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**The international literature on growth coalitions as they pertain especially to Welkom and Bloemfontein**

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# **The international literature on growth coalitions as they pertain especially to Welkom and Bloemfontein**

By

Etienne Nel (Dept of Geography, Rhodes)  
Lochner Marais  
Matthew Gibb (Centre for Development and Enterprise)

For

Centre for Development Support (IB 100)  
University of the Free State  
PO Box 339  
Bloemfontein  
9300  
South Africa

[www.ufs.ac.za/cds](http://www.ufs.ac.za/cds)

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## **EXECUTIVE SUMMARY**

This study was commissioned by the CDE as a key input paper for their broader research process in the Free State province of South Africa. The specific objectives set for this particular paper were to:

- Examine the concept of Growth Coalitions as they are defined, theorised about and applied in the world, with a specific view to identifying lessons of relevance to the Free State province,
- Examine the nature and features of emerging Growth Coalitions in the Free State and,
- Based on the preceding two themes, to identify key considerations that should be considered and addressed in order to advance the application of Growth Coalitions in the Free State.

The research undertaken for this study included a detailed international literature search for material on the topic, and an analysis and assessment thereof. The second phase of the research consisted of fieldwork in the province, focussed on the two key centres of Bloemfontein and Welkom in an effort to gauge the effectiveness of existing or potential Growth Coalitions. The final phase of the research focussed on the analysis and synthesis of the findings with known information about the province in an endeavour to draw out key lessons and options for future consideration.

The literature review revealed the fact that Growth Coalitions are very well established, particularly in the developed world. In the developing world, they are a more recent phenomenon. Although they have made key contributions in terms of issues such as urban rejuvenation they are not without their problems. Issues such as the dominance of the private sector, the frequent exclusion of the community sector, questions regarding local level friction and the frequently limited nature of benefits all need to be factored into any assessment of the topic.

In the Free State, there are currently some incipient attempts at Growth Coalitions. At this juncture they are severely hindered by poor working relationships between sectors and the non-participation of key actors. In terms of the way forward, it is apparent that both economic necessities and provincial policy lays a basis for the enhanced application of the concept. Cognisance does however need to be taken of international experience in order to ensure that future endeavours in this regard can attain greater levels of success.

## INTRODUCTION

The post-1970s era has witnessed significant alterations in global-national-local relationships, with associated modifications in the significance of local place, politics and business in response to forces as varied as globalisation, neo-liberalism, decentralisation and structural adjustment. In parallel, enhanced global market flexibility, the fragmentation of labour markets and the increased inability of local authorities to meet local service needs have introduced a search for new forms of local-level governance, service delivery and growth promotion (Doogan, 1997). As a net result of these dramatic shifts in local dynamics, and in an effort to respond to new global realities, localities have had to become both more business-like in their interactions with broader economic forces and more socially inclusive to ensure both buy-in from key stakeholder groups and the simultaneous pursuit of new, innovative growth paths which require widespread support. The concept of the Public-Private-Partnership (PPP), often in collaboration with the voluntary or community sector is a direct response to this situation. In its more sophisticated and scaled-up variant, partnerships are also conceptualised as being 'Growth Coalitions' or 'Growth Machines', representing the transition from active local-level collaboration to defined, economic and investment-led growth that is orientated towards the pursuit of local economic growth, property enhancement and widespread local benefits. The concept of the Growth Coalition first became prominent in practise and academic theory in the 1970s. For Logan and Molotch (in Purcell, 2000, p. 86) Growth Coalitions are important as 'the pursuit of exchange values so permeates the life of localities that cities become organized as enterprises devoted to the increase of aggregate rent values through the intensification of land use'. As such, in a developing economy in need of enhanced growth, but simultaneously one experiencing the transition from dominance by government to a more socially responsible form of local governance, as is the case in South Africa, the Growth Coalition concept clearly has a roll to play. Whilst it would be correct to argue that incipient Growth Coalitions are reasonably well established in South Africa's largest cities in the form of inner-city partnerships in particular, they have yet to operate on a city-wide basis and have yet to make a meaningful showing in secondary and tertiary cities in the country, such as Bloemfontein and Welkom.

Growth Coalitions were first recognised in the US urban context in terms their close association with property development interests and their long-tradition of independent local government action. In other countries, stronger levels of state control, weaker economies and different opportunities have spawned a variety of responses and often involve more toned down variants of the Growth Coalition concept. Whilst coalitions are more established in the developed world than elsewhere, there is increasing evidence of such coalitions in other parts of the world and in Asia in particular (Zhu, 1999). This paper seeks, firstly, to explore the causal conditions in which the Growth Coalition (GC) phenomenon arises, what its features are and the nature of its linkages to directly related processes and theories, such as that of partnerships and Urban Regime theory. Secondly, evidence of GCs around the world provides insight into the key considerations which determine the potential success of GCs and the key considerations which need to be borne in mind or put in place, should a particular locality or region wish to actively engage in the GC process. These two broad lines of enquiry provide a basis for the third part of the paper, which offers insight into the potential of GCs to be used in the Free State province of South Africa as new forms of governance and economic growth. It needs to be pointed out at



this juncture that the majority of the literature published to date on the topic has a western bias and published literature / case studies from the developing world are not as numerous as the now quite substantive body of knowledge which exists in the developed world on this topic. As has been noted, few studies have sought 'to explore how these western experiences have been translated and applied in different socio-economic or cultural circumstances' (Adams and Hastings, 2001, p. 1473). This report, though influenced by the sheer dominance of western literature on the topic, does seek to present a more internationally balanced overview of the topic in an effort to extract relevant lessons for the South African and more specifically the Free State scenario.

The Centre for Development and Enterprise's (CDE) Free State Baseline Study provided a key contextual framework for this particular study. International evidence suggests the importance of local and regional considerations in shaping the nature and focus of localised GCs (McCarthy and Robinson, 2004). In this connection key trends and processes in the province which do have bearings on the potential and nature of GCs include:

- The declining economic role of the primary sectors in mining and agriculture in particular and the associated poor performance of the province in terms of per capita GGP and other key criteria.
- The endorsement of both growth and the principle of participation within the Provincial Growth and Development strategy and the Free State Development Plan.
- Apparent ethnic / language / racial differences in the province, but particularly between the north and the south, which influence social cohesion and politics in general in the province (McCarthy and Robinson, 2004).

These considerations both justify and support a GC focus, but also intimate that societal differences may influence the direction and pace of a GC process.

## **THE CONTEXT IN WHICH GROWTH COALITIONS ARE EMERGING**

As noted in the introduction, key global changes have obliged cities / localities to become more pro-active in their pursuit of wealth and market opportunities in an era of significantly expanded markets and decreased levels of state support and intervention. Greater local freedoms, but restricted resources to meet the public services, property and infrastructural requirements of development have encouraged local public sector actors to seek greater collaboration and support from the private sector, which is seen as a potential provider of services through privatisation and a co-funder in property and development ventures. For the private sector, planning assistance, legislative support and joint action are clearly attractive reasons promoting collaboration. For the community sector, in an era of enhanced democratisation, coalitions offer the prospect of economic opportunities and direct involvement in decision-making. Their involvement endorses the broader mandate of the coalition, which may well leverage central state funds. As a direct result, GCs represent a significant transition from local government to local governance which is taking place (Savitch and Kantor, 1995; Ogu, 2000; Perrons and Skyers, 2003). Though not easy to initiate, they hold the potential of offering significant benefits to role-players (Otiso, 2003).

Parallel themes noted for encouraging GCs include:

- The failings or inappropriateness of previous developmental approaches, particular those of a top-down nature and the obsolescence of older forms of governance (Lefèvre, 1998).
- A phase of sluggish economic growth, unemployment and local political incapacity prior to the 1980s and the need to pursue new alternatives (Peck and Tickell, 1995),
- The switch from Fordist to more flexible regimes of accumulation which have often enhanced the role of the 'local' and competition between places in the global production network (Zhu, 1999).
- The dominance of neo-liberalism and the associated correlation between economic growth and strategies which are market driven and responsive to the private sector (Fainstein, 2001).
- Global pressures which require greater levels of place-based competitiveness and niche marketing to ensure sustained growth and investment (Perrons and Skyers, 2003; Savitch and Kantor, 1995).

One of the key outcomes noted by Cox and Mair (1988) has been that of increased competition between localities, rather than within them, as noted by the strategic alliances for survival forged between once competitive industries in single cities. In addition to encouraging local cohesion, these trends allow for the sharing of risks and the positive benefits of synergy (Jones and Pisa, 2000).

It should however be noted that while enhanced social cohesion is both pragmatic and desirable and lays a key basis for the emergence of GCs, such cohesion does not imply that partners who participate are of an equal footing (Fainstein, 2001). Through these processes, government wins because it gives them political legitimacy and support. The private sector wins because it is a potential source of lucrative contracts and voluntary associations win because they receive tangible outcomes out of such as recognition and support. They are however, often unequal and the voluntary sector can be steam-rolled (Otiso, 2003).

In the Developing World these core considerations are equally valid. The significantly enhanced processes of decentralisation and democratisation, through paralleling very real economic needs, are often taking place in a situation where the private sector is weak and unable to respond as ideally as it should. None the less the need for a new response is timely and appropriate for as Ogu (2000, p.517) argues: 'in recent decades unprecedented urbanisation has constituted a huge challenge to urban infrastructure development and management in most developing countries. Meanwhile, the appropriateness of conventional urban planning approaches to the improvement of urban environmental conditions in the face of deteriorating urban environment have been questioned'.

In parallel with most western countries, Gampel (1999) notes that the South African public sector is undergoing significant change induced by increased pressures from communities to provide basic services and infrastructures. Local governments however, are facing limited budgets and diminished capacities to provide them, requiring the exploration of alternatives including partnership creation and privatisation. Unlike in many western countries, this trend has met with opposition, especially amongst labour movements, which see issues such as privatisation as a betrayal of the social contract that previously bonded labour to government. Foremost

amongst the criticisms of growth coalitions is the fact that they are being perceived as pre-packaged ideologies which do not reflect South Africa's history of adversarialism (Gampel, 1999).

