

**AN ANALYSIS OF UNEVEN DEVELOPMENT IN JOHANNESBURG
PERSPECTIVES ON URBAN EMPLOYMENT**

by

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DECLARATION

I declare that an analysis of uneven development in Johannesburg: Perspectives on Urban Employment is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

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Date

ABBREVIATIONS

ANC	African National Congress
ASGISA	Accelerated and Shared Growth Initiative for South Africa
BLA	Black Local Authorities
CBD	Central Business District
CJP	Central Johannesburg Partnership
CSS	Central Statistical Services
DFA	Development Facilitation Act
dplg	Department of Provincial and Local Government
DRC	Democratic Republic of Congo
EPWP	Expanded Public Works Programme
GDP	Gross Domestic Product
GDS	Growth and Development Summit
GEAR	Growth, Empowerment and Redistribution Strategy
GJMC	Greater Johannesburg Metropolitan Council
IDP	Integrated Development Plans
ISRDP	Integrated and Sustainable Rural Development Programme
JCP	Johannesburg City Parks
JDA	Johannesburg Development Agency
Jipsa	Joint Initiative on Priority Skills Acquisition
JIT	Just-in-Time
JMPD	Johannesburg Metropolitan Police Department
JPC	Joburg Property Company
LDCs	Less Developed Countries
LGTA	Local Government Transition Act
MDGs	Millennium Development Goals
MIIF	Municipal Infrastructure Investment Framework

MTC	Metropolitan Trading Company
NPOs	Non-Profit Organisations
PBC	People's Budget Campaign
RDI	Rural Development Initiative
RDP	Reconstruction and Development Programme
RSA	Republic of South Africa
SAIRR	South African Institute of Race Relations
SMMEs	Small Medium and Micro Enterprises
StatsSA	Statistics South Africa
UACs	Utilities Agencies Corporatised Entities
UDS	Urban Development Strategy
UDZ	Urban Development Zone
UNDP	United Nations Development Programme

ABSTRACT

The apartheid Johannesburg was built on spatial divisions, uneven development was undertaken literally to ensure that whites and blacks were to live apart from each other. In the post-apartheid Johannesburg, uneven development persists, though no longer solely based on racial differences. These spatial divisions, as they did under apartheid, reinforce existing structures of the privileged, which mutually reinforce the system of spatial, economic and social exclusion, particularly for the unemployed poor.

In the light of the continuation of this urban form, the study aimed to show that people are not unemployed only because there are no jobs generally available to people lacking marketable skills, as primarily argued by most researchers; but also because there is a strong correlation between unemployment and the spatial distribution of employment opportunities within the Johannesburg city. The study also aimed to test the applicability of various theories imported from USA and Europe, which are generally used to explain urban problems in South Africa, through identification of possible areas of contention.

In attempt to explain the continuation of the apartheid urban form by the current government policy, the study adopted qualitative data collection techniques focusing on literature studies, documentary, personal observation and the design of a theoretical framework

Based on the theoretical framework, the study came to the conclusion that the preoccupation with compact city development to eradicate the effects of uneven development and urban unemployment in Johannesburg is misdirected.

It has revealed the need for the government to explore how best to improve the circumstances of low-income households in condition of urban sprawl.

The outcome of the study in relation to uneven development is that, although Johannesburg exhibits apartheid patterns of racial oppression and exploitation, in post-apartheid South Africa, Johannesburg is characterized by structural inequality driven by two income gaps: between an increasingly multiracial middle class and the rest; and between the African urban working class and the African unemployed and marginalized poor. In this context, uneven development in Johannesburg can no longer be explained solely by race. High levels of intra-racial inequality, especially among the African population, mean that there are other social forces at work.

The study also found that there has been the steady relocation of economic activities to the southern part of Johannesburg, particularly in Soweto. And that the vast majority of new households in Johannesburg are settling in and on the edges of existing townships, most often on the outer edges, mainly because of the informal housing and government's subsidised housing. Nonetheless, these developments continue to perpetuate the apartheid legacy of uneven development.

According to the conclusion of the study there is evidence to suggest that employment accessibility within different population groups is largely caused by spatial factors, such as employment decentralisation and residential segregation.

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CHAPTER 1

1. INTRODUCTION

1.1 BACKGROUND SETTING

South Africa has a pronounced form of uneven development, both due to the apartheid heritage and to the current implementation of policy. This thesis focuses on uneven development in the South African context and implications on urban unemployment and how urban policies can serve to reduce unemployment and inequality. Of particular relevance therefore is the evolution of current urban forms as are emerging in the present government policy. To this end, key changes have been accentuated by globalisation in the context of the Accelerated and Shared Growth Initiative for South Africa (AsgiSA), which provides a set of strategies that are wider than those of its predecessor – Growth, Employment and Redistribution strategy (GEAR), but still falls short of a comprehensive development strategy. The major theory base for this enterprise is uneven development, and comparative theories are drawn from around the world. The intended contribution of this research is to re-interpret related theory and policy in the South African context.

This contribution will occur through an examination of the relationship between uneven development and the spatial distribution of unemployment within Johannesburg. Furthermore, this thesis introduces the current debates

pertaining global urban transformation and considers the likely effect of the processes of global change on urban development. The debates will be linked to the South African context, with a specific emphasis on policy implications and administration. This is especially important given present and continued uneven development, with considerable negative consequences in most cities in South Africa.

1.2 PROBLEM SETTING

Over the past years, attempts to answer these questions in terms of both theory and practice have become a central urban issue for the South African government and the World Bank (discussed in section 1.6.6). The South African government's urban policy for the past 13 years intends to re-engineer the country's cities and towns. And for more than a decade, an urban policy debate has been conducted in South Africa on the appropriate form of development of the post-apartheid city. Government intends to change the urban form and administration. Cities and towns were developed in an unbalanced and fragmented way, characterised by the poor having to travel long distances to work and places of amenities, as well as the continuous promotion of urban sprawl and disparate levels of service provision (Gauteng Provincial Government, 1997:2). This waste of resources and the denial of the full potential and energy that urban centres can bring to economic growth, job creation and development, is the key problem.

In spatial terms, government intends to change the form of South Africa's city by bringing social connections; that is, to break the economic, physical and social distance inherited from apartheid. According to Tomlinson *et al* (2003:1):

South African apartheid was built on spatial divisions; separateness was taken literally to mean that whites and blacks were to live apart from each other. In post-apartheid Johannesburg, spatial divisions persist, though no longer solely based on racial differences. In turn these spatial divisions – as they did under apartheid – reinforce existing structures of privileged and make it difficult to create a just, democratic, and egalitarian society.

Under these circumstances, government's goal is to use delivery in the area of housing and municipal services and local economic development policies to reverse the mutually reinforcing system of spatial, economic and social exclusion under apartheid. These in line with the new goals of urban policy framework are popular concepts such as **“compact city”**, **“densification”**, and **“integration”**. To this end, government intends to facilitate and encourage high-density low-income residential development in the old well serviced “white” parts of the cities, decentralise jobs and open up corners of employment opportunities in the townships and squatter settlements, construct intrametropolitan “development corridors” and promote ‘land tenure’ rights agenda.

The above idea was first promulgated in the Development Facilitation Act, 67 of 1995, which vigorously encouraged the facilitation of high-density, compact development and densification. In line with the urban policy, Chapter 1 of the DFA prescribed municipalities to proactively promote new development and ensure efficient and integrated development:

- ❖ Homes and jobs close together;
- ❖ Better use of existing infrastructure;

- ❖ Diverse land uses, even at household level;
- ❖ Discourage “urban sprawl”;
- ❖ Correct the historically distorted spatial patterns; and
- ❖ Environmentally sustainable land development.

In the light of the city’s apartheid history, the new Greater Johannesburg Metropolitan Council (GJMC) has faced calls for the radical redesigning of the city’s landscape and redistribution of resources in favour of Johannesburg’s poorest citizens. The current South African Constitution also envisages a strong and developmental local government. The new Spatial Development Framework¹, Johannesburg Integrated Transport Plan² and Johannesburg 2030³ are some of the strategies aimed at local level redistribution and investment in economic growth in a city exhibiting high levels of poverty, unemployment and social exclusion alongside extreme inequality.

Although there is a good understanding of the above strategies to overcome urban form, there is a debate among policy makers. For example, the People’s Budget Campaign (PBC)⁴ (2007:3) supported an emerging argument for a more developmental city that promotes redistribution and that incrementally reduces inequalities, in a sustained and focused manner. In short, the PBC envisages a developmental strategy that is sustainable, that links economic growth to socio-economic development, and which supports long-run economic growth. In

¹ City of Johannesburg Spatial Development Framework, 2007/08

² City of Johannesburg Integrated Transport Plan (2007)

³ City of Johannesburg 2030 strategy (2002) incorporates the following key areas: Spatial planning, Integration, Utilities, Sectoral development, Catalyst Projects, Skills Development, Business linkages, etc.

⁴ The coalition partners in the PBC are the Congress of South African Trade Unions (COSATU), the South African Council of Churches (SACC) and the South African Non-Governmental Coalition (SANGOCO)

contrast, those policy makers in support of AsgiSA believe that the rate of economic growth in the city will spur employment creation and release resources to tackle poverty so as to meet the AsgiSA targets of halving poverty and unemployment by 2014.

In the light of these challenges, and that of most other municipalities, the national Department of Provincial and Local Government (the dplg) promulgated a requirement that all municipalities prepare “Integrated Development Plans (IDPs)”. The IDP was intended to enable the GJMC to deal with scarcity through aligning its budgets and its service delivery programmes and through charting the way for public-private partnerships. Moreover, they would promote compact, integrated city development (Tomlinson, 2002:379). Under the African National Congress (ANC) led government, compact city development would be achieved through the subsidy of low-income housing and the creation of jobs for the disadvantaged communities (Bremner, 2000:186; Tomlinson *et al.*, 2000:17).

As part of the strategy to address the above challenges, the Gauteng Provincial Government has redesigned its housing policy to incorporate the diversification of housing options in order to change the spatial design in Johannesburg and bring about class integration and desegregation through the development of both rental and ownership options, and mixed income residential area, such as the Cosmo City. The Cosmo City Project entails the phased servicing of eight thousand residential erven and the construction of at least five thousand RDP and three thousand bonded and credit linked housing structures. In this regard, government aims to eliminate isolated areas of unemployed people and those that are earning below R3 500 per month, and

build sustainable communities by developing a mixed income area “so that those with better income can be able to create jobs for the unemployed”⁵.

Figure 1.1: Cosmo City Locality Map



Source: City of Johannesburg website: www.joburg.org.za, 23 May 2007

Figure 1.2: Cosmo City Mixed Housing Type



Source: City of Johannesburg website: www.joburg.org.za, 23 May 2007

The following section deals with the central problem of the study and relates in some detail to the situation in Johannesburg.

⁵ Gauteng Housing MEC Nomvula Mokonyane, Media Release, 10 October 2004.

1.3 PROBLEM STATEMENT

Given the forms of past and present urban development – one aspect of the uneven development crisis that has not received much attention in South Africa is the **spatial distribution of unemployment within cities**. Central to the increase in urban poverty in the post-apartheid period is the rise in concentrated unemployment. Concentrated unemployment in cities is a major problem which is associated with, *inter alia*, discouraged worker effect⁶, social problems, deteriorating quality of education, high crime rates, and lack of role models for the youth (Hall, 1997:401). In other words, there is a direct link between poor geographical socio-economic conditions and employment outcomes. The economic inequality arising from spatial exclusion has been exacerbated by structural changes in the economy and increasing unemployment (Tomlinson, *et al.*, 2003:15).

The above scenario has been generated by the apartheid planning and residential settlement patterns that concentrated the black population in peripheral residential areas, where the highest concentrations of unemployment are now found (Beall *et al.*, 2000). “During the apartheid period of 1948-1994 the labour market was characterised by a clear dualism, across racial lines. This stemmed, from amongst other things, the Land Areas Act, the Bantu Education Act and occupational colour barring that produced racial economic, social and political segregation” (Brookes and Hinks, 2004:573).

⁶ The discouraged worker effect is defined as the decision to refrain from job search as a result of poor chances on the labour market (Maarten van Ham, 2001:1733).

In view of the above, Hall (1997:403) observed that in Johannesburg, for example, unemployment rates ranged – unevenly – from zero percent in the early nineties, mainly in former white suburbs, to well over thirty percent, mainly in former black townships. In many respects, the spatial dislocation of the urban working class from the main centres of social, cultural and economic life causes huge spatial inefficiencies. According to the RDP Office in 1995, South Africans spend over an hour on average travelling to work, with the poorest travelling further than the wealthiest (ANC, 1996:12).

Figure 1.3: Mode of Transport Commonly Used by the Poor (Kliptown)



Source: Bremmer, L., 2004:106

Historical evidence suggests that residential apartheid began declining before 1990, as some black people relocated into inner city and suburban locations (Saff, 1994:379). And there have been, of course, major changes in the spatial distribution of employment opportunities (Rogerson & Rogerson, 1997:19). However, when it became apparent that the target of one million units set for housing delivery between 1995 to 2000 would not be met, the ANC led government changed the definition of delivery from building houses to

subsidies allocated and, by this means, the target was met. Even given this flexibility, the strategy was one of the government's more successful strategies. Nevertheless, in order to deliver at scale, developmental criteria were disregarded (Tomlinson, 2002:380).

With a view to obtaining cheap land, avoiding local political opposition and escaping costly delays arising from legal action against proposed developments, most low-income housing projects are located on the outer edges of the townships, heading still further away from job opportunities, and this has seriously eroded hopes for integrated development (Bremner, 2000:88; Tomlinson, 2002:381).

In the north, it has long been anticipated that a shift from race to class and the relocation northward of high-income blacks would bring about desegregation (Saff, 1994:380). This trend has not happened. On the one hand, between only 1 and 2% of houses in the former whites-only suburbs are being sold to blacks (Beavon, 2000:5). Moreover, better-off black households are moving into just a few of the northern suburbs, mostly Randburg. This is creating "a form of de facto apartheid" with no real signs of genuine intermingling of races in the former whites-only suburbs being visible by 1999" (Beavon, 2000:5). On the other hand, Bremner (2004:22) and Jurgens *et al.* (2003:57) have found a much higher percentage of blacks moving into the newer, edge city suburbs, in particular, new walled estates. And these are mostly the people with sustainable jobs and/or income.⁷

⁷ Kindly note that the Group Areas Act was scrapped in 1986 and since then the movement of black people in the suburbs has been on slow pace as discussed above. There might be other more recent evidence of these trends, however the situation has not changed dramatically to date.

Given that about 44% of Johannesburg's population resides in Soweto⁸ and Diepkloof, contiguous areas situated south of the inner city, and that these townships are far larger than the rest and are almost entirely African, the deracialisation of space as envisaged in the Gauteng Provincial Government's policy of mixed income residential development in the former white suburbs proves to be impractical. Though this approach may bring some level of 'compactness', it is unlikely to bring about a radical change in the existing urban form. In fact, the potential land available for mixed-income residential development is either limited or in the private ownership. The other problem with this approach is that, the suburban land and property markets in Johannesburg are not closer to any public transportation system, so that the crisis of distance from the job markets would remain after the integration. As Tomlinson, Beauregard *et al.* (2003:13) noted, it remains a challenge that:

The combined population of the Soweto, Diepkloof South, and Orange Farm areas is 1.6 million, which represents 50% of the city's total population. As a comparison, only 8% of Johannesburg's residents live in the inner city. The two major population concentrations are those in the south and the north, the latter comprising 33% of the city's total. Blacks comprise 85% of the population living in the south and only 46% of the population living in the north. The latter figure declines to 37% if Alexandra, the township that withstood forced removal, is deleted from the calculations.

For instance, in the south, new urban development was meant to produce a more compact city. Instead of a "deracialisation of space", that is, an expansion of townships or informal settlements toward the boundaries of formerly white parts of town (Saff, 1994:382), the growth went the other way. Rather than promote integrated development, the implementation of housing policy is

⁸ Soweto refers to a group of Townships such as Diepkloof, Meadowlands, Chiawelo, Dube, etc.

disempowering the recipients of the subsidy (Gear, 1999:6). For example, there are frequent reports that households, unable to afford the cost of travelling to work are informally selling their subsidised houses for as little as R500 and moving closer to the city (Tomlinson, Beauregard *et al.*, 2003:14).

In addition to the new residential landscape, the problem has been exacerbated by the processes of the suburbanisation of economic activity, the decline in Central Business District (CBD), and the continued limited development in historically black residential areas.⁹ For example, in Johannesburg, there has been a sharp economic decline (capital flight) in the inner city, and this is associated with the decline in formal labour absorption capacity – as more job seekers are moving into the inner city while jobs are moving outwards. With the traditional roles of the inner city having declined, the central city has forfeited its role as a CBD and has become a large business centre dispersed among a number of business centres spread between Johannesburg and Pretoria. These changes have had a decisive impact on urban development strategies which are attempting to reintegrate the Johannesburg City and address the problems of poverty, unemployment, urbanisation, housing and crime.

However, it is worth observing that the Johannesburg City has recently been put under economic rejuvenation through the implementation of urban renewal projects and development of Small Medium and Micro Enterprises (SMMEs). Among others, the urban renewal projects involve precinct plans, which target major nodes of the inner city, such as Newtown, Constitutional Hill, Jewel City and Joubert Park. The Johannesburg Development Agency (JDA) has been

⁹ Also take note of recent developments in the black townships such as the Maponya Mall that has been lately opened in Soweto. See Section 4.4.1 for further information.

established as the City's implementation authority. The Provincial government has also joined the partnership through its initiative to develop Gauteng as the 'Smart Province', channelling funds into strategic inner city projects through 'Blue IQ', its financial intermediary.

Figure 1.4: Blue IQ Project – Mandela Bridge



Source: City of Johannesburg website: www.joburg.org.za, 24 May 2007

Nevertheless, the above projects clearly reflect that government is continuing to spend vast resources on projects that have little developmental impact. The spending on the Blue IQ multi-billion project – the Gautrain is key example of projects that have little impact on meeting developmental goals. This represents continuity with strategy advanced in GEAR that failed to reach its developmental targets of increasing economic growth by 6%, and creating 500 000 jobs per year. To date, government has not developed a large-scale and efficient redistributive mechanism in Johannesburg that increases assets for the poor, build long-term capabilities and support shared economic growth.

1.4 RESEARCH GOALS

Given the persistent high levels of unemployment and continuing forms of uneven development in South Africa, the following goals of the research will be considered:

1. The research intends to show that people are not unemployed only because there are no jobs generally available to people lacking marketable skills (Hall, 1997; Webster, 1994; Mohan, 1994; Karsarda, 1989)¹⁰; but also because there **is a strong correlation between unemployment and the spatial distribution of employment opportunities within the Johannesburg city.** In other words, many people are unemployed because of where they live in relation to the jobs available – distance between work place and residence, and poverty do constitute a real cost and burden, which thus indirectly contribute to the unemployment rate through reduced efficiency.
2. It aims to test the applicability of various theories imported from USA and Europe, which are generally used to explain urban problems in South Africa. In this regard, the study intends to identify possible areas of contention with regard to the imported theories. Thus, the study does not aim to reject these theories, but to use the research model in order to reflect on either their shortcomings or usefulness.

In light of the problem statement and objectives, the following theory base is relevant: uneven development and how this is interpreted in, for example,

¹⁰ These Authors have made a general conclusion that people are not unemployed only because there are no jobs generally available to people lacking marketable skills. Accordingly, there are no specific page references.

theories of globalisation, World Bank urban agenda, GEAR, AsgiSA, Joint Initiative on Priority Skills Acquisition (Jipsa) and Anglo-American theories of urban unemployment, such as, 'spatial mismatch' and 'characteristics approach' (discussed in chapter 2). The focus will, to a larger extent, reflect on the impact of uneven development based on past policies and what present form of urban governance can do to promote urban development in order to promote integration, growth and job creation.

The basic research questions to be dealt with therefore are:

- 1) How do we explain the apartheid urban form and continuation of this urban form by the current government policy?
- 2) What this means for jobs and what can be done about it?
- 3) How do we move from this situation to a more integrated city that adds to job creation?

1.5 RESEARCH METHODS

The research methods included qualitative data collection techniques focusing on literature studies, documentary, personal observation and the design of a theoretical framework. In general, the identification of key themes and selection and analysis of relevant sources followed a broad research methodological framework comprising of several stages as identified in Pirow (1993:23). The first stage was a contextual analysis of the area of the study, whereby the research focused on literature review and comparative lessons intended to understand issues at hand and direct the questions to be addressed in the statistical and further desk-top research. This research stage covered in the main but not exclusively the following key areas:

- 1) a synopsis of lessons from international experience on urban unemployment and uneven development;
- 2) a reflection on past urban policy in South Africa, including policy implications;
- 3) a review of trends and tendencies on urban unemployment, uneven development and development strategies;
- 4) the current policy framework and implications thereof; and
- 5) a literature analysis consisting of an evaluation of past and recent publications in the field of urban development and governance, and a survey of the past and present research activities on uneven development and urban unemployment.

The second stage, the identification of problems and conflict areas, statistical analysis and the subsequent collection of data, was informed by the comparative and theoretical research and proceeded through data culled from the 2001 Census in regard to employment trends and population characteristics and alternative data on employment location.

The research, in the third stage, provided a detailed analysis of the findings, synthesise them and present the results in the light of theoretical and comparative work, in order to determine whether theory and related policies informs urban unemployment issues and uneven development in Johannesburg.

In the fourth, the research made conclusions from the above background and a research and policy framework for uneven development and urban unemployment has been proposed. The focus of this stage meant to create some kind of a checklist of positive and negative attributes learnt from the research. In

particular, the lessons learnt from the study were summarised, providing characteristics of a workable model of addressing uneven development and urban unemployment. In addition, the research proposed how to approach South African urban policy issues and also to reflect challenges with regard to the general application of international perspectives and perceptions.

1.5.1 Adoption of qualitative data collection techniques

The study adopted a qualitative research methodology, which is certainly one of the earliest approaches to research, as a means to achieve a comprehensive understanding of the research goal and an attempt to respond to the overall research question. The qualitative data collection techniques focused on the use of documentation, participatory observation and the methodology of unstructured interviewing.

1.5.1.1 Documentary Studies

In this regard, there were a wide variety of documents consulted in the field of uneven development and urban unemployment. Though most documentary sources related largely to the historical context, the adopted research methodology managed to uncover and effectively review most recent publications in the field. In addition, the study broadly consulted non-academic documentary sources in order to synthesis theoretical approaches with practical applications. For instance, the study consulted government publications such as reports, strategies, plans, political speeches and graphic information. In most cases, access to government publications was accessed by visits to various departments, archives and databases, websites, and personal interviews.

Moreover, the study also consulted, though to a lesser extent, consulting reports funded by Donor Agencies' such as the World Bank, United Nations Development Programme and European Union.

1.5.1.2 Participant Observations

Through many years of involvement in government at senior decision-making level and having written series of consulting reports on development related matters in South Africa and internationally, the researcher was able to enhance the documentary evidence with personal or field observation, as another crucial method of data collection technique. Evidently most observations remained subjective and as such, the researcher made reference to this direct observation form of data in an unstructured manner throughout the study to substantiate most of the documented arguments.

1.5.1.3 Unstructured Interviewing

Most consultations, particularly with government personnel and private consultants adopted an unstructured interviewing methodology, as a qualitative data collection technique aimed at further exploration and detailed elaboration of the study questions. The ultimate goal in this approach was to investigate various scenarios as seen and experienced by the participants. In this regard, participants were allowed to flow their thoughts spontaneously through the natural interaction. Through this approach, the researcher also had an opportunity to interview some of the leading writers in the field of uneven development and employment trends in Johannesburg. However, the study does not provide reference to this form of unstructured interviewing, mainly due to the fact that they were conducted at an ad-hoc basis.

1.5.2 Literature study of Uneven Development and Urban Unemployment

Through literature study, the main themes in the study were explored more in detail, starting with a review of the main Anglo-American theories of uneven development and urban unemployment. Subsequently, theories of explaining uneven development in Johannesburg were developed and adapted, with particular reference to the spatial distribution of employment opportunities. Furthermore, the literature study reviewed the influence made by the World Bank's urban agenda on the South African urban policy framework. This section further reviews the impact of globalisation and the significant role played by government macroeconomic policies in perpetuating uneven development.

1.5.3 Development of the Theoretical Framework

In order to effectively demonstrate in depth the interplaying factors of various theoretical interpretations in the reproduction of urban unemployment, a theoretical framework has been formulated. The framework clearly explains how urban unemployment in Johannesburg has emanated from three interrelated theories: Urban Bias, Uneven Development and Rural-Urban Migration, and eventually how this process reproduces itself.

1.6 THEORETICAL BASE

The following is a brief description of the literature (both international and national) and policy implications on uneven development, with particular reference to unemployment. The main themes in the literature will be explored more in detail during the course of the research. The section begins with a review of the main Anglo-American theories of uneven development. While these suggest a possible research hypothesis and methodology, their relevance to the South African situation is significant. Thereafter, theories of uneven development in Johannesburg will be reviewed, with particular reference to the spatial distribution of employment opportunities in Johannesburg. Furthermore, the World Bank's urban agenda is of considerable significance. This research will also reflect on how urban policy is influenced by the current World Bank's urban policy agenda, and how this impact on local policy development, for example, local government. Finally, the research focuses on the role of globalisation and the impact of government macroeconomic policies – GEAR, AsgiSA and Jipsa on accentuating uneven development.

1.6.1 THEORIES ON URBAN UNEMPLOYMENT

In the Anglo-American literature there are two main strands of thoughts on urban unemployment and each enjoys some support in South Africa. The first places emphasis on housing market processes (known as 'characteristics approach'), while the second emphasises the location of employment opportunities within the context of economic restructuring (known as the 'spatial mismatch approach'). The first approach to urban unemployment is the

‘characteristics approach’. It argues that urban unemployment is a direct product of the characteristics of the population living in those residential areas. This implies that geographical concentration of unemployment are to be explained not by variations in the availability of jobs, but by residential concentrations of people who are more likely to be unemployed (Webster, 1994:22).

Metcalf & Richardson (in Webster, 1994:25), in their London study, concluded that male unemployment in London is primarily determined by certain individual characteristics, especially skill and marital status and that inner city problems occur because individuals who suffer labour market disadvantage live disproportionately in the inner city, because that is where the largest stock of cheap housing is found – especially public housing.

This argument is supported by the United Kingdom literature on socio-tenurial polarisation. Hamnett (1987:32) traces how the privatisation of public sector housing in the United Kingdom led to increasing polarisation between predominantly public rentals and privately owned residential areas. According to Hamnett (1987:32), tenure has thus become associated with a range of other socio-economic characteristics and labour market outcomes. Unemployment and poorer people have become concentrated in less desirable housing, both in inner city and peripheral locations.

The most significant of these arguments appear to be highly relevant to the South African situation. Uneven development in the housing market imposed by racial segregation has concentrated blacks, which are more likely to perform poorly in the labour market, in townships. This observation has increasing

relevance given middle-class flight from townships (The Economist, 1996:3) or the distinction Saff (1994:381) draws between deracialisation, and not desegregation, of space.

However, according to Mohan (1994:114), this argument may not be applicable in South Africa due to two reasons. In South Africa, precisely because racial rather than class-related factors have had a decisive role in the residential market, it may be expected for residential areas, particularly townships, to reflect a multi-class character. Thus, unemployment might be expected not to be that closely related to the population characteristics of areas. Secondly, according to Karsarda (1989:28), the characteristics approach regards urban labour markets as spatially integrated. It thus suggests free competition between people living in different locations, ignoring, for example, travel costs. The characteristics approach thus fails to take into account the impact of local labour market conditions. These include industrial location processes such as the decentralisation of manufacturing and office-related activities, and the fact that higher-income areas are able to sustain higher levels of local service-sector employment (Mohan, 1994:114).

It is important, however, to understand the policy implications of the characteristic approach; it places particular emphasis on training and skill-enhancing programmes for neighbourhoods with high concentration of unemployment. There may also be a range of programmes designed to assist residents of deprived areas with employment searches (McConnachie & McGregor, 1995:1591). In the United Kingdom, one of the results of such policies has been the flight of trained and employed people from deprived

neighbourhoods, in the absence of alternative local employment opportunities (Fordham, 1995:13).

The second theory – Kain’s **‘spatial mismatch approach’** – puts more emphasis on labour market factors, specifically the changing location patterns of firms, in explaining concentrated unemployment (Kain, 1968:179). This is often referred to as the ‘skills and spatial mismatch’ hypothesis (Karsarda, 1989:32), and was developed as an explanation for the concentrated deprivation amongst African-Americans in inner-city locations in the United States of America. Unemployment in inner city America has been explained in terms of the decentralisation and suburbanisation of blue-collar employment opportunities and, more recently, routine white-collar jobs into so-called ‘back office’ activities. Combined with inadequate public transport systems and racial discrimination in both housing and labour markets, this has resulted in concentrated unemployment amongst inner city African-Americans (Hall, 1997:396). It was concluded by Holzer (1991:121) that the evidence on the extent to which the spatial mismatch hypothesis explains variable unemployment rates remains very contradictory. In the context of a developing country – the World Bank’s City Study of Bogota and Cali, Colombia, concluded that ‘there seems to be little evidence of the spatial disadvantage hypothesis usually expounded for cities in the United States’ (Mohan, 1994:115).

One potentially useful research avenue derives from attempts to explain area employment performance in cities with large peripheral public housing estates. According to Webster (1994:4), in much of Europe, social housing estates were located in peripheral locations as part of slum clearance

programmes in the 1960s. Many of the planning principles applied then were very similar to those employed by apartheid planners. One example is the city of Glasgow, which has four large peripheral housing estates. Webster (1994:4) argues that the Glasgow labour market is not integrated, in the sense that the relationship of residential to employment locations impedes successful job searches. This 'spatial friction' could be because of travel costs (monetary and non-monetary), labour market information and search costs or employer discrimination against certain neighbourhoods (Vipond, 1984:379). Hall (1997:397) suggests that certain features of the post-industrial economy, specifically the emergence of flexible employment practices and the processes of employment suburbanisation and inner-city renewal, may constitute further deterioration in the job prospects of the unemployed residing in peripheral locations.

To compare, it is demonstrated that South African observers have shown some willingness to apply the spatial mismatch concept to local conditions. The current Spatial Development Framework¹¹ places considerable emphasis on the concept of spatial mismatch, and notes that – concentrations of population often far outnumber work opportunities. In Greater Johannesburg, industrial and service jobs migrate northwards, ever further away from the large low-income townships and informal settlements in the south (RSA, 1995:20). However, given the persistent high levels of unemployment and continuing urbanisation processes in South Africa, Hall (1997:399) argues that the relevance of this theory to South African situation is unclear. According to him, it seems unreasonable to argue that people are unemployed primarily because of where they live in relation to the jobs available. Hall (1997:399) argues that

¹¹ City of Johannesburg Spatial Development Framework, 2007/08

‘people are unemployed because there are no jobs generally available to people lacking marketable skills’. Similarly, this is not to deny that shifts in the relative price of transport, through for example the ending of subsidies, will have an important impact on the labour market competitiveness of individuals living in peripheral locations. Although this observation contradicts significantly with the hypothesis of this research, it is worth investigation.

Even though Kain’s “spatial mismatch hypothesis” was originally coined to describe a broad set of geographical barriers to employment for African-American inner city residents (Preston and McLafferty, 1999:388), it has also stimulated more general research on the effect of poor job access on occupational achievement. Though much of the research has concentrated on the direct link between geographical access to jobs and employment outcomes, in contrast, little attention has been given to the discouraged effect of poor chances on job search activities. The **“discouraged worker effect”** is defined as the decision to refrain from job search as a result of poor chances on the labour market (Van Ham, 2001:1733). In this regard, discouragement effects can arise from a high local level of unemployment. The empirical findings based on the Netherlands Labour Force Surveys 1994-97, show that “discouragement can enter the job search process both at the stage of deciding to enter the labour force and at the stage of deciding to engage actively in a job search” (Van Ham, 2001:1733).

While it is clear that the literature reviewed above cannot be applied unchallenged to the South African situation, it does suggest avenues for exploring the complex relationship between uneven development and unemployment. To further our understanding, Katzman (1977:168) and Gugler

(1988:23) argue, urban unemployment should be approached in two different forms; i.e. **underemployment** and **misemployment**.

1.6.1.1 Underemployment Vs Misemployment

But what is behind these terms? Katzman (1977:169) defined **'underemployment** as the underutilisation of the labour. Such underutilisation is most conspicuous where labour is idle part of the time. Underemployment takes three distinct forms (Gugler, 1988:24). In one guise it is related to fluctuations in economic activity during the day, for example at markets over the week or month in tourism. As activity ends, casual labour is laid off and many self-employed are without work. Underemployment takes a second form where workers are so numerous that at all times a substantial proportion are less than fully employed, i.e. a reduction in the number affected, street vendors constitute the most important category in many countries. A third type of underemployment is what may appropriately be called **'hidden unemployment'**: solitary groups continue to employ all their members rather than discharging them when there is insufficient work to keep them fully occupied. Such guaranteed employment is typical of family enterprise, but social ties other than kinship proper, such as common origin or shared religion, can also provide a commitment to maintain every member of the community (Katzman, 1977:170).

Secondly, there is **'misemployment'** as defined by Gugler (1988:25). Labour may be employed full-time, but the tasks performed contribute little to social welfare. Begging is a clear-cut example. More respectable, but hardly more productive, are the hangers-on to be found in the entourages of more powerful

and affluent. There is a scope for debate: the thief who redistributes resources from the wealthy to his poor family can be argued to perform a service not dissimilar to that of many bureaucrats in a welfare state. And indeed, ultimately the productivity of an activity is socially defined.

The notion of unproductive labour dates back at least as far as Adam Smith's *The Wealth of Nations* (Katzman, 1977:168-72). It was part of his polemic against the Mercantilist State, whose purpose was to redistribute income from its more productive subjects to the sovereign. The political elite, the religious estate, and the cultural and intellectual superstructure were perceived to have a basically parasitic relationship to the productive classes. For example, substantial numbers of public administrators in many contemporary societies appear similarly misemployed.

Much misemployment is based on getting crumbs from the table of the rich (Gugler, 1988:26). The member of the local elite or middle class, the foreign technical adviser, or the tourist is beseeched for a morsel, or made to maintain a company of sycophants, or has his wallet snatched away. The relationship is vividly portrayed by three activities: the army of domestics who can clean and beautify the environment of the privileged; the prostitutes who submit to the demands of those able to pay and expose themselves to AIDS; and the scavengers who subsist on what the more affluent have discarded, who literally live on crumbs from the rich man's table. As Lomnitz (1977:208) puts it in her study of a shanty town in Mexico City:

The settlers of Cerrada del Condor may be compared to the primitive hunters and gathers of pre-agricultural societies. They go out everyday to hunt for jobs and gather the uncertain elements for survival. The city is their jungle; it is just as alien and

challenging. But their livelihood is based on leftovers: leftovers jobs, leftovers trade, leftover living space and homes built of leftovers.

Having discussed the above theories on urban unemployment, the second emphasis on the geographical concentration of unemployment and variations in the availability of jobs are to be explained by theories of uneven development (discussed in the following sections 2.2 and 2.3).

1.6.2 THEORIES OF UNEVEN DEVELOPMENT

Uneven development is a very broad concept; attention is usually focused on the “unequal distribution of wealth” (Soja, 1979:3). However, it is widely recognised that inequalities have increased in the South African cities in general, with these conditions worse in Johannesburg, and that the impoverishment of the masses tends to occur simultaneously with the enrichment of privileged minorities or growing elite class. The scope of concentrated unemployment and misery is evident by low incomes, the under- and non-utilisation of human potential for productive work and degrading poverty that affects a majority of the city’s population. As Soja (1979:4) argued, “it is not unlikely that in the coming years the unequal distribution of wealth and income may be exacerbated”.

Uneven development not only characterises relationships between classes and groups (Kuitenbrouwer, 1975:15). It is also manifest between and within regions and economic sectors. Massive migratory movements accelerate the growth of urban centres from the countryside, and agricultural growth tends to be accompanied by industrial and agricultural decline or stagnation. Both in the

rural and urban areas, differentials become more visible, and increased wealth and income for a minority coincides with deteriorating conditions for the majority (Soja, 1979:4). According to Soja (1979:6), “thirty years ago, development efforts in the Third World were aimed at industrial development. The approach had a strong urban bias, heavy investment was made in the urban areas and this led to unbalanced growth. The result was the creation of islands of economic growth in a sea of poverty”. In short, a principle characteristic of the process of change in the cities appears to be the uneven way in which it occurs – growth and progress are intertwined with regression and stagnation (Kuitenbrouwer, 1975:16).

According to Bond (1999:30), “unevenness” is something often associated with sectors of the economy: whether “articulations of modes of production” (defining uneven and combined development in the context of geographically proximate pre-capitalist conditions, such as South African homelands). But unevenness is also a profoundly spatial capital phenomenon, by which an extremely turbulent “see-saw” of capital (Smith, 1984:22) alternately pushes and pulls national sub-national, and local economies into either downward slopes or virtuous spirals of capital accumulation. As the “post-Keynesian” school of economics has long noticed, the most basic market processes supply and demand dynamics, the nature and rate of accumulation, the development of class struggle, etc. – do not “equilibrate”, but rather disequilibrate; that this disequilibration occurs across space is obvious enough (Bond, 1999:31). However, Bond (1999:31) noted that, in South Africa, aside from specifying “colonialism of special type” and articulations of modes of production in graphic spatial terms, processes of uneven geographical development within

South Africa, and between South Africa and the world economy, require both much more investigation and contemplation for urban strategy.

It is often suggested that pronounced differences in conditions between urban centres are due to the backwardness of the part of society which seems to remain stagnant and even shows signs of regression (Kuitenbrouwer, 1975:17). Such a view tends to ignore the historical processes which accumulatively have caused this stagnation. For example, in South Africa, the process of geographical uneven development and spatial inequality has taken many different forms. Focusing upon Johannesburg, there are also stark contrasts between rich and poor, which are, in many cases, even more pronounced than those at larger scales, especially in terms of centre-periphery cleavages. The perpetuation of the primacy of major centres reflects, Kuitenbrouwer (1975:17) argued, “a form of internal colonialism in which industry wealth and power are concentrated in these centres, as they were concentrated in the distant metropolis during the colonial era. Therefore, interior areas which remain backward should not be considered as ‘lagging’ behind, but as being blocked in their development as a consequence of their dependency ties”.

In particular, a growing radical critique has asserted itself and presented an entirely different approach to geographically uneven development, and thus entirely different answers to the questions of its causality and transformation. One contribution of this research is to discuss, using Johannesburg examples whenever possible, the broad outlines of this radical, or so-called neo-Marxist critique of uneven development and an alternative frameworks for theory and practice it necessarily implies.

Furthermore the research will attempt to demonstrate why radical scholars contend that capitalism, by its very nature, requires the accentuation and maintenance of regional inequalities to survive and prosper, to “reproduce itself”, to use Marxist terminology. More specifically, Soja (1979:5) notes that geographically uneven development in Africa can be most appropriately understood or most effectively controlled and transformed – when it is seen as the product of an underdeveloped peripheral capitalism. This fundamental process of unequal exchange is the focus for many aspects of neo-Marxist analysis. The research will present and illustrate the basis of these arguments within the framework of a critique of the models and approaches which have dominated Western thinking about the same key questions raised earlier: what causes geographically uneven development in Johannesburg and how can spatial inequality be successfully reduced?

The research will use the spatial distribution of unemployment within Johannesburg, however, as a point of reference for a more comprehensive discussion and critique. This explanation of spatial inequality has an appealing logic, and there can be little doubt that differential resource endowment has an important effect on geographical variations in wealth and power. As Soja (1979:6) has noted, “the organisation of world space and political economy creates a world in which resources, already unevenly located geographically, are even more unevenly appropriated and consumed socially”. These trends are nowadays accentuated by globalisation (see section 2.4). This relationship clearly exists in Johannesburg (as demonstrated in section 2.3), the northern suburbs serve as dominant cores where wealth and power are concentrated, a large dependent periphery (especially the southern townships) serving mainly as a source of labour and primary production, and a prevailing system of unequal

exchange encouraging ever-widening gaps between rich and poor in the distribution of real income, living standards and employment opportunities.

1.6.3 UNEVEN DEVELOPMENT IN JOHANNESBURG

Social, political and economic problems caused by apartheid segregation have been recognised for many decades (for example, Schapera, 1928; Robinson, 1996, Tomlinson, 1998; etc). According to Bond (1999:89-90):

South Africa's democratisation process will to a large extent depend upon breaking down geographical barriers faced by black (African, Coloured, Indian) people, as well as reducing segregation of people according to their income class...few citizens would deny that South Africa requires a qualitative shift towards the social integration of society, including residential neighbourhoods.

Nevertheless, the understanding of uneven development theories due to the apartheid segregation policy in South Africa is important. In Johannesburg, for example, residential and property development have played a significant role in distributing employment opportunities within the city. In light of this urban form, the following section charts, to a larger extent, the impact of uneven residential and property development, (both during apartheid and post-apartheid) in accentuating urban unemployment.

1.6.3.1 Apartheid-era Urban Crisis: Uneven Residential Development

South African apartheid was built on spatial divisions; separateness was taken literally to mean that whites and blacks were to live apart from each other

(Tomlinson *et al.*, 2003:17) Prior to the apartheid government in 1948, urban segregation mimicked the colonial city by reserving the more attractive, healthy and proximate parts of town for whites. Africans were forced by law to reside in underdeveloped conditions and in poorly serviced townships or informal settlements largely devoid of services. Under apartheid rule, better-settled Indian, coloured and the some in black suburbs were levelled and their residents forcibly ejected to the urban periphery (Tomlinson, 1999:11). The notorious apartheid city was the result.

Under apartheid, government enforced the policy of segregation once Africans were in the city, separate townships were built (Balbo, 1993:13). This engendered long distances between the workplaces and home, the hollowed-out urban form with low-density for high-income white suburbs close to the city centre and large, impoverished sprawling settlements on the urban periphery. Nevertheless, the 1970s saw an increase in migration, including a swelling of the illegal dwellers in the cities. Despite the growing demand, the apartheid government would not build more houses to accommodate the expanding population (Balbo, 1993:13). Consequently, township housing gradually grew overcrowded, and ultimately forced many African immigrants to seek accommodation in the backyard shacks. Moreover, “township as a space within the broader circulation of capital also surrendered to other economic laws of motion, such as, the regulation and control of labour supplies, the reproduction of labour power, or structuring of gender oppression consistent with long traditions of articulations of modes of production” (Bond, 1999:8).

