of local government in the United Kingdom and the United States of America. However, the colonial experience and interests (eg primacy of gateway coastal urban development), and the segregationist and racial policies of the English colonial powers, led to different urban

development forms and patterns in countries with a colonial history such as South Africa.

Secondly, the newly independent South African Republic's (1963) urban development policies of separate development and racial urban segregation, led to new forms and legislative constructs that were different from historical precedents. The "Apartheid City" had particular spatial and geographic characteristics which reflected the theoretically defined goals and objectives of those that held political and socioeconomic power during that particular historical period. These objectives and goals are reflected in the legislation and policy objectives and the nature of territorial and infrastructural development (eg see chapter three — the red, blue, and green books). This section of chapter three also reflects the changes that were introduced constitutionally, legislatively and in the related policy documents after the demise of Apartheid and the introduction of a nonracial constitutional democracy in South Africa in 1994 (see Bekker & Leilde 2003). This change was represented by the political and related reconstruction of the role, content and goals of all spheres of government (ie non-racial, non-sexist multi-party democracy). This research project, however, is primarily focussed on the third sphere of formal government, that is, local or municipal government, and the development, structure, form and content of these changes are discussed in detail in chapter 3.

A central element of the demarcation of the different competencies of the three spheres of government was the identification of local government as a provincial competency in the 1993 Constitution. This dependency was however diluted in the 1996 constitution in which the constitutional autonomy of local government was highlighted (Besdziek 1998). The provincial government however, will if the local government institution is unable to fulfill its functions in relation to its oversight role, intervene in the manner that national government can intervene in provincial government. According to the Constitution of South Africa (1996:chapter 7) local government is:

... responsible for the provision of accountable and democratic government to local communities and to encourage the involvement of



communities and community organisations in matters of local government. ... obliges local government to ensure provision of services to local communities in a sustainable manner; to promote social and economic development; and to promote a safe and healthy environment. The constitution also lists two specific “developmental duties of local government”: local government must give priority to the basic needs of communities and promote social and economic development of communities...(Besdziek 1998:157).

It is in the light of this constitutional definition that the research project will focus specifically on the developmental understanding of the executive decision-makers at local government level in the definition and fulfilment of their “developmental duties”. The research project is predicated on the reading and construction of theoretical and the methodological frameworks defined in chapters 2 and 3 and in the interrelations between these two areas of study, that is, development and local government studies with the academic focus on development studies, local government studies, economics, sociology and policy studies.

#### **1.4 Fieldwork and the research tool: question survey**

In this section I will discuss the key issues that were taken into consideration when constructing the research tool, and, secondly, what was involved in the fieldwork — in other words, how the questionnaire was used in practice. The first key issue was to define and identify the data sources. As I have already stated, the basis for this study assumes that social knowledge is organised in terms of theories. Social theory is defined as a “system of abstractions or ideas that condense and organise knowledge about the social world “ (Neuman 1994:6). Various theories of social change or development are identified and discussed in chapter 2 and these map the norms and values and related forms of knowledge that constitute each of these theories. Since the area of study is the theoretical understanding of decision-makers at city or metro level, any relevant data obtained must, by its very nature, either support or reject the theoretical view held by the Department of Provincial and Local Government (DPLG).

This data had to be defined, collected and analysed according to specific rules and procedures and according to empirical qualitative data (ie the questionnaire itself), the subject matter being local government decision-makers' theoretical understanding of development. The questionnaire is constructed in such a way that respondents would be asked to respond to a number of questions (approximately 30) in a interview over a relatively short period of time. A summary of the views as held by the respondents can thus be formulated and the necessary inference about respondents' views can be made on the basis of this data and evidence.

With the help of the Director-General of the Department of Provincial and Local Government that deals with issues of Local Economic Development, it was relatively easy to identify the main role players, individually or collectively, in the different metro governments or larger "B" municipalities during this period. The metros of Tswane (Pretoria), Guateng (Johannesburg), Ekurhuleni (East Rand), Cape Town, NelsonMandela (Port Elizabeth), Thekwini (Durban) and the "B" municipalities of Buffalo (East London), SolPlaatjie (Kimberley), Polokwane (Pietersburg), Mangaung (Bloemfontein), Msunduzi (Pietermaritzburg), Mbombela (Nelspruit) were included in this research project. The metro Ekurhuleni and the "B" municipalities of Buffalo (East London), SolPlaatjie (Kimberley) and Mangaung (Bloemfontein) and Poloquane (Pietersburg) were approached, but for various reasons did not want to take part in the research project at this stage. The final number of respondents identified, and who agreed to take part, was 12. The process of identification of respondents sometimes resulted in more than one respondent from the particular municipal institution being identified as a "decision-maker or executive implementer".

The identified respondents had different official titles and the nature of their positions were defined differently. For example: Director: Corporate Planning; Director: SMME and Economic Development Unit; Director: Forward Planning; Director: Strategic Planning; and Director-General of Local Economic Development. However, all the respondents were identified by the Director-General (DG) in the Department of Provincial and Local Government (DPLG) as the specific individuals responsible for Local Economic Planning (LED) projects, planning and resource allocation and strategic



planning in their specific geographic areas of responsibility. Some of the designated or identified locations (eg Buffalo [East London]) and Mangaung [Bloemfontein]) had not appointed, or did not intend appointing, a responsible individual or unit and as such could not be included in the study. These responses from larger “B” municipalities in itself was an area of concern for the Director-General at the DPLG, who wanted to know more about the unwillingness or inability of the “B” municipalities to fulfill this requirement, given that “B” municipalities were central role-players in the function and achievement of the goal and objectives of the LED projects as defined by DPLG. Access to the various decision-makers was facilitated by the DPLG but, as will be discussed later, this was often not to the advantage of the researcher, because it was soon apparent that there were varied feelings of support, dismissal and ridicule for the DPLG proposals and projects. This has serious implications for the notion of “cooperative governance” which forms one of the cornerstones of the 1996 constitution (Constitution of South Africa 1996; Moosa 1998; van Zyl 2003). This issue will be discussed in greater depth in the analysis of the findings and the opportunities for further research.

The majority of decision-makers in the different metro and representative “B” municipalities were included in the research study and the decision-makers’ scope of decision-making covers approximately 60% of the urban population in 2002. This figure is predicted to increase to approximately 70% of the urban population in the next eight years, or by the year 2010 (Demarcation Board on Municipal Government 2002 at [www.demarcation.org.za/demarcprocess/wards/ver3e/Cat\\_bdemogStats.asp](http://www.demarcation.org.za/demarcprocess/wards/ver3e/Cat_bdemogStats.asp)). The decisions taken now by these officials around the issue of “development” will have a definite impact on approximately 35 million people. If the statistics and figures supplied by the World Bank are to be believed; then of this 35 million approximately 60% live below the designated poverty line. In other words, the life choices of 21 million people will be directly affected and shaped by the theoretical choice of these decision-makers at metro level (World Bank 2001). These issues will be discussed in greater detail in chapter 3. Given the above figures, I am of the opinion that the sample of respondents is large enough to give a true reflection of the nature and scope of local government decision-makers’ theoretical understanding of developmental issues for a valid and

reliable assessment and inference to be made on the basis of the data obtained via the questionnaire survey. Secondly, I believe the information collected is extremely important, given that local government decision-makers' theoretical understanding and related formulation of development strategies and projects is bound to have a very real effect on the life choices of millions of South Africans.

A new questionnaire had to be formulated and constructed since there was no existing tool for investigating decision-makers' theoretical understanding of development. The questionnaire construction is based on a semi-structured approach as the questionnaire contains a number of "directed" and/or closed-type questions and that the interviews would follow a predetermined pattern (as opposed to a conversational interview). However, respondents were encouraged to give their own substantiation for their views expressed in their responses. The questionnaire tool had to be constructed in relation to the particular social, political and economic conditions that are prevalent in the specific metro and "B" municipalities found in South Africa. However, the questionnaire also has to be constructed in such a way that it could be uniformly applied in all the metros and to all of the respondents across South Africa. A further consideration was that, if further research is to be considered, this questionnaire should be applicable outside of South Africa in both developing countries, for example in the SADC countries (eg Namibia [Windhoek] and Swaziland [Mbababane]), and even in the developed metros and municipalities (eg the European/Mediterranean seaports, which are South Africa's main trading partners). If it was applied in this way, the questionnaire could be used to construct a comparative database which could, in turn, be used as a tool in the inter-city/metro developmental decision-making process (eg within the Southern African Developmental Region or the Eastern and Mediterranean Seaboard).

This issues of reliability and validity are central problems in the construction of a new research tool, in this case, a semi-structured questionnaire. The question of reliability is related to the measure of internal consistency, and in the application of the questionnaire to the various respondents. The questionnaire was constructed in relation to the material based on the literature review and a pilot study was then undertaken. The form, scope and content of the questionnaire underwent major revision after the



pilot study was completed. The specific problems encountered in the pilot study will be discussed in detail. Respondents were presented with a similar questionnaire to respond to in terms of form, structure and content. Respondents were not limited to any time constraints. Each respondent or group of respondents were given the same assurances of confidentiality and the reasons for the research project and I explained, in detail, to each respondent, how the data obtained would be used. Secondly, as will be indicated in the report and analysis of the data (in chapters 4 and 5), respondents who supported the neo-liberal/global competitiveness model consistently interpreted and answered the follow-up questions from within this theoretical paradigm. Those who supported the model of sustainable human development were also consistent in their understanding and interpretation of the questions. Reliability was therefore consistent and proven, both in terms of the research tool, and in terms of the data collected within and between the three themes which make up the data gathering tool.

The question of validity has two elements. The first element is: is the measuring instrument actually measuring the theoretical concept or units of analysis in question? The second element is: is the tool measuring accurately? To respond to, and answer the questions posed in the questionnaire, a specific level of competence and theoretical understanding was required from the various respondents. The specific text, concepts and subject matter covered in the questionnaire is the basis for the selection of incumbents for these highly specialised positions within the local government bureaucracies. A high degree of understanding of these subjects areas is the primary measure for the levels of competence for incumbents at this level in any large private or public sector institution. The subject area of development, development planning, zoning and regulatory frameworks and economic models in terms of which decisions on resource allocation are made all fall within respondents' spheres of responsibility and influence. Respondents' ability to understand and respond to the questionnaire was, therefore, not in question. The second question about validity is that the respondents could respond clearly, and that the data collected could be interpreted in the reporting and analysis with clarity and without ambiguity. As in the test for reliability, the fact that there was a continued thread in the responses to the questionnaire confirmed the respondents' support for either one or the other of the theoretical models

and positions. It also bears witness to the validity of the research tool. Although there are various interpretations and tests for reliability and validity, I believe that the question of reliability and validity have been dealt with and that the research tool meets both these requirements.

The basis for the research tool is the questionnaire. The relevance of the questionnaire in terms of relevance to the study, relevance of the questions to the study and relevance of the questions to the respondents have to be addressed. The questionnaires were used at the offices of the respondents at the relevant metro or "B" municipal locations. There were two exceptions: where the respondents requested that the questionnaire application be done after hours (owing to perceived problems of confidentiality). These problems will be discussed below. Key issues in the issue of relevance are related to whether the operational definitions (eg global competitiveness) matched the theoretical concepts used in the research study. Secondly, if the study seemed a worthwhile project for the respondents. The first issue, operational definition, has been discussed and the fact that all respondents did not have any problems in discussing or understanding the basic theoretical choices and related consequences meant that the operational definitions were clear and usable. The answer to second issue (ie whether respondents found the project worthwhile) is found in the fact that, apart from Ekurhuleni metro and the identified "B" municipalities, all the incumbents or identified respondents were willing to make themselves available for extended periods of time and all expressed an interest in the final outcome of the study. They all felt that this study could be a way of resolving the problems of funding and of helping to give a structural definition of policy and application — problems that they personally faced every day.

The analysis of the respondents' responses to the questions and the comparison of these responses with the views of the DPLG shows why this is so. This issue is being made more problematic by the DPLG's decision to suppress the information obtained in this research report, simply because this report exposes the fact that the majority of respondents hold views that differ markedly from those of the DPLG. The relevance of the questions to the respondents is also indicated and answered in the discussion.



Suffice to say that the majority of the respondents' daily duties and responsibilities were influenced by the very issue identified by the research study and by the questions contained in the questionnaire.

Some problems with the construction and content of the questionnaire were identified in the application of questionnaire during the pilot study application and these will be discussed in detail in the following section, section 1.5, of this chapter. Some general problems of question construction had, however, also to be corrected. The first of these problems was that some of the questions were constructed in such a way that they were, in effect, more than one question. These questions had to be revised and in some instances simplified. In the revised questionnaire, where the specific problem of overly complex questions could not be excluded or reformulated, subsections were "built into" the question as a way of resolving this problem. Similar to the above problem was the fact that some questions were too ambiguous to be answered directly and as such were irrelevant and wasted time. These were reformulated or removed from the questionnaire. The complexity level of text use as indicated earlier was not a problem because all the respondents were specialists and used the theoretical and applied concepts and definitions daily in the course of their work. This level of understanding made it easy for questions to be constructed at a high level of theoretical abstraction; respondents were able to interpret these at a concrete level and could give factual examples without any trouble. The high level of text and theoretical understanding made it extremely difficult for leading questions to be included in the questionnaire simply because respondents all held highly developed abstract and theoretical ideas and interpretations about the questionnaire questions.

The nature and content of the questions was seen by the respondents as extremely sensitive and respondents felt that their responses had to be kept confidential. Indeed, some time after the interview, a number of the respondents verbally or in writing requested that the levels of confidentiality be maintained: these respondents expressed specific concerns about their job security and the political nature of the support (or rejection) of specific development proposals.

The reasons behind this need for confidentiality, I assume, is the notion of party political accountability and perceived levels of political support within and outside of local government bureaucracies. The nature of these appointments is such that they are seen by the incumbents as “political”, which makes incumbents responsible not only to their bureaucracies, but also to their political “masters”. This view could be summarised in that a number of the respondents did not feel secure enough in their rejection of, or support for, particular theoretical positions because the support for these position could change and they would then be exposed politically. It is obvious that the majority of the respondents felt threatened by the questionnaire and by the fact that they were not sure about how the information would be utilised. It was only by continued and very specific guarantees of confidentiality that these respondents, firstly, allowed the researcher to use the interview material; secondly, to write the report to the DPLG; and, finally, to include their responses in this doctoral research project.

The questionnaire consists of open and closed questions --- semi-structured questionnaire. Open-ended questions are those questions which ask the respondents to respond, freely, to the questions about their theoretical choices and the reasons for these choices. These questions are further backed up by questions about their perceived understanding of the consequences of their specific theoretical and applied developmental choices. Closed-ended questions were mainly questions that asked respondents if they were aware of certain issues; or if they had access to specific tools and resources; and questions about the formal structures and issues of accountability of specific forms and types of, for example committee structures, in relation to “consultation”. As such, these questions were an indicator of the level of access to resources and support mechanisms. The questionnaire is a mixture of both types of questions. The question order was divided into the three categories or themes and approximately 10 questions were included under each theme. The order of the questions in each theme, as well as between the themes themselves, is of critical importance. This is because the themes themselves, as well as the order within the themes, build on the previous questions or themes and in some instances are a comparison with a previous question or set of questions. A cover letter was sent by the researcher to the respondents, including the endorsement from the Director General



at the DPLG. Respondents were also given a copy of the questionnaire days, or in some cases weeks, before the interview and were informed about the nature and content of the questionnaire. The responses were tape-recorded after the researcher had been given permission to do so; the tape recordings were transcribed and are included as an separate appendix to the thesis.

I conducted all the interviews myself because this gave me the opportunity to make the respondents feel secure and also gave me the flexibility to ask respondents to explain themselves more fully if they appeared to be reticent in their responses. The fact that I have an in-depth knowledge of the subject area also convinced the respondents of the *bona fides* of the research project. As I have already indicated, the response rate to the request to take part in the research project identified was very high. I am of the opinion that it was mainly structural issues which stopped those metro or "B" municipalities which did not respond from taking part although no response at all was received from the Polaquane "B" municipality in Limpopo province. Some of these structural problems identified were that specific individuals had not been appointed in these positions yet, or that areas or lines of responsibility had not been established or formulated and as such no specific decision-maker/s could be identified or interviewed. The non-verbal element of the respondent behaviour was also critical in allowing me to assess the reliability and validity of the responses. The control over the environment in which the interviews took place was limited, but I did all I could to accommodate those who asked for the interviews to take place outside the work environment and outside working hours. Respondents' security and requests for anonymity was obviously of central importance to me and I promised not to divulge names or personal details of any respondents. This fact limits the amount of information about the personal and political profiles of the respondents that could be included. This delimits the amount of information and analysis around the old/new local government officialdom and bureaucratic elites ideological roles and related issues of rent-seeking and personal enrichment that could colour and structure responses from particular respondents.

The order of questions was strictly adhered to because, as I have already explained, the order in which questions were asked had implications for the form and content of

responses. Respondents were also asked to complete the question interview although, in some instances, the respondents were called away during and before interviews were completed. This was because some respondents had allocated too little time to complete the questionnaire (although they were informed, beforehand, of the approximate time that would be required to complete the questionnaire). Also, respondents sometimes got caught up in the interview process and often talked for long periods of time about a specific question or set of questions. When this happened, I did not want to interrupt them or “push on” to the next question, because I felt that I could obtain other, relevant information by listening to what they had to say.

The disadvantages of this research process (ie a semi-structured questionnaire) was that it was expensive; I had to travel to different locations across the country to do the interviews. This included the cost of travel, hotels and meals and so on. Respondents who did not want to do their interviews at their offices wanted to do the interviews in restaurants and this also added to the cost of the research project. Related to this was the time that was needed to travel across country and the attempt to rationally and systematically cover all of the metros within a specific time period (approximately three to four months). This proved very difficult because respondents were always cancelling appointments or changing them to different times owing to work pressure and obligations. The cost of transcribing and editing the interviews was also considerable.

Not surprisingly, different respondents responded differently to me personally, as I did to them. However, I tried to constantly adopt a professional and supportive stance at all times so that my own particular theoretical biases and preferences were not apparent, and I consciously refrained from passing judgment on anything the respondents said. The main problem, in fact, was getting the respondents to agree upon a time, venue and location to physically do the interview and to having to give constant assurances of confidentiality. Respondents' fears about being included in the research project and the fact that this could seriously damage their careers, and what they believe my role in this regard is, will be discussed in the next section of the chapter.



## **1.5 Problems encountered in the application of the research study**

The first research project, as I have already explained, had to be revised when the government altered its policy from that of social welfarism to that of neoliberalism/neomodernism. The second project, however, presented its own problems, problems that had to be resolved before or during the pilot study phase or during the data analysis and presentation stages. The theoretical problems were mainly those of formulation, in other words, to create valid and reliable theoretical categories that the respondents could recognise and that would meet academic and research criteria. Once the problems of formulation had been dealt with, the research study was relatively easy to complete. Secondly, the formulation of a central theme which could be used as the basis for the overall structuring of the three themes of the questionnaire was not unproblematic. However, in the literature review readings, I came across a group of scholars based at, or affiliated to the Centre for Urban and Community Studies at the University of Toronto, Canada. This group of academics and researchers focus on the specific issues of development and the consequences of specific theoretical choices regarding development; their work had reference to both developed and developing countries. Various papers, research projects and books have been published by this group. Reading their publications, research reports and books led me to the specific ideas which form the basis of the three themes of this research project (see Stren & Letemendia 1986; McCarney (ed) 1996a; McCarney (ed) 1996b). Constructing the questionnaire was relatively straightforward once I had formulated the combination of the theoretical frameworks for the development studies categories and the three themes relating to Local Economic Development.

The first version of the questionnaire that was applied in the pilot study was also made up of three categories or themes. However, each category consisted of approximately 25 questions. These questions were formulated in great detail and respondents were expected to respond to many closed-response type questions. The pilot study clearly indicated that there were problems with this type of questionnaire. The first problem identified was that, after three hours, respondents refused to continue or take part further with the questionnaire. At this point the questionnaire was only half way

complete or approximately half of the questions that made up theme two had been addressed. It was obvious and clearly apparent that the length and time that the questionnaire took had to be drastically reduced. The final version of the questionnaire is still based on the original three categories or themes, but the number of questions were reduced to approximately ten questions per theme. This reduced completion time of the questionnaire to between two and three hours. The type of questions had to be changed, of course, simply because there were now far fewer questions. If the same type and levels of complexity of information were to be obtained, then more open-ended type questions had to be included. This, in turn, meant that fewer closed questions could be included. In the end this worked out well, in fact, because respondents would discuss the types of information asked in the closed questions as examples to support their rationale for their responses to the open-ended questions.

As indicated already, identifying respondents was not difficult but the level of paranoia and insecurity amongst this group of professionals (ie people working in the management of local government bureaucracies) was extremely high. The fact that the respondents were identified by the researcher (after consultation with the Director General of the Department of Provincial and Local Government [DPLG]) and the researcher identified himself with reference to the DPLG bureaucracy created a great deal of suspicion. The respondents assumed that this was some form of investigation into their individual work practices and political orientation. Initially, I was thought to be part of a witch hunt to route out potential political dissidents. The various respondents' political and racial viewpoints contextualised their response to the researcher and the research project. These responses were expressed in antagonism, disbelief in the goals and objectives of the research project, avoidance of the questionnaire and distrust of the researcher. It took a long period of time and effort to convince them of my *bona fides* and the *bona fides* of the research project. This problem of political insecurity on the part of the respondents and the need to constantly reassure respondents (ie concerning confidentiality) absorbed both time and effort. As a result of this, the confidentiality of the transcribed interviews had to be stringently protected at all times and none of the remarks made may be quoted with reference to the specific person who made them.



The problem of access and trust were further compounded by the fact that one respondent was arrested for corruption and fraud just days before they were due to be interviewed. In this small and closed circle of bureaucrats, the causal relationship between the research project and this particular individual's arrest was questioned by some respondents. In this particular instance, alternative incumbents had to be appointed to the position and these were then identified as respondents. These individuals expressed high levels of insecurity at being asked to take part in the research project. Other respondents indirectly raised this issue with me and this led to even higher levels of paranoia and insecurity. A second problem was that, within the larger "B" municipalities, incumbents felt particularly insecure (ie politically). This was one of the reasons for the exclusion of some of the "B" municipalities: the problems of access and reliability of the data collected simply could not be guaranteed. The causes of this, in my view, is that the new administrations in the "B" municipalities were often the new municipal and administration centres dealing with the old homeland administrations (eg Limpopo province and Polaquane and Buffalo in the Eastern Cape). These administrations and bureaucracies were not at all enthusiastic about any research project on their theoretical understanding of development in relation to Local Economic Development and the interrelations with the greater civil society, nor did they wish to discuss their relationship with provincial administrations or DPLG and other national government departments or in relation to the idea of cooperative governance as outlined in the new constitution. The one interview with the bureaucrat from a "B" municipality makes for particularly revealing reading as far as relations between the new urban councillors and the traditional leadership structures are concerned. Indeed, this is an area that needs further research work, given South Africa's transformation project.

## **1.6 Conclusion**

In this introductory chapter, I explained the reasons for embarking on this particular research project. I also described the research process, fieldwork and the research tool and the problems encountered. The key areas of validity, reliability and relevance were discussed in some detail. The pilot study and revision of the project were explained, as

was the sample population, type of respondent, sampling frame and relevance of information to the research project was discussed.

Chapter 2 will review a number of schools of thought in terms of a basic dualism or contradiction in development thinking, that is, the emphasis on universalism on the one hand and the need for specificity on the other hand. This contradiction is addressed in the definition of the approach labelled sustainable human development, which is proposed as the guiding principle for the developmental challenges in developing countries, including the developmental condition in South Africa today. This analysis links development thinking to local economic development, which puts local government in the centre as the development agent tasked with meeting the needs of local urban citizenry, with the primary focus on the urban poor.

Chapter 3 follows on from the conclusion of chapter 2 and attempts to review the historical evolution of development policy in South Africa. In this chapter, I ask how sustainable human development can be achieved in South Africa. I focus, in particular, on the role of local government, that is, on the metros or larger municipal governments as development agents. A research tool is conceptualised for evaluating how municipal or metro governments conceive of their developmental role given the current normative thinking in development. The tool developed is a semi-structured interview with decision-makers/ executive implementers. This tool was the mechanism used to collect and collate data on how these role-players intend to resolve the basic dualism in developmental implementation.

In chapter 4, I describe how this research tool actually worked in practice, that is, how respondents reacted to it and I present and analyse the research findings (ie respondents' answers). The findings indicate that the majority of respondents from the metro or municipal governments do not support the notion of participation by civil society as prescribed by the Department of Provincial and Local Government (DPLG) policy directives and do not support the developmental definition formulated by the DPLG. In other words, the findings indicate that the majority of respondents do not support the notion of sustainable human development. There also seems to be a lack



of clarity about the format of the economic activity of urban poor citizenry in the specific metros or municipalities. The result of this is that there is no clear perspective or strategy on how to confront and deal with poverty and inequality in these metros or municipalities. The responses to the presentation of a strategy for reconfiguring the process of economic activity were tentative and would need to be reconsidered for future action by respondents (point 4:6).

Chapter 5 is a more detailed analysis of the findings described in chapter 4 and also includes critical inferences and conclusions. These conclusions will be discussed in terms of: local government as developmental agent; the role of economic growth in the formal sector; the role of the Department of Provincial and Local Government; and, finally, the effects of these issues on the life choices and quality of life of the urban poor. Chapter 6 will suggest a proposal for further research and a final summary of data in terms of the three questions which form the bases of the research project.

## Chapter 2

### Development Theory and Sustainable Human Development (SHD)

#### 2.1 Introduction

The term "development" is a synonym for change. For most people, the goals of change are a change for the better. The term "better", however, remains a relative concept and one which is defined in terms of particular norms, values, ethics and/or culture. The definition of, and approach to, what constitutes this change for the better and how to initiate, control, achieve and evaluate specific goals (eg to address inequality and poverty) is called a theoretical perspective on development. The idea of development studies as a distinct body of knowledge that is supported by clear and uncontested theoretical distinctions is challenged in some quarters today. But, as a methodological tool and as basis for formulating strategies and policy directed to initiating and managing change, the idea remains relevant. The dominant normative or theoretical view in the definition of development is based on certain theoretical assumptions that underlie the functioning of modern industrialized capitalist economies, in other words, the global capitalist system. These assumptions are conceptualised in relation to universal aggregates (eg indicators such as Gross Domestic Product) and global values such as the benefit of unregulated capitalist growth and the centrality of economic models and modelling, an example being the global free-trade system.

This universalism has its philosophical roots in European Liberalism, the age of "Enlightenment" and the scientific revolution of Rene Descartes and Isaac Newton (amongst others) in the 17<sup>th</sup> century. According to the philosophical thought on which this revolution was based, the study of humanity could be organised in an ordered, scientific manner, specifically in terms of how human society had developed over time. "Modernity", "modernisation" or "development", as these assumptions about the form and nature of modern societies are described in the Developed and Developing non-Western world are generally characterised by traits such as liberal democracy, individualism, rationalism and humanism. The underlying structure which facilitated and organised this modernity was the industrial, capitalist mode of production and related



social organization that had evolved since the late 15th century (Hoogeveldt 1997). This theoretical approach was based on the concepts of rational free choice, the pursuit of individual interest, production of goods and services for sale on the open market for maximum profit. These concepts were contained within the coordinating frameworks of competition and utilitarianism; competition and utilitarianism also formed the core of collective organization (Cahoone 1996). This theoretical approach resulted in specific socioeconomic arrangements and progression which have gone through various organisational frameworks and forms – for example, mercantilism, colonialism, post-colonialism and finally, what is today known as neoliberalism and/or globalisation. This theoretical paradigm assumes that any plurality of the human cultural/economic evolution and related notions of “development”, for example, Sustainable Human Development, is a threat to its hegemony. The destruction of societies and cultures that “differ” is justified in terms of this hegemony and in terms of the needs of capital during that specific period in the evolution of the capitalist system (Roberts & Hite 2000). This destruction is often brought about by the implementation of the processes and procedures to achieve socioeconomic and cultural hegemony and/or the goals of change for the “better”. This contradiction or dualism places particular conditionalities and constraints on the attempts of developing nations to formulate policy and implement processes directed to achieving a “better” life for their citizenry. In South Africa today, the notion of “development” in relation to Local Economic Development (LED) as defined by local government as a means of addressing poverty and inequality as integral elements of the post-apartheid transformation project, is faced with this dualism or dichotomy.

The dominant paradigmatic definition of development, that is, economic growth or globalisation, is therefore not unproblematic. Research has shown that the consequence of applying this theory of development results in increasing levels of poverty and injustice (Perlas 2000, UNDP 2000). This consequence is believed to be directly related to the imposition of this definition of development (Hoogeveldt 1997). The unsustainability of this set of assumptions is apparent and the spread and visibility of increasing inequality, injustice and violence, on a global level, is now the norm. To overcome these problems, the definition and associated strategies needed to achieve

“development” have to be redefined. The question is: what definition of change can be formulated that will ensure equity and equality and that will take seriously the qualitative aspects of this development or growth? What theoretical definition and procedural processes can be utilised to achieve this goal of Sustainable Human Development, and bring about change that can overcome the problems of inequality and poverty?

In this chapter, I shall be discussing the emergence, definition and evolution of the dominant developmental theories and the implementation of related policies (ie Modernisation, Dependency, World Systems Theory, Basic Needs, Neoliberalism/Globalisation and Sustainable Human Development). This discussion is primarily based on the sequencing of development paradigms as identified by Webster, A. (1990) in the *Sociology of Development*, or the development of development theory. From within this topology I shall be discussing and evaluating the ontological and epistemological perspectives of the different paradigms with reference to the stated goals of poverty relief, the achievement of equity and socioeconomic equality and the protection and improvement of the resource base. The road to the alleviation of poverty and inequality is one of reformulated, evolving and often contradictory definitions and implementation strategies, all of which aim to achieve this goal of “development”. Furthermore, these perspectives often undergo a sequential progression of definition and redefinition, all with a goal of changing things “for the better”. Two main schools of thought, each with its own underlying set of theoretical assumptions can be identified: the theory of Modernisation/ Globalisation and the theory of Human Needs.

## **2.2 Modernisation or “Development” Theory**

The dominant theoretical model of development is based on modernisation theory. According to modernisation theory, the primary unit of analysis is the expansionist tendency of industrial capitalism and the nation state as an economic unit (today it is alleged the city or metro has replaced this primary unit of analysis). This “growth” paradigm has its roots in, and evolved from, certain historical socio-political changes (eg the Enlightenment), and the economic and structural changes that occurred in the means of production --- the “Industrial Revolution”. These processes started and had



their greatest impact during the 18th, 19th and early 20 centuries. In the middle of the 20th century this process was further influenced by three historical factors, all of which impacted on each other.

The first of these was the rise of the United States of America as a superpower in the post-World War II era. This resulted in the definition of development (as propagated by American social economists) of socioeconomic evolution, that is, growth measured in terms of gross domestic product [GDP]; the general acceptance of this definition was to have global consequences. The second factor was the collapse of the European colonial powers as a result of World War I and World War II. Both conflicts seriously undermined Europe's role as the dictator of dominant economic and political systems and made it far more difficult for the European powers to impose their socioeconomic and political needs on their former colonies. This loss of power resulted in the concurrent establishment of independent nation states by these former colonies.

The third factor was the spread of Communism as a challenge to this pro-capitalist western hegemony, the so-called Cold War, this factor ceased to be of any consequence with the collapse of the communist system in the 1990s. The newly independent ex-colonial states searched for a development model to ensure their continued economic and political survival within the global Cold War scenario. The competition for spheres of influence between the two dominant ideologies, capitalism and communism, was "interwoven", as it were, with the development theories that arose out of these two conflicting ideologies. The emergence of Modernisation Theory, with its emphasis on "growth", and the material or consumptive and productive emphasis of such a theory, was the response from the capitalist West; an example was Rostow's non-communist manifesto of growth (Rostow 1960).

The philosophical basis of this theoretical approach was the merging of Evolutionary and Functionalist theories. Evolutionary theories had their roots in the Industrial Revolution and the populist French Revolution of the 17<sup>th</sup> century and the effects of these events on social, economic and political life throughout the 18<sup>th</sup> and 19<sup>th</sup> centuries (Weber [Gerth & Mills 1958], Darwin [Webster 1990], de Condorcet in Cahoon 1996,

Marx & Engels [1848] in Cahoon 1996). Technological and organizational innovation resulted in increased productivity and new political formations and institutions based on the catch phrase of "liberty, equality and fraternity". This, in turn, resulted in sweeping and fundamental changes of the West's political and economic order and the establishment of the new political economy. Evolutionary theory assumed specific characteristics: (1) that social change has a linear character related to the linear definition of time progression; (2) that society moves from the condition of "primitive" to that of "advanced"; and (3) that this "movement" is predetermined and moves towards the achievement of greater good, that is, civilisation (ie modernisation). This movement or modernisation is defined as a gradual progression: evolutionary, rather than revolutionary.

The Functionalist element of the Modernisation theory has its roots in Durkheim's (1884) *The Division of Labour in Society* and Parsons's (1951) distinctions between traditional and modern societies as a means of understanding how "poor" countries differ from wealthy countries. These distinctions, however, raise two questions. First of all, why do these countries find themselves in these different positions? Secondly, what process has each gone through and what path or process followed by the rich should the poor now follow to reach the same status, that is, development? These issues were seized upon by Parsons, who applied them in relation to developing countries and who identifies parallels between society and biological organisms (Roberts & Hite 2000). This interdependence defines Parsons's (1951) usage of the term "system" and his identification of "evolutionary universals" as functional imperatives for societies to become developed (Parsons 1964 in Robbins & Hite 2000). In his theoretical approach, Parsons defined four functional imperatives which society has to perform to continue to exist: adaption, goal attainment, integration and latency. These elements maintain the system in a state of "hemostatic equilibrium". He further defined a system of variables through which communities could be classified as either traditional or modern:

- affective versus affective neutral
- particularist versus universalistic
- collective orientation versus self-orientation



- ascription versus achievement
- functionally diffused versus functionally specific.

According to this structural definition of the change or evolution that a society, through necessity, must proceed (ie the modernisation path), the process and ultimate goal is the "growth" of a modern, highly productive, industrialised, urban-based society. This goal is achieved through the process of diversifying economic activities. The socioeconomic organisation of the process is based on the assumptions that the individual is endowed with rational free choice and that ultimate goal is the accumulation of capital. These structural changes are brought about by a sectoral shift towards manufacturing and tertiary activities aimed at promoting export and assimilation into the world economic system, and the equation of the concept of increased Gross Domestic Product with growth (ie modernisation). Development and changes to the political, social and cultural spheres are assumed to follow these economic changes automatically. The eventual goal is that developing countries will emulate and be mirror images of the developed and industrialized western countries.

The issue here is: how would this process be initiated and promoted so that developing countries can "catch up" and experience structural and spatial transformation in parallel with developed countries that will enable them to introduce and manage change? To initiate this process, the application of sufficient capital is necessary to establish non-agricultural activities that will reflect the needs of a developed country. The problem then becomes: how do these countries acquire this investment capital from domestic and foreign origin? It is assumed that the richer or capitalist classes have a greater propensity to save, and this propensity to save is identified as the means of acquiring the capital needed for investment purposes. The allocation of public and private resources would be in the favour of these classes, since increased savings are a way of accumulating investment capital. The investment of this capital in productive systems is the process and means to achieving growth. The result is that unequal distribution of resources and income is seen not only as unavoidable, but as, in fact, necessary and legitimate. The justification for this inequality is that it is a structural necessity in the early phases of growth, both to initiate and escalate this growth; ultimately, it is argued,

the result is the creation of more wealth which can be redistributed at a later stage. It is thus that proponents of this theoretical approach to development rationalise and justify their way of overcoming inequality and poverty. The underlying assumption of modernisation and associated theories is that the entire economy can be transformed, or modernized, within a specific time span. Ideally, the entire population will be employed and this in itself will increase productivity and consumption and solve the problems of resource and income distribution, that is, of poverty and inequality. The traditional sector is seen as inhibiting this process and the focus is therefore on transforming the traditional sector, that is, on modernising it. The distribution of assets and resources is achieved by "trickle-down", that is, the diffusion of such resources within the modern urban sector (which, it should be noted, has priority over the rural traditional sector [Thompson & Coetzee 1987]).

But the question could then be asked: why does modernisation occur, and how, and why do societies differ? Levy (1967) answers these questions by stating that societies are categorised by their usage of sources of power. Once this process of differentiation and development of the usage of power is initiated, it is a given that a specific society will evolve to a state of "modernity". Typical models put forward as the means of achieving this growth are based on two sectors within the economy: the export and the residentiary sectors. Most models emphasise growth in the export sector as a means of generating the capital needed for local investment. Later models focussed on the residentiary sector in terms of export substitution to save foreign currency. Friedman's (1966) core-periphery model is a spatial equivalent of Rostow's (1960) theory of stages of growth, or evolution, theories. The core-periphery model interprets the sectoral changes in spatial terms, but also includes the issues of political power. This theory states that investment, or modernisation, would occur at the "core", and then would spread or diffuse due to "backwash" effects, in other words, "trickle-down" to the periphery.

Smelser (1963) defines this process as one of structural differentiation, but claims that, by definition, this led to the problems of reintegration. New social and political institutions have to be created to coordinate this process of evolution or modernisation.



Conflict is generated within societies through this transition; those who have been marginalised are central to social disturbance. It is clearly understood that this process is not expected to be a smooth one. Rostow (1960) takes this periodisation of procedural steps further by stating that this evolution can be divided into five specific stages (he basis his remarks on his study of the political economy of Mexico). These five stages are:

- traditional stage
- precondition for takeoff growth
- self-sustained economic growth (takeoff)
- drive to maturity
- high mass-consumption society

Coleman's (1965) emphasis on differentiation as the means of bringing about political development and economic modernisation parallels Smelser's (1963) model of economic takeoff. The search for development and the concurrent problems facing third-world development are seen as having their basis in the development (or lack thereof) of political institutions and capacity within developing countries themselves according to Parsons's (1951 & 1966) definition of development evolution. The key element in this definition and initiation of development was identified as the notion of "good governance". This approach sees the problem of underdevelopment as being the inability of third world governments to allow the evolutionary and functionalist forces to do their job. The first stage to development or "good governance" was the creation of institutions and the creation of the capacity, by developing countries, to facilitate market growth and integration into the global capitalist economy. This process was known as "structural adjustment". This system of deregulation and privatisation imposed by the global regulatory bodies (eg the International Monetary Fund and the World Bank) is, today, the basis for the global free-trade models of development. The structural adjustment programmes constitute a key element of the globalizing thesis and are identified as the only way of tackling the problems of structural poverty and inequality. This process of opening up developing countries economies to capitalism or "liberalisation" and "privatisation", or selling off of public sector utilities to overcome

inefficiencies, are the cornerstone of integration into the global capitalist economy (Hoogeveldt 1997).

Modernisation is seen as an integrated search to achieve third-world development and proposes a "how to develop" model for developing, or third world, countries (Hoogeveldt 1997). This methodology is based on two assumptions, one, that modernisation is a phased process and, two, that it is a process of homogenisation brought about by a structural dualism that acts as a facilitatory agent. Dualism is identified as: social dualism; western values versus traditional values; economic dualism; haves versus have-nots; geographical dualism; cities [core] versus lagging regions; and finally technological dualism (ie urban high technology vs rural low technology). Once the modernisation process has been established, it is almost impossible to reverse (Levy 1967, Thirlwall 1978). However, this logic is based on a reasoning process that equates modernisation with westernisation; the societies to be emulated, according to this reasoning, are the advanced industrial societies whose goals and related value systems are based on expanding material consumption and the pursuit of individual happiness. It goes further to say that this process, once initiated, is irreversible, is progressive and is, by its very nature, lengthy. The functionalist theory further defines modernisation as being systematic, transformative, and immanent. This definition has the effect of focussing development on the internal sources of change in Third World countries, in other words, structural adjustment. The focus on abstractions in order to identify general patterns leads to the common methodology used by modernisation theorists: the "how to develop" manual. The policy implications of modernisation theory is that the Third World or developing countries must look to the industrialized west for guidance and leadership. The implicit logic here is that modernisation can be generated only through free-market principles and that this legitimates capitalist intervention in Third World economies.

McClelland (1961) sees the essence of modernisation theory as being the motivation of individuals to achieve; what he calls the "achievement motivation". According to McClelland, this motivation to achieve was a quantifiable quantity and one that could be aggregated to identify a nation's achievement motivation. This motivation can be



further correlated to economic development to be found within a specific country. To bring about development in Third World countries, the level of individual aspiration has to be evolved by creating appropriate cultural and economic systems (entrepreneurship); then, it is argued, it will be easier to transplant the structural realities necessary for modernisation to take hold. Inkeles (1969) takes the question of the individual's role or the effect of modernisation on the individual a step further. He defines a criterion on which to base the definition of modernisation; in terms of this criterion, the individual can be termed "modern" (or otherwise), the independent variable or unit of measure being individual education achievement. A further stage in the evolution of the modernisation theory came from Lipset (1963). Lipset attempted to define the relationship between political democracy and the level of economic development. According to this view, liberal political democracy is the second important leg of the globalisation thesis: the achievement of development is causally linked to the spread/expansion and level of multiparty democracy within a country. This correlation Lipset (1963) found to be directly proportional to the potential for social unrest between the poor, the middle-classes and between the ruling elites, who are not prepared to allow marginalised communities political power, that is, dualism.

How, then, do these various researchers interrelate their analyses of the modernisation theory in terms of bringing about development in Third World/developing countries? All these researchers accept the existence of the continuum of traditional to modern, and they all propagate the view that, to achieve development, underdeveloped countries should follow the lead given by developed countries. Developing countries, so the argument goes, have to accept and assume the universal values of consumerism and unfettered utilization of resources to bring about economic growth and integration into the global economy, the prerequisite of economic equity being the introduction and expansion of multiparty democracy. In these mainstream definitions of the term "development", the various theoretical approaches on which definitions of this term are based are identified and contextualised with specific reference to growth-orientated strategies of development and today come under the catch-all phrase: neoliberalism or globalisation.

The globalisation thesis, or mainstream definitions of development today, are based on the development of global capitalism and the achievement of economic growth which, in turn, are based on the following assumptions: integration into the global trade regime; growth led by industrial export manufacturing; the liberalisation of the financial sectors and investment; and control over information technologies (Sklair 1991, World Bank 2000, UNDP 2000, Roberts & Hite 2000). The term "globalisation" is used in many different forms and variations, but central to these definitions is the idea that it refers to a set of processes that increasingly make the constituent elements of the world interdependent and integrated; with reference to the globalisation of production, the new international division of labour, global decision-making by a "new" global elite and the so-called "Washington Consensus" of World Bank, International Monetary Fund, World Trade Organisation and United States Treasury. It is these same institutions to which the indebted developing nations, owing to the structural collapse of the global economies in the 1970s and early 1980s, had to turn for loans to service their debts. These loans were contingent on large-scale interventions in the internal economies of developing nations --- for example, cuts in health, transport, and housing expenditure, cuts in food subsidies and the lowering of tariffs and barriers (which limited global multinational corporations access to these developing economies --- in other words, new forms of Structural Adjustment Programmes).