Because there is little shared vision between labour and capital in South Africa, in many cases, privatisation is viewed in some quarters as a euphemism for an often uneven top-down and market-oriented approach that undermines local government's mandate of affordable service delivery (Williams, 1999). As such, in recent years, due to the belief that the rights of the working class will be lost, labour has resisted the notion of partnership and is sceptical of moves towards privatisation, which have become focal points of such government strategies as GEAR. The fear that redistribution and social justice will be co-opted and ultimately sacrificed to capitalist frameworks of transformation have implied that labour has not been forthcoming nor particularly pro-active in seeking partnerships with either private business concerns of public officials in South Africa (Adler, 1998).

### **IDENTIFYING AND DEFINING GROWTH COALITIONS**

Growth Coalitions, like partnerships, with which they are closely associated are difficult to define, their meaning is somewhat ambiguous and in many ways they reflect a process of change and transformation rather than a rigid, easily definable concept or institution (Mckintosh in Hastings, 1996). What they encompass, is to a large degree illustrated in the following description, namely that they represent a scenario in which 'the public sector moves beyond general promotion of development and enters into specific contractual arrangements with one or more private-sector partners, agreeing to share the risks and rewards of development' (Adams in Adams and Lawless, 2001, p. 1474). The assumption therefore is that 'growth becomes the increasing concern of those wielding local economic power. Coalitions of interests dedicated to growth tend to emerge from key local activists' (Lawless, 1994, p. 1305), including property owners, local government, universities and cultural organisations. Citywide consensus is clearly a pre-requisite for successful growth (Purcell, 2000). Where common interests prevail and dependence on the locality is high, collective action and the pursuit of joint accumulation strategies will be pursued with greater rigour (Cox and Mair, 1988). For local government GCs are a logical avenue to pursue as they want to sustain growth, maintain governmental services and promote fiscal health, while local business want to increase their profitability and secure favourable regulations. Local governments face new problems and have fewer resources to deal with them, therefore coalitions are an appealing option which can generate results which the public sector is unable to do on its own (Nelson, 2001).

GCs seek to maintain a 'business climate' which attracts in businesses / industry, through favourable taxation, vocational training, law enforcement, and good labour relations. To Molotch this will encourage the enhanced exchange value of land, which will be recouped by property owners benefiting from growth related land sales. Within this context, less advantaged groups may be seduced by the promises of improvement even though benefits are ultimately limited (in Lawless, 1994). For Logan and Molotch (in Purcell, 2000), GCs are important, because the pursuit of exchange value so permeates city life, that localities become organized as enterprises devoted to increasing land value and output. Within this context, the role of the local authority is reconfigured, often playing a less significant role, but none the less being

key in effecting and helping to guide more economically orientated policies and the pursuit of investment through policies of facilitation and the fast-tracking of investment (Lawless, 1994).

In the American case, GCs emerged as key coalitions of highly localised players frequently focussed on issues of land-speculation and infrastructural development. In the UK, where local level actors are weaker, the central state has actively encouraged and funded GCs focussed on addressing a range of local issues from urban rejuvenation to health and educational improvements. This difference reflects both differing interpretations and the key influence played by determining political-historical-geographical contexts in shaping the nature and focus of GCs (Terhorst and van den Ven, 1995). At another level, Low (1994) argues that state level government can play a key role in terms of facilitating cooperation, thus not confining GCs to local level role-players. In addition, it should also be remembered that space can be socially constructed and politically contested and, as such, plays a key role in determining the nature of resultant coalitions (Wilson and Wouters, 2003).

Fundamental to the concept of the GC is the principle of synergy (Ball *et al.*, 2003), which can assume two forms that are fundamental to the success of a GC:

- Resource synergy – through the sharing of finance, personnel and other inputs and
- Policy synergy – through the joint decision-making process.

Within the overall process of GC formation it needs to be recognised that all places are unique and that no uniform model can realistically be applied in each and every case. Not only are there geographical, historical, political and economic differences between places, but the presence or absence of key local leaders, or ‘change agents’ can exercise a critical influence over the GC process. As such GC and partnership development ‘will reflect the intersection of general processes with local conditions, such as the state of the local economy, the structure and organisation of local capital, the political structure and complexion of the council and wider community, and more elusive factors such as local ideological traditions and historical experiences’ (Bassett, 1996, p.541).

It also needs to be borne in mind that the emergence of a GC does not guarantee success, neither will its existence ensure the continued participation and loyalty of all participants. According to Mackintosh (in Hastings, 1996) the public sector interpretation of partnerships is ambiguous and meanings are subject to conflict and renegotiation. As partnerships operate there is mutual collaboration, but there is also a process of ‘transformation’ as different partners try to influence each other. Often change is not welcomed and done with reluctance. In addition, it remains ambiguous as a concept even if it is the ‘urban policy of choice’ for many European governments (Mackintosh in Adams and Hastings, 2001, p. 1473).

In terms of focus, GCs respond to the effects of globalisation and economic change through urban redevelopment, investment promotion and re-skilling and they ‘drive a restructuring that features downtown gentrification, the transformation of the central business district to services, development of sports stadia and entertainment facilities, and waterfront development’ (Cox, 1999 in Wilson and Wouters, 2003, p. 123).



Again in terms of focus, through GCs, cities become more entrepreneurial and have focused on the following key issues as noted by Quilley (2000):

- Economics as key to urban development – flagship developments
- The rise of New Realism
- Cross-class growth coalitions with a dominant lead taken by private business
- Emphasis on economic self-determination
- A focus on global / global investment / competition
- A concern with rising up the urban hierarchy of cities
- Post-industrial / service sector based economy
- Institutionalised competition between cities

GCs have tended to rely on the lobbying of public sector funding, leading to the criticism that public money is funding the expansion of the private sector.

### **PARTICIPANTS IN GROWTH COALITIONS**

Growth Coalitions are closely associated with the principle of local governance which is much broader concept than local government and its agenda in isolation and incorporates a wider range of individual, institutional, voluntary, and private actors. Key participants and their motivation for joining GCs are:

#### 1) The Public Sector

Reduced state welfare spending and service delivery in many countries has forced local level restructuring, often undermining the role of local elected officials (Johnston and Pattie, 1996). In this context the formation of strategic partnerships and the pursuit of growth is seen as one of the few options through which to generate new revenue, share costs and ensure the long-term economic health of their area. The role of the public sector in this scenario is to mediate, mobilise, develop and organize (Fruet, in press). Whilst the key public agencies participating in GCs tend to be local authorities or the local representatives of other levels of government, in certain countries, such as the UK, the central state has become directly involved in GCs.

#### 2) The Voluntary / Community Sector

This is a key constituency, particularly in the developing world, and in many countries community-participation is a prerequisite for state support. In GCs their representatives seek to mobilise local people, provide material assistance and to articulate the needs of poor people. In practice however, they are often hampered by lack of capacity, inability to speak with a common voice, they are often unprepared and inexperienced, and lack the ability to participate on an equal footing with other partners in what may often become an exclusively pro-business venture (Otiso, 2003). It is however important to note, as evidence detailed below will suggest, that in many instances the voluntary and community sectors are mobilised through their opposition to GCs, rather than their desire to participate in them (Schneider and Teske, 1993).

#### 3) The Private Sector

Business find GCs a valuable mechanism to participate in, as their profitability can be increased through influencing land regulation, local tax, services and employment policies, often in their favour, but superficially for the greater good of the locality (Gotham, 2000). The private sector, though lacking the institutional skills which local government has, contributes significantly in terms of economic planning and

resources and can generally speak effectively for the majority of the economic interests in a locality (Brautigam, 2002). In the UK it has been noted that business plays a role in terms of service delivery, through business involvement in various partnerships, private financing arrangements, regeneration and the business leadership of government appointed agencies (Harding *et al.*, 2000). The role of business has increased in GCs to the extent that Peck (1995, p.16) has noted that ‘they appear to be eclipsing the role of elected councillors, who seem powerless but to endorse these agendas, albeit in the face-saving language of partnerships’.

While the role of private sector is clearly critical, Harding *et al.* (2000) notes that debate and research has focussed on the role of the private sector within institutional contexts and not so much on its influence on local governance and society more broadly. An additional concern, as suggest at in the above quote from Peck (1995) is that unless properly managed, there is a risk that businesses will come to dominate local agendas, which might aggravate labour and environmental conditions (Obirih-Opareh and Post, 2002).

## **THEORETICAL CONTEXT**

Growth Coalitions are directly related to two broad theoretical constructs, firstly that of Urban Regime theory and secondly that of Growth Coalitions or the Growth Machine thesis, which provide the framework for understanding and conceptualising the phenomenon.

### 1) Urban Regime Theory

The first major approach, that of Urban Regime theory, is based on the notion that the key catalyst driving the emergence of GCs will be public sector interests, in contrast to the Growth Machine standpoint that the private sector is in fact the key driver. Urban regime theory as such ‘concerns itself with the way in which urban local authorities need to build bridges with other interests, not least within the private sector, in order to achieve certain goals, particularly in the field of production’(Harding *et al.*, 2003, p. 984). Urban regime theory starts on the assumption that, ‘the effectiveness of local government depends greatly on the cooperation of nongovernmental actors and on the combination of state capacity with nongovernmental resources’(Bassett, 1996, p.548). Urban regime theorists argue that Growth Machine thinking is too voluntaristic and look for a stronger institutional basis for their precepts (Elkin in Lawless, 1994). These theorists reject notions of independent and autonomous actors, as they believe that as all actors are constrained by economic, political and institutional structural forces. In the US case where business retains a very powerful determining position, politicians tend to mirror private sector interests in these conditions (Lawless, 1994).

The power of the urban regime which is set up stems from its ability to draw on a range of ideologically different interest groups. What is required is constructive engagement on issues about which they agree and not to let disagreements threaten the regime (Stone 1989, in Harding *et al.*, 2000). Urban Regime theorists identify the existence of differing regime types (Dowding, 2001), namely:

- a) Directive: - according to this scenario, the development agenda dominates with an industrial and housing focus but the process is dominated by political control.

