

Title: Searching for space in South Africa's post-apartheid industrial policy

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Abstract

Cities, and the economic activities and processes that they play host to, are widely seen to be central to the economic prospects of nations. In some countries upwards of sixty percent of GDP is generated in the major cities. A considerable body of evidence has been generated to show that this trend is one associated with many different countries facing quite different development circumstances. This reality presents actors, both in cities and those with influence at a national scale, with challenges as to how to best position cities in economic policies and programmes. From the side of city actors there has been growing experimentation and experience with variants of local economic development. National scale actors have also, in many different environments, explored opportunities with regards to offering support to localities to enable such localities to provide a better environment for their development programmes to take root. However, despite these widely discussed trends, the treatment of space in national economic development policies and programmes remains highly uneven across countries. In the absence of a fuller discussion of these issues in the South African literature, this paper seeks to examine the country's national-level post-apartheid economic policies with a specific goal of exploring the treatment of space in national "industrial policy" frameworks since 1994. The paper suggests that national industrial policies have remained, despite some noticeable shifts, largely disarticulated from matters of the space economy and that important unintended spatial dynamics are not fully appreciated both for their potential positive and negative dimensions. Whilst this paper has as its focus the treatment by national policy of the sub-national, and more especially cities, in the South African context it also offers some comment on how these dynamics might have impacted, and might have been impacted by, industrial policy endeavours at the city scale.

Key words: Cities, urban, space, industrial policy, urban economies, agglomeration, clusters.

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Introduction

Cities, and the economic activities and processes they play host to, are widely seen to be central to the economic prospects of nations (UN Habitat, 2001; World Bank, 2009; Glaeser, 2011a, 2011b). In some countries upwards of sixty percent of GDP is generated in the major cities. A considerable body of evidence has been produced to show that this is a trend associated with many different countries facing quite different development circumstances (Kessides, 2005; World Bank, 2009; McKinsey Global Institute, 2011). This reality presents actors, both in cities and those with influence at a national scale, with challenges as to how to best position cities in economic policies and programmes. From the side of city actors there has been growing experimentation and experience with variants of local economic development (Clarke & Gaile, 1998; Blakely & Bradshaw, 2002). National scale actors have also, in many different environments, explored opportunities with regards to offering support to localities to enable such localities to provide a better environment for their development programmes to take root (Storper, 1997; Sugden et al., 2003). However, despite these widely discussed trends, the treatment of space in national economic development policies and programmes remains highly uneven across countries. In some cases national economic policy frameworks are very directly geared to counter or reinforce certain place-specific dynamics, whilst in other cases the space agendas behind national policy (and the very important unintended or indirect effects) are far less explicit. In this context the urban character of national economic policies becomes a highly relevant point of enquiry. In the absence of a fuller discussion of these issues in the South African literature, this paper seeks to examine national-level post-apartheid economic policies with a specific goal of exploring the treatment of space in national 'industrial policy' frameworks since 1994.

In the paper it is suggested that, despite some recent shifts, national industrial policies remain largely disarticulated from an appreciation of matters of economic geography and ideas informed by notions of the social construction of space. As a result, important intended and unintended spatial dynamics are not necessarily fully appreciated both for their potential positive and negative dimensions. Although other authors have discussed some of the dimensions of space selection in some of South Africa's explicit space-focused economic programmes (Nel & Rogerson, 2013 & 2014), the discussion of spatial implications in wider, predominantly national, industrial policy efforts has remained something of a policy and research lacuna in the post apartheid era. Authors have also explored the nature of local government local economic endeavours in some of the South African literature and discussed specific policy instruments in support of local government activity around local economic development (Nel, 2001; Cunningham & Meyer-Stamer, 2005; Rogerson, 2010). However, the focus of this paper is on the approaches documented in national economic policy, with a focus on industrial policy, in order to gauge the extent to which this has been sensitive to the matters of space and geography. It is thus the array of South African national policy documentation that provides the primary source material for this discussion.

The paper begins with a setting out of the context in which matters of space have become an issue attracting attention in economic policies. This is then followed with a discussion of the conceptual foundations that have, as least in part, influenced the growing engagement of matters of space in economic policy generally and industrial policy more specifically. The paper then turns to try and understand how this has been operationalized in forms of industrial policy with a specific engagement around issues related to industrial clusters as a, if not the, dominant mode of industrial policy engagement with matters of space. This is then followed by an examination of how South Africa's post 1994 national industrial policy has engaged with the issues of space. Here the paper explores, in some depth, in what way terms such as "geography", "space", "local", "regional", "clusters" feature over time and the implications of this. Finally, the paper turns to some reflections on the country's cities and their economic programmes in relation to these national frameworks. These latter insights are informed by a series of interviews and the author's direct exposure to local processes.

Setting the context

All around the world policy-makers, city-based actors, analysts and commentators have, for sometime, been heralding what Edward Glaeser calls the "Triumph of the City" (Glaeser, 2011a). In fact, the centrality of the 'urban' in the way national actors see their development prospects has been a feature of policy frameworks for a number of decades, if not, in some cases, centuries. However, by the turn of the century momentum had been building up for sometime around the growing significance of cities in the developing world, not just as locations of masses of people, but also as critical sites of economic development nationally and increasingly internationally. In its 2001 State of the World Cities report United Nations Habitat noted that, "For better or for worse, the development of contemporary societies will depend largely on understanding and managing the growth of cities. The city will increasingly become the test bed for the adequacy of political institutions, for the performance of government agencies, and for the effectiveness of programmes to combat social exclusion, to protect the environment and to promote human development." (UN Habitat, 2001: 10)

As is implied in the above quote, the issue of the recognition of the importance of cities in development processes has also had a sustained influence on the policy environment. For example, in Organisation of Economic Cooperation and Development (OECD) research it has been argued that, "There is increasing awareness of the important role of local development within wider national and supranational development strategies. Among the factors contributing to this "return of the local" are: the recognition of the importance of localised structures and processes in maximising the benefits and minimising the drawbacks of globalisation; the dynamism of local production systems; the need to pay more attention to social balance and to nurturing social capital; and an increasing awareness of the quality of job creation and skill retention resulting from locally integrated development trajectories." (Geddes, 2008: 20)

This policy shift has also been matched in the research world where studies have been accumulating on the growing shares of economic activity generated and consumed in cities and for the trend to be replicated in developing and well as developed countries (World Bank, 2009). Furthermore, research has also pointed to urbanization processes being highly significant in overall economic performance of countries. For instance Glaeser (2011b), in an examination of data from 181 countries, has calculated that, “A 10% increase in urbanization is associated with a 61% increase in per capita GDP” (Glaeser, 2011b: 593). A parallel series of studies around decentralization processes in countries has also found that greater decentralization with good governance processes is also associated with a stronger economic growth performance (Canaleta et al., 2004; Kaufmann et al., 2004).

The gathering of forces behind these arguments has been very powerful. Increasingly development aid and assistance has been connected with conditions setting out necessary governance reforms which enhance forms of decentralisation together with notions of good governance developed with much confidence (and perhaps too little humility) in the highly differentiated contexts of western states¹. New orthodoxies have been cast and layers of programmes developed in support of these for deployment in countries of the global south.

Both the research and the actions associated with the policies have been widely contested for a variety of shortcomings. These have included that the policies contribute to the hollowing out of the state (Jessop, 2004) and that it creates a convenient, and less robust and therefore easier to exploit, point of connection for global capitalism (Harvey, 1989). There has also been much in the way of discussion about the often sidelined (in the context of the above debates) negative ramifications of urbanization and its combination with weak local state structures and other institutions which allow for forms of exploitation and inequality to persist. In this regard powerful arguments have been made that contemporary urbanization processes can reproduce reserve armies of the urban unemployed, often living in vast slums, to depress working conditions in favour of the capital (Froebel et al., 1978; Davis, 2004). Others have pointed out that often arguments made in favour of urbanisation externalize damaging environmental costs (Rigg *et al.*, 2009). In the face of these arguments it would be hard to sustain a case that urbanization is all positive, let alone a neutral process in many societies where costs and benefits are distributed in a highly uneven manner. Even Glaeser acknowledges that, “urban density also brings enormous challenges, including crime, congestion, and contagious disease, and these challenges are being poorly met by many of the governments of the developing world.” (2011b: 592-593).

However, despite these criticisms about the ramifications of certain urbanization processes or the very important qualifiers that might at times be missing from urban policy promoters, the fact of the increasing dominance of an urban pattern of living and producing is rarely contested. Therefore, it becomes essential to consider some of the ways in which

¹ For example, as displayed in the programmes for regional (sub-national) development of the European Union and its predecessor, the European Council.

interactions between economic activity and urbanization has been considered from a conceptual point, but also to suggest some ways of understanding policy evolutions and choices made by the state and other economic actors. The material which follows sets out to cover some of this territory, beginning with some conceptual frameworks for understanding economic policy making and states.

Economic policy making under contemporary 'varieties' of capitalism

Debates about the purpose and character of economic policy interactions between states and societies have been a feature for debate and discussion for centuries. During much of the twentieth century those with a more Marxist orientation argued for a state, infused with the interests of workers in the form of a revolutionary socialist or communist party, to seize the commanding heights of economic activity, and also often even much less lofty economic pursuits of the petit-bourgeoisie too. Others, informed by a more neo-classical economic framework placed considerable emphasis on private actors and related markets in generating optimal outcomes for firms and wider society, with the state's role confined to matters of regulation and public good investments. Although elements of a stronger state role persist in extremes examples such as that of North Korea and Cuba, the tendency for much of the late twentieth and early twenty-first centuries, accelerated perhaps by the collapse of the Soviet bloc in the late 1980s, has been for a turn to what has often been referred to as a Washington consensus of market economies under liberal democracies. However, significant departures from this somewhat simplified standardizing framework persist in both developed and developing countries, including in those of the Scandinavian region as well as in countries such as China and India.

Hall and Soskice (2001) set out how analysis of post-war capitalism in Europe, and beyond, gave particular attention to the character of the state, with a tendency to focus on notions of strong or weak states. However, as this analysis began to mature and as conditions in these states began to change, other institutional – what some using more traditional structuralist terminology might refer to as social or even class formations such as trade unions – also gained attention in trying to understand the forms of regulation and coordination and the organizational character of those entities doing the regulation and engaged in the coordination processes. This generated descriptions of nations political economy orientations as being something along the continuum between liberal market economies and coordinated market economies (excluding obviously the non-market economies of some socialist-type states). Liberal market economies (such as the United States of America) are characterised as an environment where firms, as the central driving force of capitalism, “coordinate their activities primarily via hierarchies and competitive market arrangements” (*ibid.*: 8) where demand and supply processes between arm's-length actors generate price outcomes that in turn signal the actors around ongoing supply and demand choices. Institutions such as the market itself and the regulatory framing of this in terms of law, contracts, property rights and the like set the rules, but are not active in the

supply and demand exchanges unless such rules as there are require them to be. Coordinated market economies are ones where, “firms depend more heavily on non-market relationships to coordinate their endeavours with other actors and to construct their core competencies.” (*ibid.*: 8). This often involved institutional arrangements that play a direct interventionist role in processes to yield desired outcomes, whether they be of firms or of the state or other actors. This characterisation of a form of capitalism is often noted as being informed by notions of market failure that certain actors determine needs some specific organizational response from one or more institutions. It is along this proposed continuum that varieties of capitalism researchers have invested much of their analytical energy.

