



THE APPLICATION OF LOCAL ECONOMIC DEVELOPMENT IN EAST LONDON, SOUTH AFRICA, 1927-1955

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The terminology of local economic development (LED) and local economic initiatives (LEI) entered the international lexicon of policy makers and academics only in the early 1980s. Such activities, which involve the mobilisation and development of local resources, are generally prompted by a need to tackle local economic and social problems or to manage processes of economic restructuring. The diverse nature of local responses can variously include the promotion of inward investment, support for small firms, co-operatives, community business ventures, self-help networks or support agencies (Harvey 1989; Tomlinson 1994; Syrett 1995). Because of their heterogeneous character a distinction is sometimes drawn between LED, which can be initiated by external forces – most importantly by the attraction of inward investment, and LEIs which represent only a range of local actions ‘using mainly local resources under local control predominantly for local benefit’ (Stöhr 1990:33). Another useful distinction is that drawn between two closely related impulses for LED: on the one hand, a ‘boosterist’ desire for growth, and on the other, a more defensive ‘regenerative’ desire to avert local economic decline (Ward and Gold 1994; Ward 1994).

Since the 1980s LED has emerged as a major international research focus with analyses and accounts of the increasingly pro-active role played by local authorities and agencies in promoting the economic well-being of localities (see, e.g., Harvey 1989; Meyer 1991; Clarke 1993; Syrett 1995). The rise in prominence of LED is a reflection of the weakening of centralised economic management, the encouragement of local specialisation in terms of the new international division of labour, and increasingly of attempts by local areas to counter the effects of recession (Stöhr 1990; Glasson 1992). In contemporary South Africa, LED is surfacing as one of the more noteworthy features and potential development strategies for post-apartheid economic reconstruction (Nel 1994a; Urban Foundation 1994; South African National Civics Organisation 1995). Although still in its incipient phase, there is clear

evidence of LED being practised in a variety of urban areas, including Johannesburg, Cape Town, Stutterheim, Atlantis and Durban (Nel 1994b; Rogerson 1994; Tomlinson 1994; South African National Civics Organisation 1995).

Notwithstanding the contemporary surge in policy and academic interest in LED in South Africa, there is an increasing amount of evidence pointing to an extended history of LED initiatives. The historical record on the Witwatersrand, Port Elizabeth and other smaller Eastern Cape urban centres suggests the existence of a tradition of LED which pre-dates the introduction of apartheid planning (Robinson 1990; Nel and Rogerson 1995; Rogerson 1996). Evidence from Port Elizabeth, Johannesburg and small provincial towns such as King William's Town, Uitenhage and Graaff Reinet shows that strategies such as place promotion or the activities of urban entrepreneurialism are not new notions in modern South Africa. In this paper it is further demonstrated that LED is not a new phenomenon of the last two decades; rather, in South Africa, as is the international experience, an earlier phase of local economic development can be traced. The case study of East London is examined here against a backcloth of an account of the international history of local economic development initiatives.

LOCAL ECONOMIC DEVELOPMENT: AN HISTORICAL PERSPECTIVE

As noted by several international researchers, the activity of local economic development is not a new phenomenon (Teitz 1987; Ward 1990, 1994). Many of the features associated with contemporary strategies for local economic development 'can be detected in the policies of public authorities well before the Second World War and even stretching back into the nineteenth century' (Ashworth and Voogd 1990:132). The aim in this section is to give an historical grounding to contemporary issues on local economic development with particular emphasis accorded to the 'traditional approach', which has been variously called local industrial recruitment, 'smokestack-chasing' or local boosterism.

A Tradition of Local Economic Development

From the historical record in Britain, the United States and Canada there is evidence for a long tradition of local economic development policies (Teitz 1987; Ward 1988, 1990, 1994). In the United Kingdom, Ward (1990:100) maintains that local economic policies 'have a considerable history' and 'were conceived as essentially pragmatic regenerative responses to structural economic changes that were becoming apparent from the end of the nineteenth century'. In Canada the late nineteenth century witnessed a so-termed 'bonusing craze' (see Naylor 1975) as municipalities, particularly across Ontario and Quebec, sought to provide 'large amounts of material