The cutting of government interventions in the local economies, changes in political and economic structures were justified and rationalised by the goal of the stabilisation of macroeconomic indicators and are the basis of the "neoliberal" or globalisation thesis. This shift in social organisation revives earlier beliefs in "free trade" and *laissez-faire* capitalism as a means of solving social and economic problems. Discussion on development is no longer about reducing poverty and inequality, but on how to make nations efficient participants in the global market, or "winning nations". In developing countries the achievement of economic growth is primarily based on the expansion of labour-intensive manufacturing, and increasing exports, until industrial and consumptive patterns emerge that are similar to those of developed countries (Marais 1998, Swilling 1998, Nyamnjoh 2000, Perlas 2000).



However, this convergence between developed and developing countries has not occurred; in fact, the opposite has happened. According to United Nations Development Programmes (UNDP 1999), this divergence is due to:

- new regional trade regimes and conditions that penalise the production of primary products and labour-intensive manufacturing
- constraints on labour mobility and capital investment that favours location rather than labour
- limited foreign direct investment (FDI) in relation to speculative capital
- limited technological transfer to local production processes
- limited understanding of, and essential differences in, the national condition and priorities in the developing world and the globalisation processes

These conditions pose serious problems for developing nations in general, and South Africa in particular. They raise the whole question of how best to invest limited resources in order to achieve economic growth and the related goals of poverty relief and overcoming socioeconomic inequality. Mainstream growth strategies call for economic growth to be achieved through foreign direct investment (FDI), and in particular, through the creation of a hierarchy of globally competitive metropole regions (to reduce location costs and to ensure access to appropriate services and infrastructures). This view of “development” (ie as being growth in/through global capitalism) is seen in the competition between, and the integration into, a global hierarchy of industrial capitalist cities/metros (Levine 1998, Sachs 1996, Sassen 1994, 1994a & 1996). Macroeconomic, urban management, developmental and related policy formation processes which support this “free-trade” model places particular constraints on the state, (in this case the third sphere or, in South Africa, local government). These constraints need to be taken into consideration by local government decision-makers whenever they develop strategies directed to achieving the goals of poverty relief, overcoming socioeconomic inequality and achieving local economic development. In other words, economic planning and developmental decision-makers have to be aware of the external and internal conditions that impact on local conditions and situations.

If the philosophical assumptions of evolutionary and functionalist theories that underpin the classical and neomodernisation theories are rejected, then this paradigm for development is exposed as having serious shortcomings. One of the assumptions that is to be rejected is that all development is export-driven and that a developing or Third World country must use their comparative advantage to export primary goods in order to generate the required capital for secondary and tertiary development. However, in reality, this is simply not possible in the face of international competition and the domination of markets by multinational cartels. Secondly, the unidirectional movement of this approach to development is also highly questionable: why should developing countries have to evolve in the direction of developed countries? Is this because of the unstated ideological content of this development theory? Or because of the exclusion of the historical connections which the proponents of modernisation theory reject? Further criticisms are the optimistic expectation that the developing world can achieve this form of development, and the fact that the implementation of this theory by no means guarantees success. An example here is the fact that, in many African nations and cities, far from having a beneficial effect, structural adjustment programmes actually caused social and economic harm. Furthermore, this theory ignores the ecological realities through which this development is to be achieved, realities have been recognised as being highly problematic since the late 1980s (Porritt 1989). The functionalist assumptions of incompatibility between traditionalism and modernity are also questionable: are the two states necessarily exclusive? Will traditional values ever die in an increasingly globalised world in which social and cultural identity and differences are becoming increasingly important? Both these issues have been identified by Sklair (1995) in his work: *Sociology of the Global System* (2<sup>nd</sup> Ed).

A further assumption which is viewed critically is that methodologically, modernists and neoliberals operate at a level of abstraction that must raise the question: are their generalisations at all relevant within the constraints of time and space? This points to another, serious indictment of this theory. Ideologically, the criticisms of neoMarxists, who claim that the modernisation perspective is used to justify the intervention of the industrialised West in the developing world and is therefore nothing but neo-colonialism. Thus the;



epistemological sins lead to the theoretical errors of belief; in incremental and continuous development, the possibility of stable and orderly change, the diffusion of development from the west to the Third World areas, and the decline of revolutionary ideology and the spread of pragmatic and scientific thinking (Almond 1987:445).

This relates to the charge laid at the door of modernisation theory and its proponents, namely, that this theory is no more than the continuation of neocolonial domination, this time in the form of unequal trading terms and control by multinational corporations. The false evolutionary and functionalist assumptions, methodological problems and ideological biases on which modernisation is based all add up to a very serious indictment of modernisation theory as a material basis for achieving equity and equality and as a means of overcoming endemic poverty. A further structural criticism is of the creation and continuation of "dualism", (ie economic, cultural, geographical and technological dualism) which is seen as a constituent element of the modernisation strategy, or the insistence that each all groups/states must go through the process of dualism if they wish to achieve development. However, this dualism and, specifically, economic and geographic dualism, is seen in terms of Myrdal's (1970) theory of "cumulative causation" to be the cause of why specific groups or regions lag and why specific countries do not develop.

These criticisms of classical and neomodernisation theories led to the reformulation of the paradigm. Firstly, the mutually exclusivity of traditional(ism) verses modern(ism), was rejected. Secondly, the high level of abstraction of the classical perspective was reformulated. Thirdly, the unidirectional path of modernisation was amended. Fourthly, the role of external factors, and thus conflict, was incorporated into the revised definition of modernisation. Almond (1987:454) states that;

the test of any research approach is its productivity. Does it generate novel ways of looking at the subject matter? Does it increase our knowledge and make it more reliable?

The above identified criticisms and the inability of modernisation theory to deliver on its promises lead to revisions of the modernisation theory. "New look" modernisation, neomodernisation/neoliberalism, attempts to analyse the role of tradition and its interaction with modernisation methodology and the relationships between the two concepts. In other words, the new approach attempts to bring previously ignored historical factors into its sphere of analysis by attempting to explain individual cases in terms of the macro-theory. This results in a movement away from a single-variable analysis to multilineal paths of development and to an emphasis on the relationship between internal and external factors (So 1990).

### 2.3 Dependency and growth

The redefinition of traditional or classical modernisation theory can collectively be termed the "dependency perspective". This approach to development focussed on third world underdevelopment and propagated specific structural amendments to address this issue. The theoretical foundation for these approaches were first formulated by the economist Prebisch in the early 1950s (Prebisch was the director of the Economic Commission for Latin America [ECLA]). The theoretical view was that the international trade model was not applicable in terms of the existing international division of labour and would lead to structural underdevelopment. Prebisch proposed a state-led process of achieving development via state protected industrialisation and import substitution. However, he failed to question the basic tenets of the expansive nature and ability of modern industrial capitalism to bring about development and change. This approach - the dependency perspective; was formulated in response to the modernisation paradigm to bring about economic development and growth and resolve issues of equity and equality. The methodological assumptions of the dependency approach was that, through the implementation of protectionist and import substitution techniques, internal modernisation and industrialisation could be initiated and expanded. The macro-philosophy of industrialisation was still accepted as the means to bring about development. The dependency school was not a rejection of the industrialisation route to development, but a rejection of the *unregulated* interaction with the global capitalist economy as means of overcoming poverty and achieving socioeconomic equality.



Prebisch (1950) blamed the failure of this strategy (ie to achieve development) on the fact that this strategy was based on the assumption that development relied on the export of primary products to developed countries. However, Prebisch's protectionist/import-substitution strategies also failed to bring about industrialisation and resolve endemic poverty. This failure led to a more radical interpretation of developmental problems by neoMarxist theorists (Friedman et al 1980, Friedman 1979 & 1982). The radical redefinition of the dependists' theoretical approaches was linked to the success achieved by the Chinese and Cuban revolutions which resulted in the neoMarxist ideology and state lead development planning to gain legitimacy. This perspective (ie neoMarxism) viewed the developmental problem from the viewpoint of the "periphery" (Frank 1969). It rejected the two-stage strategy of orthodox Marxists; instead, the neoMarxists felt that the necessary development "revolution" could be brought about by the peasantry of the Third World.

Frank's (1969) model of metropolis-satellite exploitation defines modernisation theory as being formulated in terms of industrialized western experience and, as such, is incapable of understanding the problems of development in the Third World. He bases his opinion on the fact that the position of modernisation is underpinned by an "internal" perspective of Third World underdevelopment, and ignores the fact that the developed countries never experienced colonialism. Frank (1969) thus offers an "external" explanation for the phenomenon of underdevelopment and claims that it is colonialism, or domination, that is the cause of underdevelopment. This he terms "the development of underdevelopment", and explains this in terms of his "metropolis-satellite" model, and the appropriation of surplus of the periphery (satellite) to the core (metropolis). Dos Santos (1973) sees the development of the Third World in terms of developed countries as a contradiction in terms, simply because the developed status of the developed nations was gained at the expense of those now termed underdeveloped. This he sees as the consequence of colonial, financial-industrial and technological-industrial dependence. Amin (1976 & 2000) believes that the structure and form of development, that is, peripheral capitalism, lead, by necessity, to underdeveloped status, and that the structural realities found in the underdeveloped countries cannot be compared to the historic realities found in the evolution of those countries now defined as developed.

The dependency school sees dependency or underdevelopment as being a general process of change that applies to all Third World countries. It is an external condition and has its basis in economic realities and is a material condition not related to “structural adjustment” or the lack of institutional abilities or capacities within developing or Third World countries themselves. This leads to regional polarization, or underdevelopment versus development, and sees dependence as being incompatible with development. The Dependists’ accept the definition of development, that is, equity and poverty relief, in terms of socioeconomic realities as defined by the modernists. However, implicit in this recognition is that development cannot occur through the export sector. Instead, it must occur internally, through agricultural and primary sector development; furthermore, this viewpoint states that, before export-led growth is possible, a developing or Third World country must first create an internal market for agricultural and manufactured products. It is through this strategy that the structural dualism of modernisation strategies can be overcome, and it is by following this strategy that developing countries will be able to reduce their dependency on the world monetary economy (Friedman et al 1980, Friedman 1982).

The dependists attempted to widen the scope of the definition of development to include social and other socioeconomic indicators related to standards of living and the quality of life of the individual or household. This epistemological shift opened the door to different and further definitions of the term “development” which will be discussed later (eg anti-poverty strategies). The dependists did not, however, question the macro-theoretical basis of the global capital economy as the theoretical framework from which to view the approaches to the development debate. Indeed, the neoMarxist stream within the dependist paradigm stated that the realities of political elites (ie dualism), and the greater interaction with the global capitalist economy, would make the change more likely to succeed, since the socialist revolution would be brought about more quickly. It is clear that there are specific similarities between the methodologies of the two perspectives of modernisation and dependency. Both base their analyses on high levels of abstraction which result in polarised macro-theoretical frameworks. There are, however fundamental differences between the two: modernists view underdevelopment as internal, while dependists see this as consequence of external factors. Also,



modernists view contact with the developed nations as beneficial, while dependists regard it as harmful. Finally, the modernists propagate and support the linkages between underdeveloped and developed, while dependists wish to sever these linkages and rely on internal stimulation as the basis for interaction (So 1990).

The Dependency school was a response to the stringent criticisms of modernisation theory, but the modernisationists did not then fade out of the picture. As I said earlier on, traditional modernisation went through a period of self-analysis, which led to a reformulation of the theory based on the observation by aid professionals on how, for example cultural diffusion and the introduction of technology from the “outside” were blocked by the negative role that traditional values and cultural systems played. The reformulation of the notion of industrial capitalist development and progress based on western models was still a matter of ordered social reform based on the complementarity between compatible institutions and values and global integration. Concurrent with this process of reevaluation were direct criticisms of the dependency school. The modernists accused dependency theorists of propagating Marxists revolutionary ideology and claimed that the abstract nature of the theory left no room for specific individual cases. A further criticism came from Marxists themselves:

To conceptualize the issues of the Third World in terms of dependence... is to lose sight of the most decisive process of class formation and social relations which beget change... (Petras 1982:149)

In other words, dependency theory left out politics. The neoMarxists dependists proposed radical political change by means of a socialist revolution. Although the dependists focussed on the ill effects of modernisation and capitalism, in some instances this interaction did, in fact, result in growth and development. The examples of South Korea, Taiwan and initially Japan, as Newly Industrialised Nations (NIC) were used as justification for, and by, the modernist approach (McGrew in Allen & Thomas 1992). These successes lent weight to the criticisms put forward by the dependists, namely that modernisation theorists had never succeeded in clearly defining how the dependent nations should proceed to break out of the spiral of underdevelopment,

given that they could not compete with the economic growth of the NIC's of South East Asia.

In response to these allegations, Cardoso & Faletto (1977) responded with their "historical-structural" approach. Their approach utilises dependency not as a generalist or macro approach, but as a methodology for analysing the concrete situations of underdevelopment. Their approach involves reviewing the sociopolitical conditions of dependency; dependency is an open-ended, rather than a unidirectional, process. This response from the neodependency theorists who viewed dependency as historically specific and internal but as a sociopolitical process which could lead to development in terms of associated-development with bureaucratic-authoritarian governments and states (NICs). Dependency is seen as the collusion of foreign powers or economic multinationals with the economic and political elites within the dependent state. The recognition of the interrelatedness between dependency and development is then seen, not as a static reality, but as having the inherent potential of bringing about a situation of dependent development to fruition.

## **2.4 World-Systems Theory**

The post-Second World War search for a solution to the problems of underdevelopment led to the formulation of modernisation theory, the criticism of which led to the formulation of the dependency school and the concurrent renewal of both these schools of thought. Criticism of both the modernisation and the dependency theory lead to the conceptualisation of the world-system theory in terms of development and development strategies. Wallerstein (1964, 1967, 1974 & 1983) initiated this school of thought. His theoretical and philosophical roots were based on: (1) the definition given by Trotsky (1928) in his Law of Combined and Uneven Development of global capitalism; and (2) the neoMarxists' perspectives of the French Annales school. According to world-system theorists, the social sciences were guilty of overspecialization and a global picture of social realities had to be constructed. Secondly, this school of thought claimed that the unit of analysis of social phenomena should encompass far lengthier periods of time and should focus on investigating if



there was a cyclic or repetitive nature to the occurrence of social phenomena. Finally, world-system theorists argued that historical investigation should be orientated around central issues; for example: what is capitalism? These were the central issues in Wallerstein's theory. He states that his theory is:

a protest against the ways in which social scientific inquiry was structured for all of us at its inception in the middle of the nineteenth century (Wallerstein 1987:309).

He bases his rejection on the arbitrary and artificial separation of the various branches of the social sciences, a separation which led to academic closure which failed to include methods which would have facilitated the reintegration of, for example, history and economics. The further separation of, for example, history and the social sciences, based on a limited time perspective of the unit of analysis and the faulty understanding of the nature of capitalism and progress/development were key parts of Wallerstein's analysis and theoretical approach.

He criticised the bimodal system because many countries simply do not "fit into" this classification; instead, he introduces a trimodal system consisting of core, semi-periphery and the periphery. This semi-periphery group is the buffer between the core and periphery groups that averts periodic political and capital crises. In these semi-periphery areas there is a small, but established and growing, industrial sector in which the state plays a central role. The state would define and regulate this sector and would utilise a specific development strategy they believe to be appropriate, ie. seizing the chance, promotion by invitation or self-reliance and directing investment funds to high-value production processes. It is through the achievement of the status of semi-periphery that a specific country could also achieve the status of developed (ie core) by expanding both local and external markets via the international free-trade model. The unit of analysis, according to Wallerstein, is the world capitalist system and the international movements of production and labour. This is therefore an analysis of world dynamics within a historical methodology that is posited on long-term, cyclic rhythms (Wallerstein 1983). Criticisms of this perspective were based on the exclusion of

historic, specific developments and class analysis (Zeitlin 1984). In response to this criticism, Wallerstein (1987) responded that he viewed class as a dynamic process that was in a state of perpetual recreation and constant reformation. He further stated that the world-systems theory was a research tool and could be used to study local historic developments. His focus shifted to the dynamic between global interaction and national forces to attempt to define the causes and consequences of development and underdevelopment.

The field of development has been dominated by these three different schools of research: modernisation; dependency; and world-systems theory. These schools offered different solutions to the problem of Third World development. The common elements of all these approaches was that development, or the initiation and critical appraisal of industrial capitalist growth on a global scale, is the central theme of development studies and theoretical formulation. The question then is: is this definition of growth, or industrial capitalist development, a valid goal for, and achievable by, Third World countries? If this development could be achieved, would the problems of poverty, equity and inequality be dealt with? Criticisms of these approaches are numerous and I shall be identifying and discussing some of them. The specific criticism of modernisation is that:

- Modernisation has as its basis the notion of growth as a universal pattern, in other words, westernization
- Modernity, when "achieved", still includes traditional forms
- Analysis of the internal dynamic of economic generation is problematic in terms of the isolation of specific sectors, ie. Dualism (Coetzee 1989)
- Third World countries do not follow the pattern of Western development models
- Modernisation is a form of neo-imperialism (Muthien in Coetzee 1989)
- Application of this strategy lead to dependency; cultural, structural, economic, military and political (Vorster in Coetzee 1989)
- The levels of abstraction on which this strategy functions dehumanises social reality or a material bias (Holscher in Coetzee 1989)



This list obviously does not include all the criticisms that have been directed at modernisation, but the criticisms in this text, and those stated above, give an indication of the main points of departure. Dependency theory has also received its fair share of criticism (which I refer to in this text) including the following:

- The theory is untenable on logical, analytical and theoretical grounds
- Dependency is refuted by mainstream economic theory (Booth 1975)
- "Newly Industrialised Countries", Korea, Taiwan, etc refutes the structural inability of Third World development (Warren 1973)

The world-systems theory is similarly criticised in that:

- It ignores historic, specific development and class analysis
- It did not produce a theoretical base on which to evolve a macro-theory of development

However, a major problem lies in the fact that the resource base in all of these perspectives, for example arable and fertile land and unpolluted water, is taken as an infinite given. The cost of these forms of development in terms of the resource base has never been brought into the equation. The discounting of the value of future resource usage lead to the reality where development models therefore assumed that present usage was legitimized in terms of these definitions. The dominant view is that any future crises could be resolved within technical parameters and the application of technology and would be viewed in these parameters as defined by the existing demarcation. Another key element in the reformulation of the definitions of development was the introduction of the idea of social indicators as analytical tools in measuring developmental levels and the achievement of developmental goals. An example is the causal relationships between levels of education and access to basic resources and economic growth. Research related to social indicators and concurrent analysis of causality and related ideas of development introduced a new stream of thinking about the nature and level of developmental intervention and theory. It is from this context that

the Basic Needs (BN) and Human Centred Development (HCD) strategies evolved. These two themes contextualised the search for a sustainable human development strategy that would take the issue of poverty seriously and ensure equity and equality based on a critical assessment of the assumptions of the modernisation, dependency and world system theories of development. Attempts to resolve the conflicts inherent in the above paradigms were first initiated by the International Labour Office (ILO [1976]) in its efforts to achieve "total employment", and to deal with poverty and inequality. This approach, termed "Basic needs/Total-Employment", was aimed at the resolution of unemployment to facilitate self-help in a structural procedure defined as a "bottoms-up" process. This paradigm and its structural evolution will be discussed in the following section.

## **2.5 Basic Needs Theories of Development**

The results achieved by the "growth" theories from the 1950's to the 1990's cannot be dismissed: the increase in per capita income during this period in developing countries was approximately three percent and life expectancy increased on average by a third (Streeton 1981). But the question about the reduction of absolute levels of poverty prompts a rather different response. The achievement of economic growth in terms of indicators such as per capita income and the gross domestic product (GDP) did not show the effects of dualism or bring about social and economic progress to the poor and their concurrent quality of life or address issues of environmental degradation. In real terms, of the world's 6 billion people, almost half (2,8 billion) live on less than 2\$ per day, and approximately one fifth (1,2 billion) live on less than 1\$ per day (World Bank 2001). These levels of poverty and destitution exist even though there has been huge growth in the global economy. This inequality represents the extraordinary unequal distribution of resources which these indicators, eg GDP, do not reveal. This means that approximately 1,8 billion people are living in absolute poverty and this number is increasing both in the developing and developed world (Hoogeveldt 1997). In the United Nations Development Program (UNDP) publication titled *South Africa: Transformation for Human Development* (2000); the Human Development Index (HDI) places South Africa at 0,697 in 1998 and at 0,628 in 2000. This publication also states



that 45% of the total population in South Africa live at the level of *absolute poverty* (less than 1\$ per day). This means that 3 126 000 households or 18 million people live below the poverty line (pegged at approximately R380.00 per month) and of these 10 million live in ultra-poor household and earn less than approximately R190.00 per month (UNDP 2000:53-55). This number is growing, since the "poverty trap" results in increased birth rates (owing to the lack of education, basic needs and employment, and the survival tactics of this marginalised sector of the population). But, if the stated goals of the macro-policies of economic growth (modernisation) is the alleviation of poverty, then can one rely on the "trickle-down" effect of the resources to alleviate this poverty as stated by these policies? Or is it, in fact, the application of these policies that cause poverty to escalate? If we believe those statistics which identify the increase of poverty and its profile, the modernisation approach to development has to be critically evaluated.

This process of critical revision and the formulation of policies directed specifically at the alleviation of poverty led to the creation of various development strategies collectively defined as "needs-orientated" development strategies. These strategies are defined by some as being appendages to the growth theories and by others as being strategies that coopt those calling for a New International Economic Order, which was a response to the neoliberal domination of theories of development and social change. It is also defined as a strategy designed to restructure access to the means of production and political power groupings to bring about democracy as a developmental strategy and goal. But what are these theories collectively defined as "Basic Needs or Human Centred (HC)" strategies? In this section I shall define what is meant by these terms (basic needs/human-centred) and I shall discuss the progression and evolution of the various approaches which, collectively, constitute this approach to development. I shall also examine the concurrent attempts to solve the problems of increasing levels of absolute poverty and the attempts being made to structurally design a method of breaking out of the poverty cycle.

This approach incorporated ideas from both the neoclassical and neoMarxists development schools. The Basic Needs approach recognises the fact that developing

countries cannot achieve the modernisation called for by growth-orientated development strategies. The required institutional and organizational systems and resources that are prerequisites for modernisation do not exist in the developing countries. Furthermore, the Basic Needs approach also recognises this form of development or growth requires resources which are the scarcest in the developing world (eg capital and skills). If the object of economic growth is the alleviation of poverty then, say, the proponents of Basic Needs development, capitalist economic growth is misdirected. The “trickle-down” of resources is usually coopted by the dominant elites and this approach succeeds in bringing about neither equity, nor sustainable growth nor self-reliance --- in fact, it results in the very opposite. The pivotal issues around which the Basic Needs strategies are defined are according to Friedman (1979), Keaton in Coetzee (1986) and the International Labour Office (1986) as:

- That poverty and related problems be confronted directly
- That growth, as a goal, should not be discarded
- That the goals of Basic Needs are both an end in themselves, and a means to achieve equitable growth
- That identified social and economic indicators, that is, nutrition, life expectancy, employment et cetera be utilised to restructure the nature of economic growth. (Note that the concurrent problems associated with indicator definition in political, economic and cultural terms are a problem central to any definition of a Basic Needs strategy for development)
- That the satisfaction of Basic Needs receive priority and individual instances be interpreted in terms of factor endowments and characteristics
- That linkages which encourage holistic economic development be strengthened
- That public goods and services must be accessible to the poor
- That equity be a priority, even at the expense of short-term growth
- That non-economic dimensions of growth, that is, participation, be recognised
- That political power in local, regional, national and international contexts



be redistributed

These fundamental values and goals are central to the definition of the Basic Needs development strategy. However, these issues are interpreted and implemented differently in the definition and evolution of the strategy.

## **2.6 Basic Needs and “Employment”**

The first definition of a strategy which falls within the Basic Needs stream of strategies was formulated by the International Labour Office [ILO] in 1976. This strategy was defined as the “Total Employment Strategy” and this strategy emphasized and initiated programmes that would increase employment in the modern industrial sector. This approach was based on a structural analysis of constraints on employment creation (eg choice of technology or lack of skills). Once these constraints have been identified, the state, or government institutions, acting in concert with private sector organisations should collectively and actively intervene to remove these constraints. Once individuals are employed in the formal sector they would as consequence be able to purchase what ever level of needs or services they require or felt were appropriate. Job creation programmes would thus resolve the unacceptably high levels of poverty and inequality and allow previously marginalised individuals to gain access to basic needs and resources. The causes of poverty and inequality in developing countries were identified as the limited development and the small size of the modern industrial sector and the fact that this, in turn, caused structural dualism (section 2.2). This approach to development evolved to include not only the urban formal sector, but urban informal sectors and rural employment. This was because of the greater understanding gained through research into the causes and consequences of increasing levels of urbanisation and the skill and educational levels, or lack thereof, of the new migrants within the urban areas became apparent. Central to this analysis were the levels of, and related intervention strategies on, productivity and per capita income as indicators or measures of under- or development. The basic needs strategy was an end in itself, as well as the process by which the problems of poverty and inequality could be overcome (van der Hoeven 1988). The ILO identified employment creation as the mechanism that would

bring about access to resources by those groups marginalised from basic needs:

... to ensure certain minimum requirements of a family for private consumption: adequate food, shelter and clothing, safe drinking water, sanitation, public transport, health and educational and cultural facilities... [ILO 1976:14].

The theoretical assumptions on which this developmental model is based is that poverty and inequality is best addressed and overcome through the creation of formal jobs. This, in turn, is most effectively achieved through economic growth in the formal economy, and as measured by growth in the Gross Domestic Product and per capita income. This implies that individuals would have access to these resources if they could gain the means of achieving consumption through the vehicle of gainful employment. The focus of employment creation was, firstly, to raise the productivity of the poor by raising the demand for their goods and services. This could be achieved by raising the prices of agricultural products and by introducing labour intensive techniques of production. Secondly, for the state and the private sector to intervene in skill and educational levels.

The approach needed to manage the supply-side factors to escalate demand, however, this would call for extensive intervention by governments acting in concert with market forces and private-sector organisations to achieve export-led growth. This approach was called the "free-trade model" based on the "Washington Consensus" which is the theoretical underpinning of the "Globalisation" thesis today. This approach has its roots in the philosophical basis of the political economy and the global expansion of industrial capitalism. The basis of this expansionism is that people work to satisfy their needs and in so doing produce a surplus, and this surplus results in development progress. This, however, is a contradiction in terms, since capitalist development has its own evolution as the focus, while the Basic Needs approach has its emphasis in human evolution and the expansion of choice as the basis for improved quality of life. It is questionable if the development of capital in itself could also improve the satisfaction of basic needs (which is, perhaps, no more than a disguised version of "trickle-down"). However, the ILO



approach implies that the Basic Needs strategy is related to, and conditional on, access to specifically defined levels of personal income and that basic needs are defined as items of consumption. These assumptions are rejected by those to whom further evolution of the Basic Needs principle can be ascribed (Streeton & Burki 1978, Streeton 1981, 1984, Streeton & Jolly 1981a). Streeton believed the problem was not unemployment as such, but the reality of poverty or low-productivity employment.

The revised Basic Needs approach identified issues such as access to, and levels of, nutrition and identified health and education as pivotal factors if one wants to have a situation of full labour utilization. The ILO definition interpreted the Basic Needs strategy in a narrow sense and therefore had to be reformulated. This is because, for example, some basic needs could only be satisfied through the public sector in developing countries, for example access to water, sanitation, education, etc. A second criticism of the original Basic Needs hypothesis was that, even if consumers had the means to achieve basic needs, history showed that their choices were often misguided. Rather than spending their money on basic needs, they would buy luxury goods. A third factor is that distribution of income between and within households may marginalise specific groups or individuals, for example women and children, while specific groups such as the aged, disabled and sick are effectively disbarred from consumption unless supported by particular persons or by public services. In the final analysis, the "income" or "employment" approach attempts to formulate a theoretical model to explain poverty and inequality and use this model as basis for an intervention strategy to reduce poverty and inequality. The criticisms of these assumptions are that formal sector growth and the related growth in employment misses its stated goals, as this would only satisfy the needs of a small sector of the population or those in full employment in the formal sector. The Basic Needs (Employment) approach regards this group as the norm, and fails to recognize that the formal sector in developing countries would not exist were it not for the subsidization by the informal and rural sectors. Neither does it deal with the issues of non-material needs, both as a means, and as an end in itself (Streeton 1981 & 1984).

## 2.7 The Anti-Poverty Approach to Development

The realization that the Basic Needs strategy excluded the majority of individuals and communities living in poverty in developing countries led to the realignment of this strategy. The focus shifted from employment creation to the eradication of poverty defined in absolute terms. By definition, citizens outside of the "formal" economy had little chance of increasing their purchasing power and gaining access to basic needs. The objectives of the anti-poverty strategy were to increase access to resources and to uplift these individuals and groups above a predetermined "poverty-line" as speedily as possible and thus reduce income and social inequalities and reduce poverty. The level of household "income" was delineated and "pegged" by measuring access to productive assets (including employment). This strategy assumes that increased access to basic needs and productive assets would uplift individuals and communities above this level of absolute poverty.

The procedures and goals would be to transform social structures with specific reference to the progressive redistribution of resources in favour of the poor through a processes of political and civil society participation and representation (Streeton 1984). The key variable, economic growth, is still included but this intervention strategy demands a redirection of consumption and investment in favour of the poor by public and private institutions and organisations. The reality that this transfer may lead to a slowing-down of economic activity in the formal private sector is accepted, but the argument here is that this transfer would bring about the necessary investment in and by the public sector institutions, thus facilitating participation and the redirection of socioeconomic investment (Friedman et al 1980, Friedman & Wolff 1982). The public sector would also give direction and regulate private sector investment to maintain strategic objectives and goals. Criticism of this approach is based on the fact that it could, in the short term, result in a shrinking of income-earning opportunities as a result of the slowdown in formal sector growth; the argument here is that this would affect the poor more than the affluent. This approach could also have a detrimental influence on the sustainability of growth and could work to prevent increases in the income levels of the poor and their standards of living, since it is the poor who spend the largest



percentage of their incomes on basic subsistence needs. This approach is based on the assumption that, in the medium and/or long term, as increased demand results in greater economic activity, formal sector growth would return or increase to higher levels than would have been the case if such investment in favour of the poor had not occurred. Implicit in this strategy is the belief that aggregate growth rates have to be maintained and increased to decrease absolute levels of poverty.

If poverty and inequality are defined as the structural inability to gain access to basic resources, the definition of the groups who fall into these categories would also define who the recipients of such investment would be, and, related to this, what strategies could be implemented to facilitate these groups' access to basic resources (ie as a developmental goal). The process is then, by definition, proactive and would be directed at overcoming structural inadequacies that are responsible for individuals or communities remaining in poverty or an incremental process of definition and intervention. Its specific goals and targets (eg the upliftment of women and children) would, however, result in a variety of *ad hoc* or eclectic policies and intervention strategies (Nattrass 1996 & 1996a). This approach does not view restructuring in an holistic sense, nor does it see "growth" as the solution to the poverty problem; instead, it wishes to solve specific problems and raise concurrent income levels or access to basic resources by specifically targeted groups (Lisk 1977). The focus of this strategy application is on ways and means to, for instance, change patterns of land ownership and use, create access to basic education and health, create access to finance, develop small-scale business and change the demographic characteristics of target groups. The difference between employment and anti-poverty strategies is that the first attempts to raise aggregate employment as a development goal, while the second attempts to benefit specific marginalised groups who live below identified poverty levels and who have limited access to basic resources. Poverty-orientated strategies seek to intervene and correct both factor and product prices, rather than only increasing the aggregate consumption of basic goods. This correction can be achieved by targeted subsidies and the redistribution of resources in relation to basic goods such as land, water and electricity (eg six kilowatts per month of free electricity to all households). Implicit in this approach is the assumption that redistributive policies would be

acceptable to the elites who control the factors of production and hold political power. This approach would, by definition, not resolve the problem of dualism or social conflict between the haves and have-nots. The conflict intrinsic in this approach therefore led to the further evolution of the Basic Needs and anti-poverty approaches to development.

## **2.8 Human-Centred and Basic Needs Approach**

The goals of Basic Needs strategies were, and are, interwoven with the issue of addressing poverty and achieving equity. The questions: Are the provision of basic needs achieved as a result of the search for equity? or: Does the supply/provision of basic needs in themselves bring about equity? became the main concerns in terms of the problems faced by the employment and anti-poverty strategies. The abstract nature of the achievement of equity versus the moral imperative to achieve universal access to basic needs, plus the extremely complex interrelationships involved in achieving equity, led to the basic-needs strategies of development gaining ascendance over equity strategies (Streeton 1981 & 1984). The realities of malnutrition, illiteracy and ill-health were far more important than abstract concepts of social justice for a developmental theoretical point of departure. The complex causal realities around the non-satisfaction of basic needs lead to the rejection of *ad hoc* strategy definition and implementation as these were contextualised in the anti-poverty approach. The levels of absolute deprivation can be determined by using medical and physiological criteria which transcend phenomenological understanding of absolute poverty. An example is the Physical Quality of Life Index (Doyal & Gough 1991). These indicative frameworks are structured in such a manner that the physical realities they identify would define the possible basis for future action. Basic Needs development strategies have through their use of theoretical and normative definitions, the goal of providing all human beings with the opportunity to pursue a fulfilling life and to give all human beings increased life choices (Streeton 1981 & 1984). Doyal and Gough (1991) state that universal and objective human needs exist and that socio-political strategies of development that do not endorse basic need satisfaction cause serious harm and profound suffering, which has as inverse, a negative impact on levels of social justice.



Development cannot be achieved if social progress is not a parallel result, which means that the objective interest of those marginalised has to be central to any development strategy. The supposition that it is possible to define universal needs and that their satisfaction takes normative precedence over wants, legitimates the demand that development has as its goal the satisfaction of these needs. In other words, it legitimates a Human-needs centred approach to development.

The main objective of such an approach would be to satisfy the essential requirements of specific countries' populations (eg South Africa's population) within a time horizon of, for example, one generation. These needs are defined in terms of personal consumption, basic public services and the right to participate in the process of development definition, implementation and rewards. But the questions of levels of satisfaction and the definition of the equation: Needs vs Wants, is a matter of normative support. Does basic needs satisfaction define minimum or optimum levels of need satisfaction? (Doyal & Gough 1991). Does the eradication of absolute levels of poverty only refer to specific target groups, or must the Human-centred strategy be directed at the population of developing countries as a whole? Human-centred development is then concerned with raising the level of aggregate demand and with increasing the supply of basic goods and services and thus eliminating absolute and relative poverty. It does this through implementing a continuous process of holistic economic development and social progress based on the participation of civil society. This synthesis of growth, employment and poverty eradication is achieved by the increased production of basic goods and services. Employment is generated by utilizing labour intensive technology and thus enabling individuals to fulfil consumption requirements.

A Human-centred approach is interrelated with basic human rights of free choice and participation in the political processes, not only as an end in itself, but also as a factor in the definition and delivery of basic needs. The differences in specific circumstances found in economically, culturally and politically differentiated situations do not undermine this basic tenet and are related to the universal definition of needs. The achievement of minimum needs to realize enabling standards of living can be defined in national or global terms. The abstract indices of development such as GDP, rational

individual choice and definition of indicators which mask issues such as Dualism, are replaced with the universal definition of basic needs, goods and services needed to achieve this standard and to eradicate relative levels of absolute poverty. The assumption that the universal definition of basic needs and Human-centred development infers that development means organisational, institutional and related socio-economic changes on local, national and international levels. However, the specific circumstances and characteristics at the local level would dictate the policies required to satisfy individual needs and community needs. Neither do the Human-centred strategies reject growth *per se* but, by definition, imply structural change in the allocation and utilization of productive resources, including the redistribution of assets.

The interrelatedness of education, health, shelter, nutrition, employment and participation in order to achieve the conditions of basic needs satisfaction, must be recognized. The satisfaction of one or more will have an impact on any of the other factors; these issues (eg employment) cannot, therefore, be viewed in exclusion. Constraints on these factors must be viewed holistically and integrated planning (eg Integrated Development Planning [IDP]) is a necessity if these constraints are to be overcome. The essential element of any Human-centred basic needs programme is mass participation. Institutional de-concentration and the facilitation of both public and private reproduction is pivotal for success in achieving and maintaining the structural reform intrinsic in this development strategy.

The basis for the theory of Human-centred Development is, then, the idea that human needs or basic human rights is a universalism and that this creates an objective methodology through which to prioritise strategies and goals. But that a "needs" definition does not guarantee equity, as assumed within the Human Centred/Needs theory, is a reality. Needs can be supplied, but the delivery of needs does not guarantee structural equity. Furthermore, does the "conception of rationality" (Doyal & Gough 1991:1) which supports the basis of universalism, actually do so? Is it not, as social scientists profess today, that human needs are subjective and a culturally relative concept --- see, for example, the choice of ethnocentric indicators discussed in Doyal & Gough (1991). It is this belief that forms the basis of the emergent neo-modernists



in the 1980s, the so-called New Right, and that is also the basis for the free-trade and Globalisation theories of development. This view of change rejects the objectivity of need and identifies the legitimacy of choice, as professed by the market, as the only valid criteria to use in the allocation and utilization of productive resources. According to this view, individuals/households are the only legitimate authorities who are entitled to speak about their needs or wants. The belief of private sovereignty as the only legitimate means of defining resource allocation and survival strategies further rejects the concept of universal needs and, thus, the basis of the theory of the universality of human needs. The down side of this argument is that there is no basis to decide on collective principles of justice, nor are there any consensual norms for defining an equitable distribution of wealth and reducing poverty --- in other words, there is no developmental paradigm, apart from the "invisible hand". The "Left" also reject the universal concept of needs; the "Left" believe that needs are relative and that these theories only indicate what some choose for others and then impose on those which have less access to the forces of production or political power. In short, any attempt to impose this conception of needs is nothing more than cultural imperialism and an attempt to attain hegemony (Doyal & Gough 1991).

The cultural or gender bias of needs or group relativism has led to the exclusion of specific groups (eg women) from the definition and evolution of social change and progress. The fear is that any universally expressed theory of needs inevitably leads to the exclusion of some or other individual, group/groups or communities (Hoogeveltdt 1997). The idea that needs are a social construct defined in phenomenological terms within a specific situation further supports the view that there is no universal definition of needs (eg in the dichotomy of Needs vs Wants). Streeton (1981), although a supporter of the idea that a Needs theory is applicable, states that there are specific problems which have to be addressed. Firstly, the complex relationship between growth and needs has not been defined and he raises the question whether it is possible to meet the needs of the poorest without sacrificing economic growth. The question: Is the transition of social institutions and structures to facilitate Human-centred and Basic Needs development possible in a Globalising world? also remains unanswered. It would take political will and conscience which has not been achieved in governmental

economic forums today, for example Reconstruction and Development Programme [RDP](South African Government 1994) versus Growth, Employment and Redistribution strategy [GEAR] (South African Government 1996a).

The World Bank (1979) states that, unless the linkages between identified indicators are analysed and the causal relationships identified (eg the relationship between nutrition, primary health levels and fertility rates), this policy approach must be flawed. The whole question of linkages and related dependent/independent variables still stands today at the beginning of the 21st century. A further issue (ie in terms of Human-centred and Needs theories) is the cost of financing investment in public goods in the face of declining economic growth and problem of finding the funds needed for the financing of recurring costs (Curry 1980). Declining national growth rates decrease the availability and access to funds by the national fiscus for investment in Human-centred strategies. The increased public sector involvement is further complicated by the realities of user charges to finance this recurring cost and the problem of how to evaluate cost-effectiveness with specific reference, in this instance, to "Local Economic Development" and "Developmental Local Government" in South Africa. The question here is: if external financing is required on a continuous time scale, will the dependencies created be worth the cost of supplying of basic needs in the short term?

A further issue is whether any standardised unit of measure (note above remarks about the problems associated with choice and definition of indicators, and the economic, political and cultural priority inherent in such choice) can function as a measure or indicator of basic needs. As stated previously, needs are culturally specific and phenomenological defined. In terms of two selected indicators, for example nutrition and income, it is seen that the relations are not directly causal, and that factors such as choice, market elasticity and economies of scale influence any general measure and relationship. It is thus difficult to base any development strategy on a theory which is based on the minimum levels of needs to be satisfied in which specific causal factors are identified whose causality has not been ratified (Wolfe & Behrman 1983).



The Human-centred and Basic Needs approaches are related to, and based on, sustained economic growth as a means of achieving the necessary economic conditions to supply such needs. What defines the “standard” level of needs? Is the goal to achieve levels and standards parallel to the developed countries? Is it the individual/household of those under the poverty-line who define these needs? Are the patterns of consumption prevalent in industrialized countries achievable by the developing countries and is this pattern justifiable in terms of world resources? The ecological realities which dictate the parameters of such sustained growth to achieve present levels of consumption are now acknowledged as being unrealistic (Brundtland 1987). The Human-centred strategy of basic needs has the same flaws, therefore, as those identified in the macro-structural development strategies of Modernisation and related concepts discussed in section one, *viz*:

- assumption of infinite capacity of the resource base
- problems inherent in the choice of indicator and levels of satisfaction
- confusion about linkages between national and global economic growth and the provision/supply of basic needs

In the next section the term “Sustainable Development” will be defined and critically discussed.

## **2.9 Sustainable Development**

In this section I shall discuss the theoretical underpinnings and the evolution of those theoretical approaches to Development collectively known as “Sustainable Development”. The philosophical and ontological basis of these approaches are contingent on the fact that humans have lived on earth for thousands of generations as hunters, gatherers and/or farmers and have only made limited demands on the natural environment during this period. During the last two centuries, however, the reverse has been true. Logarithmically expanding populations, with an ever decreasing doubling time, has necessitated increasingly efficient farming and technological development to attempt to meet human beings’ basic needs and other consumables. The result of this

is that human beings now have a vastly increased capacity to influence and change the physical environment. This may be deliberate (eg the building and utilisation of dams and roads) or unintentional (eg pollution of the atmosphere through electricity production which leads to global warming and the destruction of the ozone layer). The environment has only a limited ability to absorb these changes. We human beings are faced with two inescapable facts: the first is that this planet is the only suitable habitat we have and second is that the earth is a closed system with limited resources (Gowdy in Becker & Jahn [ed] 1999).