In expanding on the roles of institutions and organisations, Hall and Soskice ask the question, “What types of organisations and institutions support the distinctive strategies of economic actors in such economies?” (*ibid.*: 9) They refer to firms collaborating to support institutional arrangements and related organisations which reduce the risk of firms in their subsequent interactions with one another to achieve their desired gains. Giving the example of training programmes, firms would be prepared, so the authors argue, to participate in coordinated activities should they feel that they would secure the right sets of skills for their employees. Should such reliable institutions not exist, firms have to make alternative plans to withdraw from an intended activity or craft other collaborative responses, sometimes on a less formal basis. Drawing on the work of Ostrom (1990) institutional roles are seen as falling into three categories, namely, information sharing, monitoring and sanctioning. Hall and Soskice extend this by also highlighting the role of institutions in generating deliberative processes, whereby, “Participants engage in extensive sharing of information about their interests and beliefs ...” (Hall and Soskice, 2001: 11). The authors suggest that this process element can be key in that processes of deliberation “can substantially thicken the common knowledge of the group.” (Hall and Soskice, 2001: 11) This is deemed important in that it enables participants to consider how best to settle matters of distribution and because there is also some evidence that participants in deliberative processes can have their capacity for action enhanced by the knowledge and networks generated.

As one might expect by the issues raised in this discussion there is also an argument that such institutional formulations are informed further by culture, informal rules as well as history (*ibid.*: 12). These are not immutable but influence what Hall and Soskice set out as the “games” actors engage in and that this can see participants in the institutional processes working to reinforce or change the institutions in response to changing circumstances. They are also factors that can see the character of institutions performing similar functions across different countries vary substantially in terms of their character. Hall and Soskice go further to note that issues of individual firm or corporate strategies are also important in influencing institutional arrangements, although the multi-actor coordination involved in such institutions means capture by any one actor is uncommon and if it happens often likely

to be fleeting. The authors emphasise that firm strategies are also influenced by such arrangements, for example, “In any national economy, firms will gravitate towards the mode of coordination for which there is institutional support.” (Hall & Soskice, 2001: 9)²

The varieties of capitalism approach has also increasingly found fertile soil in the analysis of non-western countries (Andriessse, 2014) including work on social policy in Latin America and on factors influencing growth in the so-called Asian Tigers. A feature of this work, as well as some of that noted by Andriessse in Africa, is that it is generally asserted that the binary of a Coordinated Market Economy and a Liberal Market Economy is not that useful. Andriessse argues that the picture is often one that combines differing elements and further where the state is central to the spectrum of activities, either because of its weakness undermining certain processes or because of its disproportionate influence on processes (ibid.: 5). This notion of a more extensive set of “varieties” has been taken up in a number of studies to try and cluster countries around a finer grain of common features beyond the liberal and coordinated categorisations. Andriessse also notes again, drawing in this case from Nattrass’s work on South Africa (2013), that different models can apply in one country for different parts of the economy. This together with work on trying to explore social capital and informality, in market economy variants, opens up space for the possibility of asserting that these variants might also be informed by certain spatial variables, something that the earlier categorisation set out by Hall and Soskice (??) did not accommodate to enable both inter- and intra-national comparison.

Taking this point further, in discussing countries in the Asian context, Andriessse points to a variety of national capitalisms, but also notes that within these countries, at a scalar level, regional-national institutional relations and processes vary quite substantially: “National institutions interact in a complex manner with regional institutions. First, there could be institutional geographical overlap between national and regional institutions. Second, regional institutions could steer or block developments in a coexistent and co-evolutionary manner with national ones. Third, national institutions could marginalize regional institutions due to powerful national organisations and actors. Fourth, the dimensions of formal versus informal institutions and enabling versus disabling institutions additionally complicate multi-scalar varieties. And fifth, related to the second point, Crouch *et al.* (2009) advise to engage in more industry specific studies in order to understand how actors in industries behave. According to them they might follow the national institutional framework, but could also try to circumvent it and foster other institutional arrangements that are more conducive to the sector requirements for international competition.” (Andriessse, 2014: 9)

Expanding somewhat on considerations culture and history noted by Hall and Soskice (2001), they suggest that sub-national divergences not only contribute to understanding policy variations and divergent impacts, they can also influence institutions with the effect

² What some, such as Krueger (1974), have referred to as “rent-seeking” behaviour.

of “excluding certain segments of the population” (Andriessse *et al.*, 2011: 172 cited in Andriessse, 2014: 11). The author goes on to point out that, “This implies that regional institutions can be enabling for economic growth while disabling for inclusive regional development. For instance, policy makers generally favour strong business associations such as chambers of commerce and industry-specific associations in order to stimulate regional collaboration, regional institutional thickness (AMIN and THRIFT, 1994:15), and cultivating a sense of regional belonging. Yet, when those associations tend to exclude specific groups along ethnic, religious or other social dimensions, fostering inclusive development is becoming difficult.” (Andriessse, 2014: 11)

Whilst arguments against this elevating of institutional factors in explaining varieties of capitalism and their attendant economic trajectories, there are an array of arguments against these assertions. Diamond (1997) and Sachs (2001, 2003) have been strident in their claims that geography in terms of relative proximity or distance and in terms of relative abundance or scarcity of factors of production associated with regional variations of things such as climate count far more in terms of economic performance than institutional factors. This paper will seek to find some measure of balance between these dynamics in the examination of the South African case.

Space and economic activity – some theoretical intersections and divergences

Drawing from Musterd and Murie (2010) four sets of theory are noted for being often cited in discussions on the relationship between space and economic development. In more classical frameworks arguments around the centrality of the availability of capital, labour and/or skills, infrastructure and an appropriate institutional and regulatory environment are identified as influencing the pattern of firm development and location in space. Secondly, there are arguments that talk to issues of economic clusters and forms of agglomeration economies where firms locate in proximity to one another to take advantage of one or other type of economy generated by their co-location in space. For instance the benefits from a shared pool of skilled labour that might be generated from of a spatial clustering of firms (Marshall, 1982) through to suggestions that clusters of firms in a locality or region can generate patterns of competitiveness through their interactions with one another and proximate suppliers, customers and institutions (Humphrey & Schmitz, 1996; Porter, 2000; 2003). A third set of approaches makes particular reference to networks which can operate between individuals and between organisations that influence business environments and location choices (Castells, 2000). Finally, Musterd and Murie (2010) also note a category of approaches that attribute critical features to issues such as the culture and creative talent that is found in some cities more than others (in reference to the work of Florida, 2002).

All of these deserve some attention in discussing theories around the interactions between space and economic development. However, before expanding on aspects of these it is worth noting that mainstream economic approaches have generally tended to treat space as something of an unwelcome intrusion into economic models. In fact the argument that

geography is central to understanding economic processes goes back to Adam Smith, who argued in the *Wealth of Nations* (cited in Sachs *et al.*, 2001) that coastal regions of countries would be more likely to out-perform inland areas because of their easier access to global trade. Subsequent neo-classical economists, many of them disciples of Smith's, tended to assume geography out from their models (as they did with varying sizes of firms) by suggesting that the world was best understood without giving too much credit to the realities of space. However, the issue of space in economics did not disappear. In fact theorists and practitioners concerned with economic development kept on returning to it. David Ricardo, developed his theory of international trade recognizing that regions and countries often had very different endowments that would in turn result in advantages in trading one category of goods for another between countries (Hanink, 2003).

One of the most noted early economic theorists to give particular attention to matters of economics in space was Alfred Marshall (1890). Marshall sought to explain, in the context of the industrial revolution, why firms tended to seek to locate in proximity to one another in towns and growing cities. He suggested that there were increasing returns to firms and society – or external economies of scale – in the growing concentration of activity in space: “When an industry has thus chosen a locality for itself, it is likely to stay there long: so great are the advantages which people following the same skilled trade get from neighbourhood to one another. The mysteries of the trade become no mysteries; but are as it were in the air, and children learn many of them unconsciously...Employers are apt to resort to any place where they are likely to find a good choice of workers with the special skill which they require...The advantages of variety of employment are combined with those of localized industries in some of our manufacturing towns, and this is a chief cause of their continued economic growth. (1920: 271).” (Marshall quoted in Rosenthal & Strange, 2004: 11)

Strange (2008) defines urban agglomeration related to this usage as, “the spatial concentration of economic activity in cities. It can also take the form of concentration in industry clusters or in employment centres within a city.” (Strange, 2008³) In the literature there is attention given what are referred to as agglomeration economies. These can be externalities that accrue across all firms and industries or those that accrue to specific industries. In the literature urbanisation economies are those that relate more generally to city size and would include access to a market, a range of support industries and a large pool of labour. Localisation economies refer to those benefits that accrue within specific industries such as a pool of specialised skills. These economies are also often referred to as spill-overs or externalities in that the effects of economies of scale and scope can become accessible, to varying degrees, to other firms beyond those that originally might have generated them. In this regard gives the example whereby, “innovative capacities of individual produces are frequently much enhanced by the bits and pieces of information

³ Accessed from http://www.dictionaryofeconomics.com/article?id=pde2008_U000064>doi:10.1057/9780230226203.1769 on 25 August 2010 .

that circulate informally and continuously through economic space.” (Scott, A, 1998: 81) Of course externalities can be both positive and negative.

Although mainstream economics continued to treat matters of geography as something to exclude from models, through much of the 20th century, in the latter part of the last century economists and economic policies rediscovered the importance of space, not just in a Ricardian sense of differentiated factor attributes between countries, but also drawing on the Marshallian legacy of agglomeration effects that can accrue where concentrations of production are prominent. Whilst Paul Krugman’s Nobel Prize for Economics in 2008 gave something of a formal nod of mainstream acceptance to what many neo-classical economists had previously excluded from their models, there was far more to this ‘rediscovery of space’. Yeung (2005) argues that, “Since the mid-1990s the softening of sub-disciplinary boundaries within human geography and the more general call for a ‘relational thinking’ in human geography (Massey et al. 1999; see also Allen et al. 1997; Sack 1997; Lee and Wills 1997) have stimulated the consolidation of what might be termed a ‘relational economic geography’.” (Yeung, 2005: 37)

This so-called ‘relational economic geography’ has drawn on a wide range of disciplinary fields that have sought to give a relational texture to the analysis of economic processes. Yeung sets this out as being, “concerned primarily with the ways in which socio-spatial relations of actors are intertwined with broader structures and processes of economic change at various geographical scales.” (Yeung, 2005: 37) Beyond the work of economists from the early days of the discipline, the research of others, drawing on inter-disciplinary methods has also been significant in this “Spatial Turn”⁴ such as that of Piore and Sabel (1984) who looked at factors informing the distribution of work across the globe, much celebrated examinations of the industrial districts in the “Third Italy” (discussed in Amin & Thrift, 1992; Schmitz & Musyck, 1994), to Michael Porter’s work on industrial clusters (2000, 2003) and also work such as that of Maskell *et al.* (1998) exploring the dynamics of innovation in relational space. This work has tended to emphasise the concurrent importance of space and scale together with issues such as institutions, knowledge, culture and governance (Schmitz, 1995; Helmsing, 2001; Gereffi et al., 2005). Authors have argued that the local historical and contemporary specificities of spaces and their related processes combine to generate particular local outcomes. They have further pointed out that analysis that recognises this not only makes for more nuanced explanations of trends and outcomes, but also provide an essential foundation for effective policy-making. This is in contrast to those suggesting a more limited array of factors be considered or those arguing for a more path dependent, or structurally bound analysis.