As Tomlinson (1999:12) observes, the notorious history of the apartheid government reflects attempts to control black urbanisation which has resulted

in an excessive housing backlog, administrative breakdowns as a result of under-resourced black local authorities and almost complete breakdown in service delivery. The Black Local Authorities (BLA) that were created – the last manifestation of apartheid local government before democracy, was a political mechanism to maintain apartheid based cities and entrench the residents further crippled the system.

Given the aforementioned background of the apartheid city's physical planning, the following key features can be easily summarised:

- 1) The physical residential segregation created broad sweeps of low-income and impoverished settlements located some distance from employment sites, retail centres, and white residential areas, and this was done with security and fear in mind.
- 2) The housing delivery system subsidised whites and to some degree coloureds and Indians, and relegated the black majority to either homelessness or rental status with no security of tenure, and in absolute overcrowding environment due to shortages of accommodation.
- 3) In the black townships, there were numerous restrictions on black business and on economic development. The upshot of this economic segregation and apartheid zoning was that economic activities were strategically located in white areas in order to generate a strong tax base. For example, in

Johannesburg's case, in 1990 these activities contributed 75% of its rate's revenue.¹²

According to Bond (1999:5):

Apartheid, after all, was nothing if not the pinnacle of artificial geographical confinement: mass-organised social control of black populations; all-encompassing restraints on their physical movements, at household, urban, rural and regional scales; Bantustan segregation along lines of gender, ethnicity, and culture; and in the spatial containment of economic forces. As South Africa transforms geographically, the top priority on most everyone's agenda today boils down to this very question: how to re-use various spaces of confinement? What can stay, what must go, and what new social, cultural, political, and economic practices provide the tools to construct a different built environment that suits particular and sometimes general interests?

What is apparent is that Johannesburg is left with the problem of apartheid planning which was designed not for urban development, but for separation and control (Department of Constitutional Development, 1998:7) and this perpetuated urban unemployment. There is a big divide between townships and suburbs; with townships badly designed – the poorest people live furthest from areas of work opportunity, and from services. In addition, most townships do not serve the needs of the majority of people living there; such as 'adequate and efficient' – housing, water supply, sanitation, and jobs.

¹²Tomlinson (1999) indicated that in the current tax year, revenue from business for the entire Greater Johannesburg Metropolitan Council (GJMC) comprises 64%.

1.6.3.2 Post-Apartheid Urban Crisis: Uneven residential development

The advent of post-apartheid South Africa has seen significant changes in the policy approach of residential development. In responding to the post-1994 residential crisis, the GJMC has largely deferred to national and provincial government. One of the key items on the 1994 ANC election manifesto was the construction of 1 million houses in five years and the guarantee of housing for all South Africans. As a result, the provision of RDP housing subsidy to the poorest of the poor was the leading edge of the post-apartheid housing policy. However, the most regular complaints with RDP housing relate to the size – that a 30m² structure is simply too small to house a family of four or more comfortably. A key issue is privacy – RDP houses only have one room plus a bathroom. If the bathroom is 4m square, this left only 26m² for sleeping, eating and entertaining. In most cases, children sleep on the floor at the foot of their parents' bed.

Figure 1.5: Inside the RDP house – the Post-apartheid Housing Policy



Source: Affordable Housing Institute website (www.affordablehousinginstitute.org/blogs/za), 25 May 2007

Even though the ANC-led government failed to build 1 million houses as it had promised, according to the international statistics, South Africa is the first country to deliver such large number of houses in five years. The problem lies in the fact that this progress did not bring desired outcomes – that of containing urban sprawl and promote integration. The rush to deliver houses to address the housing backlog has often meant that cheap land, mostly adjacent to the former apartheid townships and far away from economic activity, and proper infrastructure, has usually been identified for low-income people (Huchzermeyer, 2003:212). In essence, Huchzermeyer argues that most of this land was identified by the former apartheid regime for development and expansion of the townships as part of its racial segregation agenda.

Figure 1.6: RDP houses built as part of an extension of old Klipspruit Township

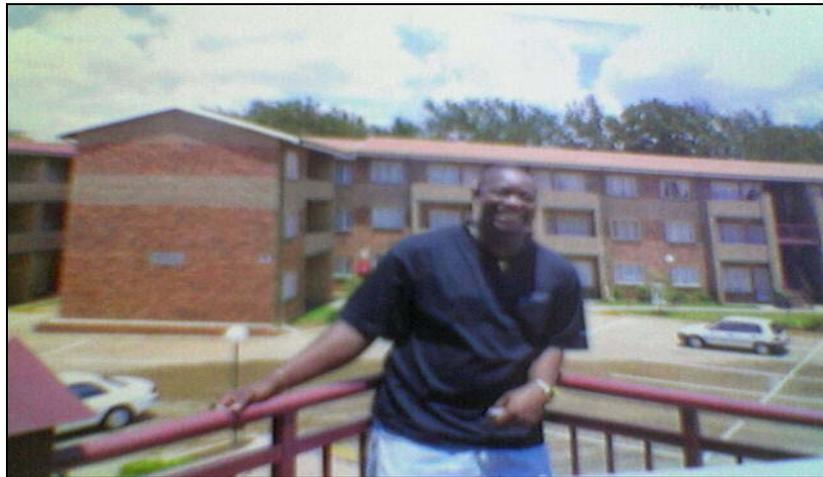


Source: City of Johannesburg website: www.joburg.org.za, 23 May 2007

Given that during the apartheid system, property and land markets were non-existent in townships as blacks were denied the opportunity to invest in property, the situation has changed in the post-apartheid Johannesburg. After 1994, the residential property market of the townships has been undergoing a

process of filtering¹³. In the Johannesburg's suburbs, the residential property market has been particularly active. Despite high interest rates, property developments in the Johannesburg's suburbs are often sold out weeks after their launch dates. According to Bosch (2003:25), the key principles of property developments in South Africa are the location; the price linked to quality and guaranteed security. As a result, property development in Johannesburg in recent years has been concentrated in cluster homes and town-housing complexes, attracting mostly white elderly couples on pension and young professionals into secure and well guarded environments within the city – moving further away from low-income people in the townships or informal settlements.

Figure 1.7: The New Gated Middle-Class Communities



Source: Bremmer, L., 2004:71

Bond (2002:10) observed that “because of a stingy government policy based on World Bank advice in mid-1994, shortly after Nelson Mandela was elected president, Johannesburg post-apartheid squatter camps and meagre new formal

¹³ Filtering is understood as a process initiated by the concentration of new houses for high-income groups whose move into new houses then leave vacancies that are filled by the next income group (Meyerson, 1986)

residential areas for low-income black residents are actually further away from job opportunities and are worse served with community amenities, schools and clinics, than even apartheid-era ghettos”.

Moreover, in line with the current South African Constitution (RSA, 1996:5), every South African citizen has the right of “access to shelter”. However, like many other cities elsewhere in the world, another manifestation of uneven development which clearly represent the failing housing policy in Johannesburg is homelessness. Johannesburg City has its share of people sleeping on the streets, and ‘homeless-hungry’ signs of beggars on the streets and well-peopled locations. Traditionally the public perception of the homeless was an alcoholic, elderly person or mentally disturbed middle aged person, but during the 1980s the picture changed dramatically around cities in South Africa. A new and vulnerable group is emerging as both young and families are finding themselves without a home and on the street. As with poverty, homelessness is most viciously afflicting the young and of the number of people who are homeless in the cities, half are children (Nemavhandu, 1998:9). There is not the slightest doubt that most children who are born on the streets are at a disadvantage from the moment they are born. In many cases, children are trapped in the city without proper education, health and diet. Those who are fortunate to go to school usually turn teenagers without qualifications or the willpower to compete for jobs. The result is the prospect of unemployment or poverty for life.

1.6.3.3 Uneven Property Development

Edge cities are indeed growing in Johannesburg, suggesting that the trend toward suburban economic development continues unabated and downtowns are losing their economic functions or at best are stabilising. Fishman (1987:18) sees this as a breakaway of urban periphery from a central city it no longer needs. A book, *Edge City*, by *Washington Post* journalist Joel Garreau published in 1991, clearly explains this trend. He terms these cores “edge cities” because they contain all the functions of the cities and because they rise far from the old downtowns. Whether these satellite urban centres are called ‘edge cities’, ‘technoburbs’, or any other descriptors found in the literature, it is their economic activity that remains of interest. The traditional role of the central city as the economic centre of the metropolitan area has been significantly, sometimes absolutely, eroded (Bingham and Kimble, 1995:269). Garreau (1991:262) indicated that the number of jobs in edge cities has been growing, whereas the number of jobs in the downtowns they surround has not. In Johannesburg, there is no question that the 1980s and 1990s were periods of catalytic growth for the suburbs. This growth in population and basic residential service jobs was followed by the development of high-rise office towers, housing a growing middle- and upper- management function, in the suburbs during this period.

Figure 1.8: Growing Edge Cities in Johannesburg – Melrose Arch



Source: Bremmer, L., 2004:122

In Johannesburg, the central city has been steadily gaining population and losing jobs for almost 40 years (Bond, 2002:3). Thus it is reasonable to expect that while the number of downtown jobs is declining, the number of jobs in edge cities would be increasing. But although edge cities have become a part of the new metropolitan economies, in the aggregate, they have replaced a segment of downtowns that are now only one component of a specialised regional economic landscape. Finally, there is no question that Johannesburg's inner-city is losing its economic functions to edge cities, but this does not portend the death of inner-city. The background presented here suggests a functional realignment of economic activities and a corresponding loss of inner-city activities, but as Bingham and Kimble (1995:270) argues, "this is not necessarily bad for the city". He lamented that inner-city just one of several concentrations of what the technocrats refer to as 'a multi-nodal form of metropolitan development'.

Although there are important differences between these various understandings of economic decline and transformation, there are crucial common themes. In fact, there is virtual universal recognition that there has been a dramatic transformation in the global urban-economy since the 1970s. The following section reviews whether or not ‘globalisation’ of urban economy has brought about a new era of urban crisis and urban economic decline.

1.6.4 IMPACT OF GLOBALISATION ON URBAN DEVELOPMENT

The urban crisis for South Africa cannot be approached in isolation from global events. For many people, Johannesburg has become the imagined spectre of our urban future (Beall *et al*, 2002:38). Therefore, it is no coincidence that Johannesburg evokes frequent comparison with cities across the North and South. For example, Teresa Caldeira (2000:1) positions her recent study of São Paulo as a city of walls, alongside ‘cities as distinct as ... Los Angeles, Johannesburg, Buenos Aires, Budapest, Mexico City and Miami’.

According to Coetzee (1994:5), South Africa has already suffered from an extended period of isolation in political, academic and other terms. The international context for South African urban problems and indeed for prospects of urban resistance to neo-liberalism across the globe – became increasingly important during the 1990s (Bond, 1999:3). It is doubly necessary, however, that comparative research into what has been happening in urban policy research and development thinking elsewhere in the world be put on agenda, so as to review some lessons from international debate and as well as to critically appraise the influence on urban policy.

The 'globalisation thesis' has become an increasingly popular framework within which to explain processes of urban change. Globalisation implies that urban economic transactions and processes are increasingly taking place at global level without regard to national barriers; national economies are being subsumed into an integrated world economy. It is therefore important to begin by understanding the particular nature and extent of economic trends within cities related to transformations in the global economy.

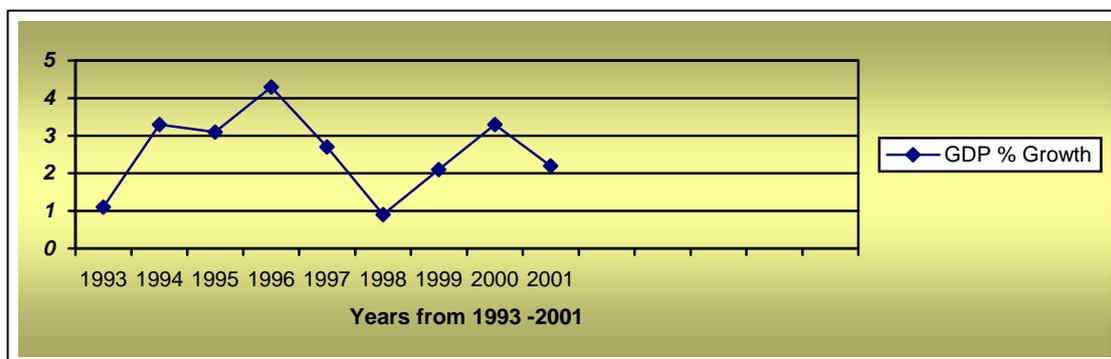
According to Naudé (2004:46), there is general agreement that, although South Africa's post-apartheid economy has performed significantly better than during the later apartheid years, the post-apartheid economy has failed to create sufficient employment opportunities, and income inequality has worsened. The ultimate reasons for this state of affairs can perhaps not be properly understood without an understanding of the broad global economic environment within which the newly elected South African government had to address the legacies of apartheid from 1994. Not only did the new government have to steer a process of social and political transformation in a divided country, but also significantly, the new government embraced globalisation by opening up the South African economy to an unprecedented degree. For example, South Africa became a signatory to the Marrakesh Agreement of the World Trade Organisation (WTO) in 1994 (Naude, 2004:46). In terms of this agreement, South Africa committed itself to trade liberalisation. Naudé (2004:47) indicated:

There are a number of key features of the post-apartheid South African economy that followed the trade liberalisation described above. The first is weak economic growth and investment response. The second is the persistence of high unemployment rates

and even a significant increase in unemployment. The third is the country's high levels of both income and spatial inequality.

Between 1994 and 2000, the average annual economic growth in South Africa was only 2.7%¹⁴ – substantially below the target of 6% identified in the GEAR – macro-economic strategy as necessary to start making inroads into unemployment. Figure 1.9 depicts the annual percentage growth rate in real Gross Domestic Product (GDP) from 1993 to 2000. Mainly as a result of the growth predicted, employment in the private sector declined by 15% between 1994 and 2000, and the unemployment rate (broadly defined) is estimated at 37%. Figure 1.10 shows the decline in employment in the non-agricultural sectors between 1994 and 2000.

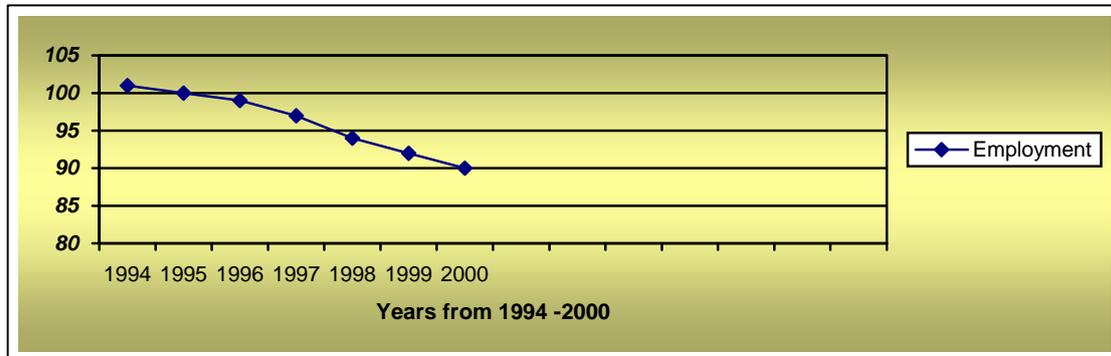
Figure 1.9: GDP Growth Rates in South Africa, 1993-2001



Source: SA Reserve Bank Quarterly Bulletin December 2001, p S-148

¹⁴ The current average annual economic growth rate is 4.5 percent (PBC, 2007:7).

Figure 1.10: Employment in the Non-agricultural Sectors



Source: SA Reserve Bank Quarterly Bulletin December 2001, p S-132

With respect to the South African cities, in line with the international trends, they are being forced to play a more and more active role in urban economic development (Harrison, 1994:76). According to Swilling *et al* (1997:9), globalisation has transformed cities. With political transformation and the shift towards a more outward oriented macro-economic policy, South African cities have been re-integrated into the global economy. Re-integration inevitably has a destabilising effect on the urban economy as local enterprises are exposed to harsh exigencies of global competition. The need to become internationally competitive has forced the reshaping of corporate South Africa (Harrison, 1994:77). To become internationally competitive, South Africa urban-enterprise is required to reorganise management and production, secure niche markets and integrate information systems and new technologies. Consequently, there are traditionally successful firms and sectors located in the inner city that have failed to make the transition to new forms of competition and suffered stagnation and decline. At the same time, new firms and sectors are emerging while others (traditionally firms and sectors) are migrating from inner city and are becoming the leading edge of South African urban economy. This process, as a result, led to significant loss of job opportunities in the inner city.

Furthermore, it could also be noted that attaining or maintaining world city status is becoming an explicit goal of national and urban planning in many economically advanced countries (Shachar, 1994:383). The competition for world city status is increasingly intense: “World city status is a guarantee of enhanced levels of prosperity. To lose it or to fail to gain it is to condemn a city to second rank” (Dieleman and Hamnett, 1994:360). However, it should be acknowledged that increased integration into global economy does have a downside (for example, social polarisation) and the type of policies referred to above should be complemented with targeted policies that address social inequalities.

However, given the above, the South African experience conforms that there is a link between globalisation and uneven development/ inequality. Naudé (2004:51) found that “the Stolper-Samuelson theorem’s positive effects in terms of lowering inequality were found to hold, but this is countered by lower employment numbers of less skilled laborers”. Nevertheless, inequality between blacks and whites in South Africa seems to have declined not only due to the Stolper-Samuelson effect but also due to the abolition of racial discrimination. Secondly, the labour market is a transmission mechanism through which globalisation induces higher inequality, through technological changes, higher unemployment and less wage income towards poorer and unskilled people.

Finally, it is important to recognise the constraints imposed by global change, as Harrison (1994:78) has urged:

We should move heaven and earth to maximise the possibilities that are nevertheless possible. Planning does matter and local action can make a difference. The familiar

slogan **'think global, act local'** is sage advice for those concerned with the future of South African cities.

In the light of this background, the following section reviews the impact of government macroeconomic policy on urban unemployment.

1.6.5 GOVERNMENT MACROECONOMIC POLICY

Against the background of globalisation, the South African government adopted a macroeconomic strategy titled Growth, Employment, and Redistribution (GEAR) in mid-1996. Due to the weakening rand and deteriorating investor confidence, the strategy focused strongly on the need to enhance the global competitiveness of the economy. It pointed to the links between an improved growth performance and economic goals.

A somewhat cryptic statement of economic intent accompanied by illustrative growth projections, the GEAR reaffirmed several related points that had already been indicated in the World Bank Urban Agenda (discussed in section 2.6 below). It restated commitments to an export-friendly trade regime, reducing the fiscal deficit, liberalising exchange controls, expanding infrastructural investment, enhancing training finance and instituting labour market reforms consistent with accelerated job creation (RSA, 1996:2). However, the most common criticism has been that GEAR is accentuating the impact of globalisation in the South African economy through, for example, opening it to global competition (Donaldson, 1997:236).

However, GEAR has failed to reach its key targets, most importantly, in job creation, poverty reduction and income distribution. Although in the financial sector GEAR's performance has been remarkably good, the concern is that GEAR has not boosted employment in the South African economy to date. Its projection of 126 000 new jobs in 1996 was fanciful. According to Development Update (1997:17), the economy lost 71 000 jobs in that period, shedding a further 42 000 in the first quarter of 1997. Up to 1 million more jobs were lost since 1990. The figures appear especially distressing when it is considered that job creation is the main visible social dimension of urban development and management.

Given the obvious weaknesses of GEAR and its poor performances over the previous years, the government has adopted the Accelerated and Shared Growth Initiative for South Africa (AsgiSA). AsgiSA was introduced due to concerns of a slow rate of growth plus the inequitable distribution of the fruits of growth. As such, the strategy aims to accelerate growth to 4.5% in the first phase between 2005 and 2009; and 6% in the second phase of the programme between 2010 and 2014. It is believed that this rate of growth will spur employment creation and release resources to tackle poverty so as to meet the AsgiSA targets of halving poverty and unemployment by 2014. As part of this initiative, government has started the Joint Initiative on Priority Skills Acquisition (Jipsa) to develop the skills that are urgently needed to meet the above target.¹⁵

¹⁵ According to Mantu and Sakoana (2008:1), several urgent interventions have been identified to date, such as mentoring programmes and overseas placement of trainees to fast-track the implementation of AsgiSA and Jipsa initiatives. Other interventions include special training programmes, bringing back retirees or expatriates, and Africans in the Diaspora.

Mantu and Sakoana (2008:1) also observed that Cabinet has recently approved the Jipsa task team. It comprises of senior representatives of government, labour, business, youth, women, academic institutions, science councils and state-owned enterprises. Jipsa will have an initial life-span of three years, after which its future will be reviewed (Mantu and Sakoana, 2008:1).

Nevertheless, this thesis is of the view that AsgiSA, while laudable in its intentions, falls far short of a comprehensive development strategy. Support for this view comes from the 2006 State of the Nation Address, when President Thabo Mbeki argued:

I must also take advantage of this occasion to explain that AsgiSA is not intended to cover all elements of a comprehensive development plan. Rather it consists of a limited set of interventions that are intended to serve as catalysts to accelerated and shared growth and development.

Otherwise we will continue to engage the nation and all social partners to address other elements of a comprehensive development plan to improve on our current programmes, and deal with other issues, such as the comprehensive industrial policy, keeping in mind the objective to halve poverty and unemployment by 2014.

However, in the more recent period, the World Bank helped to build a progressive ideology of urban crisis and “crisis theory” (Bond, 1999:2), through linking ‘ongoing world economic recession’ and ‘rapid population growth’ (World Bank, 1990:12); and their impact on urban unemployment. The World Bank’s urban agenda is briefly discussed below.

1.6.6 THE WORLD BANK URBAN AGENDA

In the 1990 the World Bank reviewed the progress of development levels in Third World cities across the globe (World Bank, 1990:19). The report concluded that, in general, levels of development had declined during the

Jipsa also seeks to employ new ways of ensuring that unemployed graduates – whose numbers have grown significantly in the past years – are absorbed into the economy. In this light, the Umsobomvu Youth Fund has set up a database of unemployed graduates for all businesses to search for graduates who had qualifications compatible to their job requirements. Several stakeholders have also committed to place young university students in apprenticeships in order for them to graduate in their respective fields (Mantu and Sakoana, 2008:3)

1980s, and this was due primarily to two factors: 'ongoing world economic recession' and 'rapid rates of population growth' in the urban areas.

The effects of the economic recession have been *spatially uneven*, but it nonetheless appears that most Third World cities, including those situated in the more developed economies, have felt the impact of economic contraction (Watson, 1993:262). This in turn has had two important effects. The first has been an increasing constraint on public expenditure, particularly at the level of the local government, such that ability of local administrations to provide and operate urban services and to administer the urban population has been seriously impaired. The second has been the increasing inability of the urban population to pay for urban services and administration, as economic contraction has led to growing unemployment and poverty. While the ability of local governments to supply services has been curtailed, the demands for services and administration have been escalating as a result of continued rapid population growth in the urban areas. The result, according to the World Bank report (1990:42-65), appears to have taken the form of wide-scale service collapse and administrative breakdown.

Soon after the 1990 unbanning of the ANC, World Bank missions began visiting South Africa (Tomlinson, 2002:380). As a result of apartheid, the Bank's mission found the situation rife with problems in South Africa. It refers to 'deficient service provision, poor infrastructure and distorted spatial settlement patterns and distribution of economic functions within the urban areas that constrained the productivity of the urban economy and its ability to generate increasing incomes, employment and services for the growing number

of urban poor'. The attempt to remedy the form of the apartheid city has become a central focus of the Bank's urban mission (Tomlinson, 1992:98).

In the case of South Africa, it is demonstrated in, for example, the Municipal Infrastructure Investment Framework (MIIF), GEAR and Local Government Transitional Act of 1998, that policy makers have shown some willingness to apply the World Bank Urban Agenda to local conditions. In the case of municipal services policy, in its 1994 Reconstruction and Development Programme (RDP), the ANC committed government to the delivery of 'basic' municipal services. However, when the ANC came to power, there was no knowledge of how many households lacked such services, what it would cost to provide a basic services level, how the cost could be financed and how the services could actually be delivered. The process of formulating the MIIF began with the World Bank, based on what it called '*international best practice*' (Tomlinson, 2002:381). According to Tomlinson (2002:381), "this draft of the MIIF was particularly problematic due to the fact that ...World Bank mission wholeheartedly advocated the privatisation of service delivery".

In addition, the government micro-economic policy – GEAR places considerable emphasis on increasing market efficiency, and privatisation; while local government is being called upon to play an increasingly important role in stimulating local development and alleviating unemployment (discussed in section 2.7 below). The Urban Development Strategy (UDS) discussion paper (RSA, 1995:8) recognises the importance of local interventions (similar to those of the World Bank's mission), such as, decentralisation of service delivery to local government and Public-Private Partnership for service delivery. It also emphasises that spatial arrangements specifically the mismatch between where

people live and work need to be reorganised. This can be done, *inter alia*, through co-ordinated programmes encouraging investment in urban infrastructure.

With regard to urban unemployment, the World Bank points to the obstacles faced by small-scale entrepreneurs in gaining access to capital, infrastructure and markets; and emphasised on creating safety net for the jobless and ‘ultra-poor’ through:

- ❖ Increasing the demand for the labour through government policies to encourage labour-intensive productive activities;
- ❖ Alleviating the structural constraints inhibiting the productivity and growth of the informal sector; and
- ❖ Increasing the labour productivity by reducing constraints preventing-labour force participation.

In his interesting paper regarding the diffusion of best practice, Gilbert (2001:13) curiously concludes that the World Bank was ‘ineffective’ and that “housing policy in South Africa has conformed quite closely to the Bank’s list of ‘do’s’ and ‘don’ts’”. The resolution of this contradiction lies in the distinction between directly influencing policy through financial and technical support during the policy process and the intellectual net cast by agencies such as the World Bank.

It is noteworthy that the World Bank had intervened in the housing policy debate through an August 1994 mission led by deputy resident representative. During this period, the Bank recommended to minister of housing that the

higher subsidy being discussed at the time, sufficient for all full houses, is decreased in favour of 'modest site-and-service projects... for the largest fraction of the low-income population' (Dor *et al.*, 2002:198). Moreover, instead of prescribing assets or other means of freeing up housing credit, there should be 'well-publicised voluntary lending targets' for low-income mortgage lending. Within three months, a new policy was adopted along precisely these lines, replete with a record of understanding with commercial banks and a supply-side state housing guarantee scheme, which conflicted dramatically with the RDP and also failed on its own terms (Dor *et al.*, 2002:199).

1.6.7 THE ROLE OF LOCAL GOVERNMENT IN URBAN MANAGEMENT AND GOVERNANCE

The onset of democracy and a constitutional based dispensation in the country, in 1994, was characterised by dealing with the legacy of apartheid from a policy and service delivery perspective by establishing the appropriate policy and legislative framework, structures and systems at the same time as continuing to provide services to the vast majority of poor and mainly black citizens who had been denied these rights under apartheid (Gauteng Department of Local Government, 2006:4).

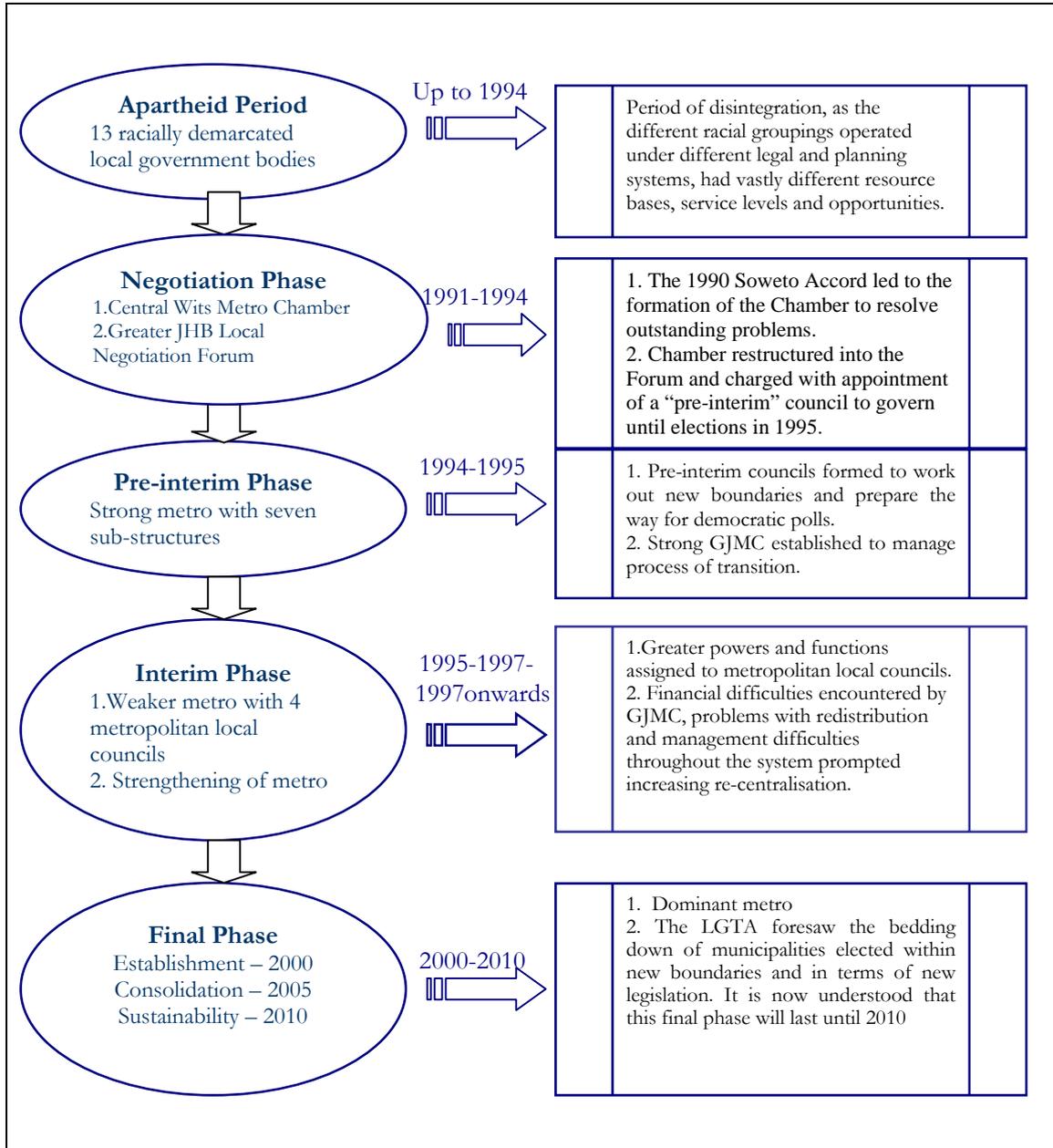
According to Mears (1997:178), local authorities in South Africa served the interests of the apartheid state for over forty years, enforcing a policy of separate development for the different racial groups. Most of the local authorities in Johannesburg had little if any financial base, political legitimacy or ability to administer their areas. Therefore there were not in the position to address developmental issues. On the other hand, the confinement of people to

certain sorts of spatial arrangements provoked some rather important unintended consequences in the form of urban political resistance (Bond, 1999:8). Many protest actions against the racially based local structures took place. Such action included rent and service charge boycotts, and contributed greatly to the deterioration of the already financially vulnerable local government system. After the establishment of the Black local authorities in 1982 (Mears, 1997:178), the civics¹⁶ focused all efforts on abolishing them and on promoting negotiations for single municipalities.

Whereas in many municipalities in South Africa, the process of local government transition undergone three structured phases (pre-interim, interim and final stage), which began with the first democratic elections that were conducted in terms of the Local Government Transition Act (LGTA) (Act 109 of 1993), it appears that the local government transition process in Johannesburg took a much prolonged phases than elsewhere in the country (see figure 1.11). Against this background, the process of transformation has taken place in Johannesburg on numerous levels. The overall terms of the local government restructuring process were established by negotiations at the local level prior to the first democratic local government elections in 1995.

¹⁶ Civil Society Organisations.

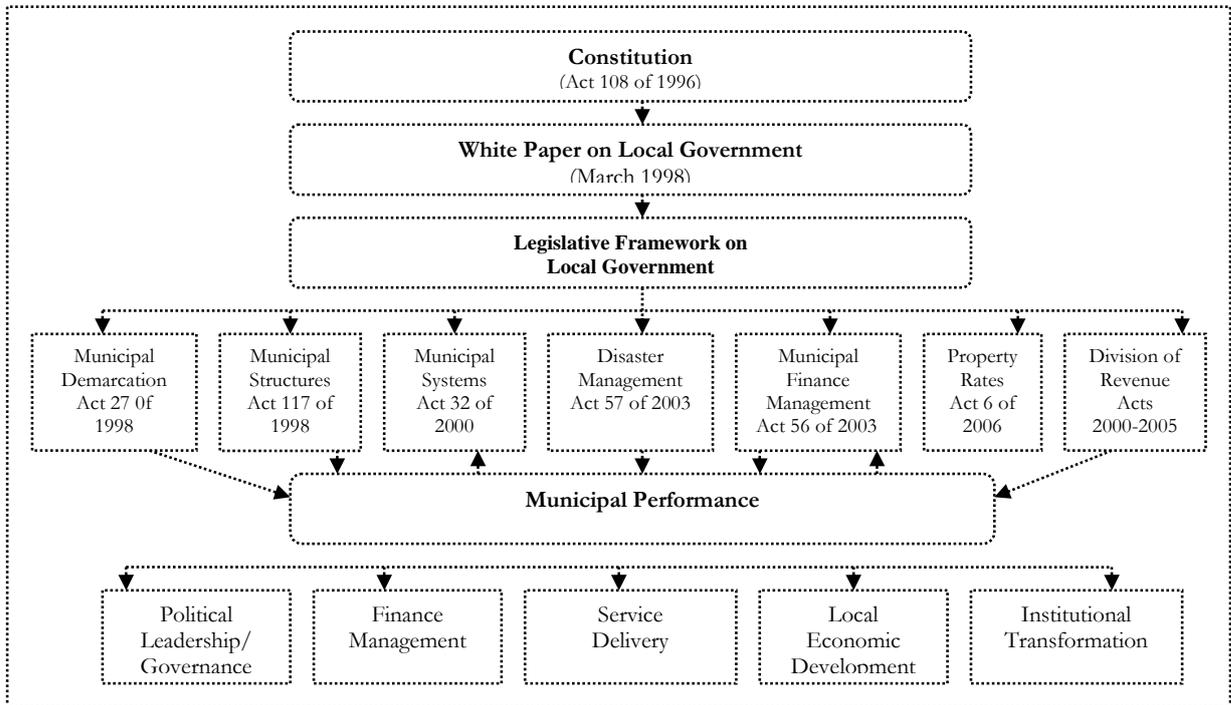
Figure 1.11: Local Government Transition in Johannesburg: A Brief Overview



Source: Developed from Tomlinson, R (1999:1-40); and Gauteng Department of Local Government (2006:13-22)

When the World Bank (1991:21) examines what can be done to transform local government and alleviate urban unemployment in South Africa, it points to the decentralisation of important functions to the local government. Until 1995, one of the key transformations made in the political settlement was the devolution of important functions to local government. Local government, as explained in Chapter 7 of the Constitution (RSA, 1996:63), now plays a significant role in the management and governance. In terms of the unique combination within which South Africa has developed, The Constitution makes provision for three distinctive but inter-dependent and inter-related spheres of government; namely: national, provincial and local government. While each sphere has exclusive powers and functions, they also share concurrent powers. Thus, in terms of the South African Constitution, local government has been given distinctive role in promoting spatial, and socio-economic development, as the basis for democratic, prosperous and integrated society (RSA, 1996:63).

The 1994 to 2000 transition period of local government focused on creating a framework for and establishing local government policies and systems, ranging from institutional systems, structures, fiscal and financial management to democratic accountability to ensure that the vision of developmental local government that creates a better life for all is realised. While The Constitution sets out the vision and approach to be adopted for local government, the White Paper on Local Government provides the framework for the development of key legislation to facilitate the developmental duties of local government. Figure 1.12 below illustrates the linkages of the various pieces of legislation that were developed since the advent of democracy in 1994.

Figure 1.12: Legislative and Performance Framework for Local Government

Source: Adapted from the Department of Provincial and Local Government Laws.

Against this background, the South African government, which is comprised of three spheres of government (explained above) made significant progress in transforming the socio-economic construct of society from its previous racial base to a non-racial democracy. In the process, the challenge of reducing poverty and unemployment, creating jobs and ensuring that the poor have access to mainstream economic opportunities was highlighted. The current national goal of halving poverty and unemployment by 2014 is Government response to this critical challenge. Thus, the role of local government in Johannesburg must be understood in this context. Therefore, service delivery, job creation, local economic development, community participation and accountability are some of the key features of local government. Equally important is local government's role of restoring the dignity of all citizens, improving the quality of their lives and contributing to the realisation and

entrenching of a democratic, non-racial, non-sexist and free society. This means local government must also address the apartheid settlement problems to ensure that all areas are brought into mainstream of development, especially those areas which were historically disadvantaged.

Under this framework of the Constitution, the White Paper on Local Government establishes the basis for a new **developmental local government**¹⁷, which is committed to working with communities to create sustainable human settlements which provide for a decent quality life and meet the social, economic and material needs of communities in a holistic way (RSA, 1996:63). With respect to developmental local government, the World Bank's stresses:

- ❖ Strengthening the management of urban infrastructure;
- ❖ Improving the city-wide regulatory framework to improve market efficiency and to enhance the private sector's provision of shelter and infrastructure; and
- ❖ Strengthening financial services for urban development.

Besides the aforementioned constraints, local government or municipalities in South Africa face additional challenges apart from the worldwide recognised challenges, that of "managing viable and environmentally sustainable urban systems". Some of these challenges include the following:

¹⁷ Developmental local government is committed to promote the economic and social development of the community. This includes things such as ensuring that everyone has access to basic services and that steps are taken to promote sustainable job creation.

- ❖ addressing skewed settlement patterns, which are functionally inefficient and costly.
- ❖ providing municipal expenditure of the revenue currently available within local government to address huge backlogs in service infrastructure in historically underdeveloped areas.
- ❖ to develop strategies for “spatial integration”, while managing the continuing consequences of rapid urbanisation and service backlogs.
- ❖ creating municipal institutions which recognise the linkages between urban and rural settlements.
- ❖ to mobilise private sector resources for development.
- ❖ rebuilding relations between municipalities and the local communities they serve.

Nevertheless, in Johannesburg, as the emphasis of government moves from policy formulation to implementation, there is a new wave of activity to find locally relevant applications of pro-poor development policy (Beall *et al.*, 2000:119). The pro-poor bias has been unequivocal in the period of post-apartheid transition but the challenge remains to sustain it in the longer term. However, it is a matter of doubt whether local government, within its capacity, is adequately equipped to fulfil the entire urban developmental mandates. What is evident is that local government has been democratised, but it shows a very thin-line between meeting the demands of the previous era and the new system. This research intends to examine ways and means that could be employed by the local government (as an instrument for promoting economic development, job creation and integration in Johannesburg) to improve employment and promote geographically and spatially integrated development. The topic is so wide that only a few aspects can be dealt with.

1.6.8 CONCLUDING REMARKS

The ensuing Chapter 2 sets out to explore the role of historical events and politics of the Johannesburg City. The historical development of Johannesburg City is analysed with specific reference to the current unemployment situation and uneven development.

The research methodology adopted three key stages in developing the theoretical framework. The first stage is the 'provisional model' presented in Chapter 3, which generally makes an attempt to respond to the overall hypothesis of the study. Chapter 4 applied the theoretical framework into the Johannesburg situation and Chapter 5 validated the hypothesis and adopted the framework as an alternative explanation to uneven development and urban unemployment in Johannesburg. Finally in Chapter 6, the study concluded its main arguments through confirmation of the hypothesis and concluded with specific recommendations.

CHAPTER 2

2. PERSPECTIVES OF UNEVEN DEVELOPMENT AND UNEMPLOYMENT IN JOHANNESBURG

2.1 INTRODUCTION

Johannesburg (the de facto economic capital of South Africa), whose retained name commemorates Johannes Rissik, the 19th century surveyor of the stolen land (Bond, 2002:9), has had a short but tumultuous history – from tent town to mining and later financial centre. Bond (2002:9) predicts, “When a genuine people’s government comes to power, the name will surely be changed, just as will the inherited landscape of apartheid-era and post-apartheid urban, suburban and peri-urban capitalism”.

The historical development of uneven development in the Johannesburg city is long and complex with origins in colonialism and apartheid. Legally enforceable urban racial residential segregation has been pursued by successive South African governments and has resulted in the emergence of the Apartheid City (Christopher, 1983:146). However, in order to understand the effects of historical and political developments in Johannesburg it is therefore best to begin at the beginning – to consider the particular historical landmarks left by years of colonialism and latter entrenched by apartheid. Whereas the general characteristics of the Apartheid City have been studied, the resultant degree of

unemployment from which segregation has been enforced has not been examined to the same extent.

2.2 HISTORICAL CONTEXT

In its historical, demographic and spatial image Johannesburg demonstrates specific features of urbanisation¹⁸ process. Urbanisation in Johannesburg has historically been closely intertwined with economic, technological and political-administrative factors, as reflected by the following four development phases (Van der Merwe, 1998:85)

2.2.1 Pre-industrial Phase

The beginning of Johannesburg urbanisation is relatively recent compared to that of the rest of the world. Inasmuch as urban centres in the Middle East date back as far as 6,000 years ago, the first urban centre in South Africa only came into existence after 1652, with the arrival of European colonists who were familiar with the urban way of life in Western Europe (Davies, 1981:60). Until then the original inhabitants living at the southernmost point of Africa had an exclusively rural existence (Van der Merwe, 1998:87). During this early phase, urbanisation was primarily concentrated along coastal areas in the southern and eastern parts of the country (Simon, 1984:494). This mirrors the influence of sea transport and the agricultural activities of the European farmers on the establishment of urban settlements.