The consequences of the strategies applied in the last two centuries to ensure human survival and development have ignored the interrelationship between ecological factors and human activity. If human activities are conducted in such a fashion that the natural equilibrium of the closed system is irreparably damaged, then the future of all species on earth, including the human species, hang in the balance. Human activity and related environmental problems are divided into two main categories: physical necessities and social necessities. Physical necessities are things such as food and fuel and the ecological systems which can absorb generated waste. These physical resources are the ultimate determinants of the limits to growth and development on earth. The resources being utilised and consumed to fuel the development processes have taken millions of years to form and the rate of consumption is many times faster than the rate of formation. The rates of consumption are variable, but the faster these are consumed the quicker the total supply diminishes (Gowdy in Becker & Jahn [ed] 1999), for example the consumption of energy per person in the industrial capitalist economies is more than eighty times greater than in subSaharan Africa. To put it another way: that a quarter of the world's population consumes three-quarters of the world's energy (Perlas 2000). This means that to elevate the energy consumption of developing countries to that comparable with industrialized developed countries present consumption levels would have to be multiplied by a factor of five. Other products such as food crops, livestock, forest products, natural fibres can be regenerated and are considered renewable. This definition of renewable includes water but it is logical that if these are utilised faster than they can be renewed then they must also be considered nonrenewable. It is clear that any development strategy based on the uncontrolled



utilization of these resources, both renewable and nonrenewable, must be problematic (Gowdy in Becker & Jahn [ed] 1999). The present consumption patterns and projected rates of demographic increase and the developmental projects aimed at meeting human needs based on the consumption of nonrenewable resources will become increasingly expensive (eg in September 2002 one litre of petrol now costs R4,31 in South Africa).

A further complicating factor is the uneven distribution of these consumption patterns. The "high" consumption patterns in the developed and industrialised countries are historically dependent on the products of the developing and primary product producing countries. The political undertones in terms of the dominant development paradigm, Globalisation, places socioeconomic and political importance on the ownership and utilisation of the ecological base for development in the future. If the resource-consuming industrialized societies can adjust their consumptive patterns and adapt to recycling and accept that present consumption has to be limited for the future benefit of all human beings, a more "economic" development strategy may emerge. Similarly, if the goal of development is the welfare of all human beings, theoretical paradigms of development and related processes and strategies have no choice but to view the protection and enhancement of the natural ecosystems as a primary goal (Reboratti in Becker & Jahn [ed] 1999). The asymmetry of international political power and economic relations accentuates this consumption imbalance and, usually, developing nations are unable to influence the international economic conditions or the ecological conditions which sustains this development. But this imbalance has serious implications for the developing and underdeveloped countries, whose economies are principally based on the export of primary products, following the developmental model that calls for integration into global markets in terms of their so called comparative advantage in the "free-trade" environment (Chouri in Becker & Jahn [ed] 1999).

In the context of this system (ie globalisation), the fact of the matter is that the developing countries are simply unable to manage their resource base in a sustainable manner. Parallel to the gross imbalances referred to above is the increase in their debt burden and the need for net capital inflows (Foreign Direct Investment [FDI]) to sustain

development. This, in turn, results in further environmental deterioration and resource depletion at the expense of sustainable long-term development. What are the factors that influence the patterns of growth and that dictate the course which developed and developing countries believe they have to follow? The first of these is that only an export-orientated policy for growth can successfully achieve the necessary levels of development needed to ensure economic and social stability (Mishan 1967, Hoogeveltdt 1997, Roberts & Hite [ed] 2000). This means that the assumptions on which development policy is based are the maximisation of exports and the integration and inclusion into the world trade system and the global world economy --- the argument is that this will resolve the problems of poverty and inequality. In fact, this approach only intensifies the asymmetry of economic development and reduces the self-sufficiency levels; furthermore, in developing countries, this approach had caused and will cause increased environmental degradation and further depletions in the resource base (Hoogeveltdt 1997, UNDP 2000). In his book *Work of Nations*, Reich (1992) states that to maintain the balance of payments to pay for imports, more than \$50 billion is transferred annually from developing to developed nations. These development strategies, or globalisation, and the pursuit of unregulated growth will lead to a further intensification in dualist structural realities and, in real terms, will only increase levels of absolute poverty in developing countries.

If development is about initiating change that will alleviate inequality and poverty, then central to these strategies are the issues of resource allocation and income distribution. The definition of any development theory which is only aimed at maintaining the status quo and does not specifically address poverty, will certainly not view environmental issues with any sensitivity. The nature of external diseconomies is such that the adaption of strategies that focus on unregulated growth bring the cost of damages incurred directly to poor and marginalised communities and on to the natural system itself. The cost of restoration and structural protection to avoid external diseconomies has to be built into developmental proposals and not passed onto future generations. The problems of environmental degradation and community marginalisation will only increase the likelihood of social conflict (Mishan 1967). The cost of growth, if measured in purely economic terms, ignores the social and environmental cost of this



development. Neoliberal theories of development, by definition, have to be broadened and have to include issues of social and environmental welfare. The focus of Human-centred Development or Basic Needs strategies is on redistribution generally and, specifically, on reducing levels of absolute poverty. Central to this approach is the focus on the economic and consumptive factors of social upliftment. This view of development also needs to include the external diseconomies associated with environmental degradation. The realities of a closed system means that any gains achieved at the cost of future generations cannot be justified in terms of any discounting formula. The following quotation is taken from the World Commission on Environment and Development in *Our Common Future* (Brundtland et al. 1987):

We have in the past been concerned about the impacts of economic growth upon the environment. We are now forced to concern ourselves with the impacts of ecological stress - degradation of soils, water regimes, atmosphere and forests - upon our economic prospects. We have in the more recent past been forced to face up to a sharp increase in economic interdependence among our nations. We are now forced to accustom ourselves to an accelerating ecological interdependence among nations. Ecology and the economy are becoming ever more interwoven - locally, regionally, and globally - into a seamless net of causes and effects.

So far, I have discussed the following Development paradigms: Modernisation, Dependency, Basic Needs; Human-centred and Globalisation. The problem with all these normative approaches to development lie in their attempts to statistically equate the multitude of obstacles grouped together in the formula: growth versus environment or growth as in terms of a national accounting aggregate. For example: Gross Domestic Product versus the environment; but the environment is a broad and vague concept and not something that can be easily reducible to single statistical variables. However, this does not mean that we have to necessarily think of ecological and economic goals as being in conflict with each other. To achieve sustainability, we have to develop an ecological economics and growth synthesis that incorporates the conventional disciplines of ecology and economics. This approach assumes that human preferences,

understandings, technology and cultural organizations can coevolve to reflect ecological opportunities and constraints, and that the human system is a subsystem within the larger ecological system on which are necessarily interdependent. The philosophical relationships of science-based definitions of the human condition versus traditional ethics and the evolution of the religious interpretations of human beings' role within greater cosmos and the material role of human beings within these conditions, for example Globalisation versus Sustainable Human Development, are all issues that would have to be taken seriously within this framework called ecological economics (Kothari 1990, Palmer 1992, Perlas 2000).

This conundrum is further complicated by the dynamic and expansionist nature of the concept of growth or change which, in turn, is based on the expansion of global capitalism and the static nature of the concept "environment", in which quality is an end in itself. Various interpretations of this view exist (eg that rising GDP will enable nations to bear the cost of eliminating pollution [Jacoby & Pennance 1972]), or that the maintenance of present levels of growth trends will lead to the depletion of the resource base in the next hundred years and thus lead to a sudden decline in this growth process (Meadows 1972). Or that the pollution problem is simply a matter of redirecting resource allocation by means of pollution charges (Beckerman 1972 & 1990) or that the process of growth is widening the absolute gap between the rich and the poor nations of the world (Meadows 1972). One of the problems of using GDP as an independent indicator is intrinsically linked to the fact that the physical and social environment is not/cannot be evaluated in aggregate economic terms because of the discounting procedures built into the development paradigms (Lecomber 1975).

Growth theorists are primarily concerned with the deliberate expansion of future consumption/production through present investment and that future consumption exceeds present consumption. The diseconomies in terms of this investment (eg environmental impacts or pollution and changes in land use) are not incorporated into the GDP calculation. The problems associated with growth-based development strategies are associated with the harmful effects of this process and not with the concept of growth *per se*. The questions to be asked are: Can one accentuate the



beneficial aspects of the growth paradigm? and: Can this link can be broken/redefined and can growth rates be lowered/redirected? These alternatives all rely on the raising of the discount rates --- in other words, the view that a lower discount rate for future consumption is not valid. This means that environmental policies should parallel this redefined discount rate to protect the present/future environment and not necessarily propagate anti-growth policies (Lecomber 1975). The reality that present definitions of development use up natural resources to the detriment of future development is a given. These, then, are central elements of the paradigm Sustainable Development. Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their needs. The operative elements are an emphasis on meeting the "needs" of the world's poor and the limitations imposed by the environment on the achievement of these goals (Brundtland 1987, UNDP 2000).

The criticisms directed by developing countries of these assumptions in terms of developmental strategies are clear and not easily refutable: protectionism, paternalism and concern for the developed countries' own environment. The basis for these criticisms are consumption patterns and universal standards (eg needs vs wants), and the indicators used to define these concepts. The central question is: in conditions of extreme poverty, is environmental protection appropriate or, for that matter, possible? The problems facing developed and underdeveloped countries may be different, but the foundation of environmental problems is a global reality which transcends national boundaries. If, as stated in the introduction to this chapter, the objectives of development are the satisfaction of human needs and aspirations and the improvement of the quality of life, endemic poverty will always create a problem for the physical environment. Standards that go beyond basic minimums are only sustainable if this process has, as a central element, long-term sustainability (eg energy use). These standards are socially and culturally determined and the achievement of sustainability requires a change in the values of those whose consumption patterns offer a threat to the ecological balance. Sustainable development is, in essence, the promotion of development in those areas where basic needs are not being met, and the redefinition of consumption patterns in those areas where this consumption threatens the global

ecology. The promotion of the duality inherent in the dominant development theories fail to solve the problems of either poverty or equity for those individuals or community groups who are marginalised by this process.

Economic growth and development involve changes in the ecosystem and renewable resources which have to be utilised in such a manner that the regenerative capacities of these resources are not exceeded. The utilization of nonrenewable resources depletes the resource base for future utilization and usage therefore has to be based on the criticality of that resource. Resource utilization has, as its basis, the least possible closure of future options and the retention of the integrity of the natural system. If GDP is the measure of total income flows within the economy, and if unregulated growth is damaging the environment and causing poverty and inequality, the content and quality of growth is critical to this coefficient. The critical component, then, is the "environmental impact coefficient" [EIC] as a dependent variable of the indicator GDP. EIC is defined as the degree of environmental damage, physical and social, caused by the increase of one unit of national income or the escalation of one unit of GDP in relation to ecological consequences (Jacobs 1991). The relationship between the growth in GDP and EIC is the definitive element in the quality of this growth. If concurrent increase in the EIC is caused by the increase in GDP, then this growth is negative in terms of the sustainability paradigm. The problems with this definition of the EIC are that there is, at this stage, no precise means of measuring this impact, and nor does it mean that, if there is no increase in the GDP, then there is no environmental impact. This second view of the relationship, or no growth-no damage perspective, is incorrect and also refutes the proponents of the Zero-sum option of growth or that all growth should cease in terms of concurrent ecological damage (Jacobs 1991). The reality of a quality of life that blindly consumes "capital" means that the ability to maintain that consumption in the future is undermined. The natural capital of the environment can be viewed in these terms and the polluters must bear the cost to society for their pollution (Gowdy in Becker & Jahn [ed] 1999). What are the key assumptions of this paradigm of Sustainable Development and what are its central elements?



- the satisfaction of basic needs, with the focus on the poorest elements of a specific population
- self-reliance, or utilization of local materials and human resources
- environmental compatibility and the conservation and protection of the environment as the basis for economic development (Glaeser 1984)
- harmonization of consumption patterns
- appropriate technologies with ecologically based design
- new uses for environmental resources (eg recycling)
- formulation of ecological principles on which to base development
- participatory planning and grass-root inclusion in process and goal definition (Sachs 1987)
- the merging of environmental and economics in decision making (Brundtland 1987)

Sustainable Development is seen, or interpreted as, the process of resolving poverty and overcoming inequality in itself, one that includes poor individuals and marginalised communities, which attempts to save or conserve material resources, use less capital intensive and more labour intensive production processes, one that does not reject growth *per se* and one that integrates existing development strategies into a holistic policy of development (Glacier 1984).

## 2.10 Conclusion

The different theories of development and their philosophical or ontological and epistemological roots are related to specific ideological doctrines and are also rooted in historical fact. The spread of the science based modernisation and industrialism was in context of the main ideological systems of capitalism and socialism. Under the capitalist system, the key assumption is that the accumulation of capital required the expansion of production or “growth” as factor of investment and saving. The question which stems from this is: who acquires this surplus generated by this expanded production? Ideologically, this question relates to the distribution of power and to the elites or Schumpeter's (1911)1956 "innovating entrepreneurs". Under the communist

system this group was the bureaucratic state whose actions were as destructive, if not more so, than those solely motivated by profit under capitalism. The key issue is not the specific system, but the fact of monopoly, and where and how this surplus would be distributed and invested. The dualism structural conditions of modernisation or Globalisation is a necessary conclusion of this allocation and distribution of investments. This process has the second central aspect of the modernisation thesis of rational free choice of the individual as the means through which control of the distributive element of this paradigm is exercised. The developmental process of functional social integration is relegated to the market in which territorial or spatial integration is viewed as being of minor importance. This territorial reality is, however, experienced by the individual as the sentiment experience, in other words, as quality of life. If this definition of quality of life is dominated by development paradigms whose emphasis is measured purely in economic terms (eg GDP), then increasing deterioration of environmental integrity and quality of life is the result.

The challenge to development theorists is to effect the reformulation of development strategies to reverse/reformulate this reality (Friedman 1979; Friedman & Wolff 1982). The function of alternative development strategies from Basic Needs to Human-centred Development is then to reintegrate the territorial or sentient experience as an integral of this so-called economic function or growth. Friedman (1986) believes that we need to assimilate the production of life with the production of livelihood; and we must emphasize the qualitative over quantitative growth.

To do this means to integrate the political processes or social relations which are at present excluded from the definition and formulation of development and to clearly define the ideologies which have to gain dominance in the definition of developmental goals. The goal of all of this is to transform the socioeconomic process and bring about social regeneration in which poverty relief, inequality and environmental issues play a central role.

The Brundtland report (1987) identifies a number of issues central to the evolution of development theories. It states that "nations must move from their present, often



destructive, processes of growth and development onto sustainable development paths" (Brundtland [ed] 1987:49). The first of these issues is the revival of growth; the aim here is to do something concrete about the problem of large numbers of people living in conditions of absolute poverty. Poverty and the increasing numbers of people living in conditions of absolute poverty cause these communities to utilise the resource base to ensure survival in an environmentally destructive manner. This vicious circle of resource utilization, increasing numbers and poverty has to be broken, given that environmental stress and destruction are now becoming the norm for the majority of people living in the developing world (Schramm & Warford 1989). It is therefore necessary to revive stagnant or declining growth trends in order to tackle this issue. The aggregate annual population growth of the developing countries during the late 20<sup>th</sup> century was approximately three percent (de la Court 1990), however these are declining at the beginning of the 21st century (South Centre 1996). The levels of growth necessary to keep pace with this population increase in terms of food production and the alleviation of hunger would require annual economic growth rates of approximately five percent (Brudtland 1987, World Bank 2001). A similar rate of economic growth is required for South Africa if it is to address poverty and inequality successfully (South African Government, *Growth, Employment and Redistribution (GEAR)* 1996a).

The question, then, is: are these levels of growth attainable and what developmental process needs to be followed to achieve these levels? These growth rates were achieved during the late middle period (1960s to 1979) of the 20th century globally and in South Africa. Today, it would be extremely difficult to achieve such growth rates owing to the stagnation of the global economy (which began in the late 1970s and continued throughout the 1980s) and existing structural conditions such as: the debt crises facing most developing countries, the short-term imbalances in the world's economy, and the redefinition of the nature of national economies (ie Globalisation) --- see Reich (1992), South Centre (1996). To resolve this stagflation and regenerate the "national economies" of the developing countries, the structural, institutional, and interpretational realities facing these countries would have to somehow be "recreated" (Bowles et al 1984, Reich 1992, South Centre 1996, UNDP 2000).

It is clear, therefore, that the "growth" revival in the developing countries is of the utmost importance, because the links between economic growth, the alleviation of poverty and environmental conditions are the most directly related there. The procedural assumptions through which growth is to be achieved will have to be redefined to focus on infra structural investment in favour of poor individuals and communities who have been marginalised from the formal economy. Another issue is the development of skills as the means to initiate and achieve value-added industrial development with the specific goal of eliminating poverty and satisfying basic needs. Along with this there needs to be an increase in the size of domestic markets, rather than in the production and consumption of luxury goods for local and global elites. This would include the export of non-traditional products and the movement away from the export of primary products based on the neoliberal definition of comparative advantage.

The central theme is to recognize the imminence of limits to economic growth in ecological terms and to focus development on the alleviation of poverty and inequality (Goodland et al 1992). In other words, this process involves not only the upliftment of the "bottom", but also the lowering of the "top". This calls for both a knowledge of the consequences of alternative developmental paths and the global application of such knowledge. Development is, according to this view, a process which has to have as its central element the empowerment of the groups marginalised in terms of previous development paradigms (ie Dualism). Parallel to these linkages goes the view that development has to have as result the widening of people's options and choices to ensure sustainable livelihoods. Central to these issues is the availability of resources and the reorientation of technology and capital and infra structural investment. This includes technological innovation and application in developing countries to achieve sustainable human development. The transfer of technology from industrial countries is not always successful as it leads to the entrenchment of dualism. This means that appropriate technology needs to be devised to avoid dependency. In developing countries this means the use of smaller scale, more labour intensive methods of production that is accessible to all groups (Coetzee 1989).

In South Africa today these goals can only be achieved if an appropriate intersectoral



policy is pursued (eg Integrated Development Planning [IDP] and Local Economic Development [LED] policies and programmes) that will reorientate local or metro government to act “developmentally”. To achieve these goals, changes are needed in institutional and legal frameworks from a global level downwards (Brundtland [ed] 1987). For example, doing away with the punitive multilateral rules of trade formulated by the World Trade Organisation that disembowel individual developing countries (South Centre 1996). There is also a need to decentralise the location, control and management of these resources by and through the effective participation of citizenry at the local level. A conscious effort to facilitate free access to information and procedures concerning utilization and management of resource allocation, investment and evaluation would overcome exclusion and expropriation and would lead to the redistribution of the surpluses generated. These are elements which are central to the Sustainable Human Development paradigm (McCarney 1996, 1996a & 2000).

If development is the *process of directed change for the better*, then definitions of development embody: (1) the objectives of the process; and (2) the means of achieving these objectives (Lele 1991). Sustainable Human Development is defined as growth in the availability of specific basic goods in specific areas of need. Unfortunately, these same goals and objectives that are central to the formulation of the sustainability paradigm, are also the arguments which neoliberal theorists use in the formulation of their goals and objectives and who state that change or development is the aggregate increase in social welfare. To reiterate: the neoliberal view is that development is achieved through and measured by the increase in/of GDP and that sustainability is achieved through proactive facilitating of dualism (Beckerman 1990 & 1992). The criticism discussed earlier, for example that GDP does not indicate income distribution, or the question whether “trickle-down” actually increases social welfare (*cumulative causation* (Thirlwall 1978), applies here in the definition of objectives and procedures. Sustainable Human Development means that beneficiaries or citizenry actually gain in terms of the stated goals of the project (eg social welfare). To protect the integrity and relevance of the paradigm the definition of goals would, through necessity, have to incorporate grassroots participation even though this would not necessarily make the development agenda transparent. The concept “sustainability” evolved specifically from

the utilization of renewable resources and thus the propensity to see the term specifically in ecological terms. However, if this definition is unpacked, it focuses on "bio-physical laws or patterns that determine environmental response to human activities and human ability to use the environment" (Lele 1991:609). It can be assumed that the definition of "sustainability" has to also include the social conditions which promote or constrain this sustainability --- for example, culturally determined patterns of consumption, choice of indicator or access to basic needs to ensure survival. However, a purely localized imperative would not recognize the global issues of interdependence.

The classical interpretation of the term "sustainable human development" is that which, firstly, adds a further element to the traditional definition of developmental goals or ecological sustainability. This constitutes an dependent variable as a subset of "change". But, as stated, this would also include the dependent variable of human activity and the parameters within which this change takes place and evolves. Inherent within this paradigm of continuous change is the fact that trade-offs are necessary, both negatively and mutually reinforcing, or the recognition of plurality and the embracing of such. The central tenets of this approach, both procedurally and in goal delineation, focus specifically on the poor as this group through necessity offers the greatest threat to social stability and that development should evolve to focus on goals of attaining self-reliance by individuals and communities at risk and should be cost-effective and people centred:

sustainable (human) development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland [ed] 1987:43).

This definition, therefore, includes intergenerational equity, environmental concerns and local participation. These objectives will ensure that the Sustainable Human Development (SHD) strategy will enjoy a large and diverse support base. This support emerges from the consensus that the primary problem which faces developmental theorists is the lack of access to resources and the quality of life of those marginalised



from the formal political economy and that these problems be confronted without necessarily rejecting economic growth *per se*. However, the traditional goals of development strategies, that is, the provision of basic needs and improvement of the quality of life in developing countries are compatible with the goals of Sustainable Human Development; and that the achievement of sustainability is a necessary condition to achieve traditional developmental goals of economic growth on a permanent basis. Given the fact of cultural diversity and the heterogenous nature of the human condition, local or grassroots participation is the only means of defining the goals and procedures that would be appropriate within specific contexts if the macro framework of regulated or growth directed at poverty relief and the achievement of equity is accepted. If these elements are incorporated into this paradigm, then it (ie the paradigm of growth directed at poverty relief) would unite the industrialist, subsistence farmer and those for whom equity is of paramount importance, no matter that all three groups may be of opposing political factions.

However, having said all this, the optimism with which the Sustainable Human Development paradigm is viewed cannot be accepted unequivocally. The structural ambiguity of Sustainable Human Development means that it lacks specific concepts, criteria and policies, both in macro and micro terms. Consequently, the hypothesis has failed to bring about the structural transformation necessary for successful implementation (Cheru 1992). Three main weaknesses in the traditional interpretation of the sustainable paradigm have been identified (Lele 1991 & 1995). The first of these is the structural link that is assumed to exist between poverty and environmental degradation. In fact, it is simplistic to assume a causation relationship between these two realities. The reasons for both poverty and environmental degradation are complex, and at this stage research into these causes has identified a myriad of causation factors (including, for example, the dualism inherent in modernisation development strategies).

The second weakness in the traditional interpretation of the sustainability paradigm is the fact that the transformation of traditional societies to industrialised societies and the concurrent patterns of consumption do not necessarily lead to sustainability and equity. The analysis of causation realities has to be analysed in depth before the linkage

between poverty, inequality and environmental degradation can be taken as a given. The identification of independent/dependent variables and indicators and the ascription of causality on which to base strategies and procedures is similar to the problems of identifying indicators and causality within the growth and needs strategies. Finally, the linkages between sustainability and grassroots or popular participation are not explicit. The question of what forms or structures of participation will lead to the achievement of sustainability has not been answered. For example, that the proposed ward committee system as a procedure to facilitate popular participation and bring about consensus about developmental goals and objectives in South African cities and metros, will in fact do so. The importance of participation in procedural and goal definition in order to achieve sustainability, however, cannot be denied. Analysis into the precise procedural requirements needed to ensure the institutional viability of the sustainable paradigm is also of primary importance: for example, the reorientation of local government to act as developmental agent and the importance of Public-Private partnerships to initiate local economic development (Bennet & Krebs 1991).

The theories of development that historically preceded the sustainability paradigm, that is, modernisation and basic needs, both regarded economic growth as the only feasible way to achieve equality and equity. Sustainable Human Development also identifies economic growth as a central element to achieving these objectives and goals. The problem then remains: what guarantees are there that this paradigm can deliver what previous theories of development so obviously failed to deliver? The sustainable paradigm does, however, identify one means to ensure that the quality of growth is relevant to the sustainability goals in terms of the environmental impact coefficient (EIC). The EIC would act as an independent measure to address the question of inequality and poverty based on the assessment and achievement of employment creation, environmental restoration, rural development and the environmental degradation brought about by the achievement of these objectives.

Lele (1991) asks the questions: What is to be sustained? For whom? For how long? If, as previously stated, the strength of the paradigm lies in the fact that it could create consensus about developmental goals amongst polarised groups, the opposite could



also be true --- in other words, polarisation and confrontation could escalate. Lele states that to avoid this situation the analysis of the socioeconomic and social (political) relations and the related institutional form and structure of, for example local government, needs to form part of the process and in this way cultural and ideologically diverse goals and objectives can be legitimated. This means that local participation has to play a central role in the definition of developmental goals, implementation procedures and institutional form and structure. In short, the basis of decision making has to be decentralised to the local or metro level. It is clear that, although the Sustainable Human Development paradigm has structural and content problems, it does offer the best route to achieve the transformation goals and objectives in South Africa today. The objectives of this transformation project is the achievement of political and cultural consensus and tolerance and the elimination or reduction of structural poverty and inequality.

The clearest normative definition of the Sustainable Human Development paradigm has been presented by the United Nations Development Programme (2000), *Transformation for Human Development: South Africa 2000*, with primary author and coordinator Professor V Taylor (Department of Social Development, University of Cape Town). The primary actors in this report are civil society and the relevant public sector institutions in what Taylor calls civil-public partnerships based on the reform of private and public sectors institutions, constitutional goals and objectives, and other partnerships between labour, business and government (eg NEDLAC and the value and goals embedded in the *Redistribution and Development Programme* ([RDP]1994)). As previously stated, the basis for this development paradigm is, to quote UNDP (2000:vi), "Sustainable Human Development is about the transformation to promote the interests of all, especially the most marginalised and the poorest members of society". This is to be achieved through the expansion and institutionalisation of multi-party democracy, state and institutional reform, expanded delivery of social services, job creation, poverty alleviation, economic growth and concurrent transfer of socioeconomic power to the marginalised and impoverished. These objectives and goals are expressed in the RDP (South African Government 1994) as:

- create productive employment opportunities for all citizens at a living wage
- alleviate poverty, low wages and extreme inequalities in wages and wealth
- meeting basic needs, increasing standards of living and ensuring economic security
- empower the oppressed and historically marginalised and democratisise the economy
- remove racial and gender discrimination in the workplace
- develop a balanced and growth orientated regional economy based on principle of mutual benefit and equity

The view is stated that this form of development is not an option, given that social and political stability and economic growth are nothing less than imperatives. SHD is seen as increasing the choices open for citizenry and as consequence raise levels of well being or;

... holistic integrated approach in which economic and political forces continually interact with one another in dynamic and diverse ways to improve the lives of and opportunities available to the poorest people, ... (F)or South Africa, SHD implies a rapid process of redress, social reconciliation, nation building and economic growth with equity, alongside the sustainable utilisation of natural resources (UNDP 2000:ix)

This definition of SHD warns against the choice of conventional economic indicators, for example GDP, as the basis for policy formation and intervention strategies, because these indicators depoliticise and dissocialise the interaction between human activity and the formal economy. The basis of the SHD approach is to develop indicators that not only measure aggregate and universal measures of well-being, but also measure structural and institutional changes in relation to human social conditions and transformation. For example, policies and strategies that deal with access to basic needs, and delivery vehicles (local and metro government) that espouse a different set



of values, standards, attitudes and behaviours. The proponents of this theoretical model for development suggest that this will take away some of the power of global and local private sector organisations and effect a change in the global market economy that will, in turn, alleviate social inequality. This reality is seen in the fact of the;

... collapse or decay of the three main development models that held sway for most of the (20th) century...., and lack of an appropriate model that, theoretically, privileged human development over pure economic growth... has severely constrained government in its search for a development path,.... the perception was that, in the current phase of Globalisation, an economy stricken with weakness has no choice but to bend visibly to market sentiments if it is to avoid chronic instability (UNDP 2000: xi-xii)

This development programme obviously poses a serious challenge to the mainstream economic development programmes (ie Globalisation), with its primary focus on the analysis of historic political and economic arrangements that are the basis of the present social system (both local and global). However, it is the transformation of the global system that creates the new modes of engagement between civil society, state and business sector. It is these constraints and the power of international and local business that set the pace of change in a market economy and the ability of government institutions to reduce poverty and social inequality. It is in this way that the SHD paradigm has to confront both issues at local and global level to achieve the goals of reducing poverty and socioeconomic inequality.

In the introduction to this chapter I indicated that the idea of development studies as a distinct body of knowledge is challenged by specific theoreticians; for example — Edwards, M. 1989: The irrelevance of development studies, in *The Third World Quarterly*, Vol 2, pp120-148), and also from different theoretical perspectives. I will briefly discuss these but will not go into great depth as the developmental debate around these issues in South Africa does not focus primarily on these theoretical positions which refute the legitimacy of the notion of development studies as a body of

knowledge. Indeed, the opposite is true, for example the centrality of the notion of “developmental local government” and the search for “global competitiveness” which is pervasive element throughout the new South African constitution, white papers, policy documents and discussion papers dealing with these issues. This could be an area for further investigation in followup research projects.

Edwards (1989) believes that the developmental literature’s fundamental flaw lies in the fact that it considers people, or the subject of developmental debates, as objects. And that this fact creates a unbridgeable gulf between researcher and research object and between understanding and action, amongst others. Edwards treats all developmental scholars, Marxist or otherwise, in this fashion. He states;

In much current development work, the advice we put forward cannot be used locally because it is manufactured under completely different circumstances. The only way to ensure its relevance is by fostering the participation of poor people in identifying their own problems, priorities and solutions (Edwards 1989:125).

This view on development, however does not negate the worth of this body of knowledge in the view of the researcher, nor prove his contention of the “irrelevance of development studies”. The definition of SHD is based on the theoretical focus which believes that the object of development is the poor and marginalised individual or community. Thus the “fostering of poor people in identifying their own problems, priorities and solutions”. This approach will be discussed in greater detail in the analysis of the position of Department of Provincial and Local Government’s (DPLG) theoretical definition of development in relation to local economic development (LED).

The theoretical positions which challenge the relevance of development studies are primarily subsumed under the banners of the postcolonial and postmodern debates on social change. The latter of the two theoretical positions is based on the idea that change is best understood as:



... a series of local struggles and initiatives which build upon the wisdom and resources of local people, ... a populism, .... (which rejects - *authors insert*) the effort to normalise the Other (Booth 1994:90-91).

In terms of this theoretical position development is understood to be a prescription for the so called Other, and the Other is understood to be the poor and those marginalised from the global economy. What is called for by the adherents of this theoretical position is that the poor and marginalised need to be freed from the exploitation and domination by the rich and developed of the world who utilise systems of knowledge to this end, for example language or development studies. This means that postmodernist's call for a rejection of all universal theories or projects, for example sustainable human development. This quest for alternative knowledge systems or views of science produced by 'indigenous epistemologist' based on local cultural and environmental interactions are captured by Harding (1991) in Braidotti (1999:78-79) as;

- the deconstruction of the universalistic pretence of the Western discourse of science
- supporting coalitions between feminists, environmentalists and development planners
- criticising the Eurocentric bias of both feminism and science practices
- challenging the practice and power structures of science and technology
- learning from postcolonial, black and indigenous epistemologist, in a sort of 'rainbow politics' of knowledge

This reveals the convergence between the postcolonial deconstruction of the Other and the undermining of the traditional Western knowledge systems.

The postcolonial debate can therefore be seen as a variation on this postmodern debate. Postcolonial theorists believe that all western knowledge systems are directed to the representation of the Other. In this representation it allows and facilitates local structures of colonialism and neocolonialism (Said 1979). This theoretical position sees the notion of a "development studies" as central to the neocolonial agenda.

Development is defined as being a subset of the notion of progress based on western models. Key questions associated with the postmodern/postcolonial debates would be: What is development? Who is it for? Who directs it? In this way both theoretical positions are concerned with local politics and issues of poverty. The criticism is primarily against the universalising assumptions of the mainstream developmental theories — modernisation, globalisation, sustainable development. From this perspective those most marginalised, for example women, indigenous communities and the disabled, have to be encouraged to speak out for themselves. In the view of the researcher the postcolonial theoretical perspective is an element of the sustainable human development paradigm. However its rejection of the mainstream body of development studies, ie any conformity within the developmental or globalizing projects, marginalise and negates any impact or contribution it could make in addressing the issues of structural poverty and marginalisation from the formal economy (Booth 1994; Hoogeveldt 1997; Roberts & Hits 2000).



## Chapter 3

### Local Government as Development Agent and Local Economic Development

#### 3.1 Introduction

In this chapter I shall focus on the third sphere of formal government in South Africa, that is, local government (metropolitan or municipal), and on the idea of local government as a “development agent” in relation to Local Economic Development. The discussion in previous chapter; Chapter 2: Development theory and Sustainable Human Development, will inform the discussion on Local Economic Development (LED) and the role of Local Government (LG) in the attainment of Sustainable Human Development (SHD). The importance and the role of local government in achieving the goals of the socio-economic reconstruction project in South Africa and the specific goals of addressing inequality and structural poverty will be highlighted. In context of this discussion I will define three main themes which identify the key areas that are to be investigated. The three areas to be investigated are;

- Development theory: Globalisation/Global competitiveness and Sustainable Human Development
- Local government (LG) and Civil Society: civil participation and LED
- Globalisation and LED policies as defined by local government and the content of the Local Economy of the Urban Poor.

The discussion of the three themes and the questions raised will form the basis for the construction of the research tool; ie semi-structured questionnaire, which will be made up of approximately thirty questions. The research tool will be applied to the “decision-makers” at local government level, specifically at metro or large “BUlarge “BUlarge “B” municipa

Decision-makers are defined as executive implementers, who are positioned in the local government bureaucracies to affect the theoretical frameworks, strategic direction, implementation and the evaluator structures and mechanisms in relation to the definition and implementation of LED and the role of LG as developmental agent. The

theoretical, constitutional, legislative and related policy definition of LED as identified by the national Department of Provincial and Local Government (DPLG) will also be investigated. This point of view held by DPLG will be compared with that held by the decision-makers at LG level and on the basis of this comparison inference will be made about the role of local government as developmental agent, possible success in the achievement of SHD and addressing inequality and poverty. In the investigation of the third theme, possible solutions to addressing inequality and poverty in relation to SHD, eg utilisation of land zoning and “use” regulations as basis for the stimulation of economic activity, will be introduced to the various respondents to the questionnaire on the basis of economic activity profiles within the specific metro or “B” municipality area.

To achieve these goals and objectives I will first identify and discuss the historic basis of the physical congregation of large groups of people; the process of urbanisation. Secondly, I will discuss the development of, and the normative orientation of particular stages or phases of local government internationally and in South Africa. The particular progression of local government structures and institutions in South Africa will be discussed in greater detail in relation to the constitutional, legislative and related policy documents which are relevant to these phases of local government. The role of local government as developmental within the context of LED will be defined and evaluated in terms of the relevant theoretical, constitutional, legislative and policy documents dealing with this issue. This discussion will be backed up with an interview with the Director-General, Department of Provincial and Local Government (DPLG), whose task it is to deal specifically with the notion of “developmental local government” and the definition and formulation and implementation of “Local Economic Development” (LED), (see Chapter 4; analysis theme 1).

The definition and discussion of the three themes which constitute the research tool will be defined with specific references to, first, the normative and theoretical orientation of metro or local government in relation to the term “development” (see Chapter 2). The second theme will focus on the nature, role and form of civil society in the definition of “development” in relation to LED and SHD and the definition of intervention policies and strategies in relation to this developmental role of local government. The third theme



will investigate the role of socio-demographic information in developmental processes and policy formation; this third theme also includes how socio-demographic information influences our understanding of the impact of globalized production on the layout plans, land use and regulatory frameworks in South Africa today. This discussion will form the basis of the introduction of a possible model for economic activity based on the theoretical ideas of the “flexible specialisation” or the post-Fordist model for the institutional and spatial organisation of economic activity (Watson 1996, Finnemore 1999). These three themes will form the basis of the questionnaire to be undertaken in the selected metro and “B” municipalities; as stated, the purpose of this questionnaire is to assess decision-makers (in the metros or municipalities) understanding of the above themes.

The overall objective of this chapter is to define and investigate the nature, evolution and content of the role of local or metro government with special reference to “Developmental Local Government” (DLG) in South Africa. Urban and local government research are applicable to the following areas of concern: urban governance; the urban environment; sustainability; poverty; and the economics and finance of the city. However, the overall framework of this thesis, and the lens through which local government studies and research are being viewed, is that of “Globalisation”. In chapter 2, I identified and discussed different normative frameworks for development (eg Globalisation and Sustainable Human Development). In this chapter, I shall be examining whether and how cities and city governance can manage “change” and bring about development. To answer these questions we firstly have to locate when, and why, the process of physical congregation or “urbanisation” took place. Once we have established the historical process and urban problems that go hand in hand with this demographic, spatial and territorial congregation, we can get some understanding of the need for specific structures of socioeconomic and political management (eg the developmental form and focus of municipal or local government in South Africa today). Then we can define and analyse constitutional, legislative and expert opinions to gain an understanding of the theoretical and applied notion of Developmental Local Government (DLG). The term “development” has been shown to be a contested term, and that this is also true for “development” in this sphere of government. It is essential

that we understand the way key role players (eg the Department of Provincial and Local Government [DPLG]) and the decision-makers/executive implementers at local government level define “development”, and how they go about formulating strategies and goals to implement what they understand by “development”. Finally, we will attempt to formulate an ideal image of what DLG is, who is responsible for this process and what goals and objectives it should strive for. It is perhaps worth pointing out here that DLG could be the most important element of reconstruction facing South Africa today.

### **3.2 Historical process of urbanisation**

The congregation of large groups of people living together in a specific territorial area is, of course, not a new phenomenon. What is new are the circumstances and the environment within which individuals and communities carry out and attempt to achieve their life goals. To understand this environment and the developmental response from national, regional and local government, we have to ask a number of key questions; the answers to these questions will then give us a basis from which to formulate an understanding of DLG. The first of these questions is: what historical, political and socioeconomic forces created the contemporary South African city? Secondly; what statistical realities underpin this present situation and what do these statistics tell us? South Africa's spatial and socioeconomic characteristics were fairly consistent until approximately 1850.

Prior to this date the livelihoods and interactions of the majority of South Africans (of all cultural and ethnic groups) were mainly based on subsistence agriculture and the limited export of agricultural produce (mercantilist capitalism). People lived in isolated rural farming communities which were linked to larger settlements that serviced and acted as local or regional political, legal and commercial centres. However, the links between these communities and settlements were obviously very different from the those of today's industrial capitalist urban centres. Traditional societies were built around links and ties based on emotional and kinship interrelationships. People were relatively self-sufficient and lived off what they produced from the land. This self-sufficiency was based on cooperation and support from family and kinship groups and



on local and regional ties (although, in some instances, international trade and political ties also played a role). In the middle of the 19th century, however, traditional societies in South Africa underwent a radical transformation as a result of changes in the modes of production and the introduction of the industrial capitalist system of socioeconomic organisation (on which the capitalist urbanised lifestyle of the 20th and 21st century depends). To understand these changes we need to have a brief look at the development of human society and the world economy (Swilling 1997, Coetzee et al 2001). Johnston (1980), in *City and society: an outline for urban geography*, defines five stages in the evolution of society: reciprocity, rank distribution, money-exchange, mercantilism and capitalism (industrial and late [Globalisation]).

Table 3.1 Stages in the evolution of human society

Source: Johnston (1980)

Stage number	Stage	Approximate time period
1	Reciprocal societies	up to 10 000 BC
2	Rank distribution	10 000 to 3 500 BC
3	Money-exchange system	up to 1 400 AD
4	Mercantile societies	1492 to 1800
5	Capitalism: industrial and late (Globalisation)	1850 to date

Reciprocal societies were the first small communities of hunter-gatherers. The social structure in these communities was communal and egalitarian and exchange was based on reciprocity; these forms of society are considered pre-urban. When these types of societies started to produce a surplus (as did the agrarian and pastoral societies), and this surplus was stored for later use, the egalitarian nature of human society changed. This resulted in the emergence of the first forms of social stratification or the rank- based distribution of resources. This form of society, rank-distribution, is synonymous with the beginning of larger territorial conglomeration of communities ---

in other words, urbanisation. The natural off-shoot of the ranking within societies in relation to power and access to resources (eg military or religious ranking systems), was an increase in trade as the basis for economic and territorial growth. This system of trading required a system of exchange different from that of rank-distribution or reciprocity and was the basis for the money-exchange system. The introduction of the money-exchange system made it easier for elites to exploit positions of rank and power and, consequently, socioeconomic divisions became more entrenched and more visible. Global urbanisation and the emergence of a world or global economy are rooted in the fourth and fifth stages of this sequence. The fourth stage, that is, the mercantilist phase, was the expansion of trade and trade linkages and a system of cooperation between traditional landowners (holders of surplus capital) and the new emerging merchant classes.

One of the primary consequences of the development of this mercantilist system was colonialism. The core structure and function of colonialism was the long distance trading expeditions and the transoceanic expansion of local capitalism. In the new colonies the trading patterns changed the urban system to facilitate capitalist exploitation; a gateway coastal-linear settlement pattern thus emerged. These new urbanisation patterns are interpreted as a process of economic growth and development (ie modernisation and trickle-down), but to others it represented exploitation and dependency, and the emergence of the world or global economic system. This is the basis of independent/dependent development and interdependent urbanisation. The final stage, capitalism, both industrial and late (Globalisation), is of primary importance to this study owing to the increase in employment and production related to the factory system and the reformulation of the "new" urban structures and institutions.

These global changes in production and urbanisation paralleled what was happening in South Africa. These changes in and during the "capitalist" stages were introduced and brought about by the discovery and commercial exploitation of gold and diamonds in what is now the Free State and Gauteng. The ultimate consequence of these socioeconomic transformations was the change in the definition and functioning of



socio-economic and emotional relationships and associated institutions and organisations. These economic and social institutions and systems were no longer based on subsistence agriculture, or on early mercantilist and colonialist industrial economies (ie the production of primary goods and services in agricultural and mining with limited manufacturing and industrial production). Instead, the new economic systems were based on the seeking of, and the maximisation of, profit. There was also a new relationship between capital and labour -- one that was based on the buying and selling of labour.

One of the primary consequences of this new economic order was the physical congregation of large groups of people seeking work and seeking to become part of the new emergent urban centres. This led to the reconstitution of social organisation and institutions; the purpose of these institutions now was to facilitate and manage the new global economic and urbanisation processes (eg municipalities). Central to this was the breakup of the extended and communal family, and the fragmentation of kinship groups. The socioeconomic organisations and institutions associated with these traditional groups also disappeared. They were replaced by a system in which the individual's ability to make rational economic decisions was associated with the so-called nuclear family and the new institutional and organisational systems based on Durkheim's notion of the division of labour (Swilling 1997, Cunningham et al 1998, Coetzee et al 2001). These new systems replaced the traditional basis of social cohesion. As a result, extended families became functionally separated; the migration of individuals from the rural areas to the newly established or expanded urban centres was based on the perception that these urban centres contained new economic and social opportunities and concurrent decrease of opportunity in the rural areas. There were two main reasons for this spatial congregation: the need for labour to fuel these new production processes (which attracted people to the newly developing cities) and the disappearance of economic opportunity in the subsistence agriculture systems. There are a number of other variables (eg the political priorities of imperialism and colonialism); but the thing to note here is that the emergence of the industrial capitalist system as a global phenomenon resulted in specific territorial and socioeconomic changes.