- b) Concessionary:- the growth agenda dominates and government sponsors parallel welfare support.
- c) Elitist:- under this arrangement business interests dominate and welfare is reduced.
- d) Entrepreneurial:- according to this approach, strong bonds exist between the business and political leadership and strong partnerships have a developmental focus.

While clearly helping to conceptualise and understand the process of new forms of urban governance, an identified weakness of the theory is its inability to explain why urban growth politics and private sector engagement has increased through time (Harding *et al.*, 2000). In contrast, Regulation theory explains evolving modes of capitalist accumulation as significantly impacting on a range of local-level processes.

## 2) The Growth Machine Thesis

The second dominant theoretical construct is that of the Growth Machine (Growth Coalition) thesis. Conceptually it is similar to the Urban Regime approach, but as noted above, sees the driving force as originating in the private and not the public sector. As such it is based on the notion that, the ‘activism of entrepreneurs is, and always has been, a critical force in shaping urban systems’ (Logan and Molotch, 1987 in Harding *et al.*, 2000, p. 984). The focus is therefore on how business interests determine strategies and involve other role players. In the view of Peck (1995) the private sector become the un-elected governors of cities. They are driven by coalitions of property and private interests, with the support of the media, universities and culturally based bodies and they have come to dominate local policy agendas and champion and deliver urban economic development, which is something that many local politicians can only aspire to do (Lawless and Hastings, 2001). The ultimate goal is to draw in non-local capital and to work with local authorities, as they are natural allies concerned with growth. Within this context:

- Urban political leadership can follow anti- or controlled-growth.
- Local officials do have some room to manoeuvre but seldom use it as they are ‘seduced; by the ideology of ‘value free’ development promoted by the growth machine proponents.

New urban governance is characterised by shifts in the modes and instruments of urban regulation away from hierarchical systems to regimes of relations and patterns of engagement that constitute governance through networking, negotiation, bargaining systems and coalitions, which involves non-local government actors in policy making. The establishment of configurations of power relations confers durability as ‘structural forces’ or ‘institutional power’ helps to lay a basis for economic change (McGuirk, 2000).

In the US the focus is on the formation of local coalitions between place dependent interests which derive economic benefit from urban growth. The focus of Logan and Molotch’s growth coalition model in the US is on ‘property sector bias’; an ideology of value-free development; the importance of local ‘political entrepreneurship’; and token representation of non-capitalist interest (Axford and Pinch, 1994).

In the UK business-driven coalitions are more difficult to form because locally based capital is weaker and the tradition of business involvement in urban policy making is

more tenuous (Bassett, 1996). Thus external capital and public sector interests are intimately involved in local development issues. From a research perspective, the role of the private sector has largely been interpreted from an institutional perspective and the concept of the GC is less well defined and less sophisticated in its operation than it is in the US (Harding *et al.*, 2000). Despite these differences in terms of focus, both the US and the UK pursue mobile capital with similar goals of rejuvenation and development in mind.

Around the world the conscious shift to a decentralisation mindset has been a key catalyst driving the GC process (Nelson, 2001).

### 3) Critique

According to Molotch (in Gotham, 2001) the advantage of the growth machine approach is that it provides an understanding of change at multi-levels and at multi-scales and it helps to explain the transformation of settlement space. Despite the key contribution made by these two theoretical constructs, they are not faultless. Within this overall process as Atkinson (1999, p. 59) argues, 'partnerships and empowerment are not neutral terms but are discursive constructs and the meaning assigned to these terms is thus the result of the exercise of power, which in turn has a crucial role in structuring the discursive context in which urban regeneration partnerships operate'. Drawing on writings of Bourdieu, Foucault and Fairclough, Atkinson (1999) argues that the existence of an official discourse on partnership is no guarantee that it will actually succeed, partially because discourses are embedded within institutions and organisations and influence the regulation of power within them.

Growth Coalition theory suffers from a series of constraints, namely:

- It underestimates wider structural constraints on the development process
- The theory is premised on the belief that there exists a substantial and active business community everywhere (as in the US). Even in the UK business is smaller and more reluctant to participate.
- Molotch and Elkin regard landowners are critical, but they often play a minor role in many coalitions.
- Coalition theory assumes that business communities are homogenous, but in reality, as regime theory suggests they are often divided.
- Business depends on the formalised bureaucracy to effect change, who as a result may end up strengthening their own autonomy.
- Local authorities are often constrained by central governments. (Lawless, 1994).

In the view of Adams and Hastings (2002), both GC and Urban Regime theories underplay local political conflict and they underestimate the role of the professional bureaucracy. In addition, 'they overemphasise the influence of the indigenous business community; they assume too readily that growth dominates local governance and, crucially, they fail to give due prominence to local government' (Adams and Hastings, 2001, p. 1476).

An alternate conceptualisation as discussed by Amin (in Adams and Hastings, 2001) is that of 'institutional thickness', i.e. the existence of multi-layered institutional structures, which through the process of synergy can prove to be critical in development. The concept refers to the existence of, and beneficial interaction



between, a wide range of formal and non-formal organisations and structures operating within a local area, which of themselves generate reciprocity and trust and lay the basis to catalyse change. This encourages public-private linkage, defines coalitions and creates mutual awareness. Although it doesn't always guarantee success, place-specific cultural foundations are often essential to progress (Adams and Hastings, 2001).

### **FORMATIVE FEATURES, CONDITIONS REQUIRED FOR SUCCESS AND KEY STRATEGIES**

Similar to most development interventions GCs presuppose the existence of and interplay between a range of key catalytic variable. Key variables in this regard which are needed to lay a basis for the development of GCs are: leadership, a partnership team, intensive communication, a consensus-building approach, immediate implementation, alignment of cooperation, learning capability, access to resources, commitment, common goals and a convergence of culture, goals and working cultures (Samii *et al.*, 2002).

Whilst, as Robinson (1996) argues, there is little agreement as to how GCs emerge and how they are reinforced, it is apparent that they are driven by the emergence of consensus and common purpose, however defined, which may well be determined by a local level crisis of some description. To carry them forward, commitment, leadership, collaboration, sharing and compromise are key ingredients. Negotiation becomes key a watchword and parochial goals need to be meshed in pursuit of a common purpose (Ward, 2000). Within this context, as happened in the UK, GCs help to depoliticise the development process and thus enhance the prospects for successful development (Wilson and Wouters, 2003).

While local-level rivalry and institutional structures are often a key barrier (Leibovitz, 2003), these need to be overcome and the strengthening of social relations endogenous to a particular locality have to be relied on to effect change (Cox, 1998). Social and cultural factors, combined with institutional thickness, lies at the heart of the success of GC (Leibovitz, 2003). Achieving consensus between a range of actors, the joint pursuit of an agreed strategic approach and investment attraction are hallmarks of a successful GC. In achieving this goal, as Molotch (in Ward, 2000) has argued, the setting aside of differences is often fundamental to the process of achieving change.

Other key considerations include the fact many coalitions rely on external, usually public sector funds and where local business is weak, external involvement is often needed. Local business involvement is also weak in cases where there are branch plant economics and key business decisions are not made locally, reducing the involvement in and commitment to local GCs on the part of certain businesses.

Over and above the design and pursuit of appropriate development strategies and interventions, sustaining GCs, particularly in Africa, depends on local and state leadership, supportive ideology, adequate capacity and the correct sequencing of political and economic processes (Brautigam *et al.*, 2002). Key ingredients for successful GCs globally include:

- Business should have the capacity to engage in technical policy discussions and have access to relevant and appropriate resources,
- The private and public sectors should be able to complement each other,
- Business partners need to represent the diversity of local interests,
- Dynamic leadership is required,
- Business is increasingly footloose and GCs need to respond to this reality,
- A strong institutional presence is required,
- High and continued levels of interaction between key role-players are needed (Amin and Thrift, 1995; Cochrane *et al.*, 1996; Brautigam *et al.*, 2002 and Nijkamp, 2002).

A range of common GC strategies have been identified in cities pursuing GCs by various authors (Cox, 1993, 1995; Cochrane *et al.*, 1996; Loftman and Nevin, 1996; Williams, 1996; Nevin, 1996; Cox and Mair, 1988; Leitner, 1990, 2000; Zhu, 1999; Gotham, 2000; Judd, 2000; Brautigam *et al.*, 2002; Hastings, 2002; Nijkamp *et al.*, 2002; Wilson and Wouters, 2003), namely:

- A) Property and real-estate development
  - Land consolidation
  - Prestige flagship projects e.g. Convention Centre development
  - Provision of infrastructure
  - Inner city redevelopment & revitalisation
  - High technology nodes
- B) Fiscal Policies
  - Tax concessions
  - Low interest loans
  - Grants
  - Loan guarantees
- C) Economic Strategies
  - Investment attraction
  - Export promotion
  - Regional competition
  - Prestige event projects e.g. major sporting events
  - Marketing
  - Business retention strategies
  - Business incubators
- D) General
  - Appropriate regulatory frameworks

## **DEVELOPING COUNTRY CONSIDERATIONS**

In developing countries partnerships are more difficult to initiate and maintain than in developed countries because of the weaker nature of local government, the rapidity of urban growth, the limited size of the private sector and weaker regulatory and planning frameworks. The role of the state in partnerships is further hampered by administrative, financial and institutional weaknesses and inflexible, hierarchical systems which are often unable to respond to development needs (Otiso, 2003).

Collective action in general, in poor countries, is also limited and is often based on clientelism, with considerations of patronage influencing applied practise. When collective action that does occur is often centred around the human rights, gender and

environmental issues and less frequently focussed on economic growth considerations (Walton, 1998).

## **EXAMPLES OF GROWTH COALITIONS**

As Growth Coalitions have been active for more than two decades, not insignificant applied evidence can be garnered from studies from around the world. In this section, examples from firstly the developed, then the developing world are outlined, with the objective of illustrating key facets of GC experience. One the key distinctions which exists between different parts of the world relates to the degree of localisation of GCs. In the USA GC partners are often highly localised, whilst in the UK and Africa the weaker nature of both the public and the private sectors at the local level often means that national level agencies play a more prominent role.