¹⁸ Urbanisation is a worldwide transformation process whereby communities change from a rural to an urban environment and lifestyle (Van der Merwe, 1998: 83)

Prior to the discovery of gold in 1886 the Witwatersrand, and for that matter the Transvaal, was but sparsely populated (Simon, 1984:495). When the Voortrekkers crossed the Vaal in 1836/1837 it was to find an almost empty land. The Transvaal had been ravaged and devastated by Mzilikazi and his Zulu impis and only small remnants of Blacks were living precariously in a few isolated spots (Davenport, 1991:33).

2.2.2 Industrial Phase

The discovery of diamonds and gold in the 1870s resulted in an acceleration of the urbanisation process in South Africa. Road and transport networks linked the inland mine centres to the coastal harbours, which resulted in the development of Johannesburg – from tent town to mining and later financial centre (Balbo, 1993:27). But with the discovery of gold on the farm Langlaagte in April 1886 the picture changed dramatically (Simon, 1984:495). The feverish mining activities created by the search for gold made for an insatiable demand for labour, and Whites and Blacks¹⁹ poured in to what became the city of Johannesburg in their thousands (Davenport, 1991:34). Urbanisation then spread rapidly throughout the entire country as large numbers of people flocked to the Johannesburg City. Industrialisation and commercial activities in Johannesburg exerted an irreversible force of attraction on the rural population due to the wider variety of employment opportunities, higher living standards and more sophisticated social facilities provided in the urban areas. Within ten years of its origins, Johannesburg was the biggest city in the country and by

¹⁹ It should also be borne in mind that references made to such terms as black, white, Indian and coloured are done in the context of former apartheid and Group Areas classifications. Since 1994 these have disappeared as legal terms, although their implications live on to blight present generations.

1936 was recognised as the” largest and most densely populated European city in Africa” (Tomlinson *et al.*, 2003:4).

According to Frescura (1995:73), Johannesburg was established in the triangular piece of government-owned land known as Randjeslaagte, bounded on the east by Doornfontein, on the south by Turffontein and on the west by Braamfontein. The town itself came into official being on the 29th September 1886. Early settlements were initially closely grouped around Col. Ferreira’s wagon camp and then spread out.

As far as the first settlements in Johannesburg were concerned, there were apparently three such by about 1890 (Frescura, 1995:75):

- 1) The “Native Locations”, subsequently called the Malay Location and then Pageview, adjoining Vrededorp.
- 2) The “Coolie Location” approximately where Burghersdorp was subsequently established near the Braamfontein Railway Station.
- 3) The “Kafir Location” south of the railway line and near the present Vrededorp subway.

Against this background, it is evident that racial segregation in Johannesburg has a long-standing history prior the enforcement of apartheid policies. Before the apartheid phase, already Blacks were regarded a political threat to Whites interests.

2.2.3 Apartheid Phase

In a multi-racial society such as South Africa the different ethnic population groups were not exposed to the life of the city to the same degree. Different life patterns evolved for the different population groups as a result of discriminatory apartheid laws since 1950 (Christopher, 1983:147). The black homeland policy and influx control regulations were some of these outcomes. Blacks were attracted by **employment opportunities** offered in the large industrial and mining centre but their urbanisation rate was controlled to a very large extent by White institutional forces (Smith, 1992:10). Although labour was a crucial factor in the Johannesburg economy, the large numbers were a political threat to White interests.

2.2.4 Post-apartheid Phase

Since 1990, government policy has changed dramatically and this has resulted in a marked shift in Black urbanisation patterns (Christopher, 1983:147). The initial suppressive discriminatory measures of forced settlements in homeland areas, temporary migrant labour, influx control and group area regulations have changed to allow unrestricted movement to and within Johannesburg (Morris, 1998:759). The Johannesburg city is now theoretically accessible by all people, irrespective of race. Van der Merwe (1998: 85) argued, "This has resulted in a marked population increase in our urban areas, together with numerous physical and social problems associated with high-density urban areas.

2.3 INTERNAL STRUCTURE OF JOHANNESBURG

Although the Johannesburg city is set within the Western capitalist market economy, the apartheid system has imposed a specific structure and distinctive character on it, unique in the world (Morris, 1998:759). This ideology was based on the assumption that the incompatibility between ethnic groups is such that contact between them can lead to friction, and that harmonious relation can only be secured by minimising proximity (Smith, 1992:11). State induced racial zoning on ethnic lines resulted in an artificial duplication of the residential, economic and administrative functioning of the city. Legal enforcement of urban racial segregation made Johannesburg anomalous in international terms (Van der Merwe, 1998:86). The internal structuring of the Johannesburg city displays politico-economic, functional-morphological, social and managerial dimensions with clear resemblance to city structures elsewhere in the world. Johannesburg has, however, also responded to local conditions, and to some extent has acquired a distinct character. Although international city forms resembling the First, Second and Third World respectively are to some extent present, the overall impression of the Johannesburg is predominantly that of a frontier colonial Third World city, which has historically developed in roughly four different phases (Davies, 1981; Western, 1986; Simon, 1984; Bernstein and McCarthy, 1990; Lemon, 1991; Swilling, Humpries and Shubane, 1991).

2.3.1 Colonial Beginnings

According to the Simon (1984:496) model of colonial urban development, South Africa's urban settlements originated in the 17th century as an alien implant established in a territory without an urban tradition. Dutch and later

the British colonial settlers established first towns, and regarded them as their cultural domain. Notwithstanding this European origin, Johannesburg city displayed more similarities to the North American city than to the West European version, due to their more recent origin. The indigenous African Population was soon drawn to the urban centre to serve colonial masters. Upholding the spirit of the colonial Third World city, class differences and spatial segregation were characteristics of the Johannesburg city from its inception.

Historical records indicate that segregation was one of the dominant features of British colonial societies. Structural ethnic separation was a reality in places such as Cape Town, Johannesburg, Durban and Port Elizabeth (Christopher, 1983:146). The motivation for urban segregation took several forms, ranging from the fear of health hazards, whereby English officials regarded non-Europeans as unhygienic, to the perception that they pose an economic and political threat to established European dominance. The heritage of the British colonial city, or even the generalised European colonial city, supplied the foundation for the evolution of the generalised European colonial city, supplied the foundation for the evolution of the segregated and later the apartheid city in Johannesburg.

2.3.2 The Segregated City

From 1910 the South African government took over the role of the colonial power in the Johannesburg city (Christopher, 1983:146). Notwithstanding some racial and segregationist overtones during the colonial beginnings, centralised state control over Black urbanisation was only introduced in 1923 (Morris,

1998:763). During this year the Native (Urban Areas) Act empowered, but did not compel, local authorities to set aside land for African occupation in segregated townships (Lemon, 1991:17). By and large segregation in the Johannesburg city evolved spontaneously as a result of the high level of social distance created by a colonial mentality of dominance-dependency relationships between Whites and Blacks. The overall impression was that of a fragmented city with some mixed zones and scattered ethnic enclaves within certain neighbourhoods. This city was highly, but not completely segregated. During this phase segregation indices of Whites fluctuated between 70 and 75 percent, which indicated the high level of natural division in the residential areas (Christopher, 1990:425).

2.3.3 The Apartheid City

The Group Areas Act of 1950, as amended in 1955, was a cornerstone of the apartheid policy, producing for the first time legally enforced segregation in South Africa's towns and cities (Lemon, 1991:18). The "apartheid city" was created through a mixture of national and local policies. At the national level, urbanisation strategies led to the broad shape of cities and gradually entrenched through local-level politics and strategies (Tomlinson, 1999:5). Housing and services were provided separately on a highly uneven basis, and access of Black to the city was strictly controlled by means of influx control regulations. The result was that Johannesburg became more highly structured and divided than any multi-ethnic colonial city elsewhere in the world. White segregation indices increased to 93 percent (Christopher, 1990:425). According to Christopher (1990:425), equivalent figures in Africa were between 70 and 75 percent, while

in most First World cities the segregation levels ranged somewhat lower between 50 and 60 percent.

Group Areas planning resulted in the inner city and suburbs being proclaimed for Whites while the Coloured, Asian and Black residents were usually relegated to certain sectors on the periphery (Morris, 1998:760). This policy caused great dissatisfaction and discomfort. By 1990 approximately 1,700 group areas had been proclaimed in South African cities, resulting in the forced removal of between 750,000 and 1,000 000 people (Bernstein and McCarthy, 1990:17). This action was accompanied by disruption of life and great human suffering (Western, 1981:251). Apartheid laws did not only have damaging effects on human lives, but also resulted in the artificial structuring of the city in terms of economy, administration and morphology. Increased distance between places of residence and work was one such outcome. Another feature was that the public service system was unequally fragmented and ethically duplicated by intervention from the central government.

Furthermore, the Johannesburg “Apartheid city” manifests a dualistic frontier character, similar to the colonial cities of the Third World (Smith, 1992:16). Firstly, there is a White-ruling component, structured in an orderly manner and well developed according to First World Western norms. Additional characteristics include vigorous capitalistic land use competition, an extensive urban area with low building densities, well-planned layouts, private vehicle use, modern architecture, domination by single dwellings, decreasing population densities in combination with increasing social status towards the periphery, high living standards, sound infrastructure and services. Secondly, alongside the Western city sector, there existed a disadvantaged Black component in a

relatively disordered and inferior city structure. Phenomena such as over-urbanisation, limited space and high densities, unemployment, poverty, informal economic activities, illiteracy, housing backlogs, informal settlements and peripheral squatting, insufficient infrastructure and services, ill health and scant medical care are widespread (Ramphela and Heap, 1991:698). The overall impression of the Apartheid City is therefore one of decreasing socio-economic status and increasing density towards the periphery.

2.3.4 The Post-Apartheid City

Based on moral grounds and disfunctionality, the apartheid structure of the Johannesburg city came increasingly under pressure towards the end of the 1980s (Dauskardt, 1993:10). Influx control measures were abandoned in 1986, followed by the scrapping of various other apartheid laws, including the Group Areas Act in 1991 (Morris, 1998:760). In theory this opened the Johannesburg city to all races. A new era lies ahead, wherein the Johannesburg City must recover socially from the damages caused by apartheid policies. Drastic economic and administrative changes in the decolonising process of the Johannesburg city can also be expected (Van der Merwe, 1998:88).

Thus apartheid did not become merely the means of plundering the wealth of the city, and of placing it in White hands, it was also a social system which ensured that, **once racism had abated, class would replace race** as the primary means of social differentiation. Apartheid therefore set out to create in perpetuity a proletariat which, through no coincidence, was also black (Frescura, 1995:75).

This has become increasingly obvious since the repeal of the Group Areas Act in 1991, when many workers in the field of planning began to realise that the effects of Apartheid will be with us for many generations to come. This does not refer only to the idiosyncratic road plans, or the physical barriers it placed between communities, but also includes the ghetto textures of Black residential areas (Swilling, Humphries and Shubane, 1991:22).

Given the aforementioned background on the internal structure of the Johannesburg city, the following section will deal with the physical characteristics of the Apartheid City and the Apartheid tax base for Johannesburg which also reveal a major impact.

2.4 PHYSICAL CHARACTERISTICS OF THE APARTHEID CITY

Apartheid city planning is marked by a number of features which, read in a historical context, could be interpreted as part of segregationist residential policy. Taken as a whole, however, they fall into a pattern which reveals a wider ideological intent. These characteristics may be summarised as follows (Frescura, 1995:76):

2.4.1 Segregation of Residential Areas

Selected residential areas were set aside for the exclusive use of specific communities (Dauskardt, 1993:11). This segregation did not only take place along racial lines but, in some cases, was extended to perceived "ethnic" groupings in the black community itself. As a result certain areas of Soweto were set-aside for Nguni, Sotho, Tswana and Venda language groups, and even

the Nguni locations made allowance for Zulu, Xhosa, Ndebele and Tsonga sub-divisions. In the case of black/white segregation, this was regulated by legislation which controlled so-called "Group Areas", miscegenation and intermarriage between races (Posel, 1991:23). On the other hand, the separation of "ethnic groups" was entrusted to white bureaucrats with little knowledge of anthropology, or empathy for indigenous value systems. Separation between white and non-white citizens was strictly enforced often by brutal police action, whilst little attention appears to have been paid to residential mixing and integration within the non-white group.

2.4.2 Use of Buffer Zones

Group areas were separated by means of buffer zones, which were 100m minimum width, but in some cases could be as much as 250m (Dauskardt, 1993:12). In the case of some smaller municipalities the mandatory existence of buffer zones had a negative effect upon the growth of white residential and business areas, leading these to openly ignore regulations promulgated under an ideology they officially espoused.

2.4.3 Use of Natural Features

In many instances planners were allowed to incorporate natural features or areas where construction was difficult, into their buffer zones.

2.4.4 Industrial Belts as Buffer Zones

Although buffer zones were used to create and reinforce racial segregation, this land was invariably retained under white municipal control and in many cases was developed as industrial townships (Morris, 1998:761). Thus businesses in these areas employed workers from the nearby black townships; their rates and taxes were paid to the white municipality under whose control they fell. The factories were therefore contributing to the tax base of the white municipality, and subsidising its white infrastructure.

2.4.5 Extended City Planning

Black residential townships were invariably removed from the CBD, an obvious link with the colonial Segregated City (Balbo, 1993:21). The distance from the city centre varies from instance to instance. Soweto, for example, was the product of apartheid planners who originally wished to locate it in the vicinity of Newcastle, in Natal. It was their intention to link it to the Witwatersrand by a high-speed railway system (as yet not invented), which would have covered the distance in less than two hours. Although the Johannesburg Council successfully blocked this proposal, the establishment of Kliptown and Nancefield in 1904 ultimately guided the location of Soweto to the south-east of Johannesburg.

2.4.6 Extended Road Links

One of the most noticeable features of the Apartheid City is the wide spread of its residential suburbs linked by relatively long travel links. An integrated city on the other hand, would probably have developed along more compact lines.

2.4.7 Military Control

Many black residential townships established during after the 1950s are also marked by their proximity to military bases and airfields. It is not an accident that the Lenz Military camp and the Baragwanath Military Airfield are located in close proximity to Soweto.

2.4.8 Radial Street Planning

Similarly may black towns were planned to facilitate military operations within their streets. This is not a recent paranoia, but dates back to the time when Verwoerd was Minister of Native Affairs. The results are etched in the road plan of Soweto, whose radial streets connect a series of vacant hubs. The theory was that, in times of civil unrest, nests of sub-machine guns could be located on this land, covering the radial roads and enabling troops to isolate trouble spots in a series of pincer movements. Although the student uprising of 1976 exposed the weakness of such thinking, military interference in urban planning has not ceased and up to comparatively recent times plans for new black residential suburbs had to be scrutinised and vetted, by the local military.

A military and totalitarian mindset is also revealed by the limited number of access points provided to black residential areas, to facilitate sealing off an area during times of civil unrest. In 1976 a major township such as Soweto, with a population of 1.5 million people, could only be accessed by motor vehicles at four points (Balbo, 1993:26).

2.4.9 Social Infrastructure

The development of separate residential areas must also be read in the context of prevailing white political philosophy. Nationalist thinking perceived South Africa's black citizens to be perpetually rural, and any access they might have to an urban area was only temporary (Christopher, 1983:152). Their homes were therefore a reflection of such impermanent status, and their residences were not permitted to develop features of any permanence. For this reason social amenities were usually neither plentiful nor well equipped.

2.4.10 Housing

Stands were kept deliberately small, usually at less than 300 square metres, whilst white equivalent was kept at 700-800 square metres. Black housing was small, poorly built, devoid of internal doors, ceilings and internal services (Tomlinson, 1999:8). Most housing stock consisted of the State-built NE 51/6, which was less than 50m in the area. These were not sold, but were retained in government ownership and rented out. The State also refused to conduct any maintenance upon their properties, and would not allow residents to extend or improve these, even at their own expense. Services were kept to a minimum,

with rudimentary roads, water and sewage reticulation, and no provision was made for electricity or telephone.

Despite the fact that houses were built using a conventional technology, the textures of the townships remained consistent with those of squatter camp. The housing process included no consultation with client communities, and politicians, farmers and lawyers often designed plans at a ministerial level. However, it is crucial to note that in the late 1970s, the state attempted to sell the township houses to the people – with varying success.

2.5 DIVIDED APARTHEID TAX BASE FOR JOHANNESBURG

In addition to the above, a number of other characteristics could be assigned to the Apartheid City, which do not find direct physical manifestation. Perhaps the most contentious of these centres upon the allegation that apartheid's planners could set out, coldly and deliberately, to beggar their black co-citizens. This was done in number of ways:

- 1) Since 1913 Parliament has promulgated a succession of legislative measures which have limited and ownership by the Black community, curtailed the extent of its settlement, and removed its existing rights to tenure (Frescura, 1995:76). This has effectively excluded them from the landed bourgeoisie, and prevented them from accumulating wealth through property investment (Christopher, 1990:422). In rural areas also, black farmers were denied access to markets by the development of a transport infrastructure which deliberately avoided those regions better known as "homelands" (Rogerson, 1989:136).

- 2) In the urban areas, no major manufacturing or retail was permitted to set roots in the black townships (Frescura, 1995:76). This created a "company stores" relationship between white business and its black workers, where the latter were expected to earn their wages in the white city, and spend this money in white-owned shops. This created a cash monopoly which decreased levels of community wealth and reduced its potential for generating savings, and therefore investments.
- 3) When separate local government structures were established in the black areas during 1970s, white municipalities were allowed to retain control of the industry and commerce within their boundaries (Tomlinson, 1999:11). Thus, despite the fact that their profits were earned from citizens of all races, their rates and taxes were paid into the coffers of white municipalities. In this way the black community has, for many years, been made to subsidise the infrastructure and living standards of its white neighbours.
- 4) Due to its extended plan, unnecessarily long transport routes, and duplication of amenities, the Apartheid City has been enormously expensive to service (Morris, 1998:762). The white taxpayer has not carried out this financial burden alone, but it has been the lot of all of this country's citizens (Tomlinson, 1999:11).

Against this background, the following section reviews aspects of employment opportunities in the apartheid Johannesburg and how that influenced the changing role and current structure of the Johannesburg city.

2.6 LABOUR DEMAND AND REGULATIONS IN THE 1950s

Thrust to power unexpectedly in 1948, the Nationalist government regarded a solution to the 'Urban Native problem' as one of its first priorities (Eiselen, 1958:29). The size of the urban African population had rocketed during the 1940s, boosted by expanding *employment opportunities* in city and desperate rural poverty. For example, between 1936 and 1946, the urban African population had grown by 57.2 percent, from 1 141 642 to 1 794 212, as compared with a 31.5 percent growth in the white urban population, from 1 307 386 to 1 719 338 (Posel, 1991:21). Whites anxieties about being 'swamped' by Africans in the cities were heightened by rising levels of political turbulence and often-militant protest in urban African communities provoked largely by appalling living conditions. A dire housing shortage meant that at least 58 percent of the urban African population were squatters on unserviced land (Posel, 1991:21). To make matters worse, Posel (1991:21) indicated that an average wages for Africans in urban areas were well below the breadline, at the same time as the war-time shortages pushed up the price of basic foods and transportation.

Accelerating African proletarianisation was not only politically inflammable; it was also considered by the Nationalists to be economically 'irrational' (Swilling, Humphries and Shubane, 1991:25). White farmers suffered serious labour shortages, while the cities contained large 'surpluses' of African labour, symptomatic of widespread unemployment and under-employment (Swilling, Humphries and Shubane, 1991:25). Moreover, many urban employers, especially those paying particularly low wages for unskilled work, spurned the reserve army of labour on their doorsteps, choosing to recruit so-called 'raw' migrant workers from the reserves. While the journals of organised commerce

and industry sang the praises of a 'stable' urbanised workforce, individual employers often preferred the services of rural recruits, particularly for unskilled work, on the grounds that 'rural labour' was less 'job choosy', more 'docile' and disciplined, and prepared to work for lower wages, than urbanised workers (Posel, 1991:22). Once more rural recruits were more familiar with the urban job market, however, many moved on to better-paying jobs, leaving vacancies which the employers filled with 'rural labour' once more. The result was a high labour turnover in the cities, coupled with rising levels of urban unrest and under-employment (Swilling, Humphries and Shubane, 1991:25).

A large part of the solution, according to the Nationalists, was to curtail the growth of the urban African Population, and eliminate urban unemployment, by means of an influx control policy which would restructure the urban labour market in accordance with an 'urban labour preferences principle' (Posel, 1991:22). A policy of urban population resettlement was not part of the original apartheid strategy devised during the late 1940s and early 1950s. The state's remedy to the rampant proletarianisation of the 1940s was initially less aggressive, due partly to a misplaced faith in the state's power to orchestrate and control urban unemployment patterns. The architects of apartheid were confident that once urban employers' access to workers recruited from rural areas was restricted, these employers would be forced to make 'better use' of a smaller (urbanised) labour pool, which would cut labour turnover and reduce unemployment in the urban areas. Reducing the number of people drawn into the city from rural areas in turn promised to curb the growth of the urban African presence. And, with urban labour demands more fully catered for by the resident African population, substantial numbers of work seekers from the reserves could be deflected to white farmers to redress labour shortages there.

The 'urban labour preference policy' would be complemented by an immediate urbanisation freeze: any migrants who were permitted access to urban employment would be prohibited from settling permanently in the urban area. Their right to be in the area would lapse once their employment contract ended (Swilling, Humphries and Shubane, 1991:26).

The overall result, as an interdepartmental inquiry into Idleness and Unemployment among Urban Bantu (hereafter referred to as the Botha Report, 1962) pointed out, was a perpetuation of the original problem which the 'urban labour preference policy' had been designed to solve: 'the anomaly exists that (African) work seekers from outside the urban areas are admitted in, despite the fact that there is already a surplus in the towns'. At the same time as labour bureaux officials admitted the 'persistent under-utilisation' of the urban labour reservoir, industrialists noted that 'the percentage of migratory workers was increasing annually' (Lodge, 1983:58).

Another serious loophole in the labour bureaux system during the 1950s was the near-complete absence of control over the employment of African women in the urban areas (Posel, 1991:29). During the 1940s, the United Party government had resisted often-vehement calls from local authorities for stricter controls over the movements of African women, largely for fear of inflaming widespread protests. The local authorities found a more sympathetic audience in the Nationalist government, however, which stressed the importance of curbing areas meant a new generation of urban-born children, pushing the size of the urban African population up exponentially. Ignoring an angry uproar, the Nationalists therefore proposed to apply the same influx control laws to women as men, that is, part from the women accepted as 'urbanised', in the

state's strict sense of the term, women's presence in urban areas would be contingent on securing employment through the labour bureaux, and in accordance with the 'urban labour preference policy' (Posel, 1991:30).

With the 'urban labour preference policy' largely a dead letter, widespread illegal employment of African men in urban areas, and very little control over the movements and employment of African women, the urban African population increased dramatically. Also, the energetic implementation of the Prevention of Illegal Squatting Act of 1951 saw the destruction of many shantytowns, which had been home to thousands denied permission to live legally in urban areas. Despite such measures, however, municipal administrators generally assumed, as a rule of thumb, that 15 percent to 25 percent of the communities under their jurisdiction was 'illegal' (Swilling, Humphries and Shubane, 1991:27).

2.7 EMERGENCE OF URBAN UNEMPLOYMENT PRIOR TO 1994

The apartheid spatial system, as it manifested itself within the urban system as a whole, was premised on policies aimed at decentralising and deconcentrating employment at the macro level and dividing the city itself into racial residential areas at the micro level (Christopher, 1990:147). Until 1986, entry into the city itself was regulated by influx control; i.e. the dividing line between 'town and countryside' was secured by repressive racially based legislation. This division was complemented, however, by economic constraints that blocked access for the poor to spaces that were too costly for the in-migrating populations (Schlemmer, 1991:50).

The result has been a massive waste of resources and the net spatially based redistribution of wealth from the poor to the rich as a result of divided tax bases, constraints on small business development, limits on agglomeration in the inner city, the subsidisation of transport to counteract the costs of subsidised deconcentration/ decentralisation, and costly misuse and non-use of land (Schlemmer, 1991: 366). Out of this has emerged the need for what the Urban Foundation has called the 'compact city', i.e. a city that maximises the use of its resources and ensures access to its services for the poor. Although legislative deracialisation is a necessary condition for building the compact city, the built environment is spatially fixed. How the compact city is built in a way that simultaneously utilises the deconcentrated urban infrastructure that already exists will emerge as the main challenge.

Furthermore, an enormous investment has been made in urban infrastructure. The basic infrastructure is with respect to roads, mass transit, electrification, water supply, sanitation, and waste disposal. However, for reasons related to the class structure of the society that results in low levels of remuneration for employment, and the racial structure of the apartheid city that forbid certain residential areas from being serviced, these bulk services are, on the whole, denied to the urban poor because the cost of the service and what is 'affordable' cannot be reconciled by the level of unemployment in these communities (Tomlinson, 1999:10).

In addition, racial residential segregation under legislation such as the Group Areas Act resulted in the removal of many inner city communities to townships on the urban fringe (Christopher, 1990:147). Similarly, race zoning prevented black people, *de facto* the poorest component of Johannesburg urban society,

from legally living in inner city neighbourhoods which would have placed them at an affordable distance from employment. While the poorer components of society were displaced from inner city to urban periphery, jobs remained in the city.

However, by the late 1960s, the migration of shops and business to the suburbs was underway and more jobs were being decentralised (Tomlinson, 1999:10). Johannesburg CBD was already in trouble. As the Carlton Centre was being opened in 1972 (even then it was with the purpose of revitalising the CBD as a shopping destination), construction was well advanced on the first major decentralisation of shopping and office space which would ultimately bring the CBD to its present plight. Sandton City, developed by Liberty Life, opened in 1973, followed by Eastgate in 1979. These two complexes alone achieved sales equal to 17 percent of the entire CBD and were instantly successful in filling the available office and retail accommodation (Development Update, 1997). Emboldened by this success, developers got busy with plans for expansions. A limited number of new developments were taking place in the Johannesburg's CBD; and for the first time in its history, there were no longer large-scale developments taking place (Tomlinson, 1999:11).

2.8 TRENDS IN JOHANNESBURG

South Africa's first multiracial national election in 1994 marked the end of state-sanctioned racism. It was also the year in which Johannesburg was reconstituted as a city with white and non-white areas brought under the same local government. This meant considerably increasing the city's population while sharing much the same fiscal base. With some 3.8 million residents,

Johannesburg is currently the most populous city in South Africa and one of the largest urban conurbations on the African continent (Tomlinson *et al.*, 2003:16). It is, however, a relatively young city, even by Southern African standards. Today, Johannesburg's diversified economy generates as much as 35% of the country's GDP (Czeglédy, 2003:26).

Nevertheless, Johannesburg's population is expected to grow slowly at only 0.9% per annum between 2000 and 2010 (Simkins, 2000:3). Three factors are important. First, fertility in Johannesburg is low. The fertility of Asians and whites is below replacement and that of Africans and coloureds, at 2.6% and 2.5%, respectively, is close to the replacement fertility rate of 2.1%. Second, mortality is increasing due to an aging population and the effects of HIV/AIDS. Third, migration from South Africa's rural areas has virtually ceased. Whereas there had been a massive transfer of unskilled labour from rural areas to Johannesburg to find jobs in the mines and in manufacturing and services, nowadays there is high and increasing unemployment (Tomlinson *et al.*, 2003:17). There is little incentive to move to the city for the South African rural dwellers.

Moreover, the different population growth rates are changing the racial mix. In 1996, Africans comprised 71%, whites 19%, Asians 4% and coloureds 6% of the city's population. By 2010, projections point to Africans increasing to 75% and whites declining to 15% (Simkins, 2000:5). A remarkably high 2.5% of the city's white population left in 1996. Inexorably, Johannesburg's population is becoming more African, but not as rapidly as it would have in the absence of HIV/AIDS (Tomlinson *et al.*, 2003:17).

It is evident however that the trends of the late 1980s and the early 1990s that were characterised by the process of urban decline and exponential suburban growth, have indelibly mark the urban form to this day. Not least, a series of changes rooted in the combination of increased urban crime and an influx of poorer, non-white residents rapidly changed the ethnic and fiscal demographics of the inner city and gave pretext for well-to-do centre residents and businesses to quickly move from the urban core. The majority of downtown businesses began to re-establish their office and retail operations in the well-to-do suburbs to the north, many of them in the commercial nodes of lower Parktown, Rosebank, Hyde Park, and Sandton. This displacement diverted private investment away from inner city regeneration initiatives while simultaneously undercutting the municipality's tax base. In addition, it changed the very nature of urban articulation in Johannesburg, including the manner in which many residents now understand the city *as a city* (Czeglédy, 2003:27).

Czeglédy (2003:27) also indicated “whereas previously the Johannesburg CBD was a common ground of activity for the monied residents of the city as a whole, by the beginning of the 1990s this had substantially changed. Inner city residents vacated the CBD in favour of suburban certainties removed from the threat of urban crime and infrastructural decay. The once prosperous band of interstitial apartment and office building areas (Berea, Yeoville, Hillbrow, and Braamfontein) quickly lost both commercial and residential tenants at the upper, then middle, range of the market”.

It is also apparent that these dramatic changes of residential stock have been accompanied by fundamental changes in the use of public space. State reforms, which lifted prohibitions on both formal and informal trading in African

townships, have resulted in significant changes in land use. Beall *et al.*, 2000:117) observed: “by day, township streets are now characterized by hawkers, new retail outlets (especially fast food chains) and taxi services. By night, serviced districts are now illuminated by streetlights and advertisements for public ‘taverns’. Although local smoke, darkness and dust are still features of Johannesburg’s townships, they are increasingly restricted to the shantytown areas”.

Figure 2.1: Township Informal Trading – Soweto



Source: Bremmer, L., 2004:96

In principle, Johannesburg has also changed in the minds of those who live there. Once a white, European (predominantly English) city in Africa, its purity eroded in the 1980s as a mixture of European and African life-styles appeared. No longer unrelentingly white, the city became dappled with gray areas, black spots, and illegal residences. By 2001, parts of the inner city had become almost wholly black and African, with a recent population of “foreigners” providing a new arena of racial and ethnic tensions (Tomlinson *et al.*, 2003:xii). From the perspective of whites, particularly those who have moved to the northern

suburbs, Johannesburg has gone from the citadel of white dominance to the declining inner city of crime and grime. The city is imagined almost like a declining industrial city in the United States (Beauregard, 2003): as obsolete, so deteriorated as to be beyond redemption, or as taken over by (or left behind for) Africans. It has become the “other” to the affluent northern suburbs and white, working class communities alike. According to Tomlinson *et al* (2003:xiii), “from a white suburban perspective, Johannesburg, the symbol, has become the city left behind; Sandton is the new centre. The old Johannesburg exists in nostalgia; the new Johannesburg exists in *absentia*”.

Today, most people living outside of the inner city have begun to consider the CBD as a virtual “no-go” zone. Suburban residents readily admit that they “do not even go into town – unless I [absolutely] have to” (Czeglédy, 2003:28). Their chief motivations tend to be voiced through stigmatic concerns such as crime and decaying infrastructure. The far subtler variable in their decision-making is the way in which the very structure of the city has changed as a result of the most recent spurt in suburban development. Simply said, Johannesburg’s city center no longer fulfills the role of *center* in practical terms.

The most significant feature of recent suburban development in Johannesburg has been neither its pace nor its extent (both of which are considerable) but its quality (Czeglédy, 2003:28). Specific sites of commercial development in the northern suburbs have captured the commercial heart of the town from the inner city. Although a major portion of this urban substitution has involved the relocation of corporate headquarters – even the Johannesburg Stock Exchange – to the north, much of the commercial development has taken the form of large-scale shopping malls (and lately casinos) constructed in direct proximity

to new office and/or residential districts. Each of these functional alternatives has replaced the retail, business management, and entertainment/leisure roles that the downtown ones played. In unsurprising the traditional role of the city center, they have managed a literal *inversion* of the urban structure. Only the municipal bureaucracy remains rooted to the downtown core while the city's private investment is nearly exclusively redirected to a functional urban fabric that is, literally, less and less a part of the rest of the original city. In this transformation, the periphery seems to become the center just as the center has become the periphery.

Figure 2.2: The New Johannesburg Stock Exchange (JSE) in the Northern Suburb



Source: Bremmer, L., 2004:93

In many ways, the northern suburbs thereby represent the pattern of “edge cities” introduced by Garreau (1991:260). However, whereas the edge cities of America seem to complement their originating urban cores, the suburbs of Johannesburg and South Africa have eclipsed them nearly completely (Czeglédy, 2003:29). The term “seem” is employed not just because the process of inversion is incomplete, but also because the decentering of Johannesburg is opposed on several levels, most notably the municipal platform of the GJMC

and its *iGoli 2002 and iGoli 2010* plans. The iGoli plans have a final goal the “creation of a world class city” for Africa by the year 2010. Irrespective of their details with reference to financial, administrative, and management consolidation, these plans signal an attempt to revitalize the inner city, thereby establishing the traditional articulation of the urban core to the suburban periphery. Implicitly, this reversal involves more than just urban renewal; it pits public—and ethnic majority—interest against private capital and a minority population. Effectively, it draws together the very confrontations of sociopolitical transformation that are so crucial to the future of South Africa. Such confrontations may be verbalized in the speeches of politicians, but they are enacted on a daily basis in the ways that urban dwellers remain contentedly apart in the ordinary terms where they live, work, and play.

While the process of urban decentering and suburban preeminence described above is not new (having occurred in a variety of larger American cities during the 1970s), nowhere has it hollowed out the metropolitan core to the extent that it has in Johannesburg. This process is not simply a question of nostalgia, but one of urban anchorage – an issue that lies at the very heart of traditional visions of the built environment and their attendant question of community and identity.

2.9 CONTINUING SOCIAL AND ECONOMIC DIFFERENTIATION IN THE CITY

Thirteen years after the first democratic elections the Johannesburg city continues to be overwhelmed by its apartheid history. Racial segregation and inequality are still the primary features of the Johannesburg city. However, the political freedom that had been attained was psychologically important as it

raised the confidence of South Africa's people, black, coloured, and white (Mayekiso, 2005:20). Against this background, the study contends that while the struggle for access to resources is based on racial capitalism conceptualised under apartheid, it is gradually becoming a 'class competition' with the emergence of a black middle-class spurred by black economic empowerment initiatives and the strong presence of black professionals in the civil service. Also, capital accumulation slowly becomes non-racial. This development would have been impossible under apartheid because its basic tenet was based on denying black people access to resources and marginalizing them in the peripheries of the city, so as to sustain racial inequality as demonstrated by the statistics in Table 1 below.

Table 2.1: Spatial, social, economical and racial division of Johannesburg in 2001

	Race in %			
	Black	Coloured	Indian	White
Illiteracy	17	6	13	3
Rate of unemployment	39	31	13	6
Expenditure <R1000 per month	68	28	9	10
Informal dwellings	24	5	0	1
No electricity	17	4	2	0
No flush toilets	16	3	3	0
No tap water	13	6	0	0

Source: Kihato (2002)

Although, over the years, the dialectic of Apartheid has tended to change, its net effect upon black community has involved the dispossession of their homes and land, often with minimal recompense (Frescura, 1995:77). This condition has become most evident in Johannesburg where residential distributions, land uses, transport routes and statutory curbs on economic inequality have become entrenched along racial lines (Morris, 1998:763). Whereas many blacks believed that once state apartheid was no more,

Johannesburg would thrive – the new government would ensure this – and they could move there and live well (Tomlinson *et al.*, 2003:xiii). The 1994 dispensation that brought the ANC to power would yield a government committed to providing new housing, jobs, and improved and more accessible services quickly and to everyone. The government has delivered housing and services, but many recipients view them as inferior and their locations worse than they had received under apartheid.

Tomlinson *et al* (2003:xiii) observed: “just when blacks were able to imagine Johannesburg as also belonging to them, and thus to imagine themselves as city dwellers, two events ensued. First, whites fled and took with them their retail businesses, insurance companies, and stock exchange. The ‘shell’ they left to the poorer black population. A multiracial Johannesburg was quickly taken off the agenda. Second, Johannesburg witnessed an influx of blacks from other African countries who moved aggressively into street trading and illegal activities such as prostitution and drugs”. Black South Africans have been forced to reimagine Johannesburg not as belonging to all South Africans or to them alone but shared with others in a new African cosmopolitanism (Tomlinson, 1999:12).

Figure 2.3: The 'Shell' left to the Poorer Black Population

Source: Bremmer, L., 2004: 52

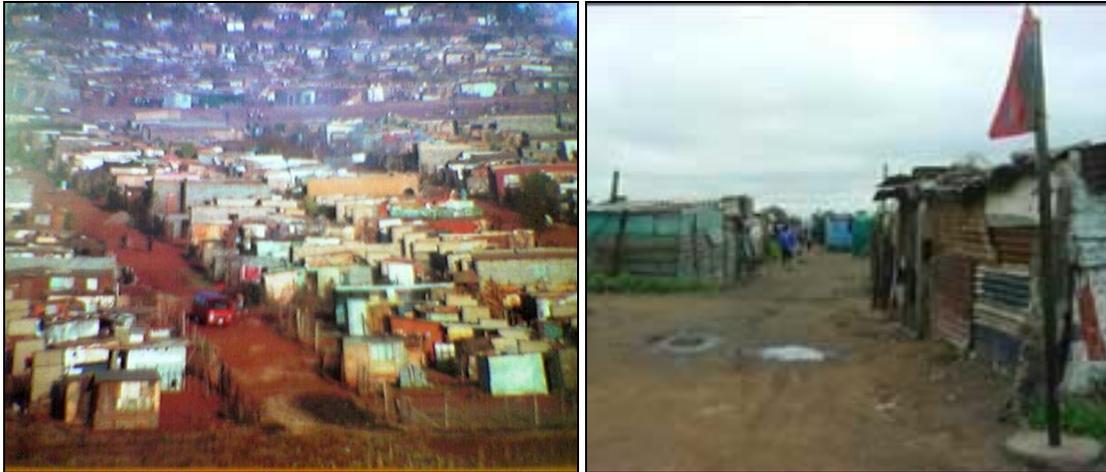
According to Beall *et al* (2000:116), within Johannesburg, poverty and unemployment have been increasing steadily. In some areas of Johannesburg, such as the informal settlements of Diepsloot and Orange Farm and those in Alexandra township, the levels of poverty are far higher than the average metropolitan incomes would suggest and the quality of life may be as bad, if not worse, than in some rural areas. Moreover, as the overall proportion of the population living in what is the nation's largest urban centre grows, so too does the absolute number of people living in extreme and relative poverty in Johannesburg.

Beall *et al* (2000:116) also indicated "poverty in Johannesburg is geographically concentrated. Its distribution still follows the pattern of residential segregation laid down during the apartheid period which saw the removal of African people from the central city and their confinement to townships located at some distance from the city centre. Apartheid planners deliberately reinforced this residential segregation, as did squatters, more inadvertently, by invading land and developing informal settlements within or on the periphery of the black

townships. The recent erosion of racial residential segregation has done little to affect the geography of inequality in Johannesburg. Although the residents of many formerly white inner-city neighbourhoods are now predominately black, and even predominately African, the occupational and income profile of these neighbourhoods has probably not changed significantly”.

What Beall *et al* above suggest is that there is increasing differentiation within the African areas of the apartheid era. In physical terms, this is evident in the reconstruction of the customary township landscapes. Johannesburg townships no longer bear the hallmark of state control and reflect new and different housing stock and forms of accommodation. Almost every backyard hosts sub-tenants who live in shacks or formal outbuildings. Shacks have also sprung up on vacant land within the townships and on the urban fringe. In contrast to these shantytowns, which are the physical evidence of the new poor, there are signs of upward mobility in the older townships. Middle-class neighbourhoods have developed, especially in Soweto, where houses are indistinguishable from the middle-class housing of the white suburbs (Beall *et al.*, 2000:117). Nevertheless, emerging patterns of inequality among the urban poor are rapidly being solidified through post apartheid efforts to deliver housing and services to those in need. Limited budgets and the escalation of land prices in Johannesburg have ensured that state subsidized housing is commonly located in peripheral areas (Beall *et al.*, 2000:117).

Figure 2.4: Shantytowns located on the Urban Fringe – Physical evidence of the New Poor in Johannesburg



Source: Bremmer, L., 2004:38

Although there are important differences between these various understandings of continuing differentiation in the Johannesburg, there are crucial common themes. In fact, there is virtual universal recognition that there has been a dramatic transformation in the global urban-economy since the 1970s. The following section compares the Johannesburg structure in relation to international urban model.

2.10 INTERNATIONAL PARALLELS

Given the Johannesburg's past and present trends, as provided in this chapter, the unresolved question is where does this fit into the international urban model? The search for a definition of the international city form suggests a threefold profile (Van der Merwe, 1998:98). When evaluated according to its politico-economic base, its national urbanisation tendencies, its internal urban patterns and its management structure Johannesburg city reveals a fundamentally a complex and convergent structure, reflecting facets of three

types of international city form, namely: Western City in the First World; Socialist City in the Second World; and Colonial City in the Third World (Van der Merwe, 1998:98).

- 1) The Johannesburg apartheid city of the past functioned on a First World politico-economic base, in which a free market capitalist economy dominates, but future post-apartheid city may find itself to some extent in a frontier capitalist-socialist environment.
- 2) Although the national urbanisation pattern reflects a First World saturation level amongst White, Coloured and Asian people, the large Black population is still in the typical Third World acceleration phase. This tendency continues in the future post-apartheid city.
- 3) The colonial dualism of the Johannesburg city is most discernible in its internal structure (Balbo, 1993:33). Segregated development and class differences dominate the social functioning of the Johannesburg city. In the post-apartheid city segregation and dualism still continue but in a more spontaneous way without ethnic induced legal controls.
- 4) Management intervention by the central government in the apartheid city of the past resembles the top-down approach of the Second World city. The post-apartheid city, on the other hand, needs a 'softer' and more informal administrative style and may even show some Third World signs of Africanisation.

The Johannesburg city corresponds to a multi-faceted international profile with a blend of First prosperity, Second World central intervention and Third World deprivation (Van der Merwe, 1998:98). While the Johannesburg displays some similarities with the form of international cities, it has also obtained certain unique characteristics as a result of legal enforcement of apartheid policy. The restructuring of the apartheid city can, however, not take place without the acceptance of the reality that the Johannesburg city is intrinsically a transitional frontier version of the Third World city and will become even more so in future.