assistance, including monetary payments, to railways and factories to locate in their areas' (Ward 1994:58). Likewise, in the United States efforts 'to shape the evolution of local economies are not new' (Teitz 1987:10): civic boosterism and entrepreneurialism have 'long been a feature of urban systems' (Harvey, 1989:4). Indeed, it has been observed that, 'cities in the United States have had what amounts to a tradition of 'city boosterism' almost since their foundation as competing pioneer settlements' (Ashworth and Voogd 1990:132). From as far back as the eighteenth century many of the nation's cities 'exhibited a lively tradition of local boosterism' which included 'subsidies to manufacturers who would locate new facilities, exhortations and advertisements directed toward potential migrants, and lobbying to the point of bribery of state legislators, who could affect such infrastructure decisions as the location of canals and railroads' (Teitz 1987:10). The competitive tradition of American cities derives from a view of the city as a 'growth machine' or 'an organism whose survival depends upon continuous expansion, most usually at the expense of other cities in a competitive system' (Ashworth and Voogd 1990:132).

The works of Ward (1988, 1990, 1994) provide the most insightful basis for reclaiming aspects of the history and tradition of British local economic development policies. Ward (1990) tracks the expansion of a range of local economic policy initiatives in Britain between 1899 and 1940. The first initiatives, such as those in Luton or Derby, were motivated by perceptions of a crisis, actual or potential, in local economies. Although there were isolated instances of 'growth-mindedness' as a motivation for local industrial promotion, most were concerned with local economic regeneration against a wider backcloth of a changing manufacturing economy (Ward 1990:101). In terms of the new manufacturing economy of the early twentieth century there was a growing potential for geographical mobility of investment. This factor was further reinforced by the appearance of more multi-plant national and multi-national firms which 'were less tied to particular towns and were able to select and, where necessary, shift locations within a wider spatial framework' (Ward 1990:101). As the new sets of locational criteria appeared to undermine many of the old certainties concerning factory location, these broad pressures functioned as 'powerful general incentives for local leaders to embark on promotion and development initiatives' (Ward 1990:102).

Accordingly, during the inter-war years, most local authorities in Britain were actively engaged in promotion and development work (Ward 1988, 1994). Their policy actions were broad, and included (1) place marketing through the medium of the town brochure, select use of newspaper advertising and of the role of local information bureaux; (2) the offering of concessions to attract new industrial investors in the form of preferential rating on public utility services, particularly electricity; and, (3) direct provision, such as land, buildings or finance on terms that offered some

advantage to investors. It is notable that the central government 'strongly disapproved of local competitive promotion and development, which were seen as wasteful and not proper functions for municipalities' in Britain (Ward 1990:112). None the less, in an era when central government clung to *laissez-faire* philosophies and market-led solutions, 'local initiatives offered a defence (of widely varying effectiveness) against national and international uncertainties' (Ward 1990:114). Indeed, the attitude of central government was somewhat schizophrenic; on the one hand wishing to curtail potentially far-reaching and expensive local intervention, on the other welcoming self-help 'as an expression of the spirit of local enterprise and an alibi for its own inaction' (Ward 1990:114).

Ultimately, this era of local government policy initiatives in Britain began to lose momentum, especially after the 1940s 'with the emergence of central distribution of industry policies, which consigned local policies to a distinctively secondary role' until the late 1970s (Ward 1990:100). Active place promotion and local initiatives were effectively subsumed into the wider policy objectives of spatial planning in the United Kingdom (Ward and Gold 1994:7). Since the 1970s the picture has changed dramatically again as economic recession, restructuring, and processes of globalisation have caused many regions and towns to shed the traditional sources of employment that accorded their primary identity. Alongside the retreat of the national government from interventionist planning strategies 'these forces have fragmented the traditional planning approach as the main agency shaping and managing processes of spatial change and have left a vacant policy niche within which local promotional activity has flowered' (Ward and Gold 1994:8).

The Conventional Approach of Boosterism

The British record on early economic development illustrates many of the key features of what became known as the 'traditional' approach to local economic development. This approach is that industry is best attracted by local authorities from the outside, or in other words through inward investment. The basic economic thinking that underpins the 'business attraction' model is that a local area 'can alter its market position with industrialists by offering incentives and subsidies' (Blakely 1991:28). Moreover, local areas are seen as 'products' and as such must be 'packaged' and sold through advertising and other promotional initiatives (Blakely 1991:28).