### 1) Growth Coalitions in the Developed World.

In the USA the key drivers and partners of GC are the private sector as represented by independent and corporate business. In countries such as France and the UK where local business lacks the power and size of their American counterparts, other agents such as, banks (particularly those which are locally based), administrative agencies and local academics are more important in the partnership process (Le Gales in Judd and Parkinson, 1990). In cities such as Pittsburgh, Rennes and Hamburg GCs have succeeded because elites were well entrenched, they had defined policies and have been able to forge strong coalitions (Judd and Parkinson, 1990).

Whilst most GCs focus on the strategies detailed above, such as fiscal support and property development largely geared towards encouraging and unlocking the potential of the business sectors, this model is not binding. Evidence of an alternate focus, comes from one of the most well established GCs in the world, namely that of Pittsburgh in the USA. In this city a key role has been played by local leadership from diverse sectors and development initiatives have focussed on the provision of high quality public infrastructure and services and the associated development of higher educational and medical facilities (Sbragia in Judd and Parkinson, 1990). The GC had initially focussed on real estate development, but as this economic sector and heavy industry experienced decline, this step became inadequate to promote sufficient regeneration. As a result, the GC came not to focus on the economic performance of private firms but rather on the use of public resources to help key non-profit institutions and to enhance their role as exporters of services and importers of advanced technology. As noted above, medical and educational institutions played a key role in this endeavour as did the development of the Pittsburgh Technology Centre, focussing on biotechnology and robotics (Judd and Parkinson, 1990).

US real estate developers while often driving the urban redevelopment process, frequently do not take into account or consult with local neighbourhood groups which has led to opposition and the emergence of anti-growth coalition movements (Bennett, 1997).

In the UK the establishment of urban regeneration partnerships are a key element in urban regeneration and are a pre-requisite for public funding for regeneration programmes (Ball *et al.*, 2003). In that country over 700 partnerships have been established. From 2001 a National Strategy Action Plan has been in place in the UK

which focuses attention on the most deprived areas and which has encouraged joint action by key government departments, focussing on bottom-up partnership-based delivery by Local Strategic Partnerships and Neighbourhood Management Teams (Rhodes *et al.*, 2003). This drive has been encouraged by the work of the UK Regional Development Authorities and by the recent establishment of a Neighbourhood Renewal Unit.

Key elements in the GC process in the UK include:

- The long established policy of supporting Urban Development Corporations designed to deal with particular urban issues, such as CBD renewal, and which often by-pass weak local governments to forge links between higher tiers of authority and the established business sector. In setting up these UDCs, the government avoids weak local authorities and local chambers and provide a privileged route of access to urban policy makers. Central government control has in fact weakened local level discretion over local matters (Allmendinger and Tewdwr-Jones, 1997).
- The recently introduced Single Regeneration Budget has proved to be critical in Area Based Initiatives (Rhodes *et al.*, 2003). In this regard competitive bidding by coalitions for central state funding to support regeneration has helped to ensure that GCs are based on sound economic logic. While the availability of central state funding is critical, it does raise the question of what can be done in poorer areas less able to design and drive business-focussed programmes. As Rhodes *et al.* (2003, p.1425) note, in order to succeed what is needed is 'a seismic shift' as 'no amount of ABIs will remove the problem unless there is a co-ordinated refocusing of mainstream expenditure onto the problem areas concerned' (Rhodes *et al.*, 2003, p. 1425).
- In the UK, the business elite has grown as a result of state support and an era of enthusiasm for local activism. For business combating local decline, this represents enlightened self-respect. (Bassett, 1996).
- Property led regeneration is a key facet of the work of GCs and this has proved easier to achieve than helping households disadvantaged by long-term unemployment (Carley, 2000).

While the UK model raises key issues such as the role played by central state support, direction and funding, it is also important to note that as evidence from Sheffield shows, only a small percentage of the population derived benefit from the work of the growth coalition and long-established business often suffer from competition from new firms (Lawless, 1994). On a more sobering note, local interests are important and do count, but may be rendered futile by the drivers of regeneration (Raco, 1997). A key development paradox in the UK is that significant resources have been devoted to local economic development, but the problems of the weaker regions remains. Most government interventions have only made a marginal contribution to addressing key development challenges (Bovaird, 1994). In addition, partnerships are also inhibited by the frequently top-down nature of initiatives, which limits manoeuvrability, and by political pressures for quick results and inherent tensions within partnerships (Painter and Clarence, 2001).

## 2) Growth Coalitions in the Developing World



In the developing world, GCs tend to be less well established and to have achieved less dramatic results. Key trends have however been the significant decentralisation of power to local governments across the developing world and increased attention paid to privatisation. In both cases however, there is only limited empirical evidence of their success (Post *et al.*, 2000).

In many developing world cities the local private sector is limited in size and is seldom able to become a key partner in significant urban redevelopment and growth coalition endeavours. In Africa in particular, there are few local business associations which weakens the 'local' input into GCs and regional or national business is seldom in a position to make a significant difference within localities. The privatisation of services is one avenue which the private sector has started to become more active in, either on behalf of or in collaboration with the public sector. Evidence from private service provision in Latin America, Asia and Africa (Batley, 1996) suggest that success depends on competition, operational autonomy, political support, local institutional arrangements and service related considerations. In Accra and Hyderabad however, private initiatives in urban waste management have been stifled by the rigidity and uniformity of the contract system (Post *et al.*, 2000).

It is only in the larger, middle-income economies of the developing world that more conventional western GC approaches are noted. In Brazil property development forms the backdrop to a GC between investors and developers (Soares de Magalhaes, 1999; Fruet, 2004). In the case of Sao Paulo a property led boom was driven by the establishment of high levels of collaboration between property developers and capital investors, which saw the doubling of the city's office space by the mid-1990s. Three development variants were noted, firstly one in which property developers promoted and partially financed building projects catering for investors; secondly, there were projects developed by the property developers for the investor market, and; thirdly, there were projects in which the large investors dominated the process. Levels of investment have been significant and led to major property / business expansion in the city (Soares de Magalhaes, 1999). Whilst the Sao Paulo example reflects the dominance of private interests geared towards market demands, the city of Porto Alegre provides evidence of state-community partnerships geared towards the provision of land and housing for low-income households (Fruet, 1994). The establishment of housing co-operatives in the city is a key initiative which provides a forum with which the public sector can collaborate. The public sector provides technical assistance and acts as a mediator between the community groups and the co-operatives. The co-operatives mobilise people and interestingly, have developed savings and organizational capacity. The programme has run since 1991 and was grounded on the principle of a 'Participatory Budget' in the city, which encouraged the emergence of community organizations. The municipal housing department has encouraged the formation of co-operatives and provided them with training and support. Over 60 co-operatives are now in existence and key successes include identifying new processes for releasing land and encouraging self-financed housing production by the co-operatives (Fruet, 1994). Despite the existence of operational difficulties, the case does indicate the potential which exists for partnerships geared to meeting the needs of the poorest sectors of the community

In China GCs tend to be informal in nature and are based on land reforms and the establishment of land as an economic asset (Zhu, 1999). The development process in

China is driven by new 'localism' and a combination of the market, public ownership and the continued role of the state in planning.

In Hong Kong the establishment of a Land Development Corporation represented a significant attempt to formalise a GC process, but its existence brought to light numerous difficulties which may well face countries in the developing world. The case shows that agencies can become over dependent on private sector partners or ineffective if they do not have adequate powers and resources (Adams and Hastings, 2001). The Corporation experienced difficulties in assembling land, it lacked power, the state was reluctant to work with it and achieving its goals were difficult as a result. The experience suggests that, 'in applying western experience of partnership elsewhere, full account must be taken of local circumstances and constraints' (Adams and Hastings, 2001, p, 1473). Local requirements for formality and distance have made institutional thickness more difficult to achieve and it has tended to only be the most profitable locations which have actually derived benefit. The Hong King example shows that 'the creation of new institutional mechanisms alone does not guarantee successive urban renewal' and there is a need to guard against 'the implantation of institutional tissue to an alien environment' (Adams and Hastings, 2001, p. 1488).

A more successful case is to be found in the island state of Mauritius where a long history of active business associations and the establishment of a joint economic council between business and the public sector have been key ingredients in driving investment and economic growth since the 1970s. High levels of synergy and joint vision have clearly played a key role in this regard (Brautigam, 2002).

The GC phenomenon is not well established in Africa according to (Brautigam *et al.*, 2002) because of the economic dependence of countries on foreign aid, the limited role played by manufacturing which has few links to political processes and the economic importance of externally linked mining and petroleum industries. Where they have been attempted, problems which have been observed include:

- A lack of communication between partners which leads to distrust,
- The absence of a unified front (Herbst, 1993 in BTR),
- The limited size of the business sector,
- The dominance of inward looking strategies (e.g. trade protection, targeted intervention and indigenisation laws) (BTR, 2002),
- Businesses lack the capacity to lobby for reform, there are few formal business structures and they generally do not see the benefits of participation,
- Many governments have populist or socialist roots which causes uncertainties in terms of their links with the private sector (Tangri, 2002),
- Many businesses are small and recent in establishment and have thus neither the time nor the capacity to devote to processes beyond immediate operational concerns (Herbst and Tangri in Brautigam *et al.*, 2002).

Clearly political support and endorsement is required to drive the process forward.

### **GROWTH COALITIONS IN SOUTH AFRICA**

In the light of South Africa's relatively recent democratic transformation and devolution of powers to local government, it would be difficult to argue that the GC

concept has yet become well established in the country. There are however certain exceptions to this broad statement.

