

A BAKER'S DOZEN OF LESSONS FROM A DECADE OF RESEARCH ON TOWNS

I have some bad news and some good news

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THE BAD NEWS FIRST

Lesson 1. Two decades of local economic development (LED) practice according to government prescripts have been disappointing. The way of thinking about LED might be outdated and should be replaced by plans developed on the basis of quantitative research.

Lesson 2. There is no general shortage of entrepreneurs in South African towns. What is in short supply is the money that drives local economies. Few, if any, municipalities have a complete picture of what money is coming into their local economies.

Lesson 3. What is in short supply are entrepreneurs that generate money from external sources. There are two broad types of entrepreneurs: those serving local markets, which I call 'existing entrepreneurs' and those serving external markets which I call 'new entrepreneurs'. Local economies need more new entrepreneurs.

Lesson 4. New entrepreneurs have a huge influence on the creation of jobs, not only by creating jobs themselves but by creating opportunities for more businesses of types already in existence and they also create more jobs.

Lesson 5. The size of towns matter. There are proportionally more entrepreneurs in larger towns than in smaller towns, because more people create larger markets and more opportunities for new types of businesses to exist.

Lesson 6. The wealth/poverty states of towns matter because poorer towns have smaller markets for entrepreneurs. Pro-poor LED policies have a significant chance of achieving limited success.

Lesson 7. Productive knowledge (the knowledge of how to do things and it is more than just book learning) determines the differences between more prosperous and less prosperous towns.

Lesson 8. Black economic empowerment and job creation might be conflicting goals that require re-thinking.

Lesson 10. There are no silver bullets. If you design a 'beer system' don't expect to get a 'champagne' outcome.

THE GOOD NEWS

Lesson 11. Individuals can make a difference – Gert Lubbe, Jeanetta Marais and the development of Route 62.

Lesson 12. Leadership can make a difference – For example, the former mayor (Ewald Look) of Willowmore and Steytlerville

Lesson 13. Towns can benefit from history – For example, the Swartberg pass and Prince Albert.