The business attraction model planted firm roots in the Southern states of America which, beginning in the late nineteenth century, used aggressive place marketing techniques to lure businesses, plants and investment from Northern states by promoting the notion of a 'better business climate' (Haider 1992:128). 'New South' boosterism involved a large amount of

advertising rhetoric which was supplemented by more direct financial assistance to inward investors (Ward 1994:54-56). By the post-World War II period the chief agencies involved in business attraction were local chambers of commerce or other organisations which were directly controlled by business, though often subsidised by local taxes in one form or another (Teitz 1987:10). The core elements of their work were advertising the business environment of localities and certain direct inducements made available to companies to locate plants and facilities. The geography of local economic development efforts in the United States at this time is revealing for concern was confined 'principally to those regions and localities considered to be outside the mainstream of national economic growth' (Fosler 1991). The major actors continued to be in the poorer regions of the South and Appalachia but also included the central cities of the Northeast and Midwest which were falling behind in terms of national growth especially because of a weakening of their industrial base. Overall, however, Fosler (1991) argues that local economic development was of peripheral concern in a national perspective being viewed 'principally as an exercise in helping distressed areas either to catch up with or keep from falling behind the national economy'.

At the core of this first approach to LED was industrial recruitment or business attraction, an approach which spread as a growing number of state and local governments identified themselves as in distress or in competition with other areas. The emphasis was upon seeking to capture as much business as possible from other localities, principally through the activity of industrial recruitment or 'smokestack-chasing'. Significantly, few if any, initiatives were launched at this time to build local capacity and 'value-added innovation' (Fosler 1991). The results of these pioneer American efforts at local boosterism were reflected in terms of many Southern states attracting large numbers of branch plants from Northern manufacturers. None the less, in so doing, it must be acknowledged that many local governments locked themselves into situations of external dependency upon low-wage manufacturing plants, many of which subsequently relocated overseas in search of still cheaper workers.

In Canada the system of bonusing represents a classic historical example of the traditional approach of LED. Once again, strategies of place promotion through 'talking up' advertising were combined with the application of a range of tax exemptions, free or subsidised sites, buildings and other concessions designed to lure inward investors (Naylor 1975). The bonusing phenomenon in Canada was largely confined to the period from the late 1880s to the mid-1920s when provincial government opposition to the perceived wasteful character of bonusing led to the introduction of certain curbs on this form of LED activity. As in the British example, beyond 1945 local place promotion was increasingly trimmed and subsumed within new Canadian regional promotion initiatives (Ward 1994:61).

HISTORICAL LOCAL ECONOMIC DEVELOPMENT IN SOUTH AFRICA: THE CASE OF EAST LONDON

In this case study we seek to examine the historical role played by the application of LED in East London prior to the apartheid era and the initiation of policies of rigid state control. The city of East London was founded in 1848 and became the most important commercial and industrial centre in the region which later came to be popularly known as 'Border Kei' (Nel 1993). The city experienced rapid growth in the latter part of the nineteenth and the first half of the twentieth century due to its central location to what was then a prosperous wool industry, its close position as port to the diamond fields, good transport links to the Johannesburg metropolis, and the important role it served as an industrial, service and transshipment centre in the Anglo-Boer and two World Wars (Gordon 1932; Moulton 1951; Geldenhuys 1952). Indeed, by the early twentieth century, East London had become an important industrial centre attracting leading clothing, textile, confectionary, food and later automobile manufacturers (Gordon, 1932). It is suggested here that one of the reasons for the city's prosperity was the early phase of aggressive local state policies which were adopted to support LED (CA, 3/ELN, 805, Establishment of Industries and Advancement of East London's Commercial Interests, 1927-1940).

The Origins of Local Economic Development Policies and Intervention, 1927-1933

Before the 1920s some initial efforts had been made to attract industry to the East London area but these early initiatives lacked the enthusiasm and vigour which would characterise later endeavours. If anything, on a superficial level the approach appears to have been as restrictive as it was supportive of industrial development in this period. In 1911, although the council had opted to foster the 'benefits of planned industrial development', it was clearly selective in its approach, seeking only to 'attract the right industries to the area' (*South African Builder* 1953). Scant evidence exists of the council actually discouraging industrial development, with the exception of one decision to disallow the establishment of a whaling station in the city in 1906. None the less, the overall thrust of the council's attitude was not conducive to the general development of industry.