In South Africa, the emergence of the industrial capitalist system was not a uniform process for the various ethnic and racial groups, simply because the European colonialists, for example the British settlers, held most of the political and economic power. The racial organisation of land ownership patterns and ownership of the means of production resulted in specific forms of urban development. These patterns still exist today: the shrinking of economic opportunities in the rural areas means ever increasing numbers of people trying to move to, and find work in, the urban centres. Parallel to this was the Apartheid governments' developmental strategies of separate development, which functioned to keep black South Africans out of the cities and confined to the rural and designated "homeland" areas. The socioeconomic and political confrontations dating from the 1950s to the late 1970s resulted in the collapse of "influx control" (which was specifically designed to keep black South Africans out of urban areas) and related legislation. This, in turn, led to increasing numbers of people converging on the urban centres during the 1980s up to the present. This movement obviously places great pressure on the financial and physical resources of the urban areas. In South Africa it is believed that the three "non-black South African" groups (whites, coloureds and Indians), are close to their maximum level of urbanisation, but that "black" South Africans are far below the levels of urbanisation of other groups and can be expected to show relatively high levels of increasing urbanisation in the future.

It is believed that, South Africa's total population in 2000 is 46,5 million people; this figure will rise to 59,7 million by 2010, of whom 48,5 million will be "black" South Africans, or the group with the highest levels of new urban citizenry (Swilling in Reddy 1996:18). At present, overall levels of urbanisation are at approximately 69% and this is expected to raise to approximately 79% by 2010. In other words, by the year 2010, 47,76 million people will live in the urban centres. 75% of this urban population will be living in the five major metropolitan agglomerations and the large so-called "B" municipalities: Gauteng-Ekurhuleni-Tswane (Johannesburg-East Rand-Pretoria, Ikapi (Greater Cape Town), Thekwini (Durban Functional Region), NelsonMandela Metro (Port Elisabeth), Buffalo (East London), SolPlaatjie (Kimberley), Mbombela (Nelspruit), Msunduzi (Pietermaritzburg), Mangaung (Bloemfontein) and Polokwane (Pietersburg) which will collectively also be responsible for 75% of the GDP (Swilling in Reddy



1996:18). Central to the problems faced by the metro and other urban areas are: inefficient land use; long journeys to work; unequal access to resources; distribution of poor citizenry to urban peripheries in both formal and squatter settlements; overcrowding; lack of basic needs and services; unemployment; and environmental degradation.

These problems will be worsened by the rapid urbanisation of “black” South Africans, because the majority of the new urbanised citizenry will consist of individuals and groups from the “rural” areas who have moved to urban areas in the belief that these areas give them better opportunities for gaining access to resources. The naturally high fertility rates in these areas (which are associated with poverty and large-scale social transformation) will further exacerbate the situation. Increasing levels of poverty and poor living conditions in the urban periphery and slum areas will constrain the ability of South African cities and metros to deal effectively with the developmental problems of inequality and poverty. The role of development planning and implementation, and the task facing local councillors and metro government officials (as the managers of this process) will therefore include resolving the existing problems and dealing with increasing pressure on physical resources and structures as the numbers of people in the urban areas increase.

### **3.3 Urban problems and the Third World City (South Africa)**

The primary focus in urban development in South Africa is delivery of affordable housing. Base documents which address the developmental aspects of urban management (eg the *Reconstruction and Development Programme* (RDP) [1994]), however, stress that environmental concerns and issues have to be included and protected and that this process of environmental protection has to be an integral part of the development process. For example, issues such as air pollution, water pollution and waste management cannot be excluded from the delivery of affordable housing and, therefore, Local Development Planning. Empirical research indicates that the backlog in housing as of May 2000 stood at approximately three million housing units in South Africa (South African Year Book 2000/1) and the physical manifestations of

this are the expanding informal settlements on the urban peripheries and the increased level of homeless and degradation in urban city centres. There are, however, many other issues that are just as problematic: job creation, public safety, food costs, living space, communication, education, public health, traffic flow, clean air, land availability and use, streets, water, sewerage, electricity, roads, storm-water drainage, need for green spaces, costing of service provision and service charges for users, township proclamation, control mechanisms, regulations and legislation (Gelderblom & Kok 1994, South African Yearbook 2000/2001, UNDP 2000, Coetzee et al 2001). These are just some of the factors which have to be addressed under the collective title of Local Economic Development (LED).

It is the role of the national government and, specifically, the national Department of Provincial and Local Government (DPLG) and the local councils to give guidance to the professional town planners, development planners, local business groups and residents associations and greater civil society to ensure that a proper framework is established. It is also the duty of national and local government to ensure that appropriate policies and implementation strategies are developed so that all groups can achieve their goals without undue conflict. Within this framework the following quote from the then Minister for Provincial Affairs and Constitutional Development defines the relationship between the different spheres of government:

I would like to suggest that the core function of local government can only be understood as part of the functioning of the state and of the system of government set out in the constitution. Local government must be seen as one of the spheres of government, but within a broader framework of co-operative governance, and the practical significance of co-operative governance must be precisely identified (Moosa in Atkinson & Reitzes [ed] 1998:x) .

The basis of these problems which, collectively, we can refer to as under- or undevelopment, is that the economic base and levels of employment in South African cities and metros are inadequate for coping with population growth and associated



problems. The “core functioning of local government” and the new relationships based on “co-operative governance” have been formulated to address this underdevelopment.

However, present and expected growth rates in employment levels are not, by themselves, sufficient to act as the sole mechanism in the resolution of under- or undevelopment. Combined with this are the structural shortage of services and the problems of overcrowding, both of which lead to cities being unable to provide services to its residents, and to a situation where residents cannot afford those services that are available. For example, it is the poorest who suffer the most, because land rents and costs are pushed up to the point that the poor cannot afford anything that remotely resembles decent housing. This results in inadequate and substandard housing and appalling living conditions for the majority of poor urban citizenry. These groups lack access to basic human needs (eg sewage systems, water, telephone and communications, electricity, garbage disposal, education, health care and recreational systems and facilities). These problems are primarily, but not exclusively, found or located in squatter and slum settlements and those which are not fully integrated, socially or economically, into the urban structure. These problems are also found in the slum areas, or those older urban areas characterised by decayed housing and that have deteriorated to the extent that they are under serviced, overcrowded and seriously dilapidated; these areas are normally located on valuable land adjacent to central business districts. Squatter settlements are made up of informal, or makeshift, dwellings erected with, or without, official permission (land owned by other parties). These are usually located on the urban periphery, and can be seen as “new” areas created by their inhabitants in an attempt to protect themselves and to mobilise their minimal resources. Conditions in these settlements are characterised by minimum standards and uncontrolled construction. These areas lack essential services such as sewage, water, lighting and experience related health and socioeconomic problems (UNDP 1997, South African Regional Institute for Policy Studies 1998, Cunningham et al 1998, UNDP 2000).

A further set of problems that is characteristic of under- or undevelopment living conditions of poor citizens are travel and transport problems. This problem has serious

socioeconomic and environmental consequences: urban areas are being brought to a standstill which, in turn, results in a serious waste of resources (eg time, energy, fuel etc). Furthermore, these conditions have a detrimental impact on the productivity of cities' resource and economic base which, in turn, has a detrimental effect on growth, job creation and employment levels. These structural and living conditions are related to the issues of crime and an overall decline in social mores. Antisocial attitudes develop and become the norm as more and more people compete for space and services. As a result, crime escalates, littering is commonplace, as is the despoiling of public and private property, a disregard for traffic regulations and the disregard for the rights of fellow citizens.

Levels of underdevelopment and unemployment are viewed as the most serious of urban problems since these, and almost everything else discussed in relation to the standards of living in urban areas, are connected to the city's "economic health". Unemployment, antisocial attitudes, abuse and/or criminality are mainly found amongst specific categories of urban citizenry (eg youth, older workers, women, specific racial groups and unskilled workers in general [dualism]). Combined with this is the incidence of the high population growth amongst marginalised groups within the urban environment and the fact that a huge proportion of this population are young or in the early employment period of (ie between 15 to 30 years' old). This obviously creates a tremendous strain on real and potential job markets; unemployment rates are identified as being between 30 and 40 percent and rising in the main metropolitan and urban areas of South Africa. Many youth are forced to accept jobs below their capabilities and are then so called "underemployed". Others are forced into self-employment in the informal sector and make a marginal existence with no support or access to social welfare systems. Health problems are exacerbated by endemic malnutrition which is the inevitable consequence of under- or unemployment. Affiliated to these problems are racial and social issues of high regional levels of unemployment and of illegal immigrants (from within the greater South African Development Region) who attempt to gain access to resources in the urban areas. This additional influx of human beings into the urban centres places yet a further strain on urban resources and breeds resentment and conflict with local communities or groups (ie the urban poor). The



consequences and condition associated with “apartheid” urban planning has resulted in racial polarisation and tensions. This is because access to urban land and services is still seen to be racially defined. Also, class differences in income and characteristics such as literacy and education levels and the socially ascribed roles of men and women play important roles in the life chances of individuals and communities. The environmental degradation caused by structural poverty and the survival strategies of the urban poor (eg air and water pollution, excessive noise levels, visual blight and inequality) are serious consequences of overcrowding and inappropriate development planning (UNDP 1997, Cunningham et al 1998, Plummer 1999, UNDP 2000, South African Year Book 2000/2001, Bond 2000 & 2001, Palmer 2001, Mabin 2001, Coetzee et al 2001).

In the face of issues such as unemployment, housing and health related problems, the issues of environmental problems are often ignored. The loss of agriculture land due to the sprawl of the peripheries of urban areas is another serious problem. The ability of people to feed themselves is crucial to health issues and the cost of urban living. Once lost, prime agricultural land cannot be replaced. The theoretical notion and practical application of “development” is a critical factor in any attempt, by the urban development professional and metro bureaucrat, to deal with the magnitude of the task facing them. Traditionally, municipal institutions and governments are organised in a way that encourages them to be inward looking and bureaucratic. Consequently, the organisation and integration of these municipal structures are ill-suited to deal with the pressures on the urban infrastructure referred to earlier on and the problems associated with poverty and under- and undevelopment. The need to finance public services and allocate funds to resolve competing problems, as it were, makes the development of comprehensive urban plans and the clear understanding of Local Economic Development nothing less than essential. If these theoretical and applied assumptions in context of “development” are not clearly resolved, the conflict over spending priorities and objectives will result in ineffective administration and nondevelopment.

Local town councils and metros, both of which are faced with diminishing revenues and higher costs (ie to provide services) have to make painful choices. These choices in

themselves could exacerbate, rather than decrease, social instability, simply because local government will be unable to meet everybody's expectations. Education, health, fire, police, and sanitation services all need to be reorganised if service delivery is to be effective and efficient. The reality of competing and conflicting jurisdictional and political goals necessitates the careful articulation of strategic urban planning and understanding of the term "Local Economic Development". The priorities of any planning proposals should be dictated by the theoretical bases of programmes of action, for example, the *Reconstruction and Development Programme* (1994). The national departments dealing specifically with metro and local government issues (eg the Department of Provincial and Local Government [DPLG]) and the decision-makers at metro and local government levels need to reach consensus about the theoretical or normative paradigms from which the issues of competing basic human needs and economic growth will be tackled. This consensus about normative principles, implementation strategies and evaluation mechanism's should form the basis of the core functions of local government and cooperative governance. This means that the economic situation of stagnation and/or no economic growth, has to be seen as important priority otherwise the economic basis of cities will stagnate or shrink. This would result in the increase of the already critical tensions in, for example health, education and service provision and unemployment (Bond 2000 & 2001, Palmer 2001, Mabin 2001).

The strategic basis and cooperative relationships needed to achieve economic growth will have to be conceptualised in relation to global economic restructuring (Globalisation) and all urban structures and economies will have to adjust to these changes in the global economy. These structural changes and conditions in the global economy are related to the Globalisation of the processes of production and labour, the transience of FDI and the mobility of capital and skills (Daniels & Lever [ed] 1996, Michie & Grieve-Smith [ed] 1999, Roberts & Hites [ed] 2000). This brings about a situation where different ideological frameworks and cultural structures and communities are brought into contact and competition with one another. This competition between different groups is no longer a local and national phenomenon, but a global one. This means that decisions made in the developed capitalist and



technological centres of the world impact on less-developed urban centres and thus, in turn, influence social, work, and environmental issues (Swilling 1997 & 1998, Martin & Schuman 1997, UNDP 1997, Borja & Castells 1997, McCarney 2000, UNDP 2000, Bond 2000, 2001 & 2001a, Coetzee et al 2001, Mabin 2001).

All the problems referred to above are just a brief summary of the conditions that developmental professionals at the local level have to be aware of; the point of note here is how urban problems are interrelated with the political and socioeconomic environment. It is also the basis for how you can possibly resolve these problems and avoid or limit the negative consequences of the implementation of local economic development plans.

### **3.4 Development Planning and related Legislative Frameworks**

The most fundamental level at which town planning and development strategies operate is that which is concerned with the quality of the urban environment and how it is experienced by large sections of South African urban population. The central element of town planning and development strategies is the physical layout plan of the urban environment. A layout plan is a geometrical design based on roadworks, public spaces, block alignments, erf subdivisions and future residential and industrial development. This “plan” is the basis for the form, content and locations for public and private investment. The “groundwork” for/of this layout plan is the infrastructure network which makes up the central subdivisions of the layout plan and the design and standard of, for example, the water supply, sanitation, road structure, stormwater disposal, energy supply, public lighting, solid waste removal and communication networks. These are established and regulated in accordance with a set and systems of rules and regulation called the town and land use planning scheme and regulations.

The starting point of development planning and LED, which are based on these layout plans, is to formulate a set of normative definitions for planning and evaluating the quality and performance of the urban environment. These normative definitions then form the theoretical basis in terms of which the developmental plan is constructed. As

the discussion in Chapter 2 made clear, the term “development” is a contested term and the normative definitions underlying development will, therefore, also be contested. These contested definitions form the basis of different sets of norms and values which themselves represent different interpretations of what constitutes development and its supporting intervention strategies, legislative frameworks and physical infrastructure systems. The formulation of development or layout plans if seen in this way is, therefore, a process based on individual and collective actions (both formal and informal) which result in, for example, the building of a road network or communication systems. The purpose of these “actions” is to create a spatial framework within which collective and individual investment can be made over time, the overall context being the development of the entire metro region in mind.

Historically, this layout plan has been viewed as a prescriptive code which reflects normative and regulatory realities (eg the racially segregate apartheid city based on the goals of “separate development”). In terms of the new normative approach in the context of the developmental role to be played by metro governments, in future, this layout plan, by definition, is going to be a facilitatory mechanism rather than a prescriptive code. This new approach to layout plans and associated development planning is not, in essence, about what physical infrastructure is to be provided, but about the process in which the forms and levels of participation by all stakeholders are negotiated. It is also about infrastructural development and how it is organised and the financial implications for individual and/or communities who are central to this process (South African Constitution 1996; Atkinson & Reitzes [ed] 1998; Zybrand 1998; van Zyl 2003).

The key issue in this research project that will be dealt with is the normative concerns or theoretical framework which is/are going to be the basis of the layout and network plans to be formulated by local government decision-makers as “development agent” and in achieving LED. These theoretical frameworks are also central to the “framework of co-operative governance,... and that the practical significance of co-operative governance must be precisely identified (Moosa in Atkinson & Reitzes 1998:x)”. These “frameworks” and “practical significance” are obviously areas of contestation in term of



which competing theoretical models form the basis. In South Africa today these normative and theoretical frameworks which underpin the notion of LED and the role of local and metro government, specifically, in this process are also contested. This research project will, however, primarily focus on the theoretical and applied understanding of the developmental decision-maker at local or metro level.

The investigation into the theoretical understanding of the framework utilised by the national DPLG is primarily to conceptualise the understanding of these decision-makers at local government and metro level. A further research project can focus on the implications for the functioning of cooperative governance and local, provincial and national government institutional functioning. In the development of theoretical paradigms dealing with “development” it can be seen that; if placed on a continuum of ideas, the two primary normative definitions of development are the emphasis on reconstruction and social equity at one end of the continuum with formal sector economic growth at the other end (although both are termed “development”). It is this contestation, and the normative framework that will gain ascendancy, that will guide the norms, standards and values to on which the specific layout and network plans for development will be formulated.

As I stated in Chapter 2, the definition of Sustainable Human Development (SHD) and the primary goals of this frameworks are the satisfaction of basic human needs and the improvement of the human condition and quality of life. SHD is also about the process of achieving this, that is, the redistribution and devolution of political and economic power. The central concern is to establish a sustainable relationship between urban settlements and their natural environments and the effective and efficient use of resources. The collective achievement of these goals would confront the issues of poverty, inequality and what is central to any understanding of the term “quality of life”, or the expansion of life choices and how people who live in the urban environment experience this environment. The basis for this experience is that the urban environment creates a unique sense of place with which the individual can associate and from within which his/her sense of identity can be formulated. If this assumption is accepted, the scale of this environment has to be formulated in terms of the individual

citizen, and levels of access have to be designed in terms of the end-user or the community. Also, economic opportunities (through the arrangement of infra structural investment) must be created with these goals in mind. This micro- focus will ensure the maximisation of choice, as the quality of the environment within which the individual experiences his/her life and the attainment of goals is facilitated/constrained by the ability to chose from as wide a range of options as possible.

The alternative set of norms and values to inform the guide or layout plans is the "growth" approach to development. This normative approach views the term development as being a subset to the concept of economic growth and claims that all the issues of poverty, inequality and quality of life can be related and resolved through job creation in the formal private sector; this approach also claims that access to jobs means access to, and the satisfaction of, basic needs. Structural dualism is both a consequence, as well as the primary motivation, for individuals and communities to strive and act rationally to facilitate this access in terms of this theoretical approach to development. The scale of intervention in this instance would be the ability of the city to compete on the global capitalist stage and attract corporate investment to facilitate growth in the formal economy.

The historical legislative framework for these normative frameworks and the associated definition of layout and network plans are the so-called Blue, Brown, Green, and Red books. These compilation of guides and standards was first formulated in 1951; the first of these was entitled *Township layout* by TB Floyd (1951). In 1976 the South African Institute of Civil Engineers and the South African Institute of Town and Regional Planners produced a new set of guidelines entitled *Guidelines on the planning and design of township roads and stormwater drainage* (1976), which were to provide a new set of rules and procedures that would form the normative and regulatory basis for cooperation between various professional, technical groups and citizenry. This was the conceptual basis of the first legislative set of guidelines produced in 1983 by the Department of Community Development; these guidelines appeared in a publication entitled *Guidelines for the provision of engineering services in residential townships*, the so-called "Blue Book". The target population of this book was the middle- and upper



class residential areas; given this, it is not surprising that this book delimited very high and consequentially expensive levels of service networks. In 1986 the Department of Development Aid produced a document entitled *Guidelines for services and amenities in developing communities*, which was known as the "Brown Book" and this was the conceptual basis for the document *Towards guidelines for services and amenities in developing communities*, or the "Green Book", in 1988. The Green Book was based on the conceptual premise of the blue book, but the standards of service networks were amended as the cost involved were prohibitive for lower-cost residential development. In 1994 the "Red Book" was released by the Engineering Services Working Group of the South African Housing Advisory Council (SAHA), entitled *Guidelines for the provision of engineering services and amenities in residential township development* (1994b). The reason for publishing the red book was that the blue and green books in effect reflected a fragmented and exclusive process. Also, if the levels of service networks needed to be combined, the blue and green books, separately, would not suffice. The red book deals with all levels of service networks and processes of upgrading (ie as funds become available).

The conceptual basis for the red book is to give communities the option to chose, or negotiate, standards of servicing and financial costs. The red book is concerned with layout planning, stormwater management, geometric road design standards, structural design of urban roads, water supply, sanitation and solid waste removal. The red book prescribes standards and regulations for layout and network plans, and these network plans are seen as a process within which the end-user (ie specific communities and individuals) can plan their investment strategies. In other words, the standards and regulations that appear in the red book are value-driven in terms of achievement of specific principles. It is based on the premise of continuous public participation in professional planning processes; it is also context-driven, and includes continuous feedback systems and procedures than can deal with problems as they occur. The red book is therefore an attempt to move away from the historic prescriptive codes to a more participatory and facilitatory approach. The normative shift from the blue and brown books to the red book has to be seen in the context of the socio-economic and political changes taking place during this period, post-1994. However, the shift from the

social-welfarist normative underpinnings of the RDP (1994) to the neoliberal GEAR (1996a) has also undermined the participatory prescriptions which form the basis of the red book. The question would be; who is to participate, the poor and broader civil society or only the formal economic sector and organised labour?

What elements make up the network and layout plans? So far, we have discussed the conceptual basis and the process of formulating network and layout plans, for example the red book. However, to formulate a specific plan for a specific area, we need to know what it is that we are looking at. There are various stages in the process of formulating layout plans of which the following are of central importance:

- (1) **Context Analysis:** Context analysis involves investigating the physical and socioeconomic context at the global and local, or urban and site scales, and examining financial parameters and regulatory constraints. The physical and socioeconomic context occurs at two levels: the first is the broad urban scale in which the preliminary ideas about the role of the site, in context to the wider urban area, is addressed. Issues such as: What are the trends in terms of land use, urban structures and built environment around the site? What specific network amenities are not available within the urban environment, and that could be developed at the specific local site, and on a national/global level? Once a broad view in terms of what possible development could be placed on the site is formulated, the actual potential and constraints of the site can be investigated. For example: What is the pattern and nature of the natural systems? Are there any legal constraints on the use of the specific site?
- (2) **Financial Analysis:** The financial analysis will look at the end-users (eg issues of housing finance and the availability of bonds will be central to decisions which could be taken here).
- (3) **Regulatory Analysis:** An analysis of regulatory legislation, policies and zoning restrictions to establish what is possible (or deemed appropriate) needs to be done. The Environment Conservation Act also has to be taken into consideration



(is it, or is it not, relevant?) The different aspects of the regulatory environment are not distinct entities, but are considered simultaneously and act as the basis of converting the concept formation into a programme of action.

- (4) Program of Action and formation of layout plans: The action programme involves concrete decisions. What needs to be done if the site is going to be used for residential purposes? How many plots will there be? How many schools, clinics? Another element of the programme will be deciding how best to integrate the site into existing urban sites (eg roads, waste removal, energy provision, and communication systems).

Layout plans are detailed and include the precise design of the elements defined in the concept plan. Community involvement, either as *in situ* upgrade, or as future end-users, is a key regulatory element of needs identification and citizen education and empowerment. The principles of conceptual layout planning are based on technical layout planning considerations. These consist of roads, intersections, facilities, blocks and even. Public facilities that relate to deciding on site usage play an important part in the design plans. These decisions involve issues such as physical space, population thresholds, and the distances end-users have to travel to make use of facilities such as schools, clinics, and police stations. The choice of designated housing, *in situ* upgrading or industrial use is a further consideration when deciding on subdivision patterns (ie where an attempt is made to rationalise boundaries in terms of cost and design principles). Decisions related to even are predefined by the parameters created by the above mentioned factors. Communication networks are needed for the efficient exchange of information at various levels, public, private, and individual. The functioning of communications and transport is an essential component in the developmental process and the socioeconomic quality of life experienced by communities. Public spaces are central to social interaction and social events, and are, in effect, extensions of individual dwellings. Public spaces facilitate informal trade, and provide a spatial framework for public facilities and commercial activities. The term "space" refers to all unbuilt areas, including roads and pedestrian routes. There is no standardised method of public space design, although the trend today is toward multi-functionality. The role

of the space should, however, be made clear at the initial design stages, and issues of safety and environmental protection have to be dealt with (Abrahamson 1980, Wekwete & Rambanapasi 1994, Cloete & Mokgoro 1995, Reddy (ed)1996, Venter (ed) 1998).

The above elements are central to the formulation of layout and service network plans and the identification of programmes and the formulation of design plans. The key point to be remembered here is that the goal of successful layout and service network plans is to facilitate and enhance the quality of life of individuals and communities within that urban environment. The next stage of the discussion is how the layout and network plans are, and can be used, to facilitate, promote and manage urban growth and development.

### **3.5 Managing Growth and Development of the City**

A city is not static. It is constantly changing: some areas grow faster than others, whilst others gradually become derelict. Sensitive, natural areas are invaded and commercial development threatens old residential areas; new residential areas need to be provided and services must be put into place; new roads must be built to accommodate additional traffic. These changes have to be managed if the city is not to experience chaos. But how is the growth of the city to be managed? The answer here is: by structure planning. The aim of a structure plan is to provide guidelines for the future spatial development of the city that will promote general order in the area and the general well-being of the community. In other words, a structure plan seeks to structure a city's future growth in an egalitarian manner. To achieve this, we first need to look at various physical, social and economic aspects. A structure plan consists of a written document which analyses the status quo, spells out the goals and explains the proposals. It also consists of a plan or plans which graphically depict/s the planning framework for population distribution, the land use patterns and the communication networks. Structure plans can be drawn up for areas which differ both in scale (small or large areas) and in character (from industrial towns to informal settlements). Every structure plan thus addresses a different problem and the study must adapt to the different contexts and circumstances.



A structure plan can be drawn up to address the future development of an area for up to five years in advance; indeed, this is the conceptual basis for the Integrated Development Plans that today are a legal requirement for all metros and municipalities (see *Local Government: Municipal Structures Act* [Government of South Africa 1998c]). However, the more dynamic an area is, the shorter the time span of the structure plan should be. In this way, the goals of, and for, future development is determined now. As I stated previously, the basis on which we decide what goals and objectives are (eg economic growth), is the normative principles or theoretical model which is decided on. The goals vary according to the normative or theoretical models used and different models result in different and unique structure plans. Goals could vary from the creation of employment opportunities to the provision of a certain amount of housing units for commercial sale, or the free delivery of basic necessities or the protection of natural areas to the enhancement of the identity of an area.

The final step in this process would be to compile the structure plan by taking all the previous issues into account (the status quo, the problems and opportunities, the expected population growth and land use budget). This phase also includes the formulation and development of alternative concepts or models for the future land use structure. The decision makers or executive implementers, local government councillors and bureaucrats and the community can thus decide on a structure which is best suited for their specific circumstances.

### **3.6 Regulatory and Legislative Environment**

In the next section, I will discuss the legislative environment in which the layout, network and structure plans operate. The legislative framework must be viewed as an existing framework within which local government can formulate and implement the plans discussed above. However, the legislative framework is not cast in concrete; it must be amended and reformulated in the context of the natural evolution of urban and environmental conditions and changes in the political landscape. So far, I have discussed the problems found in the urban centres, the issues of layout, network, and structure plans, and the management of urban growth. In this section, I will look at the

legislative framework within which these issue and factors are dealt with in South Africa. This section will begin with an overview of the South African history of land use control and conclude with the relevant town planning legislation in operation today. The concept of forward planning will be discussed with specific reference to the National Physical Development Plan, Guide Plans, and Structure Plans (layout, network and structure plans). I will also include a brief discussion of the post-1994 periodisation of policy definition and the basis for the redefinition of the concept of “tiers” of government to that of “spheres” in relation to local, provincial and national government. I will conclude this section with a discussion on the idea of “cooperative governance” and the relevance to this research project.

The historical basis of land use and development plans in South Africa are British and American town and regional planning systems. The British system has its roots in the 1848 and 1875 *Public Health Acts*. The focus of these acts were on the consequences of the congregation of large numbers of people due to spread of industrial capitalism and the emergence of health hazards in this new urban conglomeration, for example typhoid and polio. In 1909 this focus widened to include to control of land use and urban development (see the Housing and Town Planning Act of 1909). This act was passed to resolve problems of health and poor housing and to separate and decentralise residential and industrial areas. This process was transferred to the Americas, where the idea of the *Master Plan* (1910) --- which included regional economic development --- was first formulated. The processes of industrialisation and urbanisation had lead to the development of, for example mass-based transit systems and inter- and intra-urban road networks. The need to control these developments led to planned and structured government intervention (eg land zoning and economic planning regulations and mechanisms).

In South Africa there was a parallel development; that is, from a situation of no control to a high authoritarian system of central control, and finally, to a participatory system of development facilitation and definition. The first set of restrictive title-deed and building regulations called the *Transvaal Township Act of 1909* was introduced in 1909 which was based on the British model. The law of *Public Health (1918)* was



promulgated in 1918; this act also followed the development of the control mechanisms based on the British model. In the 1920s the normative and legislative focus moved from public health, and title and building regulations, to the protection of private property. This change in focus was justified as being an economic necessity to protect and initiate private sector investment. For the first time, the normative orientation focussed on town planning rules and regulations as the designated mechanism for developing successful and prosperous towns. In the 1930s, the introduction of the *Township and Town Planning Ordinance* (1931) provided the first recognised integrated basis for town planning practice. In South Africa, this was the first time that the power to control and develop forward planning systems of urban development (ie structure plans) was delegated to the relevant local authorities. The aim was to remedy the haphazard, uncontrolled and unsystematic growth of towns, and the focus was on coordinating development, redevelopment, health, safety, order, amenity, convenience and general welfare, together with the economic efficiency of the development process. This, in turn, created the idea of the modern municipality as a cooperative business concern (ie rather than solely as an administrative system). The regulation and provision of streets, land use, building regulations, density, and the reservation of land for public use became the central process of town and township development.

In the 1940s, the growth of the manufacturing sector and the facilitation of private sector investment became the central themes of the process of town planning. The expansion of the urban areas into the urban periphery and the increasing economic focus of the planning schemes led to the introduction of the regional focus (which was similar to the American system that was formulated earlier in the century). Key issues introduced were the orderly development of latent resources, the balanced distribution of mobile resources, the avoidance of concentration in a few areas, the provision of urban employment, and the best functional allocation of land. In the 1950s South Africa experienced large scale economic expansion and urban growth and the British model of urban development and expansion was still followed. It was only in the early 1960s that the South African government attempted to develop its own national policy in terms of the regulation and control of urban development (this process paralleled South Africa's declaration of independence from British sovereignty). This formulation of urban

development policy and planning was to precede the National Party's sociospatial policies, that is, the normative framework of Separate Development --- in short, Apartheid. The Reservation of Separate Amenities Act of 1953; The Town Planning and Township Ordinance, number 25 of 1965 and the Group Areas Act, number 36 of 1966, had their basis in the formulation of a national urban policy. The increased levels of urbanisation and urban industrial development from the 1950s to the early 1970s placed increasing pressure on the urban infrastructure. As result, the planning process was seen as essential at both a regional and national level. This led to the introduction of the Act on Environmental Planning, number 88 Of 1967 and the Physical Planning and Utilisation of Resources Act of 1967; the Physical Planning and Utilisation of Resources Amendment Act, number 73 of 1975; etc, leading to the Less Formal Township Development Act, number 113 of 1991; Physical Planning Act, number 125 of 1991, and the introduction of guide plans (ie the Blue, Green and Red books referred to earlier on). It was believed that the planned coordination of urban policy could address social and economic development and the management of concurrent social and political unrest, for example the Regional Services Councils and the Strategic Management Boards in the late seventies and eighties. Central to the guide plans was the idea that urban concentration was a threat to social and political order and that the guides (ie the Blue, Green and Brown books) could be used to limit urban concentration and growth. These normative or theoretical guidelines were based on the political objectives of the Apartheid state.

The Environmental Planning Act (Physical Planning Act, number 88 of 1967), was an attempt to promote co-ordinated environmental planning; this act focussed on zoning and the sub-division of land for industrial purposes and related building regulations. This process was further developed in the Town and Township Planning Ordinance, number 15 of 1986. The basis for urban development in the 1990s was the following: the Town Planning and Township Ordinance, number 15 of 1986, the Act on Less Formal Township Development, number 15 of 1991, the Physical Planning Act, number 125 of 1991, and the Development Facilitation Act, number 67 of 1995. Other important constitutional and legislative definition of form, processes and procedures based on specific normative ideals are; The Constitution of the Republic of South Africa, act



number 108 of 1996, Local Government Transition Act, 209 of 1993, the Amendment act, 97 of 1996 and the Municipal Systems Bill of 2000.

(1) The Town Planning and Township Ordinance Act, number 15 of 1986

The Town Planning and Township Ordinance Act, Act 15 of 1986, was an extensive document that dealt with normative and applied issues related to town and township development. This Act included an annexure that contained all the legislation and regulations which had been revoked, a list of proclamations by all authorised local authorities, and various regulations of importance (ie related to towns and town planning). This ordinance can be seen as a legal guide for the orderly regulation of a wide variety of town planning issues. It also acts as a prescriptive guide for prospective developers, local authorities and/or acting government bodies or local communities. The ordinance also gives the public an opportunity to lodge objections and make representation although the final authority for making decisions lies with the specific local council. The Town Planning Scheme is the instrument which controls the practical implementation of Ordinance 15 of 1986. This regulatory and forward planning system is based on the idea that the location of land use within the urban structure/environment must be extensively planned within every town or cities town planning scheme. Town planning schemes mainly apply to the former white local authorities, but various former so-called historically black municipalities also developed town planning schemes (eg areas within Tembisa, Soweto and Daveyton).

The existence of town planning schemes are the result of the regulations and stipulations of Ordinance 15 of 1986. Every scheme is drawn up in accordance with the legal stipulations of the ordinance and shows detailed proposals for land use control. The scheme is a statutory document used by local authorities to allocate specific zoning and land use rights to every individual erf within the scheme area. Once a scheme has been promulgated, all the land use rights and related building restrictions and regulations are enforceable. Any change in land use and/or zoning may only take place with the approval of the local authority (authorised local authority) or the appropriate government department's (unauthorised local authority) approval of an amendment

(razoring) or consent (use application). The objective of the scheme is as follows:

- the continuous execution of the local authorities developmental act
- the protection of the private land owners' rights in terms of privacy, security, and general welfare
- the coordination and control of all changes within the land use pattern and/or development of the city or town.

(2) The Act on Less Formal Township Development, number 113 of 1991

Historically, provincial ordinance regulated township development in the specific provinces. However, additional regulations were promulgated in terms of the Act on the Development of Black Communities, number 4 of 1984, which provided for the development of separate towns for black South Africans. One of these ordinances was the Act on Less Formal Township Development (number 113 of 1991), which places the accent on township development only where an urgent need for housing exists; this act does not influence any other town planning or regulation schemes. Towns developed in terms of this act use the conditions of establishment as in the town planning scheme. This is, firstly, because of the rapid allocation, availability and the development of land for less formal residential settlements. The act provides for a shortened and simplified township development procedure and makes provision for indigenous land ownership systems that allow people to communally settle on land (ie for residential purposes).

(3) The Physical Planning Act, number 125 of 1991

The first examples of the physical planning acts was the act on the Development of Natural Resources Act, number 51 of 1947. The objectives of this act was to facilitate the commercial exploitation, development and use of natural resources within the Union of South Africa. This act was followed up by the Act on Environmental Planning, number 88 of 1967, the Physical Planning and Utilisation of Resources Act of 1967, and finally by the Physical Planning Act, number 125 of 1991. These acts, as the



names suggest, are centred on the physical environment and resource utilisation and in the later formulation of the acts included land use planning. The objectives of physical planning is to control and promote change within the physical environment, to achieve optimal use and attempt to promote sustainable use of nonrenewable resources. Physical planning in South Africa requires that government take responsibility for the control and promotion of land use planning on a national, regional and local level, and that government provide for subsequent plans and policies. The latter has to take cognisance of economic, physical, political, social and environmental factors to encourage the orderly use of land, optimal use of resources, a better physical environment and to provide the basis for a better and healthier community. The Physical Planning Act of 1991 has, as its objective, a programme of action which could help to all South Africans attain their physical and emotional needs. The act included key suggestions contained in the White Paper on Urbanisation (1986). Note the following:

- the act focuses on governmental planning at the central, provincial and local level
- it not only emphasises physical planning, but also covers various community needs (eg national security, economic and welfare matters, political issues)
- for the programme of action to work, the act needed to be statutory enforceable, and thus had to be formulated as an act.

The act developed from the realisation that increasing pressure was being placed on both non-renewable and renewable resources. To achieve optimal use and “sustainability”, the development of future resource and land use plans and the need for physical planning in terms of structure plans and its coordination on national level necessitate the formulation of a set of guidelines. The national departments of Housing, Provincial and Local Government (Constitutional Development), Tourism and Environmental Affairs and the Treasury, amongst others, are the responsible institutions at the national level who are involved in the drawing up a National Development Plan. The national authority needs to make sure that provincial and local authorities take

cognisance of regulatory, economic, social, welfare and various administrative issues which underpin this plan. Guidelines were based on the following:

- that the different levels of government's responsibility be accurately defined
- that the hierarchy of plans with regard to the different levels of government be clarified

The new act, that is the Physical Planning Act (number 125 of 1991), has the following specific objectives:

- to promote orderly physical development
- to provide for the division of the country into regions
- to promote the facilitation and drawing up of specific plans on national, regional (development and structure plans) levels and for specific urban structure plans.

The three spheres of government are responsible for specific aspects of physical planning and are responsible for the control over, utilisation and subdivision of land, township development and the control over the built environment. Other indirect issues, such as transport planning, housing and environmental conservation, are equally important a responsibility of these various levels of government (Venter [ed]1998). In this regard national government is responsible for the administrative and legal guidelines of all regional and local development and structure plans and these are managed through the National Development Plan and the Physical Planning Act (1991). What is of primary importance is that this act clearly defines the responsibility of the different spheres of government. The notion of spheres as versus that of tiers were first formulated in defined in the new Constitution of South Africa (South African Government 1996) and formalised in the Green and White Papers on Local Government (South African Government 1997 & 1998b). The reasons for this shift in definition is that it would hopefully generate a change in the form or mode of governance and facilitate the achievement of the goals of the socioeconomic



reconstruction project. The overarching emphasis is on the notion of mutually reinforcing ideas of self-reliance and interdependence between the different spheres of government. The sphere, versus the notion of tier, is seen to be formed in relation to other spheres, for example provincial and national government. The idea of cooperative governance rests on this interdependence of the various spheres. The Constitution of South Africa (1996;section 40(1)) states:

In the Republic, government is constituted as national, provincial and local *spheres* (authors highlight) of government which are distinctive, interdependent and interrelated.

The word “distinctive” in the above definition relates to the fact that local or municipal government are legally and constitutionally recognised as being the final authority over the affairs within the local community as defined in the constitution (South African Constitution 1996). Provincial or national government does not have the power to override or compromise this authority except for some exceptional cases, for example financial nonviability. This definition tries to remove the conception of a hierarchy of levels of government and attempts to create space for the new constituted local and metro governments to formulate strategies for the achievement of LED in terms of specific local conditions. These local strategies would theoretically be established through a process of local participation based on a process of private, public and civil cooperation. This reconceptualisation of the form and processes associated with local government means that local government organisations and structures are seen to have to act “developmental” in the delivery of social and economic rights and the reconstruction of the South African society (Marais 1998, Atkinson & Reitzes 1998; Zybrand 1998; Bekker & Leilde 2003). The two other legs of this definition in the constitution; “interdependent and related”, form the basis of what is termed “co-operative governance”. The basis for this interdependence is the theoretical equality of the different spheres. For government to successfully achieve the total reconstruction of the post-apartheid society it needs a common vision and purpose that has to be collectively owned and applied in an integrated manner. This means that there has to be shared institutional bonds, linkages and theoretical models around the issues of

policy, planning, administration and applied strategies, for example the call for Integrated Development Plans that are supported by local, provincial and national government (spheres) (Zybrand 1998; Atkinson & Reitzes 1998; Nel 2001; Louw 2003). Whether this is achievable will form part of the analysis of the search material after the application of the questionnaire. National government departments are responsible for policy formation relating to physical planning, and it is the responsibility of regional and local (metro or municipal) government bodies to do the detailed structure planning. These metro or municipal governments are responsible for the following: physical, social and economic aspects of the area concerned, urbanisation, resources, infrastructure and land use patterns, as well as the natural environment, which all make up elements of the development of specific areas.

(4) The Development Facilitation Act, number 67 of 1995

The Development Facilitation Act (DFA) was published in December of 1995, and was the first coherent attempt to bring uniformity to township establishment, land registration and planning systems; this act focussed, in particular, on low income development. It did not repeal any existing legislation in the urban areas, but allows developers, whether public, private sector or specific communities, a choice in the process and goals. Objectives and principles set out in the act are:

- restructuring the spatial environment
- general city building principles to encourage development of compact cities
- sustainability by promoting land development that is fiscally, institutionally and administratively viable
- encouraging stakeholder involvement and participation
- capacity building, principles which are aimed at the facilitation of effective participation of communities and other groups in view of land use and development.



The DFA sets out a set of procedures that could override existing legislative systems and facilitates access to finances so that constraints to developmental objectives can be overcome and principles considered relevant to the goals of the act can be achieved. The DFA can also be viewed as the basis for the formulation of Local Economic Development strategies and projects. In terms of the periodisation based on policy goals and definition as identified by Bekker and Leilde (2003:144-145): 1994 to 1995 — establishment of local democracy; 1996 to 2001 — establishment of developmental local government; 2001 to date; service delivery and financial sustainability and equity, the DFA can be seen as the initial formalisation of the goal of a “developmental local government”. The Integrated Development Plans which are the primary means for the developmental local government to achieve its goals has a number of tools available and the central concept and mechanism within these Integrated Development Plans is the idea of the facilitation and promotion of Local Economic Development.

### **3.7 Local Economic Development (LED)**

Parallel to these legislative and regulatory developments went the urban revolts which reemerged in the middle 1970s and gained momentum during the 1980s, and which eventually led to the first democratic elections in 1994. These were symbolically represented by the Soweto uprising of 1976 and were primarily in response to policies of racial segregation and exclusion from access to basic needs in the South African cities. This racial division was represented in the spatial segregation of the wealthy and opulent white suburbs (whose population also had easy access to the majority of commercial development and activities) versus the poverty-stricken and destitute black townships. These urban revolts were able to occur and gain momentum owing to the successful and extensive development of urban social movements that resisted and overcame the urban apartheid system. These organisations and civic movements, under the banner of the United Democratic Front (UDF) and the African National Congress (unbanned in 1991), took the lead in the transformation process in the early 1990s. These revolts manifested and expressed themselves in transport and consumer boycotts, labour action and stay-aways and the setting up of parallel systems of popular

local management and governance in the black townships.

These civic and socially based local political formations and negotiations paralleled the macro political negotiations that took place during the early 1990s. These local groupings consisted of civic movements, labour movements, local business and private sector groups, local bureaucracies and various elements of broader civil society, NGO's and pressure groups. These negotiations resulted in the creation of local negotiating forums within the various cities and towns across South Africa. These local negotiating forums were centralised and formalised in the establishment of the national Local Government Negotiating Forum (LGNF) in 1993. This forum drew up a framework to guide local government negotiations and transition. This framework was spelt out in the Local Government Transition Act, number 209 of 1993. This act made provision for the first democratic local government elections in 1995 (see Bekker & Leilde 2003). The act also provided a framework for the negotiated transition of local government that paralleled the formulation and acceptance of the final national constitution. The final national constitution would be the basis of the form, structure and content of new democratic local and metro government and would also be the basis for democratic local government elections in 1999.

