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From Liquor to Leisure: The Changing South African Hotel Industry 1928–1968

Christian M. Rogerson

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Abstract Historical scholarship in tourism studies is relatively limited, mainly focused on North America and Western Europe. The aim in this article is to examine one neglected facet of the historical development of urban tourism in South Africa. Specifically, the focus is on the changing nature of South African hotels and of the hotel industry during the period of 1928–1968. During this period, a transformation occurred in the nature of the hotel sector 'from liquor to leisure'. This change shifted the trajectory of hotel developments in South Africa and laid the essential foundations for the beginnings of an internationally competitive tourism industry. An understanding of developments taking place in the hotel industry through this formative period of 1928–1968 is essential for interpreting the evolution of the modern South African hotel industry.

Keywords Hotel industry · South Africa · Liquor · Leisure · Urban tourism

Introduction

Over the past decade, research on contemporary tourism issues in South Africa has witnessed a period of considerable progress and consolidation (Rogerson and Visser 2004, 2007). By comparison, there is a relative neglect of *historical* scholarship in local tourism studies, a trend which appears to reflect the broader underdevelopment of historical tourism research on the international stage (Towner and Wall 1991; Towner 1995; Walton 2003). For one local historian, the "history of tourism in South Africa has remained a largely uncharted field" and the "paucity of the number of explicit historical contributions stands in contradistinction to the burgeoning work on

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C. M. Rogerson (✉)
School of Tourism and Hospitality, Faculty of Management, University of Johannesburg, Johannesburg, South Africa
e-mail: crogerson@uj.ac.za

the geographic patterns, economics and development of tourism in South Africa since 1990" (Grundlingh 2006: 104).

The emergence and subsequent consolidation of the tourism industry in South Africa during the nineteenth and twentieth centuries, however, provide fertile grounds for historical research (Saunders and Barben 2007). The available historical scholarship on South African tourism contains a number of disparate works. Research has been undertaken variously on the making of Cape Town as a leisure destination from the late nineteenth century (Bickford-Smith 2009), the evolution and state of the national tourism industry during the 1930s (Norval 1936), the emergence of the imperial aviation sector and appearance of what has been styled 'incidental tourists' (Pirie 2009), the development of sea-rail cruise tourism during the 1920s and 1930s (Pirie 2011) and analysis of leisure tourism development into the 1970s (Ferrario 1978). The most significant work is, perhaps, Grundlingh's (2006) rich interrogation of the role of the tourism sector under apartheid.

The purpose of this paper is to extend this limited range of historical scholarship on the tourism industry in South Africa. More specifically, the research focus is upon the changing nature of South African hotels and of the redefinition of the hotel industry which occurred during the period of 1928–1968. Within the corpus of South African tourism research, limited attention has been paid to the organization of the hotel sector, one of the essential foundations for tourism development in any country. As observed recently by Gross (2010) the "coverage of the historical aspects of the development of the international hospitality industry represents a significant gap in the academic literature". In particular, the evolution of the hotel sector has been overlooked as only a handful of studies scrutinize its historical development, the most significant being work related to the evolving accommodation sector in the USA (Baum and Mezias 1992; Baum and Haveman 1997; Slattery 2009). Using archival sources, including government commissions, *Hansard* (House of Assembly Debates) and newspaper records, this paper analyses the radical shift which occurred in the nature of South Africa's hotel industry during the period of 1928 to 1968. It is argued that developments which took place during the four decades from 1928 to 1968 fundamentally reshaped the definition and activities of the hotel in South Africa. The legislative framework for the early development of the South African hotel industry was set by liquor legislation and, as a consequence, a large segment of the country's hotels operated primarily as liquor rather than accommodation outlets.

It is maintained that the transformation which was engineered 'from liquor to leisure' shifted the trajectory of hotel developments in South Africa and laid the essential foundations for the beginnings of an internationally competitive tourism industry. An understanding of the developments taking place in the hotel industry through this formative period of 1928–1968, which straddles the period of segregation and early apartheid years, therefore is essential for interpreting the evolution of the modern South African hotel industry. Of central concern here is the role played by the national government as an actor in changing the direction of the South African lodging sector. From its initial role of shaping the emerging hotel sector in South Africa, the national government responded (belatedly) to shortcomings in the evolving national tourism industry by reorienting the hotel sector from its focus on liquor to a business which would be organized around leisure.

The Hotel Industry and Liquor Domination

Although a number of small accommodation establishments which were styled as 'hotels' were operating in South Africa's major urban centres during the nineteenth century most of these initial establishments were little more than small boarding houses offering food and lodging. Further, Walker (1977: 4) points out that most of these establishments were run by individuals and families and were not all that comfortable and often "rather unhygienic". Beginning in the 1890s, the first 'modern' hotels to provide better facilities of comfort and service began to appear. With the support of the steamship companies, 'luxury' hotels opened in Cape Town, the Grand Hotel in 1893 and the Mount Nelson Hotel in 1898. In Durban by the 1890s, the Royal Hotel was an impressive brick, double-storeyed construction with all the latest amenities and competing with the Alexander Hotel, which was built in 1879. The opening of Johannesburg's Carlton Hotel in February 1896 with its lavish décor and affluent clientele reflected the prosperity of mining capital and was a landmark development in the South African hotel industry (Walker 1977).