Until the 1920s the authorities in East London were content to allow the city's economy to develop with only minimal municipal intervention, relying on natural growth-enhancing factors such as the mineral and war-related economic booms. It would appear, however, that during the early inter-war period the city acquired a reputation of discouraging industry in favour of promoting the city as a tourist centre free from polluting industries (*South African Builder* 1953). Although this was not explicit

municipal policy, the limited nature of local state involvement in the local economy and the traditional encouragement of tourism in the city gave rise to such a (mis-)perception. When the East London council became aware of these perceptions it reacted by launching an aggressive campaign, commencing in 1927, to attract inward industrial investment. The council's indignation over its negative image towards industrial development is illustrated by a comment made by the Chairman of the Council's Industrial and Development Committee who stated, 'It has come to my notice that a misconception exists, to the effect that East London desires to develop as a health resort only, and would not encourage industries. That, of course, as you are aware is not the end' (CA, 3/ELN, 645, Letter from the Chairman of the Council's Industrial and Development Committee to the Chairman of the East London Publicity Association, 12 Oct. 1938).

In July 1927, in response to the desire to promote East London's industrial and commercial development base, the council called a special meeting of persons interested in advancing industry and commerce to the city (CA 3/ELN, 805, Letter from the Town Clerk to the Border Chamber of Industry, 8 July 1927). At this special meeting the council resolved to appoint a special committee to report on practical development directions and to make recommendations best suited to accomplish these aims on a sound, economic basis (CA, 3/ELN, 805, Minutes of a Special Council Meeting, Minute No. 31244, 18 July 1927). The result of this action was the establishment of a 'Sub-committee on Industrial Sites', and later its successor, the 'Industrial and Development Committee' (CA, 3/ELN, 645, Minutes, 1938). This first step laid the basis for an aggressive policy of LED in the city and marked the beginnings of a series of initiatives made to nurture East London's industrial and commercial potential and break the perceived stigma of it merely being a tourist resort.

The first act of the new sub-committee was to investigate the availability of industrial land in the city. A shortage of industrial land was noted as a key finding of the council's sub-committee. Prior to this investigation, with the exception of isolated industrial units, there were only two formal industrial townships in the city, namely at Arcadia and Chiselhurst (see Figure 1). Both these townships were relative small central city areas facing severe growth constraints because of the development of the city around them and of the internal sub-division of those areas amongst smaller firms which constrained the amount of land available for larger concerns. In consequence, the sub-committee recommended the establishment of additional industrial townships as a matter of urgency. In August 1928 the City Engineer was instructed to survey an additional 100 acres of industrial land at Chiselhurst. Further, in a significant move, which broke with the general urban development thrust of the city towards the north and the east, a new site of 100 acres on the West Bank above the harbour was identified for large industrial concerns (CA, 3/ELN, 805, Minutes of the Sub-

Committee on Industrial Sites, Minute No. 31428, 23 Aug. 1927). The designation of this area, the first phase of the Gately industrial township on the West Bank, proved to be a major asset for East London. Land was sold at the price of £50 per acre with the railways providing private siding facilities (*South African Builder* 1953). The area's close proximity to the harbour, its centrality in the city, good rail and road connections and the availability of large tracts of land for major firms made it an attractive location for large new industrial enterprises and helped to ensure the success of the municipality's fledgling LED venture. The increase in the number of industries which occurred in East London between 1920 and 1929 (see Table 1), reflects directly on council decisions to make the city more attractive to new inward investors through the provision of additional industrial land.

Table 1. The number of industrial establishments in East London, 1907–1940

	1907	1920	1929	1940
No. of industries	69	80	92	192

Source: Howard's 1907, Donaldson and Braby 1921, Donaldson's 1929, Griffith 1940

Other initiatives undertaken prior to 1933 included municipal endeavours to ensure that the city secured part of the lucrative market for the export of manganese from Postmasburg in the northern Cape. When it was announced in 1929 that Durban would be the transshipment point for the bulk of the exports, the council joined the local chamber of commerce in sending a deputation to the Minister of Railways to protest against this step (CA, 3/ELN, City Council Minute No. 37165, 20 March 1928). Local opinion was that the decision in favour of Durban was a 'serious interference with the natural course of trade' because East London was the closer port and that the 'principles of economics and trade had been violated most drastically' (*Daily Dispatch*, 14 March 1929). Although telegraphic communication with the Minister of Railways did not secure a reversal of the decision in favour of Durban, the council won a major concession as the Minister announced that a portion of the manganese traffic would be routed through East London (*Daily Dispatch*, 20 March 1929). This victory was significant as its results further enhanced the activities of the transport and related sectors in the city.