Historically, one of the significant earlier examples of a GC in South Africa was Operation Jumpstart in Durban. Born out of a desire to address the flagging economy of the city in the early 1990s, this key public-private coalition sought to lay the basis for enhanced economic growth, support for the SMME sector, job creation and the upgrading of services and infrastructure in city. The GC sought, in particular, to focus attention on a series of key spatial development projects (Pillay, 1994; Tomlinson, 1994). In the period of the 1990s political transition, issues of participation and representivity had to be dealt with and critics argued that that the growth focus was problematic (Pillay, 1994; Maharj and Ramballi, 1998). The level of collaboration established continues in the Durban Growth Coalition this day and key economic achievements in the city in recent years can clearly be linked to this process.

Elsewhere in South Africa significant partnerships / coalitions are now active in the CBDs of Johannesburg and Cape Town. The privatisation or topping-up of services, joint management and reinvestment has enhanced the physical fabric of such areas and would seem to be laying the basis for significant rejuvenation. These are very significant developments, but the logical questions to ask are whether the benefits of such activity are spreading beyond the CBDs and to disadvantaged communities and if not, why ?

Outside of the examples quoted above, it is not easy to find further examples of GC in the country, particularly in the smaller centres. As interviews with business chambers undertaken in the Free State for this study and the 2003 Premier's Economic Council of the Free State's LED study (Premier;'s Council, 2003) indicates, not only is the evidence limited, but there is also reluctance to formalise relationships. Reasons advanced for this situation include:

- many businesses, both in small towns and even in larger centres are of a small scale nature e.g. panel beaters, local bakeries etc. and are so focussed on keeping their businesses operational that they do not have the time, money or capacity that the larger corporates have to look beyond the immediate scope of their daily operations. In areas such as the Free State where real economic decline has been experienced in certain sub-sectors, the ability to contribute to local development has been diminished further. Even in cities such as Bloemfontein and Welkom there are very few major firms and few if any national firms are headquartered there. Most firms are branch-plants or small independent operators, highly dependent on market forces or decisions taken in more distant centres.
- In the Free State, there has also been discernable tension between the private and local government sectors over alleged instances of the non-payment or delayed payment for services rendered, lack of mutual support in economic ventures, allegations of the politicization of development and failure to involve all stakeholders.
- The business sector itself admits that it is not well organized and key sectors, such as mining, do not appear to be major partners in local development in the smaller centres.
- Where GC have worked in the country, they tend to be in the larger centres with efficient local governments and large corporate sectors with a

commitment and vision for their area e.g. Tongaat-Hulletts in Durban. Such combinations are largely absent in most smaller centres.

Other reasons mentioned in a recent CDE study by McCarthy and Batchelor (CDE, 2003),:

- business is hindered by the perception that is out to exploit municipal customers,
- business feels that it is only approached as a last resort, and
- there is still a need to think through the issues and technicalities involved in the GC process.

Tomlinson (1994) points to differences in the structure of local government between South Africa and other countries which has affected the prospects for GC development and the absence of a tradition of competition between places, as key explanatory variables for the limited nature of GC development.

### **THE EVOLVING NATURE OF GROWTH COALITIONS:**

GCs have not been static entities and have in fact evolved in focus and form through time. From the 1950s they focussed mainly on partnerships between central and local government, by the 1980s public and private relationship had come to the fore and from the 1990s involvement of the community sector had started (Adams and Hastings, 2001).

Through time key trends have been:

- Business coalitions have emerged to stimulate investment in the local economy and to harness the powers of local government (Cox and Mair, 1988, 307).
- Struggles within localities have been replaced by competition between them as they seek to forge consensus in order to ensure economic development.
- Working classes are co-opted by the promise of jobs

In the USA partnerships designed to promote economic development increased significantly in the 1980s and by the late 1990s two thirds of US cities surveyed reported that they were now active or extremely active in terms of the pursuit of partnerships designed to achieve economic development (Clarke and Gaile, 1998).

The picture is not however a static one and the existence of a GC does not assure permanence or continued collaboration. Globalisation offers opportunities for localities in a wider market, but 'with globalisation, the influence of alliances of land-based elites and public officials in local growth machines that historically shaped local development choices is eroding' (Clarke and Gaile, 1998, p.35). This then obligates the renegotiation of public and private roles at every scale which may well undermine the hegemony of the local growth machine, by eroding local citizenship and increasing local polarisation and inequalities between communities. As Peck (1995) notes, in many areas opposition to development is increasing, based on the high costs associated with growth, environmental degradation, the declining quality of life and higher tax rates which often only benefit businesses.

One of the more striking examples of how a well-established GC can loose ground comes from Los Angeles where business interests are now regarded as lacking the



political co-ordination to accomplish their projects. This lack of unity has not led to the collapse of the growth machine, which has even been hinted at, instead ‘the machine has not collapsed, but the political consensus for growth has been severely eroded’ (Purcell, 2000, p. 85). It has been weakened by changes in political leadership, globalisation of land interests, growing resistance, the fragmentation of land-based interests and the diminished role of the city government (Purcell, 2000). The Growth Coalition thesis assumes that once established, the coalition will be able to pursue its pro-growth agenda uninterrupted. The growth coalition in Los Angeles still exists, but it doesn’t dominate the politics of urban land-use to the degree it once did (Purcell, 2000).

### **THE EVOLVING FOCUS IN ACADEMIC JOURNALS**

In parallel with both the increasing sophistication of the GC concept as well as its evolution, refinement and response to negative issues which may have arisen, academic literature over the last ten years also reflects a progression in terms of focus and analysis of the GC concept. Two of the most prominent journals in this regard are: *Urban Studies* and the *International Journal and Urban and Regional Research* (IJURR). A scan of the GC-related topics covered over the last ten years indicates that in addition to general case studies, there appears to have been a thematic shift along the following lines:

- In the early to mid-1990s articles tended to focus on and debate the role of emerging partnerships and the new-found role of the business sector in local development. In addition there was also a focus on detailing / describing GCs.
- From the late 1990s, institutional issues and questioning of the role of the public sector and its motives emerged as a theme. In addition, there were moves to investigate the impact of GCs, the role played by community groups and the lessons which could be derived from the process.
- By 2000 there seemed to be increasing recognition of the unique role played by the private sector and greater reflection on the implications of what was taking place.
- From the earlier years of the current century articles have adopted a more critical stance with respect to the role of partnerships and Area Based Initiatives in general. A key theme, particularly in the IJURR, has been the increased attention paid to issues of social justice, social capital and empowerment. In addition, one has started to see a limited number of articles detailing developing world concerns

### **ASSESSMENT OF GROWTH COALITIONS**

As this section will illustrate, GCs have experienced mixed fortunes and their clear advantages need to be balanced against some quite distinctive negative attributes. Before proceeding into an analysis of these two standpoints, it is initially important to draw attention to key considerations which will determine their potential for success or failure. In first instance, the establishment and success of GCs will depend on the willingness of stakeholders to show commitment, to collaborate and to compromise. In cases where individuals or stakeholder groups act tactically and there is an absence of explicit commitment, coalitions will be unstable and the chances of success will be commensurately reduced. Where parties ‘free ride’ in the hope of future gain, long-

term prospects of success are reduced (Rothschild, 1998). In successful GCs, actors, who often have contrary goals, but stand to profit from the growth of their localities, are locked (quasi-forcefully) into GCs for mutual benefits. Rationality dictates a common course of action, unless actors are blinded by self-interest or the process becomes overly politicised (Terhorst and van de Ven, 1995).

### 1) The Advantages of Growth Coalitions

Through the achievements of GCs, international evidence indicates that city centres, docklands and canal areas have been revitalized and civic pride rekindled. In addition, there have been solid gains in terms of regenerating some public sector estates housing through collaboration with community, non-profit and private organisations (Carley, 2000). In addition, GCs have impacted positively on neglected areas and disadvantaged communities and they have helped to democratise local governance (Mayer, 2003).

Ogu (2000) and Foucault (2003) identify the key advantages of partnerships and GCs as including:

- Cost savings and the optimisation of limited resources,
- Reduction of long-term project costs,
- Financial participation of the private sector,
- Better spreading of risk,
- Faster project delivery,
- More creative and innovative solutions,
- Enhanced public and performance management,
- Sensitising people and mobilising local resources,
- Bringing development strategies closer to the people,
- Promoting local empowerment,
- Creating a sense of ownership over development,
- Involving local people in the decision making processes that affects their lives,
- Consensus building amongst stakeholders and cross-sectoral groups,
- Prioritisation of environmental problems,
- The targeting of support to low income neighbourhoods,
- Providing effective infrastructural provision mechanisms.

### 2) Costs / Disadvantages

Balanced against the obvious advantages is a wide range of negative considerations. Probably one of the most significant is the fact that while GCs fill a development vacuum, they often bypass electorally competitive procedures, which raises question regarding their democratic participation and accountability (Clarke, 1995). While aiming to achieve economic growth and an equal distribution of resources, increased social polarity within cities is often the product (Nelson, 2001). As a result there has often been little progress in addressing the most pressing challenges of severe job losses and household deprivation, and in revitalizing the worst of the public housing estates and neighbourhoods' (Carley, 2000, p.274). Property led regeneration has often proved to be easier to achieve than helping households disadvantaged by long-term unemployment (Carley, 2000).

Key disadvantages experienced include:

- Frequent unprepared-ness and inexperience in assuming such responsibilities on the part of community groups,
- On-going conflicts between organisations and authorities,
- Commitment fades and the cooperative spirit may wane if initiatives are not immediately successful,
- Leadership may be critical in determining success of GCs, but if there is no equity chances of success are curtailed,
- Dependence on extra-local institutions, as in the UK, can be weaken local accountability, local buy-in and chances of success,
- As has been noted in the UK, property led urban regeneration often leads to an inequitable situation through the limited nature of available budgets,
- Lack of adequate leadership and management in the partnerships, limited consensus, slow decision-making on the part of local authorities and unrealistic expectations on the part of local authorities and communities,
- Inadequate devolution of authority and financial control hinders many GCs,
- Lines of accountability and responsibility are often unclear,
- Projects often only focus on a narrow range of projects e.g. Property development, despite a wide range of development needs and delivery can be limited and slow,
- GCs have been criticised for over-emphasising land development, at the cost of other focal concerns,
- GCs are criticised for their reliance on the lobbying of central state funds and the reality that public money is funding private sector growth,
- A concern of note is that issues of distribution are often downplayed and that marginal groups often do not benefit,
- There is a risk that as one centre benefits, others will suffer – a quoted case is that of Manchester’s Olympic bid in the 1990s (Cochrane *et al.*, 1996).
- (Judd and Parkinson, 1990; Leitner, 1990; Imrie and Thomas, 1993, 1995; Bassett, 1996; Loftman and Nevin, 1996; Wood, 1996; Macleod, 1997; Carley, 2000; Wilson and Watson, 2003; Fruet, in press).