In African situations it is now widely accepted that urban morphology cannot be meaningfully analysed unless situated within a broader context of colonialism and the relation of specific socio-spatial features to the political economy. This is perhaps most clearly illustrated by the distinctive apartheid city, which loses all meaning unless seen as a reflection of state policy. This, in turn, requires incorporation into theoretical constructs of a global political economy of urbanisation (Simon, 1984:498). Rethinking urban policies for the Johannesburg city therefore requires a specific kind of sensitivity (Rogerson, 1989:136).

It is apparent from the background presented above that the current era of 'post-apartheid' Johannesburg has two broad and interlinked challenges. First, is the pressing need to alleviate the anomalies and disparities created in the city by past policies, in effect to level the urban playing fields. Second, is the need to shape new policies and city for the future, where more efficient and equitable Johannesburg city will contribute optimally to national economic growth and job creation. In order to attain these dual challenges a fuller

understanding of the changing city and forces which are currently shaping it is required.

However, within this nexus of city building and nation building, Johannesburg occupies a unique position. As the country's premier industrial city, center of finance, and site of many of the most important struggles against apartheid, the success or failure of new institutional and social relations will be widely noticed within and without the country. This means the way Johannesburg fares will also be seen, unfairly or not, as indicative of the success or failure of South Africa. As Tomlinson *et al.* (2003:xi) observe: "Just as a nation requires those who live within its boundaries to imagine themselves as citizens, a successful city requires that its residents also identify with it and feel a moral attachment to its fortunes".

CHAPTER 3

3. THEORETICAL APPROACHES TO UNEVEN DEVELOPMENT AND URBAN UNEMPLOYMENT

3.1 INTRODUCTION

This chapter reviews the process of urban unemployment in Johannesburg as a result of characteristics such as uneven development, urbanisation and urban population growth. It briefly reviews some theories related to the urban transition, such as Modernisation or Neo-classical theory, Dependency or Radical theory, and the Urban-bias argument. Concluding that these theories are not mutually exclusive but rather complementary approaches, the chapter brings them to bear upon two major urban issues: rural-urban migration and the urban labour market. For each of these issues, the chapter presents the past and current trends and identifies the gaps in the theoretical understanding of these phenomena.

3.2 BACKGROUND SETTING

Johannesburg (“*iGoli*”, City of Gold, etc.) is about to become one of the world’s largest cities, with populations close to four million²⁰. According to Tomlinson (2003:17), the Johannesburg’s population would be much higher than the existing figure in the absence of HIV/AIDS, particularly the African

²⁰ According to the 2001 Census conducted by Statistics South Africa, the Johannesburg population is about 3.8 million.

population. However, the United Nations (1991:1) estimated that eighteen of the world's 21 largest urban agglomerations, with populations exceeding ten million, would be in the Third World by the 21st century; and more than two billion people will live in urban areas in the Third World. They will constitute 70 percent of the world's urban population. The Third World will be well along the path of the urban transition: 45 percent of the population of the Third World will be urban (United Nations, 1991:2).

Comparably, the rate of urbanisation of the Third World, i.e., the increase in the proportion living in urban areas, was similar between 1950 and 1975 to the rate that characterised the urban transition in Europe 75 years earlier. Preston (1998:198) argued that the rates of urban growth rates are exceptionally high in the Third World, because of the shift in population from rural to urban areas, but not because of the natural growth of populations.

Theoretical approaches to Third World urbanisation have gone through dramatic transformations over the past 45 years. Modernisation or Neo-classical theory was grounded in the experience of the First World, or rather in a sanitised version of that experience, and offered a rather benign perspective on the future of the Third World. It was swept aside by Radical or Dependency theory, which focused on the interaction between the First and the Third Worlds, holding out little hope for the Third World while pointing an accusatory finger at the First, and having a hard time making up its mind about the Second, i.e., Soviet Union and Eastern Europe (Gugler, 1993:17). A perspective focused on Third World countries finally came to the fore at the end of the 1970s. Michael Lipton's *Why Poor People Stay Poor* established the urban-bias argument in 1977.

However, each of these approaches reviewed below, claimed exclusive rights to the explanation of past, present and future urban development in the Third World. And each in turn was remarkably successful in establishing hegemony for at least a decade. There were notable differences, though; in the areas of discourse they came to dominate. Nevertheless, their lessons provide an opportunity for South Africa, Johannesburg in particular, to produce an appropriate model capable of addressing the urban problems at hand.

3.3 RURAL – URBAN MIGRATION

In this section the research shall consider the outlines of two theoretical approaches on migration studies, namely, **Modernisation** or **Neo-classical theory**, on the one hand, and **Radical** or **Dependency theory**, on the other. Although these theories are diametrically opposed in many fundamental aspects of their approach to rural-urban migration, this research shall take the position that it is crucial to combine them, at a logical level, in order to construct coherent model.

Furthermore, it is fundamental to this approach that ideological bias is inherent in theorising activities. It is not possible to construct value-free or objective theory. While these considerations might obstruct theoretical debate between followers of conflicting theories, it must be noted that this is not the final result. On contrary, such is the volume of debate across theoretical boundaries and of mutually exchanged research data that it is incumbent on policy makers today to be at least competent in more than one theoretical field.

The most clear-cut boundary between the two theoretical streams is that of **inequality**. This refers to the inequality of access to material and non-material scarce resources at both national and international levels, and in both spatial and intergroup dimensions (Fair, 1982:2). Modernisation theory predicts that the path of development for any country will take it to a situation of relative equality in the distribution of wealth following a period of inequality. Radical theory, by contrast, foresees that inequality will be maintained or will increase over time. It also argues that persistent inequality is necessary for the growth of a capitalist economy.

The problem with the above scenario is that development does not always trickle down to reach the majority of people who live in poverty. For example, South Africa is now an upper-middle-income country with a *per capita* income similar to that of Botswana, Malaysia or Brazil (Nemavhandu, 1998:7). Despite this wealth, the majority of Africans experience either outright poverty or are vulnerable to become poor. In addition, the distribution of economic resources in South Africa may be the most unequal in the world.

Despite significant progress that has been made to empower the previously disadvantaged people over the past twelve years, many Africans still have no access to quality employment and generally unable to command sufficient resources to satisfy a socially acceptable minimum standard of living while a minority enjoys extreme prosperity.

3.3.1 Neo-classical Theory to Migration

The Neo-classical approach to migration holds on six basic principles developed by Fair (1982:11), all of which are challenged by the Radical theory. It would be seen hereunder that these principles are subjective to radical criticisms when applied in relation to the Johannesburg urban scenarios.

- ❖ It argues that migration is a rational response to prevailing socio-economic conditions and that there is a parallel assumption of the existence of reasonable knowledge of alternative conditions;
- ❖ That socio-economic development in any context follows a relatively inevitable path or progression and that the broad features of the progression repeat themselves internationally;
- ❖ That within any developing country, there is a dualistic model;
- ❖ That the direction of the progression or path of development is towards equilibrium in the price of factors of production and in living standards;
- ❖ Consequently, that migration is a self-correcting or self-balancing process; and
- ❖ Lastly, that valid theory may be developed to predict levels and rates of migration. This has made Neo-classical theories very popular with policy-makers.

Neo-classical migration theories may be sub-classified into three models. In the following section, the research will explore each of these models.

1) The Demographic Model

This model of rural-urban migration, as expounded by Zelinsky (1971:16), starts from the elementary assumptions that rural populations grow faster than urban ones in Third World countries, and that this imbalance is corrected by migration. Urban areas absorb the surplus population of rural areas.

Zelinsky (1971:17) further argued that urbanisation is an important factor in the transition in Third World countries from high to low population growth rates. More specifically, population growth, according to Zelinsky (1971:17), goes through four transitional stages, each linked to a stage of economic development:

- ❖ Traditional peasant agrarian economies: high fertility is matched by high mortality, and population growth rates are very low;
- ❖ Youthful expanding stage: characterised by economic diversification, labour specialisation, rising productivity and high migration rates, constant fertility rates and falling mortality rates results in high population growth rates;
- ❖ Late expanding stage: fertility rates begin to drop, bringing down population growth rates; and
- ❖ Advanced industrial stage: fertility rates drop sufficiently for population growth to become almost static.

In South Africa or Johannesburg in particular, this model can be criticised on many grounds. Firstly, the model lacks credit by assuming that within any developing country, there is a dualistic model. This approach ignores the

impact of social, economic, political and historical factors within each developing country. In Johannesburg, it was not until 1870s, with the discovery of diamonds and gold that resulted in an acceleration of the migration process²¹ The historical development of migration in Johannesburg is long and manifold with origins in colonialism through internal slave trade and latter reinforced by apartheid through divide and rule laws. In short, Johannesburg has always been a source of innovation and economic activities but the fruits of this economic development have not, as yet, trickled down to benefit the less developed (poor) peripheries or rural counterparts.

The model again lacks credit in that it assumes that urban population growth rates are always lower than rural ones and that migration is a self-correcting or self-balancing process. Mostert (1985:12) argued that it is not migration as such which affects fertility and mortality rates as much as access to education, employment and family planning programmes, particularly among women.

In relation to Johannesburg situation, differential population growth rates are not the most significant factor in rural-urban migration. Economic and political factors have far greater consequence for levels and rates of migration²². This is not to deny that population size and density do have some impact on these economic and political factors and that population growth rates must therefore be accorded some level of significance in explaining rural-urban migration.

²¹ See Chapter 2: Section 2.2.1; Par 2.

²² For 20 years from mid-1950s, influx control was significantly used by the apartheid state to control African migration to economic centres such as Johannesburg city. Apartheid intended to have no more Africans in the urban areas outside the homelands than was deemed necessary. This was given effect by the application of the Urban Areas Act.

Nevertheless, this model by Zelinsky cannot be dismissed out of hand, but it has secondary value in explaining various levels of migration. The Zelinsky model can also serve as a safeguard approach against future policy developments aimed at addressing this peculiar predicament of rural-urban migration in South Africa.

2) Motivational Migration Model

This model starts by analysing the factors behind individual decision-making processes among actual and potential migrants. It examines the considerations which ‘push’ migrants away from rural areas and ‘pull’ them towards urban areas.

Underlying these motivational factors lie the Neo-classical assumptions concerning the impact of supply and demand. Given the unequal spatial distribution of production factors – land, capital and labour, the ‘market’ responds by allocating differential prices to these factors according to their relative scarcity. Dewar (1982:8) argued that:

... an oversupply of labour would mean low, and a shortage high, returns to labour. It is further postulated that factors of production will move spatially from areas of low to high return. Thus labour will move from a region where it is abundant and capital scarce, to one where labour is scarce and capital abundant. Capital is seen to move in a similar way.

The result is a movement of production factors and a tendency towards equilibrium in distribution and prices. An early example of such model is Arthur Lewis’ dual economy theory. In this theory the modern, urban cash

sector of a typical Third World economy gradually absorbs surplus labour from the rural subsistence sector (Lewis, 1954:140).

Dewar (1982:9) indicated that out of these earlier models have grown more sophisticated ones as expounded by Mitchell (1959:12-46) and Wilson (1972a: 120-3; 1972b: 144-168) based on the “interaction of four primary pressures, one of which to attract (or pull) migrants to cities, the second of which acts to push labour off the land, the third to draw migrants back to the land, and the fourth, actively to push them out of urban areas”.

The impact of employment and residence in urban areas is that individual productivity and incomes are raised. The resulting rise in expenditure increases demand for non-food commodities (i.e. manufacturing). Since the production of non-food is a pre-eminently urban activity, the result is to stimulate labour demand in urban areas.

The modernisation of agricultural production, on the other hand, typically occurs through labour-saving technology. The overall consequence of these developments in manufacturing and agriculture is that rural ‘push’ and urban ‘pull’ pressures are strengthened and the opposite urban ‘push’ and rural ‘pull’ pressures weakened. Therefore labour moves from rural to urban areas to balance out factor-price differentials. This movement is strengthened by the rising costs of training skilled and semi-skilled labour. In these circumstances it becomes cheaper for employers to foster a stable, rather than oscillating labour-force, and migration becomes a less viable option.

With regard to the Johannesburg situation, this model can be criticised for being unable to explain the rise of unemployment. If migration is a response to higher wages and more jobs in urban areas (i.e. pull factors), then migration ought to stop once unemployment occurs. However, in Johannesburg's case migration does not stop. In fact more people are currently migrating to this "city of gold" (Johannesburg) than it was during the rise of labour demand period aspiring to find jobs (Nemavhandu, 2000:18).

However, Todaro (1969: 138-48) developed a model to compensate for this weakness. By shifting the focus from actual to expected employment opportunities and income differentials, it becomes possible to accommodate urban unemployment within this model.

Nevertheless, Dewar (1982:11) criticised that Todaro's model fails to deal adequately with factors which push labour off the land. He further argued that Todaro's work is premised on the assumption that anyone who wants to work for income in the agricultural sector can do so. This assumption has been refuted empirically according to Dewar.

In summary, despite serious criticisms of the Neo-classical premises on which motivational models are based, Todaro's prediction that migration levels will accord with *expected* income gains as a result of moving to urban areas, still stands as a viable theory.

Houghton (1964: 6-18) applied the above theory to the South African situation with their concomitant implications for migration. Houghton divided South African economic development into various stages:

Table 3.1: Stages of economic development in South Africa

STAGE	PERIOD	CHARACTERISTICS
Traditional society	– 1820	Very little labour migration
Transitional stage	1820 – 1933	The exploitation of mineral resources, The development of agricultural sector and, The start of Black migration to satisfy the demand for a constant labour supply.
Take-off into self-sustained growth	1933 – 1945	The growth of an industrial sector, Rising demand for Black labour and, The establishment of a system of influx control
The drive to maturity	1945 – 1993	Experienced in the 1960's and 1970's sharpened influx control Greater use of commuter and migrant labour.

Source: Houghton, 1964:6

In the course of his publication Houghton reiterates many of the basic premises of Neo-classical theory:

- ❖ linear economic transformation of a country from underdeveloped to developed;
- ❖ increasing inequality of income distribution at earlier stages of growth; and
- ❖ the presence of a dual economy and the diffusion of modernisation from the developed (centre) area to the underdeveloped (peripheral) subsistence area.

In subsequent applications of the centre-periphery model to South Africa (notably by Fair, 1965; and various 'push-pull' derivatives by Wilson, 1972b and Mitchell, 1959) there are a number of problems identified. For example, it is not clear by which casual mechanism 'the diffusion of modernisation' occurs.

While Neo-classical theories concede that inequality in resource distribution will occur in the 'early stages' of development, it is not clear when this stage is to be completed in South Africa. Up to the present time, development has been characterised by a continuing concentration of economic wealth and political power in the urban centres, whether in the inner-city or outer-city. For example, Johannesburg has been always characterised by this trend, from inner-city concentration of economic activities to the suburbanisation of economic wealth in areas such as Sandton, Rosebank, Randburg, Woodmead, Midrand, and Kempton Park.

There is a substantial misunderstanding of the nature of underdevelopment (as opposed to the development) of the rural areas. As Lipton (1977:72) has argued: "... black farmers have produced much more, especially per unit of input, than is generally believed and ... the deficiencies in their performance are due to lack of incentives, and social injustices, not to bad farming".

3.3.2 Radical Migration Theory

The *radical migration theory* is developed on the critique of Rostovian and dual economy assumptions of Neo-classical thought. While allowance should be made for different streams within Radical thought, Karl Marx himself held a view quite similar to the Rostovian principle, that "**less developed countries would recapitulate the development path of the older industrial nations**", this principle has been turned on its head by Dependency Theorists. In their view less developed or peripheral countries are a mirror image rather than a parallel, of development in the older industrialised or core countries. The needs of capital accumulation in the more powerful core of the capitalist world

economy are imposed on the weaker peripheral countries and serve to actively underdeveloped them (Warren, 1973:41).

The resulting pattern of distorted peripheral development means that peripheral countries typically develop ‘enclave’ and ‘hinterland’ sectors which relate to the capitalist world economy in very different ways. The highly modernised enclave sector of peripheral countries has far closer links with core countries than with their own hinterland sectors. Hinterland sectors differ sharply from their respective enclaves in income levels, quality of life, social values, technological levels and political power, and serve only to supply cheap labour, raw materials and a reserve army of labour to the enclave (Warren, 1973:42).²³

The implications of Dependency Theory for the dual economy assumption of Neo-classical theory are crucial. Dual economy theory envisages less developed countries as composed of two relatively independent and qualitatively different economic sectors with the modern cash industrial sector gradually absorbing unemployed and underemployed labour from the traditional subsistence sector. Development in its social, political and economic dimensions gradually diffuses from the former to the latter sector, thereby dissolving the ‘shackles of tradition’ responsible for the lack of development in the subsistence sector (Lewis, 1954:29).

However, Dependency Theorists reject this picture. The two economic sectors, industrial cash and traditional subsistence, are in their view not independent but

²³ It should be noted that a number of neo-Marxist writers, notably Bill Warren (1973:42), have reverted to Marx’s original thesis that less developed countries are more and more showing signs of recapitulating the developed paths of the developed countries.

closely intertwined, with the one forcefully imposing its needs on the other and for these purposes maintaining it in a position of functional underdevelopment. Labour migration is, therefore, not a response to differential real or expected income-levels, as Todaro would have argued, but a forcible separation of peasants from their means of subsistence in order to produce a capitalist workforce, both full-time and seasonal. In summary, rural-urban income differentials there might be, but what is important to ask is how they arose in the first place, and how they are maintained by alliances between dominant classes (Lewis, 1954:33).

The above background made it clear why Radical scholars are sceptical about the third Neo-classical approach. While it is clear that the Todaro model easily accommodates the earlier problem of urban unemployment, as an indication of disequilibrium, Radical scholars can argue that factor-price differentials do not arise from spontaneous supply and demand, but are deliberately contrived in the pursuit of profit (Todaro, 1969:16). Urban unemployment may, in Todaro's view, be a rational response to expected income opportunities, but more importantly, such unemployment in the so-called 'reserve army of labour' is very useful in driving down wages.

In terms of applying this perspective to South African context, Radical scholars have been able to construct their own chronology of the development of rural-urban migration. In contrast to the universal Rostovian stages developed by Houghton, Radical scholars emphasise the need to examine the South African political economy within its own particular context. For these purposes, South African history can be divided into four major stages outlined below:

Table 3.2: Stages of South African Political Economy

STAGE	PERIOD	CHARACTERISTICS
Stage 1	1700-1870	Marked by very little migration. Farmers neither felt the need to work on the mines in order to subsist, nor experienced the taste for urban commodities in any significant measure.
Stage 2	1870-1913	The growth of the mining industry and the stimulation of the agricultural sector led to an acute labour shortage and to efforts by these sectors to induce rural-urban migration by a series of 'extra-economic' legislative measures which were imposed by the co-operative state. These measures (which included taxation, pass, vagrancy and location legislation) culminated in the 1913 Land Act which "...sought to underdeveloped the African Farming by inhibiting its productive capacity and by limiting its access to land and to markets. Moreover, the Native Reserves to which the farming was now largely confined became a vast reservoir of migrant labour.
Stage 3	1913-1948	The collapse of homeland agriculture. Rural-urban migration became a necessity for migrant households to survive. However, it had not collapsed so completely that it did not contribute to the maintenance of a migrant worker's dependants. In this way, wages could be kept low since employers in the centre could rely on the peripheral economy to house, feed and maintain, in short, to 'reproduce', unemployed household members. During this period, influx control mechanisms, like the Native Urban Areas Act (No. 21 of 1923) and the Native Urban Areas Consolidation Act (No25 of 1945), were installed to more effectively channel labour between the mining and agricultural sectors. Such 'directive' measures were paralleled by 'restrictive' ones designed to limit the threat of competition with poor whites in the labour market, and the dangers of squatting, contagious diseases and political agitation.
Stage 4	1948-1994	Considerable tightening of 'restrictive' measures in an effort to undermine the permanency of Africans in 'White' areas, and as far as possible to move them by direct and indirect means into the homeland areas.
Stage 5	1994-Present	Two major factors lie behind these policy shifts, both of them resulting in the inability of the South African economy to create employment fast enough to match population growth. The first factor is the slowing down of economic growth rates after the 1994s and a continuing series of economic depressions. The second factor is the rapid expansion of monopoly capital and concomitant spread of capital-intensive technology. This has created quite a different context within which rural-urban migration operates.

Source: Dewar, 1982:22 and Nemavhandu, 1998:21.

In summary, this section has reviewed two very different ways of explaining rural-urban migration, namely Neo-classical and Radical theorists, and has shown how these relate to the broader premises underlying these theories. However, the two most viable contenders in the Neo-classical stable, Zelinsky and Todaro, may be subjected to some limitations in relation to the South African situation. For instance, contrary to what Zelinsky and Todaro theories hold, in South Africa there is a need to understand the historical evolution with regard to rural-urban migration and urban unemployment situation that was shaped at first by colonial decisions and actions. At an early stage in the colonial period a European settlement in South Africa was introduced. Although the size of the European settlement, relative to the African population, was very small, this European minority dominated political and economic development in South Africa. The economic domination by the European community included alienation of land, setting up limits on access for Africans to economic opportunities, actions to obtain needed African labour for European endeavours, and the importation of Asian workers from India and a subsequent restriction of their access to economic opportunities.

The above policies to obtain African labour and the denial of opportunities to develop rural areas have shaped the current urban situation and the pattern of rural-urban migration and urban unemployment in South Africa today. The first reason is that people living in the rural areas, far too many of them are unconsciously responding to the legacy of uneven development as discussed above.

This thesis argues that, in South Africa, rural-urban migration usually occurs when net earning opportunities in the urban areas are perceived by the

household to be sufficiently better than local sources of income in rural areas. Ideally, a number of locations are perceived to have better employment opportunities than the home area, but the destination selected is perceived to have the best opportunities, for example, Johannesburg in South Africa. The logic of this general understanding implies that households in one area would all dispatch their emigrants to the one location that had the highest earning prospect. Again, this does not occur because of other factors that do not apply equally across all households. The dominant factor is the need to play the urban employment lottery. The problem is highly formidable: rural income is foregone, costs are incurred in migration, and severe hardship is experiencing in urban unemployment. But new migrants keep joining in the ‘gold rush’ prospecting for urban employment and this process can properly be defined as **chain-migration**²⁴.

In addition, the **“bright lights” theory** of migration plays an important role in South Africa. For example, this would refer to an in-built desire in every person to try and better his or her environment, created through the process of uneven development. This applies particularly to the ambitious young, and to them the city or the town becomes a goal to be achieved. To those people, the bright lights of the city such as the entertainment, the cinemas, television, the trappings of the modern sophisticated life are an irresistible lure from the sort of existence in the rural areas where there is little excitement, where life seems to die when the sun sets and which are often under-serviced.

²⁴ Chain Migration refers to a process of migration that is directly influenced by the extended family system, whereby new migrants keep on joining those already in the urban areas – which theoretical forms a ‘chain’ of migrants. One reason for this phenomenon is that migrants are often able to live with relatives already in the urban areas during their job-search period, which minimises the costs of living during this period.

Nevertheless, it is apparent that the above background is not fatal to the Zelinsky's theory's central assumption, but it renders it virtually less relevant to the South African situation. Todaro's theory, by contrast, is not really affected by radical criticism because Radical theory moves at a different level of scale. Radical theory operates at the macro-level and Todaro at the micro-level. Todaro's theory is, in fact, quite compatible with radical theory and can be accommodated within that framework. There is no reason why Todaro's theory cannot be uncoupled from its Neo-classical assumptions.

Radical theory, by contrast, rejects prices and wages in the market or 'push' and 'pull' variables as explanatory factors. For the framework in which these factors operate is itself structured by political struggles between classes. For Radical scholars, the system of migration has been so structured as to be useful to the continued accumulation of profit. The weaknesses of the Radical Migration Theory are that it focuses on the problems of 'universality' and an overemphasis on economic considerations. Neither of these weaknesses, however, need be catastrophic to Radical theory.

3.4 THEORIES OF UNEVEN DEVELOPMENT

Since the late 1970s there has been an enormous production of explanations on uneven development. Although theorists have approached the explanation of uneven development in different ways, there is implicit agreement that **'urban unemployment' is likely to be endemic since the spatial consequences of accumulation are uneven**, and is likely to change over time. In South Africa, urban unemployment can be seen as a way of responding to existing and emerging forms of uneven development. As much, urban unemployment needs

to be understood and responded to through changing patterns of accumulation and their effects over space.

In South Africa, the underlying factor has been the priority of separate development with the ideological cornerstone of delineation of rural regions into homelands, with the main aim of developing urban areas separately from rural interference. This was highly motivated through the introduction of Bantu Education in homelands.

Along with this separate development, the South African government made massive efforts to trap rural population from entering urban economy through creation of rural development strategy based on agriculture and on decentralised industry in the 'homelands' (Wilson, 1972a:16). For example the Tomlinson Commission (Cited in Holden, 1990:57) was among the strategies that placed considerable emphasis on the industrialisation of areas inside and immediately adjacent to the homelands as a means of providing employment for the rural population that would have to be moved off the land if agricultural development was to occur. However, various assessments indicate that these efforts largely failed at enormous costs.

In the Western World, one approach to the explanation of uneven development involved attempts to derive theory from the *'laws' of capital accumulation*. It was believed that uneven development is produced by capital accumulation, for which it was also useful.

Common to the work of Walker, Harvey and Smith is the suggestion that uneven development is the result of particular tendencies, tensions and

contradictions within accumulation processes. These result in patterns of uneven development which are constantly formed and reformed. Walker (1978:29) points to the '*mosaic of unevenness*' and the pattern of boom and bust which emerges from the tendencies towards capital mobility and spatial differentiation. On the other hand, Harvey (1989) and Smith (1984) focus on the constant process of spatial restructuring arising from capital restructuring and on capital movement to avoid crises of overaccumulation. Places may develop for a time, but in the long term they become 'prisons' which must be broken down.

These processes may be far less mechanistic than suggested (there are possibilities open to capital in the context of crises other than spatial restructuring), but the theory does indicate the endemic instability of areas, and proceeds beyond assumptions that areas or regions are analytically irrelevant. While one may debate the form of intervention which is possible given this conceptualisation, it is essential to see areas and their inhabitants as victims of these processes. As Massey (1984:29) noted, the issue is not what is wrong with the region, but rather, who pays, and what kind of response is possible.

A second body of work on uneven development developed by Scott (1988) focuses on processes of restructuring (particularly industrial restructuring), and attempts to infer spatial processes from these forms. Initial work concentrated on technological changes, and changes in the labour process, and changes in industrial organisation. More recent literature has tended to point to the far-reaching changes in forms of economic, social and political organisation, although the focus is often on production.

Drawing on regulation theory, authors such as Scott (1988:142) and Harvey (1989:262) argue that the fordist regime of accumulation that was dominant in developed countries after the Second World War has been in crisis since that late 1960s. In response, product was at first relocated to the periphery. Since the late 1970s, a new and flexible regime of accumulation has begun to emerge. At a technical level, 'flexible accumulation' involves the use of technology and production systems which can be adapted to specialised market demand, and to a range of tasks. The development of small firms and relations of subcontracting are increasingly apparent. Changes in the form of production are associated with the emergence of a smaller but more skilled and incorporated labour force, with greater emphasis on consumerist culture. The shift to a more 'entrepreneurial' national and local state in the context of an increasingly integrated and competitive global economy is seen as an integral part of uneven development (Harvey, 1989:262).

Scott (1988:143) notes the development of four main forms of production associated with flexible accumulation and its effects over space:

- 1) Flexible and design-intensive craft industries (wearing apparel, furniture, and ceramics) have developed rapidly in inner cities of major metropolitan areas such as New York and Paris. The dramatic growth of the 'Third Italy' founded on interlinked, co-operative but competing small family firms in a network of small and medium sized towns around Emilia-Romagna-Bologna suggest the resurgence of Marshallian districts.
- 2) High-technology industry has developed in new industrial areas, close to

major cities (e.g. Silicon Valley in California), and in small towns in peripheral areas. “Small incipient Silicon Valleys” are also emerging elsewhere, for example, in the semi-conductor industry in South East Asia.

- 3) Office and service sector expansion in the early 1980s has reinforced the CBDs of major metropolitan areas, and some suburban locations. The globalisation of the world economy is also seen as reinforcing the development of a few major international centres (‘world cities’) in developed countries (e.g. London, Tokyo, New York) (Friedmann, 1986:68). The redevelopment of parts of cities into ‘spectacle cities’ has been one way in which cities have attempted to position themselves within an increasingly consumer and service oriented international economy.
- 4) Flexible production systems are being introduced into manufacturing. These are leading to the development of new forms of production space, and to the decline of older centres associated with traditional forms of mass production. In South Africa, the development of Midrand from older Johannesburg city resembles a good example.

Restructuring in the motor industry, and associated spatial changes, has received considerable attention in the literature. The increasing use of Just-in-Time (JIT) is argued to be creating greater spatial concentration and local industrial integration. Developed in Japan, JIT is based on a system where inventories are kept low, and components are brought in from supplier plants ‘just-in-time’. Spatial proximity reduces transport costs, minimises delay, and allows quick changes in delivery schedules. Where complex subcontracting arrangements exist, spatial proximity facilitates co-

ordination, and reduces risk. Toyota City on the outskirts of Nagoya, Japan, is often presented as the paradigm case; it is one of the most tightly agglomerated production complexes in the world (Hill, 1989:465).

From the above perspective, these developments suggest that past problems of 'truncated development' might be transcended by the potential for locally interlinked autonomous development. However, such development will only occur in a few places. The literature on post-fordism has developed largely out of the experience of advanced capitalist countries: whether, and in what way developing countries are affected remains to be seen.

It has been suggested that new forms of production and current economic conditions may result in a withdrawal of production out of some of these countries altogether, or to the major metropolitan areas, as these may be the only centres where the conditions for post-fordist development can occur (Morris and Kaplan, 1988:15). Certainly, the 1970s and 1980s have seen a reconcentration of development in major metropolitan areas in developing countries (Harris, 1990). Whether these trends can be associated with post-fordism is debatable. In Brazil, for example, fledgling post-fordist forms of production are not concentrated in Sao Paulo, but have developed in small towns on the periphery of Sao Paulo state (Storper, 1990:430).

If major processes of spatial restructuring are underway, they will have serious consequences. In terms of the industrial restructuring approach, the prospects for areas outside the path of accumulation are limited. Intervention may be required in areas which could benefit from restructuring.

3.4.1 Uneven Development beyond Capital Logic

A third approach has emerged out of a critique of the above approaches. It accepts that uneven development is the likely result of the processes of capitalist development, but it attempts to move beyond inferring spatial patterns from processes of accumulation that can be played out and mediated in complex ways. Spatial reorganisation is but one of several ways of responding to pressure. The existence of new technologies and new systems of production does not necessarily mean that these systems will be adopted, or that they will necessarily result in a particular spatial outcome (Massey, 1984:28).

The introduction of JIT is a case in point. The logic of the processes involved may suggest spatial concentration, but patterns are more variable, and are mediated in various ways. For example, JIT in the new General Motors Saturn plant in Tennessee occurs over a day's drive from the plant. JIT may also be combined with more traditional 'world factory' strategies of sourcing components in peripheral, cheap labour areas, as many Japanese firms have done (Hill, 1989:466).

Marceau (1992:14) noted the difficulty of implementing a JIT system in the electronics industry in Australia: production chains are incomplete, and significant numbers of components have to be imported, often resulting in months of delay. Much of the work on JIT has been orientated to the auto industry where large producers can dominate their suppliers and can cause locational changes. The situation in other industries may be different, as

Todds (1993:23) shows for the electronics consumer goods industry in Britain.

The fordist/post-fordist dichotomy, and attempts to infer spatial form in a mechanical way, has been severely criticised. There is debate over the extent to which 'post-fordism' is emerging and also over the extent to which its various parts can be grouped together. More generally, it is argued that the split between fordism and post-fordism is overdrawn, even at the level of the production processes (Sayer, 1989:669).

A number of authors accept that major change is occurring, and that the older fordist regime of accumulation is in crisis. Nevertheless, it is argued that the response to crisis, and the type of growth model which will emerge in different countries will vary – there is no automatic shift from fordism to post-fordism as a specific form, nor can specific spatial outcomes be predicted out of context.

Furthermore, it is argued (Massey, 1984:29; Sayer, 1989:669) that the way in which capital uses and responds to space is presented as overly uniform. The way in which capital locates is also influenced by a range of factors not adequately captured by the above approaches – struggles between capital and labour; state policy; the specificity of the context which capital confronts.

The view of uneven development in terms of this approach is complex. The processes of accumulation are understood in a more nuanced way than the theories previously discussed, and the implication is that these processes would have a far more variable and indeterminate outcome than the earlier work suggests. In addition, the production of uneven development, spatial shifts, and

restructuring, are likely to persist, although there may be periods of minor and major change.

This proposition has spawned an interest in localities, and in their response to changing economic conditions (Cooke, 1988:16). The approach on localities developed by Cooke argues that there is a great deal of variability in how different areas have responded to and coped with change. This position has stimulated curiosity about local economic development strategies, and the role of local authorities in generating development.

From a policy perspective the focus on the ability of localities to effect change is an exciting development in the sense that it overcomes the rather gloomy prognosis of the earlier approaches. Yet it must be recognised that the potential for successful development only occurs within certain confines. In Britain, for example, localities responding successfully to economic crisis were largely in the favoured South; there were very few successes in the declining North.

Nonetheless, regeneration in the South did depend partially on the activism of areas, and their ability to restructure themselves to attract growth (Cooke, 1988:17). In developing countries, opportunity for equivalent activism is likely to be smaller. Furthermore, local economic development strategies have done precisely that, thereby repeating past policies of inducements to industrial relocation. More generally, it might be argued that local economic development is yet another manifestation of shifts towards intense competitive and integrated world economy.

3.4.2 Uneven Development and the Geographical Transfer of Value

According to Forbes and Rimmer (1984:23), spatially uneven development is a highly visible characteristic of the global landscape. It is evident in: the poverty of large numbers of people in newly-independent former colonies; regionally uneven patterns of income distribution in capitalist and peripheral capitalist countries alike; and the growing concentration of population and production in urban settlements, again a feature of both core and periphery. They further argue that "as the generation of uneven spatial development is associated with the relative status of particular areas will be closely related to the geographical transfer of value and surplus product". Yet the spatial dimensions of accumulation are not well understood despite Harvey's (1989:263) contention that 'capital accumulation took place in a geographical context'.

Forbes and Rimmer (1984:23) indicated that there are two forms of geographical transfers of value – *indirect* and *direct*. Indirect transfers occur, in the Marxian way, through production and market relations. Direct transfers of value occur through the whole gamut of methods for redistributing income, from state taxes through to transfer pricing within multinational corporations. Attention here is concentrated on indirect transfers, focusing on political economy interpretations of value transfers.

The above have perceived uneven development as a consequence of either:

- ❖ the uneven spread of capitalism and its articulated relations with pre-capitalist modes of production; or
- ❖ the uneven spatial development of the forces and relations of production within capitalism.

In this case, exploitation, involving the extraction of surplus value from labour through the production process and the extraction of surplus product from pre-capitalist modes of production, together with the accumulation and expansion of capital within the capitalist mode of production are fundamental to a materialist interpretation of history.

In South Africa, the British colonial policy appears to have had at least two identifiable goals: the colony was to pay for itself and colonial acts were to be beneficial to the indigenous population. The presence of the settlers and their importance to the colonial administration frequently gave the European minority the power to define what was beneficial for the Africans. Not only were Africans denied access to the vacant land, there were also prevented from accessing the markets.

3.4.3 Underdevelopment Theory and Transfer of Surplus Labour

Prior to the Second World War, radical research on the periphery was focused on the nature of imperialism and changes in the world economy, and their significance for capitalist social formations. Since the War many researchers have turned their attention to detailed analyses of peripheral economies. In the process they have shifted the debate from the causes and consequences of imperialism in the capitalist core to its impact on the periphery. Two main schools of thought have dominated this debate – the 'circulationists' and the 'productionists'.

In essence, the **circulationist school**, as exemplified by Amin (1976:24) argues that surplus value is extracted from peripheral capitalist social formations through mechanisms of 'unequal exchange'. Indeed:

the capitalist world market is dominated by a definite law of price formation. The unequal rewarding of factors, particularly labour, necessarily causes inequality in exchange. Moreover this same inequality in the price of labour power is the basis of an international division of labour that is inevitably unfavourable to the countries of the periphery (Johnstone, 1980:149)

Johnstone (1980:150) argues that underdeveloped countries are exploited by selling their commodities below value and buying others above value. This relationship induces a 'true' geographical transfer of value: metropolitan countries exploit their colonies and capitalist core-nations exploit peripheral nation-states. These core-periphery relations are duplicated in a series of ever-decreasing spatial scales. Thus, development and underdevelopment are locked together – the former occurring only because of the presence of the latter.

The **productionist school**, as the name implies, focuses on the production process in general and the periphery in particular. A number of different viewpoints are represented in this group; some have focused on the articulation of modes of production whilst others have concentrated on world capitalist production of class structure (Forbes and Rimmer, 1984:22). Characteristically, much of this work examines the role of 'cheap labour' in the production process. Spatial parameters are less important to productionists than to circulationists. Instead, explanation is sought in exploitive relations within production.

The production orientation has extended its ambit to include class relationships that control this process. Productionists are implicitly and sometimes explicitly critical of the notion of a geographical transfer of surplus product because it begs the main questions. The concern of Becker (1977:177) for example was:

Whether the transfer of surplus value through unequal exchange does not prove that labour is exploiting rather than capital is exploiting labour. The better-paid labour exploits the poorer-paid labour, and labour of the rich countries, for example, exploits labour in the poor countries.

The view that the informal sector, or unpaid domestic labour, is functional to capitalism because of its contribution to the reduced costs of labour reproduction and the subsequent downward pressure on wage-levels has been questioned. Moser and Young (1981:53) argue that domestic labour is only one of a number of determinants of wage-levels. They point out other factors, such as alternative sources of labour (such as, through immigration) are equally important determinants, and argue that the wages paid in many Third World countries are simply not intended to reproduce the family. The more pertinent question is why is this the case? Wages rise due to struggles by labour and their ability to exert pressure on employees, so why is labour in the Third World generally so poorly organised; what prevents effective wage demands; and why is it assumed that the current level of wages need not cover the costs of reproduction of the family? The underlying thrust of these questions is to shift attention from the mechanisms of transfer of value to the politics of redirecting transfers back towards the working class.

In South Africa the stated intent for limitations of African access to economic opportunities was to protect the African and preserve their traditional way of

life. Regardless of the intent, the effect was to reinforce the various European efforts to obtain the needed African labour without paying the price necessary to attract a sufficient supply of labour. These colonial and Union government policies directed at the extraction of cheap labour were also built upon by apartheid legislation. The result was a process of state-driven underdevelopment that encompassed dispossession and exclusion for the majority of South Africans.

3.4.4 Uneven Development in urban areas: Debates and Conflicts

The debates and conflicts in the literature attempting to theorise 'uneven development' in cities within capitalist social formations are not clear-cut. This fuzziness has stemmed from the overwhelming dominance exerted over the urban literature, at least among geographers, by Castells' (1977) – **The Urban Question** and, perhaps more importantly, by Harvey's (1973) – **Social Justice and the City**. In essence, the pair espoused what Harvey (1978:103), somewhat tongue-in-check, referred to as a '*functionalist approach*'. A counter-view to Harvey (and Castells) has been slow to surface.

According to Harvey (1973:246), urbanism entails the geographic concentration of a socially designed surplus product. This means a geographic circulation of surplus goods and services, a movement of people and, in a money economy, a circulation of investment, money and credit. The space economy so created is subject to all manner of substitutions, interruptions, breakdowns, shifts and growth path. The reputation and significance of individual cities rest to a large degree upon their location with respect to the geographic circulation of the surplus.

This discussion, together with work on forms of rent and urban structure, clearly indicated the significance of geographical transfers of value from poor communities to rich families, and was followed up by other geographers, notably Walker (1974:27), in their exploration of urban rents. In a bid to comprehend the urban process under capitalism, Harvey's (1978:104) work 'the twin themes of accumulation and class struggle' expanded this notion of the geographical transfer of value in a model of the interrelationships between phases in the development of the built-environment and the economy.

3.4.5 Uneven Development Theory and Job Creation

Shortly after Second World War, urban development, in the light of the history of the developing countries, was viewed favourably because it contributed to the process of economic growth and job creation (Coetzee, 1994:12). This was to be achieved through the mobilisation of capital and investment in industrial development in urban areas and at major growth points. The fruits of economic growth were believed, according to this view, to automatically spread both geographically and throughout the society.

However, this view has proved erroneous. After 25 years of economic development, the conclusion was reached that the developing countries as a group had shown impressive economic growth rates, but that socio-economic conditions over a broad spectrum of needs had not improved (Coetzee, 1994:13). Despite the fact that the developing countries as a group had a higher average growth rate than the developed world during this period, growth without development occurred in many developing countries. Nor did the

fruits of economic development **“trickle down”** to the poorer segments of the society, especially to the poorest of the poor (Coetzee, 1994:13).

The rethink of urban development was therefore inevitable. The emphasis shifted in the late 1960s to an **employment creation approach** and in the first years of the 1970s to **“distribution with growth”** (Chenery *et al*, 1974:17-24). Following the limited success of the former approach, the *basic needs*' debate that followed all these approaches turned out to be highly innovative (Ghai, 1991:17), in arguing its case for **“Putting first things first”**. Indeed, after an interlude provided by the structural adjustment debate in the 1980s, which concentrated on sound macro-economic management, urban development has come in the 1990s to be understood as a process of human development that denotes the process of widening people's choices and raising the quality of life (UNDP, 1990: 10-11).

Nevertheless, the question of urban infrastructure and urban poverty received much attention quite recently. The **neo-liberalism** concept or the **New Right** is becoming the most recent and common paradigm of urban development and its impact has been experienced all over. The underlying thrust, this policy of neo-liberalism as indicated by Ghai (1991:20) is minimum state intervention in the economy and minimum regulation. This is premised on a concept, which probably held true in the relatively primitive conditions of Adam Smith's today, that the “law of supply and demand” governing the market had a tendency towards stability and equilibrium, and that supply would expand to fill demand. Besides the fact that neo-liberal strategy remains dominant today, clearly the experiences of South Asian countries, such as Japan, Taiwan and Hong-Kong question its credibility (Harrison, 1994:80).