These transitional formations at the local level tried to include all stakeholders and interested parties in the negotiations. The goal was that this political process would generate consensus-based decisions and institutions on a non-racial basis and lead to the formation and establishment of Transitional Local Councils (TLC) or Transitional Metro Councils (TMC). The Local Government Transition Act, number 209 of 1993, together with the RDP (1994), would form the normative basis of policy formulation and intervention strategies to address social reconstruction, poverty and inequality by local or metro government. The Local Government Transition Act (1993) and the RDP would also form the basis for the transformation of local and metro government themselves. In this way it is believed that the autocratic, hierarchical, technocratic and unrepresentative structures of local and metro government would be transformed into non-racial and non-sexist democratic and developmental based institutions based on new constitutionally defined norms and structures. The new developmental role was



conceptualised by the Development Facilitation Act, number 67 of 1995 and the Local Economic Development (LED) policies and strategies. As has been argued in chapter 2, the definition of development is contingent on the theoretical assumptions which are considered to be relevant. The question exists if the definition of “developmental” in the new acts and LED policies will be structured around the basis of consensus decision-making and on the principles of inclusively and participatory development planning; or whether the growth strategies of development with its specific sectoral policies will dominate. This latter approach (ie growth-orientated strategies) will emphasise a structural disengagement from the delivery of human needs and will, instead, encourage the establishment of private sector controls as the means of on the form and content of development (eg dualism).

The relevant sections in the Constitution of the Republic of South Africa (1996), Act number 108 of 1996, chapters three and seven, require that local government be autonomous and that it regulate its own affairs within the prescribed limits of the constitutional framework and legislation. Neither national government nor provincial government are legally allowed to encroach onto this third sphere of government and its functions (Zybrand in Venter [ed] 1998). The new municipalities are structured around the criteria set out in the Local Government: Municipal Structures Act of 1998 (South African Government 1998c). These criteria divide municipalities into category A (Metropolitan municipality), category B (District municipality) and category C (Local municipality). The municipalities of Gauteng (Johannesburg), Thekwini (Durban), iKapi (Cape Town), Tswane (Pretoria), Ekurhuleni (East Rand) and NelsonMandela (Port Elizabeth) were identified as metropolitan areas; category A and an example of a category B municipality is Buffalo (East London), Mbombela (Nelspruit) or SolPlaatjie (Kimberley). In terms of earlier legislation and in the Local Government: Municipal Systems Bill of 2000 (South African Government 2000a) all municipalities were specifically mandated to have *Integrated Development Plans* or strategic plans in place for service delivery and development by March 2001. This integrated long-term development plan has to reflect the specific council's vision on developmental and transformation goals and objectives (eg confronting poverty and inequality). Key elements of this strategic planning systems are the *Consolidated Municipal*

*Infrastructure Program (CMIP)* which attempts to enhance the developmental focus of metro and local governments on the transfer of skills and the promotion of small, medium and micro enterprise (SMME's) and the use of labour intensive manufacturing processes to maximise job creation programmes. Other important enabling legislation and programmes are: the *Social Plan Fund*, *Municipal Infrastructure Investment Unit*, *Local Government Transition Fund*, *Municipal Systems Improvement Programme* and *Local Economic Development (LED)* and specific anti-poverty alleviation strategies developed by the old Department of Constitutional Development and the Department of Provincial and Local Government (DPLG).

The programs and projects revenue sources and financial accountability were defined in legislation such as; *The Local Authorities Loan Fund*; *The Public Finance Management Act*; *Intergovernmental Fiscal Relations (IGFR) Act* and the *Division of Revenue Act* and the support for improved financial management and controls at local government level. Central to issue of financial controls and accountability is the idea of developing internal funding mechanism, for example Capital Development Fund (CDF) based on transfers from municipal annual income, and secondly from the commercialisation and outsourcing of services, for example water and electricity (Zybrand 1998; van Zyl 2003). This focus on financial accountability and independence could be interpreted as an central element of what Bekker & Leilde (2003) describe as the third set of policies (periodisation based on the commonality of policy goals) which was emerging in 2001. It is possible that the research project could indicate the understanding of the decision-makers at local level of the nature and content of this third stage in the definition of policy and developmental goals and implementation strategies.

Of these the most important policy framework in supporting the developmental role of metro and municipal structures is the *Local Economic Development Fund (LEDF)*. This is a dedicated fund which supports development projects and programmes initiated by metros and local government in financial terms; this fund also includes guidelines on normative development, structural and infra structural support and all aspects of project implementation. This LED focus of metro and local government is the outcome of all of



the negotiations and legislation discussed previously. This developmental focus is the subject of trade fairs, news letters, seminars, policy and research documents, et cetera. A central aspect of the programme is the development of linkages to, and between, government departments or cooperative governance (eg the Departments of Provincial and Local Government [DPLG], Trade and Industry [DTI] and the Treasury). The normative orientation and interpretation of specific legislation and policy has to be similar within and across national departments to support specific LED initiatives (see Physical Planning Act 1991). It would obviously be counterproductive if these acted in opposition to one another, particularly as far as domestic and socioeconomic infrastructure programmes are concerned. The department (DPLG) authored and distributed various research documents and instruction manuals, support programs and initiatives to metro's and municipalities with the goal that municipalities will be able to comply with new normative and regulatory frameworks for the Integrated Development Planning, municipal service delivery and LED programs. The constitutional and legislative frameworks define this new role of metro and local government as "developmental", but once again: what does this mean?; (see chapter 2).

The role of metro or local government as defined by DPLG is one of a leadership role directed at developing relationships between individuals, communities, private sector organisations and other local, regional and national institutions, departments and organisations and broader civil society. This means that the historic regulatory focus of metro and local government has to undergo a major transformation to ensure that individuals and local communities, particularly poor individuals and communities, get access to basic services and can participate in developmental decision-making and planning. It is also the task of metro and local government to facilitate the growth of the local economy, increase employment opportunities and manage the utilisation of local resources in a sustainable manner. In other words, local government is now called up to work with local communities and/or stakeholders to initiate and promote sustainable economic and social development. In practice, this translates into providing community leadership to develop a shared vision and the setting, and achievement, of these goals and objectives. This normative focus, according to DPLG, needs to be on the poor and disadvantaged, to ensure that they have more and better choices; this is the basis for

improving the quality of life for South Africa's citizens. This has to be achieved by developing linkages with all stakeholders; this approach is based on the norm that the development of local democracy is an end in itself, and the means of ensuring social and economic well-being as a consequence of the functioning of local democratic institutions. The aim is to provide basic household needs and services that are affordable and to promote economic opportunity that will lead to sustainable and integrated towns and cities. In short, the aim is to achieve poverty relief and reduce inequality via local economic development. Municipalities cannot provide jobs and create wealth on their own, but it is their task to facilitate and ensure that the spatial and geographical area is able to develop and function to its maximum potential. It is by providing sound theoretically based leadership that unite local communities around developmental goals focussed on addressing inequality and poverty relief that specific locations will become attractive places for investment and growth promotion.

### **3.8 Local Government: Development, Civil Society and spatial planning, three themes and questionnaire**

In chapter 2, the term "development" was defined, and critically discussed in terms of the various theoretical approaches on which definitions of the term "development" are based; the specific reference was made to growth-orientated strategies of development and Sustainable Human Development (SHD). In this section of chapter 3, I shall introduce the following: the theoretical basis for LED; the nature, content and importance of participation by civil society in formulating LED; LED strategies as formulated by local government versus the local economy of the urban poor; and, finally, the conceptualisation of new approaches to the formatting and location of economic activity via land-use and zoning regulatory frameworks. The discussion and definition of the three themes will form the basis for the questionnaire. The questions in this survey will be applied to the respondents, ie decision-makers at local government level dealing with LED and the director-general at DPLG who has overall responsibility for this area of local government responsibility. Decision-makers are identified as individuals who occupy strategic positions in the metro or municipal bureaucracies and are able to effect the theoretical and applied definition and implementation of



development in relation to LED. The questions will be formulated in relation to these themes and included at the end of each theme discussion. The analysis of the responses to the questionnaire will constitute chapter four.

### **3.8.1 Theme 1: Growth and Human Theories of Development**

The primary objective of a “developmental local government” in South Africa is to confront the problems of endemic poverty and socioeconomic inequality and bring “democracy” down to grass-roots levels. It is apparent that the achievement of these developmental goals is based on specific interpretations of what constitutes development and/or growth. Developmental choices by decision-makers at the municipal level in South Africa will therefore have to consider the benefits and constraints related to their normative and theoretical choices. These conditions are similar to those that, historically, faced national governments when they set out to achieve their developmental or growth goals in relation to the theoretical models they assumed to be relevant. The first of these is that decision-makers at local government level will have to have a clear theoretical understanding of the ontological and associated epistemological choices that are open to them. The constitutional and legislative definition of the role of local government as “developmental” has placed these decision-makers in a pivotal situation in terms of the theoretical choices that they can make in this regard. The Department of Provincial and Local Government (DPLG) has defined the term “development” in specific theoretical terms in relation to Local Economic Development (South African Constitution 1996, Local Economic Development Policy Paper: Refocusing Development on the Poor (draft) 2001, Municipal Systems Bill 2000a, *White Paper on Local Government* 1998, Chipkin 2000, Pieterse 2001 & 2001a).

This view is supported by the various policy documents, green and white papers, related legislative and constitutional frameworks and academic papers concerned with local government and LED. I have labelled this theoretical framework as “Sustainable Human Development”. The DPLG has identified a specific theoretical and applied framework which requires related policy formulation, intervention strategies and

evaluator mechanisms on the part of city and metro governments. This framework requires that a process of interaction with civil society be established to develop, integrate and reflect the local conditions and needs in context of the poor, that is, in the context of their developmental goals and strategies. This means that the needs and aspirations of the poor will have to be central to the formulation and articulation of developmental strategies and goals --- in other words, Sustainable Human Development. It is the role of city/metro governments, in relation to LED, to facilitate, fund, and integrate these strategies with other role players within that city/metro context --- in other words, to act "developmentally". This is to prevent strategies from becoming technicist solutions to abstract statistical formulations, and to make sure that strategies tackle real political and social problems. In South Africa today, the role of local government is critical in this integration, formulation and articulation of developmental goals and strategies, as well as in the formulation of local, regional and national policy strategies.

The changing role and function of the different spheres of government in the light of Globalisation, however, place greater emphasis on the form, function and organisation of local government and on local government's priorities and structures. Competitive metros/cities are central to new ideas of global competitiveness in the achievement of reducing and eliminating poverty (Portes et al 1989, Sassen 1994, 1994a & 1996; Oatley 1995, Portes 1997, Potter & Lloyd-Evans 1998). The basis of much of this theorising about the nature and role of cities is, however, mainly focussed on the interaction between international capital and city elites and management, and not on the nature of local conditions and needs as the pivotal factor in the articulation of developmental strategies (McCarney 1996, 1996a & 2000). Nor is sufficient account taken of the theoretical understanding of the specific decision-makers in the city/metro government; likewise, there has been little critical engagement with the dominance or supremacy of the "growth" strategies of development. In contrast is the reality that the predominant morphology of Third World cities is based on the life and living conditions of the majority of poor citizens. The question that obviously needs to be asked is: what is the situation in, and what are the conditions of local citizenry, in relation to this layer of the "globalised city" as understood by city/metro decision-makers in relation to LED?



A further element of this investigation will have to focus on the notion of “agency” in relation to the formal structures of local government, and the multiple layers of decision-making groups and bodies in relation to the “growth-orientated city”.

This view of agency entails civil society relinquishing control of policy formation and handing over the entire task to local, regional, national and international growth related organisations. This view of the nature of agency is based on the neoclassical and neoliberal view of production and consumption --- in other words, that production and consumption should be regulated by the market and nothing else. The theoretical assumptions on which this view of growth is based legitimates local communities forfeiting the control of the location and content of production and support the notion that capital investment is “good at all costs”. Or, growth at all cost, no matter what the resultant content or processes of production actually do (guns or plows). Aggregate economic growth is conceptualised as a public good and increased economic activity will benefit all levels of society through a “trickle-down” process. This “growth and trickle-down” will create jobs, expand the tax base and increase the levels of urban infrastructure and services. But is this true? Does growth lead to, and promote, public good? Does the locational reformulation and content of production based on growth increase the life chances of the majority of poor citizens in South African cities/metros?

The above questions are not framed in relation to an anti-growth theoretical position: a growing local economy is essential to the achievement of increasing life choices and reducing poverty. The theoretical perspective and applied research question in this theme is to critically evaluate the scale and nature of “growth”, and to examine if and how it improves the life choices of the poor and if and how it reduces levels of poverty; the point to bear in mind here is that the poor mainly operate on the level of the informal economy. I shall also be looking at the role played by local government in this growth process. Castells (1996:428) captures this conflict/position in the way he sees the movement of capital, technology and information and labour, or “logic of the space of flows”, versus the “logic of the space of places” or the horizontal relationships between people who live in local spaces but that “because function and power in our societies are organised in the space of flows, the structural domination of its logic essentially

alters the meaning and dynamic of places". The question is: who/what defines the nature and content of development? The "logic of the space of flows" or "logic of the space of places"?

The informal and micro, small and medium enterprise (SMME) in the Third World city is based on small-scale production processes; these enterprises attempt to form clusters of production (flexible specialisation) to become competitive locally, nationally, regionally and internationally (ie logic of place). Flexible specialisation is defined by Watson (1996:344) as a:

approach to employment and work organisation which offers customised products to diversified markets, building trusting and cooperative relationships both with employees, who use advanced technologies in a craft way, and with other organisations within a business district and its associated community.

Local government's attempts to attract international capital investment is necessarily on a different scale and almost certainly acts against the successful development of local small-scale business and business networks based on "trusting and cooperative relationships", ie logic of flows. It is at this critical disjuncture that the conditions needed to attract international corporate investment will influence the process and conditions of the local economies, urban politics and cultural life in a fundamental way. I believe that local government has to ground its policy formation and strategic thinking on the critical understanding of this fact. However, I am not saying that it is not important for local/metro governments to attract corporate investment; my point is that local government has to facilitate the interface between local economies and the corporate entities. It is this combination and linkages, the interrelationship or synergy of the local and the global, which is the pivotal role for local government which will benefit the local small scale producers and bring about growth and development which will make it possible to achieve the goals of alleviation of poverty and inequality. This is the area of investigation that will be pursued in the first section of the study (theme 1). This theme includes study areas related to sociology, economics, planning, development



studies, urban studies and local government studies.

In this context local government is caught between a set of external conditions and demands imposed by national government, international agencies and multinational corporations (who are concerned to create competitive cities and metros) and a set of demands internally driven by local citizens and civic groups. This competition is materialised internally in the city in terms of business interests demanding urban improvement to enhance competitiveness while poor citizens, civic groups and informal and small business groups demand development of, and access to, basic services and livelihoods. This reality means that there are different and conflicting roles that city and metro governance can and must play (Centre for Development Enterprise 1996, 1996a, 1997 & 2000, Carr & Feiock 1999). These contradictory choices, that is, of generating local and economic development *or* attracting foreign investment (ie the global competitiveness route) is apparent in most South African cities and metros. A clear example of this was the fact that local economic development in Cape Town in the late 1990s was conceptualised in terms of Olympic bids, Waterfront development schemes et cetera, and not in terms of job creation schemes and community development projects that reflected the needs of the local population and citizenry (Mail & Guardian 2001. *The Last Outpost: Cape Town remains a city of exclusion, not inclusion*). Other South African cities have followed this trend. Local economic development is conceptualised in high profile sport and entertainment centres and big shopping complex developments, and bears no relation to the needs and living conditions of the majority of South Africa's citizens.

It is this interpretation of LED which the majority of poor and struggling citizens see as being the focus of local government policy and strategy. The priorities of the poor are obviously completely different from the priorities reflected in new shopping malls et cetera. However, it is this perception of LED (ie as attracting foreign investment) which is the basis of local government action towards poor urban communities. According to this perception, street hawking and informal markets are seen as problems and not as survival strategies. For example, the ex-mayor of Cape Town, Gerald Morkel, used historic apartheid legislation to stop street hawking because, in his view, street hawking

contains a criminal element and will act against the image of Cape Town as a clean and investment-friendly city. In other words, Morkel saw street hawking as an aberration of what a city "should" be. However, in South Africa today, it is the urban poor who constitute the majority of urban citizens; in fact, they are the city. It is also a fact that the majority of these citizens live in informal settlements and that the majority of the population are involved in the informal, micro- and small business economy. It is a reality that there is limited data on the size and socioeconomic conditions of these groups of citizens. The United Nations estimates that between 35% and 60% of metro citizens in South Africa live below the poverty line, although there are huge variations within individual metros (UNDP 2000).

At present approximately 18 million people or 40% of the South African population are living in and around the five main metro centres and the large "B" municipalities (Municipal Demarcation Board 2002). By 2010 this will increase to approximately 65 % of the population, with 79% of the population of South Africa being functionally urbanised (Swilling in Reddy 1996:18). These municipalities and metros are already under pressure to deliver basic services to their citizenry and the situation is only going to get worse. At the same time these same municipalities and metros are under increasing pressure to become more globally competitive and to develop and supply increasingly more extensive and sophisticated infrastructure and services. The serious and inherent conflict in this whole situation places local planners, development planners and city planners at the local level under increasing strain as far as questions of global competitiveness and anti-poverty projects are concerned. This question, and the response to this at the local level, is and will continue to be based on the theoretical paradigm of growth versus sustainable human development, and the specific interpretation of the local decision-maker of the content and goals, and related strategy and implementation of these strategies and goals.

The consequence of some of these choices can be seen in the structural adjustment and austerity programmes developed by South African municipalities and metros (which are based, in turn, on the policies and strategies developed by the Department of Trade and Industry, the Treasury and by international regulatory and aid bodies). Some of



these structural adjustments and austerity programmes result, for example, in: the privatisation of basic services; private-public partnerships for generating capital investment; cuts in new and recurrent spending on urban-infrastructure; and a decrease in spending on basic social goods and needs. All of this will impact directly on the living conditions of, and opportunities for, poor citizenry, more specifically on the access to, and provision of, clean drinking water, electricity, sewage and solid waste removal and access to transport and economic opportunities. This reality is materialised in the exacerbation and extension of already existing conditions of extreme poverty and extreme wealth. This will be the basis and cause for escalated urban and civil unrest and needs to be considered in the future formulation and implementation of the local economic development policies and strategies (LED). The needs and conditions of the urban poor, and articulation of these needs, have to be central to this process of the formulation of LED. Decision-makers at local government level need to consider the range of policy choices available to them, and to include poor citizens and organised groups of civil society as critical actors/agents in this local development policy, planning, programmes and project initiatives.

It is this position as articulated by DPLG, and the specific understanding and interpretation of this disjuncture by decision-makers at city/metro level, that I will be investigating. I believe that the following eleven questions, or theme 1, will give an indication of the theoretical understanding/position of the decision-makers at local government level about the nature of "development". This position will also inform the basis of the following two areas of study (theme 2 & 3) that I believe are critical to gaining an understanding of the dominant and/or contradictory views which are held by the extremely important role players in the emergence of the nature, content and form of the metros in the next twenty years, and relatedly to the life opportunities and living conditions of the majority of metro citizenry.

The eleven questions which make up theme one of the questionnaire have to be viewed as a integrated unit in which the respondents moves from the one position on the continuum of opposing theoretical definition of "development" to another. Question 1 is a open-ended question in terms of which the respondent is asked to define what they

understand the term “global competitiveness” to mean. The response to this question will indicate the respondents understanding of the idea of metro or city competitiveness and their understanding of the role of the city within the global economy. The researcher will be able to infer from this response about the respondents theoretical understanding and view of the term development with specific reference to the “growth” or Globalisation theories of development. Questions 2, 3, 4, and 5 are formulated in context of the goals and objectives of LED and of developmental local government. In this way the respondent is able to expand on their theoretical view of development and the related achievement of the identified goals and objectives. This gives the researcher insight of how the respondent believes these goals and objectives are related to the respondents theoretical view, and how the achievement of growth and/or global competitiveness can, or does not, lead to the attainment of these goals and objectives. These questions lead to question 6 in which the respondent is specifically asked about the causality and dependence of LED goals and objectives to the attainment of global competitiveness, in other words, if the one can be equated with the other or not.

Question 7 and 8 are phrased in terms of the definition of LED as formulated by DPLG. This definition rejects the dependent and causal relationship between LED and global competitiveness. This formulation offers an alternative definition of development and is underpinned by the theoretical assumptions of SHD in terms of which LED is defined. Respondents are asked to respond to these alternative definitions of the term development. Those that support the theoretical definition of development (SHD) will be located at the opposite end of the continuum of theoretical definition of the term development to those that support the definition of development based on the anagram; global competitiveness or growth. The respondent are thus given the opportunity to respond to these opposing definitions in terms of their view of LED. Question 9 asks the respondent to, in their view, rank the two approaches in terms of importance and why? Question 10 and 11 focus on the external environment in which respondents will formulate their definition of LED as well as their view on intra- and intergovernmental relations in terms of LED. The researcher believes that a clear picture of the theoretical understanding of the term “development”, how this relates to the issue of Local Economic Development and developmental local government will emerge on



application of the questions in theme 1 of the questionnaire.

**Questions to be put to identified decision-makers and planners at executive level in regional metros.**

**Theme 3.1 Development theory: Globalisation, global capital and competitiveness and Sustainable Human Development or Local Needs (Provision of Basic Needs)**

3.1.1 What do you understand the term Global Competitiveness to mean?

3.1.2 Urban development frameworks are generally based on four main themes:

- i) integrating the city/metro
- ii) improving housing and infrastructure
- iii) promoting urban economic development, and
- iv) creating institutions for delivery.

In your view, would the focus on “global competitiveness” identified in question 1, effectively capture the theoretical framework through which you could address these four themes?

3.1.3 How important, in your view, is “local participation” in the definition and implementation of the strategy aimed at achieving “global competitiveness”?

3.1.4 In your view, is the term “Local Economic Development” adequately addressed by the notion of global competitiveness, or do you think that poor/unskilled/unorganised citizens may be marginalised by the implementation of strategies aimed at achieving this competitiveness?

3.1.5 Is the responsibility of Local Government to supply/deliver basic services to poor citizens outside of the development strategy of global competitiveness?



3.1.6 Would you consider an alternative definition of “Local Economic Development” in terms of which *global competitiveness* is a possible outcome, rather than a goal in itself?

3.1.7 Do you think that if “local economic development” is formulated as the:

development of urban infrastructure targeted to poverty alleviation, development of informal, micro and small business opportunities with specific focus on labour intensive job creation, and the facilitation of informal and small business networks for local and regional competitiveness

that this would address the issue of global competitiveness?

3.1.8 Do these two approaches to the achievement of global competitiveness have different priorities in terms of citizen participation, infrastructure development and capital expenditure in the achievement of the themes identified in urban development frameworks?

3.1.9 If you were asked to rank these two approaches to local economic development, which would you prioritise?

3.1.10 What pressures are on you to become globally competitive?

3.1.11 What, in your view, is prevailing definition of global competitiveness from national government, and do you believe national government creates an enabling environment that gives you the necessary tools for you to be able to address the issues of global competitiveness, citizen participation and to address poverty?

### 3.8.2 Theme 2: Local Government and Civil Society: Participation and Local Economic Development

The nature, conditions, survival strategies and social organisation of the urban poor is an under-researched area in South Africa today. It is increasingly clear from even casual observation that the majority of the poor citizens are not being absorbed into the formal city/metro structures (economic, political and spatial). Their livelihoods, access to basic services and needs, accommodation and travel needs are increasingly being resolved through informal processes, institutions and forms of social organisation. These areas of research is one of the areas the researcher believes should be the focus of formalised local government concern. Development in general, and specifically developmental local government and LED in South Africa, should be defined as pro-poor and participative, if it is to be relevant to the needs of the majority of urban citizenry. The following quote from the Fancourt Commonwealth Declaration on Globalisation and People-Centred Development (November 1999:2):

The greatest challenge therefore facing us today is how to channel the forces of Globalisation for the elimination of poverty and the empowerment of human beings to lead fulfilling lives. We believe such development assistance should be focussed on human development, poverty reduction and on *the developing of capacities for participation* (author's emphasis)...., and recognising the responsibilities for national governments (formal government structures, in this instance, local government) to promote pro-poor policies and human development. If the poor and the vulnerable are to be at the centre for development, *the process must be participatory, in which they have a voice* (author's emphasis). We believe that the spread of democratic freedom and good governance, and access to education, training and health care are the key to expansion of human capabilities....,

This unfortunately, will not be the case if the "growth" theories of development are the dominant system of values and norms informing the nature and content of development



and LED specifically. Participation by the poor and marginalised will become more and more peripheral in the light of the need of cities/metros to become globally competitive and the view that the facilitation of formal sector economic growth is the primary function of local government in relation to LED. The necessary theoretical and procedural definition of what this development means, and the processes and procedures to define content and form, will not take the needs and conditions of the poor citizenry into consideration. This is because there is a critical disjuncture in the interaction between the formal state (which, in this instance, is local government and local civil society) or un- and organised poor citizenry. Local government decision-makers' understanding of the term "development" (see theme 1) is believed to be an indication of this.

Local economic, political and social institutions, organised and unorganised poor citizenry, or "civil society", in Africa in general, and in South Africa specifically, are grounded, and derived from, local needs, conditions and concerns. If development is viewed from this perspective or scale, it requires a situation based on trust and on a specific understanding of "development" on the local level; this would result in further gains and support from local communities. This support is materialised by contributions of money and labour to maintain these institutions based on specific ideas/definitions/views on, or of, development. It is at the practical on-the-ground level of these civil institutions and the formal structures of local government (specifically) that problems of process, content and needs emerge. Mabogunje (1995:32) states:

Many functions of urban administration continue to be provided by *informal* institutions that are recognised by the generality of the urban inhabitants, to which they are prepared to make significant financial contributions, and which are transparent and accountable to the people.

It is this organisation and participation of citizenry and their "informal institutions" which is based on, and organised around, the daily challenges of survival. In contrast, local government institutions' theoretical and formally conservative perspective and views of, and on, growth and development (eg globally competitive cities/metros) results in

conflict and weak support for local government by marginalised citizenry. This bifurcation of the delivery of basic services and social goods is the primary issue identified by Mamdani (1996), for example, as the cause of the non-payment of services, and the main problem found in the management and formulation of developmental concerns in the cities/metros in South Africa today. It is at this level that the interface (participatory processes) between formal local government and local civil society needs to be investigated. This investigation and research needs to look at, firstly, the possibility of intersectoral collaboration, and secondly, coproduction and synergies based on an active process of participation in formulating development strategies, interventions and goals. Successes in these areas would open up critical space for local government institutions and the various forms of local civil society, enabling them to act together and be more successful in the achievement of poverty alleviation and local development or LED.

Intersectoral collaboration, for example that the economic development and social welfare departments within a metro or municipal structure are not separate entities, would provide the structure for coordination, resource allocation and the formal capacities of the state to interact with the cooperating and associational institutions on the ground. Intersectoral collaboration would also offer an avenue for the emergence and development of local entrepreneurial activities and associated growth in the local gross domestic product, for example the prioritization of local SMME in the delivery of services and products to the metro or municipality. This would reconstitute the passive "agent" or client, into one which is active in the process of the formulation, production, and development of the "service" in question, or a synergistic relationship between structure of delivery (formal state institutions; local government) and agent (client; urban poor) in relation to development generally, and LED specifically.

However, to create the necessary conditions and processes for this form of division of labour to become a reality, and to operationalism the notion of intersectoral collaboration and synergy, a deeper understanding of the imbedded reality in which poor citizens interact horizontally, political, socially and economically is needed (theme 3). Thus the basis for addressing poverty and the living conditions of the urban poor is



the recognition of the legitimacy of local civil institutions and un- and organised urban poor in the definition and formulation of strategies for developmental needs, conditions and projects. Local government in cities/metros in South Africa has the responsibility of facilitating this notion of capacity building, participation in developmental issues (LED), collaboration and synergy. Local government must create the space and environment for the urban poor to organise and format the institutions and abilities for civil society to function in this manner. The role that local government needs to play could be to create organisational frameworks, develop institutional capacities or to fund and protect these local civil institutions. This view is supported by Skocpol (1985:21) who states that:

They (local government) matter because their organisational configuration, along with their overall patterns of activity, affect political culture, encourage some kinds of group formation and collective political actions (but not others), and make possible the raising of certain political issues (but not others).

Synergy, as defined in relation to local government here, focuses on the dual directional nature of state-society relationships, and the merging of the notion of public-private boundaries. This form of interaction between local government and civil society is obviously influenced by the relationship between the spheres of government (ie local, regional and central). But this study is based on the fact that the powers of local government are clearly defined in the South Africa Constitution (1996) and relevant legislation around the establishment and nature of local government in post-apartheid South Africa. It is all these factors that create the theoretical understanding of development and LED.

The nature and content of this "space", for example, can be as simple as the issue of language. For instance, in South Africa today, English is the government's language of choice and this may be problematic for local communities for whom English may be a second or third language; this, in turn, creates problems of accessibility. Furthermore, this language issue is exacerbated by fact that the English used is legal and technical

English, rather than everyday English. This makes accessibility even more difficult and hinders local communities' ability to interact with government employees and technocrats on a level playing field. This is an example of the barriers which face the structures of civil society in the discourse on the theoretical notion of development, such as the communication of abstract ideas and procedures around sustainable human development as expressed in policy and legal documentation such as Local Economic Development, Development Facilitation Act, Land Development Objectives etc.

A second critical factor as far as what formal local government structures do is concerned (ie regulate, administer, manage local land use and the environment, deliver services and facilitate urban economic development) is to fulfil these functions in South Africa in context of the non-traditional or informal city/metro. And this informal city/metro operates outside the formal and institutionalised regulatory frameworks and structures; instead, it operates with local civic organisations. And, specifically, due to the apartheid past, to integrate cities/metro's divided along racial lines, with the poor in sprawling unregulated under-serviced settlements with the formal wealthy developed areas within the city/metro area.

The third critical factor is for local government to develop the capacity and will to interact with civil society to acquire a clear understanding of the form, nature and content of such civic organisations. This needs to be developed through further research. The basis of this research would, in my view, be to gain a clear understanding of the specific political economy of the city/metro. It is by doing this that the embedded class conflict inherent in that city/metro could be investigated and understood; it would also enable a developmentally orientated local government to confront poverty and inequality. Gaining a clear understanding of the political economy of the city/metro would also make it possible to investigate and reconstitute the relationships between formal local government, local commercial and business interest (informal, micro, small, medium and large) and local communities, enabling all of these bodies to deliver growth and sustainable human development, that is, intersectoral collaboration, and coproduction and synergy.



The following ten questions are based on the discussion in theme 2 and, I believe, relate to theme 1 (ie the definition and conceptualisation of the notion of participation, or the interface between the formal state, ie local government, and civil society in relation to LED). The terminology used in all of the legislative and developmental policy and research papers loosely refer to “communities, community organisations and civil society”. The objective with question 1 is to gain and gauge the understanding of the respondents interpretation of this catch phrase and concepts. Question 2 acknowledges that all policy documentation around the issue of LED and developmental local government is built around the notion of participation and consultation. The researcher wants to investigate the respondents view on the nature and success of this “participation” and consultation. This line of questioning is continued in question 3 where specific problems in the successful functioning of participation and consultation are identified. The respondents is asked to identify which of these constraints are relevant and to identify any others which are not identified.

Question 4 is based on the theoretical assumption that for development to be legitimate and relevant it has to be formulated in relation to the goals and objectives formulated by the local community, ie SHD. It poses the question that if the problems identified in question 2 and 3 inhibit the developmental process; whether the metro or municipal structure can act on its own in this regard? This theme is continued in question 5. Question 6 is a question in which the specific respondent is asked about the perceived and/or real levels of autonomy that metro or municipal institutions have to act in terms of their own perceived needs in relation to developmental definition, projects and intervention strategies. Question 7 is a further follow up of the relevance and binding nature of participation and consultation in the developmental process. The difference in the two types of committee systems identified in this question is that the section 79 committee is an advisory body and the section 80 committee is a legally mandated committee that is able to make legally binding decisions for/on the metro or municipality. The relevance here is that if respondents choose section 79 committee's it is clear that they do not believe that participation or consultation and decisions made during this process with civil society structures should be legally binding for the metro or municipal structure. Question 8 is specifically linked to the respondents

understanding of the issues identified in the discussion of theme two of “specific political economy of the city/metro” and the “embedded class conflict inherent in the metro/municipal government acting developmentally”. The understanding of development from different theoretical paradigms include different assumptions on central role players or stakeholders, for example who is to be included in the process of “participation”. In other words: who, according to the respondent is central to the definition of LED and who are the key constituents in this process of participation and consultation. The researcher believes that the view expressed in the questions which make up theme one will be reflected in the answer to this question. Question 9 asks the respondent to comment on the process of participation in LED as a means to develop the idea and structures of local or grassroots based democracy. One of the main themes and goals of the transformation project in the post-Apartheid society is the creation and expansion of local democracy and institutions that are responsive to grassroots issues and participation. This process is seen as the cornerstone of building a multi-party democracy in which multi-culturalism is an accepted organisational principle. The LED vehicle and its participative and consultative procedures are one of the methods of achieving, developing and entrenching this goal. If, however, this is not the view of the specific respondent, this issue will not be a central concern of the process and procedures that are developed by the metro or municipal government in this regard. The final question, question 10, is an open ended question which gives the respondent an opportunity to comment or address an issue/s that he/she feels were not included and that is important. It also gives the respondent the opportunity to criticise the content or focus of the questionnaire up to this stage.



**Questions to be put to identified decision-makers, planner at executive level in regional metro's.**

**Theme 3.2: Local Government and Civil Society; participation and LED**

- 3.2.1 The constitution says it “encourages” involvement of communities, community organisations and civil society in matters of local government. Who, in your view, is referred to by “communities, community organisations and civil society”?
- 3.2.2 The various LDO's, IDP's and LED plans all have a process of consultation by civil society as part of the process for the formulation of developmental goals and implementation strategies. How effective, in your experience, have the processes of consultation been?
- 3.2.3 What factors impact on the effectiveness of these processes? Which of the following would you include:
- lack of organisation or different levels of organisation by different communities within city/metro area
  - unclear understanding of role and nature of local government
  - the nature and content of LDO's, IDP's, LED
  - inability to prioritise the various elements which make up LDO's, IDP's and LED
  - any others?
- 3.2.4 What should the role of local government be if these factors are not addressed by the civil organisations themselves? Is it necessary for local government to develop organisational skills, or act in an advocacy role in civil society, outside of its constitutional and legal mandate?
- 3.2.5 Can local government act legitimately and properly without effective consultation to resolve issues of inequality and poverty relief and development?

- 3.2.6 In your view, are legislative and funding frameworks in place for local government to act developmentally, **or** should the specific city/metro be allowed to decide on its own theoretical and structural model, including the definition of goals, processes, funding mechanisms and projects?
- 3.2.7 Should the organs of civil society function within the committee system on section 79 (old section 59 committees) only, or also on section 80 (old section 60) committees?
- 3.2.8 In theme one, a range of questions were asked about the nature of “global competitiveness” and Local Economic Development. In your view, would different levels, classes and groups of civil society understand and support different definitions of these concepts?
- 3.2.9 Do you think that the entrenchment of democracy via the processes and procedures around development planning at local government is possible or not?
- 3.2.10 What other comments/insights or remarks do you think are relevant here? For instance, if there are competing demands between poor citizenry and established business, what role should local government play, if any?



### **3.8.3 Theme 3: Globalisation and Local Economic Development (LED) policies as formulated by Local Government and the nature and content of the Local Economy of the Urban Poor**

In the discussion in theme 2, I quoted from Skocpol (1985:21) about the nature and role of local government. Skocpol stated that:

Their organisational configurations, along with their overall patterns of activity, affect political culture, encourage some kinds of group formation and collective political actions (but not others), and make possible the raising of certain political issues (but not others).

Theme 3 is based on this view. In other words, that the life chances and living conditions of citizens, and particularly poor citizens, (eg the ability to make money from property) is based on the organisational structure and normative orientation of that specific local level of formal government. For example, if the dominant theoretical paradigm at local government level is the growth orientated strategies (see theme 1), the content and nature of developmental decisions which define the material reality of citizens at both the individual and community level will be made in terms of the assumption which underpin this view.

The neoliberal theoretical paradigm regards best practice as being the global economic integration of cities/metros, and government initiatives for competitive cities based on development strategies such as tourism, waterfront development projects, downtown revitalisation, international bids for major sports events, world conferences and trade fairs, "high-end" entertainment facilities, and urban beautification schemes which are directed towards landscaping and green spaces projects and developments. According to this view, LED development initiatives should/will attract the "global corporate players". This, in turn, will attract foreign direct investment, improve business climates and bring about local economic development (LED) based on economic growth and enhance the city/metro as "world class".

The realities in the cities/metros of the developing world, and in South Africa specifically, are such that these strategies seldom benefit the poor citizens and do not create jobs in a sustainable way for un-, semi-skilled and low-income city dwellers in general. In fact, informal, micro and small business operators are often excluded, barred, evicted, relocated and arrested (which is what happened to street hawkers in Cape Town and in the Johannesburg CBD). This demonstrates that these sort of LED policies are irrelevant to the actual operations of the local economy, which is the main access route to material resources and infrastructure for the majority of poor and un-/semi-skilled citizens. These projects, in fact, act as a barriers to local citizens. This area of study, that is, the perceived contradiction between the formal LED initiatives by local government and the embedded local economy of the poor, will be my third area of investigation.

There is a complex and controversial divide, I believe, between the different images held of the city/metro by city/metro officials and the majority of civil society. The city/metro official, whose ability to plan and implement projects may be rudimentary at best or/and theoretically inappropriate, regards the urban poor as irrelevant, or as undesirable and unauthorised disruptive forces that conflict with his or her theoretical based idea of how cities/metros should work. As the majority of the urban poor continue to access resources and services outside official control, the local authority and officials find themselves in the position where the only coherent option to achieving development and growth is to attempt to attract global capital and business. At the same time, local poor citizens and organised civil society are unable to understand the inability of local government to understand their needs, let alone invest in the development and improvement to basic urban infrastructure of water, sewerage and health-care, et cetera. For example, the beautiful fountains at city/metro entrances must appear as nothing short of surreal to the poor citizenry who do not have access to clean and drinkable water!

This situation, that is, where the formal state does not recognise or acknowledge the conditions and actions carried out by poor citizens to gain access to material resources and basic services, to pursue their livelihoods and through all of these actions to



construct and give meaning to local social, economic and political society, is a denial of the reality of the South African city/metro:

The state's refusal to acknowledge what the poor do to eke out daily survival is to refuse to acknowledge their existence as anything more than statistical indices or political bargaining chips (African Poverty Reduction Network 1999).

This denial by the state places the nature of development theory and urban development, and specifically the role of local government and local government decision-makers, in a critical position. If the stated policy of poverty relief and reduction is to be achieved through LED strategies, policies and projects, this disconnectedness between the decision-makers in local government and the urban poor has to be addressed. Local economic development planning and physical, spatial planning and the embeddedness of these in specific theoretical paradigms need to be critically reviewed and targeted in better ways. If they are not, they will be unable to achieve their stated goals of poverty reduction and they will be unable to address the city/metro as a whole. An example of this could be to ask; how can the economic development projects aimed at the urban poor be located in the spatial planning projects within the development of urban land within that city/metro?

The sociologists Logan and Molotch (1987), in contrast to the view held by neoliberal economists and city planners (who see urban land purely as a commodity) focus on land, buildings and urban space as social phenomena. According to their view access to, and use of, urban land and housing, are seen as footholds in the urban system and economy:

Markets are not mere meetings between producers and consumers, whose relations are ordered by the impersonal laws of supply and demand... the fundamental attributes of all commodities, but particularly of land and buildings, are the social contexts through which they are used and exchanged (Logan & Molotch 1987:1).

The informal shack or low-cost housing unit provides not only a home (use value), but could generate rent (backyard rooms or shacks) and be a place where goods are produced (exchange value). It is obvious that people utilise “commodities”, in this instance land and housing, differently from the classical neo-liberal assumptions. The conception of land and housing as only shelter or as a basic need, should be rethought both in terms of use and exchange value and as a stake in the urban system. It is the extensive authority and fiscal control over land use (ie through layout plans and land and use zoning, collection of resources through levies associated with property taxes, user and services fees and charges) which give local government pivotal control over land and building use and markets that influence citizens’ ability to utilise opportunities that this land and buildings potentially offer them. If local government could integrate LED projects with a Sustainable Human Development focus and include these in their spatial planning exercises, and thus create wealth through land development and housing and infrastructure targeted at the urban poor, this would be a critical first step to creating economically productive and sustainable cities/metros. This definition of, and critical shortfall, of affordable land, housing and infrastructure for the poor has to be tackled from the context of theoretical and analytical models that go beyond a simple cost-benefit analysis and delivery plan by local governments (themes 1 and 2).

The reasons for, and behaviour of poor citizenry and low-income households in their strategies to consolidate informal settlements, the interaction of markets and sub-markets in land, housing and infrastructure and the attempts to integrate social capital and the local economy could result in a dynamic local and household based economy which combines urban land, housing, infrastructure, jobs and production systems in different analytical relationships. To conceptualise low-income housing as real estate, and as a basis for income and revenue generating activities, instead of simply seeing it as a basic need for shelter, will reorientate the theoretical and analytical viewpoint of local development policy. Urban land is a valuable commodity, and if services are provided or developed, it is a commodity that will gain in value. This becomes an expandable asset, either to be used as collateral or as commodity to increase access to choice and reduce or eliminate poverty. Security of tenure leads to consolidation and increased fixed investment, which in turn leads to higher value, et cetera. The analysis



of cities/metros in developing countries show that if tenure is secure and there is access to basic services, this leads to the development of informal, micro and small businesses; or home-based operations and clusters of manufacturing industries, ie flexible specialisation (McCarney 1996, 1996a & 2000, Mulinge & Munyae 1998, Potter & Lloyd-Evans 1998, Pieterse 2001 & 2001a).

These developments, however, are based on favourable spatial locations and policies which are all under the jurisdiction of the local government authority. The development and functioning of these productive economic activities do not, of course, occur in a vacuum. There is both a spatial and legislative framework that either aids or hinders these activities. Flexible specialisation and flexible accumulation structures and organisation of work describes the majority of such activities as taking place in "slum settings"(see theme 2 ; Watson 1996, Finnemore 1999) . This condition is however not discussed or seen as an dependent variable, but is seen as a neutral setting that does not impact on content or form. In other words, spatial planning and LED are separated from these socioeconomic activities. According to Logan and Molotch (1987), this separation is artificial and leads to many wrong assumptions in context of LED programmes and projects. Land and land-use activities can be linked to any economic enterprise and so to any LED programmes and projects. Key elements to this relationship is the size and location of plots, status of tenure, infrastructure and services available and the inherent capacity to rent out or utilise space for manufacturing purposes, or the ability to subdivide and sell off portions of the plots to capitalise enterprises.