A key element of the motivation for this body of work has also been to try and understand why economic processes are distributed in such uneven ways across space. Sassen (2000) has made the case that core agglomerations in “world cities” show a tendency to

⁴ With acknowledgements to Warf and Arias (2009).

concentrate strategic and higher value processes, often in corporate headquarters, giving them primacy whilst other cities, even with agglomerations of similar activities can be left with more limited formations lower down in the strategic hierarchy. Scott and Storper echo this concern in stating that, “one of the most fundamental issues for developing countries today is how to create and sustain the kinds of agglomerations without which they can never hope for entry into the highest ranks of the global economy, while ensuring that income disparities remain well within the limits of the socially just and politically tolerable.” (Scott & Storper, 2003: 589) Scholars such as Castells (1996) have noted how such processes are not necessarily the product of natural laws but rather constructed in networks of power relations that explicitly seek to capture benefits in specific locations. Harvey (1989) has suggested that these dynamics perpetuate the inequalities of capitalism and carry with them resultant processes rendering much of the world at the mercy of exploitative practices, often reinforced by actors in regions of the world most in need of enhanced economic prospects.

Others have placed emphasis, not on matters of geography and social arrangements across space, but have instead argued that instead it is institutions that have the most significant impact on varied development trajectories (North, 1990; Rodrik, 2007). This view is strengthened, at least in part, by evidence that countries with what might appear to be substantial geographic disadvantages, such as distance from major markets, have, in some cases, been shown to demonstrate a strong growth performance. The influence of this institutional approach has also been engaged with in the political and economic geography literature. For instance Amin (1999) argues that matters of organisational arrangements are critical to how spaces interface with globalization. Storper (2010) also gives considerable attention to how networks of actors might interact with local processes alongside (or against) the influence of elites that might contrive to arrange institutional processes in their favour.

Peck and Ticknell (2002) have pointed out that processes of neo-liberalism need particular attention in understanding outcomes in local contexts and the interactions between “local” and what they call “extra-local” processes. For these authors, as with Harvey (2006), the context of the ideological and material dominance of neo-liberal approaches has often tended to encourage “zero-sum” forms of competition between localities, subsidised by the local state and with the costs of this borne heavily by the working class and poor. Peck and Ticknell go on to claim that, “such forms of ‘deep’ neoliberalisation and post-Keynesian statecraft are associated with an especially restless landscape of urban competition, narrow channeled innovation, and policy emulation ...” (Peck & Ticknell, 2002: 396-397). These concerns are also noted by Scott and Storper who point out that, “ “Rising levels of local activism in the matter of regional economic development, however, do create some additional risks. These take many different forms ranging from irrational development races, through fiscal wars and over subsidies and investments, to the poaching of one region’s

talent and resources by another, to locational tournaments for large inward investments. (Donahue, 1997a; Bartik, 1991)” (Scott & Storper, 2003: 588)

Subsequent to these widely cited criticisms, the field study has continued to evolve and the important policy dimensions noted by Markusen (1999) and others have become a major feature of contemporary work in this field. In fact much of the contemporary literature orients itself to assessing the impacts of policies proposed by certain actors to attend to leveraging local governance and economic processes to try and achieve a range of outcomes. At least in the national and local policy discourses of the developed world it is common to see some considerable attention paid to the necessity of enabling local processes that can achieve economic impacts locally and beyond the local.

Whilst much of literature now engages actively with policy, not all of it does so in a manner informed by a full appreciation of the contestation between actors and interests groups that might accompany such policy suggestions. Nevertheless, by attaching spatial fixes (as fleeting as these might be) to some economic processes (Maskell *et al.*, 1998; Porter, 2000), through recognizing the diversity of features of these spaces and how these spaces and local actors might interact with economic processes (Schmitz, 1999a; Florida, 2002; Li, 2007; Storper, 2010), and through recognising impacts of space in flows of activity (see for instance Hesse, 2008 & 2010) the debate has increasingly embraced notions of local actors and institutions interacting to impact on economic outcomes. Rarely is this seen to be independent from national and global processes, but the case is made for a way of seeing the world far more informed by an array of local actors being influential in the character of local outcomes. Massey (2005) points out that this need not be dismissed as “spatial fetishism” in a context where there remains, “an overwhelming tendency both in academic and political literature, and other forms of discourse, and in political practice to imagine the local as the product of the global but to neglect the counterpoint to this: the local construction of the global.” (Massey, 2005: 101).

The next section looks at some elements of how the concepts, discussed above, have influenced policy and action in the broader field of what might loosely be termed industrial policy.

Moving from concepts to action – public policy, clusters and inter-firm networking

Considerable bodies of literature have emerged describing how localities, cities or sub-national levels of the state have directed resources and institutional energy to intervene around their economic development. This has been substantially aided by processes of decentralization orchestrated from above, by the state and/or a variety of other social forces, or as a result of local mobilisations of various sorts from below (Jessop, 2004; Swyngedouw, 2004; Harvey, 2006; Kennedy, 2014). These processes have also taken advantage of the growing influence and pervasiveness of knowledge about what local or sub-national actors can do to attend to economic challenges. For example Paul makes the

point that, “Sub-national states figure prominently in the post-Fordist devolution projects of many national states, not simply for offloading fiscal demands from national state treasuries but as important partners in promoting exports and attracting foreign direct investment. Transnational corporations (TNCs) have also taken notice of the ability of subnational states to affect global flows of goods, services and capital.” (Paul, 2002: 467-468) This perspective has also translated into suggestions that policy respond to the fact that, “... there is indeed a role for collective action in promoting regional increasing-returns effects and raising the long-term rate of economic growth, and this claim is entirely consistent with the same point made for the economy as a whole by the new growth theory (LUCAS, 1988; ROMER, 1990), as well as by the large theoretical and empirical literatures on the social and institutional foundations of successful markets.” (Scott & Storper, 2003: 558) The discussion that follows seeks to expand on some of these policy ramifications.

Due to the constraints of space, the detail of these process is not discussed in this paper. In matters of industrial policy it is probably the issue of clustering of firms and businesses that has attracted the bulk of the attention. The focus on notions of industrial clusters or inter-firm clustering is selected because it features as one of the most common policy and action fields, introduced into the realm of industrial policy, and is generally associated with a strong spatialised view of economic processes (Nathan & Overman, 2013). For example, Nadvi and Barrientos, argued that, “The potential networking gains for clustered enterprises has led to the view that clusters offer a specific path of regional industrial and economic development, as well as the possibilities of technical innovation and growth.” (2004: 1)

However, it is important to note that approaches to firm clusters are by no means the only way in which national policy frameworks might have attended to issues of space. Already mentioned have been policies that promote forms of local economic development through a variety of national instruments. Governments have also attended to issues of space in their economic policies through highly selective, and regionally differentiated investments in institutional, regulation and infrastructure. Various types of special economic zones, export zones or industrial parks and research and development facilities can be seen examples of efforts to either work with or against dynamics apparent in the space economy. In regulatory terms it has not been uncommon to witness variations in taxation or incentives, labour regulation or specific combinations of economic sector and location policies. It is also critical to note that even where policies might be devoid of any explicit spatial references or even goals and instruments, it is likely that unintended spatial consequences can be noted. For instance, processes of trade reform might not be framed alongside particular sub-national spatial objectives, but could have a highly differentiated impact in space where related industries are likely to be unevenly distributed and differently specialised across space. Thus a policy sensitivity to unintended, but generally not unpredictable, effects of economic policy choices on space – even where no explicit space-imbued policies are noted – are also something of a sign of awareness around matters of space in economic policy.

What then have been the main policy thrusts with respect to clusters across these spheres of government? McDonald *et al.* reporting on a European Commission study, “in 21 European countries and found that the main thrust of the policies was to encourage the development of co-operative networking between firms and supporting agencies and to improve the local asset base (European Commission 2002).” (McDonald *et al.*, 2006: 528) The authors report further, from an examination of the literature, that, “public policies need to be multifaceted to tackle the diverse types of market failure and public goods attributes associated with industrial clusters (European Commission 1998, 1999, 2001, DTI 1999, Bellandi 2002, Newlands 2003) (McDonald *et al.*, 2006: 528). They further note that often a case for cluster stimulation was made on the basis of attempts to address various forms of regional disparities. Finally they point to the work pointing out that policies in support of industrial clusters could support efforts to enhance the competitiveness of firms.

Key to the idea of active (or joint action) clustering processes is the notion of firms and other actors networking with one another. A considerable number of case studies, in the past few decades, has shown convincingly that firm networks and the related interactions in towns, cities or regions can contribute in direct ways to the capability of the participating firms, both individually and collectively, to engage with economic processes. For instance, Schmitz (1999b) refers to the ability of small and medium footwear firms in Brazil’s Sinos Valley to generate gains from what he refers to as “collective efficiency”. Nadvi (1999) documents benefits from a shared location for firms producing surgical equipment in a Pakistani town.

Morosini (2004) reviews a considerable number of reports and publications which outline how different activities between firms can reinforce their knowledge capabilities. In this context, there are benefits that arise in a context of proximate location by firms as well as dynamic returns that arise through active forms of interaction between firms. Whilst networking and learning is by no means place bound, proximity and shared local conditions can enable improved interactions between firms, between firms and regulators and between firms and other institutions. Networks are important as they allow for formal and informal learning between firms and between firms and other institutions of relevance to them. Helmsing (2001), and Bessant *et al.* (2003) emphasise the benefits to firms from networking processes which reinforce learning by the firms as organisations and the individuals that make up the organisations. These improved capabilities offer the participants the opportunity to improve their positioning in relation to value chains or retain their positions if they happen to be under threat.

Much of the academic writing focusing on clusters and firm networks offers both implicit and explicit public policy recommendations. Some key elements of these are drawn out and discussed below. Morosini (2004), for example, makes the point that, “Governments are strongly attracted to this phenomenon for a variety of reasons, most of which must seem obvious to all: there is potential for economic growth and employment as well as for

attracting valuable investments, technological assets and critical economic resources to certain geographic areas, typically those seen as less economically developed or strategic.” (Morosini, 2004: 321)

In the African context, documented initiatives falling within the often porously defined activities of clustering and networks, are few and far between. For example, UNIDO’s *Industrial Competitiveness Report 2004*, which has as its focus manufacturing in Sub-Saharan Africa has very little to report on African networking and clustering experiences. Barr (1998), makes reference to a handful of studies examining the emergence and characteristics of a number of clusters in African countries but by-and-large these studies suggest the clusters reflect some agglomeration dynamics but don’t necessarily exhibit the more complex agglomeration and co-operation benefits characterised by as “collective efficiency” (Schmitz, 1999a). Barr (1998) in her own study does identify significant evidence of various forms of networking amongst enterprises in Ghana, with larger firms more often networking around matters impacting on productivity whilst smaller firms tending to network around basic information sharing, often with a focus around risk-reduction (Barr, 1998:p12). UNIDO also reflects on a handful of projects that have been supported to foster networking of African firms together with potential trading partners in other countries and in facilitating networks of African firms to enable them to engage more capably with other role-players (UNIDO, 2001). However, much of this work remains somewhat silent on the specific locational processes and factors that might provide a backdrop against which a local cluster might function. The overwhleming empahsis in these reports is on the business development processes and not on the interactions between the spaces the firms occupy and the firms and their networks.

