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THE INNER-CITY REGENERATION PROGRAMME AND ITS IMPACT ON THE SMALL BUSINESSES AND INFORMAL TRADERS: THE CASE OF JOHANNESBURG

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A research report submitted to the Faculty of Engineering and the Built Environment, University of the Witwatersrand, Johannesburg, in partial fulfillment for the degree of Master of Science in Development Planning.

Johannesburg, 2006

Declaration

I declare that this research report is my own, unaided work. It is being submitted for the Degree of Master of Science in Development Planning in the University of the Witwatersrand, Johannesburg. It has not been submitted before any degree or examination in any other University.

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Monyane Mapetla

_____ day of _____ _____

Abstract

The inner-city regeneration in Johannesburg represents a new era of evolutionary change where the revival of the city is the order of the day. The South African cities, particularly the city of Johannesburg, are currently going through a considerable transformation. This follows a situation whereby these cities were going through a serious path of deterioration whereby the property values were declining drastically, and capital investment was vacating the city. Something therefore needed to be done in order to stop this trend from continuing, hence the city of Johannesburg came up with the inner-city regeneration programme that would actually assist in reviving the city. There are other stake holders which are actively involved in the revival of the city of Johannesburg and these are, among others, the Johannesburg Development Agency, Johannesburg Housing Company, the South African Cities Network, the Metro Trading Company and many others. This research is therefore looking at the impact that the inner-city regeneration programme has on the small businesses as well as the informal traders. It was discovered that the regeneration programme impacts negatively on the informal as well as the formal traders as very few of the latter group of people benefit from it. More effort therefore needs to be done to ensure that most of these traders enjoy the fruits of the inner-city regeneration programme. Appropriate planning policy measures need to be put in place to ensure that this is achieved.

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Chapter 1

1.1 Background

Johannesburg Housing Company (2000: 8) asserts that, 'regeneration is not only about rejuvenating residential buildings, but is also about regenerating the public environment and making it look better. It is about good management of the city and its buildings, upgrading streets and pavements. And this means it's about all human activity, orderly transport systems, access to decent shops and offices and a safe environment for all the people including the elderly, youth and children. This means making the city pleasant to live and work through the protection of its 'green lungs' and through the creation of decent recreational facilities.' Whilst the phenomenon of the inner-city regeneration is highly regarded as one of the preconditions for economic revival and growth, and one of the top priorities of the city agenda, the sad truth is that there are some intricate challenges that still loom ahead.

The city of Johannesburg's 5 pillar programme, like many others, is bound to come across some unintended consequences, which might be disastrous if they are not minimized or if possible, adequately addressed. It would therefore be quite interesting to actually look into the other important aspects and potential problems that might accrue to the implementation of the project, and in this case, the impact of the project to the economic situation of both the formal and informal traders. As is always the case, each and every project has its positive and negative impacts on society and it would therefore be of great interest to actually look into the merits and disadvantages of the regeneration programme.

1.2 Aim

First and foremost, the research seeks to establish a situation analysis regarding the challenges as well as successes that the government and other stakeholders involved in the project face in implementing the inner-city regeneration project. Secondly, the research tries to find out whether the inner-city regeneration project has taken the issue of formal as well as the informal traders into consideration and if it has, what is it that the different stakeholders involved in the project are doing to ensure that they incorporate them in the progamme in such a way that they will not be sidelined or disadvantaged. Alternatively, if the project doesn't incorporate both the formal and informal traders, how do they deal with them because surely they are bound to be confronted with a situation where they will have to either force them to vacate the city or reach a certain consensus with them with regard to the best alternative that they should give them.

It is therefore extremely crucial that the formal and informal traders' interests are also prioritized due to the fact that they have the potential to resolve the persistent problem of insufficient employment growth and build a competitive advantage in an increasingly globalized economy. Furthermore, as both retail and manufacturing SMMEs numerically dominate the inner-city economy, their promotion is considered crucial. The growth of more formal manufacturing SMMEs is expected to absorb those retrenched by large firms, while the informal sector provides employment for other job seekers, (Tomlinson et al, 2003). It therefore suffices to say that eliminating the informal traders in the regeneration of the city would cripple the economy tremendously.

1.3 Problem statement

Prior to the 1970's, the inner-city Johannesburg used to be the harp of investment and the city had a vibrant economic activity. Beal (2001: 63) contends that, 'the central business district comprises Newtown, Marshalltown, Braamfontein, City and Suburban and Doornfontein. The largely residential inner city townships on the east of the CBD are Jourbet Park, Hillbrow, Berea, Yeoville, Bellevue, Bellevue East, Doornfontein, New Doornfontein, Bertrams, Fairview and the western ends of Troyeville and Jeppestown.' These were highly restricted and protected areas in the past and the value of the properties in these areas was relatively high. But at the dawn of the 1970's, the trend began to change as the big investors of the inner-city opted to abandon the inner-city buildings and vacated to the northern suburbs.

The main reason for this was the fact that towards the dusk of the 1970s, the inner-city properties went through a process of transition of mixed race inhabitants and the subsequent decline of the neighbourhoods, (Beall et al, 2001: 630). It therefore suffices to say that the deterioration of the inner-city began during the mid 1980s whereby even the poor people could find cheap habitat in the inner-city buildings without maintaining them. This therefore led to a situation where other properties nearby lost their value and the owners decided to move their capital towards the northern suburbs, and this actually aggravated the situation even more. The urban renewal project is therefore a new phenomenon, which actually attempts to address this problem by upgrading the inner-city buildings and bringing back the cleanliness and beauty that the inner-city used to have in the past.

It is therefore paramount to identify whether the urban renewal project is aggravating the situation of unemployment and poverty in the city by eliminating some of the formal and informal traders and what is being done in order to avoid this situation. In essence, if the masterminds of this project are

not too keen to incorporate the poor people in the implementation of this programme, especially those who reside and work in the city, then the outcome of the project will be that of exacerbating an already prevalent situation of unequal city along lines of both income and race, (Beall et al, 2001). Thus, it will be widening the disparity between the rich and the poor, a situation which should be avoided at all costs to minimize social inequality and to promote equitable distribution of resources and equal access to economic opportunities.

The latter slogan is a tool that is frequently used by the authorities as one of their most profound rhetorics, and therefore in this case, it would be interesting to know whether they indeed practice what they always preach. The jury therefore remains out on whether the City of Johannesburg has made progress in advancing the conditions of the poor people, especially those engaging in informal trade or not, (Beall et al 2001). A different model should therefore be sought as opposed to an economic growth framework.

It is therefore an eye opening experience to undertake this research so as to learn about the successes and challenges regarding the Johannesburg inner-city regeneration programme. Most importantly, it would be interesting to find out whether the stakeholders involved in the progamme are taking the other dynamics of informal traders into consideration. “Urban centers are multi-functional nodes, with strong transportation hubs, incorporating commercial, retail, cultural and residential components. They provide employment for a large percentage of the population and link suburban and township populations through their transportation hubs,” South African Cities Network (2006:4). In essence, this basically means that the renewal of cities increases economic growth but the big question is whether while this is happening, poverty is concurrently being alleviated or exacerbated. It is also critical to establish whether this fantastic initiative is bridging the gap between the affluent and poor business or widening it, a situation which should be avoided at all costs.

The city of Johannesburg, or city of gold as it has been referred due to its huge mining industries, has undergone so many faces, both marvelous and not so marvelous ones. In the past, investors flogged from all spheres of life to pump their resources into big businesses mainly because they were lured by the beauty and wealth of the town. But it was only a matter of time when the trend began to change, whereby the image of the city was deteriorating and thus, most of the potential investors began to abandon and even sell their properties and fled to the northern suburbs.

Goga (2003: 72) would contend that, "between 1975 and 1992, owners of office real estate in the central business district (C.B.D) of Johannesburg began investing in decentralized locations. By 1993, the vacancy rates of A Grade space, the rental indicators, and the number of building plans approved in the CBD began to diverge from those in Sandton and Midrand where decentralization was occurring." This situation therefore facilitated a shift in terms of the demand for properties from the CBD to the northern suburbs, a phenomenon which actually worsened the deterioration of the city buildings.

Today, the government and other stakeholders interested in properties have embarked on a massive project of actually rehabilitating the city and making it look attractive once again. Given the fact that some of the inner-city regeneration programme has already been implemented and show some wonderful results, while some are still in the pipeline and in progress, it therefore suffices to attest that the heart of Johannesburg, the C.B.D is recovering from decay and becoming more attractive again. On this note, there'll soon be a time where the concept of the "dilapidated city of gold" will be history. The Johannesburg Spatial Development Framework (2005-06) succinctly outlines some of the regeneration projects that have already been implemented as well as those that are to be implemented. These are, inter-alia, the Braamfontein Corridor and Rockey/Ralleigh (Yeoville) area, the Jewel

city, the fashion district, the medical precinct, greater Ellis Park which will improve the Doornfontein, Bezuidenhout Valley and the Troyville area and contribute to the City of Johannesburg's economy through the 2010 project.

Other projects include the tourism, cultural and recreational facilities and nodes such as the Southern Joburg Development Band (SOJO), Turffontein Race Course, Newtown, and Constitutional Hill. Furthermore, others include the promotion of economic development in various different nodes and areas around the CBD such as Mayfair, Parktown North, Doornfontein and Jeppestown. And last but not least, the upgrading, maintenance and promotion of investment in the industrial and commercial areas located to the South of the CBD in areas such as Benrose, Selby, Crown, Booysens and Crown city, (Joburg Regional Spatial Development Framework 2005-06). The above mentioned projects are therefore meant to revive the inner-city and boost economic growth of the city and Johannesburg in general.