Haq (1995:21) argued that in such a fragmented world of poor and rich, rural and urban, the concept of urban development and management couldn't be understood without some basic sustainability. This infers that without 'sustainability' the concept of urban development cannot be complete. Given the advantages leading to the migration of people to the cities, the goal of urban development should focus on turning cities into vehicles for employment creation and in particular, human development and the aim should be development that is participatory, well distributed and sustainable (Nemavhandu, 1998:36).

These above-mentioned forms of uneven development without basic sustainability brought about undesirable outcomes in South Africa, such as loss of assets, including land and simultaneously the denial of opportunities to develop these assets through limiting access to markets, infrastructure and education. As indicated in Chapter 2, in rural areas, black farmers were denied access to markets by the development of a transport infrastructure which deliberately avoided those areas. In the townships and rural areas, no major manufacturing or retail was permitted to set roots in the black townships. This created a 'company stores' relationship between white business and its black workers, where the latter were expected to earn their wages in the white areas, and spend this money in white-owned shops. This created a cash monopoly for generating savings, and therefore investments. As such, apartheid, and the legislation and institutions through which this uneven development was implemented operated to produce extreme inequality and unemployment.

3.4.6 Uneven Development in South Africa

In the past years, debate over 'uneven development' in South Africa has largely centred on the policies of RDP and GEAR respectively. Quite recently the continuity with 'uneven development' is represented by the adoption of yet another micro-economic policy – AsgiSA, which provides a set of strategies that are wider than those articulated in the RDP and GEAR. It is apparent from these government policies that while there is unanimity on the pressing need to overcome unemployment and inequality, there is a lack of a comprehensive development strategy over how to overcome uneven development. The disputes centre on whether measures aimed at stimulating economic growth and integration can be disengaged from reconstruction and development. Business insists, with increasing vehemence, that rapid and sustainable economic growth is the priority and this, once achieved, will trigger dramatic "trickle-down" benefits for the poor. The voluntary sector, sections of the trade union movement and broader civil society reject this approach, and argue for a strategy in which growth and redistribution are mutually reinforcing dynamics.

The question of how government, for its part, intends to deal with unemployment and uneven development was spearheaded by the introduction of RDP in 1994. The government adopted the RDP as a wide-ranging effort to democratise society and redistribute resources and services.

1) The Reconstruction and Development Programme (RDP)

The RDP originated in civil society was adopted by the ANC in 1994 as its election manifesto and the central programme of the democratically elected government. Ambitious in its scope, the RDP aimed to meet basic needs, develop human resources, build the economy and democratise the state (and civil society) (ANC, 1994:2). Its overall goal was to reverse the legacies of apartheid, such as deep inequalities, uneven development, predominantly black unemployment, rural and urban poverty, etc.

In practice, the achievements of the RDP mitigate claims that it has dropped in the rankings of government priorities. But on closer scrutiny, it is clear that in critical instances government has failed to meet the above objectives of the RDP and this may, in part, have prompted the shift to GEAR. For instance, the RDP was intended to be "people-driven" – a process where "our people should become part of the decision-making process" in all areas of development (ANC, 1994:3). RDP goals and objectives were also to have determined and shaped government policies in general. In the past years, these principles have been, at best, unevenly implemented. The fact that the current ruling party did not take over, but was assimilated, into the old state structures meant its functionaries soon become hostage to the institutional culture, practices and ethos of the existing bureaucracy. It has proved extremely difficult to mobilise the public service behind the goals of reconstruction, development and community integration, particularly at city level, where some cities, such as Johannesburg, have failed to integrate previously disadvantaged community mainly in the southern part with those wealthier families in the northern part of Johannesburg.

As the difficulties in transformation state structures mounted, inter- and intra-departmental dysfunction increased. Delivery of programmes and services fell short of the targets pledged by government. Little room was left for a "people-centred" approach. But the blame fell also on civil society which, for certain reasons, adopted a generally passive stance – waiting for the state to deliver.

The capacity of the state to spearhead and manage transformation of government and elsewhere in society – at least in the short term, is now being seriously questioned. The lack of capacity to deliver is certainly a factor in government's greater reliance on the market to generate wealth and resources, as envisaged by GEAR, with its putative "trickle-down effect" to the poor, to achieve at least some of the objectives of the RDP.

2) Growth, Employment and Redistribution Strategy (GEAR)

In mid-1996 the objectives of the RDP have been clouded by the introduction of GEAR. Government touts GEAR as an "integrated economic strategy" that will enable South Africa to:

Successfully confront the related challenges of meeting basic needs, developing human resources, increasing participation in the democratic institutions of civil society and implementing the RDP in all facets (GEAR: A Macro-Economic Strategy, 1996: 1).

The controversial GEAR macro-economic strategy claims to set out an "integrated approach" to achieve an annual economic growth rate of 6 percent by the year 2000 and create an average of 400,000 new jobs each year. Its foundation is a set of macro-economic targets, which government argues, will

create bedrock of confidence and stability in the economy. The anticipated result is a massive increase in private investment. The nub of the strategy according to the policy document is as follows:

The higher growth path depends in part on attracting foreign direct investment, but also requires a higher domestic saving effort. Greater industrial competitiveness, a tighter fiscal stance, moderation of wage increases, accelerated public investment, efficient service delivery and a major expansion of private investment are integral aspects of the strategy. An exchange rate policy consistent with improved international competitiveness, responsible monetary policies and targeted industrial incentives characterise the new policy environment (*Growth, Employment and Redistribution: A Macro-Economic Strategy*, 1996: 21)

Critics have charged that the document presents an even harsher set of policy prescriptions and guidelines than this description reveals. In order to lower the budget deficit to 3 percent of GDP by 2000, the plan calls for a tight fiscal policy that includes cuts in public spending. Growth is to be propelled largely by an anticipated massive increase in private investment, with real government investment only increasing in the last two years of the five-year plan. Overall, the plan hopes to shift the economy from dependency on primary commodities to strong, export-led growth in the manufacturing sector. Buttressing the plan a range of other features which, the government claims, are in line with 'global standards' and would increase investor confidence:

- ❖ Liberalising financial controls, including eventually, the complete lifting of exchange controls;
- ❖ A privatisation programme providing for the complete sale of some "non-essential" state enterprises and the partial privatisation of others;

- ❖ Liberalised trade policy in which most tariffs and other forms of protection for local industry will be drastically reduced by the early part of this century; and
- ❖ Wage restraint by organised workers and the introduction of greater flexibility in the labour market.

Substantial increases in public investment towards the end of the GEAR cycle. Through these measures GEAR was supposed to achieve **growth with job creation and redistribution**, thereby reconciling the strategy with the RDP. In fact, the document contains only four passing references to the RDP and a more detailed description of how the Budget deficit targets can be met by trimming the RDP Fund – set aside for development programmes.

3) The Downfall of GEAR

The failures of GEAR have been based on two grounds. Firstly, its current failure to reach its key targets – most importantly in job creation and economic growth. Secondly, its highly cautious (and empirically questionable) reading of globalisation and of the possibilities for successful economic strategies that prioritise national, and regional development needs. The result is a compendium of adjustments, which seek to create an optimum climate for private investment. Beyond its compilation of “signals” that South Africa is stepping into the line with a putative set of “global standards”, it is bereft of measures that will ensure this investment occurs in ways that could help achieve the document’s stated socio-economic objectives. Of equal importance is the fact that its various measures do not mesh into a coherent integrated strategy (Development Update, 2001:17).

Until 1996, government and private sector economists were optimistic that the country's economic revival would not only continue, but increase in vigour. The economy was experiencing its fourth consecutive year of growth, and had registered a 3,1 percent rise in real gross domestic product (GDP) for 1996, slightly down from the 3,3 percent growth rate in 1995 (Development Update, 1997:28).

The figures offered some understanding from the fright which had set in during the first half of 1996, when the local currency, the Rand, lost almost a quarter of its value against the US Dollar. Uncertainties of a possible recession were dispelled a year later when second quarter GDP figures showed a 2,6 percent growth rate. But economists admitted that the figure represented "a blip" in an overall slowdown that would see GDP growth in 1997 drop to between 1,5 percent and 2,2 percent – far short of the 6 percent needed to begin reversing unemployment (Development Update, 2001:19). The slowdown has been mostly attributed to depressed domestic demand, particularly in 2000 and 2001 respectively.

4) GEAR and Employment-Creation

Gear has not boosted employment. As referred in Chapter 1, its projections of 126,000 new jobs in 1996 were fanciful. According to Central Statistical Services (CSS), the economy lost 71,000 jobs in that period, shedding a further 42,000 in the first quarter of 1997. At least 170,000 more were lost in 1997, according to some estimates. Most job losses occurred in manufacturing (50%), construction (26%) and mining (24%). Considering that the only visible social

dimension of the GEAR strategy is "job creation", the above figures appear very tormenting.

This trend has led economists to describe the economic upturn as "**jobless growth**", a dejected feature that is aggravating South Africa's high unemployment rate – exacerbating at 38% percent. However, the above figure may underestimate new jobs created because of casualisation of the work force and new forms of employment. Nevertheless, GEAR's failure to reverse the job-shedding trend in the economy has caused major concern within the Johannesburg city administration in particular and the state.

5) The Accelerated and Shared Growth Initiative for South Africa (AsgiSA)

As discussed in section 2.5, AsgiSA provides a set of strategies that are wider than GEAR, but still falls short of a comprehensive development strategy. AsgiSA was introduced due to concerns of a slow rate of growth plus the inequitable distribution of the fruits of growth. As such, the strategy aims to accelerate growth to 4.5% in the first phase between 2005 and 2009; and 6% in the second phase of the programme between 2010 and 2014 (PBC, 2007:7). While laudable in its intentions and by its own admission, government regards AsgiSA as a set of interventions targeted towards bottlenecks or addressing binding constraints, namely: (PBC, 2007:7)

- ❖ Infrastructure programme;
- ❖ Sector investment (or industrial) strategies;
- ❖ Skills and education initiatives;

- ❖ Second economy interventions;
- ❖ Macroeconomic issues; and
- ❖ Public investment issues.

AsgiSA forms part of measures to reduce the cost of conducting business, for example the of energy and transport, and address skills shortages. In this regard, Government launched the Joint Initiative on Priority Skills Acquisition (Jipsa) to develop the skills that are urgently needed. Jipsa is one of the most important key strategies of AsgiSA, which is led by the Deputy President of the Republic of South Africa.

AsgiSA's programme for the 'second economy' is a mixture of access to micro-credit for SMEs, expanded public works programmes and measures to realise the value of 'dead assets'. In addition, it seeks to expedite interventions in priority sectors that are considered to have employment-generating capacity. It is envisaged that the state will inject around R400 billion between 2005 and 2008 as part of the public sector investment programme geared towards energy, transport and other infrastructure (PBC, 2007:7).

While this study concurs with the AsgiSA's contention that the recent growth is not sustainable, is unbalanced and not equitably shared. It is apparent that without a clear redistributive and employment-generating strategy, growth is unlikely to be equitably shared. Rather than outlining a pro-poor growth strategy, AsgiSA is still trapped in trickle-down economics – first focus on growing the economy and then the benefits will trickle later (PBC, 2007:8). Nevertheless, it is worth noting that the implementation of the current micro-economic strategy (AsgiSA) is still at an infant stage, its successes and failures

will largely depend on whether its targets of 'halving poverty and unemployment by 2014' have been achieved.

3.5 URBAN THEORY

Theories of urban overdevelopment and 'urban bias' have a long, but discontinuous history, dating from the 1920s when policy-makers in the former Soviet Union considered urban-rural sectoral balance in planned economic development (Lipton, 1977:73). The idea of urban bias has had continuing relevance in explaining urban unemployment (especially in many developing countries) since the 1960s. Although theories of urban-rural economic balance and urban bias have fundamental significance for urban economic development, much of the relevance is either unacknowledged or misunderstood. However, it is appropriate to review the circumstances of the theory of urban bias from the perspective of the 2000s.

The results of some modern research shed light on the outstanding issues from past controversies; in the context of developing countries, the leading policy-makers have been advocating a closer relationship between macroeconomic and urban policy development; and economic policies for structural adjustment have been indirectly removing some of the structures which supported the political economy of urban bias. Thus, even if urban bias has some arcane elements in its history and association with development economics, the subject has importance in post-2000 contexts. This research gives an exposition, an interpretation and a review of the relationships between urban bias and urban unemployment, the political economy and urban processes and policies for developing countries.

3.5.1 Background to Urban Bias

Since the 1950's economic theories of development for developing countries have been many and varied, some taking accepted mainstream positions and others being competitive in their economic and social persuasions for changes in emphasis and approaches (Gugler, 1993:19). Those having mainstream status for long periods: their positions have been subject to invasion and succession by contrasting theories. Accordingly development economics is characterised by discontinuity, by controversy on competing 'political economy' dimensions, and by intrusions of key ideas from time to time which have deep and durable impacts on intellectual thought and practical response (Gugler, 1993:19).

The ideas of urban bias and urban overdevelopment became significant for two reasons. First, they contained a sub-theory of economic development and an explanation for urban unemployment, retarded growth and poverty (Gugler, 1993:20). Secondly, multi-lateral aid agencies such as the World Bank, and some bi-lateral agencies reacted to the notions of urban bias and urban overdevelopment (Harris, 1990:11). Bi-lateral agencies sometimes responded in a counter 'urban bias' way, providing funding and technical assistance to agriculture and rural development. In contrast to bilateral agencies, the World Bank became increasingly active in urban loan programmes since the early 1970s but also having circumspection on the import substitution and protectionist economic policies in many developing countries (Harris, 1990:11). The World Bank had commenced urban and housing loan programmes in 1972, but it was not until 1988 that many bilateral agencies in the industrialised countries took a more positive attitude to urbanisation. The changed attitude to

urbanisation reflected a growing realisation that (Harris, 1990:12):

- ❖ accelerated economic development was linked to urban economic development;
- ❖ the volume of urban poverty would exceed rural poverty in the early 21st century, and urban environmental conditions would add urban policy significance; and
- ❖ policy contexts had changed during the 1980s: economic policies for structural adjustment were restructuring the framework under which urban bias had previously operated.

Drawing these points together it can be appreciated that conditions were changing with impact upon the theory and practice of urban bias. However, this has been reviewed and assessed in the literature only in a fragmented way (for example Lipton, 1977:72-83). The aim of this research is to provide some analytical and evaluative review.

3.5.2 The idea of Urban Bias and Urban-Rural Sectoral Balance: Origins and Early Controversies

The origin of urban overdevelopment and urban bias has been completely reviewed by Cowan (1994:16). It has been a theory of discontinuity and changing relevance according to specific historical and policy significances. In the 1920s in the Soviet Union policy-makers had to consider how industrialisation and modernisation were to be resourced within planned economic development. This raised the issue of urban-rural sectoral balance and the allocation of rural economic product for industrialisation and

urbanisation. For developing countries, urban-rural sectoral balance became relevant in the 1950s when intellectuals suggested that compared with industrial countries at similar (19th century) stages of economic development might lack adequate dynamism and that resource pressures would be intensified in the provision of infrastructure (Cowan, 1994:17).

However, these matters were pursued further in the 1960s. At the intellectual level, the concerns were not linked to an overall coherent theoretical explanation. And, at the policy level, developing countries had opted for modernisation, often via import substitution and protectionism, thereby assuming a favour towards urban economic development. In the 1970s development economists (for example Lipton, 1977) formulated theoretical and political arguments criticising the inherent urban bias in protectionist policies. In the following section, Lipton addressed the question as to why poor people stay poor, and answered it by asserting the cause as urban bias.

3.5.3 Lipton's Theory of Urban Bias

According to Lipton (1977:32), uneven development is not between labour and capital, nor between foreign and national interests, but is between the rural sector and the urban sector. This is justified by the fact that the rural sector contains most of poverty, and most of the low-cost sources of potential advance; but the urban sector contains most of the articulateness, organisation and power. Consequently, the urban sector has been able to 'win' most of the rounds of the struggle with the countryside; and in so doing it has made the development process needlessly slow and uneven.

With regard to resource allocations, within the urban and the rural as well as between them, Lipton argues it reflects urban bias rather than equity or efficiency. The damage has been increased by misguided ideological imports, liberal and Marxian, and by the urban's success in buying off part of the rural elite, thus transferring most of the costs of the process to the rural poor.

In view of the above, Lipton argues that urban bias is "the main explanation of '**why poor people stay poor**' in post-colonial Less Developed Countries (LDCs)". Since this is a rather powerful claim, he supported his proposition by many pieces of evidence from diverse developing societies. Nevertheless, there remain reasons for doubt. However, the intention of this research is not to question the internal consistency, clarity or theoretical persuasiveness of Lipton's arguments. Whatever theoretical details deserve further elaboration and clarification, some aspects of Lipton's theory seem sufficiently relevant to permit an empirical explanation within which a theory of urban unemployment can be developed.

1) Urban Bias and Economic Growth

According to Lipton (1977:35) urban bias generates needlessly slow and inequitable growth in less developed countries. In principle, he argued that poverty, which may be directly linked to unemployment, might be reduced either by economic growth or by income distribution or by some combination of both. While Lipton claims that urban bias is simultaneously unfair by redistribution away from the largest and poorest group in most LDCs and inefficient by retarding economic growth, this research shall emphasise on the latter issue only. At least in the poorest LDCs, not even a perfectly egalitarian

distribution of income would permit decent standards of living. Nevertheless, the concern of this research is limited to the issue of whether countries suffering from more urban bias simultaneously suffer from higher urban unemployment rates.

In Lipton's view, urban poverty is more visible to Western visitors and native capital-based politicians and bureaucrats alike than rural poverty. Nevertheless, poverty affects many more rural than urban people in most LDCs. Rural poverty is both more widespread and more severe. An observable income disparities between city and countryside merely reflect productivity differentials without being generated or reinforced by price distortions. Then there might be much more rural than urban poverty in LDCs without there being any "urban bias".

As far as Lipton is concerned, the preponderance of rural over urban poverty doesn't simply occur. Instead it results from flawed political decisions and administrative processes which might similarly affect countries with rather different constitutions and political regimes. In almost all LDCs the ruling class is urban, although it might be allied to some rural elites. This urban ruling class prefers rural poverty over urban poverty, because it is less visible than squatters on the lawn in front of the presidential palace would be, because widely scattered poor people in the countryside find it very hard to give voice to their demands. Therefore rural poverty is much less threatening to ruling elites than urban poverty and deprivations might be. In general, ruling elites favour urban over rural interests because urban interests are better organised and more capable of exercising political pressure than rural interests are.

2) Urban Bias and Labour Productivity

Urban bias also refers to a pattern of investment which is unfair and inefficient at the same time. According to Lipton (1977:80), "large disparities in labour productivity, with agriculture doing 'badly', correspond to large differences in the productivity of everything else', with agriculture doing 'well'". While urban sectors in capital productivity, because each unit of urban labour is combined with quite a bit of capital, agriculture outperforms urban sectors in capital productivity, because each unit of rural capital is combined with a lot of rural labour (Lipton, 1977: 95). In most LDCs, in particular in the poorest and populous ones, capital is scarce, whereas unskilled labour is abundant. Therefore, it is more efficient to invest capital in agriculture where it may be combined with less abundant skilled labour than to invest capital in urban industries or services where it is combined with less labour or with less abundant skilled labour (Lipton, 1977: 96).

Nevertheless, many LDCs prefer inefficient urban investment over more efficient rural investment. Since the rural population is usually poorer than the urban one, unfairness is also involved. The large and poor rural masses need investment even more than their relatively privileged urban compatriots, however poor the relatively privileged group may look from a rich country perspective (Lipton, 1977, 96).

Since the purpose of this research is not an elaboration or refinement of Lipton's theory, but a cross-national test of one of its implications, the crude and incomplete summary above may suffice. It is important to keep in mind that income disparities between urban and rural sectors in LDCs do not just

occur naturally. They result from political decisions, from misallocations of capital and resources and from government manipulations of urban-rural terms of trade. The larger urban rural income disparities became the more likely they are to reflect political pressures, misallocation and inefficient policies, i.e., urban bias. If Lipton's basic idea is true, it should be explained that '*urban unemployment*' is a result of income disparity between urban and rural sectors, correlated with economic growth rates. The higher the disparity, the slower economic growth rates and the decline in employment opportunities. If Lipton's basic idea was false, however, there is no reason why the disparity should be systematically related to smaller growth rates (Weede, 1987:54).

For many years economists have observed an urban bias in the policies of less developed countries. Unequal allocations of public services between the rural and urban areas and persistent distortions in the terms of trade between agriculture and industry are two common expressions of urban bias. It is therefore argued that urban employers have an economic incentive to support an urban bias in development policies because of the indirect effect of rural incomes on training costs through the rate of labour turnover (Weede, 1987:55).

The explanation for urban bias is more compelling than the data to support its prevalence. Urban-based decision-makers steer resources to urban areas and in particular to capital cities (Gugler, 1993:23):

- ❖ To improve the environment in which they live and work;
- ❖ To enhance their status nationally and internationally;
- ❖ To co-opt elements of labour of strategic importance to defend decision

makers against challenges, to maintain essential services, and to run crucial sectors of the economy; and

- ❖ To pacify the urban population at large.

Thus, decision-makers are much less concerned about people in rural areas, who rarely have effective voting power and whose rebellions do not pose an effective threat. The withdrawal of rural farmers into subsistence production may elicit better terms of trade but does not threaten city-based power. The major alternative for rural dwellers is to vote with their feet and come to town (Gugler, 1993:24).

According to Gugler (1993:24), urban bias distorts the relationships between urban and rural markets for labour. Urban unemployment makes the distortion blatant, but it is not widespread because there is very little public assistance for the unemployed, and most families and kinship groups are unable or unwilling to support members for extended periods of time. Urban unemployment, on the other hand, is common because much urban part-time employment is more remunerative than full-time work in agriculture and rural manufacture.

In addition, there is also a need to take a critical look at various urban occupations whose contribution to general welfare is problematic, occupations that may be characterised as ‘misemployment’. Begging is an obvious example and demonstrates well the underlying reality. Misemployment is widespread in labour markets that are characterised by a huge income gap between upper strata and the bulk of the population: the affluent can easily maintain large retinues of hangers-on, domestics, entertainers, and prostitutes. Gugler (1993:24) puts it poignantly with reference to domestics in Mexico City:

Domestic service for these girls is...a waste of human resources. It permits little awakening of their latent capacities, and provides no possibility for them to learn a wide range of skills, to value their own work, or to develop an independent and enquiring personality...

Domestic service, in reinforcing dependence, does not encourage the questioning of a system in which wealth permits certain categories of people to condemn others to a life of servicing them. Nor does it encourage them to question a system of relations between the genders in which women are essentially seen either as playthings to entertain men or as drudges to service them.

Agriculture production and rural manufacture are forgone in favour of urban unemployment and underemployment because urban earnings are high relative to rural; and in favour of services provided to satisfy every whim of an urban-based minority that indulges in the conspicuous consumption of services. The opportunity cost of the rural output lost is substantial if difficult to quantify. The misallocation of labour between the urban and the rural sectors entails additional huge costs insofar as rapidly growing urban populations require resources, such as land, mass transport, household fuel, garbage disposal, that are considerably more costly in urban than in rural areas. This misallocation of labour, effected through rural-urban migration, may properly be called "overurbanisation" (Gugler, 1993:25).

3.5.4 Urban Bias in South Africa

Whereas it is acknowledged that South Africa is characterised by various forms of urban bias, it is crucial to note that this form of urban bias manifests itself in a slightly different angle from the Lipton's hypothesis. As referred in section 2.2, urban bias in South Africa that began around mid 1600s was influenced by historical events, when the European colonists who were familiar with the urban way of life in Western Europe arrived in South Africa. Around this time, urban way of life was introduced primarily along coastal areas in the southern and eastern parts of South Africa due to the influence of sea transport.

With the discovery of gold in the late 1800s, urban life accelerated in South Africa due to improved road and transport networks. Thereafter, the entire South Africa experienced pockets of rapid urbanisation as large numbers of people flocked to areas of employment opportunities, largely from surrounding rural areas.

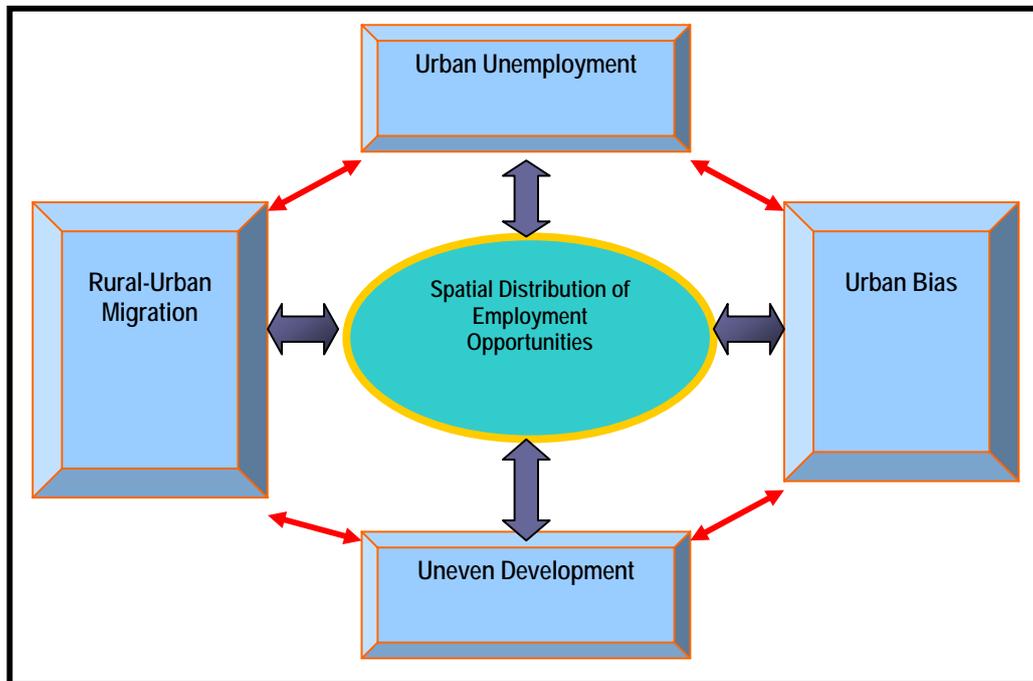
Despite the obviously large numbers of people now living in urban areas, there are a number of people who still live in rural areas in South Africa. Nevertheless, rural areas have been subject to an active process of underdevelopment. Unemployment is one of the biggest problems in rural areas. One can look at this problem in either 'absolute' or 'relative' terms. In absolute terms, rural areas in South Africa are characterised by many people who are illiterate, virtually without required skills to secure good jobs. Relative unemployment, which is unemployment mainly caused by the previous policies that shaped South African uneven development scenario.

What is apparent is that South Africa exhibits an urban structure that contains a previously 'white' developed core which is well serviced and provides numerous opportunities. Juxtaposed with these urban centres, the South African townships and the rural areas support a large 'black' population that has very little access to basic services and economic opportunities. Consequently, black families with lower incomes have most often been marginalised to the outskirts of these urban centres, leading to higher transport costs and limited access to reliable and good quality jobs. Moreover, there are also many people who live in the inner city who experience conditions similar or worse than township life.

3.6 PROVISIONAL MODEL FOR EXPLAINING UNEVEN DEVELOPMENT AND URBAN UNEMPLOYMENT IN JOHANNESBURG

The model explains the process of urban unemployment in Johannesburg as emanating from three interrelated theories discussed above, i.e. Urban Bias, Uneven Development and Rural-Urban Migration (as outlined in Figure 3.1 below).

Figure 3.1: Provisional Model: Interplay Factors.



3.6.1 Preceding Trends

Based on the previous discussion it is apparent that ‘Urban Bias’ contributed significantly to the current urban form in Johannesburg. As discussed earlier, urban bias began around late 1800s, with the discovery of gold in Johannesburg. And around this time, urban way of life accelerated in Johannesburg due to improved road and transport networks. As large numbers of people migrated into Johannesburg due to employment opportunities, largely from surrounding rural areas, rural areas were subjected to an active process of underdevelopment. Also with regard to commercial farming and perhaps a backbone for rural development, black farmers in rural areas were

denied access to markets by the development of a transport infrastructure which deliberately avoided homelands.

Linked to 'Urban Bias' theory is the process of 'Uneven Development'. As discussed earlier, Apartheid sought to divide rural and urban South Africa. Urban South Africa was to be reserved for Whites, with Black people being based temporarily on the outskirts of towns and cities, and in the rural areas as long as their labour was needed by the urban economy. According to the principles of apartheid, the majority of South Africa's population was expected to live in the designated homelands. The underlying factor has been the priority of separate development with the main aim of developing urban areas separately from rural hinterlands. Nevertheless, urban areas never experienced an autonomous development, but they developed at an expense and through the devaluation of rural economy. Rural population was expected to earn their wages in the urban areas, and spend this money in urban shops, in order to create a cash monopoly which decrease levels of community wealth and reduce its potential for generating investments in rural areas. In other words, rural areas have, for all the years, been made to subsidise the infrastructure and living standards of urban areas without trickle-down effect to benefit those areas.

Both 'Urban Bias' and 'Uneven Development' discussed above have contributed significantly to the development of 'Rural-Urban Migration' theory. For instance, the above system to obtain African labour and the denial of opportunities to rural areas has shaped the current urban situation and the pattern of rural-urban migration in Johannesburg today. The fact that government has invested more resources in urban areas than in rural areas served as centripetal force to provide breeding grounds for rural-urban

migration. Under this perspective, rural dwellers are the victims of deprivation, especially “relative deprivation”; because they compare themselves with the urban dwellers and the consequence of this comparison are disparities in the standard of living.

In addition, as discussed in section 3.3 earlier, the “bright lights” of the city play a significant role in this regard, particularly to the ambitious young generation. To them the city is a goal to be achieved. To this generation, the bright lights of the city such as the entertainment, the cinemas, television, the trappings of the modern sophisticated life are an irresistible lure from the sort of existence in the rural areas where there is little excitement, where life seems to die when the sun sets and which are often under-serviced.

In Johannesburg, it is understood that there is also the attraction of job opportunity, unreal though it may be. High levels of poverty prevail in rural areas, and agricultural workers are among the poorest households – wages are low and workers rely on their employers for basic services. In addition, not everyone wants to be an agricultural worker, nor is everyone cut out for farming, a job which requires special characteristics such as patience, determination, strong physique, an ability to work to the unchangeable seasons, to be uncomplaining when the weather ruins crops and then to start all over again. In addition, there is also unequal distribution of land for commercial farming purposes. For many people the prospect of an eight-hour day with a regular wage in the urban areas is much preferable to a dawn-to-dusk slog for comparatively small rewards.

3.6.2 Current Trends

Despite the new political dispensation and the advent of the post-apartheid South Africa, these three interrelated issues continue to exist, i.e. urban bias, uneven development and rural-urban migration. This results from a complex interplay of factors, such as the concentration of development opportunities in urban areas, post-apartheid restructuring, diminishing farm employment in rural areas, etc. The main factors behind urban bias are massive inequalities in the control of assets and wealth, and low levels of investment in rural areas. Weak rural investment has been aggravated by the real decline in government spending since 1997 and the slimming down of the state, reducing its capacity to bring about job creation.

Uneven development poses enormous challenges for Johannesburg, especially due to changing settlement structure. The apartheid settlements, which never had an economic rationale, continue to exist, requiring administrative and service provision. Their communities and local economies are underdeveloped and underserviced – effectively “trapped in space”. Within towns, class differences (some still along racial lines) often result in the poorest people living on the outskirts of towns, furthest from economic opportunities. Those who live in the inner-city are faced with further formidable barriers due to the suburbanisation of economic activities.

Uneven development is thus characterised by unemployment, deepening poverty and inequality. This feeds a vicious cycle by making it harder for poor families to ensure their children have skills, reducing the productivity to the labour force, making it harder for people to obtain and keep employment,

(including self-employment), limiting domestic demand. This situation has been worsened by the decline in employment in mining and commercial agriculture, which previously absorbed large numbers of less skilled workers. Due to the fact that mining has been historically dependent on rural labour both in South Africa and from Southern Africa, its impact has ramifications beyond the employees. The process of rural-urban migration is contradicting reality. While more and more people are moving into Johannesburg, more formal jobs are heading outwards for suburban locations.

On the other hand, new unskilled entrants to the labour force find it especially hard to get jobs. The jobs that are being created in Johannesburg are not many and mostly being created for relatively skilled people. In addition, these are jobs whose linkages with other manufactures, transport, research and business services require them to be outside urban centres. They are not amenable to being redirected to the areas which carry the bulk of the population, for example, the townships, rural areas and inner city. In other words, this means that **‘there is strong correlation between unemployment and the spatial distribution of employment opportunities’** in Johannesburg

3.6.3 Concluding Remarks

The character of urban bias, uneven development and rural-urban migration; explanations and an understanding of appropriate policy are clearly understood, though are primarily informed by imported theories and experience – perceived and explained through North American and Western European models. The preceding sections of this chapter have tested the applicability of various imported theories from USA and Europe, which are generally used to explain

urban problems in South Africa, in order to identify possible areas of contention with regard to these imported theories. Although the study has effectively applied aforementioned theories in order to reflect on their usefulness and weaknesses, the nature of uneven development and growth of urban unemployment in Johannesburg however requires a local approach – i.e. that the historical, demographic and economic realities of the country's setting are well understood. For instance, Czeglédy (2003:29) has observed, though the process of urbanisation and uneven development has occurred in a variety of larger American cities during the 1970s, nowhere in the world has it made an impact to the extent that it has in Johannesburg. In addition, Tomlinson (1998:13) has also observed: "Johannesburg has lost sense of development in the comparative, largely United States' fog. In support of the above observation, Trump and Kiyosaki (2006:3) argue, "When the United States sneezes, the world catches cold".

It is apparent that the significance of the failure to develop South African based policies can be seen in the 'success' of revitalised United States and European cities. Follow-up research has shown that while downtown revitalisation has done much for the appearance of many central cities, it has not reduce unemployment or households incomes when compared with cities which have not benefited from downtown revitalisation (Tomlinson, 1998:13). This turns out that the best-known United States urban success stories are also the cities where uneven development and income inequality are greatest. The United States models for city revitalisation have not addressed poverty. Hence, Johannesburg should be wary of copying them. Therefore, there is a dire need to conduct an original inquiry and to make use of the locally available economic and social data when applying these various imported theories.

CHAPTER 4

4. APPLICATION OF MODEL TO JOHANNESBURG

4.1 INTRODUCTION

In 1994, when South Africa inaugurated a new system of government, for the majority of the people it was the dawn of a new era, in which government would include them for the first time. In this regard, government put in place a vision of new South Africa that would be democratic and developmental, and which would aim to fulfil government's constitutional mandate to create and sustain humane, equitable and viable human settlements. However, while addressing the vast service backlogs that were the legacy of the past, Johannesburg has also faced the challenges posed by rapid urbanisation and immigration, unleashed by the collapse of the apartheid's vision of a spatial segregation and the rising expectations of a better life for all South Africans (Gauteng Department of Local Government, 2006:v).

The above-mentioned rapid urbanisation results from a complex interplay of factors; including urban bias, rural-urban migration and uneven development. As indicated in section 3.6, these factors play a crucial role in the spatial distribution of employment opportunities within the city – leading to the reproduction of urban unemployment, which poses enormous challenge for Johannesburg, especially due to changing urban form. As a result, this chapter will, to a large extent, reflect extensively on how the above three factors (urban

bias, rural-urban migration and uneven development) impact on the Johannesburg economy and also to review broadly on the extent of urban unemployment within Johannesburg. A considerable amount of empirical studies on Johannesburg will be assessed to reflect on the status of urban unemployment.

However, it should be noted that, to date, Johannesburg has attempted to change urban form through spatial development strategies (Tomlinson *et al.*, 2003:9). Johannesburg, under apartheid, attempted to control urbanisation through an explicitly racial strategy (see section 2.2). The intertwined consequences were, firstly, that the settlement pattern was neither sustainable nor integrated with the economic base, and could not generate sufficient economic opportunities. Secondly, uneven development system was highly inefficient, making a rational, systematic approach to the provision of services particularly difficult. Johannesburg areas operate as isolated pockets, with little sharing of facilities or support from one area to another. Similarly, within settlements, the apartheid patterns persist between different parts of each town.

Despite the new political dispensation and the devolution of important powers to local government (discussed in section 1.6.7), the uneven development has not changed. The apartheid settlements, which never had an economic rationale, continue to exist, requiring administrative and service provision. Their communities and local economies are underdeveloped and underserved – effectively ‘trapped in space’. Within towns, class differences often result in the majority of the poor living on the outskirts of towns, furthest from economic opportunities and employment. Those who live in the inner-city are faced with further formidable barriers due to the suburbanisation of economic

activities. Coming to terms with this urban pattern and strategically guiding its restructuring is a crucial component of the city's efforts to achieve growth, eradicate distortions and distribute opportunities equitably.

Nevertheless, many factors have simultaneously contributed to the current urban form in Johannesburg. This chapter charts, to a large extent, some of the most important developments that shaped the structure of Johannesburg today, among others – rural-urban migration, uneven development and urban bias, and their impact on urban unemployment in Johannesburg.

4.2 URBAN BIAS

As discussed earlier in section 2.2, urban bias in Johannesburg began with the discovery of gold on the farm Langlaagte in April 1886 (Simon, 1984:502). The feverish mining activities created by the search for gold made for an insatiable demand for labour, and people poured in to what became the city of Johannesburg in their thousands (Davenport, 1991:42). Urbanisation then spread rapidly throughout the entire country as large numbers of people flocked to the Johannesburg.

Emboldened by the success of urbanisation, developers got busy with plans for expanding Johannesburg development. In the rural areas, there were no large-scale developments taking place. As a result, industrialisation and commercial activities in Johannesburg exerted an irreversible force of attraction on the rural population due to the wider variety of employment opportunities, higher living standards and more sophisticated social facilities provided in Johannesburg (Davenport, 1991:42).

Within ten years of its origins, Johannesburg was the biggest city in the country and by 1936 was recognised as the “largest and most densely populated European city in Africa” (cited in Chipkin, 1993:105). A building boom prior to the turn of the century and an economic expansion following the Boer War (1899-1902) between the British and Afrikaners resulted in a rapid increase of population²⁵. The latter expansion also produced a consolidation of the gold mining industry and the creation of the city’s financial district. Foreign capital flooded into the country and transformed Johannesburg into a little New York or if not New York, then at least Chicago or Saint Louis (cited in Chipkin, 1993:93). Successive waves of economic activity, corresponding largely to the booms and slums of gold mining, produced by 1990 a city housing the headquarters of most of the country’s largest corporations, the Johannesburg Stock Exchange, and the National Reserve Bank (Tomlinson *et al.*, 2003:4).

Johannesburg was booming. Growth reached 9% per annum in 1963 (Chipkin, 1998:250). Foreign capital flooded into the city and the Johannesburg stock market recorded many new listings, acquisitions, and mergers. Tower blocks mushroomed in the downtown area. Nearby, numerous factories were built and between 1951 and 1970 employment in manufacturing rose by over 75% to approximately 230,000 workers (Beavon, 1997:159). Fortune magazine quoted an American businessman as saying “This is the only real industrial complex south of Milan” (Cited in Chipkin, 1998:250).

²⁵ The Boer War is now referred to as the South African War since blacks fought on both sides and the war was significant for black futures.

In the post-apartheid South Africa, 'urban bias' continues to exist – perhaps this time around as a natural consequence of the exponential urban growth. Nevertheless, there is evidence that government recognises the need for rural development as priority in order to reverse this enduring legacy of 'urban bias'. In this regard, rural development was one of the cornerstones of the RDP and continues to feature in the new government strategies such as AsgiSA.

The RDP office was tasked with drafting a framework for rural development. The responsibility for the framework was shifted without efforts to the Department of Land Affairs after the closure of the RDP office in 1996 (Development Update, 2001:113). In the year 2000, the need to revitalise government's efforts in rural development was recognised by the State President, Thabo Mbeki. The president spelled out the implementation and focus of the process in his state address in February 2000:

...the Government has carried out extensive and intensive work to elaborate an Integrated and Sustainable Rural Development Programme. The implementation of this Programme will begin this year. The strategic objective we will pursue will be to ensure that we achieve integrated and sustainable development in our rural areas outside of and in addition to the commercial farms by the year 2010. We chose to focus on these areas to reverse a century-old legacy of white minority rule, according to which millions of our people were confined in poverty-stricken areas alternatively described as Native Reserves, Bantustans and Homelands.²⁶

This was seen as a response to concerns made by rural people and, land and rural non-profit organisations (NPOs), including Rural Development Initiative (RDI), a coalition of the rural NPOs, trade unions and various rural

²⁶ Thabo Mbeki, 2000. President's State of the Nation Address, 4 February.

communities. The RDI spearheaded the adoption of the Rural People's Charter just before the elections in June 1999. One of the key objectives was to lobby government to give rural development "top political and financial priority" as well as providing space for rural people to play an active role in planning and implementing a rural development strategy (Development Update, 2001:113).

However, the 'urban bias' trend in Johannesburg cannot be understood in isolation from other urban development trends that took place elsewhere in the world. As indicated in section 1.6.2, according to Soja (1979:6), "thirty years ago, developments efforts in the Third World were aimed at industrial development. The approach had a strong urban bias, heavy investment was made in the urban areas and this led to unbalanced growth. The result was the creation of islands of economic growth in a sea of poverty".

4.3 RURAL-URBAN MIGRATION IN JOHANNESBURG

One of the features of the Johannesburg economy over the past years has been that of urban unemployment. One of the major causes of this trend has been the rapid rural-urban migration that has been taking place in the economy and one of the major factors in such migration has been aspect of government policy through 'urban bias'. It is argued in this thesis that urban unemployment in Johannesburg has been due to a failure on the part of the government to effectively implement policies that reflected commitment on its part, particularly with regard to provision of employment opportunities.