In this regard it could be said that industrial policy interventions that can be identified, generally limit their focus to matters such as capacity building and sharing of knowledge. For example, Kristiansen and Mbwambo (2003) argue that government has a role to play in raising people’s general awareness through education and media and by infrastructure development that could sustain the spread of domestic and even international market information. UNIDO in its report on ‘Industrialization, Environment and the Millennium Development Goals in Sub-Saharan Africa’ (2004) discusses the role of government, through identifying a range of general things the state has or could do in a different countries to foster competitiveness and entrepreneurship – for example, training entrepreneurs, writing business plans and investing in infrastructure – but it does not specifically single out a specific role for government with respect to fostering or supporting or maintaining clusters. McCormick (1999), in an article on clusters in Africa addresses the issue of a supportive role for government with specific reference to clustering by arguing that, “by increasing market access, fostering communication and information sharing, facilitating technological upgrading, increasing efficiency, and contributing to the development of supportive institutions, clusters can build industrial capacity. In this way, clustering can provide gains not easily available to dispersed enterprises.” (McCormick, 1999: p1533)

Recent decades have witnessed the widespread incorporation of a spatially infused approach to firm clusters in economic policy at the national and sub-national scale. This has often been accompanied by a wide range of other space-informed policy elements such as special zones and a range of regulatory instruments. Whilst by no means do all of the examples cited with respect to cluster initiatives in policy link into an explicitly developed geographical dimension to economic policy, the overwhelming tendency is for countries to have moved to respond to the interactions between space and economy in their national frameworks. However, the experience is one that is by no means even across the globe with the tendency being for developed countries to have made something more of seeking to use public policy to work on the interactions between space and economic processes in a far more explicit manner. The following section takes a much closer look at South African industrial policy in the post-apartheid era to set the context for the case study from which the paper draws some insights into possible roles for government in the future.

South Africa's industrial policy experience with reference to matters of geography and space

A reasonably diverse body of literature has sought to explore the relationship between the national state in South Africa and localities, and more specifically around local government and urban or rural development. The bulk of this has its origins in debates about matters seen as conventionally part of an urban policy discourse: matters of decentralisation and devolution of authority and related inter-governmental relations, delivery of basic services and infrastructure investment and fiscal issues. Within these there has also been much discussion of matters around the translation of national policy frameworks into the local environment, in terms of the impact, the constraints and the shortcomings, expressed in terms of how these processes have interacted with political processes, the institutional of local government (and others) and on citizens, communities and spaces in cities (Pillay *et al.*, 2006). These processes have had varying degrees of impact on the economic context in cities as they have grappled to confront deep-seated problems inherited from apartheid-era inequalities and those challenges related to ongoing urbanization in an environment of high poverty, unemployment and weak economic growth.

However, much less obvious in the post apartheid era is the issue of the relationship between national economic policies – and more especially national industrial policy choices – and matters of the space economy. The country's most important economic policy documents, from the Growth Employment and Redistribution (GEAR) programme adopted by Cabinet in 1996 (National Treasury, 1996) through to the Accelerated and Shared Growth Initiative for South Africa (ASGISA) (The Presidency of the Republic of South Africa, 2005) and including more industry specific frameworks such as the Macro-Economic Reform Strategy (Department of Trade and Industry, 2002), the National Industrial Policy Framework (Department of Trade and Industry, 2007a) and the various Industry Policy Action Plans (Department of Trade and Industry, 2007b, 2010, 2011, 2013, 2014) have all

been close to silent about matters of economic space as they pertain to South Africa. Whilst it could be argued that the subject matter of these national policy frameworks, by their very nature, has little to do with space, in light of earlier discussions in this document this is certainly a notable absence. After all there has been a very significant, if not dominant, global trend in the past two-to-three decades to recognize, not just the spatiality of economic policies and programmes but also – whether they are intended to have spatial impacts or not – but also to explicitly recognize the policy and programme tools that offer the potential to substantially enhance policy goals through a understanding of the interactions between space and economy. Although national local government policy frameworks have proposed an active role for local government in supporting local economic development, and the DTI itself has had a unit support local economic development, the issue of space remains largely absent from the larger industrial policy discourse.

In order to better understand the explicit and implied issues for localities (if any) in national industrial policy it is necessary to examine the extent to which the documents have made explicit reference to discourses about space, geography, and localities as well as the approach to interacting with actors and the extent to which particular tools have been adopted which enable direct or indirect impacts in space. For the purposes of this paper the focus on this discussion will be on post-apartheid policies (after 1994), although space-economy interactions related to pre-1994 industrial policies have undoubtedly influenced post-apartheid policies. In this regard it is also worth noting that a core element of apartheid was aimed at achieving very explicit spatialised impacts across a wide range of policy instruments, including those related to the economy and industrial policy (Bell, 1984). These post-apartheid economic and industrial policies are listed in the table below (Table 1.) with some comment provided on issues that they raise, or generally do not raise, with respect to geography and space. The discussion which follows Table 1. expands on some of the key issues noted in the table and explores some of the implications of the content of these documents.

Table 1. Table of major economic and industrial policy documents in South Africa (1994-2015)

Year published	Policy document	Government Department	Policy category	Main focus	Treatment of space
1995*	Spatial Development Initiative (SDI)	Department of Trade and Industry	Framework to propose and guide economic infrastructure projects	Identification and proposals on development of Spatial Development Initiative projects in selected geographic regions.	Nationally selected priority locations/regions identified with the aim of removing “bottlenecks” restricting investment opportunities in areas of “unrealised economic potential”.
1996	Growth Employment and Redistribution Strategy (GEAR)	National Treasury	National economic strategy document for South Africa.	Strategy to manage post-apartheid economic transition with goal of fiscal restraint and economic liberalization to grow exports and	Limited to almost absent engagement of issues with respect to space. Document refers to removal of apartheid-era spatial economic distortions.

Year published	Policy document	Government Department	Policy category	Main focus	Treatment of space
				foreign direct investment.	
2002	Micro-Economic Reform Strategy (MERS)	Department of Trade and Industry	Economic reform strategy for South Africa.	Identifies government wide coordination to improve economic development prospects of the country.	As a minor issues the document notes the significance of uneven patterns of distribution of economic activity and proposes action by government to “to achieve greater geographic equity” (DTI, 2002: 27). Makes reference to important role of SDIs and proposed Industrial Development Zones (IDZs) at selected SDI sites.
2003	Integrated Manufacturing Strategy (IMS)	Department of Trade and Industry	Industrial development strategy for South Africa	Motivates for a renewal of government efforts to promote industrialization through an active industrial policy.	Limited reference to matters of space with exception of references to need for greater spatial equity in distribution of economic opportunities.
2005	Accelerated Shared Growth Initiative of South Africa (ASGISA)	The Presidency	National development strategy	Strategy to identify and tackle so-called “binding constraints” limiting economic growth and employment creation in the economy.	Document calls for improved local government functioning and identifies some national important SDI/IDZ projects (Johannesburg International Airport and other SDI projects).
2006	National Spatial Development Perspective (NSDP)	The Presidency	National framework/ guideline to inform public infrastructure investment	“... a framework for deliberating the future development of the national space economy and recommends mechanisms to bring about optimum alignment between infrastructure investment and development programmes within localities.” (The Presidency of the Republic of South Africa, 2006: i)	Explicit focus on attending to space in national economic and infrastructure development processes. A dual focus on attending to areas with limited economic activity through social programmes and enhancing potential of main nodes and corridors to support accelerated growth and employment in the economy. Document also refers to some spatialised economic policy tools such as enhancing geographic clusters of economic activity.
2007	National Industrial Policy Framework (NIPF)	Department of Trade and Industry	National Industrial Policy	Proposals to diversity national economy, accelerate industrial development and attend to needs of people and regions previously excluded from economic opportunities.	Although spatial matters are not central to the document it reinforces the imperatives set out in the NSDP and SDI programme. Also provides the most direct assertion, compared to previous DTI documents, around the need for some recognition of spatial dynamics in economic processes. For example reference is made to issues of

Year published	Policy document	Government Department	Policy category	Main focus	Treatment of space
					the need for policy to work with dynamics of agglomeration.
2007	Industrial Policy Action Plan (IPAP)	Department of Trade and Industry	National industrial policy action plan	Sets out priority programmes to advance industrial policy objectives set out in NIPF.	Unlike NIPF, almost no focus on spatial elements of industrial policy apart from handful of comments noting the geographic location of some priority projects.
2007	Regional Industrial Development Strategy	Department of Trade and Industry	Policy proposal	Policy proposal aimed to guide government programmes to attend to issue of spatial economic equity in the country.	Sets out imperative for proactive approach by government to invest in, provide incentives for, and facilitate economic activity in cities and towns outside the main economic nodes in the country.
2011**	Industrial Policy Action Plan 2011/2012 – 2013/2014	Department of Trade and Industry	National industrial policy action plan	Sets out industrial policy context and programmes aimed at advancing countries priority sectors.	No explicit reference to matters of space and geography.
2010**	Industrial Policy Action Plan 2012/2013 – 2014/2015	Department of Trade and Industry	National industrial policy action plan	Sets out industrial policy context and programmes aimed at advancing countries priority sectors.	Some limited reference to spatialised tools for industrial policy delivery such as cluster support programmes. Document notes potential of Special Economic Zones (SEZs) to reinforce processes of agglomeration.
2011	New Growth Path	National Economic Development Department	National economic development policy	Promotion of accelerated economic growth and decent jobs through active programmes of a “developmental state”.	Largely silent on matters of geography/space with some limited references to the need to address intra-urban inequalities and attend to failure of programmes to generate job creation in areas of economic potential.
2012	National Development Plan 2030	National Planning Commission (in office of the Presidency)	National long term development plan	A longer-term vision and plan for the country to address matters of poverty, inequality and weak economic growth.	Document engages with matters of space in terms of social, environmental and economic issues. Around matters of transforming human settlement, document argues for a recognition of unique challenges and potentials of rural and urban areas. Notes divergent economic performance of different major cities in past years. Refers to “nodes of competitiveness” that need particular attention to help the country achieve its objectives. In chapters on the economy discussion economic

Year published	Policy document	Government Department	Policy category	Main focus	Treatment of space
					activity and space is more muted with issues of space absent in discussion of sectors and clusters.
2013	Industrial Policy Action Plan 2013/2014 – 2015/16	Department of Trade and Industry	National industrial policy action plan	Sets out industrial policy context and programmes aimed at advancing countries priority sectors.	Document offers some engagement with issues of clusters in the economy and notes some of the geographic features of these. Cluster programmes given some prominence (relative to previous IPAPs).
2014	Industrial Policy Action Plan 2014/15 – 2016/17	Department of Trade and Industry	National industrial policy action plan	Sets out industrial policy context and programmes aimed at advancing countries priority sectors.	Persists with previous IPAP's attention on issues of clusters in the economy and some of their spatial dimensions, but no broader analysis of issues in the space economy such as agglomeration or matters of sub-national/local competitiveness.

* Cabinet endorsed a proposal on SDIs – see Jourdan, 1998.

** There is an anomaly in publication dates of these two documents – i.e. the earlier document has a 2011 publication date and the latter one a 2010 publication date.