What can be seen to be important in terms of LED is the embedded relationship between economic development of informal, micro-, small and medium enterprises and the physical base of the urban land, housing and services within specific spatial environments. This relationship between the macro economic focus/entity and the household economy and the potential (if supportive conditions prevail) of these household-based economic entities to address poverty and to achieve regional, national and international competitiveness, is a complex one. Informal and poor communities within the city/metro should not be seen as crime-ridden nests of unproductive and

unresponsive citizens, but as potential growth and productive centres. The primary focus of LED should be on creating an enabling environment for the citizens who live in these conditions and circumstances. This would, however, ask planners and developmental experts at local government level to address layout plans and land-use, zoning and regulation from a different theoretical and analytical paradigm, for instance, that small plot size in informal and low-income developments should be increased in size for all of the reasons and issues mentioned previously. By doing this, spatial development projects targeting low-income households, with the goal of wealth creation through asset formation, would become integrated into local economic development. This would create wealthier residential bases and local economic enterprises which, in turn, would improve the fiscal capacity of cities/metros. This is not just a case of “trickle-up”; instead, it would be a strategy which would reorientate and integrate the informal economy into the formal economic sector to increase the life chances of the urban poor citizenry.

This approach combines poverty alleviation strategies with the classical urban development programmes of land use and zoning, and focuses LED on poverty alleviation and tackling inequality. Land-use planning is spatially orientated, but is also focussed on creating local economic opportunities via the issues addressed. If sites of manufacture on the global level are being located on the global periphery (ie developing nations), this could hold true for the city/metro, where sites of manufacture could, if the necessary land zoning and regulatory frameworks are in place, take place in/at the urban periphery. This, in turn, would have a beneficial effect on poverty alleviation and city/metro growth and result in globally competitive cities that would naturally attract global corporate players to invest in this specific city/metro. It is important, then, to realise that the spatial elements and level of access to services as components of development projects is a tool for wealth and asset creation for urban households, for employment creation, expansion of local official capacity and in macroeconomic development (Persky & Wiewel 1994, Platteau 1994, Potter & Lloyd-Evans 1998, South African Government 2000, 2000b, 2001 & 2001a).



If this focus in the LED projects is to be achieved, local government decision-makers will need in-depth knowledge about local market conditions and operations as a basic component of LED projects. The key role played by civil society needs to be acknowledged and actively promoted. I say this because these individuals and groups (both unorganised and organised) constitute the role players in the informal, micro-, small and medium business and economic activities. For example: it is informal and commercial traders, transport operators, citizens groups accessing urban sites through land invasions, purchasing and renting of land through "local" channels, unregulated submarkets and self-help, informal construction of housing and accessing of infrastructure and services and access to, and ownership of, real estate and services, who make up the "informal sector" and the SMME business environment. This civil society-market relationship should be the basis of LED projects to be formulated by local government planning and developmentally orientated decision-makers. Schmitz and Nadvi (1999) indirectly identify the role that potentially can be played by local government in this confrontation between global competition and local industrial and economic activity: employment generation; technical learning and innovation in local enterprise; assisting local business in achieving international best practice through training and strategic intervention; technological development and environmental awareness; liaising with regional and national governments in terms of trade barriers and fiscal conditions; facilitation contact between local individuals and associations and international groups and bodies; raising quality, reliability and speed of response. Local government needs to do all in conjunction with their traditional roles of land management, spatial planning and tenure, investment in basic and more sophisticated levels of infrastructure and service delivery in the specific city/metro.

The inability of local government and local government decision-makers to fulfil these roles will impact on poor households' ability to function and increase levels of poverty. This will bring with it various associated social ills, and also undermine any LED strategies conceptualised by the specific local government. What is proposed here is not some "quick-fix solution", but should be seen as an attempt to reconceptualise the notion of development and the role of local government in the attainment of LED and its stated goals of tackling poverty and inequality in South Africa's urban centres today.

The following eleven questions, which make up theme 3, I believe will give an indication of types of information available to decision-makers at local government level. Secondly, it will investigate the interface between civil society-market relations and between the informal-formal business sectors in the view of the respondents. The final questions that make up theme 3 will attempt to introduce the idea of using land-use and zoning regulations as a vehicle for development of asset and wealth creation projects through redefinition of land use and the relocation of sites of manufacture on/to the urban periphery using flexible specialisation theoretical approaches to LED.

Question 1 is a base line question to investigate what forms or type of information and information gathering systems the respondents are able to control, access or generate. Question 2 is a continuation of the area of investigation identified in question 1. The respondents are able to indicate what and where their preferences in what type and/or form of information they would ideally have at their disposal. This is to identify and overcome potential constraints or stumbling blocks that exist in terms of the information gathering system and data they may have access to. Part of the final proposal would be to set up information gathering systems and data banks which developmentally orientated decision-makers could access for a variety of purposes, for example best practice in terms of project management systems. This question can also be interpreted in such a manner; as the epistemological choice of the respondent in terms of what facts they see as relevant or as an indication of their ontological or theoretical view of development. Question 3 brings the focus of the role of metro or municipal government into a tighter scrutiny. In this question a variety of roles that metro or municipal governments could play are identified. The researcher believes that the choices made by the various respondents will give an indication of what they see as their role in relation to a developmental local government and LED. Question 4 is a overarching question which could be said to address the central theme of the research project. It has specific relevance in terms of this theme as it addresses the key area of the interface between formal government and individuals, communities, unorganised and organised civil society. Question 5 is based on the idea that the traditional activities of local government, land use and zoning regulations and town planning scheme could be used to enable local government to fulfill its mandate to act developmentally. Question



6 is a follow up question to question 5 which addresses the theoretical definition of, and related function of service provision. The object of question 7 is firstly to investigate the nature of LED in view of the particular set of socioeconomic realities and how these relate to other metro's or municipalities. Secondly this question refers to the fact that metro and municipal decision-makers are presented with a legislative framework and a set of policy documents presented by DPLG which may, or may not in the respondents view address the specific conditions or characteristics of the developmental challenges that they are facing in their municipal district. This question also relates to the choice of theoretical model that the respondent feels is appropriate in there specific area of responsibility.

Question 8 introduced the model in which the zoning, land use and town planning regulations are seen as a tool to fulfill the municipalities' mandate to act developmentally and offers them a mechanism to address the issues of LED. If the respondents accept that the regulatory mechanisms and framework can be used in this manner and that the definition of informal and low cost housing is not only shelter, but could also be utilised as described by Logan and Molotch (1987), question 8 will make sense. However, if the respondents have not thought of the regulatory frameworks and mechanism in this way it will obviously be new set of concepts. Flexible production processes are defined by Watson (1996:344) as:

An approach to employment and work organisation which offers customised products to diversified markets, building trusting and cooperative relationships both with employees, who use advanced technologies in a craft way, and with other organisations within a business district and its associated community.

If these trust relationships can be facilitated between formal private sector institutions and organisations and SMME's with local government as the facilitator, advocate, economic agent and mediator the contradiction or disjuncture between the formal sector economy and the local economy of the poor can be addressed. This process can resolve the different images held by municipal bureaucrats and the wider civil society.

This economic and political relationship can find possible expression in the physical reconstruction of the city and the redefinition of urban land and infrastructure as commodities as well as social phenomena. Finally, this could offer an opportunity to integrate the informal and the formal economy and increase the life chances of the urban poor citizenry. Question 9 builds on the previous question in that the relationship between flexible specialisation production processes and procedures and the role of local government in the facilitation LED is investigated. Question 10 is a follow up on question 9 and identifies detailed functions and roles that urban land can fulfill to achieve the goals identified in the methodology of question 9. The same logic follows for question 11, although it has a focus on the financial assets and possible use of these assets in a new way to generate productive investment.



**Questions to be put to identified decision-makers, planner at executive level in regional metro's.**

**Theme 3.3: Globalisation and Local Economic Development policies as formulated by Local Government and the nature and content of the Local Economy of the Urban Poor**

- 3.3.1 Do you have a data base or a system of profiling the nature of economic activity for your city/region and is this type of information relevant to your planning decisions?
- 3.3.2 Which category of business activity; formal or/and informal, do you believe should be the primary focus in your area, and to what extent should either category be included in your planning decisions?
- 3.3.3 What in your view is the role(s) of Local Government in Local Economic Development projects in your city/metro:
- facilitator, advocate, economic agent, mediator?
- 3.3.4 Do you believe that the achievement of economic growth in the formal sector of/in your city/metro will resolve the occurrence and depth of poverty and inequality?
- 3.3.5 Do you believe that the traditional activities of local government, for instance, land zoning and the development of new urban land, have a role to play in the formulation of LED activities?
- 3.3.6 Do you think that targeted service provision can be a stimulus, or kick-start, which could lead to the creation of economic activity by the poor urban citizenry? If so, how?

- 3.3.7 Is the nature of the organisation and the project goals of your LED strategies a response to the local economic activities, or do you believe that a similar situation exists in all cities/metros in South Africa and that projects to alleviate poverty and inequality will be better formulated at regional and national level?
- 3.3.8 In your view, can economic development projects aimed at the urban poor be based on a multi-use definition of informal and low-cost housing and be located in the spatial planning projects within the development of urban land within that city/metro?
- 3.3.9 Do you think that the notion of flexible production, manufacturing and accumulation has any relevance to the organisation and content of LED projects? If so, how and why?
- 3.3.10 Can urban residential land development be utilised by poor citizenry as:
- i) sights of commercial production,
  - ii) portions rented out to create capital for investment in economic activity or,
  - iii) as collateral for accessing credit for investment in production process?

In your view, could this form a basis for LED projects in your area of responsibility?

- 3.3.11 Do you believe that there is underutilised capital investment represented by physical structures in informal and low-cost housing settlements and estates? How, in your view, could this capital be unlocked, or utilised, more productively?



### 3.9 Conclusion

In this chapter, I discussed the historical basis for city development and urbanisation, urban problems, planning and legislative frameworks and managing city growth. The three themes which are the basis for the questionnaire which will be put to identified decision-makers at municipal level have been identified for investigation; growth and Sustainable Human theories of development; the relationship between global competitiveness and local needs and the formal state structures, local government, and civil society which conceptualises this relationship, and between the formal LED policies of government and the local economy of the urban poor. The strategy for reducing poverty and inequality through wealth and asset formation via the route of locating sites of manufacture based on flexible manufacturing principles through land-use and zoning regulations is introduced in theme three.

A set of questions was formulated with the specific focus and problems defined in the discussion in/on the appropriate theme. I believe that, by formulating these problems from the perspective of the local government, and specifically, the decision-makers in the specific city/metro, insight will be gained on the understanding, or attempts, to resolve these issues. However, the separation of the three themes is an artificial one, because the themes are simply different viewpoints on the same problem, namely, local government as the critical actor in the achievement of Sustainable Human Development at the local level. I believe that local government, in the context of the role defined for it through the Constitution and the appropriate legislation, can no longer have their LED, LDO's and IDP's and their spatial, land-use and zoning regulations and policies separated and insulated from the activities and needs of the urban poor. A local government which can act developmentally in terms of SHD will improve local productivity and will do something about poverty and inequality. This will as consequence enable that city/metro to become globally competitive. It is this change in the strategic perspective of the role the urban poor fulfill in the urban setting that should be the strategic focus of local government. I do not view this as a simple plan for achieving "development from the bottom-up", but as the organisation of postFordist business practice that has, as its basis, the establishment of production and

manufacturing processes based on industrial clustering of small and medium size firms, integrated through modern technologies and communication systems, that is, flexible specialisation and production processes. These new organisation techniques will, or can, reintegrate the informal and formal sectors of the local economy and create new relationships based on trust and common purpose. The changes within the global organisation of production and labour place the city/metro government in a strategic position to act as mediator and facilitator between the global and the local via the LED policies and projects.

However, this means that the traditional academic divides of that of the local government administrator, the economist, the sociologist, the business planner and manager needs to be critiqued. If these issues are not integrated, then the consequences within the local economic development context will be market inefficiencies, fiscal incapacities, policy incompetence and management dysfunctions in both business organisations and local government institutions. If the strategies proposed in this research thesis are successfully implemented, it holds promise for the transformation of local civil society into strong centres of democratic organisation and for welfare-enhancing market opportunities in the South African cities/metros. In chapter four the analysis of the responses from the questionnaire will be presented. The presentation will follow the logic and the format of the three themes in chapter 3.



## Chapter 4

### Presentation of Findings of Questionnaire

#### 4.1 Introduction

In the previous chapter, chapter 3, I defined the theoretical basis for LED, and discussed the nature, content and importance of civil society's participation in the formulation of development in relation to LED. I also discussed LED strategies as formulated by local government, and examined these strategies in terms of the local economic activities of the urban poor. Finally, I examined the conceptualisation of a new approach to the formatting and location of economic activity via the land-use and zoning regulatory framework. These critical discussions, which are the topics of themes 1, 2 and 3, form the basis for the questionnaire that was given to decision-makers at local government level (ie those decision-makers who dealt specifically with LED).

In this chapter the responses to the questionnaire will be analysed and critically discussed in relation to the questions which constitute this research project, viz:

- (1) How do decision-makers at city/metro level understand (ie in theoretical terms) the word "development", with specific reference to "Local Economic Development" and local government as "Development Agent"? Secondly, these views need to be critically compared with the view held by the official from the department of Provincial and Local Government. (This official deals with LED specifically and the policy, regulatory, legislative and constitutional definition of LED as held by DPLG.)
- (2) What relevance and importance the notion of "participation" holds for the respondents in relation to LED and in relation to the view held by the DPLG.
- (3) What data and knowledge are available to decision-makers in Local Government in relation to the economic activity of the urban poor, the informal economic sector, and/or the formal economic sector activities, and the relevance of these two sectors in the context of LED.

- (4) Introduction of a strategy to directly address poverty and inequality by locating economic activities using the land-use and zoning regulations as the vehicle and the theoretical principles that underpin the methods and organisation of manufacturing; ie flexible specialisation, to facilitate asset and wealth creation for urban poor.

The responses from respondents will be the basis for analysing these four main questions and my analysis will be structured in relation to the three themes and the questions which make up the three themes.

#### **4.2 Theme 1: Growth and Human theories of Development - Globalisation, global capitalism and Sustainable Human Development (Poverty Relief and Local Needs)**

The primary focus of theme 1 is analysing how decision-makers in Local Government understand the notion of “development”, specifically in relation to Local Government as a development “agent”, and in terms of Local Economic Development (LED). The questions 1 to 8 create a continuum in which an attempt is made to identify and locate specific respondents’ understanding of these issues. The different responses will allow the researcher to make inferences about the theoretical assumptions and understanding of the concept “development” held by each respondent. Collectively, all of the respondents responses will be utilised to identify the dominant theoretical position about the nature and content of “development”, and evaluated in relation to the view expressed by the Department of Local and Provincial Government. A distinction is made, on the one hand, of the notion of *economic growth*, or global capitalism, as the theoretical underpinning of development, versus the notion of *sustainable human development* as the basis for the understanding of the notion of development. These two alternative definitions are at the opposite ends of the continuum (see chapter 2). Questions 9 to 11 are focussed on the ranking of importance and the external priorities and pressures associated with this dichotomy in the understanding of the notion of development. Specifically, I shall focus on the nature and content of LED as understood by each respondent.



A benchmark measure from which to view the questionnaire responses is the interview with the Director-General; Local Economic Development, Department of Provincial and Local Government (DPLG) — this is respondent 1. Another benchmark measure is the various policy documents, the green and white papers, and relevant constitutional legislation in terms of which a position about the nature of development in LED is defined. Another criterion with which to evaluate respondents' responses is the academic and position papers around the role of Local Government and LED. (See chapter 3.) A subtheme of this definition, sustainable human development (SHD), is to combine/integrate the notion of economic growth as a subtheme in the strategy for dealing with poverty relief and reducing inequality. It is clear, however, that economic growth, ie global capitalist integration or global competitiveness, is not the primary variable in the DPLG institutional definition of the term LED. Given that this theoretical view assumes specific ontological assumptions about the nature and causes of poverty and inequality, it also defines the epistemology and the related research and intervention strategies. The following quote is an illustration of this view:

We are not trying to say that the pursuance of growth orientated strategies is completely wrong. I do not think that anyone could be so presumptuous to take that decision. But, what we are trying to say, is that unless you have complementary strategies that really address integration and participation and poverty and redistribution and all of those issues of equity, then you are in the long term going to work against the interests of your country, and against global competitiveness ... (Economic growth) (respondent 1:1:4:2).

(Please note: The reference system for the above quotation and all other quotations based on the questionnaire responses is formulated in the following way. The first numeral refers to the specific respondent, the second numeral refers to the theme and the third numeral refers to the number of the question; and finally the page reference in the appendix volume. For example, in the reference — respondent 1:1:4:2: respondent 1; theme 1 and question 4, with the relevant page reference, in this instance; page 2.)

The definition of the term development, economic growth or global capitalism, as defined in chapter 2, is the theoretical view based on the dominance of market-led strategies which are predicated on neoliberal orthodoxies about the attainment of economic growth and the ability of trickle-down strategies to resolve issues of endemic poverty, socioeconomic inequality and restricted access to basic resources — in short, structural adjustment programmes. The assumptions on which this approach is based are: minimum government intervention, facilitation of market-led growth and private investment by all spheres of government, privatisation of state owned assets, et cetera. These assumptions are clearly captured in the State's macroeconomic policy document: *Growth, Employment and Redistribution* (South African Government 1996). The title says it all; economic growth will lead to increased employment opportunities and this will enable those who are newly employed to purchase whatever form or level of services and basic goods that they require. According to this view, local government in general, and specifically in relation to LED, are tasked to carry out a specific set of strategies and interventions formulated by decision-makers. This view is captured by the term "global competitiveness" as an anagram for market-led economic growth strategies as the vehicle for tackling poverty and reducing socioeconomic inequality.

Question 1 is a very broad question that asks about the nature of the term "global competitiveness". Questions 2, 3, 4 and 5 are also based on growth theories of development, but focus on the issues of goals that are subsumed within these theories of development and participation by civil society in the definition of these goals of growth (discussed in greater detail in theme 2). This set of questions introduces the idea of individuals or communities being excluded from access to resources and also raises the issue of structural causes of poverty which this form of intervention (ie growth-led strategies) may not be equipped to deal with. These five questions lead to the introduction of Sustainable Human Development (SHD) as an alternative theoretical interpretation of development. This interpretation of development is reflected in questions 6 to 8, and as defined by DPLG. The final three questions (questions 9 -11) relate to the individual decision-maker's ranking of the approaches and what pressures are on these individuals within the metro governments to actually interpret and formulate some form of strategy in relation to LED.



It is clearly apparent from the majority of respondents (10 out of the total of 12 respondents) that the interpretation of the concept “development” and LED, is primarily (although not exclusively) related to growth theories and focussed on the formal economy. According to this view, it is the role of local government in LED to identify and facilitate the development of competitive sectors within the formal economy. It is thus the job of these decisions-makers tasked with LED to identify and facilitate the growth of these competitive sectors and to improve their ability to compete globally. If these sectors and their support infrastructures are successful in achieving growth, then the ability of large, medium and small and micro enterprises to increase levels of employment will also expand. If levels of employment increase for both the individual and the community, so levels of poverty will concurrently decrease, as will levels of socioeconomic inequality. In this way, decision-makers tasked with LED, believe that LED strategies will have succeeded in their purpose. The following quotes illustrate this view:

Global competitiveness refers to the scenario in which the metro facilitates certain conditions within its geographical location to attract foreign investment for job creation programmes, in my opinion. You have to attract foreign direct investment and create, or facilitate the creation of job opportunities in that manner (respondent 8a:1:1:1),

(You must) ... defend your local market in such a way that it helps you to achieve your local economic development (LED) objectives like job creation, wealth creation and the redistribution of wealth and poverty alleviation (respondent 2b: 1:1:1),

Our view (of global competitiveness) is ... that there is a emerging role for cities to become a lot more proactive in facilitating economic development and to begin to look at how we address issue of competitiveness within the city. We could play a facilitating role, we would engage industry, the chambers of commerce and the institutions of business to basically look at what are the blockages and what are the particular areas of

infrastructure that we need to address ...(respondent 4:1:2:2)

I am saying, on the LED side, ... that for us, ... is that it has a very strong element of trying to become globally competitive.... LED is about global competitiveness as well as a strong element of SMME development and labour intensive industries.... (respondent 4:1:9:5)

Growth is the key indicator of how things are actually performing, ....and how do we grow the economy?, how do we actually create jobs?..... These are essentially the questions, job creation and growth to deliver on the political promises and to maintain economic and social integrity (respondent 4:1:10:6),

Once you start with your economic growth, you are not going to have a guaranteed income in the way, you are going to compete now. But we believe that money must be spent on global competitiveness as the focus of local economic development (LED) (respondent 6:1:8:2),

We would prioritise global competitiveness as the primary focus (respondent 6:1:9:2-3).

Respondents understood the ontological assumptions, terminology and the apparent dichotomy very similarly, with one exception (respondent 7), and interpreted the LED to mean the following:

- (1) The opening up of the formal economy as a consequence of Globalisation, with positive and negative consequences for the various formal sectors within that geographical location identified by/as the specific metros. It was indicated that the role of Local Government in this context was to identify those formal sectors that could compete on the global stage. Local Government would have to play a number of roles in relation to this: facilitator, advocate, mediator and even as economic agent, in specific instances, or to facilitate this competitiveness



through a variety of functions.

- (2) The second interpretation and understanding of global competitiveness is related to the city itself. Primarily, this view was based on the city itself becoming globally competitive in terms of its specific function; service delivery, infrastructure development and communications. The idea of *best practice* and what constituted best practice and how this related to what local government does, or how this influences the concept *governance* was also central to this definition. This role of what constitutes *governance* is linked to how decision-makers understood LED and what roles they could play in LED, and what the specific role of Local Government is, or could be (ie that of an agent to facilitate economic growth). The overall function and form of LED is, however, defined in terms of growth functions and measures.
- (3) According to human development theories, the designated goal of poverty relief and the reduction of inequality is not regarded as an end in itself. Instead, it is seen as primarily a consequence of “trickle-down” which, in turn, is a consequence of growth in the formal economy (and in some instances is clearly and specifically formulated in relation to job creation). The reduction of poverty and inequality is seen as a consequence of expanded employment in the formal economy. This view is obviously based on the theoretical assumptions of the nature of the socioeconomic problems related to poverty and inequality and the theoretical assumption about the resolution of these problems in terms of growth related theories of development. Poverty and inequality are regarded as a function of un- or underemployment, and the only way to overcome these problems is growth in the formal economy, job creation programmes (which are based on facilitating the growth of the formal economy), SMME and encouraging labour intensive manufacturing and investment.

As the respondents were introduced to later questions where marginalisation of poor citizenry is central to any understanding of the idea of the city acting as agent within the idea of growth lead strategies of development, it raised a number of contradictions. The

primary understanding of the ideas which underpin this idea of development seems to be conceptualised within a pragmatic interpretation of how the city government functions, where the finances on which its activities are based comes from and national political goals. The majority of respondents felt that Local Government cannot turn its back on the formal sector, because this is where any finances come from. The theoretical definition of development has to be based on this reality. This, however, results in a rejection of any critical questioning of the dominant theoretical paradigm of growth, that is, global competitiveness. This also results in various justifications about why any alternative or human resource based definition of development cannot be considered/justified. The following quote illustrates this point of view:

But I want to reemphasise again, the poor unfortunate that gets a house and gets basic services, and I am talking about basic services, is still sitting in the unfortunate position that he does not have a job to sustain or maintain the house or to use more water and electricity and so you reentrench poverty. So in my view of local economic development (LED) it is job creation (respondent 8a:1:5:3-4).

As stated, questions 5 to 8 are based on the human needs notion of development and respondents uniformly responded in such a way that it was clear that this theoretical understanding of development was secondary, or dependent, on the idea of growth and the concurrent understanding of the term development.

It is clear that the benchmark understanding as defined by the department (DPLG) in its various discussion papers, policy papers, and green and white papers is not shared with the majority of decision-makers tasked with the implementation of the LED strategies. This must have serious implications for DPLG's implementation and oversight of LED strategies, because those tasked with these specific tasks do not, at the most basic level, share the same theoretical view of the notion of development. If the assumption about the nature and context of interventions of implementation strategies and interventions is based on the theoretical understanding of such issues, this indicates a fundamental theoretical contradiction between the DPLG and the



metro's management themselves. Any form of interaction is going to be fundamentally affected by this contradiction and this will have to be resolved if any of the strategies aimed at achieving the goals of poverty relief the reduction of socioeconomic inequality is to be achieved. This fact has serious implications for the stated goals of DPLG, and constitutional mandate which identifies processes of local community or civil society interaction to identify, define and develop strategies in relation to LED, for example, ward committees. This will be discussed in detail in theme 2 (see below).

The final three questions asked respondents what their views were on the internal and external environment in which they function in relation to LED. Question 9 asks respondents to rank the two approaches directly, and although respondents were not willing to do this directly, or place human development in a secondary position, their implied position was just this. The responses were conceptualised in such a way that respondents, firstly, separated the two approaches and said that it was not possible to rank the approaches in terms of importance and relevance. Or, alternatively, respondents said that the two theoretical positions were parallel or interdependent. Whether this is due to their theoretical understanding (although in the majority of the cases this was not supported by their earlier responses), or a pragmatic attempt to avoid the implications of the question, could not be inferred from the responses. It could, however, be the result of practical, political reality --- namely, that to openly take a position like this would result in some fallout if it became institutional or public knowledge. The responses to this question represent to the researcher one of the fundamental problems which was apparent throughout the research process, this being that respondents conceptualised their responses in terms of what they thought to be the politically correct response. This has serious implications in that the metros, who are supposed to be the delivery agent for services and to address poverty on the ground in such a way that this intervention is formulated within the local context via a process of consultation, do not feel that they have the political space to fulfill this role. It was often necessary to infer from the way questions were answered what respondents' views on specific issues really were, but it was clear that most believed that the notion of growth and competitiveness was the primary focus as far as LED is concerned. This is clearly not the view as identified by DPLG in its assessment of the nature of poverty

and inequality and through interpretation of the various legislative and statutory frameworks. One respondent, respondent 7, was unequivocal that the focus of LED, as defined by DPLG, was the right definition, and that the focus of LED should be on human development. The policy implication for the DPLG in the context of responses to this question are fundamental and far reaching. It is specifically around this issue that the DPLG would have to set up an intervention strategy otherwise any attempts to intervene or set a national framework of intervention in relation to LED, or to conceptualise the idea of development from a local level, is doomed to failure.

Responses to question 10 were expressed in a broad manner — this question looked at the issue of Globalisation, the nature of the global political economy and what response the metro government can make in relation to these external conditions. This broadness of expression is to be expected if the responses to the previous nine questions reflect the theoretical understanding and position of the specific decision-makers who took part in the study. If the respondents believe that the key to their success in LED is about the formal economy and growth definition of development, they would necessarily interpret the question in relation to external and internal factors which act for or against their interest as far as formal sector growth is concerned. Central to this definition is the nature and transformation of the institutions and tools available for the metro government and how these influence its ability to achieve and facilitate economic growth. Respondents do not see that regional or national government as applying any pressure on metro government in relation to this notion of competitiveness, it is, in their view, primarily the formal private sector. Some respondents were critical of the idea that regional government should have any say in the definition or formulation of intervention strategies related to development, since they felt that the metros and large municipalities were “stronger” than the regional governments (re: implications for cooperative governance). This understanding relates to the overall goals of poverty alleviation and inequality as it is understood and earlier defined: that, to resolve these issues, the formal economy has to grow, thus creating jobs and making redistribution possible. This relates specifically to those formal economic sectors that have specific needs in terms of infrastructure (eg communications, transport or access to luxury consumables and resources) if they are



to attract highly skilled workers. But this is also understood as the way to meet the demands and needs of the poor or marginalised citizenry. The argument is simple: more jobs lead to reduction of poverty and inequality. The overall emphasis remains as conceptualised by the definition of development as economic growth and this supports the legitimacy of the analysis of theme 1 as expressed by the researcher.

Question 11 focuses on the nature of global competitiveness as articulated by national government as a whole (ie different departments that the decision-maker may have to deal with, for example, Department of Trade and Investment, Treasury or Department of Finance) and relates directly to the notion of cooperative governance. The responses were fairly clear. The view of LED as a strategy based on economic growth as the means of overcoming poverty and reducing inequality is supported by central government's macroeconomic policy (ie GEAR). However, this is in direct contradiction to DPLG's stated goals and in direct contradiction to its related policy papers and training workshops. This obviously has serious implication for DPLG and the formulation of development as the focus on human development. This contradiction is expressed and identified by the majority of the respondents in varying degrees --- from ridicule of what DPLG is trying to do, to rejection (one respondent) of the funding frameworks as set out by the Treasury and the Department of Finance and the Department of Trade and Industry which reflect the theoretical framework identified in GEAR. The following quotation expresses these various attitudes:

No, just a hazy view, but this is how it goes in terms of competencies. Various people in the hierarchy of government have got different viewpoints, they cannot even tell us what to do. They keep on sending us mixed messages, confused messages, they themselves do not know what to do. Things are done on an *ad hoc* basis and is disjointed, done by various sections of the government, there is no one voice that says this is the bible. So, no, they do not create an enabling environment and they do not give us the necessary tools for us to carry out our tasks. Things are done on a low key *ad hoc* basis. These are issues that need to be addressed. They need to get their backyard in order and they must

spell out loud and clear to all spheres of government what they mean and what they want! (respondent 5:1:11:4).

This has serious implications for the constitutionally defined role that the various spheres of government have to play in the overall socioeconomic reconstruction of South Africa. This problem will have to be investigated further but as the primary focus of this research project is on the developmental understanding of decision-makers at LG level this will have to be done in a further research project. This again supports the assessment of the respondents view on the theoretical underpinnings of the support of LED as facilitation of economic growth at the metro level. This contradiction will have to be addressed by DPLG and it may have to address these issues both nationally and at an interdepartmental level, because decision-makers at local government level simply do not have the power to resolve these issues. This could also be an area for further research once this study is completed. The individual responses to specific questions elicited some extremely interesting responses and the overall assumptions (discussed in theme 1) held by the individual decision-makers in the metros varied greatly. Further research on the individual metros need to be conducted. However, the key question in this research project as stated, or theme 1, was about the understanding of the decision-makers tasked with LED in the metro's and larger municipalities in relation LED and the theoretical underpinnings of such an understanding and the relationship to the view expressed by DPLG in this regard. It is clear from the above analysis of respondents' replies that there are serious contradictions in their understanding of the content and the theoretical bases of what constitutes LED.

The conceptualisation of developmental goals and strategies in relation to sustainable human development within a process at the metro level, ie ward committee's, and the broader civil society as defined by DPLG, is very problematic in relation to the dominant view about the nature and content of development at the large municipality and metro level. If development is viewed as growth in the formal economy, how does this relate to the grassroots process about the form and content of development? Theme 2 focuses directly on this question and if my analysis of theme 1 is correct, this



dependent/secondary view of the importance of the nature of bottom-up process and importance of civil society will be reflected in the respondents' responses.

#### **4.3 Theme 2: Local Government and Civil Society; Participation and Local Economic Development**

The theoretical definition of the idea of development, and the choices that are made in relation to this idea of development, are central to the research focus of theme 2. As indicated in chapter 2 and in the conceptualisation and analysis of theme 1, the ontological assumptions related to different definitions of development conceptualise the epistemological assumptions in terms of that theoretical choice. Sustainable Human Development has, as its epistemological basis, the idea that individual people and their communities, or civil society, are primarily responsible for the formulation of policy and policy goals, the form and content of intervention strategies, and the evaluation of the success of development (see chapters 2 and 3). The alternative to this view is the growth-orientated strategies, or global competitiveness, where the responsibility for development is assumed by the market and best practice is claimed to be market forces (the ultimate goal being an increase in local Gross Domestic Product/Gross City Product). However, this means that civil society has to relinquish control of the formulation of policy and policy goals, the form and content of intervention strategies and the evaluation of the achievement of developmental goals in relation to LED.

The Constitution of South Africa (1996: chapter 7; subsection 153a) states that:

A municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.

It is in this context that DPLG (2001) states in their policy papers and manuals on LED that development must be focussed primarily at meeting the unmet basic needs of the community, including employment. They further emphasise that the success of pro-poor

LED strategy must, in future, must not be judged on the basis of a simple increase in local Gross Domestic Product/Gross City Product, (or in relation to growth strategies of development), but of how society's broader transformation objectives are being realised.

A further emphasis is a repeated reference to the Reconstruction and Development Programme [RDP] (South African Government 1994), and the explicit reference to the social welfarist theoretical underpinnings which are expressed in this policy paper (a policy paper which, in fact, is largely macroeconomic in nature). Specific reference is made to section 6.4.4 (RDP 1994) where government, in this instance local government, must establish "a coordinated and coherent development strategy, ..... participatory practices and priority based budgeting". The RDP (1994; section 4.3.5) states, and this view is supported by DPLG, in relation to LED, that:

In order to foster the growth of local economies, broadly representative institutions must be established to address local developmental needs. Their purpose would be to formulate strategies to address job creation and community development (Reconstruction and Development Program 1994:section 4.3.5).

DPLG identifies six developmental LED interventions; community-based development, linking growth to redistributive human development; human capital development; development of infrastructure and services; retention of local assets; and related expansion and development of local business and economic activity. The bases of all of these goals are subsumed under the theoretical idea of Sustainable Human Development (People-centred Development), based on the needs and aspirations of local communities. This view is implicit within other relevant policy and regulatory documentation (for example; the Development Facilitation Act [1995], White Paper on Local Government (1998) and the Municipal Systems Bill [2000]). The theoretical perspective of a people centred- and driven process, as a basis for the LED policies to be developed by Local Government in general, and the decision-makers specifically tasked with this responsibility at local government level, is thus clearly and



unequivocally stated by DPLG.

In response to the questions that make up theme 2, the official from DPLG dealing with LED indicated that the historic track record of the process of consultation has been poor as far as LDO's, IDP's and various developmental plans and projects are concerned. The respondent states that:

In the past the process of consultation has been very poor,... there has been a problem with consultant driven plans and approaches and that the kinds of participation have been very minimal and ... lacked true meaning. This has been a general issue that we have faced on our LED projects, for example, you will have projects identified within your IDP's but you really get a sense that these projects are consultant driven, you get cut and paste projects, huge piles of these things. ... participation... there is nothing (respondent 1:2:2:6).

According to this respondent, the reasons for this lack of consultation were numerous, but the primary reason was the lack of credible civil society leadership at local level. This lack of credibility was due to the fact that many of these individuals had taken up political or bureaucratic positions within government or positions in the private sector. Also, this respondent felt that there was confusion within municipalities and local government politicians and administrators about the role it, and they, have to fulfil in relation to LED. This situation is further exacerbated by the confusion in civil society about the meaning and nature of local economic development in general. However, the respondent did not feel it appropriate for municipalities, even though they have a constitutional mandate to consult with wider civil society, to intervene in this "vacuum" of leadership, because this could be seen as government trying to control the process of consultation. This, in turn, would have a detrimental impact on the legitimacy of the consultative processes. The respondent believed that, instead, a process of capacity building, that is, local political leadership, must be established as a matter of urgency. The idea of who should be consulted or take part was also a central concern with the official, because, as the respondent pointed out, those who are the least empowered:

women, children and disabled, would have the least chance of being part of the consultative processes. These problems were central to the officials view on the nature and content of developmental strategies which should be formulated in relation to the needs and aspirations of the poor, or pro-poor development. According to the view held by DPLG about the nature of development, it was felt that local government decision-makers could not act legitimately without these consultative processes and that any development strategy formulated without effective and legitimate consultation would be problematic because:

... If you are not consulting properly, then you have a perceived notion of what inequality and poverty are about and how it impacts on people's lives, and therefore if you are addressing those perceived issues you are addressing the wrong issues (respondent 1:2:5:7).

The respondent felt that the existing policy and legislative framework gave municipalities and decision-makers at local government level more than enough indication of the theoretical direction of developmental and the related strategies and evaluator mechanisms for these institutions to operate independently with minimum oversight by DPLG as there were different levels of decision-making and consultative bodies and forums built into the system. Municipalities should only do what they have to do according to established structures and systems and then they would automatically be carrying out the constitutional, legislative and ethical mandates expected of them. This also relates to the fact that different classes and interest groups within wider civil society see the goals, implementation procedures and evaluator mechanism differently, and the system and institutional capacities that were in place would be able to regulate the competition around resources and power blocks and thus avoid social conflict. In other words, the embedded class conflict inherent in any developmental role played by local government could thus be alleviated or managed. In fact, this is a central tenet of the transformation process taking place in South African socioeconomic and political realities and it is hoped that this would result in the entrenchment of democracy at the local level. This would have positive spinoffs for creating democratic institutions and would entrench democracy and socioeconomic



justice on the macro or national level, because all that was needed was “true participation”. This “true participation” would also be the bases for intersectoral collaboration, which would result in new forms of production and synergies for dealing with poverty and socioeconomic inequality.

The theoretical view of development defined above, and the related notion of participation in terms of development strategies and goals, as indicated in theme 1, is not the dominant view of decision-makers at local government level. The majority of respondents believe that LED is about growth-led strategies and a hierarchy of globally competitive cities, based on sectoral growth within the formal economy. Poverty relief and strategies for addressing inequality are therefore conceptualised in relation to growth in the formal economy and the concurrent increase in employment and the ability of individual and communities to purchase levels of basic needs as per their own choice; the rational and informed individual which constitutes the primary actor/agent in neoliberal theory. This has obvious implications for the form, content and nature of participation by civil society with, and outside, formal government institutions. It is therefore clear that there is a disjuncture in the interaction between formal state institutions, or local government, and broader civil society institutions and organisations.

The first question respondents were asked focussed on how they personally defined “civil society” and what constitutes civil society. This question was formulated in broad terms, to introduce the theme of participation; the follow-up questions focussed on specific issues in relation to the nature and functioning of civil society and the interaction between civil society and formal local government institutions. These questions evoked a range of responses, which included references to formal organised institutions of society (eg Chambers of Commerce, organised labour, rates committees, environmental committees etc) and, to a limited extent, references to the informal sectors of society (eg informal trader committees, land restitution committees, etc). Again, the only exception was respondent 7, who believed that the informal, un- or disorganised sectors of civil society should be the primary focus of LED. It was clear that respondents were conceptualising their responses in relation to their theoretical view about the nature of development or growth-led strategies (theme 1).

According to this view the key constituents in this process of consultation are the formal private sector and all of the linked support institutions. This then automatically defines with whom the local government decision-makers would have to consult. This means, in turn, that the informal and unorganised elements of society are peripheral or secondary to the views of the formal private sector about participation. However, respondents did realise the political implications of such a definition and various attempts were accordingly made to rationalise or justify this view. Nonetheless, the dominant view remains that the most effective and legitimate way of resolving issues of poverty and inequality is through formal sector growth and the trickle-down effect (which will result in job creation in the formal economy). The ward committee system was seen, across the board, as an attempt to formalise and organise informal and unorganised society in order to try to broaden the consultative process. But, in the majority of instances, the ward system was only a vague theoretical idea, backed up by no specific strategies for formalisation or implementation. However, a later follow-up question specifically asked about the nature of participation and specifically about the delegation of decision-making powers to these structures of civil society, or ward committees. Note that, when asked this question, respondents firmly rejected the idea that these institutions (informal or civil society) should have any decision-making powers that would be binding on municipalities or local government structures, eg the choice between section 79 or section 80 committees; theme 2, question 7. Section 79 committees are legally defined as those committees that have advisory status only, but section 80 committees are those that are legally mandated to make and negotiate legally binding contracts in terms of that particular local government structure. Decision-making must, in the view of the majority of respondents, be located in the formal structures of municipalities and local government who have to interact with the formal sectors in the economy to facilitate economic growth, and not be located in the organisations and institutions of civil society.

The second question in theme 2 asked specifically about respondents' historic experience of the effectiveness of participation in relation to developmental planning issues. All respondents were negative about the effectiveness of participation in terms of both content and process. The following quotations illustrate this view:



... (B)ut the effect of consultation was that anybody and everybody was consulted. It lengthened the process and made decision-making more difficult, as opposed to easier (respondent 2a:2:2:10-11).

(W)hat we tended to do was to have very extensive processes of consultation right down to grass roots, and I am not saying that there was anything wrong with this, but what it tends to generate was basically a shopping list of very extensive demands and needs which exist on the ground. We had to find a way. or what we had to do rather, is set *correct parameters* (in terms of the growth paradigm; authors highlight) were you want to take the city... (respondent 4:2:2:8).

This lead to the identification of a range of options to why this was so and respondents were asked to respond to these and identify any others that they thought were appropriate; lack of organisation on the part of civil society in general, what the role and nature of local government is in relation to LED, the nature, content, and the prioritise contained in LED (IDP's, LDO's etc). Respondents identified all of these as relevant problems in their specific areas, but it seemed as if the priority problem was the fact that their own political and bureaucratic structures were in disarray as far as the definition, content, intervention, and evaluation of LED were concerned. This point was clearly made by the one respondent who seemed to understand and support the theoretical and applied view on LED, respondent 7, as identified by DPLG. The following extract to supports this view:

The role of local government is changed, now, put very simply, we cannot expect our partners in civil society to understand the changing role of local government, because, first step..... We have to develop our own understanding within our institution..... Develop a uniform understanding of the changed role of local government and this means that the officials and public servants have to understand this.... we are fighting a war in local government circles, it is a fact. You cannot fight a war with the wrong soldiers. We need a very strong paradigm shift (respondent 7:2:3:8).

Given the responses in theme 1 and theme 2, it is clear that this paradigm shift has not taken place. The fourth question in theme 2 asked if local government should intervene, or act as facilitator or advocate in the broader civil society, if the levels of un- or disorganisation were such that local government was not able to consult effectively and legitimately. Related to this was question 5, which asked respondents if local government could act legitimately in terms of developmental decisions if these consultation processes (identified in questions 2, 3 and 4) were either not in place or were not acting effectively (because of the dominant theoretical understanding of the term "development"). The answers here varied: from no intervention because this would taint the process, to that of local government had to act pragmatically to bring about economic growth (respondents 2a & b, 3, 4, 5, 6, 8a & d), and finally, that this is what the primary focus of local government in relation to LED should be (respondent 7). It is this process, as the quotes from respondent 7 indicate, as the priority internally to local government and externally within broader civil society, is what development (LED) is all about:

[Development].... is not about delivering piped water to communities, people getting in and getting out. This is investing (LED), a lot more in the soft stuff that will make people respect the infrastructure. This is a different mind set. The mind set that says we are the buyers of certain things, or that we are the delivery agents within a developmental context, or in the role of developmental local government. This goes beyond that. This level of understanding, or community psychology level, is not out there yet. Yet in practical terms we need to invest in our partners, and that is developmental local government... (respondent 7:2:3:8-9).

This definition it is not outside of our constitutional mandate not to invest behind civic capacity building. It is the cornerstone of the constitution to do exactly that... (respondent 7:2:4:10).

If you are talking about privatisation and a primary focus on economic growth, then it is your prerogative as a city (to act legitimately without



consultation), how legitimate this is in terms of my view of developmental local government as driver of consultation processes. Because the question has to be asked if this view (of development and LED) delivers results on the ground. I believe that it is our legitimate role to insure that People-Centred development becomes the reason for being as opposed to something that we will do when we have the time (respondent 7:2:5:10).