The big question to be asked therefore is whether these projects, as fantastic as they seem, will have a positive and meaningful contribution to the lives of the ordinary people, and these comprise to a high degree, the small business owners. This is due to the fact that the projects seem to foster big business more and inclined towards serving the interests of the latter, without making a clear and practical emphasis of how the small business will be incorporated into the entire project.

Tomlinson (et al, 2003:85) state that, 'for Johannesburg's inner-city, SMME's may or may not function as a driving force in urban regeneration. South Africa's small firms have long been isolated and protected from the global economy and are now exposed to a business environment shaped by new industrial policies and labour regulations, rapid shifts in market demand, and increased competition both in the domestic and export markets.' This basically implies that there are enormous dynamics that affect the SMME's and the

inner-city regeneration project may or may not have that much influence in terms of enhancing the way the latter businesses operate.

According to Tomlinson (et al, 2003), the inner city regeneration project will therefore have very little impact on the day to day functioning of the SMME's. This particular research seeks to confirm the validity of the latter statement. Tomlinson (et al 2003:85) further assert that, 'based on case studies of small businesses growth trajectories in the Johannesburg inner-city, the conclusion that can be drawn is that the small businesses play an important role as urban survival strategies, but are no panacea against inner-city decline.' This basically implies that albeit the small businesses may be important as survival strategies for some, they cannot stop the deterioration of cities.

1.4 Research objectives

It really goes without saying that the inner-city regeneration project is not just a mechanism of making the city aesthetically beautiful, but will also lead to the city being a harp of investment, which will subsequently bring economic growth and job opportunities to the masses. Hence why The Sunday Independent, (26/03/2006), www.sundayindependent.co.za/index reveals that, 'a key part of the Johannesburg inner-city regeneration strategy is the clearance of an estimated 235 bad buildings, viewed as hotbeds of degeneration and crime. According to the strategy, the elimination of such socio-economic sinkholes will contribute to an increase in property values, raise private sector investment and help to transform Johannesburg into an "African World class city." The latter regeneration programme is therefore quite a pivotal one, and it really doesn't take a genius to see that the project, after its implementation, will be quite a successful one in the long run, and will thus benefit most of the people by providing them with convenient residential areas. But even if this is the case, other fundamental dynamics should be taken into account so that the regeneration programme would not be

just a fantastic one, but be a sustainable one as well. It would therefore be absolutely helpful to actually look into some of the implemented projects in the inner-city. In looking into these projects, it would therefore be important to find out the level of participation in the projects and whether they achieved their objectives and what impact it had on the formal and the informal traders economically, whether it has been positive or negative.

The research will also explore some of the relevant literature and theories that have been formulated with regard to the inner-city and the regeneration programme, the formal and informal traders as well as the theories talking about the competitive cities respectively. It will also explore the case studies of the international contexts and find out whether it is really going in the right direction and how the other parties benefit from it. Of principal importance, after the findings of the research, will be the proposition of the best planning strategies that need to be embarked upon in order to ensure that the project becomes viable and sustainable.

1.5 Research Hypothesis (Question)

The principal question that needs to be asked in this context is, whether the inner-city regeneration project, fantastic as it apparently appears, has a meaningful contribution to make with regard to the formal and informal traders. Conversely, the question seeks to find out whether the inner-city regeneration project is a deterrent to the growth and progress of the small formal and informal businesses and it would therefore be interesting to find out how the former project impedes the development of the latter businesses.

1.6 Subsidiary questions

In addition to the main research question, this research seeks to come up with an answer to other questions such as:

- How does the inner-city regeneration programme specifically the Metro Mall in Newtown contribute to the upliftment of the lives of the ordinary business people?

- Have some of both the formal and informal traders been meaningfully Incorporated in the regeneration programme?

1.7 Research Methodology

It is absolutely important to explore the relevant literature regarding the inner-city regeneration for this research study, so as to acquire as much information as possible to strengthen the quality as well as the knowledge regarding this research. This would be done in order to find out as to what the latter issue entails, where it is taking place and how far it has gone. Formal interviews will therefore follow suit and these will be conducted with one official from the Metro Trading Company, one official from Johannesburg Cities Network, the owners of the formal as well as the informal businesses around Newtown vicinity. Open-ended questions will therefore be handed out and the interviews that will be conducted will be self-administered ones. The questions will have to differ due to the fact that the information required from the different interviewees will be different. The purpose of the survey will therefore be to find out people's perceptions regarding the inner-city regeneration and how it impacts on the other businesses especially the small ones.

1.7.1 Distinction between formal and informal trade

Formal trading is the form of trading where the people involved in the latter are fully registered and pay their taxes, rents and other bills that accrue from their businesses in full. (The World Economy, 29/03/2006) http://www.blackwell-synergy.com/links indicates that, 'in the formal trading, there is security and regularity of work, better earnings, existence of non-wage and long-term benefits, protective legislation, and union protection.' This basically shows that the formal trading is much bigger in scale regarding its revenue and the kind of business involved here is quite dignified and reserved. Where rent is involved, this kind of business is a bit expensive to engage in due to the fact that higher rent is payable the staff members expect better wages and working conditions.

Short (1996:239) alludes that, 'employment in the formal sector involves the sale of labor in the marketplace, formally recorded in government and official statistics. This employment provides income, status, and identity.' This basically shows that formal trading is the kind of trade that is legitimate in a sense that it has been formally registered with the relevant sectors of government, whereby the people involved in this type of business pay taxes and other fines as required by the government. It is therefore much easier for the government to detect and identify these businesses as they are in the latter's records. It is even easier to catch up with the statistics of these types of businesses and everything is done properly and formally such as hiring of wage labour, places of trading to mention but a few.

Informal trading on the other hand is the form of trading which includes street hawking, the petty production of products such as cooking utensils, and furniture repair. It also includes a broad group of services such as letter typing, transport, urban agriculture, and even the large-scale production and trade that falls outside of the conventional organization and regulation of firms.

Moreover, people may engage in this form of trade because of ease of entry, labour market flexibility, survival, or simply because it is easier or cheaper to provide certain services informally (Simone, 2004). It is therefore evident that people engage in informal trading mostly because they cannot afford to practice formal trading. Thus, it is easier for them to practice informal trading as it does not require them to follow all the legal and conventional procedures which the formal sector requires as these can be quite expensive.

The people who normally engage in the informal sector are those who have no formal jobs as well as those who have no other means of earning income apart from the informal sector. It is therefore an easy alternative to those who have lost hope in finding decent jobs. This therefore leaves them no choice but to resort to the informal businesses in order to survive. It therefore goes without saying that the informal sector is quite important in providing livelihoods to those who are unable to find jobs in the formal market, and therefore the informal sector may, in many respects, be seen as the opposite of the formal trading.

Nevertheless, as much as the informal sector can be seen as being necessary to provide the large numbers of unemployed people with a living, some of these informal businesses are illegal in a sense that they involve illegal practices which most of them are detrimental to society. These businesses are not recorded basically because their form of business would not be acceptable in the eyes of the government and the law. Some of these illegal practices include interalia, prostitution, selling illegal drugs, racketeering and the like. Most of this informal illegal sector consists of the production and distribution of goods and services of which there is a demand but which have been made illegal. This type of business can be quite lucrative especially that involving drugs such as cocaine and ecstasy (Short, 1996).

1.7.2 Sampling

Neuman (2000:198) contends that, 'purposive sampling is an acceptable kind of sampling for special situations. It uses the judgment of an expert in selecting cases or it selects cases with a specific purpose in mind.' Because of the nature of this research study, the purposive sampling technique will be employed due to the fact that the researcher already has some idea of some potential interviewees who might have the required information. All these companies will be based in Newtown in order to narrow down the research and make it easier and more feasible to conduct.

1.8Limitations of the study

One of the key issues to note is the fact that due to limited resources, the research has to be narrowed down and therefore only a few stakeholders, formal and informal traders will be consulted for interviews. Furthermore, the research cannot touch on many aspects due to time and resource constraints.

1.9 Chapter outline

The research report is structured as follows:

The first chapter basically begins with the background, which actually introduces the title and elaborates on what the research is all about, in short, it introduces the concept of the inner-city regeneration and its impact on the informal traders and the small businesses (SMMEs). In this case, both the positive and negative impacts with regard to the latter topic are thoroughly explored. Most especially, the rationale of the study, the research question, hypothesis and the methodology are, among others, included in the first chapter.

The second and third chapters will entail a more concrete exploration and discussion of different material that covers the historical background of Johannesburg and the various theories around the cities and their competitiveness. The latter would be extremely helpful during the analysis so as to get a clear picture of how cities function and whether the different theorists' ideas are in line with what is actually taking place in Johannesburg. Over and above, the latter chapters will introduce the city, how it evolved over the years from the past up until the present day and how the need to actually revive it came into being.

The fourth chapter encompasses the methodology, which was adopted in finding some important information in the form of interviews conducted in Newtown and in Braamfontein.

While the fifth chapter will subsequently entail the analysis of data gathered in the literature explored in the second and third chapters, as well as the data gathered from the interviews conducted as shown in chapter four. The latter would thus, consolidate the research topic and findings. This would therefore be done through comparing what the data gathered from the respondents' purports, and what the written material in the form of books, journals and Internet suggest. This would therefore be done in order to get the overall conclusion of what is actually happening out there with regard to the inner-city regeneration programme, especially, its impact on the small businesses.

The sixth chapter will therefore have to deal with the conclusions drawn from the data gathered and analyzed. This should therefore give a clear picture of the inner-city regeneration programme in Johannesburg, its advantages as well as the progress that it is making so far and most importantly, how it affects the small businesses as well as the other dynamics that are accruing to it. The

recommendations with regard to the regeneration programme will therefore be made.