In 1932, in an instructive episode, the city council entered into direct competition with the nearby town of King William's Town to secure the investment of the German blanket manufacturer, Fisher and Mauerberger (CA, 3/KWT, 4/1/260, Letter from the Town Clerk to the Mayor of King William's Town, 21 Aug. 1932). Following several lucrative offers made by both councils trying to outbid each other with offers of various incentives, such as cheap land and reduced electricity tariffs, East London eventually secured the firm (CA, 3/KWT, 4/1/260, Town Clerk's Report, 19 Sept. 1933).

The assertive and competitive action which the East London council was prepared to undertake in order to secure lucrative investments stands in marked contrast to earlier policies. Moreover, it indicates the degree to which the promotion of local interests in support of LED had become an entrenched aspect of East London local authority policy by the 1930s.

In East London municipal authority action had clearly become a significant force which actively sought to advance local prosperity and economic wellbeing. By the early 1930s it was evident that the LED was firmly on the agenda of the local authority. In addition, the local council was achieving tangible results which contrasted markedly with its earlier neutrality in the local economic realm.

The Consolidation and Expansion of Local Economic Development in East London

Beyond East London's initial success, LED was consolidated into a more well-defined, orchestrated policy during the 1930s. In the period prior to 1939 aspects of LED were pursued by the local state in East London through a variety of means. After 1939 the matter of selling the city to inward investors was undertaken with renewed and considerable vigour until the mid-1950s.

Local Economic Development during 1933-1939

In 1933 a concerted effort was initiated by the council to promote the city of East London for inward investment. Plans for the extension of Gately industrial township came to fruition and plots were sold (*South African Builder* 1953). In 1937, after consolidating and clarifying its approach to the economic development of the city, a new phase of the LED process was launched with 'an onslaught through publicity ... the battle for industry was on' (*South African Builder* 1953:45). To spearhead this programme a new special council sub-committee was appointed consisting of the mayor and four councillors. This sub-committee was given significant powers and mandated to deal with any subject 'affecting the interests and the future development and advancement of the municipality as an industrial and commercial centre' (CA, 3/ELN, 645, Letter from the Town Clerk of East London to the Town Clerk of Kokstad, 26 April 1946). Although focusing primarily on efforts to advertise the city and to attract inward investment, the new programme also included the enhanced provision of industrial sites. In 1938, in a significant testimony to their new-found optimism in the city's future and confidence in the success of LED strategies, four new industrial townships were proclaimed, those of Braelyn on the east bank of the Buffalo River and Gately Extension, Gately West and Woodbrook on the West Bank (Figure 1) (*South African Builder* 1953). As a result of the opening of these new areas and in a clear reversal of earlier standpoints regarding

the attraction of only select types of industry, the Chairman of the Industrial and Development Committee declared, 'East London is now prepared to compete for any industry desirous to establish itself in the Union' (CA, 3/ELN, 645, Letter to the Chairman of the East London Publicity Association, 12 Oct. 1938).

Another aspect of the new LED drive was the council's endeavour to ensure that a sense of sound economic management pervaded all aspects of council administration and management in this period. This approach was reflected in the establishment and operation of a 'Committee of Heads of Department – Interdepartmental Economic Committee'. In addition to investigating various cost-saving mechanisms, standardised accounting and other procedures, this committee sought to standardise various forms of municipal interaction with the commercial sector such as the hiring of vehicles (CA, 3/ELN, 991, Committee of Heads of Departments – Interdepartmental Economic Committee, 1938-1939).

The promotion of the city as an industrial centre through the media rapidly became the major thrust of council endeavours, with a concerted 'place-marketing' scheme launched in 1937. In that year the council negotiated with a Port Elizabeth based advertising consultancy to head up an advertising campaign (CA, 3/ELN, Letter from the Town Clerk to A.C. Tiddy, East London, 5 Nov. 1937). The following year the council negotiated with the South African Railways and Harbours administration to produce three thousand folders containing information on the city. The costs were to be shared equally between the two organisations (CA, 3/ELN, 645, Letter from the Town Clerk to A.C. Tiddy, 20 Jan. 1938). In 1938 the first specific promotional brochure entitled 'The Industrial Sites of East London' was produced. The brochure offered the facilities of the port and proclaimed the fact that the city 'commands trade of huge native areas' as major attractions to prospective investors. Also in 1938 promotional material was sent to the Empire Exhibition in Glasgow for distribution, and the council even investigated the possibility of having a promotional film produced about the city (CA, 3/ELN, 645, Letter from the Town Clerk to the South African Railways and Harbours, 19 March 1938; Industrial Development Committee Minutes, 23 June 1938).