The above description of the nature of the role of local government is not, however, the common view commonly held by the majority of respondents. In fact, this view is contrary to the view held by the majority of decision-makers at local government level (ie the people who deal with LED policies and strategies). The majority of respondent's views are also contrary to the understanding of LED as indicated by the official from DPLG and related policy papers and manuals and the theoretical definition of development (SHD) in general. This supports the opinion expressed in theme 1 (ie about the nature and content of development and participation held by the majority of the respondents) and raise questions about the role of cooperative governance and the interdependence of the different spheres of government.

Question 6 asked respondents about local government's autonomy to make decisions in relation to developmental issues within their specific spheres of influence and the effect this autonomy of decision-making could have in relation to requests for funding for projects from national and provincial governments. It was clearly stated by all respondents that they would accept a framework or set of principles in terms of which to conceptualise LED. Obviously, this is a misnomer, because the theoretical framework or set of principles as set out by DPLG is either not understood or is being misrepresented by the decision-makers at local government level. All felt that they should have the autonomy to act in their own interest because they had the best view of what would constitute development in their own spheres of influence. Once again, in relation to the response from theme 1, it was felt that the identification of competitive growth sectors in the formal economy would be the primary focus and that consultation with chambers of commerce and formal labour would result in "best practice" and is

therefore the core of “good governance” and cooperative government. The contradictions between this view and that held by DPLG is clearly apparent! The following quotation illustrates this point:

This type of thing goes back to our initial discussion in the earlier questions on the nature of global competitiveness. Unfortunately (Sustainable Human Development), and this is very prevalent amongst councillors as well, because they are representing their constituents in their wards, their idea of local economic development, is about social development. This is not about social development, it is about local economic development for job creation, it is not about hand-outs, this is the unfortunate thing and we need to get this clear! (respondent 8a:2: 6:15).

The follow-up question about the location and delegation of decision-making powers in relation to formal local government institutions and broader civil society was identified and discussed earlier in this analysis of theme 2. However, as this boils down to the core of what development is about, who it is about and where the final authority lies (ie participation - SHD) it is worthwhile reiterating what was said earlier. All respondents felt that the institutions from civil society, organised and/or unorganised, should have consultative status only, ie section 79 committees. It is the role of formal local government institutions and forums to make development decisions. These decisions, specifically about developmental issues and LED in particular, theoretically and in an applied sense, are the responsibility of local government. In the light of the theoretical definition of development, and related strategies for dealing with poverty and inequality (ie in theme 1), growth and trickle-down, this is a totally different view from that held by DPLG.

The final three questions that were asked of respondents in theme 2 were general questions about the nature of South African society as understood from the vantage point of decision-makers tasked with developmental issues at local government level, with specific reference to the class based nature of our society and the specific interests



that these different classes would hold. The second question, question 9, was about the nature of the transformation process taking place in South Africa post-1994, with specific reference to the role that local government could take place in the entrenchment of the idea of democratic government (which must include a consultation process). In both instances, the majority of respondents responded superficially to these issues. In my view, this is yet another indication of local government decision-makers' limited understanding of the importance of the role of LED within these larger transformation processes. This could be a possible entry point for DPLG to address these issues and bring some form of common understanding of the role of LED and the developmental process in general. The following quotations illustrate this view:

... if you go to the United States, one of the reasons for this not working is that people are not too interested. They have got too much going on in their lives. So the issue of entrenching democracy, I believe that it is there for them to take, but in actual fact they are not interested (respondent 3:2:9:9),

(I) believe that the whole process of participation is contained within the structure of the ward committee system, business forums and the chambers of commerce and organised labour. Yes, I would think that this is the ideal for me... (respondent 8a:2:5:13),

... (T)he problems that we have had up to now, especially with the IDP projects, is that there is so much community involvement, that you cannot look at the planning process. It is now called a IDP process, as a civil society, or civil needs process....., this is not wrong, but you cannot, or you should not, allow it to guide the planning process or to guide the decision-making process....., local governments role, is to make long term strategic decisions....(respondent 8d:2:5:13),

(T)he bringing down of decision-making to the grass roots will entrench democracy as part of the transformation process, but the problem is that

it is not happening on the ground. The emerging black elite is the main problem, they come from there, and they know what it is all about. Ten years down the line, they have replaced the white colleagues....., but they have lost something. So democracy for those who belong, and this is the level in which democracy is being pitched. So the very people who fought for democracy, who understood democracy, suddenly have forgotten about democracy (respondent 5:2:9:9).

The conclusions which can be inferred from theme 1 and theme 2 are that the theoretical and applied view of development in relation to LED and the core issue of an active consultation process (ie to formulate LED goals and strategies of LED as defined by DPLG) are simply not supported by the majority of the respondents interviewed. The theoretical viewpoint of sustainable human development as a process through which the urban poor can be absorbed into the formal economic and political structures of the city/metro is also not one held by the decision-makers within these city/metros tasked with LED. Development as an expression of local needs, conditions and concerns is not a priority in relation to respondents responses. The quotes from Mabogunje (1995) and Mamdani (1996) in chapter 3 still hold true for the year 2002/2003. The process of LED is not seen as a way of developing collaborative relationships which could unlock new forms of coproduction and synergies based on relations of trust between the formal state institutions and the those of organised and un-organised civil society. The barriers to individual and collective interaction from civil society remain in place.

The final theme was an attempt to gain an understanding of the levels of information available to decision-makers at local government level on which they could base planning and developmental goals and strategies, to gain some understanding of the nature of economic activity and socioeconomic condition to be found in the various metro's and larger municipalities as entry for further research, and finally, to introduce the key elements of the spatial effects of the Globalisation of production to decision-makers as a model from which to make inference about possible future decision-making around the spatial planning and distribution of sites of manufacture in and around the urban periphery. These issues will be discussed in theme 3.



#### **4.4 Theme 3: Globalisation and Local Economic Development (LED) policies as formulated by Local Government and the nature and content of the Local Economy of the Urban Poor**

In theme 1 and theme 2 the theoretical understanding of the idea of development was defined in terms of the constitutional, legislative and policy framework as formulated by the Department of Provincial and Local Government (DPLG) and by the interview with the DPLG official dealing with Local Economic Development (LED) and the related participatory processes which makes up the Sustainable Human Development paradigm. This formulation is the basis for theme 3, but in this theme a new set of information is introduced to the decision-maker at local government level, including the official at DPLG. This new set of information concerns the spatial nature of local economic development and its relationship to land use and zoning regulatory frameworks. In this theme there is, therefore, no benchmark against which to view the theoretical and applied understanding of decision-makers at local government level. However, the view of the DPLG official is still important in order to gauge the understanding within the department and to conceptualise the responses from the respondents.

The first question in this theme was a question about the level, nature, content and availability of information about local economic activity. No matter what the theoretical paradigm which the decision-maker uses to formulate his/her decisions in relation to LED, it is imperative that relevant and legitimate information is available for the planning and decision-making processes. The specific knowledge referred to in this instance is the baseline data and information about the local economic activity in that specific metro/city, or other internal and external factors that could influence this activity. The response from the majority of the respondents is that they either have none, or limited, data about local economic activity, both in the formal and informal sectors. Various responses were:

(N)o, but we are definitely planning for one (data bank - *author's insert*),  
a GIS or a basic system which tells us what our profile looks like, what

kind of centres, what kinds of technology, what kinds of markets, etc. We need to develop a system. We have bits and pieces all over the place. We would be very interested if Central Government (DPLG) could help us develop or fund such a project. We do need a local system, this is extremely important, otherwise we do not know where the hell we are, nor do know if our strategy is actually meaningful or what results we are getting...(respondent 2a:3:1:15),

What we have realised over the last two or three years is that our data collection and our baseline information is very poor. So what we are doing consciously, and this is one of my jobs, is basically to sort out all of our systems and we are in the process of doing this. We think that in a year or two's time we will have pretty good data...(respondent 4:3:1:12),

[Our data collection is] on an ad hoc basis. I agree we should have something like this collated together on standby all of the time. Looking at it, using it, and adding to it all of the time, this is crucial. This is all done on a very niche basis and it needs to be tied in. This type of information is absolutely necessary and relevant to our planning decisions. .... I would be very interested in national government (DPLG) helping us set up this kind of information system...(respondent 5:3:1:10),

(Y)of have to have relevant data, you have to know what are the basic conditions, you cannot make decisions without data, .... this lack of information, or information gaps, is the reality, driven by lack of capacity within the state institutions who are responsible for this,.... the fact that the majority of the new metros do not have benchmark statistics is a reality of the past, .... I do not blame the metros, but I blame leadership (regional and national; DPLG)...(respondent 7:3:1:12).

It is clear from all of the above responses that this issue is one of critical importance to all parties concerned. If only one thing emerges from this study, it should be that this



situation (ie a lack of reliable data banks) has to be remedied immediately. Even if the choices around the theoretical basis, meaning and intervention of development are still debated critically, no one can deny that without relevant and legitimate data, “we do not know where the hell we are”.

Further responses to this question indicated that the greatest need, according to local government decision-makers, was for economic profiling in the formal economic sector and this supports the analysis in theme 1 and 2. (To reiterate: this analysis suggests that the majority of decision-makers understand the theoretical and applied issues of LED to mean the growth orientated paradigm and a hierarchy of globally competitive cities all in competition with one another.) The following quotations support this view:

[Simple example, around profiling of economic activities, it does not make any sense to city or city governance, if we on the basis of political imperatives have developed markets for non-basic enterprises without understanding economic thresholds,... have to understand what are your local economic development zones of development, or your key sectors of clusters... (respondent 7:3:1:12),

The one thing you want to know about is growth, or you want to understand the output in the economy, so the actual gross geographic product,.... the nature of the economic side. The other issues are, what are the sectoral breakdowns of the economy, in other words in the local economy, is it business and financial services, is it tourism, or what ever...(respondent 4:3:1:12).

It is clear that the responses to the question about the availability of data and what data is considered relevant is central to this research project. The first prerequisite is that any type of local economic development intervention cannot be planned or evaluated without some form of benchmark data and that this should be the primary and immediate focus of any developmental perspective (LED). Secondly, the question of what is considered relevant and legitimate data is problematic. In the ontological and

epistemological relationship to research, the form and content of data is clearly defined. Here, data in relation to LED is defined as data dealing with the various elements of the formal sector economy and this supports the findings in themes 1 and 2 about the view of LED as formal sector growth. In fact, one respondent stated that there is no such thing as information on the informal sector, as the minute you have it, it changes (respondent 8d). These questions about the form and content of data also relate to question 2, which asked about the nature of the data relevant to planning decisions in relation to LED (either formal or informal economic activity). Responses were varied, but the main emphasis as indicated was that data collected should be about, either formal economic activity solely, or both formal and informal with the emphasis on the formal as the primary variable and informal as the dependent variable. This supports the view that the majority of decision-makers in Local Government dealing with LED see their role as facilitating formal sector growth.

Question 3 specifically asks respondents what the role of Local Government should be in LED projects and identifies four choices: facilitator, advocate, economic agent and/or mediator? All respondents stated that Local Government should, or does, fulfil all of these roles in relation to LED, but once again the primary emphasis was that of facilitator and enabling agent in relation to the formal sector. The following quotation supports this view:

(T)he idea of developmental local government is new and could be contentious, but it depends on what is included there. We have understood economic development to have certain fields of work, it has business and business support and business area management things... (respondent 3:3:3:10).

Question 4 asks respondents the direct question: will growth in the formal sector and trickle-down reduce inequality and poverty? Seven of the respondents responded "yes"; two said "no", but nevertheless insisted that formal growth is of primary importance; while two simply said "no". And one of these respondents unequivocally rejected the notion of trickle-down as a means of dealing with inequality and poverty. This is further



support for the view as identified by the researcher of LED by decision-makers at local government level and that the goals of addressing inequality and poverty, best be achieved through the growth in the formal sector.

In the description and conceptualisation of theme 3 in chapter 3, it is stated that the organisational configurations and activity in local government “encourage” some forms of group formation and affect the relevance and/or the marginalisation of other issues, it should be apparent that formal sector growth and the related view that trickle-down will resolve inequality and poverty, will definitely have the fast track in relation to LED. This means that LED intervention will be defined in relation to, for example, tourism, waterfront development projects, downtown revitalisation, international bids for major sport events, world conferences, et cetera. The decision-makers in Local Government hope that this will benefit their ranking in the hierarchy of globally competitive cities and, ultimately, that it will address poverty and inequality. The divide between what poor citizenry believe, the information and information systems to legitimate this information and to formulate LED in relation to participative processes by civil society to achieve Sustainable Human Development, is clearly not the dominant view of the nature of LED held by decision-makers at local government level. The state, in this instance Local Government, does not, therefore, acknowledge the existence and survival strategies as acted out by the urban poor in the majority of the metros in South Africa today, in spite of DPLG’s formulation of LED to the contrary.

The set of questions from question 5 to question 11 tries to introduce a new way of dealing with LED in relation to established land zoning and land use regulations. This is a framework for reconceptualising the theoretical underpinnings, or neoliberal perspective, of land and housing held by decision-makers. The existing land use and zoning regulations which materialise this conception need to be reformulated. The goal of this reformulation is that zoning and land-use regulation can be utilised as a vehicle to reformulate LED in relation to Sustainable Human Development and reformat the spatial distribution of economic activity and the sites of manufacturing to benefit the urban poor at the urban peripheries and in marginalised old downtown areas. The investment in services and the increased access to services by the citizenry will result

in the development of local micro-, small-, and medium-size business in these areas; the value of land as an economic basis for further investment, and access to investment capital, will increase as a result. This reformulation of regulatory, land-use and spatial planning processes needs to be done in relation to both “use” and “exchange” value of housing and urban land and to give individuals and communities a stake or foothold in the urban system (chapter 3.7.3). In this way the creation of household based economic entities can be formalised and utilised as productive centres capable of reducing poverty and inequality, and as primary focus of LED in creating an enabling environment for poor citizenry.

This, however, requires that planners and developmental decision-makers reconceptualise land-use, zoning and regulation, urban land and low-cost housing (with the goal of wealth creation through asset formation as the strategic goal of LED policy and projects). This, in turn, would develop and improve the fiscal base and capacities of cities and metro's. Neoclassic and traditional urban development programmes of land use and zoning would be refocused on the urban poor and could be utilised to address inequality if planners and decision-makers were prepared to critically evaluate their theoretical viewpoints on development and participation.

The knowledge base needed for the reformulation of land-use and zoning regulation and the reformatting of the location of economic activity (ie flexible specialisation principles) simply does not exist. Neither do the decision-makers in Local Government believe that the nature of information and information systems to be developed should be primarily focussed on local market conditions and the promotion of informal-, SMME's business and economic activity. Neither do the roles for local government in relation to LED as identified by Schmitz and Nadvi (1999), (chapter 3.7.3), play a major role outside of formal sector facilitation. This reality is contrary to the view expressed by DPLG.

As stated previously, questions 5 to 11 attempt to introduce a new way of dealing with existing regulatory systems within the framework of Sustainable Human Development as a means of dealing with poverty and inequality. Question 5 directly asks what the



role of land use and zoning can be in relation to LED. The official from DPLG states that these regulatory frameworks are central to the idea of LED and I quote:

(D)efinitely, I think that in terms of land zoning and development of new urban land..., and I think it could play a huge role in terms of integrating communities, for me, that is the key thing, is to try to do away with the spatial disaggregation which we had in the past. But, definitely integration, for me that is critical, because it can do this as well. In terms of improving housing and infrastructure, exactly. The way that housing development has happened in this country, are really negative because they focus on housing and basic service delivery, so that is all they have, they do not look at integrating with economic projects or social housing or community upliftment. It is of course not only what economic activity can spin-off in that area, but also what linkages they have to economic activity in that area, or access to in that area (respondent 1:3:5:11).

This view is supported by respondent 7, who seemed to share the views expressed by the official from DPLG and whose sentiments reflect the intentions in the policy documents emanating from the DPLG:

(T)hose activities or functions of local government, land zoning and land packaging, is something that we do in an overall LED activity..., These are important so-called traditional activities, so this should be a statement, or that the nature of LED activities...., goes a step further. We have got to operate in an entrepreneurial mind set...., to be entrepreneurial is to be responsive....., in order to fight, quite frankly, to redress the spatial inequalities in the city which have been underpinned by the apartheid legacy, using LED functions like the zoning of land..., What needs to be done is that the town ordinances need to be changed. The problem is that our role as Local Government is vested in apartheid and let me tell you something, it is our city and we are going to make sure that our powers in terms of the planning role (LED) is such that we can

achieve our goals (respondent 7:3:5:13).

This is as close as any on the respondents come to a broader understanding of how existing regulatory frameworks can be utilised or reformulated to specifically move away from placing communities in a client or dependent relationship with the local authority, or as a vehicle within the larger transformation process in which the reconceptualisation of the apartheid city socially and economically is the goal. This, once again, illustrates the theoretical underpinnings of the view of development and associated relationship between Local Government and civil society as held by the majority of respondents. (Namely, that political power to make developmental decisions rests with the local authority, ie theme two.) The majority of respondents answered “yes” to question 5, but it was a “yes” conceptualised in relation to growth in the formal sector. This “yes” was a rejection of the proposed focus on sustainable human development, and a rejection of the view that existing regulatory frameworks could be utilised in this manner. There was also a belief that the delivery of services was a contentious political debate which was outside the ambit of local government bureaucracies (even though this was an explicit, constitutional and legislative focus of the third sphere of the formal state):

Land zoning is one of the critical instruments that we have to use to facilitate economic development. And this includes the development of new urban land, in fact you know what has happened is that the market has led us on this one....., My view is why should you want to restrain economic activity to this particular belt or region....., the question is how much money do you want to spend on infrastructure and services? (respondent 4:3:5:13),

Regrettably, but it is true (respondent 8b:3:5:23).

Question 6 is related to the view that access to land and services would act as an economic stimulus or “kick-start”, resulting in the establishment of SMME’s and local economic activity. This question also addresses the goal of wealth creation through asset formation. The majority of respondents rejected this idea, or the idea that poor



urban citizenry would, if the legislative and regulatory environment supported by a investment in land and service provision by LG, be able to initiate economic activity and develop entrepreneurial networks within and external to their geographical location. This is blatantly an absurdity. Note the following remarks:

(T)his is the unfortunate thing about the whole policy of national government at the moment.... Again I say that if you give people the basic necessities of life it is a laudable way of doing things, but the priorities are greater in getting a job (in the formal sector) for that person (respondent 8a:3:6:23),

No, I think that there has to be further skills development and intervention into the formal economy .... (respondent 6:3:6:7),

No, not at all, to come back to what I have said earlier, I have given you a house and I have given you a site, but what is happening in terms of jobs? How does this improve the economy? It does not.... By giving someone a house and electricity you now expect him to employ himself. In fact you have made his life intolerable, he is unemployed. ...in theory what the government is saying makes absolute sense, that is the intention. But the results are devastating, and they do not see this being totally different to what they expect (respondent 5:3:6:12).

This location of power and decision-making was further investigated in question 7, which asked about relationships between the three spheres of government and cooperative governance. The unambiguous response to this question was that local government has the constitutional and legislative authority and mandate, and moral imperative, to act in the theoretical and applied definition of local economic development. There were specific qualifications in this regard, for instance; for help and assistance in the collection and application of legitimate and relevant data (respondent 2), to an appeal for clarification from regional and national government about the theoretical developmental framework in relation to LED, and finally, to a outright

rejection of any level of regional/provincial and national authority or intervention in relation to developmental definition (LED). This supports the view that there should be local autonomy in developmental decision-making and issues of participation by civil society. As can be seen there is great ambiguity or misconception around the issue of the “distinctive, interdependent and interrelatedness” of the different spheres of government and the idea of a cooperative system (South African Constitution 1996:section 40[1])

Questions 8, 9, 10 and 11 introduced the idea of a multi-use definition of urban land in general and in relation to low-cost and informal housing (specifically based on the idea of use and exchange value introduced in chapter 3.7.3 and discussed earlier in chapter 4.3). The vehicle for this redefinition is existing land-use and zoning regulations and these could or would have to be reformulated as the need arises at the local level. The goal of such intervention in relation to LED would be the establishment and development of SMME's based on the household as primary economic unit. Such intervention would be established around the theoretical underpinnings of flexible specialisation principles and the reformatting of sites of manufacture to the urban peripheries, or to where urban poor citizenry find themselves within that specific metro/city. The basis of this socioeconomic intervention would be the stimulus of access to urban land and services within a supportive and user-friendly zoning and use regulatory framework and an environment conducive to build trust based relationships between formal and informal sector organisations and institutions, which would result in the creation of wealth through asset formation as strategic goal of LED strategies.

Respondents across the board reacted positively to this view, but they also admitted that none of them had thought of LED in these terms, and that they would need to think about it before they could respond in detail. The following quotations illustrate this:

Yes, these ideas make sense to me, I have not thought about it in these terms and like this, but this is a new angle on the notion of local government as developmental agent (respondent 2a:3:10:17),



(Y)es, however, I need to think about this a bit more. You would need to think through different types of manufacturing, for us we would need to look at our niches, for example textiles and film would lend itself to this (respondent 3:3:9:12).

(T)his is a good idea, but I do not have a view on this. I will think about this and get back to you (respondent 4:3:9:13).

(Y)es, this is a good idea, we definitely must make room for it..., the other issues is of course communication. At present there is no communication between the low cost and informal settlements at all, we do not have the technology at all..., this means a whole shift in mind set. This means that you would have to see housing as all of those things. Absolutely, creative thinking and reformulation of the old town planning schemes relevant to the new South Africa (respondent 5:3:9:13).

(I) think this is a good idea as you have explained it. I will have to think about it. Yes, this makes a lot of sense..., I see it relates back to the multi-use definition of housing (respondent 6:3:8/9/11:7-8).

(Y)es, I think that is what LED is about in any city, this is part of the whole notion of global competitiveness. We are always trying to adopt new strategies for intervention and if we unpack what I think you are trying to say, is that in terms of flexible production..., as long as the big companies and banks cooperated... (respondent 7:3:9/10:14-15).

(T)his is a very difficult thing, very difficult.... (respondent 8b:3:8:26).

The only dissenting voice is that of the official from DPLG who had serious reservation about the restructuring of manufacturing through the flexible specialisation principles:

(I) think that this approach has potentials for LEDs but I think it has

pitfalls. In terms of Post-Fordist models (or flexible specialisation), they apply to certain industries and they apply more in your capital intensive high-tech industries than in your labour intensive industries.... The flexible production model is based on small firms and clustering of small firms, it does occur in some instances here, like in towns where you find a predominance of certain firms and then municipalities can play an important role in trying to forge linkages between them and build up trust between them, look at common market facilitation, etc. Yes, there are opportunities, if one begins to look at particular linkages between small and large firms, there are opportunities that this kind of model produces. I also think that there are dangers to the model,.... it lessens the powers of unions, it causes workers to be isolated,... I think that the principles can be used,... creating linkages, creating clustering, of building cooperatives, and competition within the localities are all useful. I do not think that we have the necessary social capital in this country yet...(respondent 1:3:9:13-14).

Although the problem identified by respondents; lack of social capital, isolation of workers, loss of power by unions, that big firms and banks would have to cooperate and that the necessary communication technologies and networks are not in existence, the underlying ideas which constitute this reformulation and reformatting the apartheid city definitely caught the attention of the respondents in relation to the research study.

#### **4.5 Conclusion**

The three themes identified in chapter 3 and the subsequent application of the questionnaire and the analysis of results led me to the following conclusions. First, let us restate the primary objectives of the three themes:

- 1 What is the theoretical understanding of the term "development" by decision-makers at city/metro level with specific reference to "Local Economic Development" and local government as "Development Agent"? Secondly, to



compare these views critically with the view held by the official from department of Provincial and Local Government who deals with LED specifically and the policy, regulatory legislative and constitutional definition of LED as held by DPLG.

- 2 What is the relevance and importance of the notion of “participation” for the respondents in relation to LED and in relation to the view held by the DPLG?
- 3 What data and knowledge is available to decision-makers in Local Government in relation to the economic activity of the urban poor, informal economic sector, and/or the formal economic sector activities, and the relevance of the two sectors in the context of LED?
- 4 Introduction of a strategy to directly address poverty and inequality by locating economic activities using the land-use and zoning regulations as vehicle and flexible specialisation theoretical principles to facilitate asset and wealth creation for poor urban citizenry.

The conclusions can be summarised as follows:

The majority of respondents did *not* support the theoretical and applied view of development and LED as defined by the official from DPLG and the national departments interpretation of legislative and constitutional frameworks dealing with Local Government and development (ie growth versus sustainable human development). The notion of “participation” by civil society, which is central to the definition of LED by DPLG, is *not* supported by the majority of respondents. Indeed, their responses indicate a support for an apposing, or opposite view of the nature of development and the definition; and role, of participation. Furthermore, there is only limited information available about the economic activity or profiles available to decision-makers at local, regional and national levels of government in relation to economic and social planning. The flexible specialisation model presented as a means of reconceptualising LED through the process of reformulating land use and zoning

regulation (ie as a means of stimulating household-based economic activity for wealth and asset generation) was accepted by all respondents, with the exception of the DPLG official. However, when faced with this proposal, all respondents made it clear that none of them had thought of LED in these term and that they would “have to think about it and come back to you (the researcher)”. In the following chapter, chapter 5, I will formulate a critical analysis of the implications of these findings in relation to the theoretical view held by DPLG, as well as the possible implication for poor citizenry in general.



## **Chapter 5**

### **Critical Assessment of Findings**

#### **5.1 Introduction**

This chapter is based on a critical interpretation of the information that was collected, transcribed and analysed in chapter 4. In this chapter I will outline conclusions based on critical assessment and comparisons of the information collected. These conclusions will be viewed and appraised from various vantage points and will be discussed in terms of and with specific reference to Local Government as developmental agent and the process of Local Economic Development (LED); economic growth in the formal sector economy; the role of the Department of Provincial and Local Government (DPLG) in this regard, and DPLG's relationship with decision-makers at metro and municipal level; and, finally, in terms of the effects of these issues on the life choices and quality of life of the urban poor. This discussion will include an assessment of DPLG's relationships with other national departments, the three spheres of government and broader civil society. The discussion and interpretation will form the basis for the identification in chapter 6 of future research projects with an ongoing focus on the notion of development – again, with specific reference to developmental local government and Local Economic Development (LED).

#### **5.2 Local Economic Development and local government as developmental agent**

The definition of what constitutes Local Economic Development (LED) is clearly a theoretically contested terrain. The researcher believes that the theoretically based choice of what constitutes development, in turn, defines what the decision-makers in specific metro's and municipalities see as the goals and objectives of LED. These theoretical choices also define the procedures and processes which are to be developed to achieve these goals and objectives. The Department of Provincial and Local Government (DPLG) has a clearly defined theoretical definition on development --- Sustainable Human Development (SHD). The department has formulated policy, funding frameworks, intervention strategies and procedures which they believe is

appropriate and will achieve its goals and objectives. To summarise, DPLG's view of LED is one based on participatory processes and local democratic institutions that are responsive to the needs of poor citizenry. Key objectives are the delivery of basic needs and services to the urban poor. The DPLG believes that these processes will empower poor citizenry to act in creating the necessary and beneficial social linkages and that these processes will generate economic growth which, in turn, will help to overcome structural inequality and poverty (ie on the basis of an emerging local democracy and a facilitatory local government).

However, in this regard, the critically important question is: What theoretical choices are made by the majority of respondents in this research project? The respondents choices and definitions are clearly very different from those formulated by the DPLG. The majority of respondents in the research study supported the theoretical assumptions which underpinning the neoliberal Globalisation thesis or "growth" theories of development; and defines the nature and definition of "development" in terms of capitalist global competitiveness and growth in the formal sector economy. As stated, this choice has implications for the definition of local government as development agent and LED. What are the theoretical assumptions which underpin this perspective on development? Secondly, what are the practical implications of this choice and what will the role of local government as developmental agent be? Thirdly, what are the practical steps and procedures that decision-makers believe make up "Local Economic Development"?

To recap, the neoliberal or growth theoretical perspective states that the interaction with the global capitalist economy is beneficial to the metro's and that economic growth (eg the increasing profit levels for the private sector as result of this interaction) is the central tenet in the whole notion of "development". Secondly, according to this theoretical perspective, the resolution of structural inequality and poverty is an dependent variable in the strategy to achieve formal sector economic growth, ie dualism. The argument is predicated on the view that:



- investment should be concentrated in the most profitable areas of the formal economy to maximise growth
- that the city is a mechanism for economic producers and that, in the long run, this process will be beneficial for all — “trickle-down”.

It must be clearly understood that none of the respondents saw this approach as excluding a focus on human needs or as an anti-poverty approach. The need to address poverty and inequality is still important to those who hold to the growth perspective on development. What is different is the way in which poverty and inequality are defined and the importance accorded to the associated causes, mechanisms and procedures for resolving poverty and inequality. The majority of respondents suggest or understand the formal economy and unregulated interaction with the global capitalist economy to be the primary focus area for conceptualising strategies to address service delivery, and for facilitating access to choice and “needs”. According to this scenario, poverty and inequality definition and resolution are dependent variables to this growth. In their view, local government’s interaction with formal sector institutions and the facilitation of mechanisms and institutions for promoting growth in the formal economy, would bring about the processes of job creation and entrepreneurship, that is, development. This is the key function of a developmental local government in relation to Local Economic Development. This assumes that the dualism inherent in this approach is a necessary and structural reality, and that the growth in Gross City Product (GCP) and the trickle-down of resources are the primary strategies for tackling endemic poverty and inequality (Potter & Lloyd-Evans 1998). To facilitate and generate formal sector growth, or growth in Gross City Product (GCP), all LED strategies have to support the acquisition of, or generate the capital needed for productive investment from both domestic and foreign origin. The baseline assumption here is the propensity of the “rich” to save, and thus make capital available for investment. Local government strategy, therefore, will be directed to acquiring or facilitating access to this capital or capital investment.

Secondly, the proponents of this theoretical approach to development advocate a total transformation of the urban economy. The primary goal being the urban economy’s

integration into the global capitalist economy, ie as a subset of the global economy. The assumption is that the consequent expansion of the formal sector organisations in the metro will lead to increased, if not total, levels of employment for all citizenry in the modern industrial or manufacturing sector and thus reduce poverty and inequality. Traditionally, this type growth is believed to occur through either the export or the residentiary sectors of the formal economy. However, the neomodernisation/neoliberal approaches combine these sectors, which means that local markets have to act as the groundwork for export growth. Fluctuations in the export sector have to be contained and managed through the residentiary and local markets. The proponents of this approach to LED cannot, therefore, invest scarce resources in investments that are not directly linked to the increase in the GCP. Finally, this approach assumes that there is a hegemony in organisational and institutional changes and development, a hegemony collectively based on the notion of “structural adjustment” (see the discussion in chapter 2). The idea of self-regulated structural adjustment strategies as the basis for generating capital and creating market efficiencies are central themes in this definition of LED, as are more recent definitions of “good governance” (Smelser 1963, Coleman 1965, McCarney et al 1996 & 1996a, McCarney 2000, UNDP 1997, World Bank 2001).

The notion of “sustainability” is defined in various manners in relation to the different theoretical paradigms on development in chapter 2. The understanding of sustainability by the DPLG in relation to Sustainable Human Development has to be understood in terms of satisfaction of basic needs, self-reliance, environmental conservation, appropriate technology and participative developmental planning. The responses from respondents indicated a different understand the term “sustainability”. The views that could be inferred or that were expressed was the primacy of formal sector growth as expressed by growth in the GDP or GCP. Sustainability is therefore seen as the ability of the formal sector to “grow” within that particular spatial location, the ability of the particular metro to compete with other metros, and the formal sector and the specific metros ability to compete on the global stage. The rejection of the ecological or antipoverty based definition on sustainability was never explicit in the responses but the emphasis on formal sector growth and global competitiveness leads to this conclusion.



The practical implications for the local metro economy on which these structural adjustment strategies or LED programs are based include the following:

- the liberalising of the urban or metro municipality economies by privatisation
- selling off public sector resources and utilities to generate resources and to overcome economic and delivery inefficiencies.

Both these measures are regarded as the means to transform the metros and municipalities into “mechanisms for economic producers”. At the micro level poverty and inequality are seen as the responsibility of the individual poor urban citizen or household and the assumption is that individual or household circumstances are dependent on the motivation of individuals to change or on the extent to which individuals are governed by “achievement motivation” and entrepreneurship (see McClelland 1961).

This clearly defines how the majority of decision-makers at local government see Local Economic Development and how they view the role of local government in relation to this “developmental role”. The choice of formal sector economic growth as the primary objective and the structural process for achieving the goals of LED and developmental local government are defined by Munasinghe (1993:16) as:

The goal is to increase the net welfare of economic activities while maintaining or increasing the stock of economic, ecological and sociocultural assets over time.

This perspective does not prioritise human development which is directly concerned with improving the material standard of living of the poor at grassroots levels. The DPLG’s definition of development emphasises meeting basic social and economic objectives; in other words, it rejects the notion of improving access to basic needs as an dependent variable of economic growth. Local government decision makers’ rejection of this view will have serious consequences as far as the life opportunities and

quality of life for poor urban citizenry are concerned and this will be discussed in more detail in section 5.5.

### **5.3 Economic Growth, Good Governance and the Global Economy: South African cities - a critical appraisal**

In the previous section I identified and defined the form and content of LED and the nature of the role of developmental government based on the analysis of the theoretical and applied choices of the majority of the respondents to the questionnaire. In this section I will identify and critically discuss the economic and political forces that structure the form and shape of the South Africa metros and municipalities in relation to the dominant view of the internal and external environment in which these cities and metros have to function. The macro unit of analysis in terms of which metro and municipal economies are/will be structured are those elements and assumptions which are collectively identified under the theoretical construct as "Globalisation" and which are underpinned by the expansionist tendencies of modern industrial capitalism. The research study has identified that the majority of decision-makers at municipal level believe that this global capitalist framework is the most rational and efficient way of achieving the goals of the transformation and restructuring project in South Africa. This means that this process is not simply an external imposition of unavoidable structural forces, but that metro and municipal governments are acting as agents in the restructuring of their local economies. In other words, the decision-makers collaborate in the restructuring of their institutions and the economic enterprises under their jurisdiction in terms of this theoretical model (ie the growth model). Note how the interpretation of these forms of "collaboration" could be said to parallel the definition of Frank's Dependence theory (1969) and metropolis-satellite development and Cardoso's (1977) identification of how the local elites aligned themselves with international capitalist interests. (See the discussions of dependency theories of development in Frank and Cardoso in Roberts & Hits 2000.)

This results in a configuration of forces impacting on the metro or municipal government which, by its very nature, is unrepresentative. Responsibility for achieving the new



liberalisation measures is placed in the hands of local government bureaucrats and the new global elites (Abdoumalig 1999). As I have stated in chapter 2, the primary goals of this global capital project, or Globalisation, is the stabilisation of capitalism. The World Bank's (1992) *World Development Report* states that "good governance, for the World Bank, is synonymous with sound developmental management". However, as has been repeatedly asked: "Development for whom?"

Historically, municipalities funding came primarily from transfers from regional or central governments and these funding frameworks created certain dependencies. A central thread which was made apparent by the responses from the respondents in the analysis of the questionnaire was the view of the need for economic and political autonomy by, and within, the various metro's and municipalities. To resolve this lack of financial autonomy respondents indicated that metro governments must develop and have access to their own independent funding and revenue sources. Note that this is a central element in the definition of "distinctive" spheres of government in which various attempts were formulated to resolve this lack of financial autonomy. Central to these strategies is the commercialisation and outsourcing of services and service provision. This however is also a central tenet in the neoliberal theories for achieving growth and in the new definitions of managing global cities (McCarney et al 1996 & 1996a, McCarney 2000; Sassen 1996a & 2000; King 1996). Cities traditionally have different sources of funding (eg government transfers, fees, taxes on local production and taxes on local property). The privatisation of services and service delivery and the surcharges to/from private sector suppliers will give these metros an initial cash injection and an independent and continuous revenue source. Obviously, the consequences of this approach will be that the management of the metro government will be more technocratic and less responsive to either the concerns of citizens or to regional or central government controls.

The justification for this approach is that development is seen and defined as a technical process in which the utilitarian ethic of "the greatest good for the largest number of people" as dictated by market principles will be the norm, ie cost-benefit analysis. The local government bureaucracies and the "marketplace" will be the

mediators of what constitutes this “norm” and “benefits”. This can, however, also be interpreted as the rejection of the notion of agency in relation to the broader civil society; in other words, the suppression of local citizenry and community groups’ demands for greater self-government and, moreover, the disenfranchisement of civil society – despite the fact that the empowerment of civil society is a key element in the sustainable human development paradigm.

The majority view of LED strategies of metros and municipalities will therefore have to be based on: integration into the global trade regime; growth of industrial/export manufacturing; liberalisation of the financial sectors; and the investment and effective management of information technology sectors (Bond 2000 & 2001, Cheru 2000, Chipkin 2000, Eisinger & Smith 2000). The functional mechanism on which this development (growth) and management of the Gross City Product (GCP) are based is the increase of exports: local companies have to actively seek out foreign markets. This projected growth in the formal sector companies and corporations will, it is suggested, “drag” SMME and informal sector entrepreneurial activities into the formal sector and be the organisational and functional basis for the formalisation and growth of these sectors (ie flexible specialisation). This notion goes hand in hand with integration into the world economy and the opening of local markets to foreign imports.

This, however, means that city and metro government in South Africa will have to act in a very different economic environment, both to facilitate formal sector growth into the global economy and to act as independent economic actors/agents in their own interest. The new institutional roles and interaction will mean that they will have to restructure their economies (cities) to make them more competitive internationally. For example, the development of sophisticated transport and communication technologies --- the high speed GauTrain project to connect Tshwane, Sandton, Johannesburg and the Johannesburg International Airport.

The dualism tendencies inherent in this strategy, even in the face of the projected economic growth, would have to be managed and contained in such a way that it does not impact negatively on the ability of the metro or city to attract this necessary



investment. It is in this way that the dependent variable of addressing poverty and inequality can be explained in terms of neoliberal development agendas. However, the impact of these forms of investment on poor citizenry is not a primary issue at this stage of the growth paradigm. Concurrently, the South African city and metro economy has to increase the level and size of "local demand", so that the demand in the local economy is able to offset the shocks or fluctuations that could undermine this GCP growth. This demand will not be based on increased access to basic needs and services of the urban poor. In essence, the future of these metros will therefore depend on their ability to adapt to the new global competitive environments and their ability to act entrepreneurial. To achieve this, metros and cities will need to facilitate and maintain their share of national production and compete with foreign imports.

As can be seen in the discussion in chapter 3, and in the analysis of the questionnaire in chapter 4, the growth strategy depends on competent urban management or "good governance" as defined by various international developmental and regulatory bodies. (See, for example, the United Nations Development Programme (1997) and World Bank Annual Reports [1991,1992 & 2000]). However, as has emerged from the research study, at the most fundamental level even basic information about the historic, economic and demographic profile of specific metros in South Africa is not available to metro managers and development planners. Neither is there a coherent national plan to which city bureaucrats collectively agree, for example, that individual metros do not compete amongst themselves for investment to the detriment of one another. The specific sectors in the formal economy that could act as the basis for development strategies and could help to establish the division of specific sectors between cities in terms of such a plan have not been identified (eg the contest between Tshwane and Nelson Mandela for investment in the motor manufacturing sector). Given this situation, any definitions of "good governance" are undermined before they can be debated. In fact, this competitive bias is seen by respondents as competition within the global capitalist economy, but is also interpreted as competition between and within the different metros (see example above).

One positive result that has emerged from the study is that the Minister in charge of

DPLG, Minister S Mufumadi, announced in October 2002 that a new advisory committee is to be established in which the metros and larger “B” municipalities would discuss issues of destabilising competitive practices. This committee will focus on this area specifically because it is acknowledged that this a problem area that needs to be resolved. A second positive sign which has emerged is the Statistics South Africa (September 2003) has reportedly decided to structure specific research tools in such a manner that individual metros or local government institutions could start to create socioeconomic profiles of their particular metro or geographical location.

The theoretical paradigm as followed by the DPLG, however, excludes itself from being the main role player because the DPLG’s theoretical focus is on the “basic needs” or anti-poverty strategies with the poor citizen as primary unit of analysis – in other words, the DPLG’s focus is not on the primary notion of increased GDP. This will lead to further power struggles between the various role players about who has the power to define what “development” means. This fact has serious implications for the various strategies and processes associated with the notions of cooperative governance. The lack of information about economic activities and lack of development of a collective or integrated growth strategy for the formal sector by specific municipal governments are historical realities and legacies, for example the goals and objectives of urban planning in the apartheid-city did not include a LED or developmental perspective based on sustainable development. It is also an indication of existing levels of theoretical and applied intervention strategies and an indication of the levels of competencies and managerial abilities that exist (or, in this instance, do not exist) in these cities and metro’s today. A related problem is that the national and urban economies of developing countries which are primarily based on the export of primary products have experienced continuous declines in the real prices for their exports (Potter & Lloyd-Evans 1998).

The protectionist policies of the OECD countries and the European Union in relation to food and agricultural imports have had an increasingly detrimental impact on the economies of the developing countries. Wynne in Daniels and Lever [ed] (1996:260) states that:



... in a increasingly competitive world economy, developing countries face great obstacles to achieve sustained economic growth, ... sustained economic growth requires efficient and careful economic management, which few developing countries have managed to achieve.

African economies or, in this instance, South African metro and city economies, are generally seen to be in economic decline (Prescott 2002). Economic recession and limited foreign investment will have a negative impact on job growth in the formal sector (Sassen 1994 & 1996, Portes 1997, Bangura 1996 & 2001). The need to demonstrate "growth" exacerbates the feeling of them-versus-us at the metro level in South Africa, both in terms of intra- and inter-metro competition. The general view as expressed by respondents is of a punitive and unforgiving global capitalist economy as indicated by the survey responses. If, as identified in the growth strategies of development and in the related formulation of LED, the role of the metro government is the provision and development of land and infrastructure which the private sector will use as basis for productive investment, the issues of lack of information and coherent leadership and the realities of a punitive global system, are clearly problematic.

The goal of addressing poverty and inequality and of maintaining political stability through democratic participation in the developmental process at local government level is under threat and is unlikely to succeed. This is due to the fact of dualism and the nonrepresentativity of the coalition between local bureaucrats and the new global elites. Instead, the liberalisation strategies and the rolling back of the supply of basic needs and "anti-poverty strategies" will accentuate existing income inequalities. If the envisaged social welfare policies and strategies in South Africa, eg Basic Income Grant (BIG), are not precisely targeted and effectively administered the situation for urban poor citizenry will deteriorate even if there is formal sector economic growth. In the new global economy research has indicated that the number of jobs open to the unskilled and the urban poor are decreasing and are concurrently becoming defined and identified as casualised labour. These related facts about the new global economy ensures neither security nor decent incomes for poor urban citizenry (Watson 1996, Potter & Lloyd-Evans 1998, Finnemore 1999). This does not translate into development

if development is defined as addressing the quality of life and increasing the life choices of the urban poor.