These negative issues tend to be overlooked in debates which instead focus on the benefits of public participation (Ball *et al.*, 2003). There is also a tendency for planners to try and replicate the apparent success of showcase projects from other areas. However, in practise, catalytic initiatives are repeated without success in the poorest areas. Errors are repeated as thinking is short-term and compartmentalised and there is usually poor integration with other projects (Carley, 2000).

Probably one of the most serious critiques of partnerships and GCs is the criticism that they often give the impression of being highly efficient and functional but are, in reality, often plagued by internal disharmony on the part of the business community and a failure to capitalise on opportunities (Austin and McCaffrey, 2002). While the GC model and experience of the USA suggests that processes are harmonious and replicable, in reality, this argument is flawed by conflict and contextual differences around the world respectively (Valler, 1995). Related to this consideration, the implication of conflict between cities should not be overlooked (Leitner, 1990).

## **KEY LESSONS FROM INTERNATIONAL GROWTH COALITIONS / PRIVATE-PUBLIC PARTNERSHIP EXPERIENCE IN GENERAL AND FOR THE FREE STATE SPECIFICALLY**

### 1) Devolution of local authority

One of the key lessons that have been identified in urban developmentalism, particularly surrounding issues of real-estate development, urban planning and public service delivery is the idea that previously rigid and uniform traditional models of local government are now becoming increasingly perceived as impractical in a modern, international political economy, based on theories of neo-liberalism and globally competitive practices. This reconceptualisation has required municipal officials to look inwards to otherwise untapped local resources, both of a physical and human nature, for new solutions to ongoing socio-economic problems. In many respects, the key lesson here is that there has been a considerable move towards devolution from both the perspective of authority being accorded to the local level in order to solve these problems, and from the point of view that local government alone is not necessarily the best or the most appropriate institution to carry-out future development initiatives.

For already developed countries, the image that is coming out of places such as the United Kingdom, is that in the 1980s, after a period of recession, the national government started to implement a series of legislated frameworks aimed at decentralising the responsibility for local level economic growth. Under such circumstances, local government is often by-passed in favour of vesting a substantial amount of development responsibility in urban development corporations independently created to explore new means of creating jobs.

In developing countries, a rapid rate of urbanisation and the strain that this has placed on already over-stretched public services and infrastructure including, waste collection, sewage and electricity provision, has also led various levels of government to look at a redefinition of their traditional roles as service providers.

While it is essential to point out that new developments in urban developmentalism should not be heralded as the panacea that are going to avert crises, it is equally important for cities to move beyond an ideological acceptance of uniform growth coalition models and make deliberate moves towards applying their own versions of some of the practices that have met with varying degrees of success in other localities. The main argument in this, includes the notion that contemporary urban development requires looking outside of the box towards different understandings of how things are done elsewhere and beginning to look for different means of conducting development at home. What is most important is the need to remain open to news ways of conducting local governance, an argument which Lefèvre (1998) adds to when he states that changes are the result of the necessary inclusion of new local actors.

### 2) Partnerships and Participation

The decentralisation in decision-making authority to local levels has opened the door for non-traditional groups to participate in decision-making processes. Although different local stakeholders have widely varying self-interests, in many cases, they are all quasi-compelled to work together in order to effectively and efficiently pool local resources or expertise for the common developmental objectives of their cities, from



which they will all derive benefit. The important lesson in this case is that by recognising their inability to achieve certain goals alone, and by accessing a wider field of available expertise, collective action, shared responsibilities and greater amounts of public transparency will heighten the chance of achieving better results. As was the case in metropolitan Manchester's elections in the early 1980s when the Labour Party sought to expand its support base by appealing to local activists, women's rights movements and environmentalists, key political leaders around the world are now working closer with previously politically quiet groups. In cities of the developing world this has translated into poorer neighbourhood groups and urban slum dwellers actively being solicited into becoming integral participants in establishing programmes designed to improve local standards of living.

There is additional evidence to support the idea that by providing an inclusionary framework for local decision making that such avenues for public participation have greatly enhanced the quality of civil society and social capital and have been able to address such issues as responsible citizenship, empowerment, as well as local ownership of development initiatives.

### 3) Local Government vs. Local Governance

A third lesson to be garnered from the literary evidence is that local government is not synonymous with local governance. Elected municipal officials, civil servants and publicly owned parastatals are now but one portion, albeit a vital one of urban governance. The status quo of elected officials as being the sole initiators or sole providers of public services is no longer considered a viably sustainable option and, the inclusion of more private sector interests and various groups from within civil society implies that the process of local governance has taken on a more all-encompassing participatory quality. With this in mind, local governance is increasingly being perceived along the lines of a fluid *process* that has the flexibility to evolve when needed and move to include those segments of the targeted local population directly affected by the decision making process.

Much of the literature however, is quick to point out these partnerships are not necessarily equal in nature and there is a sizeable risk that some interests from community-based associations may be marginalized in the process. In these cases it is important to have strong leadership potential, particularly where there are inexperienced stakeholders, such that the process will ensure all voices are heard, while simultaneously moderating them so that, as a collective governing body, they remain focused on the overall goal of economic growth within the city. In developed countries it is quite often the private sector and / or the UDCs which take a leading role in urban economic development, whereas in developing countries local elected officials retain considerable leveraging power in facilitating the smooth administration of coalitions.

The role of local government in local governance is to:

- Control local zoning and urban planning,
- Identify and fast track major flagship projects,
- Invite and encourage cross-community participation,
- Mediate, mobilise and organise local stakeholders.

The role of the business community in local governance is to:

- Help local government become more business-like,
- Facilitate inter-city / inter-regional / international competition,
- Cash in on the entrepreneurial boom & entrepreneurial creativity,
- Mobilise private sector resources.

The role of civil society in local governance is to:

- Legitimise local government's sometimes corporatist policies,
- Mobilise a selection of cross-community organisations,
- Protect and provide a voice for vulnerable interest groups,
- Prioritise pro-poor and environmental issues.

#### 4) Endogenous Development

Probably one of the most important lessons from a review of growth coalitions and partnerships is that each one is unique to its environment and what may work for one city may not in fact work for another. Although it was suggested by Samii *et al.* (2002) that the United Nations has recently been attempting to establish a working formula for sustainable partnership creation, there is merit in the claims that localities that have a history of social cohesion and partnerships which have evolved naturally to create reasonable levels of local consensus may be more likely to succeed in the promotion of mutually beneficial local socio-economic growth (Terhorst & van de Ven, 1995). In this respect, successful partnerships are based on the accommodation of individual, locality-based strengths and weaknesses.

### **CONTEXTUAL CONSIDERATIONS IMPACTING ON THE POTENTIAL OF GROWTH COALITIONS IN THE FREE STATE**

The literature review and subsequent lessons have provided the theoretical framework for GCs. In this section, a brief overview of the Free State economy is provided in order to provide a context in which to situate the GC concept in the province. This is followed, in the next section, by a critical overview of GCs in the province and considerations impacting on their future application.

#### 1- A brief overview of the Free State economy

Historically, the economy of the Free State has been based on mining and agriculture, with other sectors developing largely in support of these two primary activities (McCarthy and Robinson, 2004). However, the contribution of both agriculture and mining to GGP has decreased since 1981. Not only did the contribution of these two sectors to the GGP decline, but both sectors also recorded large-scale jobs losses. In the case of agriculture, the contribution to GGP declined from a contribution of 26.5% in 1980 to 18.8% in 2001. This decline comes despite a moderate increase in growth between 1996 and 2001. In the mining sector a decline occurred from 27.3% of GGP in 1980 to 8.1% in 2001. Sectors that have shown a steady increase since 1980 are the manufacturing industry, trade and catering, finance and real estate and community services.

#### 2-Local Dependence

Against the above background, a number of observations need to be made with regards to the applicability of GCs in the Free State and, specifically, with regards to Bloemfontein and Welkom. The main similarity between localities in which GCs developed internationally and the situation in the Free State is that they are

particularly apparent in areas where decline was experienced in a once dominant economic sector. The dramatic decline in the once critical mining industry in Welkom which has had a devastating impact on the economy of the city, is an obvious point of comparison. However, a number of differences that might hamper the implementation of GCs in the Free State should be mentioned. In the first place, in many of the examples in the US and UK, the decline had been in the manufacturing industry (secondary industry) as opposed to the primary sector as in the Free State. The implication is that in seeking new economic opportunities, local entrepreneurs in the Free State would need to be making strategic sectoral shifts in foci away from declining resource based activity, unlike in other countries in which change has often simply meant re-orientating economic activity within, for example, the secondary manufacturing sector. International evidence suggests that the key drivers of GCs tend to be locally dependent enterprises, by contrast in the Free State, the key sectors have often not been that closely tied into and dependent on the local area.

Farming in the Free State has long been an individual or family enterprise and the historical protection of the agriculture industry led to the sector focusing on national supply and not necessarily on demand. The relatively close proximity of markets in Gauteng and improvements in the road network since the 1970s, weakened linkages to local markets and supply centres. In the case of mining, the corporate head quarters have never been located in the Free State. Although these mining groups were dependent on the Free State for mining gold, they were not dependent on the local economy for their operation and have simply extracted profit. Against this background it seems possible to conclude that the two sectors that have experienced the largest decline are the two sectors with the smallest degree of local dependence. Stated differently, there are no specific reasons why these two sectors will be the main drivers of GCs in the Free State (even if they are declining) because the nature of economic growth in the Free State (Welkom and Bloemfontein) and the weak local dependence of these two sectors. The drivers of GC may well have to be found in other sectors.