In 1939, in a new brochure entitled, 'Urban Industrial Amenities in the City of East London', the advantages of available land, water and electricity and a plentiful supply of 'native labour' were highlighted. The growing confidence exuded by the city fathers is reflected in the statement that, the city 'enjoys a high reputation as a manufacturing centre ... [and] has attractive provision for industrial expansion' (CA, 3/ELN, 645, Advertising East London as an industrial centre, 1939). The decision to produce twenty thousand booklets on the city motivated the drafting of a new booklet for inclusion in the municipal promotional folder. The booklet was entitled 'Soundings' and in it the council strove, at length, to sell the city to

prospective industrialists with primary emphasis laid upon the attraction of proximity to the large 'native reserve' areas in the vicinity. The notion of an emerging African market was fully exploited as key sections in the brochure detail:

Huge fortunes were made in the past by South African wholesale dealers supplying native requirements. Today the harvest field of the wholesaler is passing steadily to the South African manufacturer. East London appeals to United States and United Kingdom manufacturers who have specialised in the trade to the negroes of the southern states of the U.S.A. ... The biggest economic factor in the future of the once 'Dark Continent' is the steady rise of the aboriginal ... East London is the gateway to the vast native territories of the Transkei and Basutoland, with their countless millions of natives, who every year are seeking more of the white man's ways, thoughts and especially clothes ... The whole population of the native territories are potential consumers.

Another similar promotional brochure of the period was issued jointly by the City Council and the South African Railways and Harbours Administration with the 'especial purpose of impressing industrialists the world over with the enormous scope for manufacturing enterprise offered by the City of East London' (CA JP 1097 East London, South Africa and Industry). Using a cog wheel motif and a port view, this particular promotional booklet extolled the virtues of East London's living environment under the banner 'Bright, Bracing and Beautiful'; it dwelt further and at great length on the city's manifold attractions for industrial investors. The city was touted as a potential base for an array of production activities, including fruit and vegetable canning, cheese manufacture, maize by-products, leather goods, and a range of timber-related activities. Nevertheless, a significant stress was placed once again on the attractions of producing for the 'Native Market'. The locational advantages of East London in respect of producing for this market were stridently argued: for example, it was observed that of South Africa's seven million 'Native' population, 'over one quarter are resident in the areas adjacent to East London'. Overall, it was stressed that: 'Every native is a potential customer, and such being the case the industrialist who chooses East London as the site for his factory and operations starts his activities with the considerable advantage of being in immediate contact with one of the largest areas of demand in the country' (CA JP 1097 East London, South Africa and Industry, p.14).

Arguing that the future lay in exploiting the enormous potential of this emerging market, appeals were made to clothing, textile, curtain and

furniture manufacturers. Other attractions offered to the prospective industrialists were abundantly available industrial land, the harbour, good rail and road connections, skilled white labour, plentiful cheap African labour and the protection offered by high government tariffs. As part of the overall marketing image, the city gave itself an aggressive *nom de plume*, namely that it was 'The Fighting Port', which 'gets things done' (CA, 3/ELN, 645, 'Soundings', 1939). In order to sustain this marketing campaign the council voted an additional £1 000. When the increased number of twenty-five thousand brochures was produced it was decided to send roughly 10 per cent of these booklets directly to manufacturing establishments in the United States and Britain (CA, 3/ELN, 645, City Council Minute No. 69743, 6 Sept. 1939; 17 Aug. 1940).

Table 2. Industrial growth, 1932/33–1936/37

	1932/33	1936/37	Increase
No. of industries	146	182	25%
Industrial investment	£334 188	£492 289	47%
Employees	2 176	4 673	115%
Wages paid	£295 061	£565 161	92%
Value of output	£962 929	£1 986 635	106%

Source: *South African Builder* 1953:45

The result of the council campaigns and obvious industrial interest in the city was what one contemporary source described as a pre-war 'surge of development'. Between 1932/33 and 1936/67 there was an overall increase in the number of industries from 146 to 182 (Table 2). Although an increment of approximately 25 percent in the total number of firms was clearly significant in its own right, the economic impact was much greater, with employment opportunities and the value of output more than doubling in a four-year period. The impact of the new firms was enhanced by the fact that they tended to be larger than pre-existing ones. This was due to the availability of extensive sites for the larger firms and no doubt the rewards reaped by marketing the city to larger international investors. Although it would be erroneous to ascribe the impressive results achieved solely to the council's endeavours, the potential impact of East London's aggressive place marketing strategies made in support of LED cannot be ignored.