South Africa's first major foray into post-apartheid industrial policy was effectively captured in the intentions expressed in the 1996 Growth, Employment and Redistribution Strategy, more commonly known as GEAR (National Treasury, 1996). Effectively this strategy set out a path for the country to undertake a public sector adjustment programme to avoid rising public debt, fueling of inflation and to make the country attractive to domestic and foreign investors. GEAR motivated for a programme of economic liberalization that would increase economic growth and therefore job creation. Whilst this document made some reference to reforming apartheid-era industrial policy instruments (such as the Regional Industrial Development Programme⁵), the result of this was to remove what were seen as archaic and distorting spatial targeting elements. Although GEAR, which was adopted by government despite widespread objections by unions and civil society structures, had no explicit geographical content, it heavily reinforced certain patterns of spatially differentiated economic adjustment. GEAR set out a path to accelerate the country's commitments under the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) with the result that domestic industry protection in a variety of sectors was rapidly reduced. Most notable in the tariff reductions was those affecting textiles and clothing. These sectors happened to be the largest employer in the manufacturing sector by a considerable margin and this employment was concentrated in two major cities, Durban and Cape Town, as well as in the

⁵ The pre-1994 Regional Industrial Development Programme provided incentives for labour intensive manufacturing to locate in proximity to apartheid 'homeland' areas where African South Africans were accorded a secondary class of citizenship in designated rural areas.

former apartheid era ‘deconcentration’ or ‘decentralization’ nodes where the state had incentivised production close to ethnically defined “homelands” as a way of slowing urbanization of black Africans to the country’s major cities⁶ (Bell, 1984). These sectors were also highly labor intensive and in a city such as Durban contributed the bulk of manufacturing employment. However, in the space of a few years the lower-value added segments of production that has concentrated in Durban were all but decimated with the loss of an estimated thirty thousand jobs in the 1990s. This heralded a move from explicit, race-based spatial policies of the apartheid era, to something akin to the embracing of the absence of an articulated space agenda in economic policy – despite the almost immediately apparent evidence of very real unintended impacts.

The one early exception to this absence of an explicit space-orientation in national industrial policy was the Department of Trade and Industry’s support for what became the Spatial Development Initiatives (SDIs) (Jourdan, 1998; Nel & Rogerson, 2013). In the mid to late 1990’s South Africa sought to offer meaningful economic cooperation to Mozambique – then going through its post civil war recovery. This began with a programme of collaboration to take advantage of the potential trade lifeline between the Mozambican capital of Maputo and Johannesburg and ultimately became the Maputo Corridor project. The intent behind this project, as articulated by one of the DTI’s senior staff members, was to open up a new logistics corridor for producers in and around Gauteng province and also to stimulate economic development along the length of the corridor and also in Mozambique (Hirsch, 2005). As a result of progress in this initiative the DTI began to set up teams to explore other “Spatial Development Initiatives” around the country. At the outset, what Hirsch describes as, “an experimental accident” (*ibid*: 146) involved an attempt to create infrastructure and investment synergy to boost the country’s inward FDI and exports (as targeted in GEAR), but overtime the array of projects from those related to tourism (such as in the former Transkei) and to the knowledge-economy projects of Blue-IQ in Gauteng began to blur the lines of national priorities with the result that the national government only significantly funded those where priority national economic goals were being explicitly seen to be met.

Although Hirsch states that one of the lessons government gained from the SDIs was that, “investment dynamics often were not national – rather they were frequently regional and local” (*ibid*: 148), this realisation appeared to have quite limited impacts on the DTI’s policy focus at the time. Not only did the DTI show little appreciation for discreet local factors in its selection of SDIs to back financially, its follow-up interventions – particularly in the form of creating Industrial Development Zones (IDZs) – were seen as fundamentally serving the national interest and it was often stated that they should not be contaminated by local

⁶ Bell reports that, “Whereas the average annual rate of growth of manufacturing employment in the main industrial areas was 5,9 percent in 1961/2 to 1967/8 and fell to 2,1 percent in 1967/8 to 1979, the corresponding rate of growth in the border areas and homelands increased slightly from 5,2 percent in 1962 to 5,3 percent in 1967/8 to 1979.” (Bell, 1984: 11)

agendas. In this framing, local was equated with parochial and insular, while national was associated with outward looking and strategic. Whilst the then Minister of Trade and Industry, Alec Erwin, was prone to point out this somewhat crude dichotomy to local officials eager for his attention, the national-interest led approach was itself not immune from regional agendas in the ruling party as government. This was best illustrated by national government having invested most heavily in the new Port of Ngqura and the associated greenfield Coega IDZ, some 20 kilometers outside Port Elizabeth, in the hope that the project could attract FDI and therefore employment to one of the poorest provinces. Despite some investment and the port becoming operational, activity impacts remain far below the level of state capital invested (Nel & Rogerson, 2013). Thus, the assessment noted by Hirsch (2005) was only a partial recognition of the local, in that the “investment dynamics”, at a regional or local level, were almost exclusively seen to be obstacles such as environmental issues or local provision of infrastructure shortfalls. In looking at potential for development the SDI and IDZ processes tended to miss matters of agglomeration that might have taken the programme in a substantially different direction (Lewis & Bloch, 1998).

Alongside the SDI and IDZ efforts of the Department of Trade and Industry there were also other policy processes that started in the late 1990s and persisted beyond the early 2000s. These were confirmed in policy in 2002 with the publication of the DTI’s Micro-economic Reform Strategy (MERS) (2002) and the accompanying Integrated Manufacturing Strategy (IMS). Together these constituted the first explicit industrial strategy statement of the DTI in the post-apartheid era. These sought to bring some coherence to a series of somewhat disparate programmes in the DTI from the late 1990s and early 2000s (including the SDIs and IDZs as well as other programmes such as the already mentioned Regional Industrial Support Programme, the Support Programme for Industrial Innovation and the Technology and Human Resources for Industry programme) (Hirsch, 2005). The Microeconomic Reform Strategy (2002) sought to provide guidance for other government actors in helping the country meet its industrial policy objectives. This included setting out imperatives on matters such as macro-economic frameworks (influencing issues such as interest rates and exchange rates), education and training, administrative efficiency and pricing. Important to note in the documentation related to this was the recognition that there was a “need to specifically include a geographical dimension to growth and employment.” (DTI, 2002: 16) Later in the document this is set out as meaning a need to confront the “uneven development of South Africa’s regions” and “to achieve greater geographic equity” (*ibid.*, 2002: 27). This confirmed the role of programmes such as the SDIs and IDZs as contributing to these goals through their better interaction with other regional and local planning efforts such as those associated with rural development and municipal Integrated Development Plans. As result of some of these commitments the DTI began to build some internal capacity to support local economic development (LED) at the local government district and local council level – something that had in the past been left to the then national Department of Provincial and Local Government and various provincial departments dealing

with matters of local government and economic development. However, it is worth noting that these support efforts were not seen as being integrated in the Integrated Manufacturing Strategy (IMS) in that they were primarily directed to regions of the country on the margins of the mainstream economy.

The IMS (Department of Trade and Industry, 2003) set out a series of goals such as the need to add value to the country's natural resources, the strengthening of black economic empowerment, the encourage inclusion of excluded groups in the economy (such as small, medium and micro enterprises and women and youth) and to deepen the country's connections with the rest of the continent. Considerable attention was also given to the need to commitment to policy certainty (for example around tariff reform) but also enhancing coordination with processes outside manufacturing, but central to its performance, such as logistics and information and communication technology infrastructure and pricing (Lewis, 2004). As with the MERS, the IMS reinforced the idea that the main geographic focus should be on issues of "spread" arguing that "In terms of geographic patterns, the dominance of metropolises has continued, with limited economic opportunities in smaller settlements and rural areas, particularly in those areas that were homelands. This inequality has been exacerbated as unemployment levels rise and remittances to rural areas decline." (Department of Trade and Industry, 2003: 19 accessed from http://www.gov.za/sites/www.gov.za/files/ims_0.pdf on 16 November 2014)

Within the programmes supported under the IMS, and prior to it, there had been some direct support to various local industry cluster endeavours across the provinces such as those related to the automotive sector. These programmes, did receive some support from the DTI but the organisation tended to urge the creation of national-scale clusters arguing that by bringing together major national players in various industries opportunities would be created that could not be secured in local processes (Morris and Robbins, 2006). Some national clusters were set up by the DTI, such as those relating to primary processing industries including stainless steel. These were supported at levels well above the cluster programmes that were explicitly local or sub-national. Although the IMS documentation gave almost no attention to issues of the space economy beyond ideas of unevenness or "spread" – for instance making no mention of issues of agglomeration and how these might be worked with in national policy – there was a recognition that effective action would require some level of partnership at, "all levels in the economy, from the shop floor, to local areas and geographic clusters, value chains and sectors ..." (Department of Trade and Industry, 2003: 50). Under the "Partnerships with government" heading, partnering with local government on LED activities is noted as important with the document making reference to some dialogues with metropolitan areas. Although a few meetings were held between the then Minister of Trade and Industry (starting in November 2001) and the DTI, these were not sustained. However, the DTI's efforts around selective support for local government LED did persist but had as their main target smaller urban centres and rural towns.

The next significant national policy movement, in 2005, was the adoption by Cabinet of the Accelerated, Shared Growth Initiative – South Africa (known as Asgisa) (The Presidency of the Republic of South Africa, 2005). This sought to mobilise action around a set of “binding constraints” including the currency’s volatility, costs of transport, skills supply, competition, regulatory burdens on small business and state services. Asgisa also set out a commitment by the state to begin expanding public sector investments in infrastructure after years of constrained spending. Whilst the focus of the planned infrastructure spend was on energy and transport investments, some projects were also identified in poorer economic regions of the country as well as the planned Johannesburg International Airport Logistics Hub and Industrial Development Zone.

The adoption of Asgisa needs to be seen in the light of processes to attempt to guide South Africa’s intended ramping up of public infrastructure spend as the economy strengthened in the 2004-2008 period. A key tool proposed in this was a document that had in fact been under development in the Office of the Presidency for some years⁷ – the National Spatial Development Perspective (NSDP) (The Presidency of the Republic of South Africa, 2006). This document had originally been conceived as accompanying a national urban policy but the national cabinet did not endorse the need for it to approve an urban policy and thus the NSDP remained a “perspective” aimed at influencing, in indirect terms, actions of the public sector. In the documents preface its purpose is set out as offering, “... a framework for deliberating the future development of the national space economy and recommends mechanisms to bring about optimum alignment between infrastructure investment and development programmes within localities.” (The Presidency of the Republic of South Africa, 2006: i) The NSDP is considered here despite that fact that it is not considered as an economic, let alone industrial policy, document. Its inclusion is nonetheless justified as it had some pretensions to influence economic and industrial policy alongside many other facets of government programmes.