The issue of the lack of local dependence of businesses in Bloemfontein and Welkom can be further interrogated. Firstly, neither Welkom nor Bloemfontein have traditionally been the head quarters of any large South African companies. Although their regional investments, especially in Bloemfontein, have been substantial, it is doubtful whether they have much local empathy with the long-term future of these cities. Secondly, when a major attempt was made to diversify the economy of the Free State, it was done through the Regional Industrial Development Programme. This programme made subsidy benefits available to industrialists and attracted a large percentage of Taiwanese firms and business capital from outside the province. When these incentives were terminated, the investors, not being place-dependent, were often lost. Considering the theoretical arguments in favour of local dependence, it seems that local dependence is limited, which will not assist in driving a local GC.

### 3-Business strength, legitimacy and governance

The literature review revealed that weak business structures are a major stumbling block for the development and maintenance of such partnerships. Although, a number of Chambers of Commerce do exist in the province, they are characterised by a number of constraints. In the first place, black and white business in the Free State is still fairly separated. Although this is also the case at a national level, where the

merger between NAFCO and SACOB is ongoing, other cities have had unified Chambers of Commerce for some time. It should be mentioned that the former white dominated business chamber in Bloemfontein and the NAFCO in Bloemfontein only formed a unified chamber during 2004. However, FABCOS did not form part of this merger. Furthermore, in Welkom, separate chambers still exist and in the Free State certain variations are present. For example, the Afrikaanse Handelsinstituut has a provincial structure, SACOB Free State consist mainly of the Welkom Chamber of Commerce, while the newly established Bloemfontein Chamber of Commerce and Industry (the name of the unified chamber) is not fully affiliated to SACOB. A second aspect related to this fairly weak business structure is that not all businesses are actually associated with the Chambers. Although this is probably the case in many parts of the world, in the Free State this has coincided with a history of limited business lobbying and activism. The third problem, related to weak business structure, is that black business structures in the Free State are usually even weaker than their white counterparts. The fact that race is still a factor will enhance the perception that business is dominated by white interests. This might be problematic from the point of view of the public sector when partnerships are to be established. It seems highly unlikely at this juncture that business will be able to put in place a unified business structure with enough expertise and legitimacy to contribute significantly to GCs. A fourth dilemma of business chambers, especially in Bloemfontein, is their high degree of institutional membership. The majority of locally dependent business people do not belong to these chambers, which, once again, puts a question mark behind the local dependence of Chamber members, the degree of representivity of Chambers and the level of commitment of the business sector. A final problem related to local business and its structures is that there are low levels of capital in the Free State. It is highly unlikely that business would be able to contribute extensively to GCs if there is no immediate or direct return on investment.

As a result, whether on not business chambers should be key participants in GCs, the development of a GC or GCs will seriously be hampered by weak business structures, white dominated business and the limited affiliation of a significant number of local businesses to these structures. In parallel, the non-involvement and limited local commitment of the mining industry is a barrier to progress.

#### 4-The issue of city competition

The literature review has indicated that city competition is usually enhanced by GCs. Considering the historical competition between Welkom and Bloemfontein, in which Bloemfontein has mostly dominated access to opportunities, the establishment of GCs will probably enhance this competition. If separate GCs are established, they will be in direct competition with each other, at least for the same public sector services. If a single one for the Free State was created, conflict about the distribution of investment would be fierce. Given the historical background, it is highly unlikely that the Welkom business and public sector would willingly join such a partnership – especially if it is dominated by Bloemfontein partners. Even if they do join it seems highly unlikely that Welkom will benefit from competition with Bloemfontein.

## **THE CURRENT EXPERIENCE OF GROWTH COALITIONS IN THE FREE STATE**

Despite the broad evidence of the emergence of GCs around the world, it would be difficult to argue that they are well established in the Free State. In this section, known GC activity in the province is discussed. From information gathered specifically for this study, it is apparent that the foundations for sustainable partnerships are very weak as the history of cross-community social cohesion is limited in certain localities and many of the diverse stakeholders have different understandings of what local development entails and varying ideas of how to achieve it. There are additional allegations of hidden agendas on the part of some stakeholders, while a lack of communication has also been identified as being a major factor preventing the development of growth coalitions. Simply put, the public sector, the private sector and social groups are each moving in separate directions when it comes to development. While it might appear as though they are fighting a common war against poverty and unemployment, many are fighting separate, uncoordinated battles.

As noted in the previous section, the potential for GCs is currently reduced by the small size of many firms, their reluctance to involve themselves even in organized chambers and the absence of meaningful relationships with the public sector. Limited funds on the part of local businesses and the dominance of national firms are barriers to truly endogenous development. The Bloemfontein chamber identifies that there is not enough capital for the private sector to make a meaningful contribution. Related concerns include the fact that there are virtually no corporate head-quarters in the Free State, the community sector is not yet a key partner in the incipient GCs and the public sector is often operating in a closed fashion.

Nonetheless there is some evidence of growth coalition formation or at least the mentality behind it. Evidence from the two key cities, Welkom and Bloemfontein follows.

#### 1) Welkom

In this city, despite its historical dependence on the mining industry, two key problems have negatively impacted on the local economy and the potential for establishing GCs. These are firstly the fact that the mining economy has been in a phase of severe decline, and secondly the reality that the mining industry is headquartered outside of the locality and currently shows very little commitment to the GC process, as all key company decisions are made at the national and global levels. Having the key economic sector experiencing rapid decline and yet not actively participating in the economic redevelopment of the city is a very real barrier to progress. White and black business have yet to become fully unified in the city, which is further a barrier in itself to the GC process.

Over and above this, the Welkom Chamber of Business reports that their membership base has halved from 300 to only 150 members as a direct result of the loss of a key part of the mining economy and the associated down-stream effects on the city's industrial and business base. NAFCOOC feels that government is not helping the development process and that much more needs to be done. Despite the apparent crisis situation which prevails, and the payment of lip service to the concept, effective GCs cannot be said to be active in the city. In this regard the public sector perception is that the Chamber of Business is unwilling to cooperate, whilst the latter, both black and white point to council inefficiencies and unwillingness to work with the private



sector. Even the chamber admits that its members are disorganized and affected by internal dissension.

Within the city there are five broad forums or initiatives which correspond with the GC concept, however none, despite their potential, except, perhaps for the first, are either living up to the ideals of what a GC is or what it should be achieving.

#### **a- Free State Goldfields Development Corporation**

The key example of a GC in the Free State is this Corporation, which was established as a joint venture in 1992 between the public and private sectors in response to the radical decline of the mining sector, associated job loss and the need to find alternate growth options. Its board exists as a public-private coalition and its operational arm is a Section 21 company, which receives direct funding from the municipality

To counter downwards trends, the FGF has been looking at various non-mine related economic strategies that will promote the refocusing and redevelopment of the area. This sentiment is reflected in their website which lists as their mission ‘to broaden this economic base by establishing a broad and diversified manufacturing sector which in turn will create job opportunities and wealth for all our residents.’ To help achieve this goal, the FGF has striven to ensure that elected officials, members of both NAFCOC and SACOB, as well as different community groups are part of the decision making process and that strategies formulated reflect the need to cater to both macro-economic growth development and socially responsible poverty alleviation schemes.

Some of the key recent initiatives that the FGF have been involved with include:

- The proposed construction of an international cargo airport to service products from Johannesburg, Durban, and Bloemfontein destined for international markets, that will kick-start the local construction, warehousing, and related services sectors.
- The re-routing of the N1 national road through the area to feed this airport and to generate additional business for local companies.
- The establishment of a paprika growing project aimed at establishing a viable urban farming initiative to give unemployed informal settlement residents the opportunity to become retrained as potential commercial farmers.
- The facilitation of a skills training project to provide skills for, amongst others, the paprika farmers. This has been additionally facilitated through the Welkom College, which has provided much of the skills training capacity for the FGF as well as beneficial learner-ships for emerging farmers.

According to business and local government sources, the work of the corporation has however been restricted by limited private sector buy-in – particularly on the part of the mining sector and the seeming reluctance of the public sector to commit significant funds and endorsement to the venture.

#### **b-Welkom Yacht Club**

There has been a certain amount of interest in establishing a yacht club in the Matjhabeng municipality on one of the natural pans in the vicinity of Welkom. This would require the cooperation of local government, which would have to approve zoning and planning permits and the private sector which would, undoubtedly, provide much of the working capital and perhaps also the land of a mining houses on who’s property the proposed development is to take place. This programme has yet to

get off the ground and is hindered by the limited nature of collaboration which exists between the public and private sectors.

#### **c-Welkom Tourism Plan**

Similar to the yacht club, plans to develop nature-based tourism in the district through public-private collaboration have been hindered by the limited nature collaboration between the key sectors.

#### **d-The Consultative Committee**

This committee was set up as a bridge between the mines and established business but is now in abeyance and did not appear to have made tangible progress when it was in existence.

#### **e- The Economic Advisory Committee**

This consultative committee is intended to act as a bridge between the local government and established business. Despite the key role such a body could play in the city in terms of negotiating a shared future, the body only met twice and has been inactive for two years.

The Welkom experience indicates that even though the motivation and framework for effective GCs does exist, the potential is immobilised by the failure of the public and the private sectors to effectively address the issues at hand together. Contributing factors include:

- the small-size of most businesses, and hence their restricted ability to contribute to GCs
- allegations that the development process is politicized,
- the failure to use and capitalise on channels of communication
- the limited role played by the mining industry
- the fact that the FGF does not receive significant support from either the private or the public sectors.
- It would seem that the value and advantages of the GC process are not fully appreciated by the potential role-players.

#### 2) Bloemfontein

In this city, despite the existence of a more diversified economy than is the case in Welkom and a business sector which has higher degrees of attachment to the local area, GCs are not as well established as one would anticipate. Even though the business sector is more unified than in Welkom, the small size of operations and the negative effects of contraction in agriculture and food sector firms restrict the capacity and ability of many firms to contribute meaningfully to GCs. The local government is committed to growth and is currently in the process of identifying appropriate developmental vehicles. Two key areas of collaboration worthy of consideration at this juncture are those of moves to privatise electricity supply and the nature of current linkages between the local government and the business sector.