However, as indicated in the preceding chapter, there are divergent views on the process of and the consequences to rural-urban migration. Section 3.3

above has revealed that some theorists have considered it an inevitable consequence of economic development and a potent source of labour to the urban industrial sector. An implication of this view is that rural-urban migration has positive impacts upon urban economy and therefore should not be discouraged. There are, however, those who have taken a less positive view of migration.

As indicated in section 3.3, Todaro (1969:138-148) provided the economic theoretical model of migration decision-making and perhaps the basis of many empirical studies of the migration process today. Fair (1982:16) suggested that people would move when the net present benefits of migration are greater than the net costs. Todaro (1969:139) suggested that migration would continue as long as rural income levels are less than expected urban income levels. Todaro (1969:139) stresses three most important factors relevant to the causes of migration in Johannesburg:

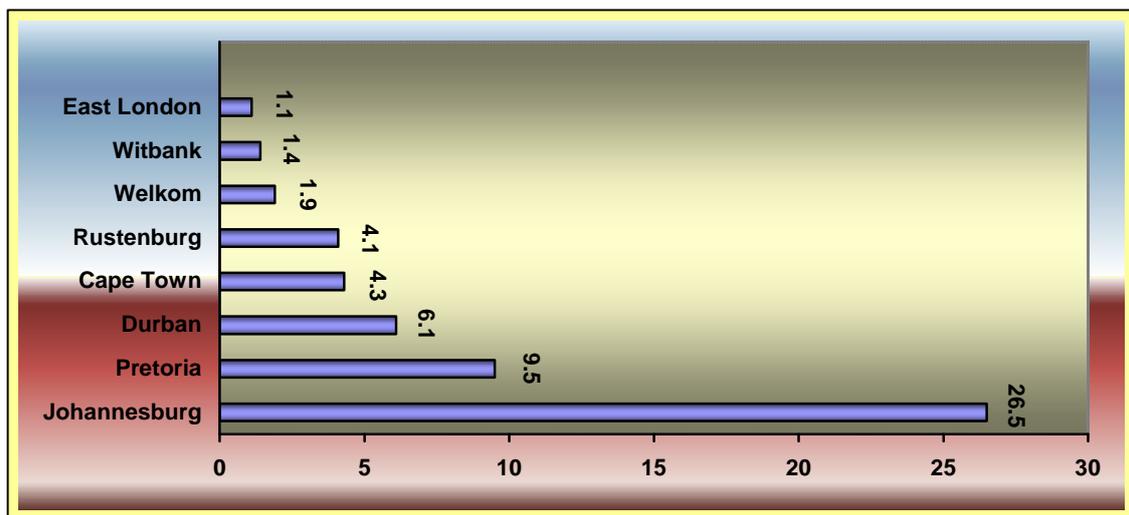
- ❖ that most migrants move in search of better income-earning opportunities;
- ❖ that migrants take into consideration their chance of securing a job at destination; and
- ❖ that migrants will continue to move as long as incomes and job opportunities appear better in places other than their place of origin.

The important issue at hand is the relevance of theoretical models discussed in the antecedent chapter to the Johannesburg situation. In Johannesburg, rural-urban migration is indelibly associated with apartheid and influx control. But even since the abolition of influx control it has continued on a considerable scale. Clearly, the continuation of migrant labour, the different forms into

which it has differentiated itself, need to be seen against the background of urban labour markets that are vastly changing since the heyday of apartheid.

Although most studies have been qualitative rather than quantitative, research into Johannesburg by Tomlinson (1999:14) found that about 85% of heads of informal activities came from rural areas and other countries around the world. Morris (1998:762) estimated that about 30% to 40% of Johannesburg total population came from migration and that over 65% of township households has their roots in rural areas. Soweto in Transition Project (1997:18) also found that over 60% of Soweto households came from migration, although during the survey, only 26% think of themselves as rural people. A survey into top twenty destinations for migrant workers in South Africa between 1996-1998 has indicated that Johannesburg is the most preferred destination for migrant workers (Figure 4.1).

Figure 4.1: Top Destinations for Migrants in South Africa



Source: StatsSA (2006: xvii)

4.3.1 Causes of Migration in Johannesburg

Tomlinson (1999:15) indicated that income differentials, job opportunities and the “bright lights” of the city are contributing factors to rural-urban migration in Johannesburg. Such differentials are, in turn, caused by the wage determination process in the country and by the pattern of allocation of public investment expenditures, which has been urban-biased. This is coupled by the fact that policies aimed at rural development have not been effectively implemented to date.

According to Morris (1998:763), unemployment in Johannesburg is exacerbated by the “chain migration” (defined in section 3.3). One reason for this is the extended family system, whereby migrants are often able to live with relatives already in the urban areas during their job-search period. Another reason is that whereas the original models implicitly assume that potential migrants have adequate information about unemployment levels in the urban areas on which to assess their probability, the reverse is the case in Johannesburg. Adequate information is not only costly it is also almost non-available.

4.3.2 Changing Character of Migrant Labour in Johannesburg

Migrant labour has a long history in Johannesburg but the conditions that shed light on it have shifted over time quite considerably. The actual conditions rather than the perceived conditions also seem to have changed, however. Apartheid and migrant labour during that period benefited, at least until the mid-seventies from fairly buoyant labour markets. But from then on, formal work in the city and more recently in the mines has been decreasingly, even

dramatically, less available (Cox *et al.*, 2004:14). Migrant labour, moreover, continues on a considerable scale. According to the survey conducted by Cox *et al.* (2004:14), approximately one third of all migrant workers originate from outside deep rural areas commonly seen as the classical source regions. This finding represents the growing number of migrants from other parts of the African continent and the world. In addition, Cox *et al.* (2004:14) also noted that there has been significant loss of formal work for migrants in the city and subsequent entry into the informal sector, and an increasing reliance on informal economic activity. These authors also found other major changes from apartheid years. Most migrants interviewed during the survey continue to live not alone, as they typically would have done under the influx control regulations, but with immediate family members consisting of spouse and children.

The above scenario translates that while the urban unemployment has its most visible manifestation in Johannesburg city, its deepest roots are the results of in-migration, though in South Africa this phenomenon is no longer entirely confined to the migrants from the deep rural areas, but also from other parts of the continent and the world. However, not underestimating the impact of migration in other countries around the world, the background presented here calls for the need to redefine existing policies in order to find local solutions aimed at addressing unemployment problem in Johannesburg. It is apparent that 'rural development' alone will have little effect in the reduction of in-migration and ultimately urban unemployment in Johannesburg.

4.4 UNEVEN DEVELOPMENT IN JOHANNESBURG

Johannesburg lies at the heart of the largest urban conurbation in sub-Saharan Africa (Beall *et al.*, 2002:29). While cities in other countries underwent a fundamental shift that effectively turned them inside out, Johannesburg has not had normal urban development. As such, Johannesburg is a very unequal city: it houses the wealthiest households in the country and many poor households. Johannesburg is also a racially unequal city. As the industrial and commercial heart of South Africa, Johannesburg was at the centre of struggles for, and against, the apartheid policies of influx control, residential segregation and job reservation (Beall *et al.*, 2002:29). Johannesburg was probably the city where the contradictions of apartheid were felt most keenly and where reforms to racist practices were first attempted, long before they were legalised.

Many factors have simultaneously contributed to the current status of uneven development in Johannesburg. Racial residential segregation under legislation such as the Group Areas Act resulted in the removal of many inner city communities to townships on the urban fringe (Christopher, 1989:16). Similarly, race zoning prevented black people, *de facto* the poorest component of Johannesburg urban society, from legally living in inner city neighbourhoods which would have placed them at an affordable distance from employment and other urban amenities. The consequence of segregation and the accompanying removal of communities were to dramatically change the socio-economic and demographic profile of the inner city. In effect, the poorer components of society were displaced from inner city areas to the urban periphery, and the residential population of the inner city was restricted to whites, and relative to the overall profile of all urban residents, wealthier people. However, the

breakdown of this urban form over time resulted in situations of accelerated decay (Christopher, 1989:17).

Control of economic and commercial space in the city and in dormitory townships affected the economic profile and performance of inner city areas. Suburbanisation, office and retail decentralisation from inner city to outlying malls and office parks have operated with accelerating pace over the past years in Johannesburg (Tomlinson, 1998:12).

Over the past years the formal sector of the city has revealed a distinct decline, though the GJMC is gradually introducing new measures to revitalise the city. For example, central Johannesburg is characterised by the double urban capitalist process of residential overcrowding with intensifying blight, alongside dramatic levels of vacant office space (Bond, 1999:22). Over the past years Johannesburg has witnessed numerous business and financial services leaving the central city for the peripheral suburbs. Small and medium manufacturing enterprises in the central city have either closed down completely or relocated to the suburbs. Most of the large property owners underline crime and grime and failure of the local government to implement by laws that manage informal trading and the taxi industry for the urban decline. While, on the other hand, some local government councillors and officials assert that it is along with a process of transformation, such as the opportunity now given to the informal traders who were banned under apartheid regulations (Tomlinson, 1998:13).

Among these economic modifications or what many referred to as 'capital flight', the most profound economic change suggests that the fear of crime,

social conflict and racism serve as centrifugal forces²⁷ driving businesses out of the central city and have accelerated decline to date. Yet, others suggest that the desire for high-technology, personalised, low-rise offices in scenery environments that boost the corporate identity have been at least a strongest influence for decentralisation. (Tomlinson, 1998:13)

This decentralisation of offices is not new. Decentralization started in the early 1960s, dates that cast doubt on the current tendency to blame “crime and grime” for pushing retail out of the CBD (Tomlinson, 1999:16). Together with the construction of the freeways, pull factors rather than push factors propelled decentralization. According to Rogerson (1997:18), the first mention that the city centre might be in decline dates back to 1959 and by the late 1960s, the migration of shops and business to the suburbs was underway. Johannesburg CBD was already in trouble. As the Carlton Centre was being opened in 1972 (even then it was with the purpose of revitalising the CBD as a shopping destination), construction was well advanced on the first major decentralisation of shopping and office space which would ultimately bring the CBD to its present plight. Sandton City, developed by Liberty Life, opened in 1973, followed by Eastgate in 1979. These two complexes alone achieved sales equal to 17 percent of the entire CBD and were instantly successful in filling the available office and retail accommodation (Development Update, 1997:26). Emboldened by this success, developers got busy with plans for expansions. A limited number of new developments were taking place in the Johannesburg’s CBD; and for the first time in its history, there were no longer large-scale developments taking place (Rogerson, 1997:20).

²⁷ The term is commonly used to refer to "push factors" or those factors that serve to drive businesses away from the central city.

According to Tomlinson and Larsen (2003:44), the most significant pull factor was the relative wealth of whites. The residential expansion north and later east of the CBD began in the early 1890s, soon after the discovery of gold in 1886, and never stopped. The continued northern suburbanization of the white population is evident from the 1996 census. In 1996, the suburbs north and east of the CBD contained 70% of the city's white population and whites, Alexandra excluded, constituted 60% of the suburban population.²⁸

The building of malls in the north was further abetted by the decentralization of commercial development that started shortly after retail facilities began to relocate. This office decentralization went north; very little went east and almost nothing went west or south. As was the case with retail, Beavon (2000:158) found that in 1999 the amount of decentralized office space exceeded CBD office space by a factor of 1.6, paralleling the retail ratio of 1.6. In inner city Johannesburg offices space vacancy levels were as high as 45% for some categories in 1992, reflecting the joint effect of the economic recession and office decentralisation (Dauskardt, 1993:11). Yet while a pattern of urban sprawl has altered and detracted from the central city as the major urban economic zone, other factors have worked to support its service role.

4.4.1 Uneven Development: Race and Space in Johannesburg

There has been a steady increase in the number of decentralised malls in Johannesburg, mostly located in the north, such that in 1999 the amount of decentralized retail space greatly exceeded the retail space in the inner city. The

²⁸ According to Tomlinson and Larsen (2003:44), the percentage would be even greater were it not for domestic help living in the houses of the rich.

primary cause of the racial character of shopping is the decentralization of retail activities in search of the white consumer (Tomlinson and Larsen, 2003:44).

In Table 4 below, Sandton City is shown as having 110,000 m² of gross lettable area, an amount added to the initial investment of 30,000 m². The first really large mall, opened in 1979, was Eastgate, which provided 90,000 m². The first large development in the south was Southgate, established in 1990 and located at a freeway junction.

Table 4.1: Five Largest Shopping Malls in Johannesburg prior to 1994

NAME	NODE	GROSS LETTABLE AREA (M ²)	DEVELOPMENT DATE
Sandton City	Sandton	110,000	1973
Eastgate	Bedfordview	105,000	1979
Westgate	Roodepoort	100,000	1985
Cresta	Randburg	73,321	1986
Southgate	Mondeor	65,000	1990

Source: Shopping Centre Directory 1999:7-11, South African Council of Shopping Centres

However, since the mid-2000s, Johannesburg has witnessed a slight tilt in the decentralization of malls. Few shopping malls in the largest and exclusively black township of Soweto are currently being developed and some of the old shopping complexes have been revamped under the leadership of the current GJMC. Until early 2000s, Soweto had only one major shopping complex – the Dobsonville Shopping Centre. In May 2004 *Business Day*²⁹ reported that Greenfield projects for Soweto, worth hundreds of millions of rand, were being facilitated by the City of Johannesburg's property arm, the City of Joburg Property Company (JPC). The developments including residential, commercial

²⁹ *Business Day* newspaper published on 25 May 2004:6

and retail are aimed at encouraging businesses previously not represented in Soweto to move in. In 2005, the Protea Gardens mall opened to much hype, followed by the Baramall Shopping Centre in early 2006. In addition, two massive malls have since taken off in Soweto. On 27th September 2007, one of the biggest malls in Southern Africa, Maponya Mall, has opened in Soweto. The Maponya Mall development represents an injection of R650 million into the township.

Figure 4.2: The Maponya Mall in Klipspruit, Soweto



Source: City of Johannesburg, 27 September 2007 (www.joburg.org.za)

Underpinning the above developments is the steady growth of Soweto residents' spending power. A study commissioned by the City of Johannesburg's economic development unit in 2003³⁰ found that the combined annual buying power of Soweto residents was more than R10,5 billion; R4,5 billion of which is disposable income. However, the research found that 3,4 billion of this disposable income was spent outside the township. The above scenario has resulted to the GJMC encouraging new mall development in the

³⁰ Cited in the Business Day of July 5, 2006 by Ndaba Dlamini in his article "Mall boom in Soweto"

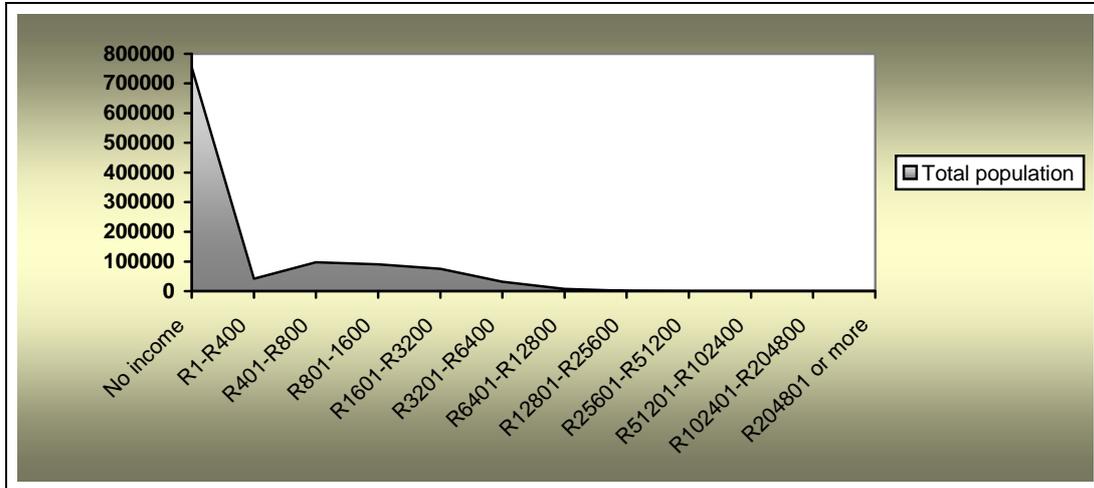
townships in the hope that residents would be encouraged to spend their money in the area.

However, according to Tomlinson and Larsen (2003:47), the increase in the number of blacks shopping in malls located in the northern suburbs cannot be explained solely by residential proximity. Instead one must, first refer to the parallel decentralization of shopping and offices that has introduced blacks into malls in the north as their share of employment in the business and professional services sector increases. Second, the catchment areas of malls that traditionally have been calculated on a 5-km to 10-km radius from a mall are often much wider. An obvious example is that of the Eastgate. It serves a regional market and even draws shoppers from north of the border. Similarly, many of the weekend shoppers in, say, Sandton City, come from Soweto. By 1999 a third of Sowetan households had cars. Rather than the residential location of the shopper being the determining feature of where he or she shops, the employment status of the shopper may be more important.

This uneven development is also associated with the racial restructuring of the CBD labour force. According to Tomlinson and Larsen (2003:46), in 1960, it was 7:1 white to black in the CBD. Nowadays, as a result of the relocation of most business and professional services to the north, the large majority of office workers in the CBD are black. The decentralization of offices led not only to the decentralization of linked retail and wholesale services and the consolidation of white shoppers in the north, it also introduced black office workers to the malls in the north. An 'outdoor' meal at lunchtime bustle makes the point.

Though there have been some decentralization of Shopping malls to the townships, particularly in Soweto, property managers at retail centers in the townships argue that local Shopping centers are perceived by consumers to be “second-rate” or of an inferior quality, with the result that township shoppers often prefer to pay for a taxi trip to one of the regional malls (Tomlinson, 1999:23). For this reason, the major competitors for township shoppers are said to include Westgate and Southgate regional malls. CBD and township inhabitant’s wealth is how far they travel to purchase goods and services.

Tomlinson and Larsen (2003:47) asked, “Should we expect that this racial exclusivity would persist?” The answer, in the case of Soweto Shopping Malls, is that it will. The 1990 date of Southgate’s development reflects commitment of resources to the increasing wealth of blacks prior to the demise of apartheid. Despite formal sector unemployment in excess of 40% in Soweto, household incomes in the area have grown at 10% per annum since 1993 (Prinsloo and Cloete, 2002:266), as will be the black population between those with and those without skills. For the former, employment opportunities are increasing somewhat and wages are increasing sharply. For the latter, employment opportunities are declining precipitously (Bhorat and Hodge, 1999:351). However, Figure 4.3 below indicates that despite the slight increase in income among the black population, the majority of the population, for example in Soweto, is still poor.

Figure 4.3: Income Category per Individual in Soweto

Source: Statistics South Africa (July 2007)

4.4.2 From Race to Class Exclusion in Johannesburg

Two underlying trends ensure that class and not race is becoming the distinguishing feature of uneven development in Johannesburg. On one side, racial restructuring was designed to accommodate the exit of whites from CBD residential areas and their replacement by blacks (Bremner, 2000:102) and to facilitate commercial decentralization and the exit of most white office employees. The establishment of suburban malls did not lead to the demise of retail in the CBD. On the contrary, the restructuring of the CBD retail market to serve the black consumer was, for a time, viewed as its savior. Although certain major retailers, and nearly all specialty stores and stores serving tourists as well as upmarket hotels, relocated to the suburbs, other major retailers reoriented their operations to serve the black market. However, on the positive side, the racial restructuring attracted increasingly well-to-do weekend consumers from Soweto and further afield and served the market arising from

the convergence of transport routes. Approximately 790,000 commuters enter the Johannesburg CBD every working day (Tomlinson and Rogerson, 1999:33).

With white shopping largely occurring in malls and most black shopping occurring in the CBD, the correlation between race and space was especially stark in the early 1990s. Then, push factors came to accentuate decentralization. Contributing to the changed retail mix was crime (Tomlinson and Larsen, 2003:48). During the course of the survey concerning the inner city economy, one property manager observed, “every single retailer has been robbed, held up or had an attempted break in” (Tomlinson *et al.*, 1995:15). The white client base for shopping and for office visits was scared and preferred the managed and more secure mall environment. Thus, established chain stores in the CBD are experiencing falling turnover, demand for retail space is contracting, and retail rentals are declining. The retailers that are now taking up space are geared to the low-income market and operate downmarket cash businesses.

Despite the emergence of considerable informal retail trade in townships, epitomised by the *spaza* shops (Rogerson, 1997:22), this situation has resulted in the CBD remaining the primary retail centre for township residents. Rogerson (1997:22) observed that over 2 million square metre (around 20%) of Johannesburg city centre’s developed space involves retail activities, the bulk of which oriented towards black consumers. In addition to this changed service function, the CBD has retained some of its importance as an employment zone although the economic and job profile of most inner city areas has changed. Relocation of commercial and retail sectors to the suburbs and outlying office parks has changed the nature of jobs in the inner city.

The problem here is that, there is insufficient relocation of businesses to the south of Johannesburg, which carries the bulk of the population. Tomlinson (1997:16) observes, even government-subsidised low-density housing goes to the township's edge owing to the housing subsidy structure of R36 528. This is one of the reasons to a response to political opposition to low-income housing closer to middle and higher income suburbs (not in my backyard philosophy). The points in this trend are very clear. Therefore, what is apparent is that it would cost a great deal more than the R36 528 subsidy (or higher) to settle low-income households in the city due to higher land costs and also higher level of services and better top structure appropriate to high-density living (Tomlinson, 1997:17).

Notwithstanding the above fact, even if by any chance, the low-income houses were to be located in the suburbs or closer – due to the apartheid heritage of uneven development, they wouldn't cope with the high cost rates of land and services and also through a process of “downward raiding” arising from housing market's appeal to higher income groups. As part of the problem, the low-income groups would find themselves going back where the apartheid planning previously located them, in distant and dusty townships or in the backyard shacks. The low-income people, especially the unemployed, even if they want to stay close to the cities, are restricted by high rates of land value near the city. Therefore they cannot afford staying there and these conditions are even more pressing especially for the unemployed. In other words, the problem has now become an economic reason, and it was created purposefully by the apartheid government through concentration of economic development along high-income areas.

However, quite recently the government has attempted to change the spatial residential design in Johannesburg in order to bring about class integration and desegregation, as part of the strategy to address the above challenges. The Cosmo City Project, which entails the development of 8000 residential erven and the construction of at least 5000 RDP and 3000 bonded and credit linked housing structures in the middle of the old well-serviced ‘White’ northern suburb, represents a good example. Nevertheless, this construction of low cost houses and mixed income residential area came to an abrupt halt in Cosmo City next to Dainfern when its Juskei Crocodile Catchment Association objected to the development.³¹ This was followed by legal battles between the City of Johannesburg and the above-mentioned association in which the latter won the case. What is noteworthy about this scenario is that, in most cases, government will always face political opposition when locating low-income housing closer to middle and higher income suburbs – “*not in my backyard*” syndrome quoted above.

Nevertheless, although Johannesburg exhibits apartheid patterns of racial oppression and exploitation, the city is also beginning to show what the new, post-apartheid, pattern of uneven development is going to look like. Beall *et al* (2002:29) observed:

In post-apartheid South Africa, inequality³² is driven by two income gaps: between an increasingly multiracial middle class and the rest; and between the African urban working class and the African unemployed and marginalized poor.

³¹ This is according to the information sourced from the City of Johannesburg website: www.joburg.org.za, June 2007.

³² Inequality and uneven development are used interchangeable to mean a pattern of both social and economic urban transformation in Johannesburg.

As Beall *et al* (2002:30) argue, uneven development in Johannesburg can no longer be explained by race alone. High levels of intra-racial inequality, especially among the African population, mean that there are other social forces at work such as ‘social polarisation’³³.

4.5 URBAN UNEMPLOYMENT IN JOHANNESBURG

South Africa’s poor economic performance, specifically the decline of the manufacturing sector, has had important consequences for the sectoral distribution of employment in Johannesburg. These national patterns are reflected in employment trends within the GJMC. Since Johannesburg is at the centre of South Africa’s industrial heartland, it has been severely affected by the decline of manufacturing outputs. Although this section seeks to outline urban unemployment trends in Johannesburg, the section below begins by reviewing the current employment trends in South Africa, in order to provide a much broader scope of analysis.

4.5.1 Current Employment Trends in South Africa

Though the performance of the South African economy has been at best disappointing since 1994, the Labour Force Survey³⁴ in September 2006 has shown some improvements since 2001 (Figure 4.4). According to Figure 4.4 below, the number of employed people has risen steadily since September 2001. Employment growth has been particularly strong in the two years to

³³ Social Polarisation is a concept that has been used to describe the emerging patterns of inequality in many cities in the advanced capitalist countries.

³⁴ Labour Force Survey was conducted by the Statistics South Africa for the period September 2001 – September 2006.

September 2006 when over one million additional people were employed. As a result, over the period September 2006, the cumulative employment gains in the South African labour market totaled 1,6 million. Nevertheless, the number of economically active persons (labour force) continued to expand – from 16 788 000 in September 2005 to 17 191 000 a year later. After several years of successive increases, unemployment declined steadily to 26,2 in September 2004. This downward trend was reversed in September 2005 when the level of unemployment rose to 26,7. One year later, in September 2006, the number of unemployed persons fell to 25,5.

Figure 4.4: Unemployment Rate (September 2001-September 2006)

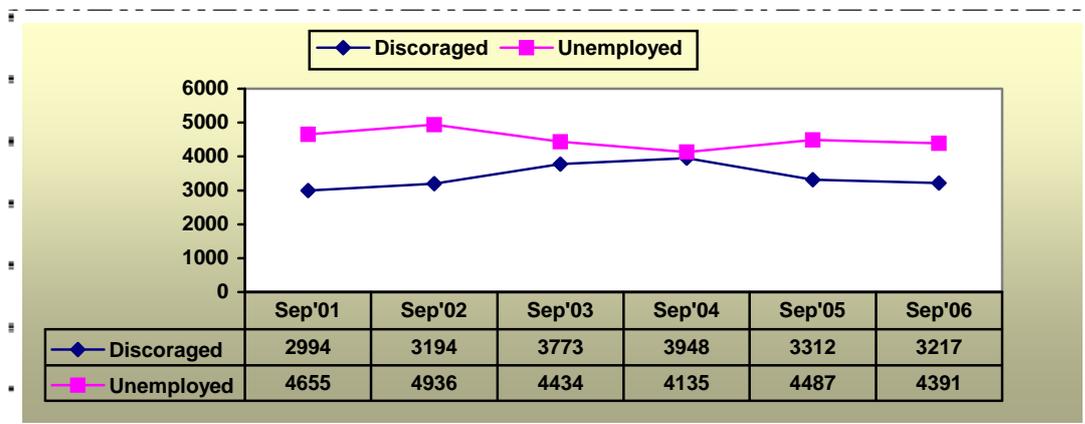
	Sep'01	Sep'02	Sep'03	Sep'04	Sep'05	Sep'06
Percentage						
Unemployment						
Male	25,8	25,9	24,7	23,1	22,6	21,2
Female	33,8	35,9	32,0	30,2	31,7	30,7
Average	29,4	30,4	28,0	26,2	26,7	25,5

Source: Statistics South Africa: Labour Force Survey (September 2006)

The Labour Force Survey (2006:xix) has also noted that unemployment rates are increasingly higher among the youth (persons aged 15-24 years) than those in the 25-34 year age group. And in turn, the unemployment rate among persons aged 35-44 is higher than among those in the 45-54 year age group. In this regard, the unemployment rate among persons aged 15-24 years has been consistently above 50% between 2001 and 2006.

However, the decline in unemployment in September 2006 was accompanied by a decline in the number of discouraged work-seekers³⁵. As indicated in Figure 4.5, the number of discouraged work-seekers fell from 3 948 000 in September 2004 to 3 312 000 in September 2005 and to 3 217 000 in September 2006, suggesting that people that had been previously discouraged were successful in gaining employment (Figure 4.5).

Figure 4.5: Unemployment and Discouraged Work-Seekers

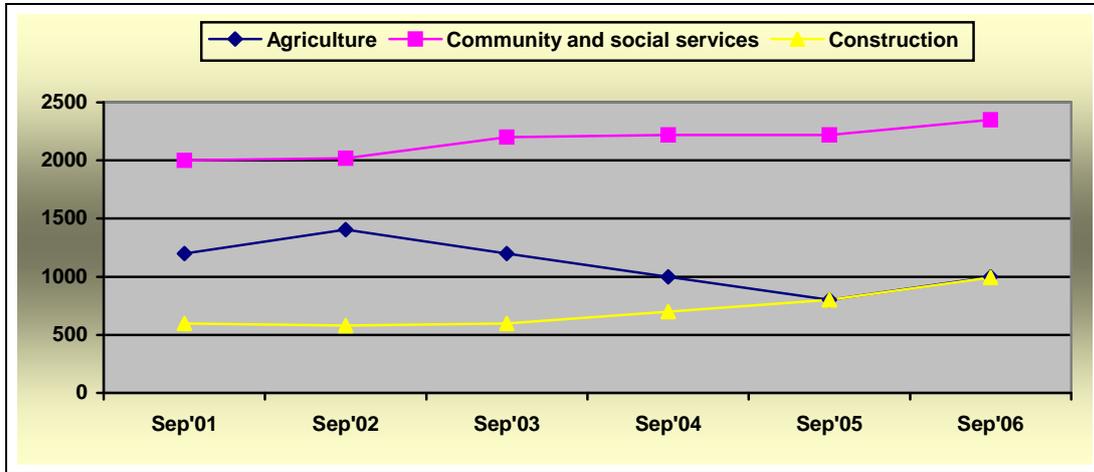


Source: Statistics South Africa: Labour Force Survey (September 2006)

Over the period September 2001 to September 2006, the trend in employment in the community and social services industry and the construction industry has been generally upward. In contrast, the reverse is true in terms of agricultural employment (Figure 4.6) where employment decline between September 2002 and September 2005, before a substantial reversal occurred in September 2006.

³⁵ Discouraged work-seekers refer to those unemployed people who do not take active steps to find employment, in spite of their desire for work.

Figure 4.6: Industries with the Largest Employment Gains



Source: Statistics South Africa: Labour Force Survey (September 2006:10)

Moreover, in September 2006, the trade industry (including the wholesale and retail sectors), in which 3 055 000 people were employed, continued to make the single largest contribution to total employment (23,9%). Over the same period, the community and social services industry, in which 2 319 000 were employed, made the second largest contribution to total employment (13,6%). Manufacturing (with employment levels of 1 737 000 in September 2006) accounted for the third largest share of total employment (13,6%). And over the same period, the utilities (electricity, gas and water), in which 119 000 people were employed, accounted for the smallest share (0,9%) of total employment (StatsSA, 2006:10).

Figure 4.7: Distribution of Employment by Industry

Industry	Sep'01	Sep'02	Sep'03	Sep'04	Sep'05	Sep'06
Thousands						
Agriculture	1 178	1 420	1 212	1 063	925	1 088
Mining	554	559	552	405	411	398
Manufacturing	1 620	1 633	1 550	1 714	1 706	1 737
Utilities	94	84	91	99	100	119
Construction	634	605	664	824	935	1 024
Trade	2 454	2 194	2 429	2 542	3 024	3 055
Transport	546	574	537	563	616	611
Finance	1 035	1 084	1 098	1 147	1 296	1 309
Community and social services	1 989	2 043	2 180	2 185	2 192	2 319
Private household	1 034	1 029	1 075	1 075	1 067	1 108
Unspecified	42	72	34	26	29	33
Total	11 181	11 296	11 424	11 643	12 301	12 800

Source: Statistics South Africa: Labour Force Survey (September 2006:11)

The increase in agricultural employment by 17,6%, from 925 000 in September 2005 to 1 088 000 in September 2006, is reflected in the rising share of agriculture in total employment, from 7,5% in September 2005 to 8,5% in September 2006. Thus, the downward trend in the percentage of people employed in agriculture observed since September 2003 was reversed.

4.5.2 Urban Unemployment Trends in Johannesburg

Official estimates of unemployment in Johannesburg only date to the 2001 Census and Household Survey³⁶. According to this survey unemployment rate in Johannesburg was 37%. The survey also demonstrated that the high level of urban unemployment was due largely to migration. However, it is crucial to note that statistical information on migration in Johannesburg or the country,

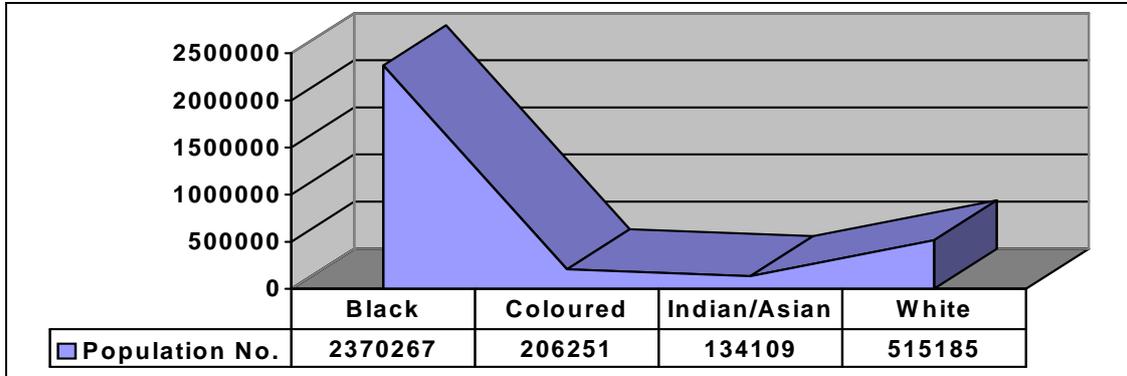
³⁶ This was according to the latest census results conducted in South Africa that I could ascertain as the author. However, I have referred largely to the Labour Force Survey conducted annually between 2001 and 2006 by the Statistics South Africa (See Section 4.5.1 above). In this regard, I could not find any Metropolitan specific Survey to that effect.

as a whole is very scanty. It may be therefore difficult to examine the extent to which the urban unemployment may be attributed to migration. Nonetheless, the available evidence suggests that migrants account for a significant proportion of the urban unemployed in Johannesburg (Tomlinson, 1999:25). However, in order to understand the extent of urban unemployment in Johannesburg, it is crucial to understand the demographic profile of the area, such as population size, income profile per households and individuals, employment sector, etc.

4.5.2.1 Population Size

Estimates in Johannesburg's total population vary. Most estimates are based on the census collected by the StatsSA in 2001. With reference to the 2001 census, the total population of Johannesburg is about 3.2 million (Figure 4.8). Czeglédy (2003:21) estimated that Johannesburg total population to be around 3.8 million. Throughout the years, the city's population grew with every surge in the local economy. By 1936, Johannesburg had over 425,000 legal residents and by the mid-1980s the metropolitan area was home to over 2.5 million people (Tomlinson *et al.*, 2003:6). This increased to 2.7 million by 1996³⁷ and over 3.2 in 2001 respectively.

³⁷ According to the Statistics South Africa – Census 1996

Figure 4.8: Johannesburg Population Size per Racial Group

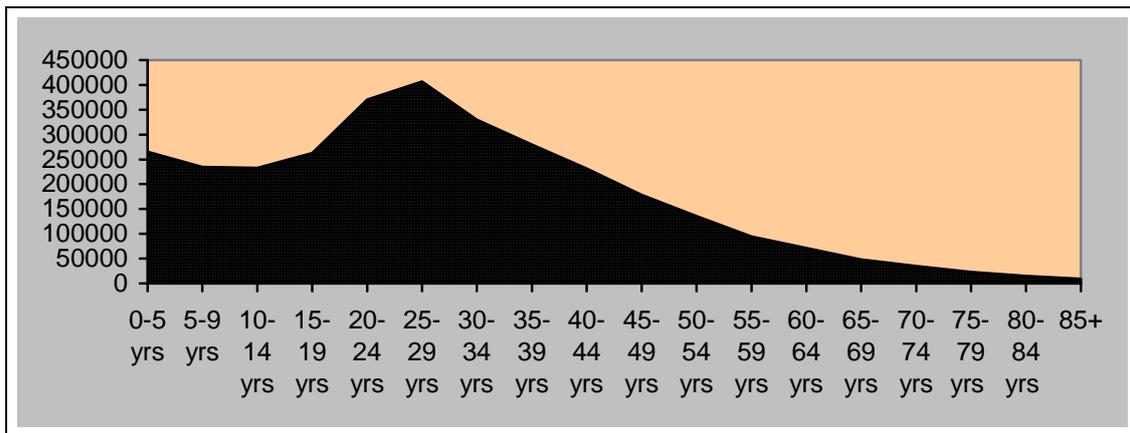
Source: Statistics South Africa: Census 2001

According to the survey, the average Johannesburg household is home to 5,3 persons. Many households are home to more than ten persons. This varies considerably by season due to migration. However, it should be noted that these figures are only approximate. It is possible that the actual Johannesburg population is much higher than what is reflected above due to a large number of people who migrate to Johannesburg on daily basis. It also should be noted that the Johannesburg population changes with the seasons, since many residents are migrant workers from rural areas, other towns and other countries.

The annual population growth is estimated at 3,2 %, which represents the average provincial population growth rate. This is higher than the national average of 1,9%. Figure 4.9 below indicates that the population of Johannesburg is relatively young, with approximately 1.3 million persons under 24 years old. This implies that many people in Johannesburg are dependent on the income of others. However, it is not surprising that larger population group is in the age between 25-50 years old, which generally represents the working

age group. This may be due to the fact that most people who migrate to Johannesburg in search of job opportunities are economically active people in the above age group. The lower elderly population group may be attributed to large number of migrants who prefer to return back home when they retire.

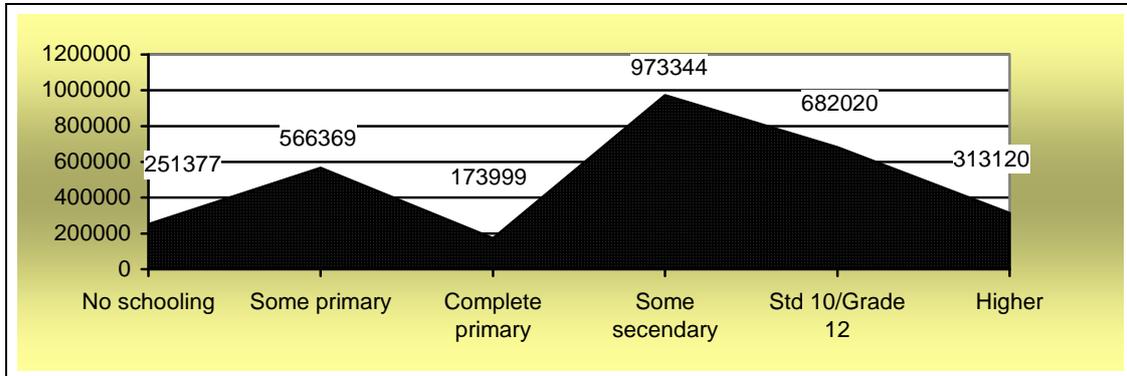
Figure 4.9: Johannesburg Population: Age Breakdown



Source: Statistics South Africa: Census 2001

4.5.2.2 Education Levels

The Household Survey also reveals that approximately 13% of the Johannesburg population has no formal education at all and a further over 57% has only a limited education of less than Grade 12. These people face a number of restrictions to certain low levels of income, and upward mobility in terms of their employment situation generally does not exist. In most cases they are unable to afford required training courses likely to give them access to better work opportunities.

Figure 4.10: Johannesburg Population: Education Levels

Source: Statistics South Africa: Census 2001

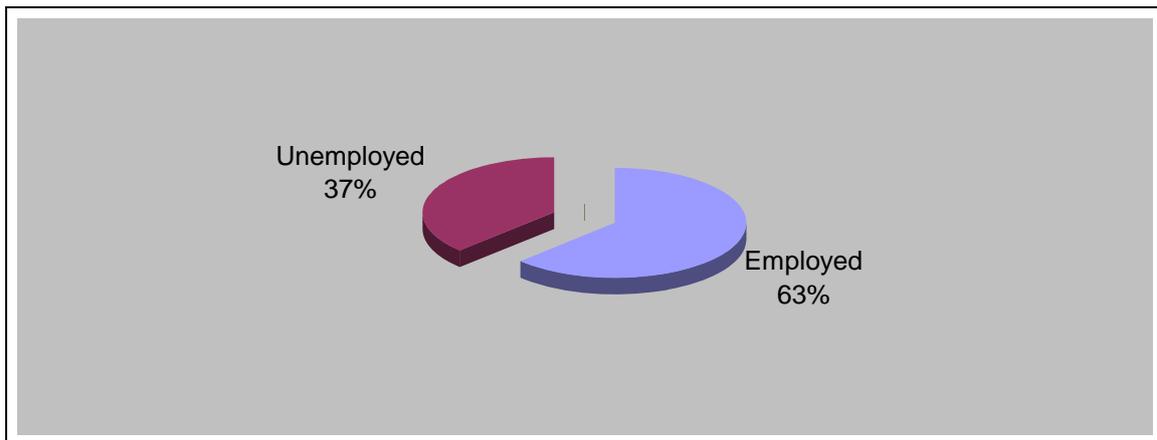
It is apparent that another dimension to the urban unemployment problem is the incidence by educational level. As is observed from Figure 4.10 above, the bulk of the unemployed have primary or secondary school backgrounds, who by circumstances of previous government policies were made unskilled labour category.

4.5.3 Employment and Unemployment Rate

As indicated in Figure 4.11 below, unemployment estimates for Johannesburg is about 37% of the 'economically active population' (people between the ages of 15 and 64 years). Taking 'informal' economic activities into account, unemployment is probably in the 30-35% range, with most of this being residents in the 20-35 age group (Nemavhandu, 2001:15). This implies that a significant large number of Johannesburg employable ages are not being supported by the local economy and that the impact of unemployment on the local environment shows a further strain on the economy of Johannesburg. There is ground to argue on the basis of the statistical evidence from the StatsSA (2006:16) that the some of the unemployed are migrants. This means

another major factor that has contributed to urban unemployment is the inability of the Johannesburg industrial sector to absorb a significant proportion of the migrants, which has in turn been due to the increased capital-intensity of the sector.