Chapter 2

The nature of cities from the African perspective

2.0 Introduction

The African cities, especially in the Sub-Saharan Africa, have many similarities which are often portrayed as in crisis. Among the many similarities in terms of their challenges are the rapid population growth, which are inconsistent with the most important aspects of development such as industrialization or economic growth, lack of economic dynamism, governance failures, severe infrastructure and service deficiencies, inadequate land administration, and poverty and social breakdown (Keiner, 2005). From the above assertion, it therefore suffices to say that the African cities are troubled and have many negative attributes which make them extremely difficult to grow and to keep up with the rest of the international world, particularly the developed world. These challenges are therefore extremely serious and need to be addressed in the most efficient fashion as they could cripple the economies of these cities if left unattended. Most of the African cities are unable to provide adequate supply of water, electricity sewage systems, roads and many other essential services to the city residents and these are some of the greatest challenges which persist in these settings. It would therefore take them some time to address these overwhelming obstacles and this can only be achieved if exhaustive measures are taken.

2.1 The African cities and their Informality

Simone (2004:1) stipulates that, 'African cities don't work, or at least their characterizations are conventionally replete with depictions ranging from the valiant, if mostly misguided, struggles of the poor to eke out some minimal

livelihood to the more insidious descriptions of bodies engaged in near-constant liminality, decadence, or religious and ethnic conflict. A more generous point of view concedes that African cities are works in progress, at the same time exceedingly creative and exceedingly stalled. In city after city, one can witness an incessant throbbing produced by the intense proximity of hundreds of activities: cooking, reciting, selling, loading and unloading, fighting, praying, relaxing, pounding, and buying, all side by side on stages too cramped, too deteriorated, too clogged with waste, history, and disparate energy, and sweat to sustain all of them.' African cities therefore have their unique characteristics whereby people flog in from their different homelands to engage in different activities so as to make a living and survive. This phenomenon brings about enormous life and vibe in these settings, with huge diversity in cultures, ethnicity, and religion and so on. All these characteristics and attributes make the African cities to be absolutely fascinating and vibrant and there is a huge potential in the latter, provided they are managed well.

However, this propensity of African cities to attract as many people as possible from different facets of life is rather problematic as it has serious disadvantages. First and foremost, this causes some economic strains in a sense that employment of any kind, either formal or informal, becomes increasingly difficult to access. Because of the latter situation, formerly highly elaborated extended family and residential support systems find themselves overburdened. Approximately 75 percent of basic needs are provided informally in the majority of African cities, and the process of informalisation has been expanding across discrete sectors and domains of urban life. Whereas unemployment has long been a persistent reality of African cities, available compensations now require more drastic action (Simone, 2004). This is therefore a clear indication that life is rather difficult in the African cities as employment, both in the formal and informal sectors are difficult to access. It is therefore absolutely paramount that the interventions that are put in place in order to address the challenges that prevail in the African cities are rather

more drastic and of a high standard as these challenges are serious beyond human imagination. These challenges in the African cities are so huge in magnitude that the authorities should apply vigorous measures to ensure that they turn their cities around.

To a large extent, the survival of the African cities is also increasingly predicated on the extent of their connections to a broad range of international organizations, as well as bilateral and multilateral agreements that provide the funds for many of the basic urban services that are delivered. The cities therefore remain, at least officially, inscribed in a narrative of development. but development as a specific modality of temporality is not simply about meeting the needs of citizens. It is about making ethical beings and holding people in relations that make them governable. As such, development is about assisting residents to meet their needs in a good way or a moral way. Yet, within African cities, the sustainability of communities largely means sustaining ways of associating and moving that are not conducive to such citizenship or to the production of the moral beings of the type needed by states and other supervisory and donor bodies. As such, their salience of these local practices, and even their efficacy, must often be masked (Simone, 2004). The African cities are therefore to a large extent, heavily dependent to the international world for funding and advice on how best they should be managed. This therefore makes the international world or developed countries to have leverage on the African cities in a sense that they dictate on what the African countries and cities should and should not do, and thus they play a supervisory role.

Swilling (1997:13) contends that, 'during the last quarter of the 20th century the African city has been characterized by a profound disjuncture between its demographic, economic and political structures. Since the mid-1960s the urban population in the region has doubled every seven years. This demographic shift takes place within a context of low economic growth and a political

engagement between the state and civil society which is in a state of continual flux.' The African cities are therefore pronounced by a scenario of high population growth coupled with less economic vibrancy. This therefore poses a serious threat to the progression of these cities as more and more people become trapped into the poverty line.

Swilling (1997:30) further articulates that, 'as we enter the 21st century, the major challenge facing the African cities is the enhancement of their economic base to redress the centrifugal impact of globalization and to cope with the structural imperatives of the demographic transition. The assets within all the urban sub-systems have to be mobilized to increase the efficiency of both production and reproduction within the emerging global division of labour and hierarchies of urban systems. The poor environmental conditions prevailing in African urban centres, low welfare, low productivity, and pervasive poverty, are caused by the disjuncture between production and reproduction.' It is therefore obvious that the African cities are struggling to keep up with the global way of doing things and a lot needs to be done to address this situation. Furthermore, the population growth in the latter cities far supersedes the production and thus, poverty is worsening day by day. The African cities are therefore faced with enormous problems which cannot be overcome in the immediate future.

It is thus important that the authorities in the African cities admit the reality of their contexts and try to find device strategies which are quite different from the ones they are currently employing so as to expedite the transformation of their cities. Moreover, since the challenges facing the African countries are more or less similar, it would be a wise move if they could ensure that they find a common ground to address these overwhelming challenges collectively and unanimously rather than to do it individually. As swilling explains, 'a critical step in integrating the arena of production and reproduction involves the vitalization of the institutional framework for articulated public action. All

five surveys undertaken have revealed severe weaknesses in the functioning of public agencies. They are not only impaired by deficiencies of institutional nature which include, among others, skills, resources, equipment, and organizational relationships, but they also suffer from poor legitimacy, truncated authority, fragmented vision of change, and bad governance.' This is therefore a clear manifestation that the African countries are incapable of addressing their challenges on their own due to reasons mentioned above.

They therefore need to have a common vision and share skills, ideas and resources in order to rectify these overwhelming and almost insurmountable challenges which they are currently faced with. It is therefore absolutely pivotal that the immediate task of fostering the process of political democratization and decentralization of power and authority is ensured, as well as creating the structures for social integration and civic engagement (Swilling, 2001). The above assertion shows that a lot of public participation is critical in instances like these once if transformation is to be achieved in the African cities.

2.2 Case studies

The city of Harare in Zimbabwe, like many other African cities, has undergone through the same challenges and phases which actually define the way the city is today. Like many other African cities, Zimbabwe was colonized by the British and even after its independence in 1980, it carried the legacy of imperialism through. Zimbabwe's post-colonial government, like many other African governments, inherited an economy that was structurally weak, and introduced very weak racial change. Trade patterns determined in the colonial period relied on the production and export of raw materials and agricultural produced, which experienced a decline in world market share during the 1970s and 1980s (Westendorff, 2002). The above statement is thus, a clear manifestation that the post-colonial governments of the African countries

experienced enormous challenges after assuming power of their governments due to the fact that they did not only have to redress the social inequities of the past but had to revive their economies as well. This is one of the major reasons why they struggled to focus on developing their countries as there were still some legacies which they had to address.

After Zimbabwe was granted its independence, the government was faced with serious socio-economic challenges so much that it had no choice but to adopt the Economic Structural Adjustment Programmes (ESAP). This was a programme which was to assist in the economic restructuring of the country due to the fact that the country was experiencing rising unemployment, increasing inflation, and difficulties in financing the spiraling budget deficit. ESAP was therefore introduced from 1991 to 1995 as a mechanism that would bring economic reforms to the country. This initiative was broadly supported by the World Bank and the International Monetary Fund. The government was therefore to use this programme as a tool to reduce the budget deficit through: the removal of subsidies, the adoption of appropriate fiscal and monetary policies, the liberalization of trade to increase exports and imports of manufacturing components, and the removal of controls on prices, labour and wages. Furthermore, the Zimbabwean approach to structural adjustment also included a focus on employment creation and social welfare, with a programme of cost-recovery for social services (Westerndorff et al, 2002). The Zimbabwean government therefore appeared to be putting the peoples' best interests at heart but it was rather important to make some extensive research as to whether the programme would be applicable to its context.

The results of the ESAP initiative which was adopted in Zimbabwe were rather disastrous by nature in a sense that by the end of ESAP in 1995, per capita GDP and consumption and expenditure on health and education were lower than in 1990. Formal sector employment had grown by only 12,000 new jobs per anum, and virtually none of the ESAP macro-economic targets had been met. ESAP

also led to a dramatic and sudden increase in poverty in Harare, and throughout the country. Structural adjustment policies have severe consequences for the urban poor, and removal of consumer subsidies, cuts in government expenditure, and opening the private sector to competition result in a decline in real wages and an increase in unemployment which disproportionately affect poor households (Westerndorff et al, 2002). This is therefore a clear indication that ESAP did not live up to its mandate of actually uplifting the lives of the poor and bringing about structural reforms in the country. It is therefore absolutely imperative that the African cities should ensure that they come up with their own solutions to their problems rather than relying on those offered by the international world as these become disastrous and aggravates the situation of these cities.

Nevertheless, there have been some improvements in Zimbabwe following the adoption of ESAP and these can be attributed to the latter programme. For instance, there has been a considerable boom in the property city centre between 1991 and 1997, with the development of more than 30 high-quality new office blocks, and an increase of 60 per cent in the amount of office floor space for rent. This property boom in Harare transformed the latter city into a modern high-rise city with a dramatic skyline. It also created a powerful lobby among vested interests in promoting continuing control of the urban space of the city centre, retention of high levels of parking, and restriction of informal activities. In 1998, commuter bus services, which are the minibuses providing low-cost transport system, were restricted from entering the city centre and were relegated to outlying termini, and a one-way system of traffic management was introduced to ease traffic congestion, but nothing was done to make it easier for the pedestrians (Westerndorff et al, 2002). This basically shows that the ESAP programme fostered big businesses and the rich entrepreneurs, while sidelining and disenfranchising the poor masses at the same time.