The early development of domestic tourism in South Africa was assisted by the promotional activities of South African Railways. In 1907, this organization opened an office in London and started to market the Cape Colony as 'the Health Resort of Europe'. After the hostilities of World War I, there occurred a fairly frequent arrival of cruise ships from Europe and the USA (Pirie 2011). The tourism image of South Africa shifted, however, from merely a health resort to a more diversified travel destination (Ferrario 1978: 50). In 1920, after a 6-year break the *Illustrated South African Hotel Guide* reappeared. It proclaimed that the published guide and national listing of hotels "should be found useful by pleasure seekers and commercial men" (Union Publishing Agency 1920: 3). The hotel guide confirms that by 1920 a geographical spread of hotels occurred countrywide with large numbers of small hotels linked to railway stations, including many in country areas and small towns. In Cape Town alone, the guide lists 126 so-called 'hotels' in the city and environs.

It can be observed in hotel advertising of the early 1920s that many licenced establishments sought to proclaim the availability of alcohol as one of their key attractions to prospective clients. For example, alongside the attractions of "grand scenery", "extensive 'sylvan' grounds" and "hot and cold baths", the Vineyard Hotel in Newlands also pointed to its British, foreign and Colonial ales, wines and spirits (Union Publishing Agency 1920: 63). Likewise, the Avenue Hotel in Claremont—the "most up-to-date hotel in the suburbs of Cape Town"—assured its visitors that the "best of liquors" was "always in stock" (Union Publishing Agency 1920: 63). Another early linkage of the hotel sector with alcohol occurred through the establishment and expansion of the tied house system (Tucker 1985). The 1890s marked the beginning of the tied house system in South Africa when Ohlssons Cape Breweries (OCB) launched a programme to purchase hotels in Cape Town for subsequent reletting to tenants. By 1898, OCB had acquired 28 licenced liquor outlets in the Cape Town region, 22 of which were hotels (Tucker 1985: 88–89).

Under the tied house system, a producer or wholesale merchant in alcoholic beverages may "by agreement with a licensee, ensure the sale of his own product to the exclusion at will, of other competitive products" (Union of South Africa 1956: 15). The business of tieing hotel keepers to particular brewers or wine and spirit merchants gradually "became deeply entrenched" in the South African hotel industry (Norval 1936: 251). In particular, the movement was led enthusiastically by the nation's major brewing companies of the period, South African Breweries (SAB) and OCB (Tucker 1985). The tied house system essentially resulted in the liquor trade becoming "the primary function of the tied or controlled hotels" and correspondingly "reducing the real function of providing accommodation to one of secondary importance" (University of Cape Town 1949: 2–3).

The marriage of South Africa's hotel industry to the liquor sector was sealed during 1928 when new legislation was promulgated with the primary goal of controlling the growing industry of liquor selling and through it, to a certain extent also, the consumption of liquor. Under Liquor Act 30 of 1928, the evolution of the hotel sector became inextricably woven to the control of liquor with the consequence "to subordinate the hotel industry to the traffic in liquor" (Norval 1936: 246). Importantly, the control of liquor was now to be exercised by powers afforded to the *local* liquor licencing boards which were advised by the police. The operations and outlook of these local licencing boards were wholly upon local factors without any wider consideration of national factors or of the developing tourist industry as a whole. In considering licence applications, each board relied upon police reports and functioned without having any national guidelines or standards relating to minimum structural requirements for hotels, management, service or catering (Union of South Africa 1943: 12). Indeed, the criteria for the grant of licences "were largely physical" and disregarded entire issues of quality of hotel management or service (Republic of South Africa [RSA] 1965: 17). Of critical significance also was that the number of licences in any particular area was determined "according to the registered number of Parliamentary voters". The consequence of this determination was to disconnect the geographic supply of hotels from demand factors. In the issuance of licences, no consideration was given to spatial variations between one locality and another in terms of tourism demand. As a consequence of the disconnect between supply and demand considerations, Durban, the leading beach leisure destination in South Africa, was rated as equivalent for purposes of licencing to Germiston, a mining and industrial town as well as national railway hub.

The ramifications for the South African hotel industry of the 1928 legislation were profound and set to influence the contours for hotel industry development until 1963. For one critic, the most far-reaching impact of the Act was simply that it "degraded the hotel industry" (Crocker 1950: 309). Overall, it must be understood that the 1928 Liquor Act represented "a stimulus for the quantitative development of the accommodation industry" (RSA 1965: 27). Its core requirement was that in order to retain their liquor licence, the licensees of existing bars had to provide a minimum supply of accommodation. In urban areas, the minimum requirement was ten bedrooms, in country areas five bedrooms. The legislation thus precipitated "the establishment of a host of small so-called hotels of a subeconomic size, sited irrespective of the need for accommodation and with no possible hope of making the accommodation sections of the undertaking economically rewarding" (RSA 1965: 17). In particular, in small towns and in country areas, where licences were subject to ministerial approval, this procedure for granting of licences resulted in the proliferation of so-called 'hotels' in areas of limited or no tourism demand.