#### **a- Electricity Supply**

The move by local governments generally to become more business-like in their approach to service provision is partially evident in Mangaung Local Municipality (MLM). Traditionally, Bloem Electricity has been the main electricity supplier to the MLM, however, Bloem Electricity has recently been privatised and is now known as Sentlec. MLM is the only shareholder in Sentlec and councillors act as directors in the newly established enterprise. The process to privatise Bloem Electricity was driven by the opportunity to host a Regional Electricity Distributor (RED) in Bloemfontein, with all the socio-economic and employment opportunities associated with it. To host such a RED in Bloemfontein requires a number of prerequisites. One such requirement is that institutions should be ring-fenced within the municipality by means of privatisation. Privatisation will avoid a situation where profits from the provision of electricity are used to subsidise other activities of the municipality. At the same time it will ensure that the RED is managed in a financially sound way. It is interesting to note that the privatisation process has not yet been extended beyond municipal ownership to include actual private sector partners.

#### **b- Mangaung Local Municipality / Local Private Sector Interests**

The current relationships between the MLM with business can be described as open, but not always as being well structured. Businesses, as well as other organisations, have an annual opportunity to co-operate in the drafting of the municipal budget. Furthermore, business is consulted and requested to comment on various common issues on a regular basis. The Bloemfontein Chamber of Commerce and Industry (BCCI) also serves on implementation committees of projects related to business. For example, the BCCI has a representative on the SMME Strategy and Implementation Committee of the MLM. However, such representation only operates on an *ad hoc* basis and is evidence of the often unequal relationship that exists between various actors. MLM has also embarked on a comprehensive economic development strategy. Although the final institutional arrangements have not been finalised, it seems that no external institution will be created. However, business and other role players will continue to serve on various implementation committees as part of a broader economic development strategy.

While the preceding activities show that a base is being laid for collaboration in the city, clearly the process is a long way from operating as a fully fledged GC.

### **KEY CONSIDERATIONS WHICH WILL IMPACT ON THE POTENTIAL OF GROWTH COALITIONS IN THE FREE STATE**

Over and above aforementioned concerns regarding the level of commitment of the mining and agricultural sectors to the local economy, the weak and divided nature of the business sector and questions related to the degree of commitment and /or involvement shown by the public and community sectors, there are other key issues within the Free State which deserve comment.

#### 1) GCs and city governance

The establishment of GCs is based on the assumption that government should reduce their role in urban management. This raises the question whether the current political environment would accept such an approach. This will not be aided by the fact, the MLM has decided not to create a separate body to manage their economic

development plan. It will be conducted in-house in a partnership approach. However, business contributions will probably be reduced to advisory services as a result.

## 2) GCs, poverty and divided societies

The literature review indicated that GCs do not always cater for the needs of the disadvantaged or for marginal areas. GCs in the Free State need to be as inclusive as possible and also ensure that, within practical limits, the benefits of growth devolve down to the poorest sections of the community. Furthermore, in situations where there are political, cultural and/or racial differences within the host community, such as in Hong Kong, Bloemfontein and Welkom, there are often ingrained barriers to collaboration. Institutional culture and the willingness or otherwise of public bodies to collaborate in the growth process can be a major asset or hindrance. However, as international literature suggests, GCs are becoming and also have to be more inclusive, however this does not necessarily guarantee success since inclusion can often mobilise opposition to the growth and private sector focus of GCs. GCs are often associated with the interests of big business and land development and there is clearly a need for GCs to be more inclusive of a wider range of interests and beneficiaries in order to ensure success, sustainability and inclusiveness.

## 3) Opportunities and possibilities for GCs in the Free State

The sections above have suggested that establishing a GC or GCs in the Free State will be fairly difficult. However, a number of opportunities and possibilities could be considered in this regard. The following factors could contribute to the establishment of a viable GC:

- Both the Free State Development plan and the Free State Growth and Development Agreement make ample provision for a role to be played by business. In fact, the Free State Growth and Development Agreement is an agreement with business as one of its main signatories. Although no specific structures for partnerships have been stipulated, it could form the basis on which to build one or more GCs in the Free State, Bloemfontein or Welkom. During an interview with a NAFCOC representative, the establishment of a Free State GC based on this agreement was mentioned.
- Considering the prevailing level of despair in especially Welkom, the establishment of such a GC might well be a timely intervention. However, the despair is also visible in Bloemfontein. In 2002 the Bloemfontein Chamber of Commerce (BCI) commissioned research to determine, *inter alia*, the nature and extent of business closure in Bloemfontein.

In terms of applying GCs in the province, one needs to take cognisance of key issues raised in the CDE Free State Baseline study (McCarthy and Robinson, 2004), namely:

- declining agricultural and mining output will impact on local economies to the extent that key actors will need to engage and form GCs in an effort to address economic and employment loss and to enhance the search for new growth options. The establishment of the Free State Goldfields Development Foundation, is a classic case of a GC-type response to economic change.
- A moderating force has, however, to be the observed regional, language, race and ethnic differences across the province. While this is not a barrier to the formation of GCs, it does however require sensitivity in their formation and operation.

There will also be a number of practical considerations that should be mentioned:

- In the first place, the scale and number of GCs to be established should be considered. From a number of interviews, it seems that a Free State based GC is preferred but whether that is practically possible remains to be seen.
- As already mentioned, it seems that extensive funding from business to contribute to such a partnership would probably have to come from outside the province. How viable that would be, remains an open question.
- The political leadership will have to buy into the concept considering that it might mean that their direct control over city or provincial governance might decrease.
- To what extent are GCs operationalised through Chambers of Commerce? The literature overview suggested that Chambers of Commerce are not necessarily good vehicles for such an initiative. However, you cannot exclude them from the process.

The international evidence presented in the preceding analysis of GC provides clear guidance regarding the potential for successfully establishing GCs in the Free State. Key issues established in the literature for which there are apparent parallels or points worth noting in the provincial context include the following:

- In areas facing economic decline and significant loss in key sectors, such as Pittsburgh and Welkom, lateral thinking and planning is required in order to identify new economic sectors which can lay a basis for future growth,
- GCs do not always cater for the needs of the disadvantaged or for marginal areas, as such, GCs in the Free State need to be as inclusive as possible and also ensure that, within practical limits, the benefits of growth do devolve down to the poorest sections of the community,
- In situations where there are political, cultural and/or racial differences within the host community, such as in Hong Kong, appropriate response mechanisms will be needed,
- Institutional culture and the willingness or otherwise of public bodies to collaborate in the growth process can be a major asset or hindrance,
- In many parts of Africa, formal business is small, poorly organized and unlikely to be major co-partner in development,
- As international literature suggests, GCs are becoming and also have to be more inclusive, however this does not necessarily guarantee success since inclusion can often mobilize opposition to the growth and frequent private sector focus of GCs,
- GCs are often associated with the interests of big business and land development and there is clearly a need for GCs to be more inclusive of a wider range of interests and beneficiaries in order to ensure success, sustainability and inclusivity,
- In the USA local banks play a key role in GCs, however in South Africa with its national banking groups, local loyalties will be less, which means other partners will need to be found or concerted efforts will need to be made to draw the banks into GCs,
- Local businesses and their associations, particularly in Africa, are often underpowered and struggle to make a meaningful contribution to GCs. In many instances, such as is also the case in the UK, national businesses are better positioned to become effective partners in GCs,



- In many instance GCs rely on tapping into external, public funds which indicates the need for external support. Ideally both private and public sector funds are needed to drive the development process,
- It needs to be remembered that in branch plant economics local business commitment to GCs will be retarded.

### **SHORT TERM STEPS WHICH CAN BE CONSIDERED IN THE FREE STATE**

- 1) Real economic growth occurs where there are high levels of concertation between actors. As Picierra (2002) argues, these actors don't have to have the same shared objectives, as long as they have shared values and common interests i.e. the development of their city. Through consultation and collaboration this process can be catalysed.
- 2) In terms of strategies applied, each centre needs to identify and adopt a unique approach (Picierra, 2002).
- 3) Institutional arrangements need to be more flexible and accommodating than they are at present. In addition, there must be political endorsement of the GC process.
- 4) The public and private sectors both need to compromise and operate in a transparent manner in order to lay a basis for genuine collaboration and growth.
- 5) Effective mechanism and processes need to be in place to ensure that the community participates in a meaningful and empowering manner. In this respect the more inclusive nature of Urban Regime theory needs to be acknowledged.
- 6) GCs need to look broader than the interests of big business and strive for multi-faceted development. In addition, as partners vary in size and need, the process must be as accommodating as possible and not default to being dominated by the interests and goals of the largest partner/s.
- 7) External support (funding and facilitation) and endorsement from province and /or national government will be critical to ensuring success at the local level.
- 8) Political processes need to be considered and accommodated as far as is possible.
- 9) Issues of nepotism, corruption and racial and political friction which exist are impeding cooperation and need to be anticipated and addressed.
- 10) The role of the District Municipality in the local development process needs to be clarified.
- 11) Provinces must play a more determining role and give direction e.g. will key projects such as the proposed cargo airport be supported.
- 12) Key developmental opportunities with potential, such as the Phakisa Freeway need to be identified and capitalised on. As overseas experience shows key anchor projects can prove to be critical in a GC process. In parallel, appropriate pro-poor interventions are essential.
- 13) New opportunities for GC activity need to be identified, e.g. inner city renewal in the two main cities, the hosting of festival events, mine tourism, encouraging civic pride and economic diversification.
- 14) The latter needs to be supported through an active campaign of marketing, promotion and facilitation.

- 15) If GCs are promoted this may well lead to enhanced competition between localities. This needs to be anticipated and responded to appropriately.
- 16) The Provincial Growth and Development Agreement has laid a key basis for GC development. The agreement needs support, resources and applied action to match the commitment which diverse sectors have shown to it.

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