It is therefore obvious that the programmes which are normally introduced in the African cities as measures of curbing poverty and unemployment among the poor, never perform accordingly but rather, they benefit and enrich the already rich people, while impoverishing the poor even more. This is therefore a clear indication that the programmes which are imposed on the African cities by the international world are not sustainable and do not suit the former cities. Rather they create enormous challenges to the majority of the poor masses while benefiting the few rich entrepreneurs. The African authorities should therefore come up with programmes which suit their own contexts if sustainable development is to be achieved in these cities.

To substantiate the phenomenon of acute unemployment in Africa is the fact that during the 1990s, African formal labour markets have been absorbing less than 25 per cent of the new comers. It has been estimated that at least half of Africa's urban workforce is engaged in so-called informal sector activities. Trade enterprises account for between half and 70 per cent of all informal sector enterprises. At least half the enterprises are single person businesses. Women have, with few exceptions, been disadvantaged in formal labour markets and as a result are over-represented in the informal sector, in the smaller and less profitable enterprises in particular, due to their low levels of skill and even more limited access to capital than men (Keiner, 2005). The above assertion therefore clearly illustrates that informal trading is predominant in the African cities as a result of high unemployment rate, particularly among the women who have long been disadvantaged.

The retrenchments of the formal sector employees is likely to have had both positive and negative impacts on the informal sector, bringing new capital, ideas and skills, but also increasing competition for those already in the sector. Similarly, the informalisation of the formal sector may have had both positive and negative outcomes in that it may provide opportunities for subcontracting or commission selling, but also may reduce the costs of formal enterprises

relative to those of the informal business. When African urban economies are largely formal, for example, South Africa, Zambia, to the 1980s, Zimbabwe to the 1990s, a distinction between the formal and informal sectors appeared to make sense, since demand for informal sector products and services tended to be generated almost entirely from formal sector wages. Today, nevertheless, the economies of most of the African cities are predominantly informal (Keiner, 2005). The growth and proliferation of the informal sector in the African cities can therefore also be attributed to the increasing retrenchments in the formal sector employment. Some people who are fully employed engage in the informal sector to make ends meet as their wages are not enough to cater for their needs. This therefore makes the African cities to be informal by nature as most of the people who live and work here survive through the informal sector.

Gugler (1997:93) suggests that, 'a final, pervasive article of faith in African, South Asian, and many Latin American governments' urban-sector policies has been a distaste for economic activities outside the formal sector. Perhaps because of the difficulty in levying taxes, the small-scale manufacturing and service activities that comprise the informal or micro-enterprise sector are viewed by government officials as being incapable of self-sustaining economic growth.' It is therefore clear that the authorities view the informal sector as being undesirable and they have less regard for it.

In essence, the informal sector basically enjoys an extremely symbiotic relationship with the modern manufacturing and service sectors. The informal sector, to a very large extent, produces consumer durables, non durables, non-durables, and services, and some intermediate goods and repair services for the formal sectors. Many consumer goods produced in the informal sector, however, compete directly with the modern-sector production and with imports. Since local content is much higher in informal sector production, though, informal production generally utilizes the domestic resource base more

efficiently (Gugler, 1997). It therefore suffices to say that both the formal and informal sectors complement each other especially in the African cities where informal trading is rife. The informal sector is therefore key to the day-to-day operation of the economic activities of the African cities as the majority of the people who are unable to find formal employment resort to it for survival. It also contributes tremendously to the economies of the African cities.

Gugler (1997:93) contends that, 'in sum, most informal sectors are relatively efficient producers of many goods, including a wide range of import substitutes. They are also a critical source of employment, particularly for those without the skills or connections to obtain a formal-sector job. As its investments are self-financed, informal sector growth is unlikely to reduce investible resources elsewhere. The sector is also a spawning ground for indigenous entrepreneurial talent. In view of these considerations, it seems highly inappropriate to suppress or discourage the informal sector.' It is absolutely pivotal as the above statement suggests, that the informal sector is given the recognition that it deserves as it plays a major role as the economic vehicle of the African cities. They also provide employment to a large number of people who cannot be absorbed by the formal job market. The indigenous people in these African settings also realize their capabilities and talents by resorting to the informal sector jobs and producing indigenous goods which can be sold both locally and internationally.

2.3 The formal and informal sectors

The formal sector is the form of business where the people engaging in the latter practice conventional methods of conducting business through registering the latter, paying taxes and running their businesses according to the rules and regulations set by the government. Furthermore, it is the one in which the workers are formally employed and are in more or less stable employment relations. Furthermore, the workers in this sector have wages, benefits and access to democratic worker and trade union rights. The activities of these

types of businesses are therefore restricted in a sense that they are strictly bound by the law to operate as per stipulated by the government and not otherwise (Webster et al, 2005).

The informal sector on the contrary, is the form of trading in which contracts are either non-existent or unstable and where workers do not receive the non-wage benefits associated with formal sector employment. The people who engage in these types of business activities therefore resort to the latter to make a living through self-employment, as well as unpaid activities such as childcare and subsistence farming. This zone includes paid work, as when a petty entrepreneur employs assistants. In the African cities, there has been a growth of street traders and hawkers who sell basic commodities to the black poor, memorabilia to tourists, and food to urban workers. In 1997 it was estimated that there were 19000 street traders in Durban Metropolitan Area. While some of those operating in the urban economy, such as street hawkers, are able to secure relatively stable niches in markets created by formal sector economic activity, such as formal sector workers or tourists, others find themselves excluded from such markets altogether (Webster, 2005). There is therefore a great potential in this form of trade especially among those traders who operate within the cities. Street hawkers in particular, stand a better chance as they have much access to the potential customers and they are more mobile. While those operating in the rural areas, for instance in the remote areas of South Africa, can be said to be excluded in the business world as they have very few customers. Most of them therefore depend on social grants to survive.

2.4 The decline and renewal of cities

Cities decline from time to time and thus, there's a need for them to be revived as soon as they begin to show some signs of losing their identities as the centres of attraction. Big cities such as London and New York have also undergone the state of decline and this was around the period of the 1970s.

Some of the key indicators of this were, among others, the loss of population due to selective out-migration, a process that was a long manifested itself in London and had recently taken off in New York. There were also other important indicators such as collapse of large sections of manufacturing industry, disinvestment in the built environment, the growth of the multi-faceted inner-city problem, and the failure of urban policies to which attempted to reverse such trends and alleviate their consequences (Bridge et al, 2000). The latter signs and indicators and therefore enough evidence to show a downward trend in the attractiveness of cities, and more often than not, most potential investors begin to resort to more decentralized areas for investment.

Bridge et al (2000:156) goes further to assert that, 'the timing and detailed nature of the changes were not the same in the two cities. Unlike New York, London had no fiscal crisis, although the subsequent cuts in public services by the Thatcher government, together with its abolition of the Greater London Council, provided a functional equivalent. Likewise, the social and ethnic composition of most severely affected by decline differed as did the nature of their political representation. But while such differences affected the intensity and timing of decline, a recognizably similar process was underway.' This is therefore a clear indication that the decline of cities manifests themselves in different ways, although there may be some similarities here and there. This is due to the fact that circumstances differ from country to country because the sectors of their decline may not the same.

However, the trend began to change dramatically in both countries during the 1980s and afterwards as the economic performance of the two cities began to show signs of improvement. The signs of revival of the two cities therefore had a lot in common which includes, among others, the reversal, continuing through the nineties, of previously accelerating population loss. In the context of New York, the latter situation manifested itself in the form of new foreign

residents. Another important component of revival was that of employment trends that began to increase considerably in the latter city and this began to happen around 1977, while in London the trend began in 1983. However the job gains did not fully compensate for previous losses meaning that the employment levels were still lower than prior to the decline of the two cities (Bridge et al, 2000).

Bridge et al (2002:157) goes further to indicate that, "the restructuring of the labour market consisted of a move from what has been termed fordist or mass production, to a much more flexible labour market. The new jobs that have been created in the two cities had a lot in common, for example, they tended to be occupied by women rather than men, and they also provided a significant number of well-paid jobs for the highly qualified and many more low-level jobs. This resulted in increased inequality in the distribution of earnings." It therefore goes without saying that the economic situation of most people was much better prior to the decline of these cities due to the fact that there seemed to be some imbalance in the income levels of the people, a phenomenon which did not prevail previously.

There were some other visible outcomes as a result of the revival and economic restructuring of the two cities which included the reinvestment in the built environment of the two cities which were, not so long ago, being abandoned. Large-scale projects such as the Docklands development in London and Battery Park City in New York City, and the high level of investment elsewhere in new offices, retail facilities, entertainment, and leisure complexes and housing, together with the necessary infrastructure to support them (Bridge, 2002). This therefore shows that there has been an impressive increase in the trend of economic revival and this unfolded through the lucrative projects, which were taking place in the two cities. People began investing more in the cities and therefore the old phenomenon of the two cities being centres of attraction began to exist.

2.5 Conclusion

In a nutshell, the African cities are to a very large extent informal by nature and this can be attributed to the fact that the majority of people in this setting engage in informal trading. The high unemployment rate that prevails in the African cities actually triggers this situation in a sense that more and more people find themselves being excluded from the formal employment as they are either unskilled or the job market is congested. People therefore find themselves in a situation where they have no choice but to resort to informal trading for survival. Secondly, people engage in informal trading basically because they earn poor and miserable wages and they therefore supplement these with money generated in the informal sector. The informal businesses in the African cities manifest themselves in the form of hawkers who sell in the streets, and these are usually mobile.