For 1936, detailed information is available on the size and geographical distribution of South African hotels (Norval 1936). Of the total number of 1,144 national hotels, 650 or 57% of establishments were providing less than 25 bedrooms. The spatial distribution of hotels reflects strongly the impress of this legislation. Together, the leading urban inland centres of Johannesburg, Pretoria, Kimberley, Bloemfontein and the expanding coastal leisure destinations of Cape Town, Durban East London and Port Elizabeth accounted for only 400 or 35% of the total number of hotels. Indeed, remarkably the geography of South African hotels in the 1930s was *non-urban dominant* as nearly two-thirds of all hotels were located outside of the major business or tourist centres often in small towns or country areas (Norval 1936: 236). It was evident that the provision in the Liquor Act for issuance of licences on the basis of the number of registered voters combined with the fact that "there are always a number of venture-some individuals, wholly unqualified to run an hotel, who are eager to seek their fortune in the liquor trade" produced a situation of "the licensing of hotels far in excess of actual requirements of hotel accommodation, and many of these are nothing but subterfuges for bars" (Norval 1936: 247).

In several respects, the 1928 Act further strengthened the hold of the liquor companies upon the hotel sector. Under this legislation, hotels—at least in theory—each year could lose their liquor licences and thereby their profitability. Therefore, investment and financing of hotels became considered to be particularly risky for private investors. The outstanding exception, of course, was the breweries and wine and spirit merchants which "readily acknowledged the hotel as a major marketing outlet" (RSA 1965: 18). Direct control of the hotel sector was extended in terms of the number of hotels that became tied establishments as the interests of the liquor sector in hotels intensified after 1928, a situation which resulted in an artificial stimulus to the supply of hotels across the country (University of Cape Town 1949: 2). Furthermore, as a result of outside investor reluctance to finance development of the hotel industry and of the need for many liquor licensees to comply with the structural requirements of the 1928 Act concerning provision of a minimum number of bedrooms, "liquor interests were quick to provide the finances for the conversion of bars to so-called hotels" (RSA 1965: 18). Indeed, within months of the passage of the Liquor Act, both SAB and OCB embarked on an unprecedented campaign to convert bars and upgrade existing hotels (Tucker 1985: 93). Although the Liquor Act stipulated that breweries could only tie a hotel for a maximum period of 6 years this legislation could be readily circumvented by the loan of additional capital to a tied establishment every 6 years (Tucker 1985: 93).

As a whole, the burgeoning number of 'new' hotels in the 1930s was "by the nature of their conversions good liquor outlets but poor and economically unrewarding hotels from an accommodation point of view" (RSA 1965: 18). A large number of managers of South African hotel establishments co-operated enthusiastically with the liquor companies and "in the process virtually disregarded their accommodation activities as far as the Act permitted them to do without losing their liquor licences" (RSA 1965: 18). By the mid-1930s, Norval (1936: 230) reported that almost half of all hotel managers or licensees had held their licence for less than 5 years, a situation which reflected the "gross instability and a lack of continuity" as "the hotel industry has become one in which people of diverse origin and profession stray at odd times hoping to find therein some lucrative source of income". In return for the financial support received, hotel managers became increasingly obliged to promote and sell the products of their sponsors, namely the brewers or wine merchants adding a further liquor emphasis to what was described as "the already heavily liquor oriented hotel industry". Nevertheless, the tight operating margins of the hotel industry meant that even hoteliers providing genuine accommodation—mainly those hotel establishments with more than 100 rooms—found that they were heavily dependent on liquor sales to maintain the profitability of their businesses (RSA 1965: 18).

Liquor domination of the hotel sector was given another unintentional boost in 1939 when the state introduced an ill-advised control on accommodation tariffs which remained in force until June 1953 (Walker 1977: 10). The implementation of price control operated on a basis of permissible tariffs which were fixed on the 1939 operational data. In practice, the main criteria for justifiable tariff levels were the profit and loss account which meant that a hotelier trying to improve standards of customer service and then passed them on to customers by increased tariffs was "unable to obtain an increase if his annual profits reveal satisfactory profits" (University of Cape Town 1949: 24). Critically, in the setting of tariffs, issues of managerial efficiency or customer service effectively were discounted and in well-run hotels tariffs were fixed too low to yield a return attractive enough in relation to the effort involved. The enactment of price controls functioned such as to protect poor management (Walker 1977: 10) and stultified genuine attempts to improve quality standards in hotels (University of Cape Town 1949: 24).