Figure 2
Selling East London 1941 (*Star*, 20 May 1941)

EAST LONDON OFFERS *Great Scope* TO MANUFACTURERS and INDUSTRIALISTS



The growing city of East London offers unbounded facilities for industrial and manufacturing enterprise, and within recent years many industrial concerns have taken advantage of them and chosen East London for their operations.

* * * * *

Apart from its geographical importance, both from the point of view of shipping facilities and its central situation as a distribution centre for the Union, East London offers amenities vital to the prospective manufacturer.

* * * * *

At present, suitable sites are available at moderate prices. The rapid growth of industries has attracted many skilled artisans and local skilled and native labour is easily obtainable.

* * * * *

There is an ample supply of water and electric power, and the railway freight rates are distinctly favourable to industry. East London's industrial area has been planned apart but not inconveniently distant from the residential districts. With its pleasant and temperate climate, everything is conducive to a healthy and happy living environment in East London. It is a modern city which offers attractive prospects to residents and manufacturers alike.



Get in Now!

POST THIS COUPON

To the Town Clerk
EAST LONDON

Please send me/us full particulars concerning East London's industrial sites.

Name

Address

.....

.....

EAST LONDON

CITY OF OPPORTUNITY

Industrial Development and Place Promotion Post-1939

The outbreak of the Second World War in 1939 had a profound effect on East London. The city's coastal location, safe harbour and industrial facilities which it could offer, as well as the nation's vast contribution to the war effort in terms of food, raw materials, manufactured goods and personnel, assured a trade and manufacturing boom. This war-related boom built on the earlier industrial success of the city, council endeavours and the provision of extensive, serviced industrial townships.

Capitalising on the wartime economic upturn, the council continued its efforts to attract new industries, stressing the safe haven which East London offered in a war-battered world. A 1941 advertising campaign focused on the placement of large eye-catching advertisements in numerous major newspapers, under the heading 'Get in Now! East London City of Opportunity'. In addition to repeating the standard attractions of the city, the council reverted to the earlier approach of extolling the virtues of the city's climate and natural beauty (*Cape Argus*, 17 May 1941 in CA, 3/ELN, 645, Advertising East London as an Industrial Centre). Figure 2 (from the *Star*, 20 May 1941) represents a typical illustration of the council's media and marketing initiatives of the time and the factors which the council regarded as important for selling the city to prospective investors.


Growing interest by potential investors in East London was heightened by these marketing campaigns with enquiries coming from many firms and areas, even including one from the colony of Gold Coast in West Africa (CA, 3/ELN, 645, Letter from the Manager of the Bank of British West Africa to the Town Clerk, 14 Aug. 1941). Between 1942 and 1947, the council responded to a total of forty-one enquiries from major British and South African firms interested in establishing themselves in the city (CA, 3/ELN, 645, Advertising East London as an Industrial Centre, 1942-1947).

In 1943, in a significant display of foresight, the council decided to anticipate developments in a post-war period. The Mayor the view that, 'now is the time to prepare so that time is not lost due to being unprepared when hostilities cease' (CA, 3/ELN, 645, Letter to Griffiths Standard Co. Ltd., 9 Jan. 1943). The result was the production of a brochure entitled 'Post War Greater East London' which once again extolled the virtues of the city. The air of assertive self-confidence which the city had come to exude is manifest in their 1943 advertisement in the trade journal *Industry and Trade*, which described East London as being the 'Progressive city of modern industry' assuring investors that they would 'be even more glad when Victory is ours that you established your concern in East London, for it is a city long recognised as one of enthusiastic enterprise and rapid, but steady growth' (*Industry and Trade*, March 1943, p.114 in CA, 3/ELN, 645). Throughout 1943 and 1944 advertisements were regularly placed in all major national newspapers and various industrial journals. The benefits of

Figure 3

East London place promotion, 1944 (*Rand Daily Mail*, 14 June 1944).