The high poverty level in the African cities also pushes the people in this line of business in order for them to make a living. The African cities are flooded with the informal sector mainly because they not only absorb the local people but the foreigners as well. For instance in the context of South Africa, the foreigners engaging in informal trading in the city of Johannesburg in particular is tremendous. Most of the people who operate in the informal sector are from outside Johannesburg and they mainly entered the city because of its impressive economic potential and vibrancy. Albeit informal trading is not lucrative per-ce, people still manage to make ends meet. The informal sector also has a considerable contribution in the economic growth of the city and it is therefore a very crucial aspect of business.

All cities both the African and the international ones go through the stage of decline as is the case in the inner-city Johannesburg. Even the big cities such as London and New York have experienced the state of decay and the reasons for this phenomenon are more or less the same as those of Johannesburg and the other African cities. It is therefore paramount that drastic measures are

taken by the authorities to reverse the situation, as is currently the case in Johannesburg. The initiatives which are actually adopted in Johannesburg in trying to revive the city and assist the small businesses and the informal traders are one way of helping to make the city recover from declining. This is quite a good initiative but the question is whether it will be able to achieve its stated objectives.

Chapter 3

3.0 A historical background of Johannesburg

Johannesburg was actually founded as result of the discovery of gold in 1886, a phenomenon that attracted people and investors from the different parts of the world. These people came to Johannesburg to seek their fortune and see if they could explore the rich soil and create wealth for themselves. This city was initially established as a temporary mining camp and was thus the largest city in the sub-Saharan Africa during 1894. Because of the huge gold mining industry and the booming economy of the city, it was popularly known as the city of gold and hailed as the world city. As time went on, the city went through a phenomenon of racial divides, whereby the black people were not allowed to reside in certain parts of the city, which were basically preserved for the whites (Beavon, 1999). The city of Johannesburg was therefore founded as a result of the discovery of gold, which subsequently led to a situation whereby people flogged into the city in large numbers. Clark (1996:31) explains the latter situation by saying, 'the world is an urban place because towns and cities offer substantial benefits over other forms of settlement. The advantages which people derive from clustering together are greater than when they scatter and disperse. Theories of urban formation seek to identify the forces, which permit and encourage large numbers of people to concentrate in comparatively small areas in space. ' It therefore goes without saying that people are attracted by the social and economic growth that goes hand in hand with a concentration of people in a particular area, a phenomenon which was seen in Johannesburg in the nineteenth century and still persists even today.

As time went on, the population increased drastically and thus, the demand for residential and commercial buildings was high. Beavon (2004:156) alludes that, 'between 1940 and 1949 approximately 400 000 square metres of business

space was erected in the downtown, of which 25 percent was for office accommodation. The remaining 300 000 square metres was split almost equally between retailing, warehousing, industry and apartment buildings, with the latter group favouring the north-eastern corner of the downtown. Most of the additional space became available when new buildings were added to the CBD after the war. While the post-war period saw some horizontal expansion of the CBD, the typical Johannesburg boom-time response, demolition of buildings and construction of new ones on the cleared sites, was more noticeable.' This basically indicates that the Johannesburg CBD has undergone various transformations in terms of revamping its buildings to make way for the new ones from time to time in order to change its shape and make it look better in order to attract investment. The regeneration of the Johannesburg CBD is therefore not a new phenomenon.

Beavon (1999:1) goes further to suggest that, 'Doornfontein on the eastern side of the city was where the first randlords built their homes. By the early 1990s the rich had found a better location on the Witwatersrand Ridge, in what became known as Parktown. It not only served as a focus for a clutch of mansions but became the apex of the main wedge of what would later be known as the northern suburbs. Properties were in general much larger than elsewhere, were more expensive, and lay beyond the then lines of public transport. It was the realm of the more comfortable classes with their own transport that granted them ready access to the burgeoning city centre with its fashionable shops and services.' This is therefore a clear indication of how the city emerged and continued to evolve over a period of time, and the other racial dynamics that went with it in terms of segregating certain factions of society and ensuring that buffers are created in such a way that people of different races live separately from each other.

3.1 Capital Flight to the Northern Suburbs

Beavon (1999:2) stipulates that, 'following the move off the gold standard the city boomed in the second half of the decade. Investment also poured into Johannesburg's northern sector, which with its flanking suburban aspirant bourgeoisie chose to reside, bulged ever northwards although residences remained essentially unchanged from that of the early 1930s. Increased private automobiles after the Second World War helped to extend the northward expansion. Yet as early as 1959 there were signs, missed by most and notably by the city residents that the small emergent suburban nodes could change the business pattern of the city.' It is therefore a clear indication that the move towards the northern suburbs gradually reduced the concentration of people in the inner-city buildings for residential and commercial purposes. This is a phenomenon, which actually led to a situation whereby a significant number of the most profound investors fled to the northern suburbs and this subsequently increased demand for the latter suburbs and reduced demand for the inner-city buildings, hence the deterioration of the latter buildings.

The phenomenon of the decentralization of the CBD basically started with the new office blocks that were constructed in Braamfontein, which were actually meant to provide a counterbalance between the latter vicinity and the CBD, (Beavon, 2004). It therefore goes without saying that the Central Business District was actually congested and therefore needed some form of relief, by way of focusing on the outskirts of the CBD. This actually led to a situation whereby the potential investors started looking at more decentralized locations for business and the CBD were no longer conducive enough for a viable business. By and large, the soaring electricity rates in the CBD buildings also exacerbated the situation even more, hence the abandoning of the buildings.

Most especially, the establishment of the new shopping malls in decentralized locations actually triggered the situation of capital flight from the CBD in the

sense that, these new malls not only lured investors but customers as well. This actually manifested itself in the early 1960s whereby the first shopping mall, the Southdale mall, opened in the southern suburb of Robertsham in 1963. These was subsequently followed by the opening of the Killarney mall in 1966, and in the years that followed other malls were opened such as the Sandton City, Benmore, Hyde Park, and Byanston. Furthermore the later years saw the opening of other malls in the neighbouring municipalities of Bedfordview and Randburg, as well as the Johannesburg suburbs of Brixton, Blackheath, and Cresta, (Beavon, 2004). This is therefore a clear indication that the shopping malls played a significant role in the decentralization of the CBD and capital flight outside the Johannesburg CBD. The deterioration of the inner-city of Johannesburg could have not been as bad as it is if it wasn't because of the decentralization of capital markets as well as residential areas.

The city of Johannesburg became extremely fragmented as a result of this phenomenon of decentralization, hence why the concept of integrating the city is another key component that goes parallel with the regeneration programme. The growth of the commercial decentralization in South Africa also referred to as the edge cities due to the fact that they were located in the fringes of the inner-city, can be attributed to a number of reasons. Among others, is the changing organization of work leading to the changing location of work, as well as changing economies leading to different uses and needs for space, crime and increased economic class demarcation, (The State of Human Settlements, South Africa, 1999). It therefore goes without saying that the growth of edge cities will continue for many years to come in South Africa and the dream of fully integrating the city is far from being achieved. This therefore raises great concern regarding the sustainability of the South African cities because experience has shown that the edge and fragmented cities are not economically and environmentally sustainable.

One of the major factors that led to the fragmentation of the city of Johannesburg was the racial segregation perpetuated by the previous apartheid regime, created buffers whereby the whites, blacks, coloureds and Indians lived in different areas. This therefore caused a situation whereby the city became fragmented in such a way that the black people were made to be as far as possible from the cities, hence the assertion launched by Beavon (2004:95) that, 'for much of the first half of the twentieth century Johannesburg was marked by massive investments in its commercial, industrial and residential space. For its local authority and many white citizens it was a period marked by an almost obsessive desire to rid the municipality of living space for black people.' The black people were therefore located in areas outside the city and some of these areas are, inter alia, Soweto and Alexandra. The present government is embarking on a massive campaign to actually integrate these townships into the cities so that the people living in these areas could access the economic opportunities that exist in the cities.

Furthermore, in the city of Johannesburg, the edge cities have been and still continue to grow in a fast rate. These include, among others, old suburban towns of Sandton, Randburg and Roodepoort. Others include Weltevreden Park, Randpark Ridge, Honeydew, Fourways and Sunninghill, and further out, Lanseria, Midrand and Kempton Park. Their connections is basically made possible by urban forerunners such as airports, corridors of low-rise offices, hectares of distribution warehouses and glazed-roof shopping malls, health clubs, churches, conferencing facilities, casinos and golf courses, http://www.sundaytimes.co.za (10/05/06, 09:26a.m.).

Over and above, the South African metropolitan areas are increasingly sprawling, with the poor continuing to live in the periphery. It is therefore argued that apartheid urban patterns persist even in the new dispensation, and the viability of achieving the vision of compact city for South African cities in the near future has been questioned, (The State of Human Settlements, South

Africa 1999). This is therefore a clear indication that the edge cities still continue to expand even today and thus, the goal of promoting integration by the government is impeded, which therefore makes the edge cities a major challenge facing the South African government.

3.2 Urban Renewal in Johannesburg

It is apparent that urban decline is an international phenomenon, caused by a range of factors including urbanization, migration trends, globalization and poverty. In the context of the international world, the process of change does not affect all cities equally but the overall trend is towards greater polarization and lack of balance between concentrations of wealth and poverty within and between cities. The ability of government to respond to this process is impacted upon by broader debates on the role of government in general and the relationship between local government, the private sector and civil society in particular, http://www.sacities.net/2004/urban_renewal/. This basically implies that it is not just the government's duty and obligation to revive the city, but the role of the other sectors in the economy, which are directly or indirectly affected by the decline and revival of the city.