Most critically, price controls produced a situation whereby tariffs were insufficient "to yield an attractive return on accommodation business" (RSA 1965: 18). Consequently, as compared to the profits from liquor retailing, the accommodation side of the hotel business became increasingly unattractive. As tariff increases for licenced hotels were restricted to a limit of 7.5% above 1939 prices, hoteliers "concentrated on the liquor aspect of their businesses to a yet greater measure and further neglected the accommodation side" (RSA 1965: 18). As Crocker (1950: 309) avers in order to "remain in business hotel managements were forced to exploit liquor sales". Another consequence of price control was that many hotels filled up with permanent residents rather than tourists. These permanents—often retired people—were major beneficiaries of price control, were subsidized by liquor profits and even enjoyed legal protection such that it was described as "impossible" to get rid of them (Vynne 1947: 17). By 1949, the chairman of the Hotel Association of Southern Africa remarked that "the hard fact remains that without the liquor business 90% of the hotels in South Africa could not make ends meet" (Vynne 1947: 15). By 1953, when this price control measure was lifted, the hotel industry confronted low occupancy levels and hotels were thus "unable to adjust their tariffs to more realistic levels" such that the emphasis which had been cultivated on liquor sales was maintained even into the 1950s.

The tight operational margins of the South African hotel industry and corresponding reliance on liquor profits were further strained by other measures of state control. It was observed that in the extent of its control by government that the hotel industry "has no parallel in any other branch of economic activity in the country" (Norval 1936: 246). Operating a hotel required, in addition to payment for a liquor licence, a host of other diverse charges and licences which included amongst others, a late hours licence, an extension of liquor licence, a boarding and lodging housekeepers licence, a billiard table keepers licence, a public entertainment licence, mineral water licence, public building licence, a station porters licence, a laundry licence, boiler licence, a motor bus and van licence, and even a performing rights society licence. All these charges were due on top of municipal assessment rates, sanitary rates, electricity and water charges, and so on; in some instances, hotels were charged discriminatory rates which were higher than for other commercial or industrial uses. The net consequence of municipal taxation and other charges was to reduce the extremely low rate of return on capital investment in the hotel sector for investors other than those with parallel interests in the liquor sector (University of Cape Town 1949: 2).

Overall, therefore, the 1928 Liquor Act combined with the tied house system, accommodation price control and high level of taxation resulted in the South African hotel industry becoming liquor-dominated in its profits as well as increasingly liquor-dominated in relation to patterns of ownership. The resulting spatial pattern of the hotel industry was disconnected from and failed to reflect the geography of South Africa's emerging tourism industry which from the period of the late 1930s and early 1940s entered a growth phase.

The Impact of Liquor Domination

From 1940, a growing chorus of opinion began to highlight shortcomings of the South African hotel industry particularly in relation to the standards required for the country to become a competitive modern tourism destination. In particular, mounting criticism was directed at the functioning and impact of the Liquor Act and of the extent of state control concerning the operations of hotels in South Africa (Union of South Africa 1943; RSA 1965). One post-War observer went so far as to describe the depth of state control as synonymous with "chaos" (Vynne 1947: 15). The transition of the South African hotel industry from its anchor upon liquor towards a leisure focus would prove difficult and delayed until as late as 1965.

A major factor behind the growing criticism about state control and liquor domination of the hotel industry related to the rising tempo of tourism in the South African economy, particularly from 1940. With the outbreak of hostilities in Europe, South African tourism began to experience a marked upturn in fortune. The country benefited from playing host "to thousands of accidental tourists, because British airmen arrived in the country for training" (Grundlingh 2006: 105). In addition, South Africa enjoyed a stream of new regional visitors beyond its usual influx of leisure-seeking colonial settlers from Southern Rhodesia. The war disrupted the usual flows of white settlers travelling to Europe on periods of extended leave in order to recuperate from 'unhealthy' tours of duty in the tropics. Colonial governments and large colonial enterprises authorised employees to spend their leave in Africa with South Africa a favoured destination because of its natural beauty, beaches and health resorts (*The Star* 28 June 1940). During 1940, increased revenue was reported from visitors hailing from "all corners of Africa", especially from the colonial territories of Belgian Congo, Northern Rhodesia, Tanganyika and Nyasaland (*Rand Daily Mail* 13 August 1940).

In 1943, the government announced its intention to launch "a vigorous campaign immediately after the war to place South Africa permanently on the world tourist map" (*The Star* 4 October 1943). Controversial proposals were put forward for the construction of government-backed railway hotels in Cape Town and Pretoria to improve the supply of tourist accommodation (*The Star* 4 October 1943). Optimism was widespread that with improvements in aviation and Britain "only two days travel by air", South Africa might emerge to rival the French Riviera for tourism traffic (*The Star* 8 November 1943). After the Second World War, government sought to capitalise on the general expansion in international tourism by establishing the South African Tourism Development Corporation in 1947 which much expanded upon the early publicity and marketing efforts undertaken by South African Railways (Grundlingh 2006). By 1946, however, the Minister of Transport already had identified the hotel industry as the "bottleneck" in the tourist industry. This sentiment was echoed 1 year later by the Chair of the South African Hotel Association who cautioned bluntly that "unless active steps are taken for the betterment of hotels, the tourist industry is foredoomed to failure" (Vynne 1947: 15).