The first version of the NSDP (2003), and its follow-up in 2006, provided the first coherent attempt by the national state to grapple with both the legacy of apartheid spatial fragmentation and inequality and to set out a framework for future prioritisation of state expenditure. Although the first decade of democracy saw many programmes aimed at removing the institutional legacy of space inequality, its persistence in lived spaces of citizens was a factor of concern noted in the NSDP. The document sought to offer a framework for the imperative to enhance to growth potential of the economy through delivering on the needs of major urban areas and the infrastructure linking them and it also sought to set out how differentiated commitments could help tackle spatial inequality. Essentially, the assumptions informing the NSDP were based on the notion that the country’s population would continue to urbanise around areas of major economic opportunity and that government needed to respond to this with investment, with softer,

⁷ Following on from an earlier version referred to as the National Spatial Development Perspective 2003.

socially oriented programmes, responding to on-going needs in areas outside these dominant and emerging nodes and corridors. The document asserted that the country could in fact meet both economic growth objectives and policy goals by giving priority to 26 areas and their hinterland which contributed 84.46% of the national population, 73.31% of those living below the poverty level and 95.59% of the national economy (The Presidency of the Republic of South Africa, 2006: 70). Section three of the document (“Interpreting the Space Economy”) provided some in-depth analysis of the character of these 26 economic spaces and looked at their differentiated contribution to the national economy in a variety of ways (type of economic activity, shares of economic activity, characteristics of economic activity etc.) and also proposing a variety of typologies that could be used to guide policy decisions and investment choices⁸. For example, the in the document evidence is presented that, “While there are similarities in the characteristics and challenges facing the core areas, they are not homogenous entities, reflecting different and diverse attributes. An analysis of the categories of economic potential in these areas illustrates their diverse functions and roles, as well as the more diverse nature of their economies.” (The Presidency of the Republic of South Africa, 2006: 74)

Significantly, in relation to the policy proposals in the document the following case is set out: [For metropolitan and district local government structures ...] “To seek out new areas of comparative [sic] advantage, and identify and develop clusters of specialisation in collaboration with especially the provincial and national departments of trade and industry, labour and economic affairs. *Whereas the current focus on clusters essentially lies with the national Department of Trade and Industry, Treasury and StatsSA; international literature suggests that it is most successful when it has a significant local input and drive. It is in the intricate local networks, which often only the local people are aware of, that the prospect of establishing regional and local clusters lies. Districts and metros can, therefore, serve as important building blocks and as pivotal sites on which to build an understanding of the nature and distribution of regional potential across the country.* This does not mean that municipalities will be ‘going it alone’, but rather will collaborate with other spheres and agencies of government.”⁹ (The Presidency of the Republic of South Africa, 2006: 90)

The orientation in the NSDP, both to question the rather simplistic notions of space inequality (that had prevailed in many government policies, including industrial policy) and to make a case for a profound focus on locally informed economic policies and programmes, is particularly noticeable when contrasted with the various Department of Trade and Industry policy and programme frameworks. However, as has already been stated, it was prepared very much at the fringes of economic and industrial policy making and was not enthusiastically championed by government leaders although its influence did persist in a

⁸ Typologies proposed included: 1. Highly diversified economic concentrations; 2. Diversified service economy concentrations; 3. Public and other service economy areas; and 4. Mass-produced and specialized economy concentrations (The Presidency of the Republic of South Africa, 2006: 77)

⁹ Author’s own emphasis in *italics*.

somewhat lopsided manner in future large-scale transport infrastructure planning¹⁰. The fact that it took a different path in terms of arguing for a thorough spatial-evidence informed approach was generally in stark contrast to parallel economic policy processes in government that had tended to downplay at least the urban dimensions of South Africa's economic challenges and potentials (Turok & Parnell, 2009). However, this stronger spatial orientation in the NSDP was not particularly surprising as the specialist team that helped the Presidency prepare the material drew heavily on urban geography and urban planning expertise, most notably the involvement of Dr. Andrew Merrifield¹¹ in the earlier iteration. Furthermore, the evidence of the triple concentrations of population, poverty and economic activity was incontrovertible.

The difficulties the DTI encountered in acting on the recommendations of the NSDP were clearly illustrated in a series of documents issued by them in the 2006-2007 period. These key policy frameworks included National Industrial Policy Framework (NIPF), Industrial Policy Action Plan (IPAP) and the Regional Industrial Development Strategy (RIDS) (Department of Trade and Industry, 2007a, 2007b, 2007c). Of these the RIDS claimed an explicit and direct association with the NSDP: "In line with the rationale of the NSDP, the Department of Trade and Industry (**the dti**) presents a new Regional Industrial Development Strategy (RIDS) for the country." (Department of Trade and Industry, 2007c: 11). The RIDS document is infused, as the term "Regional" in its title might suggest, with references to the country's spatial economic characteristics and has as its focus the making of policy recommendations to tackle what it identifies as its primary focus, namely the spatial inequality across the country.

The RIDS took as its point of departure the assertion in the NSDP that there were areas of some economic potential identified in the country that, for one or other reason, have not been fully realized. These areas are somewhat proximate to existing major economic nodes and corridors but are outside the immediate hinterlands of these. The document suggests some important initiatives to develop regional Special Economic Zones (SEZs) in these areas alongside institutional capacity building, government support for potential economic clusters and enhanced infrastructure provision. In the document, it is stated that, "The dti, with its robust NIPF, will work with the district municipalities to position themselves to become catalysts for promoting economic development, as a key ingredient to achieving broad-based and equitable economic growth." (Department of Trade and Industry, 2007c: 4) However, although the document does embrace some of the tools of a more space-infused industrial policy and notes the influence of processes of agglomeration, it persists

¹⁰ Lopsided because these tended to follow the case for a national focus on priority nodes and corridors but did not show much movement on enhancing the local input and governance of these processes (Nel & Rogerson, 2013; Robbins, 2015).

¹¹ Fellow in Human Geography of Murray Edwards College, Cambridge and author of books such as *The Urban Question* (2014, Pluto Press, London); *The Politics of the Encounter* (2013, Georgia Press, Athens GA); *Henri Lefebvre* (2006, Routledge, New York); *Dialectical Urbanism* (2002, Monthly Review Press, New York).

with an argument that the most important task of the RIDS is to, “play a fundamental role in the promotion of regional industrialisation outside the three traditional metropolises of Johannesburg, Cape Town and eThekweni. Work is currently underway with to identify specific areas and corridors where high economic need coincides with strong economic potential.” (Department of Trade and Industry, 2007c: 11) This imperative to “close the gap between regions” (ibid.: 19) is repeated as the core focus of the RIDS. The implication is that the other two documents, namely the NIPF and the IPAP have as their focus the needs of existing nodes of significant economic activity.

In looking at the National Industrial Policy Framework (Department of Trade and Industry, 2007a), its main objectives can be summarised as follows:

- “To facilitate diversification beyond our current reliance on traditional commodities and non-tradable services. ...
- The long-term intensification of South Africa’s industrialisation process and movement towards a knowledge economy.
- The promotion of a more labour-absorbing industrialisation path ...
- The promotion of a broader-based industrialisation path characterised by increased participation of historically disadvantaged people *and marginalised regions*¹² in the mainstream of the industrial economy.
- Contributing to industrial development on the African continent ...” (DTI, 2007b: 2 – ipap 1)

The NIPF (DTI, 2007a) does make some explicit recognition of spatial issues in a figure on page 9 of NPF – where national policy issues of significance to the ability of the DTI to effectively implement NIPF are outlined including matters such as skills, infrastructure, technology and “spatial” under which reference is also made to the National Spatial Development Perspective. Furthermore, the document also highlights conditions necessary for the development of sector strategies, including the issue of coordination with provincial and local government (page 34). This is extended in ways echoing some elements of the NSDP where it is noted that, “Substantial industrial policy work has been undertaken at the sub-national level. Provinces and even certain metros have developed regional-specific growth and development strategies. Some have even developed their own industrial strategies. Provinces and relevant metros and local authorities need to be amongst the stakeholders that are included in the ‘self-discovery’ processes particularly at the sectoral level. The appropriate availability and decentralisation of access to finance and non-financial services is important to ensure more equitable geographic access to these facilities. The economic agencies from each province will be requested to have periodic discussions with the EIEC to ensure alignment on the overall national strategy for industrialisation” (DTI, 2007a: 51)

¹² Author’s own emphasis in *italics*.

This statement, in the context of the document flatters to deceive, in that the recognition of the necessity of local action is made clear, but the qualifier of “alignment” with a “national strategy” suggests that the DTI does not intend to offer to much freedom of movement to localities to define a path that might be at odds with a nationally determined strategy. Later in the document this approach is reinforced where it is stated that, “The economic agencies from each province will be requested to have periodic discussions with the EIEC to ensure alignment on the overall national strategy for industrialization.” (DTI, 2007a: 52). Nevertheless, despite this attachment to a strong centrist view, the document does display some effort to place emphasis on important locally generated industrial capabilities that need attention in policy. For instance, it is noted that, “Competitive advantage in geographic-specific industrial clusters is greatly enhanced by strengthening linkages between tertiary institutions and industry.” (DTI, 2007a: 15)¹³

Perhaps the NIPF’s most assertive statements related to spatial aspects of industrial policy are located under the heading, “15. SP9: Spatial Industrial Development and industrial Infrastructure Programme” (*ibid.*: 48). The approach listed under this heading suggests that the DTI is not entirely immune from some of the core recommendations of the NSDP. For instance, it is stated that, “The provision of industrial infrastructure is an important way to foster industrial clustering, both in areas of traditional industrial agglomerations and in underdeveloped areas with latent economic potential.” (*ibid.*: 48) The remaining three points listed all have as their focus a variety of forms of infrastructure that might contribute to economic potential or development of “clusters.”

Unlike in the NIPF’s coverage of some policy matters attending to spatial distribution of economic activity, and some limited references to working with processes of agglomeration and clustering, the Industrial Policy Action Plan (IPAP – subsequently referred to as IPAP1 as it was revised in future years) had no explicit spatial focus (DTI, 2007b). Although IPAP is riddled with references to the term “local” this almost inevitably refers not to any sub-national locality, but instead to “local content” or “local production”. There are only a handful of mentions of local in the sub-national sense: on page 17 where reference is made to local government support small business procurement; on page 28 of the document (IPAP1) referring to the establishment of “craft hubs” in partnership with “provincial and local authorities”; and on page 34 in terms of local government supporting implementation of the national IDZ programme (DTI, 2007b: 17,28, 34).

The terms clustering or cluster are used ten times in the document, but a closer look at its usage reveals that most often this is used as a short-hand for the collective of government

¹³ Repeated again later in the document where it is stated that, “There is also a requirement to strengthen the integration between tertiary institutions and industries in the same geographic location. This is particularly the case in more technology and skill intensive industries where local tertiary institutions form a fundamental pillar of industrial clustering.” (DTI, 2007a: 44)

economic departments and not for any group of firms and related institutions in space. The remaining uses are in relation to the terms uses as something of a synonym for national sectors or sub-sectors – more specifically the Informational Communication and technology “cluster” cluster and the capital equipment “cluster”, but without any spatial reference. Other terms with spatial connotations are also largely absent. Mentions of geography are all but absent with only the “geographic” spread of timber milling being noted. The term regional is used a few times. The most prominent use is in reference to Sub-Saharan African trade and in relation to provincial concentrations of timber and mining activity. In one instance the term is used in relation to the need for policy to be responsive to the needs of marginalised “regions” (DTI, 2007b: 2). There is no mention of matters of agglomeration or related concepts such as spillovers.

Subsequent versions¹⁴ of the Industrial Policy Action Plan tended to persist with this very timid engagement with agendas of economic geography, with most subsequent space-type references almost exclusively focused on the issue of the problem of regions that are viewed as economically marginal. In IPAP 2011/12-2013/14 (Department of Trade and Industry, 2011) the terms “local” or “localisation” are mentioned almost 200 times on 142 pages but in all but two occasions the term is used in reference to the country as a whole with the emphasis of encouraging “local production”, “local content” or “localisation” of supply in a globalising industrial production environment. The term “geography” or “geographic” only features three times: in relation to the alignment of skills investments in particular regions; the careful siting of new investments in infrastructure to support aquaculture; and with reference to the country’s position in relation to global markets (*ibid.*: 71, 123, 138). Mentions of the term “space” are most often used as part of the term “aerospace” and only in one instance associated with the geographic reference to skills development mentioned above.