Urban centres are multi-functional nodes, with strong transportation hubs, incorporating commercial, retail, cultural and residential components. They therefore provide employment for a large percentage of the population and link suburban and township populations through their transportation hubs. It is therefore absolutely imperative that they are well cared for so as to ensure a consistent economic growth and employment.

http://www.joburg.org.za/business/cbd.stm states that, 'the goal of city government's inner-city regeneration strategy is to raise and sustain private investment in the inner-city, leading to a rise in property values. The components of the strategy are: Intensive urban management, including

improvements to service quality, strict enforcement of by-laws, management of taxis and informal traders, and sound credit control. Upgrading and maintenance of infrastructure to create an environment attractive to both the residents and business. Support for those economic sectors that have the potential to thrive in the inner-city, and encourage growth in those sectors. Discouraging sinkholes or properties that have been abandoned, overcrowded or poorly maintained, and which in turn pull down the value of entire city blocks by discouraging investment.' This is therefore a clear indication that the Johannesburg regeneration strategy is faced with enormous challenges as a lot needs to be transformed in order to ensure that the city fully recovers from the decay that has been taking place for quite some time now.

The Johannesburg regeneration strategy is therefore quite an ambitious initiative in a sense that it has a goal of making the city a global city by 2030, and this basically means that by this time, it should be able to compete with the major cities of the world such as New York, London and Japan. http://www.naerus.net/sat/workshops/2004 states that, 'in a move reminiscent of cities across the globe, Johannesburg's city managers have opted to conceive of the future of the city in terms of a well-trodden imagery, that of the 'World City'. The city's unquestionable 'command and control' functions in the regional sub-Saharan economy have, undoubtedly, helped to bolster such ambitions. But the adoption of this urban vision has arguably a lot to do, also, with the allure that World/Global city' concepts have come to exert in the world of policy-advocates and city managers.' It therefore goes without saying that the concept of world city is at the helm of many country's agendas, and therefore the authorities, especially those in the developing countries, are under a heavy pressure to deliver accordingly so as to achieve the long-term goal of making their cities the World Class cities.

3.3 The Five Pillar Strategy

This is the strategy which aims to provide a strategic economic and spatial framework and rationale for development of the inner city. This strategy has five components:

- Addressing sinkholes
- Creating ripple-pond investments
- Support to economic sectors
- Intensive urban management
- Maintaining and upgrading infrastructure

However, as this research is mainly dealing with the impact of the inner-city regeneration and its impact on the informal and small formal traders, only the third objective of the five pillar strategy, which is the support for economic sectors, will be dealt with. The strategy's support for economic sectors therefore entails careful assessment of those areas of economic activity that are of current or potential importance to the gross geographic product of the Inner City, followed by the design and implementation of carefully crafted interventions to promote and assist their growth, Joburg Regional Spatial Development Framework 2005/06. This basically means that not only will the regeneration programme be concerned with enhancing investment in the inner-city, but it will also be assisting those with small businesses to ensure that they grow their businesses.

http://www.joburg.org.za/finance/econ_dev_stm contends that, 'in February 2002, the council launched a long-term economic strategy called Joburg 2030. The aim of the strategy is to expand the city's economic base while at the same time creating new opportunities for economically disadvantaged residents. Since the adoption of the strategy, there has been rapid adjustment within the city's systems to the new strategy. This includes the adjustments of

the short and medium term plans and budgets of the city and its enterprises.' The city initiatives seem to be extremely glamorous on paper and they seem to be giving one an impression that a lot is being done to address the needs of the disadvantaged people and incorporating them into the city. But the main question is whether the situation on the ground supports this or it is just a framework like many others which just makes people believe that something concrete is being done while people still remain in the shackles of poverty and exclusion.

3.4 Fashion District

The City of Johannesburg, http://www.joburg-archive.co.za/2006 stipulates that, 'the fashion district is in a part of Johannesburg that has been specially earmarked for the development of the fashion industry. By formalizing the area's designation as the Fashion District, the City hopes that it will become the hub of South Africa's fashion industry where clothing will be designed, manufactured and displayed. The area is already home to approximately 1000 enterprises in the garment industry. The main objectives behind the Fashion District are: to create a safe, secure, attractive and functional district, to afford access to social and economic activities, and to maximize economic growth. Development of fashion industry network clusters and associations and the provision of enterprise support to existing and potential garment fashion industry enterprises are also important considerations.' It is therefore apparent that the city's initiatives to boost economic growth are enormous and therefore there is a high prospect of it achieving its main objective of becoming a world class city by 2030.

3.5 Stakeholders involved in the regeneration project

There are a myriad of stakeholders involved in the inner-city regeneration project, and these include, among others, the Johannesburg Housing Company,

the Johannesburg Development Agency, the city of Johannesburg, Region 8 and the Provincial Government through the Blue IQ initiative respectively. So far, they are making an impressive progress in this regard. But due to the broadness of the research, only the Metropolitan Trading Company will be thoroughly dealt with so that the research could be more manageable and easier to undertake.

3.6 Johannesburg Housing Company

One of the most profound stakeholders involved in the project is the Johannesburg Housing Company. The latter organization was actually established during the mid-1990's as a mechanism to actively participate in reviving the inner-city which was deteriorating drastically, and rapidly becoming a conducive platform for criminals, hence why there was a considerable capital fight to the northern suburbs.

The funders, shareholders and directors of the JHC looked beyond the apparent chaos and envisaged that with time the inner-city would normalize, and that big business would begin to reinvest in the area and properties would boom considerably (Johannesburg Housing Company, 2000: 6). This clearly shows how committed and dedicated the JHC is in its contribution in the revival of the city. During the first five years of the JHC's existence, it managed to acquire and upgrade eight properties and this it did in the years 1996 to 2000 respectively. These includes, among others, San Martin, Tasnim Heights, Tower Hill, Jeppe Oval, Douglas Rooms, Parkzicht and Garden Mews, Carr Gardens and Landdrost. All these projects were successfully commissioned and are currently in a good running state (Johannesburg Housing Company, 2000). It therefore goes without saying that the latter stakeholder is capable of managing its projects and it is successfully delivering on its mandate of reviving the city and bringing about economic growth.

3.7 The Johannesburg Development Agency

The Johannesburg Development Agency (JDA) was established in 2001 as an initiative of the city of Johannesburg to stimulate and support area-based economic development initiatives throughout the Johannesburg metropolitan area in support of Joburg 2030. As development manager of these initiatives, JDA coordinates and manages capital investments and other programmes involving both public and private sector stakeholders (Johannesburg Development Agency, 2004). The JDA's mandate was actually to manage the Constitution Hill Development Project which was opened to the public in 2004.

The Constitution Hill has been designed as an interactive experience, where visitor participation is encouraged, and responses and interactions become part of the heritage site. www.constitutionhill.org.za (16-03-2006, 13: 50p.m.). JDA is also actively involved and managing the Greater Ellis Park Development. This particular project is basically aimed at creating a world-class sports and entertainment facilities at Ellis Park Rugby Stadium, Johannesburg Athletics Stadium, Johannesburg Swimming Pool and Standard Bank Multipurpose Arena, www.jda.org.za. The Johannesburg Development Agency therefore basically plays a managerial role by monitoring the planning and development of the regeneration projects.

3.8 The South African Government

The government also has a considerable contribution in the urban renewal projects by assisting the stakeholders involved in the form of funding. The government does this through the Department of Local Government. An Overview of Urban Renewal (2006:26) stipulates that, 'the local government contributions generally bridge the cost of urban renewal projects, and lower the risk associated with them, boosting property values on completion. Local government contributions may take the form of direct funding for selected

projects, or institutional funding for the establishment and operation of local development corporations.' This basically shows that the government is directly involved in the urban renewal projects and also organizes funds for some of the projects.

The other contribution that the government can make is through the introduction of rates arrangements to reduce project and investment costs whereby urban development corporations would have derived funds from the sale of land developed through urban renewal projects (An Overview of Urban Renewal, 2006:26). www.joburg-archive.co.za says that, 'the Gauteng Provincial Government, through its Blue IQ initiative, has played a major role in transforming the inner-city. Secondly, the inner-city business coalition has mobilized private sector support for inner-city initiative.' This therefore shows how much the government has actually contributed and still is contributing to the regeneration project. The Blue IQ is the major funder of the inner-city regeneration project, Inner-city regeneration overview for 2005, City of Johannesburg, http://www.joburg.org.za/2005.

3.9 Metro Trading Company

The city of Johannesburg, http://www.joburg.org.za/2006 asserts that, 'the Metropolitan Trading Company is a municipal-owned entity responsible for the establishment and management of retail markets for formal and informal traders ranking and holding facilities for taxis, and the Metro Mall development in the Johannesburg Central Business District. The Metro Trading Company is to implement developments at identified sites throughout mainly, but not only, the inner-city at strategic locations. The initial objective was to new market infrastructure for about 5,000 traders within a two year time frame. These developments are intended to be mixed land use developments addressing retail, housing and transport issues. Simultaneously whilst managing the developments at an operational level, the social and economic development of

the traders is a key objective.' This basically indicates that as much as the Metro Trading Company is committed to rectifying some of the most profound challenges that the inner-city is currently faced with, its main task and interest is to eradicate street trading by finding suitable places for the informal traders. This is absolutely crucial if the objective of reviving the city and ensuring that it is cleaner is to be accomplished. But the question is whether it would be possible to find adequate space to cater for these informal traders because the city seems to be congested enough as it is. Removing the people from the streets would therefore be depriving them of their livelihoods as the majority of them cannot be accommodated.

The council's intention was therefore to underpin these development objectives by way of carrying out parallel enforcement of its recently announced street trading by-laws and prohibited street trading, thus in effect allowing the removal of as many as possible of the 10,000 inner-city street traders into off-street market facilities. The shareholders in the Metro Trading Company are the Gauteng Provincial Government and the Blue IQ initiative and they go on a 30.4% and 69.9% ratio respectively. Three markets have currently been opened and four more a scheduled to come on stream within the next nine months, housing over 1,100 traders in total, City of Johannesburg, http://www.joburg.org.za.