Throughout the 1940s and 1950s, the multiple shortcomings of the South African hotel sector were ever more widely recognized and exposed. Questions were raised in parliament as to the antiquated provisions in the Liquor Act governing hotel development and in particular on limitations on the issuance of liquor licences linked to the number of persons on the voters' roll in any particular area. It was pointed out that this provision took "no account at all of an area where you may require mostly hotels and nothing else because of the scenic attractions offering in that particular place" (*Hansard* 18 March 1949: 2374). As a consequence of the quantitative push to hotel development arising from the liquor legislation, there emerged an overall surplus of hotel beds and low rates of occupancy; in 1958, for example, in licenced hotels, occupancies were running at slightly below 50% (RSA 1965: 3). A situation existed in those hotels that were mainly liquor outlets of a large amount of available accommodation but with little demand, with the exception of low-paying permanent residents.

Nevertheless, alongside a national surplus of beds, there was a distinct shortage of tourist quality accommodation, which partly was the result of price controls which reduced considerably the private return on hotel investments. Many hotels were accommodating residents at daily rates which represented a gross loss to the hotelier; with continued price control, there was "little or no hope for improvement in standards" (*Natal Mercury* 20 May 1949). Representations were made to the government by hotel associations concerning increases in costs of running hotels which threatened to bankrupt hoteliers unless price controls were eased and a request granted for a 10% increase in tariffs (*Cape Times* 4 July 1950; *Rand Daily Mail* 4 September 1950). The spectre was raised that unless price controls were lifted "cracked crockery, discoloured cutlery, inefficient waiters and stewards were a few of the discomforts which visitors to hotels would soon have to endure" (*Rand Daily Mail*, 15 July 1950). In 1949, the mayor of Cape Town pointed to the fact that there had been virtually no new hotel building in the previous decade, a serious handicap to the city's growing tourism economy (University of Cape Town 1949). In one respect, Cape Town was in a favourable position as building permits here could be obtained for hotel projects because of the needs of parliamentarians, whereas in other cities restrictions existed on issuance of permits for additions, reconstructions or for new hotel buildings (Vynne 1947: 17). Particular gaps were for the provision of medium to high-grade accommodation in the country's major urban centres and for so-termed 'tourist de luxe' accommodation at select 'hotspots' for international tourism. The publicity director for Durban in 1949 bemoaned the shortage of "accommodation of the luxury type if it is to cater satisfactorily for the demands of visitors from overseas and Southern Africa" (*Natal Mercury* 21 February 1949).

The growth of inclusive tours with between 70 and 100 tourists per group posed special problems in terms of sufficient hotels in tourist centres that could accommodate such tour groups (RSA 1965). In 1950, it was widely reported that potential international tourists were "being refused bookings by agents overseas because there are not enough hotels in the Union to accommodate the tourist trade" (*Rand Daily Mail*, 18 October 1950). In several of the country's major cities, especially Cape Town, Port Elizabeth and Johannesburg, shortages of tourism accommodation were aggravated by the conversion of hotels into flats or the razing of hotels and their replacement by offices. Another observed gap was in terms of accommodation shortages along the country's major tourist trunk roads (RSA 1965). An acute shortage of accommodation existed in the newly expanding towns of the Free State goldfields where commercial travellers faced the option of either sleeping in their car or "spend half the night looking for a place to sleep" (*The Star* 1 July 1950). That said, the construction of national roads which bypassed towns and villages served also to create elsewhere a surplus of tourist accommodation, particularly in small towns and country areas (RSA 1965: 3). Finally, in consequence of apartheid legislation that disallowed 'non-whites' from staying in white hotels, there was a special problem of accommodating non-White employees of guests (such as drivers).

The mismatch between supply and demand in terms of quantity of available accommodation was reinforced by revealed shortcomings in the *quality* of existing accommodation and service standards as offered by South African hotels during the 1940s and 1950s. In 1949, the chair of Satour identified "the hotel position" as the core bottleneck for expanding the tourism industry and referred not only to the lack of accommodation but also to "the standards of service, civility, cleanliness and cuisine" (Maggs 1949: 17). Deficiencies in the quality of South African hotels were exposed by the British novelist Henry Gibbs who toured widely in South Africa during 1949. Gibbs (1949: 17) observed that prior to leaving England he had been warned that some South African establishments "do not qualify for the description of hotel in its strictest sense". His tour confirmed this warning as he commented "so many South African hotels do not take their job seriously". In an international perspective, the state of the local hotel industry was unpromising:

> It is pretty bad. Many hotels are less efficiently run than a wayside hostel in France or Italy. I have met managements who appear wholly uninterested in the tourists comfort; they convey a delicate impression that their only interest is to make sure that he signs the register and then does not get away without paying (Gibbs 1949: 17).