The realities which face decision-makers and which are associated with the dominant theoretical approach to metro development are: the role of the metro in the global economy, the development of new regulation systems (ie total quality management, flexible production and information systems) and the effects of these on social organisation and the reduction of poverty (chapters 2, 3 and 4, Watson 1996, Finnemore 1999). The following question has to be asked: What would the consequences/effects of these conditionalities be on the political administration and organisation of, and in, South African metros? The choice of this theoretical model of development and related political administration systems (structural adjustment, liberalisation and privatisation) is a reflection of the nature and the characteristics of power relations in the metro/municipal environment. This will have specific influences and consequences on the nature and opportunities for marginalised citizenry to gain access to basic resources and services. The earlier point by Skocpol (1985:21 -- see chapter 3) is supported by Swilling & Woodbridge (1997), in that the structure of the metro administration and the theoretical model in terms of which it operates will form and shape the access of citizen involvement in metro management as well as access to resources and life choices. If formal sector institutions and organised labour are seen as the dominant actors in this process of developmental decision-making (in terms of, for example, local LED projects), this will undermine the ability of citizens and/or community groups to take genuine responsibility for local developmental issues. This, in turn, would influence and undermine the shifts towards representational democracy, which are based on how civic structures of participation are created and regulated as a means of changing the political cultures of dependency and addressing structural inequality and poverty.

In a heterogenous society such as South Africa a LED process defined in terms of local participation could, in itself, have led to the generation of consensus in wider civil society. But, as the responses in this area of concern show:



... the issue of entrenching democracy, I believe that it is there for them (citizens and citizens groups) to take, but in actual fact they are not interested (respondent 3:2:9:9).

This belief by metro decision-makers does not support the definition of development, ie sustainable human development, or the associated definition of a participative process based on citizen and civil society participation as the basis for developmental decision-making.

The definition of “good governance” by the DPLG is defined in its policy frameworks on the developmental role of local government as the decentralisation and devolution of social, economic and political power. In contrast, “good governance” is defined by the supporters of the Globalisation and neoliberal agenda as to allow the market to dictate the content and nature of development. In chapter 2, the point was made that the neomodernisation/neoliberal view rejects a universal definition of needs (ie basic needs and anti-poverty strategies) which is said to undermine individual sovereignty and the legitimacy of individual choice. Support for the neoliberal definition of “good governance” and legitimacy of individual choice (rather than the provision of basic needs) is growing in South Africa’s metros and municipalities. This support is reflected in the acceptance of austerity programmes or “structural adjustment” agendas (eg the privatisation of water supply to metro citizenry, in other words, the majority of respondents’ support for the global competitive interpretation of development). The responsibility for provision of basic needs is, appropriately or inappropriately, laid at the door of individuals (both rich and poor) and is regarded as the consequence of individual life choices. In short, the responsibility for the provision of basic needs is not regarded as the responsibility of a “developmental local government” as defined by DPLG.

For local government this, in fact, means that metro government is not responsible for the delivery of universal basic needs. However, this also means that the financial resources that were historically available to municipalities for fulfilling these functions will now be available to private sector companies that “sell” these services.

Municipalities will have to apply the austerity programmes they encourage others to adopt to themselves and will in the future have to do more with less. This boils down to the situation where the municipalities have to act with much greater fiscal responsibility and will have to raise their own revenues in order to deliver social and developmental promises and programmes (eg the delivery of sophisticated infrastructure demands to high end and formal sector users). Municipalities are thus released from the obligation to involve themselves in low-end investment in expensive infrastructure and township development and in the maintenance and replacement of existing service networks (which may not be commercially viable in the short- and medium-term). The structural adjustment programs are further legitimised by the supporters of this paradigm in their labelling of these practices as democratic and transparent budgetary process and allocations and in/by their claims of improved service delivery.

The theoretical assumptions on which the majority of respondents conceptualise their understanding of development, that is, metro management and good governance, are phrased as an attempt to more effectively and democratically manage the South African metro's in terms of market principles. Economic growth is seen as a subset of the demand for greater fiscal and political autonomy and metro bureaucrats are allowed to make decisions in the local context in line with strategic functions such as physical and economic planning, transportation and primary service provision. The growth in the formal economy (ie as result of these strategic decisions) and the consequent private/public partnerships it is believed will ultimately, it is claimed, resolve problems of structural poverty and inequality or development. The next question is: How will this affect the form and structure of the Department of Provincial and Local Government?

#### **5.4 Department of Provincial and Local Government and Decision-Makers at Local Government level: an uneasy alliance?**

As indicated in earlier chapters and in section 5.2 of this chapter the DPLG has a clear and specific theoretical and applied interpretation of the term "development". Hand in hand with this goes the development of White Papers, policy documents, planning and



financial support system and evaluatory mechanisms. The majority of respondents in this research project do not share the theoretical and applied view of the DPLG. This reality is expressed clearly in the analysis of the responses to the questionnaire in chapter 4. What does this mean for the DPLG officials dealing with LED specifically and the theoretical and applied approach to development by DPLG in general? The inability of the department to deal with this contradiction is revealed in the response to a report based on the analysis of the information gathered by this research project. The verbal report and executive summary document based on the findings of this report was submitted to Deputy Director-General — Local Economic Development; in February 2002. In response to these reports the view was expressed by the DPLG officials that to release this information will undermine the DPLG's ability to address these problems. This is likely to have serious consequences for the department, simply because it represents a level of denial which certainly does not forebode well for any intervention strategy or attempts to resolve this issue in the future.

It is in this way that the department is shown to be marginalised in terms of its own constituents; the theoretical, applied and regulatory frameworks developed by the department are ignored or judged as irrelevant by those decision-makers at local government level. These decision-makers are at the "coal face" of the socioeconomic transformation process in South Africa today. The department's attempts to define a sustainable human-centred approach is rejected by the majority of the respondents and the growth theories of development are seen as the relevant developmental trajectory to follow. The metro developmental bureaucrats are supported by other national departments (eg the Department of Trade and Industry and the Treasury, whose support for GEAR and the structural adjustment and privatisation schemes is public knowledge). Notwithstanding the notions of cooperative governance, these national departments have developed their theoretical models and funding mechanisms based on the growth model and austerity programmes related to global capitalism and the structural adjustment programmes for the South African metros (eg the privatisation of water delivery [Nattrass 1996, 1996a & 2001; Adelzadeh 1996, Tapscott 1997, Biggs 1997, Bond 2000 & 2001]).

The question is whether these national departments are purposefully formulating developmental and related support frameworks which are contrary to those of the DPLG? Or is it an indication of the limited interaction between national departments in relation to their interpretation of the Local Economic Development paradigm and the notion of a developmental local government? Or is it a theoretically and politically contested area subject to different interpretations which are then consciously promoted by the different departments? Without further investigation, I cannot answer any of these questions with any confidence. This reality further relates to issues of cooperative governance which falls outside the scope of this research project but issues that should be addressed in further research. The consequences of this contradiction are clear for all to see in respondents' responses to the questionnaire.

Given this reality, the DPLG is obviously faced with a number of serious decisions and choices. Firstly, they need to acknowledge that the majority of their constituents have a different theoretical understanding of the term "development" and that growth theories of development are the most widely held theoretical positions as far as processes and procedures for resolving poverty and inequality are concerned. This would mean a complete revision of white papers, policy documents and a major overhaul of the support and evaluatory mechanism developed by the department over the last six years if the department thinks it needs to reformulate this position. Alternatively, the department has to go on some sort of campaign to bring about greater understanding and support for its theoretical and applied position on development and Local Economic Development specifically, that is, it has to win converts to the paradigm of Sustainable Human Development. Whether this form of inter-departmental communication and debate about the theoretical and applied issues around development policy and practice in the present political climate is possible is obviously outside of the scope of the researcher's research mandate. If this were to happen, it would obviously have to take place at a national, provincial, metro and municipal level, ie cooperative governance.

The dominance of the growth-orientated strategies on development and LED held by the majority of decision-makers at local government level has to be explained in some



way. This was not, however, the focus of the study in this research project, but it could be the area of research for a further project. For example an investigation into the ideological assumptions of the new political and bureaucratic elites and rent seeking behaviour or accumulation strategies of these groups. However, some basic assessment is necessary. The first question that needs to be answered is: Is there support for the theoretical view of Sustainable Human Development as held by DPLG? The answer to this question is obviously “no”, given that the majority of the respondents knew of the theoretical perspective and the related systems and procedures held by DPLG (although this varied from one respondent to another — see respondent 5, for example). It has to be assumed that the respondents do not agree with the theoretical assumption which underpins the sustainable human development paradigm. This could, of course, reflect the shift away from the Reconstruction and Development Programme (RDP) (South African Government 1994) which is based on social welfarist principles to the adoption of a standpoint that reflects the theoretical assumptions which underpin the Growth, Employment and Redistribution macro-economic programme or policy document (GEAR) (South African Government 1996a). In this instance, it may not be the decision makers at local government level who are out of line; it may be that the DPLG is flying in the face of prevailing winds. If this is the case then it does not seem as if the DPLG’s influence or attempts to promote its theoretical viewpoint will gain ground.

A second issue which became apparent through the application of the questionnaire and subsequent analysis was that the decision-makers at local government level did not believe that they had the political autonomy to critically evaluate or follow paths other than what they considered to be national government policy, principles and objectives as outlined by GEAR (even if they felt they deserve this autonomy). This suggests the political autonomy that is envisaged in the constitution that underpins the “distinctiveness” of the different spheres has not translated into actual practice (Atkinson & Reitzes 1998, van Zyl 2003). They also believed that the principles as defined by DPLG are a secondary set of objectives to be dealt with as dependent variables in relation to the growth theories of development policy, practice and strategies. Van Zyl (2003:34) states that “(I)n practice this has meant that the

constitution has been implemented except where it seems to be out of line with macroeconomic policy (GEAR)". The DPLG is seen to have been marginalised from playing a pivotal, political, socioeconomic and/or developmental role in its own area of influence; local government or municipal management in South Africa. The final focus of the implications of this analysis of the responses to the questionnaire will be on the effects on the urban poor citizenry of the South African metros and larger "B" municipalities.

### **5.5 Urban poor citizenry: life choices and the quality of life of the urban poor**

All the consequences and conditions discussed in the previous chapters in relation to the choice of the growth-orientated paradigm of development will impact on the majority of the poor urban citizenry in South African metros and cities. As I have indicated repeatedly, the majority of the urban poor are already marginalised by decision-makers at local government level as far as the development focus is concerned in the alliances forged in the metros and municipalities. Added to these marginalised urban poor citizenry are the new and largely unskilled black South Africans who are entering the metro environments from their traditional rural areas in search of a better life. The reasons for this demographic development and movement are economic, cultural, political and social, all consequences of, or caused by, the particular set of socioeconomic and political historic conditions which prevail in South Africa today. These conditions and characteristics are not the focus of the research project and will not be discussed in detail here. Suffice to say, as discussed in the previous chapters, that these numbers are huge and will continue to increase dramatically during the next eight years ( UNDP 1997, Southern African Regional Institute for Policy Studies 1998, World Bank 2001).

The research findings of this report also make it clear that metro governments do not view the struggle of the urban poor citizenry as central to the notion of the metro or city identity or development. The key issue is that the distribution of surpluses generated through economic growth will not be reinvested in terms of a theoretical paradigm in which the base assumptions are about antipoverty strategies and the welfarist principles



in the RDP programme. The poverty of the poor, according to the dominant theoretical view, is a consequence of the choices made by the poor individual and poor households. Unless they rationally address these problems themselves, so the argument goes, they will have to wait for the “trickle-down” effect to increase their limited life choices. This is a rejection of the view stated by Friedman (1988:10):

(development is to)... reintegrate the production of life with the production of livelihood; and we must emphasise the qualitative over the quantitative growth.

The central theme of the definition of developmental local government by the DPLG is to bring democracy down to the grassroots level; this participative process would be based on the aspirations and needs of poor citizens (in short, sustainable human development). This would be based on the facilitation and development of local developmental forums, for example, ward committees and local community groups; these, in turn, would create an environment in which urban poor citizenry's needs and aspirations come to the forefront in developmental decision-making process. Obviously, this is simply not going to happen.

In contrast, the role of a developmental government will focus on the interaction between international capital and city elites and managers; the form, content and structure of the South African metro will be defined in this context. The question has to be asked: What about local democracy? The researcher believes that, although the DPLG appears sincere about its policy objectives and strategies, in the prevailing political and theoretical climate, the DPLG's current focus is little short of whimsical. This view is based on the assumptions that aggregate economic growth is, by definition, a public good and that the process of trickle-down will create jobs, expand the tax base and increase the levels of urban infrastructure and service levels to the poor or, as stated by Castells (1996:428), the “logic of the space of flows” will dominate the “logic of the space of place”. This automatically means that the scale and objectives of productive investment in the South African metro would not be on the informal and SMME development (which is based on small-scale production processes and clusters

of production that are central to flexible specialisation methods). Poor citizenry, who are already alienated from the form and content of local government development policies and strategies will, in future, only become more alienated and it will be more difficult for them to gain access to basic needs (eg land, electricity, water, sewage etc). The potential for civil unrest and related political instability will follow this curve of increased alienation and as the absorption of more and more citizens into the formal metro structures is undermined.

The fact that more and more citizenry will resort to informal processes, institutions and forms of social organisation, will have dire consequences for the ability of formal government institutions to regulate these urban environments. It will also make it extremely difficult, if not impossible, for formal government institutions to achieve the goals of mass participation in the formal state structures as the developmental definition becomes further and further removed from the definition of local needs, conditions and concerns. Poor citizens will recognise that their life struggles and needs are not prioritised in the formal government institutions and levels of trust and support will diminish, as will investments in time, labour and money. This will be represented by increased and escalating levels of civil disobedience (eg the refusal to pay for services and service delivery). The goal of reintegrating the "apartheid city" along non-racial and non-sexist lines will never be achieved as the consequences of dualism and the racial division of access to resources are accentuated rather than dealt with. Also, there will be less and less understanding of the political economies of the specific metro as an area of research as the need to investigate specific locations or urban areas is subsumed in the inherent embedded class conflict that will be exacerbated, not alleviated, by "development" projects. It is obvious that this focus will neither initiate nor create jobs for the unskilled and poor citizenry. The LED policies will become irrelevant to the actual operation of the local economy based on the survival strategies of the urban poor.

The divide between the metro and city managers and decision-makers and poor citizenry will become increasingly deep and bitter. This will force those in the "formal" enclave of the divided metro or city to further retreat into the space of homogenous



competition for access to global capital and business. The conclusions the researcher has to come to is that dualism cannot bring the divided city, rich versus poor, together through the mechanisms of economic growth and trickle-down. Neoliberal theoreticians will continue to define land as a commodity and not as social phenomena or as footholds for poor citizenry in the urban system and economy. Informal settlements and housing will not be seen/defined as a place where goods can be produced or where parts of the informal house can be used to produce rent for productive investment. Nor will the idea of a household-based economy be the primary focus or primary unit of analysis for/of the LED strategies as articulated by the DPLG decision-makers for local government and LED projects. Instead, local economic activity will still be marginalised by the inability of local government decision makers to develop favourable spatial location and policies to aid the survival strategies of the urban poor. The rejection of the idea to reformulate and address layout plans and land-use, zoning and regulation as a developmental tool viewed from the perspective of the urban poor will neither facilitate nor result in wealth creation and asset formation at the household level. Instead of creating wealthier residential bases and growing local economic enterprises that will improve the fiscal capacity of the cities or metros, South Africa will be characterised by the spread and entrenchment of a divided and dualism society. Such a society will not lead to the establishment of globally competitive cities or metros based on the participation of local citizenry in creating the synergies necessary for the development of formal sector economic growth.

## **5.6 Conclusion**

In this chapter I interpreted and compared the information collected and transcribed through the research process and came to certain conclusions on the nature and content of metro and city development in South Africa. I viewed the information from a number of perspectives, for example: the effects that the particular choices in terms of developmental models will have on South African society in general; the shape and strategies of the metro or municipality in terms of its interaction with the global economy; and the effect on the Department of Provincial and Local Government and its relationship with decision-makers at local government level. I also viewed the

information from the perspective of urban poor citizenry. The basis for this analysis is the research tool, qualitative questionnaire, with the main focus areas development studies and local government studies. There is, however, a cross-disciplinary approach which includes other academic areas of study (eg economics, development and urban planning, sociology and Globalisation studies). The primary unit of analysis was research into the urban and metro management and planning and the effects of Globalisation on these areas of interest. This was the basis for the three themes which make up the questionnaire.

The fact that the majority of decision makers at local government level have chosen the neoliberal/neomodernisation model for “development” means that the integration of the specific metro/city economies into the global economy is a priority, in relation to LED, for these decision makers. This has definite consequences for wider civil society as far as the development of local democratic institutions and systems are concerned and in meeting the needs and aspirations of the urban poor in the specific metros and municipalities. The support for the localised “structural adjustment” programmes and the liberalisation of the city economies means that responsibility for access to basic needs is placed at the door of the individual urban citizen, rich or poor. This situation rejects any class-based analysis of the socioeconomic conditions in the specific metro and municipalities and dismisses any examination of the situation created by the historic imbalances of access to resources; it also refuses to confront the legacy of racial, capitalist development and the “apartheid city” in South Africa. The systems of market-led growth, both domestic and export, job creation (in the formal economic sector) and the “trickle-down” of resources are prioritised and seen as the underpinnings of “developmental local government” and Local Economic Development. The Sustainable Human Development programme as defined and supported by the DPLG is placed in a dependent and secondary relationship to the Globalisation or globally competitive metro model.

In the next and final chapter the three questions which constitute the basis of the survey questionnaire will be restated and each question will be answered in a brief statement based on a summary of the research findings. Finally, I will present and discuss the



areas of potential and future research that the analysis of the data has identified. Although specific projects will not be identified, the need for specific data on the socioeconomic profile of the different metros and municipalities is so great that I would like to believe that this would have immediate preference or choice in any future research project. This stance is given support by the fact that the DPLG's theoretical and applied frameworks are out of line with that of the majority of the respondents. This means that some immediate intervention is necessary although, as previously stated, the DPLG's inability to acknowledge this could be potentially problematic. The final chapter, chapter 6, will conclude with some proposals for further research and a summary of the data analysis in relation to the three questions. Finally, I will present a zoning and land-use strategy as a means of reformatting economic activity to the advantage of the urban poor citizenry which make up the main focus of the research project.

## Chapter 6

### Conclusion

#### 6.1 Introduction

The research project consisted of an investigation into how decision-makers in the metro and municipal government bureaucracies in South Africa understand the term “development”. Given that the meaning of the term “development” is a theoretically contested academic domain, the term was investigated with specific reference to local government as *developmental agent* and in the context of *Local Economic Development*.

The term “development” is a synonym for change. The change under discussion is South Africa’s socioeconomic and political transformation into a non-racist, non-sexist democratic society. The political regime of apartheid resulted in a socioeconomic and political system that was unsustainable owing to the extreme inequalities and structural poverty based on ethnic and racial categories. Coupled with this, the external environment in which the South Africa social and economic systems had to function during this period were punitive and restrictive.

These were the primary reasons for the country’s serious social instability and negative economic growth. The post-apartheid transformation of the South Africa society meant that radical “change” had to be instigated and, more importantly, managed — in short, “development”. However, the only tools available for formulating and managing this change were the existing political, legislative, economic and social structures and institutions. As I have repeatedly indicated, the term “development” remains a theoretically contested term or concept and one which is defined in terms of particular norms, values, ethics and/or culture. What constitutes a particular theoretical perspective on development is the definition of, and approach to, what constitutes transformation and how specific developmental goals (eg inequality and poverty) should be pursued, achieved and evaluated. This situation (ie the fact that “development” is a contested term) means that the norms and values which underpin the transformation



project has to be clearly defined. The central theme of the transformation project was the idea of a “developmental state” as both an objective, and secondly, the means (developmental state) to achieve the goals of the transformation project. The ideal and applied definition of the developmental state found/finds expression in various policy, legislative and regulatory documents, white papers and in academic research. One of the early and important definitions was the formulation of macro socioeconomic policy, that is, the Reconstruction and Development Programme (South Africa Government 1994). The theoretical framework of this approach to change is based on is the Basic-Needs and Anti-Poverty approaches coupled with the concepts and ideas contained in the various approaches in the sustainable development debate. This theoretical approach to initiating and managing change is captured in the phrase “Sustainable Human Development”. The underpinnings of this theoretical framework are most accurately identified by Professor V Taylor (2000) in the United Nations Development Report; *South Africa: Transformation for Human Development* (Pretoria: UNDP). She states (2000:ix):

South Africa's journey of liberation and transformation highlights the importance of pursuing the human development process in an environment that promotes equity, affirmation, self respect, participation and human rights.

To achieve these goals, various strategies are defined: creation of productive employment at a living wage; restructuring inequality by solving the problem of wage disparities; free delivery of basic needs; increase in the living standards of all citizens; democratisation of the economy; and developing the regional economy (UNDP 2000). This definition creates a particular approach to the notion of development, that is, a notion of development that is based on a welfarist interventionist state with a focus on the upliftment of the poor as the means to achieving economic sustainability and growth.

However, the effects of Globalisation and the specific interpretation of the structural conditions and impediments in which this transformation project was to operate,

internally and externally, led the post-apartheid government in South Africa adopting the policy of fiscal austerity. This led to the revision of the Reconstruction and Development Programme (1994) which was replaced by the macro-economic policy document; Growth, Employment and Redistribution (GEAR) (South Africa Government 1996a). GEAR was a reformulation of what constitutes the developmental role of the state: According to GEAR the role of the state was/is the facilitation of formal economic sector growth, integration into the global capitalist economy and the achievement of global competitiveness using specific areas of comparative advantage (eg low wages and transport costs). This theoretical approach was based on the policy formulated by the World Bank economist Bela Belize (1986). This approach proposed the unilaterally lifting of trade barriers, abolishment of consumer subsidies, removing the state from micro-management of the economy and the liberalising of the fiscal regulatory environment in order to attract foreign investment (Belize et al 1986). This theoretical approach is known as neoliberalism or neomodernisation --- in short, structural adjustment programmes. The theoretical developmental definition that underpinned the two approaches in the post-apartheid transformation project, RDP versus GEAR, is representative of the differences in the theoretical definition of what is, and how one achieves, development or change.

## **6.2 The research project**

The research project was formulated in the context of the constitutional, legislative and policy definition of local government as “developmental agent” and Local Economic Development. This developmental role and the process of Local Economic Development are important procedural and institutional tools in the political and socioeconomic transformation of South African society. The goals which the third sphere of formal government institutions are to achieve as part of the post-apartheid reconstruction project are clear: address inequality and structural poverty; deliver basic services; and the establishment of local and grass roots democracy. The term “development” captures the areas of change in which these disputes (theoretical and applied) are to be resolved. It is the view of the researcher that the specific theoretical framework chosen by the decision-maker at this level of government defines the



developmental procedures, objectives and goals of the particular metro or municipal institution acting as developmental agent.

The research tool on which the investigation was based was a qualitative semi-structured questionnaire that was constructed in relation to the theoretical definition of the term development; this questionnaire was presented to “decision-makers” at municipal level. Decision-makers or executive implementers are seen as those individuals who can influence or direct strategic decision making or policy direction on the basis of their personal theoretical understanding of development. The theoretical basis for the questionnaire was constructed through the analysis of definitions of development and the historical evolution of these definitions. The neoliberal notion of Globalisation/global competitiveness as represented by GEAR was placed at one end of a continuum and the notion of sustainable human development at the other. The second element of this research project was the investigation into, and definition of, the theoretical position and applied view of the Department of Provincial and Local Government in terms of “developmental local government” and Local Economic Development. The DPLG’s view was then located on the developmental continuum and used as a benchmark to analyse the responses of the respondents. The responses were collated and analysed and these responses were located on the developmental continuum. Inference could then be made about the theoretical understanding of the developmental role of municipal government in the context of Local Economic Development, the role and function of the Department of Provincial and Local Government and the goals of the post-apartheid transformation project.

The research project focussed specifically on getting an in-depth understanding of how decision-makers at local government level interpret (theoretically and normatively) the term “development”, with specific reference to the notion of a developmental local government and Local Economic Development (LED). The following three questions and the introduction of a possible framework for intervention, statement 4, formed the basis of a qualitative questionnaire which was analysed and critically discussed in relation to the questions which constitute this research project. These questions are:

- (1) What is the theoretical understanding of the term “development” by decision makers at city/metro level with specific reference to “Local Economic Development” and local government as “Development Agent”? Secondly, to compare these views critically with the view held by the Department of Provincial and Local Government (DPLG) and the officials who deal with LED specifically. Also, to compare respondents’ views with the policy, regulatory, legislative and constitutional definition of LED as held by the DPLG.
- (2) The relevance and importance of the notion of “participation” for the respondents in relation to LED and in relation to the view held by the DPLG.
- (3) What data and knowledge are available to decision-makers in local government in relation to the economic activity of the urban poor, the informal economic sector, and/or the formal economic sector activities, and the relevance of the two sectors in the context of LED.
- (4) Introduction of a strategy to directly address poverty and inequality by locating economic activities using the land-use and zoning regulations as the vehicle and creating flexible specialisation theoretical principles to facilitate asset and wealth creation for the urban poor.

The researcher believes that the theoretical and applied distinction and/or contradictions that exist in this regard will have serious implications for this sphere of government and will hamper both the achievement of certain socioeconomic goals and the political transformation project as a whole. Secondly, the research report will impact on the understanding of local government as a development agent and will influence how Local Economic Development works in practice. The research findings will also be central to further research into the nature and functioning of local government in South Africa.



### 6.3 Research findings and conclusions

Each question identified in section 6.2 will be summarised and discussed briefly on the basis of the information reported in chapter 4.

Question 1:

What is the theoretical understanding of the term “development” by decision-makers at city/metro level with specific reference to “Local Economic Development” and local government as “Development Agent”? Secondly, to compare these views critically with the view held by the Department of Provincial and Local Government (DPLG) and the officials who deal with LED specifically and the policy, regulatory, legislative and constitutional definition of LED as held by DPLG.

The majority of respondents (approximately 85%) have a theoretical understanding of the term development that reflects the neoliberal view as defined by Belize (1986) (see section 6.2). They believe that the role of local government in relation to its developmental function and in terms of Local Economic Development is as follows:

- to allow the micro economy of the metro or municipality to function with minimal intervention or regulation by this sphere of government
- to facilitate formal sector growth and investment through the necessary high end infrastructural investment and development
- to produce and/or facilitate the “trickle-down” of resources on the back of formal sector economic growth -- this will solve the problems of inequality and structural poverty
- to privatise public resources and institutions as the most rational and effective means for the delivery of basic needs and the delivery of services to urban poor citizenry and to generate funds for the particular metro/municipal structure

This dominant view contrasts sharply with the view of development held by the Department of Provincial and Local Government structures and bureaucrats as reflected in various policy papers and intervention strategies. These strategies are based on the following principles:

- direct intervention into the formal local economy in order to integrate the formal and informal sectors
- municipalities to act as advocate, facilitator, coordinator and as resource base in order to encourage for cooperative interaction between all parts of the formal sector and civic society
- local economic focus to be brought down to the micro or grassroots level and for metro/municipal government to act as support structure for the emergence and protection of SMME's and micro businesses
- delivery of basic needs and services to urban poor citizenry and the concurrent investment into infrastructure to facilitate the life choices of urban poor
- development of the institutions and objectives of local democracy

It is clearly apparent that the theoretical choices of the decision-makers at municipal level are not the same as those as defined by the DPLG. This reality will have serious implications when it comes to achieving the goals of eliminating structural poverty and inequality. The support for the DPLG's vision of development is therefore limited and the intervention, regulatory and evaluator strategies defined are at best misunderstood and at worst subverted and ridiculed. The dualism or divided city that exists as a legacy of the apartheid era will thus be maintained and perpetuated. The high-end Local Economic Development projects such as; shopping malls, waterfront developments, and the abridging of tax and zoning regulatory schemes to attract formal sector investment at all costs, will override the supply and facilitation of basic needs and act as impediments when it comes to improving the life choices of urban poor citizenry.



Question 2:

What relevance and importance does the notion of "participation" hold for the respondents in relation to LED and in relation to the view held by the DPLG?

The theoretical framework of the sustainable human development paradigm is based on the collaborative and participatory functioning of all civil and formal sector organisation and institutions, the primary focus being the upliftment of the urban poor citizenry. According to this framework, the role of developmental government is to develop capacity, intervene, manage and facilitate all of these interactions between the various organised and unorganised or disorganised elements of society within the particular metro or municipal geographical location. According to this approach LED projects will be focussed on the micro scale so that the individual or household economy can increase its life choices (ie this is the primary goal of development). This is the role and function of participation as defined by the DPLG --- for example, the Warwick Junction project in the Durban/Thekwini metro (Prescott 2002).

Obviously, as indicated in the response to question 1, this is not the view of the majority of the respondents. According to the majority of respondents, participation means participation in, or collaboration with, identified formal sector institutions and organisations, multi-national corporations, and national ministerial departments such as the Department of Trade and Industry and Treasury, both of whom support the neoliberal/neomodernisation theoretical approach. At best, this definition of participation acknowledges some role to be played by organised labour. The participation of urban poor citizenry is seen as irrelevant to the function of metro or municipal government.

Question 3:

What data and knowledge are available to decision makers in local government in relation to the economic activity of the urban poor, informal economic sector, and/or the formal economic sector activities, and the relevance of the two sectors in the context of LED?

It was found the no, or limited, data exists on the economic profiles of either the formal or informal sector. The available data sources for the formal economy were, at best, the historic regional services council levies (which could only be used in a limited way for either short-, medium- or long-term economic planning) to *ad hoc* interventions for specific project and regulatory amendments. Informal sector data were not regarded as relevant and, in some instances, were described as non-existent simply because this sector is changing all the time anyway. The situation of limited or no data was recognised as problematic by both the decision-makers at metro and municipal level and by the DPLG; in short, the lack of data was regarded by all as something that needed to be remedied immediately.

Statement 4 referred to the introduction of a strategy to directly address poverty and inequality by steering the location of economic activities using the land-use and zoning regulations as the means to facilitate asset and wealth creation for the urban poor. This strategy would create a new framework in terms of which to understand the notion of developmental local government and LED. The advantage of this approach is that it does not reject the idea of formal sector growth, but attempts to locate these activities on the urban periphery or in the inner city “slum” areas where the urban poor will be able to interact with and utilise the opportunities that this would give them. One possible example of this approach would be to move the workplace or product to be produced to where the people work and live rather than moving people to the workplace using mass transit systems. It is suggested that this reformatting or dispersal of the location of economic activity would not only benefit the formal sector in terms of flexible specialisation production principles, but would also encourage the emergence and development of clusters of SMME activity (eg the northern Italian clothing and footwear SMME cluster which are supported by the local government institutions).

The conclusions reached and contradictions identified in decision-makers theoretical understanding of local government as a developmental agent have raised more questions than provided answers. This means that there is much scope for future research at a number of different levels and focus areas. Some of these will be identified in the next section, section 6.4.



## 6.4 Further Research

The research project and data collected and analysed clearly showed that local government decision-makers have a very specific interpretation of the theoretical notion of development, both in terms of local government's role in development and in terms of local economic development. This interpretation has specific consequences for the form and structure of municipal and metro government, for the interaction with wider civil society in general, and for poor urban citizenry in particular. The neoliberal/nonmodern understanding of "development" places specific constraints on the role the Department of Provincial and Local Government can play within metro and municipal government. This further indicates that the relationship between the Department of Provincial and Local Government with metro and municipal governments, provincial governments and other national departments is not what it should be, ie the notion of distinctive spheres and cooperative governance. The researcher believes that these areas of cooperation and/or conflict are all areas of interest that could and should be investigated further in relation to the findings of this specific project.

The second, and maybe even more important area, of further research would be the city and metros themselves as individual units of analysis. The basis of this would be to set up systems to obtain relevant economic and demographic data, thus creating socioeconomic profiles for each of the individual metros. As can be seen from the analysis of the responses, at present, none of the respondent metros or municipalities possess organised and systematic data collection and interpretation systems. All the respondents identified this fact as being of central and pivotal importance. The researcher knows of, and has been included in various projects of this nature, but feels that the majority of these were not geared to be a functional tool for utilisation for medium- or long-term planning for the metros themselves. A dialogue has been initiated with the DPLG to resolve this impasse which is represented by this lack of information and it is hoped that a project to fulfil these requirements will be initiated and funded by the DPLG. One positive aspect of this dialogue is the announcement, by Minister Mufumadi of the DPLG, of the establishment of a national metro city council in which

the various metro and "B" municipalities will discuss and share relevant information and strategies; the objective here is to avoid duplication and conflict and to attempt to formulate "best practice" scenarios. One of the goals of the councils' deliberations would be the construction and formulation of such a data base. The decisions about the location and content of the research project, the data required and the associated data storage and analysis systems have not yet been made and this, too, reflects the confusion about the whole nature and definition of "development". The researcher hopes that the seriousness of the consequences of the lack of any valid, reliable and relevant data will lead to these issues being resolved quickly.

The second element of the socioeconomic profiling would be to investigate the survival strategies, economic behaviour and economic opportunities available to the urban poor citizenry specifically within and between metros. The area of formal sector investigation is already a priority of the metros themselves and for national departments such as the DTI and the Treasury. It is only if research with the specific focus on the poor is initiated that reliable and relevant data could be collected and used to make decisions relating to sustainable human development. However, as indicated, if the theoretical framework in terms of which these developmental decisions are made by definition excludes and/or does not prioritise poor citizenry, there is little chance that scarce resources will be spent in this way.

The serious stumbling block in the formulation of any further research projects would be the DPLG's refusal to acknowledge that there is a serious problem in the interpretation of "development" within its spheres of influence. If this situation is not addressed none of the policy, intervention, funding and evaluator systems and mechanism will succeed in overcoming the problems of poverty and inequality. In short, development simply will not happen. If this problem is probatively addressed by the DPLG it would open up a number of areas that could be the basis for further research. These research areas include: either the reorientation of DPLG policy frameworks or the intervention into the metro and municipal bureaucracies to address the disparate definition of the notion of change or development. The contradictory theoretical and applied definitions of LED from and within different national departments, and why



national institutions hold such different views of development, plus the effects of these disparities within the DPLG itself and on local government decision makers are all issues that need investigation.

It is clear that all three of the themes which formed part of this research project can and should be researched in much greater depth within, and between, the different municipalities and that the same process, collectively and individually, should be applied to category "B" and smaller municipalities. This focus on metro and municipal management, with specific reference to Local Economic Development should also be used as a comparative framework for assessing theoretical frameworks and applied strategies for research within and between the cities and municipalities in South Africa, as well as other developing and developed countries (eg Eastern Seaboard of Africa). The ongoing debate about development and the reintegration of the South African economic and civil society into the global forum from the vantage point of big and small municipalities offers a unique approach to the achievement of the goals and objectives of the transformation project in South Africa today. It is for this reason that the researcher hopes that this project will be continued into the future.

In theme two and three in chapter 3 the assertion is made that the theoretical model chosen by the relevant decision-makers at local government will influence the nature, form and shape of that specific local government institution. This choice, in turn, will define the content, form and level of interaction of broader civil society organisations and institutions generally, and more specifically those of the urban poor. This will also have consequences for the nature and form of the transformation project in South Africa, and ultimately, in the levels of political and socioeconomic stability. The researcher believes that these linkages, synergies and causal relationships will offer much potential for further research and investigation if the necessary funding and institutional support is available. However, the fact that DPLG is not willing to respond to the report submitted to them does not bode well for any further investigation into these extremely important and relevant areas of research and inquiry.

The fact that this research report raises more questions than it provides answers indicates that the role of local government as development agent in relation to the form and content of Local Economic Development is still an extremely under researched area of study. It is hoped that this initial investigation will result in further and multilevel research projects into this area of South Africa's socioeconomic and political transformation project.

## **6.5 Conclusion**

The definition of local government as "developmental" is an essential element of the transformation of the South Africa society into a nonracist and nonsexist democracy. The objectives of reducing or eliminating inequality and poverty as a means of achieving social stability and reintegrating a racially fractured society through the process of local democratic participation is central to the process of expanding the life choices of the ordinary urban poor. In this period of transition and increased change at both the macro and micro level, the theoretical underpinnings on which the norms, values and intervention strategies are based must be clearly understood and supported by all stake holders and role players, ie cooperative governance. Indeed, the success of the transformation project hinges on such a common understanding and support for theoretical and applied models.

The support for the sustainable human development paradigm as defined in this research study and its application in South African society as a whole could, in the view of the researcher, result in the successful reintegration of South African metro's and cities. Hopefully, this research study has indicated why the uncritical support for the neoliberal paradigm for development is not a suitable model to be used in the definition of the developmental role of local government in relation to Local Economic Development.

This research report can, I hope, be used by other researchers to obtain a clearer understanding of the different theoretical perspectives on/of development. Finally, it is hoped that, through the theoretical formulation and application of this research project



in this area of academic study, that the sociology of development, or development studies, can be seen to be a relevant research tool in the study of social change and in the attempt to bring about social justice and a fair and equal society.

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## **APPENDIX 1 - Web Sites Consulted**

<http://www.demarcation.org.za> (Local Government Demarcation Board)

<http://www.kas.org.za> (Konrad-Adenauer-Stiftung)

<http://www.polity.org.za>

<http://www.statssa.gov.za> (Statistics South Africa)

<http://www.worldbank.org> (The World Bank)

## APPENDIX 2 - Survey Questionnaire

### **Theme 3.1 Development theory: globalisation, global capital and competitiveness and Sustainable Human Development or Local Needs (Provision of Basic Needs)**

3.1.1 What do you understand the term Global Competitiveness to mean?

3.1.2 Urban development frameworks are generally based on four main themes:

- i) integrating the city/metro
- ii) improving housing and infrastructure
- iii) promoting urban economic development, and
- iv) creating institutions for delivery.

In your view, would the focus on “global competitiveness” identified in question 1, effectively capture the theoretical framework through which you could address these four themes?

3.1.3 How important, in your view, is “local participation” in the definition and implementation of the strategy aimed at achieving “global competitiveness”?

3.1.4 In your view, is the term “Local Economic Development” adequately addressed by the notion of global competitiveness, or do you think that poor/unskilled/unorganised citizens may be marginalised by the implementation of strategies aimed at achieving this competitiveness?

3.1.5 Is the responsibility of Local Government to supply/deliver basic services to poor citizens outside of the development strategy of global competitiveness?

3.1.6 Would you consider an alternative definition of “Local Economic Development” in terms of which *global competitiveness* is a possible



outcome, rather than a goal in itself?

3.1.7 Do you think that if “local economic development” is formulated as the:

development of urban infrastructure targeted to poverty alleviation, development of informal, micro and small business opportunities with specific focus on labour intensive job creation, and the facilitation of informal and small business networks for local and regional competitiveness

that this would address the issue of global competitiveness?

3.1.8 Do these two approaches to the achievement of global competitiveness have different priorities in terms of citizen participation, infrastructure development and capital expenditure in the achievement of the themes identified in urban development frameworks?

3.1.9 If you were asked to rank these two approaches to local economic development, which would you prioritise?

3.1.10 What pressures are on you to become globally competitive?

3.1.11 What, in your view, is prevailing definition of global competitiveness from national government, and do you believe national government creates an enabling environment that gives you the necessary tools for you to be able to address the issues of global competitiveness, citizen participation and to address poverty?

### **Theme 3.2: Local Government and Civil Society; participation and LED**

3.2.1 The constitution says it “encourages” involvement of communities, community

organisations and civil society in matters of local government. Who, in your view, is referred to by “communities, community organisations and civil society”?

3.2.2 The various LDO's, IDP's, LED plans all have a process of consultation by civil society as part of the process for the formulation of developmental goals and implementation strategies. How effective, in your experience, have the processes of consultation been?

3.2.3 What factors impact on the effectiveness of these processes? Which of the following would you include:

- lack of organisation or different levels of organisation by different communities within city/metro area
- unclear understanding of role and nature of local government
- the nature and content of LDO's, IDP's, LEDs
- inability to prioritise the various elements which make up LDO's, IDP's, LEDs
- any others?

3.2.4 What should the role of local government be if these factors are not addressed by the civil organisations themselves? Is it necessary for local government to develop organisational skills, or act in an advocacy role in civil society, outside of its constitutional and legal mandate?

3.2.5 Can local government act legitimately and properly without effective consultation to resolve issues of inequality and poverty relief and development?

3.2.6 In your view, are legislative and funding frameworks in place for local government to act developmentally, or should the specific city/metro be allowed to decide on its own theoretical and structural model, including the



definition of goals, processes, funding mechanisms and projects?

3.2.7 Should the organs of civil society function within the committee system on section 79 (old section 59 committees) only, or also on section 80 (old section 60) committees?

3.2.8 In theme one, a range of questions were asked about the nature of “global competitiveness” and Local Economic Development. In your view, would different levels, classes and groups of civil society understand and support different definitions of these concepts?

3.2.9 Do you think that the entrenchment of democracy via the processes and procedures around development planning at local government is possible or not?

3.2.10 What other comments/insights or remarks do you think are relevant here?  
For instance, if there are competing demands between poor citizenry and established business, what role should local government play, if any?

**Theme 3: LED policies of government and the Local Economy of the Urban Poor**

3.3.1 Do you have a data base or a system of profiling the nature of economic activity for your city/region and is this type of information relevant to your planning decisions?

3.3.2 Which category of business activity; formal or/and informal, do you believe should be the primary focus in your area, and to what extent should either category be included in your planning decisions?

3.3.3 What in your view is the role(s) of Local Government in Local Economic Development projects in your city/metro:

- facilitator, advocate, economic agent, mediator?

- 3.3.4 Do you believe that the achievement of economic growth in the formal sector of/in your city/metro will resolve the occurrence and depth of poverty and inequality?
- 3.3.5 Do you believe that the traditional activities of local government, for instance, land zoning and the development of new urban land, have a role to play in the formulation of LED activities?
- 3.3.6 Do you think that targeted service provision can be a stimulus, or kick-start, which could lead to the creation of economic activity by the poor urban citizenry? If so, how?
- 3.3.7 Is the nature of the organisation and the project goals of your LED strategies a response to the local economic activities, or do you believe that a similar situation exists in all cities/metros in South Africa and that projects to alleviate poverty and inequality will be better formulated at regional and national level?
- 3.3.8 In your view, can economic development projects aimed at the urban poor be based on a multi-use definition of informal and low-cost housing and be located in the spatial planning projects within the development of urban land within that city/metro?
- 3.3.9 Do you think that the notion of flexible production, manufacturing and accumulation has any relevance to the organisation and content of LED projects? If so, how and why?
- 3.3.10 Can urban residential land development be utilised by poor citizenry as:
- i) sights of commercial production,
  - ii) portions rented out to create capital for investment in economic activity
- or,



iii) as collateral for accessing credit for investment in production process?

In your view, could this form a basis for LED projects in your area of responsibility?

3.3.11 Do you believe that there is underutilised capital investment represented by physical structures in informal and low-cost housing settlements and estates? How, in your view, could this capital be unlocked, or utilised, more productively?

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