3.9.1 Conclusion

It therefore doesn't take a genius to see that Johannesburg as the biggest capital city in Africa has evolved tremendously since its discovery during the seventeenth century. Many investors have entered the city from time to time to make their fortune and some remained while the others left. Like many other cities in the world, Johannesburg has undergone enormous faces due to different demands and forms of trade and hence why we see Johannesburg the way it is today. Johannesburg was therefore found following the discovery of

diamonds whereby the vicinity saw an advent of a new arena whereby people were flogging in huge numbers to perform different objectives, some having entered the city to work as labourers while some came with the motive of investing and accumulating as much as they could. The economy of the city began to boom like never before, and this was an unprecedented boom in the history of the country a phenomenon that actually saw Johannesburg as the greatest harp of investment in Africa.

As time went on, the apartheid government introduced segregation laws that were actually divorcing certain groups of people from the cities and preserved them only for whites. The city and its surrounding suburbs were therefore referred to be protected areas which could only be accessed by certain groups of people for exclusive reasons only and the latter groups of people were referred to be the temporary sojourners, meaning that they were there to perform certain functions which benefited the apartheid economy and later on they were expected to vacate the city. The Black people were therefore located in the fringes of the cities far away from the latter and this was also ensured by was of buffer zones that were created between the city and the Black residential areas. The Black people were therefore living under very uncertain conditions, which had very little economic activity.

There was therefore very little hope for the Black people in so far as success and survival were concerned, which basically explains why there is so much poverty, unemployment, crime and low levels of skills in this country. But as time went on, some of the city buildings got old and some investors began investing in the northern suburbs, a phenomenon, which saw many buildings being abandoned, and not being maintained, and this subsequently led to the deterioration of the inner-city. This began to happen during the 1960s and afterwards and even the suburbs close to the city began to lose their value. This therefore led to a situation where different racial groups, particularly

those who were not economically well off, invading these abandoned city buildings without maintaining them.

There are also a myriad of other dynamics that have been brought about by the apartheid regime and the spatial issues and lack of proper road network are no exception in this regard. The segregation laws and policies that were introduced during the apartheid days through the creation of buffers to prevent easy access to the cities still continue to haunt the people even today and the South African government is currently struggling to rectify the situation by coming up with strategies to promote integration. The city of Johannesburg is quite fragmented and there are also some edge cities that are found in the outskirts of the Central Business District (C.B.D). This situation has therefore created an enormous challenge to the entire country, especially the poor people who spend too much time on the roads in order to access the cities and their workplaces. In order to bring about integration and accessibility, large sums of money have to be pooped out of the city's coffers in order to improve the road infrastructure. It will therefore take many more years before the city of Johannesburg could adequately deal with the socio-economic problems that the city is faced with. There is therefore a long way to go before compaction of the cities could be accomplished, as well as achieving the goal of making the Johannesburg city the world class African city by 2030, which is at the top of the city's agenda. It is therefore obvious that the regeneration programme will not be achieved overnight. This initiative is still in its infancy and it is going to take a while before the results could begin to manifest. The main issue is whether it is benefiting the few rich entrepreneurs while excluding the small and informal businesses.

Chapter 4

Research Methodology

4.0 Introduction

In order to obtain necessary information for this research study, the relevant literature regarding the inner-city regeneration, the various theories on the cities and their competitiveness, and the informal traders were explored thoroughly and adequately in order to find out as to what the latter issue entails, where it is taking place and how far it has gone. Formal interviews followed suit and the interviewees were therefore conducted with some of the officials employed by the stakeholders involved in the project in question, in this context, the Metro Trading Company in Newtown, one official from the Johannesburg Cities Network in Braamfontein and with the people engaging in formal and informal trade around the Metro Mall in Newtown, especially those close to the development.

Open-ended questions were therefore handed out and the interviews that were conducted were self-administered ones. The interview questions have been structured in such a way that they slightly differ due to the fact that the information required from the interviewees, in this case, the Metro Mall official (Executive Director), the Johannesburg Cities Network official (National Programmes Coordinator) are somehow different from that required from the formal and informal business owners. The purpose of the surveys was therefore to find out these people's perceptions regarding the inner-city regeneration and how it impacts on the other businesses especially the small formal businesses and informal ones. The formal and informal traders around Newton, near Bree Street and outside the Metro Mall were also interviewed accordingly.

4.1 Important things to note regarding the interviews

It is therefore important to note that most of the interviews took place in Newtown vicinity and they were all conducted during the month of June. The first interview was conducted on Monday the 19th of June 2006 with the Executive Director of the Metro Trading Company and this took place at 10:00a.m. During the interview, the English language was used and the interviewee was a South African. The interview went smoothly without any difficulties. The other five interviews that followed were conducted between 11:00a.m and 03:00p.m and these were done with the informal traders outside the Metro Mall.

Two of the interviews were conducted with the Nigerian nationals and were thus conducted in English. No difficulties were encountered during these interviews and therefore they also went smoothly. While the other three interviews were conducted with the South African nationals, the two of which spoke Southern Sotho and the other one spoke Zulu. The interview with the former was conducted without difficulty while the one with the latter some difficulties were encountered as the interviewer was not familiar with the Zulu language. A translator was therefore used and he was a Sotho speaking person. Apart from the language issue, the interview went fairly well. The other five interviews were conducted with the Sotho speaking people and since the interviewer was familiar with the language, no problems were encountered in so far as communication was concerned. This makes the total number of informal traders interviewed in Newtown to be ten altogether.

The other six interviews were conducted with the formal traders who are trading at the Metro Mall. The first two interviews were conducted with Cameroon citizens and the English language was used during the interviews. These interviews took place on the 20th of June 2006 between 10:00a.m and 1:30p.m. No difficulties were encountered during the interviews apart from the

fact that there were some intervals during the interview process due to the fact that the interviewees were attending to their customers from time to time. The other five interviews were conducted with the South African citizens, three Black and two Indian. Both interviews were conducted in English and no problems were encountered during the interviews.

The last and final interview was done with one of the officials at the South African Cities Network, and this was carried out on Friday the 18th of August 2006 respectively. The interview took place at Newscafe in Braamfontein at the Johannesburg Civic Theatre building, and this was done after office hours between five O'clock and seven O'clock in the evening. The interview went very smoothly and a lot of information was extracted from the interviewee as there was ample time to engage with the former due to the fact that he was not in the line of duty.

The interviewee explained from the onset that he had two full hours to offer hence why more information was gathered. No problems were encountered during the interview and the environment was conducive for the interview. The interviewer and the interviewee spoke both English and Sesotho, but the interview was conducted in English only. The interview therefore lasted for one and a half hours, whereby it started at half past five and ended at exactly seven O'clock. The interviewee was extremely friendly and was willing to provide as much information as he possibly could and probing was much easier.

The table below illustrates the people interviewed and the number of interviews conducted, as well as the occupations of the interviewees and their places of work.

	Metro Trading Company	Formal Traders	Informal Traders	Cities Network
No. of Interviews	1	6	10	1
Place of Interviews	Newtown	Newtown	Newtown	Braamfontein
Occupations	Executive Director	Trader	Trader	National Programmes Coordinator

4.2 Purpose of Interviews

Neuman (2000:274) asserts that, 'interviews to gather information occur in many settings. Employers' interview prospective employees, medical personnel interview patients, mental health professional interview clients, social service workers interview the needy, reporters' interview politicians and others, police officers interview witnesses and crime victims, and talk-show hosts interview celebrities. Survey research interviewing is a specialized kind of interviewing. As with most interviewing, its goal is to obtain accurate information from another person.' It is therefore absolutely essential to conduct interviews in order to obtain the views of the people and thus be able to have the most accurate information based on the true feelings of the people and not the assumptions. The above interviews were therefore absolutely critical in order to get the perceptions of the different people interviewed so as to find out whether the Johannesburg inner-city regeneration strategy is really marginalizing or benefiting the informal traders. The information gathered from these interviewees will therefore be analyzed accordingly in order to

obtain a real sense of what is actually happening regarding the issue in question.

4.3 Conclusion

All in all, the interviews which were conducted around the Metro Mall in Newtown went smoothly in a sense that the people being interviewed, in this case, the Metro Mall official, the formal as well as the informal traders were cooperative. The latter interviews were therefore absolutely pivotal not just with helping with the findings of the research, but to give a clear insight of what is actually taking place out there. Different racial groups were also interviewed and this was done deliberately in order to bring about diversity in the quality of interviews. The different racial groups which were interviewed included, inter-alia, the Indians, Foreigners from Nigeria and Cameroon and Black South Africans. All these were interviewed in Newtown where they conduct their day to day businesses.

One interview was done on the 18th of August 2006 at five O'clock in the afternoon which was conducted with one official from Johannesburg Cities Network respectively. This interview took place at the Civic Theatre in Braamfontein close to where the latter interviewee's offices are located. The latter official is very much involved with the Johannesburg and other cities' inner-city regeneration programmes and therefore it was expected that a lot of valuable information would be obtained from him. The reason why it took so much time to interview this official is because his schedule was extremely tight during the past month and therefore, he kept postponing our appointments.

I even attempted to interview certain officials from the Johannesburg Development Agency and Johannesburg Housing Company, but I was always referred to the people who were either out of the office or too busy to make an appointment with me. Hence why I decided to interview an official from

Johannesburg Cities Network because he seemed more accommodative in terms of hooking me up with an interview. The interviewee is the holds the position of the National Programmes Coordinator at the South African Cities Network. He was therefore extremely helpful in terms of providing me with the answers which I found to be extremely valuable in terms of providing me with the information that would strengthen the findings of this research.