The quality standards of food and service in hotels received scathing commentary. As compared to food shortages being experienced in post-war Europe, it was observed that South Africa was fortunate in having a range of excellent food ingredients available. Nevertheless, in its preparation, much of the food was "maligned, if not definitely insulted in hotel kitchens" with "far too little imagination" in food preparation. Attention was drawn to "the appalling cooking of vegetables" with cabbage described as "tiny particles of green matter floating in a sea of milky water", potatoes as "uncooked" and other vegetables akin to "the consistency of a three-week old newspaper left lying in the gutter during the rainy season" (Gibbs 1949: 97). The quality of soup was "thin, watery and devoid of taste" and not excused by the use of a French label on the menu which "does not add piquancy to what is usually potato and cabbage stock or a meat extract decorated with sliced carrot" (Gibbs 1949: 97). Beyond the quality of food preparation and indifferent management attitudes, other shortcomings related to the need "to wait for an hour before there was any hot water", the distress of getting "into a dirty bath, rimmed with the remains of someone else's travel", the practice of charging double rates for occupying a double room in the absence of available single rooms, and the annoyance of shoes left uncleaned, returned covered with polish but not polished or delivered to someone else's bedroom (Gibbs 1949, p. 98).

The experience of Henry Gibbs was not an isolated instance. One newspaper report of April 1950 pointed to serious deficiencies found in the standards of Johannesburg hotels (*Sunday Express* 9 April 1950). International tourists considered that because accommodation in the city was in short supply when complaints were made about poor service, the attitude of managers was "Take it or leave it". Among many complaints of disgruntled visitors were "being asked to pay in advance", "the insanitary state of public conveniences off the lounges of many hotels", the poor condition of room service, "sheets, blankets and towels in a bad state of disrepair" and objections "to being requested to pay immediately for trunk calls which they consider could be placed on their accounts" (*Sunday Express* 9 April 1950). Other annoyances related to the "itinerant vendors or charity collectors" who were allowed to roam the lounge areas of several hotels. It was made clear that these service problems and other difficulties were experienced in the city's supposed 'good' hotels (*Sunday Express* 9 April 1950). Speaking at the Annual Conference of the Hotel Association of Southern Africa held in Johannesburg, the director of the Johannesburg Publicity Association cautioned: "We must improve our manners, or, at least show a cheerful face to visitors" (Vynne 1947: 17). Further physical deficiencies of hotels related to inadequate hotel furnishings, which were found in many instances "to be indifferent, sometimes dilapidated and often inadequate" (RSA 1965: 4), and the absence from many hotels even into the 1960s of conveniences such as an electric razor socket, radio, telephone and stationary. These deficiencies in South African hotels were viewed increasingly as inseparable from the absence of any classification system or national grading of hotels. Although proposals for the grading of hotel establishments had been made during the 1940s, such proposals were opposed vigorously by the hotel industry at the time of price controls. The former chairman of the 1942–1943 commission remarked: "The hotel industry at that time would not accept the principle of classification and would have nothing to do with it, and no progress was made" (*Hansard* 14 May 1965: 6033).

From Liquor to Leisure: Making the Transition

By the early 1960s, a number of factors coalesced to bring pressure upon the national government to review critically the negative impacts of existing regulatory controls affecting the hotel sector. From the side of the hotel industry, the leading industry association, FEDHASA, was active in encouraging a re-examination of the existing environment (Walker 1977: 9). The organization called for a national investigation and the introduction of a single statutory authority to regulate the hotel industry and to replace the local controls exerted through the system of liquor licencing (*Hansard* 5 May 1961: 6012). By 1962–1963 there were clear signals of the distressed state of the hotel industry and of the lack of suitable hotel accommodations in both major holiday destinations as well as the country's major business centres. In 1962, it had been announced that the iconic Carlton Hotel in Johannesburg, the largest hotel in the city, would be demolished to be replaced by a commercial office development. It was acknowledged now that South Africa's largest city "suffered from a serious dearth of hotel accommodation, and particularly good accommodation" (*Hansard* 10 April 1964: 4032). Equally dire was the position in Cape Town in the early 1960s with the closure of hotels in areas such as Sea Point and Muizenburg and their replacement by flats (*Hansard* 14 May 1965: 6034).

This shortage of accommodation was now taken very seriously by the apartheid government in the light of its belated recognition of the potential economic as well as political importance of tourism. During the 1950s, tourism had not been high on the policy priorities of the apartheid government. As Grundlingh (2006: 105) points out the "consolidation of Afrikaner power and the early shaping of apartheid policies took precedence over tourism and there were few active attempts to court overseas visitors". During the 1950s technological advances in the form of the advent of commercial jet travel and the introduction of wide-bodied jets opened new potential for South Africa to benefit from the revolutions taking place in international tourism during the 1960s (Ferrario 1978). These developments were especially welcome at a time when South Africa's traditional flows of white regional visitors from colonial Africa were diminishing in the wake of emigration from these territories and impending political independence (Ferrario 1978).