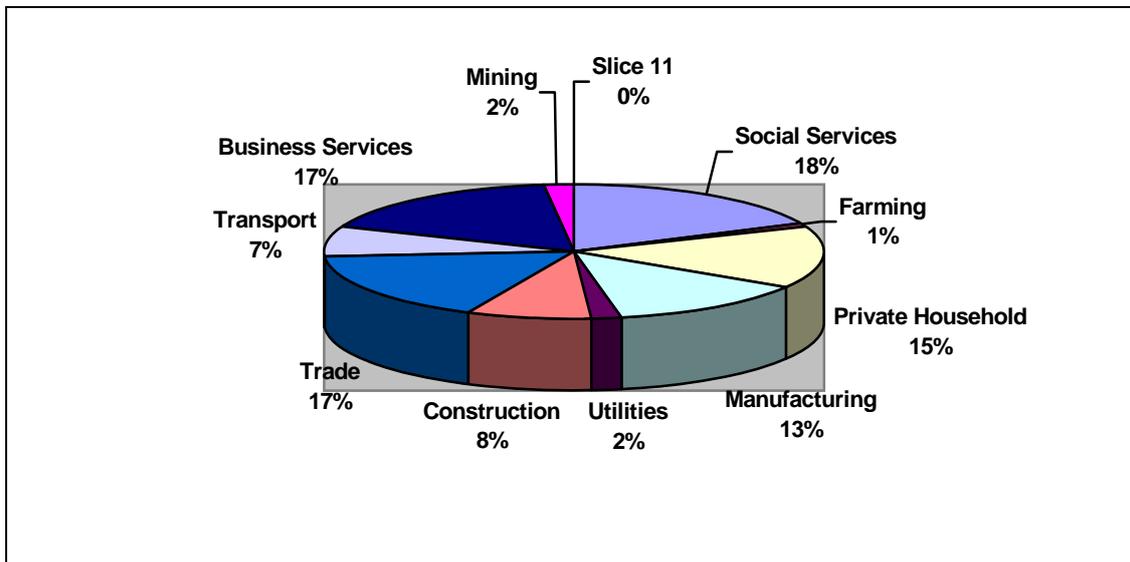
Figure 4.11: Employment versus Unemployment Rates in Johannesburg



Source: Statistics South Africa: Census 2001

The major internal sources of employment are social services, business services, trade, private household, manufacturing and construction (Figure 4.12). The 'pie-chart' below also shows that there has been a significant decline in mining and farming employment, which historically played an important role in the economy of Johannesburg as main employers, together with manufacturing.

Figure 4.12: Employment by Sector in Johannesburg



Source: Statistics South Africa: Census 2001

It is also important to note that different forms of underemployment³⁸ and misemployment occur in Johannesburg. As properly defined in chapter 1, ‘underemployment’ takes three distinct forms in Johannesburg. In one guise it is related to fluctuations in economic activity during the day, for example at markets; over the week or month, for example in tourism. As activity ebbs, casual labour is laid off and many self-employed are without work. Underemployment takes a second form where workers are so numerous that at all times a substantial proportion are less than fully employed, i.e. a reduction in the number affected, street vendors constitute the most important category. A third type of underemployment is what may appropriately be called *‘hidden unemployment’*: solitary groups continue to employ all their members rather than discharging them when there is insufficient work to keep them fully occupied. Secondly, there is ‘misemployment’ of people in Johannesburg. Begging, prostitution and criminality are visible examples of this form of

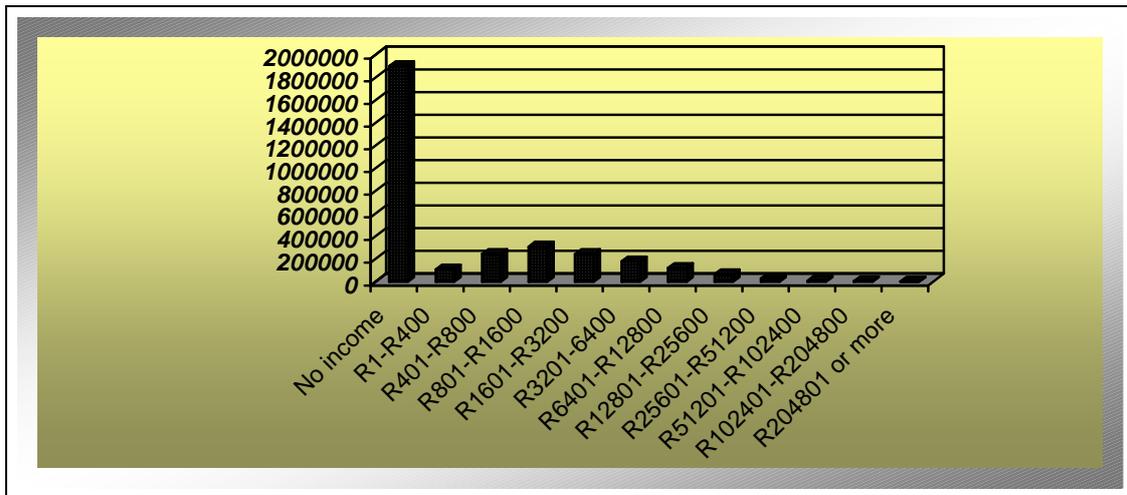
³⁸ Underutilisation of the labour. Such underutilisation is most conspicuous where labour is idle part of the time.

‘misemployment’ (Nemavhandu, 2001:17).

4.5.4 Income Category per Person in Johannesburg

According to the 2001 Household Survey, the average monthly income of Johannesburg is reflected in Figure 4.13 below. However, it should be noted that a considerable number of refugees in Johannesburg have much lower household incomes (Tomlinson, 1998:18) and are not included in this survey. Figure 4.13 below clearly reflects the extent of poverty in Johannesburg area in terms of an overall individual income. This implies that there is significant large number of people who are not employed or absorbed by the city’s economy.

Figure 4.13: Income Category per Person in Johannesburg



Source: Statistics South Africa: Census 2001

It is important to note that the level of income of persons depends on the type of work they do. A distinction can be made between permanent workers, temporary workers and seasonal workers. In general permanent workers earn more income than temporary workers, while seasonal workers only earn income during certain periods (Nemavhandu, 2001:22). A further consideration

should also be made with regard to the income earned from migrant workers, particularly those who work outside Johannesburg area. In most cases the income levels of the migrant workers are considerably higher than for those working locally.

Nevertheless, more than half of Johannesburg poor household income goes to food and transport (Tomlinson *et al.*, 2003:14). The level of ‘disposable’ income³⁹ among poor people in Johannesburg is extremely low. Accordingly, a significant number of poor families derive their income from informal sector activities.

4.5.5 The Shift into Informal Sector

High rate of unemployment is associated with a shift into informal work and falling remuneration. The context of the rapid increase in street trading and in the informal sector more generally is the sharp drop in formal employment opportunities. At the end of the 1970s, when informal enterprises were banished from the streets of Johannesburg, there were thought to be about 200 to 250 hawkers on the sidewalks of the CBD. Two decades later, there were about 15,000 street traders there (Rogerson, 2000:678). These are not traders formerly bottled up in the townships who are now surfacing in the inner city. Instead the city is witnessing the struggle to survive amidst far-reaching structural changes in the country’s economy arising from its exposure to the global market (Bhorat and Hodge, 1999:371). According to Halfani (1996:87), the informal sector is becoming increasingly characteristic of countries in the Third World where an ever-larger proportion of the labour force will never

³⁹ What one can spend on extra items besides the basics

find formal employment.

In South Africa, between 1995 and 2002, the share of the informal sector in total employment climbed from 17% to 20%. The percentage of workers earning under R1, 000 a month rose from 36% to 39% (calculated from StatsSA, 1995, 2002). In this period, inflation cut the purchasing power of 1,000 Rand by almost half. This was confirmed by the study carried out by the former GJMC⁴⁰ indicating that ‘informal sector’ plays a significant role in the city’s economy. It is indicated from the study that Johannesburg derives most of its income from the informal sector (18,1%).

Tomlinson *et al* (2003:15) observed, “The national economic restructuring has been dominated by the decline of formal sector employment. The trend toward shedding jobs started in the late 1980s, largely due to international sanctions. It increased sharply after 1994 with the advent of a democratic government, South Africa’s entry into the World Trade Organisation, and the embrace of an export-led growth strategy that resulted in a rapid drop in tariff protections against imports”. More imports meant an outflow of capital and a rise in unemployment. *Business Day*⁴¹ reported that a million mostly unskilled jobs were lost between 1993 and 1997, offset against 60,000 new skilled jobs and about a million informal sector jobs. One million jobs represents about 12% of the formal sector labor force.

Bhorat and Hodge (1999:371) argue that the lost jobs are broader structural trends in the economy. On the one hand, due to changes in the local and global

⁴⁰ Greater Johannesburg Metropolitan: Local Economic Development Initiative, 1997

⁴¹ Business Day Newspaper, 2 December 2002: p.2

demand for goods and services, investment has shifted out of agriculture, mining, and manufacturing into services sector. On the other hand, changes in production methods resulting from capital deepening have led to a demand for more skilled labor. Africans and coloreds are mostly employed in the primary and secondary sectors and the changes in production methods have been less favorable for them than for Asians and whites that are mostly found in the tertiary sector. Between 1970 and 1995, total employment in the country increased by 13,8% while employment opportunities for non-Africans increased by 45% and those for Africans increased (77% of the population) decreased by 3.8% (Bhorat and Hodge, 1999:371-2). About one-third of the labor force now lacks formal employment and well over one-half lacks access to growing economic sectors. Global changes have marginalized different workers in direct proportion to their skills and ability to find employment in sectors competitive in the global economy.

These trends are in contrast of Johannesburg's informal sector, which had an explosive expansion, specifically in areas abandoned by the formal economy. Rogerson (2000:679) reports that in Gauteng province 46% of informal entrepreneurs are engaged in retail activity, with 31% being involved in services and 23% in manufacturing. Street traders are by far the largest group, but unknown proportions are not traders in their own right so much as employees of wholesalers. Also contributing to the sector's growth is increasing subcontracting to informal enterprises by formal enterprises that are circumventing labour regulations. The main retail sectors are food vending, clothing, and soft goods textiles.

The bulk of informal trading is concentrated around bus termini and taxi ranks and along formal retailing streets. It generally serves the black market. Traders follow the market to transport termini throughout the city and to other areas (e.g., building sites) where a high number of black consumers is concentrated (Tomlinson *et al.*, 2003:50). The most visible informal trading for the visitors are the many persons selling goods at stoplights (called “robots” in South Africa). In this case the market comprises all persons passing by, regardless of race.

Tomlinson *et al.* (2003:15) observed that most of the people in the informal sectors are blacks engaged in survivalist activities. This is reflected in the distribution of informal activities, with 46% being in retail, 31% in services, and only 23% in manufacturing. As a consequence of the low entry barriers in most service and trading activities, there is considerable oversupply, causing earnings for many participants in the informal sector to drop below that necessary for survival. Only by combining earnings are households able to survive.

Notably, the shift into knowledge-based manufacturing and business and financial services and the relocation of formal sector jobs to the northern suburbs has reduced access to these jobs among the mass of the labor force. When coupled with spatial exclusion and the struggle to survive in the informal sector, the potential for meaningful integration is diminished. The significance of the street traders lies not only in the fact that they mostly serve the low-income black market, and so again point to the race, class, and space of shopping, but also that they actively, albeit inadvertently, contribute to the racialisation of shopping through pushing both businesses and consumers out of the inner city (Tomlinson *et al.*, 2003:50). Where formal jobs are few and

informal opportunities require ingenuity, competition frequently involves circumventing the rules. All too often, informal activities intrude on non-retail activities. Informal retailers often inconveniences office workers and diminish the sales of formal retailers. Where law enforcement is weak, the competition also entails theft and violence

It is crucial, however, to observe that people in Johannesburg, particularly poor people, are driven into this activity because of the high rate of unemployment in the formal sector, for example women heading families and the youth. Adequate jobs to support everyone are unavailable in the formal sector, and earning a living is essential for survival. To attach a monetary value to these activities is sometimes difficult because they vary due to seasonal changes.

Nevertheless, the basic problem in Johannesburg is locational advantage of employment opportunities (discussed in section 4.6 below). This is rooted in apartheid, skewing social capital, depriving previously disadvantaged people of the ability to be employed, productive and achieving higher standards of living. Linked to that are extremely low wages, which reinforce a poverty trap, especially to the previously disadvantaged people. In this case, locational disadvantage of employment opportunities also contributes to the locking in of poverty.

4.6 LOCATIONAL CHARACTERISTICS AND EMPLOYMENT ACCESSIBILITY

In order to examine spatial characteristics of urban unemployment in Johannesburg it is crucial to understand employment accessibility within different communities. Based on the above studies, it is now possible to argue

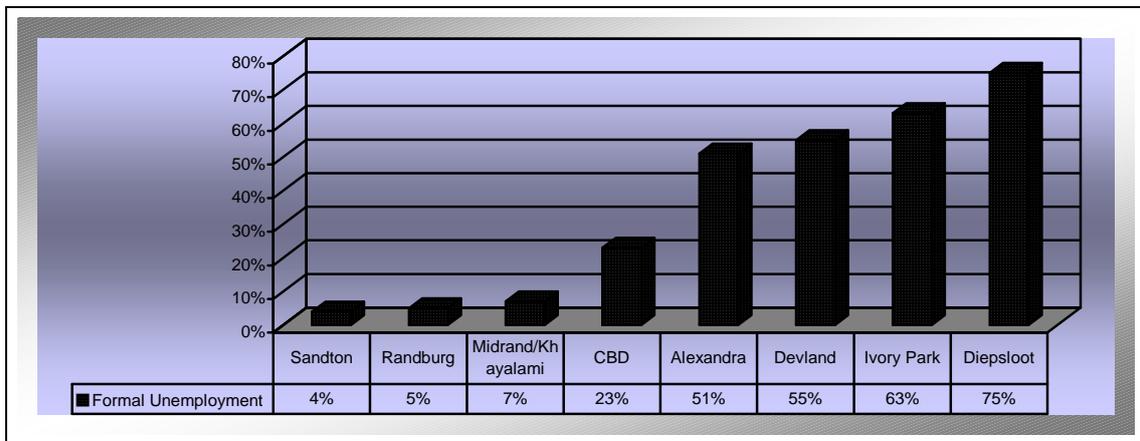
that the problem of unemployment in Johannesburg is largely caused by spatial factors, such as employment decentralisation and residential segregation. Non-spatial factors, such as failure of government policies to create adequate jobs and racial integration, to a certain extent, play an entirely secondary role as compared to the above factors.

Morris (1997:155) and Tomlinson (1999:16) have attempted to give a comprehensive review of empirical research on the relationship between urban unemployment and location in Johannesburg, or to join this research's debate on the spatial mismatch argument with some convincing empirical evidence. Morris (1997:156) suggests that, due to the increasing pace of employment decentralisation from inner city to the suburbs over the past years, the location of low-income people in the townships and central location of residence for those who are now migrating to the inner city give workers some disadvantage so far as employment accessibility is concerned. This means the spatial concentration of low-income residents in the inner city is contradicting reality because formal jobs are migrating to the suburbs (Tomlinson, 1999:17). According to Tomlinson (1999:17), low-income people on average will not improve their employment accessibility by moving away from the townships to the inner city; those living near the suburbs have relatively higher access to formal employment than those living in the inner city.

According to the StatsSA (2006), between 1996 and 2001, formal employment for people living in the inner city and the south declined by 5.1% per annum, with a precipitous decline among people employed in manufacturing. Formal sector unemployment in Sandton was 4%, 23% in the inner city, 45% in Diepkloof, and 55% in Devland (a squatter settlement south of Soweto)

(Tomlinson *et al.*, 2003:16). Moreover, the results from 2001 Census also indicated that formal sector employment in Randburg was 5%, 7% in Midrand/Kayalami, 51% in Alexandra, 63% in Ivory Park and 75% in Diepsloot. Ivory Park and Diepsloot are squatter settlements outside the Midrand edge city.

Figure 4.14: Formal Sector Unemployment in Johannesburg: Selected Areas



Source: Tomlinson et al (2003) and Statistics South Africa: Census 2001

Rogerson (2000a: 318) refers to a creation of new industrial spaces arising from the shift of jobs out of heavy manufacturing into knowledge-based manufacturing and the related shift in the location of employment, with only the area between the north of Johannesburg and south of Tshwane along the M1 showing an increase in employment

The aforementioned background confirms the argument of this research that employment decentralisation has resulted in an overall spatial disadvantage for low-income people in the townships or those who migrated into the inner city. Of course, employment decentralisation is continuing and will probably continue to accelerate for a long time to come. It is inconceivable that formal

employment decentralisation will cause the locational advantage of the inner city to diminish. Indeed, a plausible explanation for the decrease in formal employment in the inner city over the past years is that the locational advantage of the inner city has been eroded over time.

However, **the most significant argument of this thesis is not that the inner city lacks absolute locational advantage; it is that locational advantage is far from sufficient to give most low-income people living in the townships and the inner city high formal employment accessibility.** The problem has been worsened by the decline in labour absorption capacity – as more formal job seekers are moving into the inner city while jobs are relocating outwards.

Nevertheless, there is no single explanation on the cause of this locational advantage and urban restructuring in Johannesburg. Instead, the increased prevalence of economic restructuring in the Johannesburg's inner city and certain other areas of the city are a subject of complex and messy debate. The notion that the restructuring is a natural and temporary consequence of the urban transition seems to be highly refutable. However, **this thesis holds that the trends are symptomatic of the extreme inequalities that scar the society, once again provide fertile grounds for breeding poverty, unemployment and subsequently, urban restructuring.**

4.7 EMERGING TRENDS IN JOHANNESBURG

Section 4.4 above indicated that there is an emerging trend which shows that class and not race is becoming the critical factor of uneven development in

Johannesburg. Given that Johannesburg was developed under the apartheid policy of racial exclusion, section 4.4.2 shows that the post-apartheid city is gradually transforming. Although the formal segregation ended with apartheid in 1994, Johannesburg has seen the sprouting of new township like areas for low-income groups, often referred to as squatter settlements, which are generally occupied by the poor people.

However, other townships such as Soweto have seen rapid development since early 2000s, with wealthy, and middle-income areas growing up in parts of these townships⁴². They also have a rapidly growing black middle class with spending power who are choosing to remain in the townships (see section 4.4.1). The black middle class is defined in South Africa as people who earn at least R154 000 per annum. According to the StatsSA (2006:26), this group has grown by 398% between 1996 and 2006.

The *Omni-Kasie survey* (2006:8) has confirmed this observation. According to this survey, the rapid political change in the early 1990s has created more of an explosion rather than a gradual evolution of the black 'middle class'. The survey found this change to be one of the fastest growing middle class groups in the world.

The South African economy has grown significantly in the past years with the GDP increasing from 1% in 2001 to 5% in 2005 (StatsSA, 2006:26). Given this increase, the power of the black consumer has grown significantly by as much as 30% in the same period. The above-mentioned survey indicated that this

⁴² These townships are also called 'locations' or lokasie (Afrikaans translation). The term 'Kasie', a popular short version of 'Lokasie' is also used sometimes to refer to townships.

exponential growth could be attributed to the huge increase of black people's access to economic opportunities that were restricted during years of oppression and exploitation under the apartheid regime. The *Omni-Kasie survey* (2006:9) also found the following:

- 1) That due to the policies of racial discrimination, in 1980 the top 10% of income earners were totally white – in 2005 a quarter were black;
- 2) The upper middle-income group has changed from a profile of 12% black adults in the mix in 1991, to 45% in 2005;
- 3) The percentage share of personal income in the 1960s was almost predominantly white; in 2005 black share of income exceeded all other race groups;
- 4) The percentage share of black matriculates has grown from 50% in 1996 to 67% in 2005;
- 5) The percentage share of black graduates has also grown from 31% in 1996 to 52% in 2005; and
- 6) In 1996 only half of black households had electricity and in 2005 about 81% had electricity – though this figure does not incorporate the large number of poor people who live in the rapidly increasing squatter settlements.

Another survey conducted by the IRIN (2006:2) also reported that more money in the pockets of middle – to low-income earners has created a property boom in South Africa's former black townships. According to the 2005 Residential Property Barometer⁴³ (cited in IRIN, 2006:2) shows more property sales in townships like Soweto and Daveyton in Gauteng province,

⁴³ The barometer is based on a survey of the perceptions and expectations of 100 real estate professionals operating in new development markets in Gauteng townships, conducted by the First National Bank (FNB) (IRIN, 2006:2)

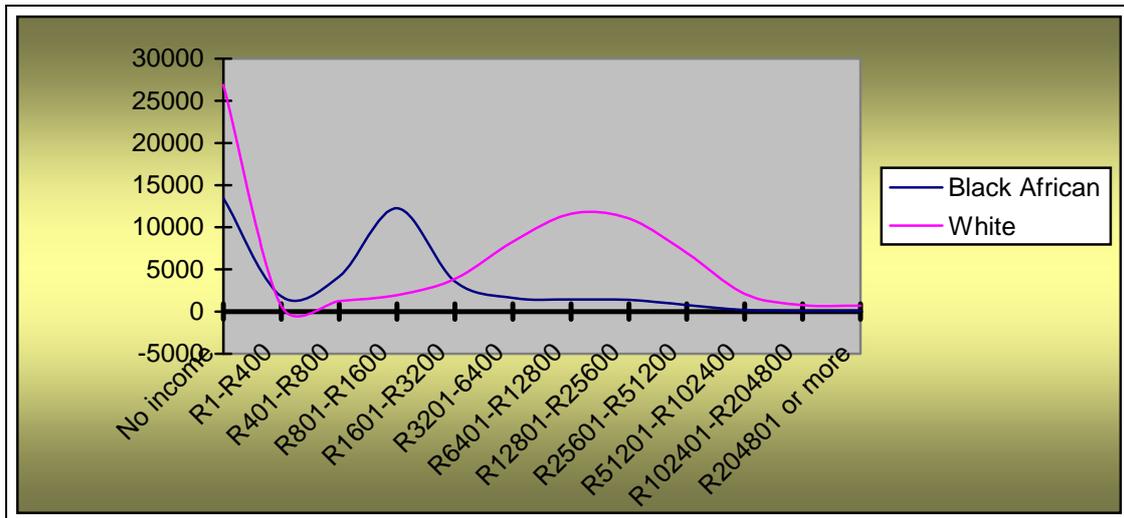
compared to the former white suburbs in the metropolitan areas of Johannesburg and Pretoria. The survey found that demand was outstripping supply and new developments “are not keeping up”. The survey also cited a combination of reasons for the township property boom. Firstly, middle- to low-income earners with jobs in the formerly white suburbs have sought to buy property closer to their place of work, “which are often not affordable, so they have started looking for properties in the former black townships, like Soweto, affecting the demand for property in the area”.

The survey found that over 50 percent of properties in the former black townships sold within three weeks of being listed. The First National Bank (cited in IRIN, 2006:3) has also been keeping track of the property market through their home loans department, finding that 75 percent of township buyers were first-time entrants to the market, of which 51 percent were women. According to the survey, most property owners in the township were young – in the age group 25 to 35 years – and mainly nurses, teachers, social workers, police personnel or employed in the private sector. Moreover, the survey pointed out that new commercial developments anticipated in townships, such as shopping malls, business complexes, hotels and even a golf estate in Soweto, which would make it a multi-use suburb, were other factors encouraging low-income earners to invest in property.

There is also a rapidly growing multiracial middle and upper class, particularly in the suburbs. Income category in Sandton (one of the Johannesburg’s northern suburb demonstrates this point. However, Figure 4.15 indicates that

although there is a growing income levels among black Africans, the overall proportion is considerable small when compared with that of whites.

Figure 4.15: Income Category by Race: Sandton



Source: Statistics South Africa – Census 2001

However, the South African Institute of Race Relations (SAIRR)⁴⁴ found that, in Johannesburg, inequality within the African population was greater than that in any other population group. The SAIRR found that levels of inequality – measured by the gini coefficient – had increased for all race groups except for whites since 1996. These increases were most dramatic for the African population which recorded levels of inequality rise by 21% to 0.64 on the gini coefficient since 1996. The SAIRR also found that, while growing inequality is in part an indication of the growth of the black middle class, and therefore a positive indicator, it is of concern that such growth has been accompanied by an increase in poverty among the lowest income groups.

⁴⁴ Cited in the Business Day Newspaper on 05 April 2006:4

The SAIRR's survey also indicated that the proportion of people living on less than a dollar a day – the measure of absolute poverty – had more than doubled since 1994. Using the different measure of poverty, the report indicated that 50% of South African household lived on less than R2 899 a month for a household of eight in 2004, up from 40% in 1994. These figures show that while progress is being made in the upper and middle classes of South Africa's society the poor are being left behind. In other words, the rich and the poor are drifting in opposite directions, creating a trend which would be accompanied by the continuation of uneven development in Johannesburg.

4.8 ADDRESSING UNEVEN DEVELOPMENT IN JOHANNESBURG

South African government's policy framework spells out a vision of South Africa's cities and towns as viable, socially and economically integrated collections of communities located in areas that provide convenient access to economic opportunities, health care, education and social amenities – as a way of addressing uneven development. This policy is outlined in documents such as the Urban Development Framework, the Development Facilitation Act, the Local Government White Paper, and the National Housing Policy.

Despite this coherent policy position, implementation has not always achieved consistency and integration between national departments (horizontal integration) and spheres of government (vertical integration). Although the government seeks a more compact city as a way of breaking down the social and economic barriers of the past, it appears that the process perpetuates the Apartheid City. The housing subsidies, for instance, often result in residential

development at the fringes of the city, reinforcing the dysfunctional settlement patterns established during apartheid.

These perverse outcomes are not the result of deliberate misrepresentation of policy, but rather of pragmatic attempts to relieve the massive backlog of adequately serviced residential accommodation. For instance, it is difficult to find available and affordable development land with access to bulk infrastructure, which is well located in relation to socio-economic opportunities. Most of the country's development resources have been invested in providing services to existing informal settlements on the periphery of formal areas (Development Update, 2001:25). This has reduced the amount that can be invested in new developments with a more positive socio-economic profile. Even when suitable land can be located for low-cost housing developments in established formal areas, local communities often mobilise to block developments, fearing that their property values would be adversely affected. For example, the Jukskei Crocodile Catchment Association attempted to block the construction of low cost houses and mixed income residential development in Cosmo City. Although these apartheid settlements have little inherent spatial or economic logic, large numbers of people continue to live there.

Therefore, it is unlikely that the ideal of the compact city will be achieved soon. In addition, a debate is emerging about the feasibility of achieving this vision in a market economy, where most land is privately owned and settlement development is largely a private sector activity (Development Update, 2001:26). The commercial property development market facilitates the establishment of decentralised nodes that proliferate outwards from the city centre and generate

momentum for urban sprawl. Little new commercial activity is to be found in or near low-income neighbourhoods, and this is reinforcing urban unemployment.

Nevertheless, it is crucial to note that this economic inequality arising from spatial exclusion has been exacerbated by structural changes in the economy. For example, Johannesburg's regional economy has seen striking changes over the past years, with a profound out-migration of mining and heavy manufacturing, and equally profound, if less job-intensive, move into finance and services. Although these changes parallel national economic restructuring, they reflect Johannesburg's critical challenges. The initial response by government to the critical challenges facing Johannesburg did not address such issues.

Tomlinson *et al.*, (2003:17-18) indicated, *iGoli 2002* was an introverted effort to deal with financial crisis and institutional malaise. The focus was on a three-year revenue-led budget, credit control, institutional rationalization, and partnerships with the private sector for service delivery. However a longer-term vision was needed. *iGoli 2010* represented the initial step in building that vision. It was completed at the end of 2000, a little before the 2001 election of the new, executive mayor. *iGoli 2010* sought to position Johannesburg as "a globally competitive African world-class city". The Mayor's review of the strategy led to the view that it was trying to be "all things to all people" and it was replaced by *iGoli 2030*.

The 2030 strategy drops reference to "a globally competitive African world-class city" and calls for Johannesburg to become "a world-class business

location". The housing and services backlogs, in South African terms not particularly severe, are viewed as less of a priority than sustained economic growth in financial and business services, transport, communications, trade, and accommodation (Tomlinson *et al.*, 2000:9).

The GJMC believes that, by growing the economy of the city, and by basing its dream of a better life for all our citizens firmly on economic growth, it can aim to confer on the citizens of the City the economic freedom equivalent to the political freedom they achieved in 1994 (City of Johannesburg, 2002:115)

The city's *iGoli* 2030 strategy is intended to be aligned with the commenced Gauteng Provincial Government's "Blue IQ" growth strategy. Blue IQ is an R1.7 billion initiative to invest in 10 mega projects related to tourism, transport, and high value-added manufacturing. Its goal is to create "smart province" and to attract R100 billion in foreign direct investment. The emphasis is on skilled employment with most projects sited between Johannesburg and the Tswane CBDs, thereby-passing the needs of communities to the south (Tomlinson *et al.*, 2003:18).

Thus, both *iGoli* 2030 and Blue IQ are likely to reinforce economic, social, and spatial separation and disparities in and around Johannesburg. If such plans are any indication, post-apartheid Johannesburg is likely to be no more integrated than its apartheid predecessor. Johannesburg has and will continue to change in significant ways. Yet, divisions of race, class, and space continue to haunt it.

4.8 CONCLUDING REMARKS

This chapter has revealed that since the repeal of segregation legislation in 1991, Johannesburg city has been subject to significant forces leading to the transformation of the apartheid inheritance and the creation of a more open society. The detailed picture of the changing population composition of several inner city areas has been accompanied by suburbanisation of economic activities and the construction of new mono-ethnic housing schemes similar to those of other Sub-Saharan African cities. Much of the popular and academic literature has given the desirable impression of dramatic change accompanied by racial integration, even if restricted in extent.

However, the main areas of growth in Johannesburg city have been urban employment restructuring due to the high rate of urban unemployment at 37% (section 4.5.3) and uneven development. Most recent developments in Johannesburg have thus tended to re-enforce the existing patterns of segregation; for example, the new subsidised site-and-service schemes designed to house the poorest sections of society and locational advantage of employment opportunities. This trend suggests that the process of desegregation and desire for “Compact City” is likely to be extremely slow. At the same time the continuing legacy of ‘urban bias’ and accelerating ‘in-migration’ has placed disproportionate strains upon Johannesburg city. Therefore, Johannesburg city will thus become far more like other African cities, and less like its former role models in North America or Europe.

CHAPTER 5

5. VERIFICATION OF THE PROVISIONAL MODEL

5.1 INTRODUCTION

The preceding chapter has demonstrated with empirical evidence that urban unemployment has been taking place in Johannesburg since the '70s and at an increasing rate since the '80s and '90s. It has been indicated that the nature of economic policies adopted by the past and present government have simultaneously contributed to the development of uneven development that subsequently contributed to the current trend of urban unemployment in Johannesburg.

It has been also noted that both 'urban bias' and 'rural-urban migration' have been defining features of the Johannesburg economy and resulted from the pattern of allocation of public investments, which tended to concentrate more on the urban sector than on rural economy. This process did not only leave rural areas deserted of their potential to develop but also contributed to the high rate of urban unemployment as more people continue to join a 'chain of migration'⁴⁵ prospecting to be absorbed by the Johannesburg economy.

Given the fact that the main discussion of this thesis is based on entirely hypothetical and provisional model, this chapter seeks to verify the same model

⁴⁵ Defined in section 3.3.2

presented earlier in this study. However, there are two possible answers in this regard – either the provisional model (discussed in section 3.6) can be confirmed or rejected, with the possibility of amendment. The chapter begins by verifying the main central issues of the discourse, i.e., ‘urban bias’, ‘rural-urban migration’, ‘uneven development’ and ‘urban unemployment’ in Johannesburg. Finally, the chapter looks at some lessons that can be drawn from the post-apartheid urban trends in Johannesburg.

5.2 URBAN BIAS IN JOHANNESBURG

Urban bias in Johannesburg has been broadly discussed in most of the sections in this thesis (for example sections 3.5 and 4.2). The evidence supplied in these sections has confirmed unequivocally that Johannesburg has been a favourable centre for ‘urban bias’. As indicated in the aforementioned sections, the process of ‘urban bias’ began with the discovery of minerals, gold in particular, in the late 1800s. Although ‘urban bias’ is a characteristic of all urban areas in the world, however in most parts of Africa during colonial times, the exploitation of mineral activities was associated with the development of urban cores. Johannesburg in particular, witnessed a much rapid response, to an extent that within ten years of its origins, it was the biggest city in the country and by 1936 was recognised as the “largest and most densely populated city in Africa (cited in Chipkin, 1993:105).

It is crucial to note that ‘urban bias’ discussed here was not deliberate but unconscious response to the process of resource accumulation. This process was dependent upon Black African cheap labour, which also unconsciously was forced to join the urban economy and live rural areas unattended. Government

policies, on the other hand, have deliberately contributed to the underdevelopment of rural areas by concentrating available resources more on the urban sector. Urbanisation also became inevitable as large numbers of people were attracted by job opportunity in the urban sector – though this perception is no longer real in post-apartheid Johannesburg.

The above-mentioned sections also revealed that ‘urban bias’ is a major contributing factor to ‘unemployment’ – both in urban and rural areas. As discussed in section 3.5.4, what is now apparent is that Johannesburg exhibits an urban structure that contains a previously ‘white’ developed core which is well serviced and provides numerous employment opportunities. Juxtaposed with these urban centres, the Johannesburg townships support a large ‘black’ population who generally migrated from underdeveloped or poverty-stricken rural areas and has very little access to basic services and economic opportunities. As a result, ‘urban bias’ did not make life better even for those rural residents who migrated into urban areas. For example, rural families with lower incomes have most often been marginalised to the outskirts of urban centres, leading to higher transport costs and limited access to reliable and good quality jobs. Even those families, which now live in the inner city of Johannesburg, experience conditions similar or worse than township life.

The above discussion supports this thesis’ model in many respects. It is apparent from the discussion that ‘locational advantage of employment opportunities’ exists in Johannesburg due to ‘urban bias’. The following section reveals that ‘urban bias’ also has contributed to the development of migration into Johannesburg.

5.3 RURAL-URBAN MIGRATION IN JOHANNESBURG

Though 'rural-urban migration' has been a defining feature of the Johannesburg economy for all the years, migration into Johannesburg seem to have transformed over the years. While the Johannesburg's economy has historically dependent largely on people migrating from rural areas, StatsSA (2006:6) indicated that there is a growing number of migrants entering Johannesburg from other South African towns and cities (which represents the process of urban to urban migration); and other neighbouring African states such as Zimbabwe, Mozambique and Lesotho.

Tomlinson *et al* (2003:14) indicated that there has been a significant demographic shift in Johannesburg since the second half of the 1990s as Africans from countries farther north, mainly Nigeria and the Democratic Republic of Congo (DRC), arrived in the city. In 1995, about 23,000 Congolese and 3,000 Nigerians were estimated to be residing in Johannesburg inner city. According to Dhomo (1997:3), these migrant groups have been subjected to high levels of persecution from South Africans. They are blamed for the overcrowding informal trading sector, the growth of the narcotics trade, and the deterioration of the physical environment (Simone, 2003:3). Increasing xenophobia, assaults, and conflicts over space and access have led to the construction of a defensive, ethically defined spatiality (Tomlinson *et al.*, 2003:14)

However, Morris (1998:766) reiterated the position that 'rural-urban migration' has been characterising the Johannesburg economy with some empirical

research, and revealed that over 65% of township households in Johannesburg have their roots in rural areas. Nonetheless, given the fact that Johannesburg urban development began only around late 1800s, this means that every single population group in Johannesburg today is a product of migration of some form.

Moreover, sections 4.3.1 and 4.3.2 re-affirmed that ‘chain-migration’ exists in Johannesburg and is generally caused by the extended family system, whereby migrants are able to join their relatives already in the urban areas. This form of migration has been seen as a major cause of ‘urban unemployment’ in Johannesburg. It also impacts significantly on the youth, which would grow up expecting to migrate into the urban economy and join their family members already in the Johannesburg. In other words, Johannesburg becomes a goal to be achieved.

Section 4.3.1 above also confirmed that income differential; job opportunities and the ‘bright lights’ of the city are contributing factors to rural-urban migration in Johannesburg. These factors are again linked to the theory of ‘urban bias’ in that the pattern of allocation of public investment expenditures has been urban-biased. Another cause has been the fact that policies aimed at rural development have not been effectively implemented to bring about job opportunities and other forms of development in rural areas.

However, the background presented in the second paragraph above reveals some areas of contention with regard to the overall applicability of the imported theories, discussed in section 3.3. While both sections 3.3 and 4.2 above have confirmed this thesis’ model that ‘rural-urban migration’ has been a

defining feature of the Johannesburg's economy and to a larger extent, it has been a major cause of 'urban unemployment', the evidence presented above indicates that Johannesburg has also been experiencing in-migration from people outside the rural areas. However, it should be noted that the finding presented here does not reject the significance or the applicability of various imported theories from USA and Europe, which are generally used to explain urban problems in South Africa, but to reflect on their shortcomings.

Another weakness of the imported theories relates to the failure on the part of 'migration theory' to identify the positive spin-offs resulting from 'in-migration'. A less focused feature of 'in-migration' is the migrant traders from other countries other than those from within the country. In Johannesburg, migrant traders from southern Africa increased sharply after 1990. Tomlinson and Larsen (2003:50) observed that, "these traders reportedly contributed R1.4 billion to Johannesburg's retail turnover for export purposes in 1998. This turnover is generated throughout metropolitan Johannesburg, but most of it originated in the CBD. For stores targeting this market, the sales to migrant traders from Mozambique and Zimbabwe generally constitute around 25-30% of their turnover".

Whereas this thesis acknowledges that 'urban unemployment' has its most visible manifestation in Johannesburg, Chapter 4 re-affirmed that its deepest roots are due to 'in-migration' that is increasing. However, it is acknowledged that 'uneven development' (reviewed in 5.4) has exacerbated the 'urban unemployment' trend.

5.4 UNEVEN DEVELOPMENT IN JOHANNESBURG

The previous chapter has revealed that ‘uneven development’ has been an important feature of the Johannesburg economy for many years. This process began with ‘urban bias’ and then ‘in-migration’ that simultaneously contributed to the development of ‘uneven development’ in Johannesburg. The previous sections (1.6.3 and 3.4) indicated that ‘uneven development’ was initially a deliberate action by the previous governments to control and protect the urban economy, exclusively under white ownership. This is evident through ‘racial residential segregation’ under legislation such as the Group Areas Act and race zoning that prevented black people from legally living in the inner city and share the benefits of economic development they built.

There is evidence from the previous chapter that ‘uneven development’ has accelerated in the recent past. For example, Johannesburg has witnessed numerous business and financial services relocating from the inner city for the peripheral suburbs. There has been absolutely ‘capital flight’ and decentralisation of offices from the central city of Johannesburg, associated by almost all top hotels and restaurants closing down and the growth of informal retailing. Section 4.4 also indicated that the restructuring of economic activities from the inner city to the suburbs has been accompanied by the relocation of formal employment opportunities and the growth of the ‘survivalist economy’ in the inner city.

Figure 5.1: The Growth of Informal Trading in the Inner City Johannesburg



Source: Bremner, L., 2004:114

It has been indicated in section 4.4.1 that the shopping malls have been steadily relocating to the south of Johannesburg, which carries the bulk of the population. From the mid-2000s, Johannesburg has seen some decentralization of economic activities to the townships, particularly in Soweto, though it has been limited to the retail activities. In this regard, few shopping malls have been developed or are currently under construction, but they continue to perpetuate racial exclusivity. Given that most townships in Johannesburg are exclusively residential areas for black people, it is not surprising that the customers in the new malls are almost entirely black (see the picture insert below).

Figure 5.2: Race and Space – Shopping in the Baramall in Soweto



Source: City of Johannesburg website: www.joburg.org.za, 15May 2007.

The model of this thesis has been re-affirmed in many respects by section 4.4.1 above. Although the government seeks a more ‘compact city’ as a way of breaking down uneven development, the process has been perpetuating the ‘Apartheid City’. This has been witnessed through the decentralised of shopping malls and government delivery of subsidised low-density housing which goes to the urban outskirts, again reinforcing the uneven development and dysfunctional settlement patterns similar to that during apartheid government. There are various factors leading to this trend (discussed in sections 4.4.1 and 3.4), such as political opposition to low-income housing closer to middle and higher income suburbs and high cost rates of land and services.

However, the main finding of chapter 4 has been that the growth of ‘urban unemployment’ and the ‘locational advantage of employment opportunities’ within Johannesburg have been due to direct consequences of ‘uneven development’. The following section elaborates this understanding.

5.5 URBAN UNEMPLOYMENT IN JOHANNESBURG

In chapter 4 above (section 4.5.3), it has been confirmed with empirical evidence that ‘urban unemployment has been taking place in Johannesburg at a much higher rate. According to the 2001 Census (cited in section 4.5.3), unemployment in Johannesburg is about 37%. It has also been demonstrated in chapter 4 that the high level of urban unemployment in Johannesburg is due to a combination of factors discussed above – ‘urban bias’, ‘in-migration’ and ‘uneven development’⁴⁶.

It has been re-affirmed that other contributing factors to ‘urban unemployment’ are the inability of the Johannesburg industrial sector to absorb a significant number of migrants and the decline in mining and farming employment, which historically played a crucial role as major employers of the rural population. In addition, the evidence also indicated that ‘informal sector’ serves as the main source of employment in Johannesburg, particularly for poor people. However, it is indicated that poor people are driven into this activity due to high rate of unemployment in the formal sector.

5.5.1 Locational Advantages of Employment Opportunities

The preceding chapter has confirmed this thesis model that there is locational advantage of employment opportunities in Johannesburg. It indicated that this form of locational advantage originated during apartheid and is depriving previously disadvantaged people of the ability to be employed, productive and

⁴⁶ Also see section 3.6 (Provisional Model)

achieving higher standards of living. The research showed that the employment accessibility within different population groups is largely caused by spatial factors, such as employment decentralisation and residential segregation.

The preceding section (4.6) indicated that, due to the increasing pace of employment decentralisation from inner city to the suburbs, the location of low-income people in the townships, squatter settlements and central location of residents for those who are now migrating into the inner city, poor people are now experiencing some disadvantages so far as employment accessibility is concerned". Figure 4.14 in particular revealed that unemployment ranges unevenly between 4-5% in the historically white suburbs (e.g. Sandton and Randburg) and 51-55% in the predominantly black townships (e.g. Alexandra and Diepkloof in Soweto) (Tomlinson *et al*, 2003:15; StatsSA, 2001:21). It has also been confirmed in section 4.6 that post-apartheid urban development policy is perpetuating spatial divisions, though no longer based on racial lines, but on class. It is evident from Figure 4.14 that the post-apartheid government has not succeeded in the decentralisation of jobs to the benefit of low-income people in the townships and squatter settlements. This is demonstrated by the formal sector unemployment rates in both Ivory Park (63%) and Diepsloot (75%) (Tomlinson *et al*, 2003:15; StatsSA, 2001:21).