In terms of spatially-oriented tools used in industrial policy this second IPAP makes greater mention of the terms “cluster”, “clusters” and “clustering”. However, these terms once again tend to be used as denoting some measure of existing or potential national capabilities or critical mass in an industry sector and not with reference to specific spatialised concentrations. Even where the sub-sector being discussed is one with very obvious sub-national concentration characteristics such as the 85% of boat-building concentrated in the Western Cape (*ibid.*: 112) the document fails to build on this assertion with specific notions of house industry development can be promoted in space. Peculiarly, the document appears to explicitly de-emphasise the prior fact (of spatial concentration) by arguing for, “Clustering of the industry on a national basis ...” (*ibid.*: 113). This apparent oxymoron is not explained and is in fact repeated elsewhere in the document. Even a term

¹⁴ On the Department of Trade and Industry’s web site four version of IPAP are listed as available for downloading: 2007, 2011/12-2013/14, 2012/13-2014/15 and 2014/15-2016/17. See http://www.dti.gov.za/industrial_development/nipf.jsp . The 2013/2014-2015/2016 document is not listed on this source but is obtainable from other government websites.

such as “spill-over” which is central to notions of economies associated with agglomeration effects is used extremely loosely to suggest some sort of national gain from forms of local (meaning domestic) production.

The IPAPs of 2012/13-2014/15 (Department of Trade and Industry, 2010) tends to follow these same formulations as regards matters of space and geography. One slight change is a barely noticeable shift to some limited use of spatially informed industrial policy concepts. The first of these is the reference to the support of clustering of firms under the Manufacturing Competitiveness Enhancement Programme (MCEP) (*ibid.*: 32). Secondly, a few pages on, there is a single mention of the term “agglomeration” introduced in the 2012/13-2014/15 document in reference to the commitment of the Department of Trade and Industry to develop Special Economic Zones (as distinct from the previous IDZ concept). According to the DTI, “SEZs enable the development of new industrial regions and the strengthening of existing ones.” (DTI, 2010: 48) This is dual focus is further reinforced by the statement that, “Provide a framework for the economics of agglomeration; the creation of regional specialisation; the establishment and building of hubs and clusters; and build up and downstream linkages in strategic value chains.” (*ibid.*: 49) This is notable in that it is the first time the IPAP picks up the theme of agglomeration noted first in the NSDP and subsequently also noted in the NIPF. However, the tendency, even in this section is to persist with the suggestion that the SEZ policy is primarily one of supporting less developed regions: “The new SEZ programme will be specifically used to promote the creation of a regionally diversified industrial economy by establishing new industrial hubs in underdeveloped regions of the country.”(*ibid.*: 48)

This more liberal use of the term ‘cluster’ in the IPAP of 2012/13-2014/15 is worthy of mention. The document goes as far as to acknowledge the work of clothing and textile cluster projects in the sector but does not highlight their sub-national character nor does it indicate that action should be taken to advance these as part of industry strategy (*ibid.*:92). This suggests that although space-economy concepts are claiming some place in the DTI’s thinking, they remain very cautious in placing these at the core of any approach. It is only in relation to SEZ development that building clusters is seen to be something the SEZ’s can contribute to. The DTI also expressed an interest in the possible selection of some “regional” IT clusters to work with around its Software Development Process Improvement Programme (*ibid.*: 116) The 2013/14-2014/15 IPAP (DTI, 2013) persists with the incremental sprinkling of the term cluster, both as a somewhat inaccurate synonym for sector and as in its more traditional sense as a group of firms and institutions, but avoids making too many specific references to space. So in the document an intention is stated to support or develop a number of “clusters” but more often than not the specific geographic features of these are not detailed. For example, with reference to the furniture industry it is argued that, “There is also a real opportunity to improve sector productivity and competitiveness by improving skills and enhancing innovation. This could best be done through the adoption of a cluster-development approach, which would reduce input costs, allow for better information and

infrastructure sharing and reap significant economies of scale.” (DTI, 2013: 106) For the first time in the IPAP documents a cluster definition is proposed: “Clusters can be defined as groups of small- and medium-sized enterprises located in a relatively limited geographic area and engaged in the production of the same kinds of product.” (*ibid.*: 107) This small-business oriented framing of the definition is somewhat limited but does offer which might be termed an agglomeration-lite tool for tackling information/knowledge asymmetries that small and medium enterprise might face¹⁵. The DTI proposes a role for itself as a facilitator of cluster establishment and cluster funding in the furniture industry in two provinces. In a number of other sectors and sub-sectors the notion of supporting clusters is introduced – more so in this IPAP than in any previous versions. A reader gets the impression of a degree of growing confidence in those preparing the material with the terminology and concepts.¹⁶

This theme of growing confidence in proposing clustering tools in industrial policy has persisted into IPAP 2014/15-2016/17 (DTI, 2014) where reference to specific geographic foci in relation to the clustering commitments of the past IPAPs are a feature. For example the document notes, with reference to emerging high-tech SMEs, that support must, “be properly attuned to their specific supply chains and geographical location (clusters/manufacturing zones).” (*ibid.*: 60) This most recent IPAP is peppered with dozens and dozens of mentions of the term “cluster” on at least 30 pages although the meaning ranges from references to actual existing geographic concentrations, through to desired geographic concentrations and through to organised formations of firms and institutions (or desired organisations) with a specific geographical reach. Thus one can have reference to a national footwear cluster, the Cape Clothing and Textile Cluster and clusters of broiler producers in the poultry sector. This somewhat exuberant adoption of the term and its association with a spectrum of meanings suggests that the absence of a thorough-going engagement with the concept and with associated space-economy notions remains a challenge. After all, the document does little to set out critical space economy features that should inform policy (some seven years after the NIPF and RIDS and eight years after the publication of the NSDP). For example, there is no explicit engagement with agglomeration dynamics and features and consequent imperative to grapple with multi-scalar policy formation and programme delivery that has been such a feature of many other country industrial policy journeys since the 1980s.

None of the IPAPs engage specifically with the character of provincial and local government industrial policy efforts – beyond noting them as potential collaborators or co-enablers of actions set out in the IPAPs. In discourses on industrial policy evolution in recent decades

¹⁵ “The establishment of clusters will begin to address the size constraints and general lack of infrastructure experienced by these SMMEs, allowing them to develop economies of scale based on shared infrastructure and equipment, co-operation, knowledge-sharing and specialisation, thereby strengthening their collective capacity to access existing and new markets.” (DTI, 2013: 108)

¹⁶ The author was one of a number of people invited by the DTI to run training workshops in the concept of clusters in 2012.

the highly differentiated and spatially dispersed or concentrated character of public and private institutions has been noted as central. These hardly get any acknowledgement. This suggests a treatment of space more as a matter of convenience or even coincidence rather than space as part of the engine for driving industrial development. Past segways into the territory of engaging with economic geography are not sustained as readers are left somewhat dazzled, but not much enlightened, by the array of mentions of terms such as clustering in the latest industrial policy epistle.

Beyond the policy areas already tackled in discussion two other important policy frameworks deserve some attention. These are the New Growth Path (Economic Development Department, 2011) and the National Development Plan 2030 (National Planning Commission, 2012). Although the New Growth Path originated in the Economic Development Department and not the Department of Trade and Industry, it nonetheless sets out a proposed framework (adopted by Cabinet) for supporting the creation of decent work in a growing economy where the state plays a far more pro-active role in facilitating these outcomes. However, the NGP documentation does not have much to say about spatial dimensions in terms of its assessment of the conditions in the economy and in terms of its proposals. There is, as is almost standard in government documents, as setting out of spatial inequality in the country with an emphasis on the lack of investment, decent work and effective public sector delivery in rural areas (Economic Development Department, 2011: 35). The response proposed is for government to do more to support agricultural development in these areas, although some vague statements are made about the need for dealing with intra-urban inequalities (ibid.: 65). In pronouncements on industrial policy (ibid.: 42) the implied spatial response is for government to play a more active role in encouraging investment in areas with “employment potential” that has not yet been realised, but no explicit spatial reflections are dealt with.

As regards the National Development Plan 2030 (National Planning Commission, 2012), also approved by the national cabinet there is a far greater sensitivity to matters of space. The objective of the National Development Plan was to set out a longer-term vision and plan for the country to address matters of poverty, inequality and weak economic growth. Early on in the document it is stated that, ““The proportion of South Africans living in rural areas has fallen by about 10 percentage points since 1994. Today, about 60 percent of the population lives in urban areas. In line with global trends, the movement of people from the countryside to the cities is expected to continue, and by 2030 about 70 percent of the population will live in urban areas.” (National Planning Commission, 2012: 29). Beyond the imperatives on employment creation, improving education and enhancing healthcare, the vision of the document also sets out the need to “transform” rural and urban space. In chapter 8 of the document, titled, “Transforming human settlement and the national space economy” it is stated that government and other stakeholders must, in partnership, a longer-term vision and plan for the country to address matters of poverty, inequality and weak economic growth The document shows a considerable sensitivity to the space-

economy differences and in particular to the processes of urbanisation that are apparent in the country, noting that, “The Gauteng city-region has reinforced its national dominance and attracted growing migration. The coastal city-regions have performed less well, especially in terms of job creation, largely because the manufacturing industry has failed to gain traction despite the apparent advantages of their location.” (*ibid.*: 262) The lack of effective responses to these challenges is not, according to the National Planning Commission, a failure of policy, but rather has something to do with weak local institutions and a lack of trust (*ibid.*: 267). In response the NDP sets out a range of proposals related to capacity building for the state, but also proposes a national spatial framework and a spatial targeting strategy which seeks to find some measure of balance between attending to spatial inequalities across the country as a whole and the imperative for spatial efficiency in major urban areas (*ibid.*: 277-278)¹⁷. In terms of the latter, the document suggests that a “national competitiveness corridor” can be created between Johannesburg and Durban as also sets out a case for “nodes of competitiveness” that appear synonymous with the major cities. However, when it comes to setting out key action areas that might help support these imperatives, there is little in the chapter with the overwhelming number of proposed actions focused more on the built environment than on the economic positioning of cities.

This relative silence on matters highlighted as important, but not followed through in recommendations, thus necessitates a close look at the economic and industrial policy elements of the National Development Plan 2030. Chapter 3, “Economy and employment” offers just a handful of spatially inclined references and most of these are intended to do little more than add context. For example, the NDP sets out that one of the major structural challenges faced by the economy is, “Spatial misalignment whether in reference to the urban/rural divide or within urban areas, and binding constraints posed by poor physical planning and network infrastructure.” (*ibid.*: 114) However, the response proposed under the economic policy theme is in the limited realm of reducing transport and logistics inefficiencies and also to call for improved local government performance so as to lower the costs of business and also to lower the costs of living for the poor. Discussions of spatial dynamics, as is the case in the New Growth Path, tend to be lumped together with a discussion on rural development, but little is said beyond extensive references to macro-economic matters about the spatially infused economic development analysis, agglomerations and possible industrial policy tools with a strong spatial foundation. In the discussion on sector and cluster strategies (page 144), there is little or no mention of the spatial dynamics of these clusters and how these dynamics might inform a particular approach. In fact there is little to justify the use of the term cluster in this discussion in that

¹⁷ “The challenge of spatial disparity is one of the most difficult issues that the framework would have to confront. Economic development is uneven, with some places growing more quickly than others. National spatial policy needs to support the major centres of competitiveness where jobs can be most efficiently produced. However, there are opportunities and growth dynamics to be unlocked within currently lagging regions.” (National Planning Commission, 2012: 278)

the aggregations of economic activity discussed are so general the term “sector” is far more appropriate.