In 1963, the government demonstrated its newfound awareness of tourism's economic possibilities by establishing a new ministry and a department dedicated at least in part to tourism. The main task of the new department of tourism was to formulate policy and encourage tourism initiatives. It was acknowledged, however, that the efforts of Satour to encourage international travel to South Africa were made difficult by the absence of any classification of hotels (*Hansard* 28 February 1964: 2168). The issue was now repeatedly raised in Parliament that until there was an appropriate classification scheme for hotels:

> …the foreign visitor can only take the word of the travel agent for it, and right now, if someone were talking to one of the travel agents, e.g. in London, and were to ask where he could stay in Johannesburg, he would be given a list of probably six good hotels, but in not one of those cases is there anything to indicate to the tourist whether he will get value for his money or the kind of accommodation he wants, because there is no grading (*Hansard* 10 April 1964: 4035).

Beyond the economic possibilities associated with tourism, the apartheid government was alert to other advantages of improving South Africa's tarnished image in the world after the Sharpeville massacres in 1960 and subsequent banning of black political organizations and trade unions. Government supporters pointed out that besides economic advantages, image-enhancing benefits could be reaped as "tourists who visit our country are able to see for themselves what conditions are like here and they take their impressions back with them overseas" (*Hansard* 28 February 1964: 2162). In April 1964 this theme was reiterated as follows:

> We all know the old saying "*onbekend is onbemind*" (you do not love that which you do not know). We spend large sums of money annually in an effort to remedy the distorted image of South Africa in the world outside and as part of that process we bring a number of influential persons to South Africa annually to see for themselves what is happening here. The tourists who visit this country can play a similar role. In the tourists, we literally have thousands of people coming to South Africa annually at their own expense and they can therefore form their own opinion of what is happening here. We cannot underestimate the value of that in order to correct the image the outside world has of us (*Hansard* 10 April 1964: 4005–4006).

In addressing the future development of the hotel industry for the growth of tourism, the Ministry of Tourism had to confront the legacy and impact of liquor legislation upon the South African hotel sector. This legacy was 'unfinished business' as a first step towards unravelling the marriage of the South African hotel sector to liquor interests took place in 1956 with legislation introduced by national government to abolish the tied house system. The tied house system had been severely criticized for fostering monopolistic practices and inhibiting competition by a succession of government commissions (Union of South Africa 1937, 1956). The recommendations of the 1956 Malan commission were for the abolition of the system. By the mid-1950s, the involvement of breweries in the hotel trade through the tied house system was considerable; in 1956, breweries owned or tied 34% of all licenced hotels in the country. Not surprisingly, the movement to abolish tied houses was strenuously opposed by the leading companies—SAB and OHB—which argued that of the estimated total investment of 40 million pounds in the hotel industry in 1955, the breweries were responsible for 8.9 million pounds of capital investment. Despite their objections, in 1956 the Liquor (Further Amendment) Act was passed, and the tied house system began to decline. The goal of severing linkages between producers and retailers of liquor was not, however, achieved as the largest brewers were able to retain their existing ownership of hotels and bottle stores. Nevertheless, the abolition of the tied house system was an important moment for the development of the hotel industry in South Africa. Within months of passage of the 1956 legislation, the country's three largest brewers (SAB, OCB and Union) announced plans to merge together their hotel, bottle store and property interests into a newly enlarged SAB which in 1957 began to re-evaluate strategically its future participation in the hotel trade. SAB's most crucial decisions which would found the modern South African hotel industry were not confirmed until after additional changes had been by national government concerning the broad operational environment for the hotel industry, and more especially, the enactment of further changes to the Liquor Act.

The watershed in the reorganization of the South African hotel industry was the appointment in 1963 and subsequent report and acceptance of recommendations made in 1965 of the Commission of Enquiry into the Hotel Industry (RSA 1965). The Hotel Commission report recast the landscape of the South African tourism industry from liquor towards leisure. As its starting point, it took the perspective that "adequate hotels are an essential component of and prerequisite for the tourism industry" and that the success of tourism "would be directly linked to the extent to which its hotels are able to provide sufficient accommodation of the various types and grades required, appropriately serviced and at a tariff structure economic and acceptable to both hotel and tourist" (RSA 1965: 3). The Commission acknowledged the real shortcomings of the hotel industry as regards insufficient and poor quality of accommodation and service standards.

The heavy imprint of the Liquor Act was discerned and a broad distinction drawn among licenced hotels between a cohort of liquor-dominant hotels and a second group of accommodation-dominant hotels. The former group represented 70% of all hotels and mainly had less than 50 beds, low occupancy rates (43%) primarily of permanent residents, geographically often found in country districts and with 77% of profits derived from liquor. As a consequence of liquor domination, a number of characteristics were noted.

> …in the operation of these establishments the accommodation and service aspects have been neglected and are, as a result, often of an inferior standard sufficient only to ensure the annual renewal of liquor licences. To call a great many of these establishments "hotels" is a misnomer. They may be more accurately described as an important retail channel within the liquor trade, with an accommodation business catering mainly for permanent residents – fulfilling the function of boarding or lodging houses (RSA 1965: 19).