Though the distance between residential locations and employment zones has been demonstrated to have strong significance with regard to employment accessibility, section 4.6 also revealed that 'there is a direct link between poor geographical socio-economic conditions and employment outcomes. For example, both Ivory Park and Diepsloot have been developed as an attempt to bring about compact city development. Ivory Park in particular is located

within the walking distance in the eastern part of the Midrand Business Centre, but its formal unemployment rate during Census 2001 was about 63%. Although it might be true that the majority of the economically active population in Ivory Park lack both educational qualification and marketable skills required by the formal sector as reflected in section 4.5.2.2, it is evident in section 4.6 that the economic inequality (e.g. poverty) arising from spatial exclusion has exacerbated the situation. This situation usually results into the ‘discouraged worker effect’ or ‘unemployment solidarity’ – wherein members of the community may decide to refrain from job search as a result of poor chances on the labour market or establish solidarity with the majority of the economically active population who are ‘unemployed’, ‘underemployed’ or ‘misemployed’.

Accordingly, section 4.6 also confirms that the spatial location of low-income people in the inner city is contradicting reality because formal jobs are moving to the suburbs. In short, the evidence presented in chapter 4 re-affirms directly with the argument of this research that “employment decentralisation has resulted in an overall spatial disadvantage for low-income people in the townships or those who have migrated into the inner city”. In other words, this confirms that **“there is strong correlation between unemployment and the spatial distribution of employment opportunities”** in Johannesburg.

5.6 LESSONS FROM THE POST-APARTHEID JOHANNESBURG

The challenge of reducing urban unemployment and social exclusion is great everywhere but even more so in a highly unequal city such as Johannesburg, which is also addressing the imperative of establishing effective administrative

and institutional structures in the context of political transition. This section is exploring some of the challenges facing the GJMC against the legacy of apartheid policies and identifies six general tensions of contemporary urban governance (Beall *et al*, 2000:120-121).

- 1) Johannesburg is a highly unequal city in a global context where urban inequality is growing apace. Although a very large percentage of Johannesburg's population is poor, it has a substantial middle-and upper-class class which competes in global financial and trade markets and adheres to international norms of urban consumption and culture. Their expectations of what constitutes a well-managed city permeate the aspirations of the newly formed GJMC. Their present demands are pressed as vociferously as are those of the city's poor and historically disadvantaged populations. Therefore, balancing the state's commitment to global competitiveness and poverty reduction programmes, when both objectives carry moral weight in the current political conjuncture, is an essential component of urban governance in Johannesburg.

- 2) Johannesburg is a cosmopolitan centre, not just racially but also in terms of ethnicity and culture. As the industrial and commercial heartland of South Africa, Johannesburg has been a magnet for people from across the country and was founded on the entrenchment of the migratory labour system; many of its citizens maintain strong rural or small town links. Its diverse population also hails from across Africa, Europe and Asia and, today, Johannesburg is a multi-lingual, religiously diverse and poly-cultural city. As the local authorities in Johannesburg are well aware, negotiating difference is a crucial aspect of managing urban poverty and social exclusion.

- 3) Unlike the now atypical cities of the industrialized Northern hemisphere but in common with many cities of the South, Johannesburg's population is expanding. Johannesburg lies at the centre of a fairly rapidly urbanizing region: it must face the challenges of sustained economic prosperity. Among these challenges are provision of basic services and the simultaneous maintenance of the urban fabric and its connection with its rural hinterland.
- 4) And in this context, Johannesburg is a city where public and private sectors are negotiating their relationship. The impact of privatization on the poor of Johannesburg is emerging as a central issue which could, potentially, challenge democratic urban governance. This is shown, for example, in the way organized municipal workers are flexing their muscles for a protracted struggle with the GJMC over anticipated job losses and changes in contractual conditions. Moreover, the city has not fully reversed the "culture of non-payment" for urban services in former black townships.
- 5) Johannesburg is a city whose economic base is in transition. The economic transformation of Johannesburg goes well beyond the decline in traditional mining and manufacturing sectors although these patterns are still evident in the city. Johannesburg (and the rest of what used to be called the Pretoria-Witwatersrand-Vereeniging or PWV area, which constitutes much of the new Gauteng province) is buying into the vision of "smart Gauteng", being a high-tech hub in a global or at least regional economy. Economic change in Johannesburg, as for many other cities of the South, is also about managing growing economic informality.

- 6) Finally, Johannesburg faces immense urban governance challenges. Democratic and accountable local governance and participatory process of decision-making and planning are being promoted in a context of significant forces of illegality and often supremely uncivil society. The failure to reduce and control crime and the breakdown of the rule of law are aspects of this trend that will negatively affect all Johannesburg's citizens but particularly the urban poor.

From these six pointers it is clear that Johannesburg, although caught up in the specificities of post-apartheid transition, presents a very typical scenario of the challenges to local governance internationally, especially within context of competing economic and political claims. What the analysis of Johannesburg indicates is that a focus on 'compact city' development is important as it has much to offer in helping to shift racist or anti-racist conceptions and mind sets. The example of Johannesburg shows unequivocally that urban government that is committed to the delivery of basic needs such as housing for the poor that are realities often compromise challenges of inequality at their peril.

5.7 CONCLUDING REMARKS

It is evident from chapter 4 that the provisional model (discussed in section 3.6) has been effectively tested with regard to its applicability to the Johannesburg situation. In general the model has been unequivocally adopted. For instance, the research presented in section 4.3 confirmed that 'urban bias' has contributed significantly to the current urban form in Johannesburg and that rural areas experienced negative form of development as large numbers of people migrated into Johannesburg and leave rural areas underdeveloped. As a

result, the research also confirmed that Johannesburg had never experienced an autonomous development, but it developed at an expense and through the devaluation of the rural economy. The study also indicated that ‘urban bias’ is a major contributing factor to ‘urban unemployment’ – as the bright lights of the city attracts large numbers of people.

The study has found that though ‘rural-urban migration’ has been a defining feature of the Johannesburg economy for all the years and a contributing factor to urban unemployment, migration into Johannesburg seems to have transformed over the years. In this regard, Johannesburg is beginning to witness a growing number of migrants who are no longer confined to rural areas, but coming from other South African towns and cities and other African states. Although the thesis hypothesis argued that ‘urban unemployment’ has its most visible manifestation in Johannesburg as a direct result of ‘rural-urban migration’, the research has found that it is largely due to ‘in-migration’ that is increasing and not limited to ‘rural-urban migration’. However, this finding does not denote that the model is not significant.

Moreover, the study has found that ‘uneven development’ has been an important feature of the Johannesburg economy for many years. It has also noted that although the government seeks a more ‘compact city’ as a way of breaking down uneven development, the process has been perpetuating the ‘Apartheid City’.

Finally, the study has confirmed this thesis model that there is locational advantage of employment opportunities in Johannesburg, which began during apartheid years. Accordingly, the study found that the employment accessibility

within different population groups is largely caused by spatial factors, such as employment decentralisation and residential segregation.

However, despite the new political dispensation and the advent of the post-apartheid South Africa, the study revealed that these interrelated issues continue to define features of Johannesburg even today, i.e. ‘urban bias’, ‘in-migration’, ‘uneven development’ and ‘urban unemployment’. Many attempts have been made in Johannesburg to resolve these challenges without much success. In this regard, chapter 6 below presents some guidelines on how ‘uneven development’ and ‘urban unemployment’ can be effectively addressed in Johannesburg.

CHAPTER 6

6. CONCLUSION

6.1 OUTCOMES OF THE STUDY

This study has come to the conclusion that **the preoccupation with compact city development to eradicate the effects of uneven development and urban unemployment in Johannesburg is misdirected.** It has revealed the need for the government to explore how best to improve the circumstances of low-income households in condition of urban sprawl. This study's conclusion seems inevitable, a belated recognition of reality, due to the outcomes outlined in the sub-sections below.

6.1.1 Uneven Development

The first outcome of this study in relation to uneven development is that, although Johannesburg exhibits apartheid patterns of racial oppression and exploitation, in post-apartheid South Africa, Johannesburg is characterized by structural inequality driven by two income gaps: between an increasingly multiracial middle class and the rest; and between the African urban working class and the African unemployed and marginalized poor. In this context, uneven development in Johannesburg can no longer be explained solely by race. High levels of intra-racial inequality, especially among the African population, mean that there are other social forces at work.

Another finding of the study has been the steady relocation of economic activities to the southern part of Johannesburg, particularly in Soweto. However, these developments have been limited to the retail activities driven by the buying power in these townships of more than R10,5 billion per annum. Thus, these developments continue to perpetuate the apartheid legacy of racial exclusivity due to the fact that most townships in Johannesburg are exclusively homes for black people, and most white South Africans would not go there due to a number of factors, e.g. 'crime'.

Though the GJMC encouraging new mall development in the townships in the hope that residents would be encouraged to spend their money in the area, the study found that the increase of black shoppers in malls located in the northern suburbs has little to do with residential proximity, but more to do with the parallel decentralization of shopping and offices that has introduced blacks into malls in the north as their share of employment in the business and professional services sector increases. Consequently, many of the weekend shoppers in the northern suburbs' malls, such as Sandton City, come from Soweto. This scenario also has more to do with the historical legacy. For many years, there has been the perception, sometimes rightly so, that what people got in Soweto was inferior to that of white areas⁴⁷. Therefore, rather than the residential location of the shoppers being the determining feature of where they shop, the employment status and income status of the shopper are more to the point. This means, the racial exclusivity would persist in the post-apartheid Johannesburg.

⁴⁷This perception was noted in the article "Big Plans ahead for Soweto", published by FIN 24 On 21 May 2006; p 2.

The study also found that the vast majority of new households in Johannesburg are settling on outskirts of the city. They are settling in and on the edges of existing townships, most often on the outer edges. In simple terms, many people are heading outwards. This is because of the informal housing and government's subsidised housing. Although this is a phenomenon which require broader understanding, the most obvious answer lies in the economic trends. As Tomlinson (1999:24) observed, land values, rents, and house prices are much higher even in the backyard shacks in areas such as Alexandra, than in or on the edge of distant townships. This means, it costs more to live in the city.

The government policies also inadvertently structured the decisions of people settling in or close to the townships. For example, the transport subsidy reduces costs of commuting to work. Of course this is true only for the people who use subsidised buses and trains, but not for the people using taxis. Most people use taxis. The reality of public transport is one that adversely affects working people in South Africa, as shown in a national survey by the Department of Transport⁴⁸. Survey results showed that most people used taxis because they have no alternative – but the costs are high. The high cost of transport imposed substantial burdens on workers. But they also raised the cost of employment and reduced the overall efficiency of the economy. That certainly had a negative impact on both overall employment and economic growth. The Department of Transport study found that a quarter of households spent over 20% of their income on public transport. The figure rose to almost two thirds for households earning under R500 a month, which constituted about a quarter of the total.

⁴⁸ Cited in the People's Budget Campaign, 2007, p. 19

Also government subsidised low-density housing goes to the townships' edge owing to the housing subsidy structure; R36 528 does not allow much money for land and developer-driven housing to the urban periphery. Though the Gauteng Provincial Government has recently redesigned its housing policy to incorporate the diversification of housing options in order to change the spatial design in Johannesburg and bring about class integration and desegregation through the development of both rental and ownership options, and mixed income residential area, such as the Cosmo City, there are challenges in this regard. The most critical challenge about this approach is that, in most cases, government faces political opposition when locating low-income housing closer to middle and higher income suburbs – popularly known as “*not in my backyard*” syndrome. The Cosmo City is a classical example in this regard, whereby the construction of low cost houses and mixed income residential area came to an abrupt halt following the legal battles between the City of Johannesburg and Jukskei Crocodile Catchment Association, which objected to the development.

Yet, while government may aim to eradicate uneven development and bring about integration among communities in Johannesburg, the reverse is clearly marked. What would reverse the trend? According to the findings of this study, the answer, most likely, is that it would require coercion. It may also require a lot of money. In the first instance, relative to the number of households living in and around the townships, the limited extent of land invasions seems to validate the argument people are settling where they were forced to live under apartheid. This means, coercion would also have to be directed against middle-

and high-income households opposing low-income neighbours, like in the case of Cosmo City.

The argument for high density, in regard to money, is that:

- ❖ It costs less to provide municipal services when people are living together;
- ❖ The transport subsidy can be sharply decreased in high-density urban environments;
- ❖ High densities enhance access to opportunities such as day jobs, information about jobs, social services, and a larger retail market and lower prices; and
- ❖ High density concentrates the market and increase small business opportunities.

None of these points is irrefutable according to the findings of this study. Yet, one has to consider that it would also cost a great deal more than the R36 528 subsidy to settle low-income households in the city because of the higher land costs and also higher level of services and better top structure appropriate to high-density living. The ultimate irony would be that the “winners” would not be low-income households, since if government actually supplied well-located relatively decent supposedly low-income housing; it would go to better-connected political constituents. This trend has already been witnessed in many municipalities across the country. It would be naive to expect otherwise in this regard. Moreover, given that there is limited land available in the formerly white suburbs suitable for a mixed residential development, more than half of the Johannesburg population will remain trapped where the apartheid planners historically located them.

6.1.2 Urban Bias

Although ‘urban bias’ is a characteristic of all urban areas in the world, the study indicated that in most parts of Africa during colonial times, the exploitation of mineral activities was associated with the development of urban cores, to an extent that within ten years of origin, Johannesburg was the biggest city in the country and by 1936 it was recognised as the largest and most densely populated city in Africa.

In the post-apartheid South Africa, the study noted, ‘urban bias’ continues to exist, but more as a natural consequence of the exponential urban growth. Although on February 2000, the Sate President prioritised the need to effectively implement Integrated and Sustainable Rural Development Programme (ISRDP), in order to reverse that “a century-old legacy of white minority rule, according to which millions of people were confined in poverty-stricken areas alternatively described as Native Reserves, Bantustans and Homelands”, the successful implementation of the ISRDP has not been visible to date.

The study has concluded that ‘urban bias’ trend is not a unique phenomenon to Johannesburg, but part of the urban development trends that characterise many cities around the world. It also noted that ‘urban bias’ is not deliberate but unconscious response to the process of resource accumulation, which unfortunately contributes to the underdevelopment of rural areas. The perception that urban centres have major concentration of employment opportunities has also been written off in this study, given the large number of

unemployed people who cannot be absorbed by the Johannesburg's economy and who continue to live in abject poverty.

6.1.3 Rural-Urban Migration

This is particularly the area whereby the weakness of the 'imported theories' in explaining urban unemployment and uneven development has been noted. Though the study acknowledges that 'rural-urban migration' has been a defining feature of the Johannesburg economy for many years, it has noted that migration into the city has changed overtime. In this regard, the study noted the growing number of migrants entering Johannesburg from other towns and cities and other countries, particularly other African states. The scenario represents the new trend of 'urban-urban migration', which means the pre-occupation of the 'imported theories' with 'rural-urban' provides limited application to the Johannesburg situation.

Linked to the theory of 'urban bias', the study has also indicated that 'chain-migration' and the 'bright lights theory' have played a significant role in highlighting the problem of urban unemployment. Even with regard to these patterns of migration into Johannesburg, the study found that they range from 'rural-urban', 'urban-urban' and those from outside the country.

6.1.3.1 Applicability of the Imported Theories in Johannesburg

Although the study builds on a range of imported American and European models, particularly in the field of urban analysis, and on documentation of patterns of urban change and urban unemployment, it is worth noting that it has identified both areas of similarities and those of contentions with regard to

their applicability to the South African situation. Although, both South Africa and imported models are, today, deeply embedded in processes of globalization at quite different points, they provide a contrast between developed and developing economies that illuminates both the generalizability and the limitations of comparative analysis.

While the imported theories were not particularly helpful in identifying the positive spin-offs resulting from migration, one critical outcome of this study has been to separate between 'desperate migrants' and 'migrant traders' who contribute significantly to the economy of Johannesburg. For example, migrant traders are reported to contribute approximately R1.4 billion per annum in Johannesburg alone. Whereas most migrants have been seen as part of the problem, this finding represents a critical milestone. Marcuse (2003:3-10) supported the findings of this study, that there are areas of contentions with regard to the applicability of imported models to the South African situation.

- 1) The first observation is specific to South Africa, although it could conceivably also characterize the American and European cities. Traditionally, immigrant quarters were working-class quarters, often concentrations of laborers and low-paid wage earners involved in heavy and/or unskilled work. In South Africa today, however, there is a different phenomenon: immigrants from other African countries coming to Johannesburg without significant possibility of finding work, or starting a business, there, but escaping conditions of abject poverty or physical danger at home. They are thus, through no fault of their own, not working in or connected to the mainstream economy; they subsist on the type of informal activities characteristics of the abandoned city. The places to which they

come are thus (or quickly become) abandoned, as the Nigerian sections of Yeoville and the fringe informal settlements near some townships south of Johannesburg. 45% of those 15,000 or so making a living solely on the streets of Johannesburg are calculated to be foreigners (Marcuse 2003:5).

- 2) Perhaps not surprisingly, the migratory pattern in South Africa thus moves towards the existing pattern in the United States, with income/class becoming the chief determinant of location, except for those at the bottom of the imposed “racial” hierarchy, who remain segregated, in the one case in the inner city ghettos of the United States, in the other in the “one race” townships and informal settlements of South Africa.
- 3) The suburban development is well known, perhaps even the dominant pattern of housing development, in the United States and United Kingdom today, which is generally the city of the middle class, typically located in the suburbs, and includes among its residents small business people, skilled workers, often retirees from professional occupations. This pattern is reproduced in much of middle-class Johannesburg, including in parts of many townships and in working-class areas, e.g. Triomf (Sophiatown) in Johannesburg, where apartheid has given working-class whites the opportunities of a result of the enforced out-migration of Africans.
- 4) From inner city gentrified areas to the walled and gated exclusionary suburbs of the gentry (predominantly “white”), as others, previously barred, move into the areas of the gentry. The location of the growing areas of the gentry perhaps different in the European models than in South Africa, because the process of gentrification has been widespread and effective in

the one case, but not in the other. Where inner city areas have been reclaimed from the working class to the gentry in the United States, such areas have largely moved in the opposite direction in South Africa, with working class and the excluded (including often foreign migrants) moving in. In addition, with increasing in-migration of Africans, but not vice versa – African townships remaining African, with little in-migration of other groups.

6.1.4 Urban Unemployment and Locational Advantages

According to the conclusion of the study there is evidence to suggest that employment accessibility within different population groups is largely caused by spatial factors, such as employment decentralisation and residential segregation. The first trend is that the formal jobs that are being created in Johannesburg are not many and mostly being created for relatively skilled people along the M1/N1 between Johannesburg and Pretoria, also in Kempton Park due to the O.R Tambo International Airport. In addition, these are jobs whose linkages with other manufactures, transport, research and business services require them to be where they are. Most of these jobs are not amenable to being redirected to the south of Johannesburg.

Moreover, this study has shown that there is high unemployment in the city and that new unskilled entrants to the labour force find it especially hard to get formal employment. In terms of the international trend, people settle where they can afford, but urban policy in Johannesburg is contradicted by the economic reality. People settling where they are, is anyway a natural extension of expanding family networks moving out, but not away. The reality is it takes

money to break ties. For the poor, support networks are the important means to economic security.

Figure 4.14 in section 4.6 has revealed an existing scenario that is worthy of note so far as employment accessibility is concerned. In particular, it has indicated that unemployment ranges unevenly between 4-5% in the historically white suburbs and 51-55% in the predominantly black townships. The formal sector unemployment rates in the squatter settlements have been indicated to range between 63-75%, which clearly shows that post-apartheid urban development policy is perpetuating spatial divisions. Thus, the outcome of the study is that the post-apartheid government has not succeeded in the decentralisation of jobs to the benefit of low-income people in the townships and squatter settlements.

In addition, the study has also noted a direct link between poor geographical socio-economic conditions and employment outcomes. It used a typical example of both Ivory Park and Diepsloot settlements that are located in the close proximity to Midrand, but have formal unemployment rates of about 63%. In this regard it has been noted that the economic inequality, such as poverty arising from spatial exclusion is more to the point than distance, which unconsciously results into the 'discouraged worker effect' or 'unemployment solidarity'.

6.2 CHALLENGES REGARDING DEVELOPMENTAL STRATEGIES

Based on the findings of this study, even if the GJMC will still meet the developmental targets to halve poverty and unemployment by 2014 that were

agreed upon in the Growth and Development Summit (GDS) and the United Nations agreement on the Millennium Development Goals (MDGs), about half of Johannesburg population will still be in poverty and/or unemployed. The current trends suggest that without significant improvements on its urban development policy it is unlikely to meet these modest goals. Therefore this study's conclusion outlines a developmental path that creates the sustainable foundations for eradicating uneven development and urban unemployment in Johannesburg. In doing this, this study is under no illusions that attacking structural urban unemployment and inequality is not a one-off event, but rather a process. Moreover, it argues that the expansionary stance advanced in its recommendation is not a panacea and will not be implemented without costs.

It is evident from the outcomes of the study that the Johannesburg's economy weighs heavily on the poor, and the benefits to them have been disproportional. The euphoria from the government macro-economic policies: GEAR and AsgiSA, argues that fundamentals are in place, and that the South African economy is doing well. The question, however, is who have benefited? Higher unemployment at 37%, rising inequality and at best a modest reduction in poverty cannot by any stretch of the imagination constitute an economy that is working well. How, for instance, can government macro-economic policies argue that the fundamentals are in place, when South Africa has performed so poorly in terms of its development indicators? How will the government reconstruct society to become more equal? Does the growing middle and upper class in Johannesburg have any trickle-down effect that leads to mass employment to the benefit of poor? Resolving these challenges and to redistribute to the poor in a sustainable and efficient manner often requires that government adopt a structural approach.

As the PBC (2007:7) has noted, government has continued to spend vast resources on projects that have little developmental impact. The spending on the Gautrain is key example of projects that will have little impact on government meeting its developmental goals. The prime objective of the Gautrain project is to contribute to relieving the road congestion on the N1 and Ben Schoeman freeway between Johannesburg and Tshwane (see picture insert below). This project has been run by Gauteng province as one of several Blue IQ projects. However on the 25th October 2005 the Minister of Finance announced in parliament that the Gautrain project had a ‘national’ status. The Minister of Finance said that it would be costing government an estimated R20 billion.

Figure 6.1: Ben Schoeman Freeway between Johannesburg and Tshwane



Source: Bremner, L., 2004:32

This money would have allowed the upgrading of public transport in all major cities for the public as opposed to the ‘elite’, to encourage many more citizens to make use of trains and buses, thereby reducing traffic congestion. According to the project leader, the Gautrain is projected to have an initial demand of 134

000 passengers per day. Compare this with what is spent on the existing and ailing passenger rail infrastructure of R100 million for 2006/7 and R250 million for 2007/8. The 80km high-speed railway designed to connect Johannesburg and Tshwane with OR Tambo International Airport has been a source of controversy since its announcement by Gauteng Premier, Mbhazima Shilowa, in 2000. Originally expected to cost R7 billion, a few month after construction commenced, is reportedly closer to R23 billion. Although there is clearly a need for improved public transport in Gauteng, critics of the project point to the Gautrain's projected R40 fare and the areas it will serve as evidence that it is an elitist venture, designed to benefit affluent suburbs and not ordinary people. The Gautrain is scheduled for completion in 2010, just in time for the arrival of World Cup fans (PBC, 2007:30).

In terms of the findings of the study, the success of a developmental strategy would need to address a worrying set of development indicators, i.e. unemployment, poverty, inequality and/or uneven development. In summary, the study indicated:

- ❖ Using the broad definition, unemployment in Johannesburg stands at approximately 37% (PBC, 2007:9). There has been job creation in the economy over the last three years, which is encouraging. However, the economy has not reached the volume or quality of job creation required to make a significant impact on urban unemployment. This means employment has grown in the last three years, using the narrow definition, but with the broad definition this has remained constant. The problem of youth unemployment is very worrying, as 76% of all unemployed people who have never worked are between 15-30 years (StatsSA, 2006:25). This

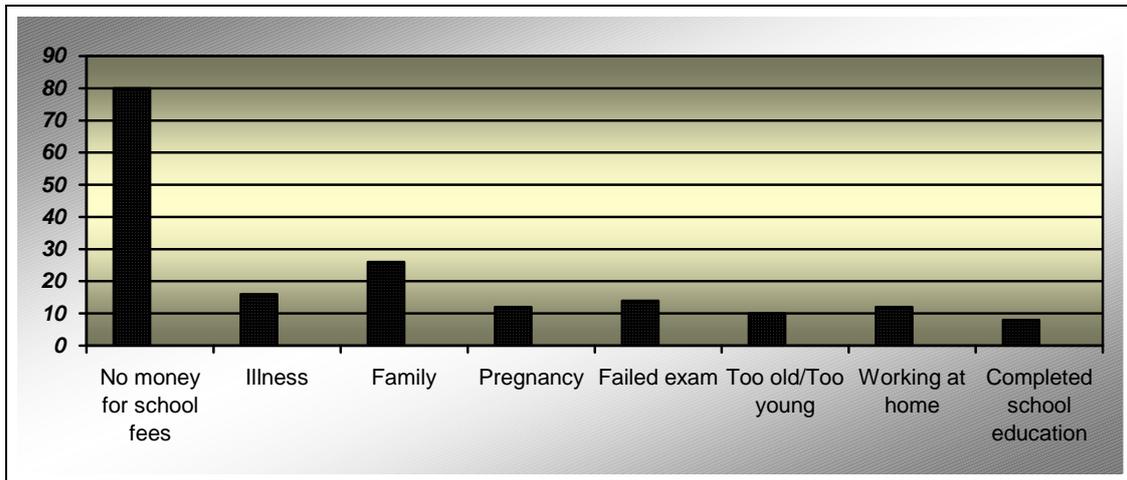
means that a generation of young people has never experienced work, and it can be argued that they are trapped in poverty. In addition, Unemployment is overtly biased towards black South Africans in particular. In addition it predominately affects townships and squatter settlements

- ❖ Despite the best efforts of government to extend services to the poor, the study indicated that the rich are getting richer, and the poor are getting poorer – hence the effects of poverty in this regard. Although this seems to a slogan in South Africa today, the study has shown that between 1994 and 2007 inequality has increased. The growing levels of inequality within groups are attributed primarily to higher incomes at the top for highly-skilled top earners, for the black group, and the increase in the white group is attributed to super increases at the top, that lead to a widening of group disparity ratios (PBC, 2007:10).

Poverty is clearly manifested in the uneven education outcomes reflected in section 4.5.2.2. More than a decade into democracy, the apartheid system of ‘uneven development’ in education continues to plague the overall education system in Johannesburg, particularly in the black townships. These outcomes predominately affect those learners situated in township schools, influenced by their socio-economic status. As a result, uneven development and outcomes in education remain a major challenge for the Johannesburg developmental approach, which is a direct cause of the higher concentration of unskilled workers in the townships and informal settlements. This continues to characterize the level of inequality on a geographical basis. For example, the PBC (2003:16) found that most learners from poor socio-economic conditions,

particularly those from the townships, fail to continue school or complete matric due to the cost of school fees (Figure 6.2).

Figure 6.2: Main Reasons for not attending an Educational Institution (Ages 7-18)



Source: People's Budget Campaign (PBC), 2003:16

It is apparent according to Figure 6.2 above that 'poverty' is certainly the key contributing factor to the low levels of participation of learners between the ages 7 and 18 years, with more than 40% indicating that they do not attend an educational institution because they cannot afford to. This trend perpetuates the skills shortage, which other scholars have attributed as the high rate of urban unemployment in Johannesburg. Figure 6.2 reiterates the hypothesis of this study that "there is a direct link between poor geographical socio-economic conditions and employment outcomes. In this regard, the 'skills shortage' is direct consequence of the socio-economic factors generated by the apartheid planning.

6.2.1 Reshaping Johannesburg's Inner City

The GJMC has put substantial resources into turning around the inner city, which this study found was a victim in the 1990s of capital flight to the northern suburbs. The inner city has about 217 000 residents in 37 000 dwelling units. However, about 800 000 commuters enter the inner city every day, and 300 000 – 400 000 migrant traders visit the city each year. It has 7 million m² of floor space and 3 million m² of office space. The office buildings represent a R19 billion investment, and the housing a R1.2 billion capital investment.⁴⁹

As the study indicated, historically, the inner city served as the primary centre of business, with specialized sectors. Change began in the late 1970s with the suburbanization of economic activities. It can be deduced from the research that between the 1980s and early 1990s, poor urban management, increasing population pressure, informalisation, and deregulation exacerbated the situation. The manifestation of this in bad buildings, increase in slums, increase in crime and shoddy urban environment propelled disinvestment and flight to the suburbs.

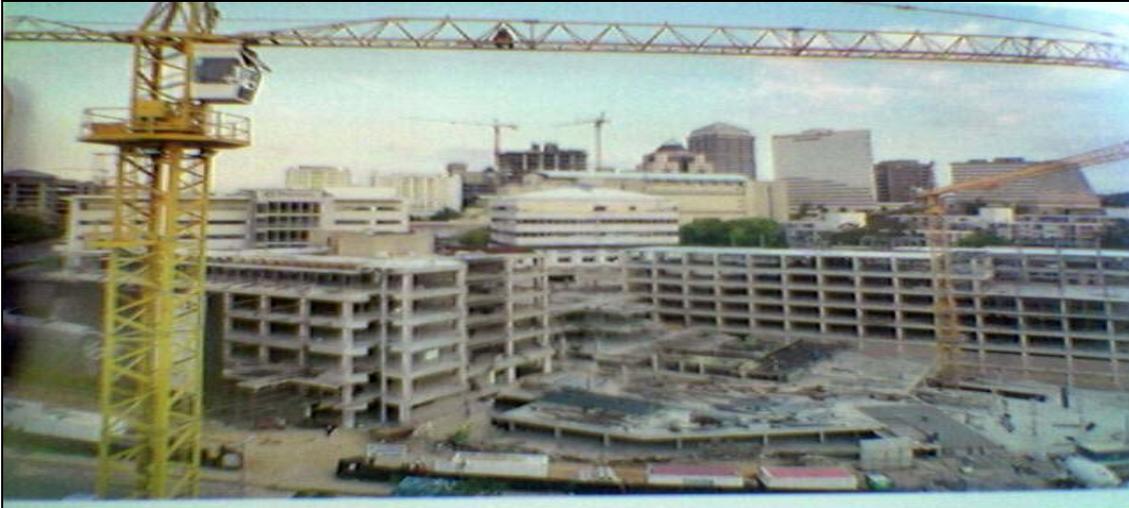
However, the GJMC has, to date, made major efforts to stabilize the area, improve the environment, and maintain and increase investment level. Although the council, elected in 2000, inherited a persistent set of problems and challenges in the Inner City. Since its election there are clear signals that the process of turning around the Inner City has been commenced. However,

⁴⁹ The information is from the GJMC website: www.joburg.org.za (2007)

there are still significant challenges in this regard that still remain critical. The GJMC interventions to date include:⁵⁰

- ❖ GJMC and Gauteng Provincial Government have made major investments and intensified efforts to revive the area and manage the environment;
- ❖ Inner City Task Force established, with considerable success in by-law enforcement and closing down crime-ridden buildings;
- ❖ Improved co-ordination of agencies active in the Inner City, including the council's Region 8 Office, the Johannesburg Development Agency (JDA), The Johannesburg Metropolitan Police Department (JMPD), Blue IQ, the Metropolitan Trading Company (MTC), Johannesburg Property Company (JPC), Pikitup, Johannesburg City Parks (JCP), other Utilities/Agencies/Corporatised Entities (UACs) and the central Johannesburg Partnership (CJP);
- ❖ Commencement of regenerating Special Activity Precincts;
- ❖ Upgrading most Inner City parks;
- ❖ Closer working relations with Inner City property owners and managers;
- ❖ Renewed attention to maintaining infrastructure; etc

⁵⁰ This is according to the Inner City Regeneration Strategy: Business Plan for 2004 – 2007 released by the GJMC on the 10th March 2004.

Figure 6.3: New Developments in Johannesburg Inner City

Source: City of Johannesburg website: www.joburg.org.za, 23 May 2007

Linked to the GJMC responses, the National Government has also introduced the ‘Urban Development Zone (UDZ)’ tax incentive as a new tax incentive scheme aimed at encouraging inner city renewal across South Africa. In terms of the scheme, any taxpaying, property owning, individual or entity may claim the tax benefits of the UDZ incentive. The incentive takes the form of a tax allowance covering an accelerated depreciation of investment made in either refurbishment of existing property or the creation of new developments within the inner city, over a period of five, or seventeen years, respectively.⁵¹

There are continuing areas of concern. While inner city crime statistics are showing a reduction in many categories, levels are still high and require unremitting attention. Large areas of the built stock are affected by urban blight, characterized by the existence of ‘bad buildings’, overcrowding and illegal conversions, unmanaged informal trading and a degraded public

⁵¹ See Figure 6.3 above

environment. These aspects are exacerbated by a complex nuxes of external factors, including market perceptions, risk-aversion and redlining. In addition, parts of the inner city are characterized by serious problems associated with economic decline and poverty. These are manifest in homelessness, drug and alcohol abuse, prostitution, etc. (GJMC, 2004:7)

6.3 RECOMMENDED INTERVENTIONS

The study believes that Johannesburg, as the largest city in a middle-income country, has the resources that can do more to substantially eradicate uneven development, reduce poverty and eliminate urban unemployment. Thus, what is needed a developmental strategy that transcends the limits of the apartheid colonial mineral-based economy. This requires a major transfer of incomes, assets and skills to the poor, who constitute a large number of the Johannesburg population.⁵² In short, this demands that the strategy should go beyond the ‘deracialisation’ of the apartheid economic structure premised on the exclusion of the majority.

It is apparent from the outcomes of the study that the continuity with the macro-economic policies such as GEAR and strategies envisaged in the AsgiSA obviously cast doubts on whether the economic reality of ‘poverty and unemployment traps’ translate into a any strategic shift. It is indicated in the study that the proposals presented by these macro-economic policies are consistent with making interventions in structures that perpetuate poverty, unemployment and inequality in Johannesburg. Therefore, it is evident that, the

⁵² According to the StatsSA (2006:17), the poverty line commonly used is set at R250, 00 per household per month.

current macro-economic strategy, which was designed to stabilize the economy, requires urgent review.

However, it has been noted that, in one way or another, government has formulated policies to develop business skills, to enhance technical skills, to provide housing, and to remove services backlogs. Programmes and budgets are in place, some more than others and some more effective than others. Nonetheless what is lacking for most of them is a rationale for choice of project location, and for where subsidies are being provided. Lacking in particular is an exploration of how government investments in outer Johannesburg can best combine to serve millions of people who live there, rather than to have as a goal inverting somewhere else.

Tomlinson (1999:14) argued, the significance of the failure to develop own policies to address the problem at hand in Johannesburg can be seen in the “success” of successfully revitalised United States and European cities. Follow-up research has shown that while downtown revitalisation has done much for the appearance of many central cities, it has not reduce unemployment or households incomes when compared with cities which have not benefited from downtown revitalisation. This turns out that the best-known United States urban success stories are also the cities where income inequality is greatest. The United States models for city centre revitalisation have not addressed poverty. Therefore, Johannesburg should be wary of copying these experiences.

Whereas in Chapter 4 (section 4.4) “crime and grime” have been singled out as being to blame for the decline. The only other factor is local authority management of the city, which in certain respects, overlaps with crime and

grime. The fact remains that were crime and grime to disappear there would be no rush to return to the city centre. According to section 4.4, the first mention that the city centre might be in decline dates back to 1959 and sub-urban commercial property growth rates were double those of the city centre by 1975. This precedes problems with crime and grime. In other words, other factors such as the desire for personalised, low-rise and high-technology offices in landscaped environments that boost corporate identity, are probably more to the point and should be explored by further research.

Tomlinson (1999:16) noted, what could be mentioned about crime and grime is that this, together with racism, speeded up decentralisation. During a time of upheaval and uncertainty, crime and grime became symbolic of declining order. However, at present, the business improvement district system and better policing are helping to bring crime down and public perceptions are lagging. However, in order to address this problem, there is a need to incorporate into a development strategy the vast and rapidly growing low-income population in the townships. This is where most blacks were forced to live under apartheid, and it is primarily here in poorly serviced informal settlements and in new subsidised housing projects that people spreading out from the townships and migrants are settling. These areas lack jobs and social services. Due to the convergence of transport routes on the city centre, the appropriate image might well be one of two vastly unequal wheels turning, and the point where they grind is in the city centre. For many people in the townships, the city centre is an economic refuge, a role that it performs rather poorly.

The strategic shift in policy towards integrated human settlements where the poor enjoy close proximity to work; high levels of services; and access to

services might be an appropriate move. However, the study identified a number of challenges in this regard as reflected in section 6.1.1. In view of the aforementioned challenges, perhaps government should consider the development of ‘multi-racial’ residential suburbs within the predominantly black townships, such as Soweto. That way it can may achieve the envisaged de-racialisation of space and reduce uneven development – but by no means eradicating it.

The approach may encourage the relocation of some businesses (not limited to retail) to the townships, which in turn may also result to the relocation of formal employment opportunities. It will also change the customer profile in the township malls that are generally black. This suggestion should come without surprise – as current trends in the Johannesburg northern suburbs reflect that blacks and whites can work, shop and live together. Changing settlement patterns will reverse the persistent legacy of apartheid spatial planning which has economic centres of activity far from the areas where most poor people reside. However, this approach will remain a ‘pipe-dream’, unless government significantly changes the perception and incidence of ‘crime’ which characterizes most townships in South Africa.

However, what seem to matter most, right now, are the material circumstances of low-income groups. For the government this means focusing on the job mobility in low-income areas within Johannesburg; enhancing technical and business skills, ensuring there is data about business and job opportunities. The focus should be on education and training information and communication, and transportation. The reality of public transport is one that adversely affects working people in Johannesburg, as shown in a national survey by the

Department of Transport⁵³. Therefore local government should priority to the development of bus routes from townships to business areas.

A further critical issue concerns living conditions, better housing, municipal and social services and environmental conditions. If these services were provided, then they would make up for many of the other advantages of high-density living. Neither group of policies involves relegating the townships, yet again, to a labour reservoir.

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The Tailor Commission⁵⁵ recommended measures to address income poverty. This includes measures to ensure that people have adequate incomes throughout their lifecycle, covering childhood, working age and old age. According to the Commission's report "the package should comprise at least

⁵⁴ See section 6.1.1 above

⁵⁵ Quoted in the People's Budget Campaign, 2007:11

one primary income transfer, which ensures that all South Africans have some income to mitigate or eradicate destitution and starvation. A basic level of income would also have other developmental spin-offs related to enabling that person to participate more effectively in the economy (for example, afford the bus fare to engage in job search)". The Commission made the following recommendations:

- ❖ Measures to address capability poverty. This can be achieved through the provision of certain basic services deemed crucial to enable a person to live and function in society. This includes the provision of basic (lifeline tariff) water and electricity, free education, food security and affordable housing and transport.
- ❖ Measures to address asset poverty. This includes income-generating assets, such as land, and social capital such as community infrastructure. This addresses the key underlying structural basis of poverty and inequality in South Africa.

Moreover, the PBC (2007:12) noted, "employment scenarios suggest that even with improved growth rates, unemployment will remain at around 15% in 2014. Thus, the first best solution of employment will meet part of the development challenge, but second best measures will be needed". Therefore, the PBC recommends a Comprehensive Social Security System or Basic Income Grant, as part of the solution. It argues that, given poverty line of R250, which is very low, an increase of R100, 00 means a significant increase to poor households. It might mean the difference between receiving adequate health care and being able to undertake job seeking.

However, there are two concerns with regard to the Comprehensive Social Security. First, some people worry that grants will be misused. The PBC (2007:13) argues, although a small minority of people may behave irresponsibly, this is not a rationale for punishing everyone by halting a largely effective programme. The vast majority of current grant recipients clearly spend the bulk of their income on fundamentals such as food, shelter, education and healthcare.

Second, some critics question the affordability of an expanded social security net. However, such concerns ignore the developmental aspects of social transfers. Grants give families the resources they need to be healthier, better educated and more productive. As poverty diminishes, fewer households require assistance so the cost of the programme also shrinks. In the past decade, government has cut taxes repeatedly. The cumulative revenue foregone now amounts to nearly R80 billion per year. If government can afford to put this much money back in the pockets of the wealthy, why can't it afford to invest half of this amount in poorer households? (PBC, 2007:13).

There is also a dire need to reallocate resources away from projects that do not have developmental impact to the poor, such as the Gautrain. Financing State-owned enterprises to play a developmental role is critical. This will entail large injections of resources for capital projects, for example in the Expanded Public Works Programme (EPWP). Rolling out of the expanded public works programme may provide short-term employment and has the potential to catalyse economic participation.

Finally, There is also a need to find an “African value” in the Johannesburg city, as the city is continuously becoming an “African City”. This lies in where the value is, in both cultural and commercial forms, and what this means for how the city is being used. To date, most of the changes in the city have been viewed as part of the problem. An effective development strategy should capitalise on the changes and, in addition to servicing the existing business lobby, as has been the focus, would play particular attention to identify investment opportunities for small, medium and informal businesses, thus promoting job creation.

Linked to the refocusing of the retail market has been the rapid growth of small black manufacturing enterprises. The businesses face many obstacles, especially a lack of access to capital and technical assistance. Thus while the city centre has become a small manufacturing incubator for emerging businesses and a retailing centre with the links throughout sub-Saharan Africa, this potential could still be vastly enhanced.

The underlying principle is to understand the context and to believe that there is commercial value in the city’s being an African city. Further, it is to believe that the failure to discover investment opportunities arising from, and benefiting, those who use the city centre will lead to the city’s ultimate collapse. In a heterogeneous, unequal society, public safety and respect for and the maintenance of public infrastructure can only come about if there are jobs and if there is social integration, in order to eliminate uneven development and urban unemployment.

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