Thus, after an exhaustive search through the country’s broader economic policy documents and more especially those focused on industrial policy one can summarise the spatial content of these as being most often absent or marginal. When it is has been shown to be present, the formulations are often reductionist with only the rarest of glimpses of the possibilities associated with a deeper rootedness of economic and industrial policy in spatial analysis and spatialised practice. That being said, there is undoubtedly a trend, if perhaps a somewhat muted one, towards a greater engagement with matters of the space economy: Subsequent to the production of the NSDP, in the mid 2000s, industrial policy formulations represented in the IPAPs have shown greater confidence in admitting to spatial differentiation as not only a matter of the uneven distribution of GDP and employment. The latter IPAPs have also started to note the potential of some examples of more localised industrial policy, such as organized industrial cluster initiatives. However, even this somewhat meek engagement with these issues tends to flatter to deceive in that the DTI does not engage more deeply with questions of what agglomeration might mean to its wider policy offerings. Furthermore, the national governments more generic policy offerings, in the form of the New Growth Path and National Development Plan 2030, tend to fail to deepen the connections between other policy arenas and those of economic policy that might allow for both more incisive analytical insights and a more spatially engaged economic policy orientation. Thus, a document such as the NDP is more concerned, at least in the economic policy terrain, with identifying spaces that might accord with national priorities rather than how best different actors in spatially informed governance arrangements might help craft initiatives from below that talk to unique regional development configurations.

Implications for South Africa’s cities¹⁸

The tendency, within South Africa’s national industrial policy frameworks, to treat space as something of a secondary matter, and even then largely as an issue of a need for policy to be sensitive to economically struggling regions, has been described above. This has contributed to some considerable unevenness in local economic development practice by local governments and more specifically in the country’s more industrialised larger cities. Although these cities have had to grapple with the particular attributes of their local economies and the relationship of these to national and global economic processes, the tendency has been for most urban economic development programmes to be very coy about exploring the possibilities of working with local stakeholders in enhancing clusters.

¹⁸ These comments derive from a combination of analysis of documents and discussions with three former and four present officials working on cluster-type initiatives in South African local and provincial government. The respondents were identified because of their track record of working in their field and originated most from the local government group with two being present or former provincial officials.

Furthermore, forms of direct dialogue with the national Department of Trade and Industry on matters of local industrial development programmes have been few and far between beyond some of the earlier initiatives around Spatial Development Initiatives (SDIs). Local officials report that where dialogue does occur it is generally on the terms of what the national DTI deems a priority for a locality – for example in terms of selection of priority sites for Industrial Development Zones (IDZs) and more recently Special Economic Zones (SEZs). Although the DTI has been a sometime supporter of sub-national or local cluster processes such as the Cape Clothing and Textile Cluster or the Durban Automotive Cluster, it has remained very ambivalent about these *vis a vis* what it sees as important national processes. The effective forms of support from the DTI do at times intersect with sub-national processes but it is not uncommon for DTI officials to express concerns about the supposed parochial agendas of these more localised endeavours. Most recently the DTI has put its money where its proverbial mouth is in that it has substantially raised the sums to back cluster endeavours in a range of sectors as specified in the latter IPAP documents¹⁹, however, the bulk of these resources is geared to the more nationally focused programme of creating national cluster institutional infrastructure across selected priority sectors.

More often than not national officials will suggest that local cluster processes be integrated, with provincial economic growth and development strategies rather than attempt to be elevated to national programmes. There is some logic in this in that most of the provinces, and their respective economic development departments, have been experimenters with cluster processes in many regions and have at times been co-supporters with local government of cluster ventures. Probably the most prominent of the provinces in this field have been the Western Cape (WC) and KwaZulu-Natal (KZN) with initiatives such as those in the maritime sector (WC and KZN), clothing and textiles (WC and KZN), the automotive sector (KZN) and business process outsourcing (WC). Others such as the Eastern Cape and Mpumalanga have also had a range of cluster-type initiatives on their books for some time. However, an interesting feature of this provincial-level engagement with the clusters is that they too are often – although not consistently so – most eager to support processes which extend projected benefits from clusters concentrated in major centres to smaller towns and rural areas. In this regard they echoes the DTI's ongoing attention to geographic areas with weaker economic profiles as a major justification for the use of cluster-type industrial policy methods. Metropolitan local governments, that are most familiar with cluster initiatives, do recognize this imperative as one that also have to respond to within the urban limits. However, their officials also note the somewhat complex intermingling of agendas where many urban firms are most interested in processes that support their competitiveness and those of the cluster rather than agendas oriented to facilitating potential new entrants or

¹⁹ Most recently the Minister of Trade and Industry has committed to national clusters in the auto, footwear and leather, and clothing and textiles sectors. See for instance the announcement on clothing and textiles at the following web link: <http://www.iol.co.za/business/opinion/columnists/opinion-the-fabric-of-clothing-textile-leather-and-footwear-in-sa-1.1798368> (downloaded on 29 December 2014).

spreading supplier or other relationships beyond urban agglomerations that they form part of.

Although the bulk of the respondents interacted with for this research were actively working on matters of provincial or city economic development strategies, and had been doing so for some years, they were overwhelmingly of the view that the DTI did very little to canvass the views of other spheres of government in its industrial policy initiatives nor did it regularly seek to tap into local forms of intelligence around the experience of other stakeholders with its national programmes. Whilst having relatively mature local industrial development partnership structures – such as some local cluster formations – did at times enable access to senior policy makers and even government ministers, these tended to be best orchestrated by very large and influential firms rather than through particular institutional channels the DTI had generated for the oft mentioned cluster intentions in its strategy documents. Although respondents noted both negative and positive results for localities from some of these national initiatives there was no consistent framework for these localities to work more closely with the DTI on enhancing the articulation between local and national processes. Here the DTI was more often than not interested in issues of alignment with matters such as the national selection of priority sectors rather than any process of deliberative engagement which took as its starting point the unique local attributes that might need to be mobilised around to make both national and local industrial policy efforts more effective.

The local and provincial officials interacted with in this research did note that around matters of prioritizing national infrastructure spend there appeared to be a shift to a stronger appreciation of the forces of economic geography (for example in terms of the national priority corridors in the NSDP and more recently in the Strategic Infrastructure Programme). However, this tended to come with its own challenges in that the endeavours were orchestrated in a very top-down manner, with local governments often being relegated to grateful recipients of national capital spending and not as facilitators of some greater measure of local stakeholder co-design of infrastructure delivery models and the actual infrastructure itself. Here local officials spoke of the fear of being seen to be alienating national officials or parastatal leaders rather than having meaningful inputs to make. More often than not local government officials expressed a fear of being labeled a barrier to infrastructure delivery as opposed to a facilitator of locally appropriate adaptations, with there being little national appreciation of sensitive local factors that might require creative spatial planning solutions or making particular provision for local stakeholder needs that might be less of a priority for a national parastatal.

Officials with experience in local government spoke at length of how various elements of national economic policy appeared to be poorly coordinated with one another, and that this was most often apparent at the local level where plans moved from the abstract to the on-the-ground development. Both local and provincial officials were often exposed to

patronising dismissals of their local knowledge when it came to the issue of how best to try and maximize both national and local gains as opposed to placing the national matters on a pedestal above all others. Local officials also noted how in the past this has seen national government invest scarce infrastructure funds in elaborate projects related to the Spatial Development Initiatives and aimed at some measure of regional economic redress, some of which, over the course of over a decade, have struggled to justify the public commitments in private investment or job creation terms (Nel & Rogerson, 2014).

Conclusions

South Africa's legacy of highly destructive, spatially-infused, apartheid policies continues to be a dominant theme in the South African policy environment. In a context of persistent deep inequalities across space this remains an appropriate point of reference for policy makers. However, as this domestic agenda has developed and in turn erratically engaged with aspects of economic and industrial policy, through efforts such as those of the SDIs and IDZs, the engagement of these predominantly national processes with a wider set of understandings of space-economy interactions has been at best cautious and perhaps even hostile at times. In an international context of decades of evolution of a wide range of spatially informed, and increasingly spatially differentiated as well as locally engineered, industrial policy instruments, informed in part by conceptual re-discoveries and progressions, the country's national industrial policy environment has been very slow to respond to what has increasingly become mainstream in a post General Agreement on Trade and Tariffs (GATT) world.

Although there have been spatially informed policy movements at times, such as the influence of the NSDP in the early to mid-2000s, these have tended, more often than not to revert back to two somewhat reductionist themes: that of industrial policy and related instruments being used to support development in poorer regions, and the tendency to select sites for specific projects (such as SDIs, IDZs or SEZs) with little appreciation of existing networks of complex economic activity, particularly in the country's major urban centres. Unlike many developing countries, South Africa country does have a well developed set of broader urban development policies and programmes in a context of a highly decentralized system of local government. However, although these urban policy frameworks highlight the necessity of local action around local economic development (Turok & Parnell, 2009; Rogerson, 2010) these tend to assume an articulation²⁰ with national industrial policy that is often, in both policy documents and in practice, largely absent.

Whilst South Africa's national government, and many of its cities, stridently proclaim a commitment to industrial development, as do all of the provincial governments, the gap between local endeavor in the industrial policy field and national effort remains substantial. Although the key national department on this issue, the Department of Trade and Industry,

²⁰ Although the term favoured by bureaucrats is the more centralist orientated one of "alignment".

can point to an array of projects and initiatives where it has collaborated with organized formations of local actors and/or local government, its core programme instruments and policies tend to offer a world view where economic processes should be largely informed by a national perspective where locality features as disadvantage but not often, if at all, as complex and highly differentiated mixes of strengths and weaknesses. As the NSDP so clearly showed, South Africa's development prospects, economically and in meeting broader social development goals, depends very much on an embracing of the urban with all its challenges. This need not by any means entail an abandonment of weaker economic regions and those who live and work in them²¹, but does necessitate a fuller appreciation of the fact that greater local knowledge and embeddedness of national economic policy in local processes, particularly in growing urban centres, is critical to the country's economic future. The analysis of industrial policy documentation does show some policy shifts across the years to associate the DTI's efforts more closely with those of other actors at a sub-national or local level. However, this probably reflects as much the growing confidence and ambition of local or provincial level actors in asserting the need for greater levels of interaction between different scales of activity, as it might be about new thinking in the DTI and other national departments. To place only the disadvantaged spaces at the core of the DTI's spatial mission, even if in reality more and more resources might be ultimately directed to national priorities which coincide with economically dominant urban centres, suggests that national policy makers have some way to go when it comes to grasping the nettle of space. Ultimately, this is not merely about the national state taking a view of the sub-national or local, as one might perhaps characterise the NSDP, but more importantly in it recognising the limitations of its intelligence base and institutional reach, alongside some very obvious strengths it possesses (such as access to resources and regulation), in delivering industrial policy interventions. This requires an ongoing introspection in the national state, but also some challenging, by other actors, of the processes by which, "standardized facts susceptible to aggregation are manufactured" (Scott, J, 1998: 80) where national programmes are crafted more around some abstracted notion of national interest rather than local realities.

²¹ As Doreen Massey reminds us, "the nature of spatiality is not confined to the urban." (Massey, 2005: 159)

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