By contrast, 30% of the accommodation-dominant hotels mainly had more than 50 beds, occupancy levels (1958/9) were low at 48.3%, but 70% of which was represented by tourists and with a revenue stream that was balanced between accommodation and liquor. Nevertheless, it was conceded that if consideration was given to the amount of capital investment in accommodation versus liquor, "it becomes clear how much more profitable liquor retailing is than providing for the accommodation and other needs of guests" (RSA 1965: 19). Overall, these were "true hotels" with their main business being that of providing accommodation and to "minister to the needs of their guests" (RSA 1965: 19).

The hotel commission proposed a radical restructuring of the long established workings and control of the hotel industry. Under the 1965 Hotels Bill, the industry was to have two masters instead of one. It laid down that all hotels would have to be "classified" by the Department of Justice, the department which was responsible for liquor control. In this process of classification, hotels had to meet certain defined minimum standards with the reward of an automatic on-consumption liquor licence. The amendments made to the Liquor Act specified that hotels had until 1968 to classify and therefore to retain liquor licences (*Hansard*, 14 May 1965: 6051). Following classification, hotels could go forward for grading by the Hotel Industry Board which would establish a register and inspectorate. Hotels were to be subdivided between tourist hotels and residential hotels. The group of tourist hotels were defined as those establishments which supplied more than 50% of their accommodation to tourists rather than permanent residents, whereas a residential hotel was classed as supplying "not more than three times as much lodging to permanent residents as to tourists" (RSA 1965: 38). Critically, the grant of off-consumption licences would be confined as far as possible to tourist hotels in order to supply them with extra revenue to meet the higher standards demanded. The group of tourist hotels was to be subject to a grading classification with six classes according to different standards. Finally, a vital new element was the introduction of government support for the modernization of tourist hotels. A special fund was set aside to loan or advance funds for hotel renovation, reconstruction or extension of existing hotels and with ministerial permission, for financial support for the establishment of new tourist hotels.

The Hotels Bill, which was introduced in 1965, was welcomed as "the magna charter of the hotel industry in South Africa" and was applauded as "one of the greatest achievements of the Department of Tourism" (*Hansard* 14 May 1965: 6053). Although somewhat overstated, the Hotels Bill of 1965 by establishing the two stage process of classification and then grading of hotel establishments, set forth a fundamental restructuring of the hotel operational environment. Undoubtedly, the establishment of the Hotel Board in South Africa and linked policy changes in 1965 was a critical turning point in the growth and development of the local tourism industry. It marked the first attempt to address serious shortcomings in the existing quality and standards of provision of hotel accommodation in South Africa at a period of expansion in the domestic and international tourism industry.

Aftermath

The point must be reiterated that the most compelling force shifting the hotel policy environment was recognition by national government of the immense potential of the tourism industry in South Africa. After 15 years of the neglect of the tourist industry, during the early 1960s, the apartheid government awoke to the possibilities and advantages for maximizing the potential of tourism. Indeed, the government recognized the "plain fact of the matter is that the further extension of the tourism industry in South Africa rests primarily on the development of an adequate hotel industry" (*Hansard* 14 May 1965: 6041). With its endorsement of the Hotels Bill, the Department of Tourism was no longer interested in hotels selling more liquor but instead for them to sell pleasure or "entertainment for travellers". As a reward for entertaining travellers with care and consideration, with courtesy and comfort, however, operators of hotels would be allowed to sell liquor in bars or from off-sale bottle stores (Hodgkiss 1967: 31).

The consequences and ramifications of the introduction of the Hotels Bill and establishment of a national statutory authority in the Hotel Board were radical. One immediate outcome was a massive shake-out of those liquor-dominated establishments which were unable to meet the minimum criteria for hotel classification, and thus in 1968 lost their liquor licence and corresponding ability to call themselves a hotel. As the greatest losses of these establishments occurred in South Africa's small towns and country areas, which formerly had been the location of the largest numbers of hotel establishments, the geography of the hotel industry in South Africa was reshaped. With the cutting of the former linkage between hotel development and number of parliamentary voters, hotel investment proceeded apace in the country's major cities and tourist destinations. The accelerating 'urbanization' of hotels or more appropriately the development and concentration of hotels in cities and resort areas was given considerable impetus by provisions made in the Hotels Bill that government support in the form of concessionary loans and special tax depreciation allowances would be made available to facilitate the upgrading and modernization of tourist hotels. These concessionary loans were to be available only to upgrade those establishments that attained 'classification' and not to support the dubious group of liquor-dominated hotels in order to be classified.

Government support catalysed the entrance of new investors into upgrading the quality standards of South Africa's hotel industry (Walker 1977). Another outcome of policy restructuring, however, was to encourage a wave of reinvestment by traditional hotel investors. Importantly, in 1969 South African Breweries announced its decision to reorganize and diversify its portfolio of accommodation operations by initiating two hotel subsidiaries. The first, Transito, was geared for the provision of hotel accommodation to the business market, the second, Southern Sun began an aggressive programme for new investments in a chain of new high-quality leisure hotels. Throughout the four decades 1928–1968 when South Africa's hotel industry moved from liquor to leisure, the interests of the liquor industry remained strong and ever present in the process of the modernization and redevelopment of the leisure-focused South African hotel.

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