THE POWER TO
Make Industry Hum -



ALREADY EXISTS AT EAST LONDON

It takes more than mere motive-power to make a success of any industrial undertaking. And East London has what it takes . . . an obviously advantageous geographical position (your map will confirm) . . . a well-developed harbour with enormous potentialities and a climate that permits of solid work, always . . . to say nothing of the impressive reserves of native labour in

the Districts. Again, and in the interests of progress, the Municipality is offering industrial sites to-day at far below market value, plus an abundant supply of water and electrical power at surprisingly low rates. So, if you want a big cut of success, plant your plant in East London. Get the **FACTS** from the **TOWN CLERK, CITY HALL, EAST LONDON.**

EAST LONDON
And a happy Place to live, too!



established industries, the large labour force, available land, and the attraction of the city as a tourist destination featured in advertising campaigns which urged investors to 'Nail it down', or boasted that East London had 'The power to make industry hum' (Figure 3) and was the 'Progressive City of Modern Industry' (CA, 3/ELN, 645, Advertising East London as an Industrial Centre, 1944-1945). Such was the success of these endeavours and the related economic and industrial boom that nearly all the total of 180 acres of industrial land available in Gately industrial township and its extensions was sold by the end of 1945 (CA, 3/ELN, 645, Letter from the Town Clerk to A.C. Tiddy, 11 Dec. 1945).

After the cessation of hostilities shortages of goods on the international market proved a major stimulus to local production, prompting one contemporary commentator to observe that, 'East London rode on the crest of the wave' (*South African Builder* 1953:45). Immediately after the war the city council continued with its promotional endeavours, continuing to advertise in numerous publications. By 1948, however, council budgets were cut as a result of a post-war recession; the advertising budget was axed down to £200, and a planned series of illustrated promotional brochures had to be cancelled (CA, 3/ELN, 645, Public Works Committee Minutes, 18 Oct. 1948; City Council Minutes, 7 Dec. 1948). Numerous requests from South African and British newspapers to advertise the city were rejected by the council (CA, 3/ELN, 645, Advertising East London as an Industrial Centre, 1948-1950; 3/ELN, 1119, Advertising – Industrial, 1955). So serious was the situation that by 1950 the Town Clerk informed the Cape Advertising Contractors that the council had 'to exercise the strictest financial stringency, [and] no provision has been made in the current year's estimates for industrial advertising' (CA, 3/ELN, 1118, Letter, 30 March 1950).

With the exception of one promotional brochure in 1955, the industrial promotion campaign of the city had now effectively petered out. The period of the 1950s and 1960s was an era of economic stagnation in the city. Only with the launching of the apartheid government's border industrial decentralisation programme and the introduction of associated investment incentives were growth rates recorded in East London that approached those achieved in the first half of the century (Nel and Temple 1992).

CONCLUSION

The East London case represents an example of LED activities which were orientated primarily to boosterism. Beginning in fragmentary fashion in the 1920s, the East London council embarked upon a halting set of LED initiatives, initially to address shortages of industrial land and to re-image the city as one that was welcoming to industrial investors. From the 1930s onwards the increased significance of place marketing initiatives is apparent. It is difficult to discern the independent impact of such LED

initiatives on new industrial growth in East London from other growth-inducing factors. Nevertheless, it would be an oversight to ignore their potential contribution to the healthy industrial expansion that occurred in the city for nearly a quarter-century. The significant increase in available industrial land and the associated place-marketing campaign seemingly did contribute to gains in East London's industrial base. The positive results achieved and the sense of determined optimism which came to characterise the city from LED policies is reflected in the following statement from a municipal document: 'A great deal has been achieved in the years since East London decided to promote industrial enterprise. Very much more can be expected in the future' (CA, 3/ELN, 1120, Industrial Brochure, 1955).

Although the methods of LED used in East London between 1927 and 1955 are crude by modern standards and their effectiveness constrained, the very existence of these elements must dispel any notion that LED approaches are an innovation of recent decades in South Africa. Indeed, what was happening in East London had its parallels in a similar history of local economic development planning in various urban centres of Britain, the United States and Canada. In the final analysis it must be acknowledged that local economic development is far from being the great late-twentieth-century innovation that many of its modern practitioners believe it to be.

ACKNOWLEDGEMENTS

The authors wish to acknowledge the financial assistance provided for research by the Centre for Science Development, Pretoria. In addition, Chris Rogerson wishes to thank the added support from the University of the Witwatersrand Humanities and Social Sciences Grant for 1995.

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