Chapter 5

Research Analysis

5.0 Introduction

As stated in the previous chapter, a survey was conducted as a means of collecting data, and open ended interview questions were used. The population sample for this research was carried out with 19 people respectively and simple random sampling was used accordingly in terms of selecting the interviewees. The aim of conducting these surveys was therefore to find out people's perceptions regarding the small business and informal trading in the city.

These interviews were conducted with both the South African citizens and foreigners so as to gather as much information as possible from people with different backgrounds. Regarding the interviews that were conducted, about 22 per cent of the traders were foreigners who actually came to Johannesburg with the motive of starting their own businesses. While 27 per cent on the other hand came to South Africa to find good paying jobs and when this did not materialize, they resorted to small businesses.

This therefore shows that most of the foreign traders, them being formal or informal, came with the motive of finding formal employment but they ended up being self-employed due to the scarcity of formal jobs in this town. Both the small formal businesses and the informal ones are therefore the escape route for the majority of the people who are unable to find proper jobs, and this shows how important these two sectors are in terms of addressing the issue of poverty and unemployment.

5.1 Formal and Informal trading

5.2. Trading period

According to the interviews which were conducted in with the formal traders around Newtown, about 33 per cent of them started trading here more than ten years ago. While 69 per cent of the formal traders in this area have been trading around this area for less than five years. As for the informal traders, 40 per cent of them have been trading here for more than ten years, while only 60 per cent have started trading here for less than ten years. It is therefore obvious that the majority of the traders in this vicinity have been trading here for less than ten years respectively. This basically shows that the majority of the traders in this vicinity are new in this area.

5.3 Types of businesses

	Shoe Trading	Clothing	Fruits & Vegetables
Formal	50%	50%	-
Informal	0%	20%	80%

The table above demonstrates the forms of businesses which both the formal and informal traders around Newtown engage in. According to the table, 50 per cent of the formal traders deal with shoe trading and the remaining 50 per cent deal with clothing. None of the formal traders interviewed sell fruits and vegetables. The informal traders on the other hand, seemed to be more inclined towards selling fruits and vegetables as illustrated on the table above.

80 per cent of the informal traders sell fruits and vegetables, while the remaining portion of 20 per cent sells clothing. It is therefore quite evident that the formal traders around Newtown basically deal with shoes and clothing than anything else. While the informal traders on the contrary, deal predominantly with fruits and vegetables around this vicinity.

5.4 Trading Parties

	Sole Trading	Partnerships
Formal Trading	33%	67%
Informal Trading	100%	0%

The table above shows the parties involved per shop. According to the table, 33 per cent of the formal traders are sole owners of their own shops while 67 per cent of them have formed partnerships respectively. Informal traders on the other hand do not form partnerships but rather, they resort to sole ownership of their businesses. This is therefore a clear manifestation that in formal trading, forming partnerships is a usual phenomenon, especially in the context of Newtown vicinity.

While with informal trading, people opt to remain sole owners of their businesses and this could be attributed to the fact that their businesses are rather too small for them to be in partnership with other people. While with formal trading, the scope of business is quite larger compared to the former, although it is not that big, hence why it is put in the category of Small Medium sized and Micro Enterprises (SMMEs).

5.5 Perceptions regarding the Inner-city regeneration programme

Interviews were also conducted in the area of Newtown so as to investigate the people's perceptions regarding the inner-city regeneration programme which is aimed at reviving the city through revamping the inner-city buildings. Both the formal as well as the informal traders were therefore interviewed accordingly in order to find out whether they are reaping any benefits from this seemingly glamorous project. The table below demonstrates the individual perceptions regarding the regeneration programme.

	Beneficial	Not Beneficial
Formal	17%	83%
Informal	20%	80%

The table above shows that the majority of both the formal and informal traders around the Newtown vicinity are not happy with the Inner-city revival project. According to the table, only 17 per cent of the formal traders believe that the inner-city regeneration project is actually good and beneficial to them, while 83 per cent of them believe that is not beneficial to them but rather, it hampers their business venture. The formal traders who don't support the notion claim that they are not benefiting as they have to pay high rents, while they also pay their employees at the same time. Regarding the informal traders, only 20 per cent of them believe that the inner-city regeneration programme might be a good one on the grounds that as a result of the initiative, they are able to trade in shelters without fear of the Metro Council forcing them to evacuate the city. The formal traders who support the regeneration programme believe that it helps to combat crime as well as to

enhance their business interests due to the fact that it brings people back to the city. They also believe that their properties are safer and the building is more convenient for their customers as it is located close to the taxi rank where their potential customers access their transport.

Both the formal and informal traders who believe that the inner-city regeneration programme is not beneficial indicate that it is actually pushing out the poor out of the city due to the high rent which they have to pay in the trading sectors. For instance, the formal traders who are renting at the Metro Trading Company building in Newtown pay a monthly fee of R2, 500 which according to them is quite exorbitant. While the informal traders on the other hand pay a monthly fee of R450, which they claim is too much. These traders also believe that the inner-city regeneration programme is only benefiting the rich and big businesses while sidelining the poor.

5.6 Crime

	Concerned	Not Concerned
Formal	67%	33%
Informal	20%	80%

According to the table above, 67 per cent of the formal traders are concerned about crime around the Newtown area in such a way that they believe it is hampering their businesses as it scares away the potential customers. They also claim that they lose a lot of stock through theft on a daily basis and wish the government could take a more firmer stance against crime in the city by installing cameras in all the city buildings. 33 per cent of the formal traders

believe that their businesses are not hampered by crime, and they therefore have nothing to worry about.

While 20 per cent of the informal traders are concerned about crime in this vicinity, whereby they believe that they are extremely insecure while carrying out their business activities, 80 per cent of them are not concerned about crime at all and they believe that crime is not a threat to business in this vicinity. This is therefore a clear indication that crime is prevalent in Newtown but its magnitude is not very high. There are those people who are directly affected by crime on a daily basis while others don't even see it. It would rather happen to them indirectly.

5.7 Spatial Aspects

Space is one of the most important aspects that influences business one way or anther, due to the fact that when there is more space, more people are able to do business in that particular area. Both the formal and informal traders working in and around Metro Mall were interviewed in this regard so as to find out whether the space is enough for them to conduct their daily business. The table below shows their overall satisfaction regarding the space where they conduct their businesses.

	Satisfied	Dissatisfied
Formal	17%	83%
Informal	20%	80%

According to the table above, 17 per cent of the formal traders are satisfied with the space which they trade in, while another 83 per cent is not satisfied. And regarding the informal traders, 20 per cent of them are satisfied with the space within which they operate, while 80 per cent is not satisfied with the spatial issue. Both the formal and informal traders who are satisfied with the space within which they conduct their trade, claim that they appreciate the fact that they have been provided with shelter where they could conduct their business ventures comfortably.

But their main concern is the issue of rent which keeps coming up from time to time, whereby they believe that the rent which they are paying is exorbitant. While the formal and informal traders who are dissatisfied with the space within which they operate claim that the space is extremely small compared to the rent which they are paying. The informal traders even eluded that there is too much congestion inside the Metro Mall where they operate and they believe that this impedes their ability to make more money. They also claim that the little profits which they make are ripped off by the high rent which they pay on a monthly basis. It therefore goes without saying that in as much as the Metro Mall is making a difference in terms of providing the traders with space to conduct their businesses, there is too little space for them to trade effectively and thus, this somehow hampers their profits.

5.8 Economic Situations

Both the formal and informal traders trading around Newtown vicinity were asked about their economic situation since the inner-city regeneration programme was implemented, most especially, the building of the Metro Mall. The table below gives an illustration of how they feel about the latter programme.

	Well-off	Worse-off	The Same
Formal	17%	67%	17%
Informal	10%	80%	10%

The above table therefore shows the different perceptions regarding the traders' economic situations since the building of the Metro Mall. 17 per cent of the formal traders believe that they are well-off, 67 per cent believe that they are worse-off and another 17 per cent believe that their situation is still the same. Regarding the informal traders on the other hand, only 10 per cent believe that their economic situation has improved, while 80 per cent believe that their economic situation has declined drastically and the remaining 10 per cent believe that their economic situation is still the same.

The rational behind both the formal and informal traders who believe that they are well-off is that at least now they have a good shelter in which to conduct their trade, so the environment is conducive for them to trade normally. While those traders who believe they are worse-off claim that they are making very little profits as the rent is high. The informal traders in particular, romanticize and cherish those days whereby they would just trade on the street without paying the rent. They claim that they were making more money prior to the inner-city regeneration programme, particularly, the building of the Metro Mall. Those traders who claim that their economic situation is the same support their assertion on the grounds that when looking back in retrospect, they never used to have adequate shelter in which to trade in and as a result, there were many obstacles to their daily business activities such as the weather. They

claim that although they used to make more money prior to them working in the Metro Mall, they are grateful for the shelter that has been provided for them. They therefore believe that while weighing the pros and cons, their situation is still the same.

5.9 Suggestions on how best to implement the inner-city regeneration programme

Both the formal and informal traders have come up with suggestions of how best the inner-city regeneration programme could be implemented. The table below shows the traders' different opinions regarding the issue of implementation.

	Prioritize the poor	Prioritize big business	Prioritize both
Formal	50%	17%	33%
Informal	80%	5%	15%

The table above demonstrates that 50 per cent of the formal traders support the notion that the inner-city regeneration should prioritize the poor, 17 per cent believes that it should prioritize big business and the remaining 33 per cent suggest that the programme should prioritize both. Those who say that the programme should be pro-poor say this on the grounds that the poor should be incorporated in the regeneration programme so that they could also benefit and be empowered by the initiative. They claim that the poor have been sidelined for too long and it is about time that their interests are also accommodated on order to combat poverty. This would therefore see a

reduction in crime levels, unemployment and poverty, which would lead to development.

The rationale behind those who suggest that the inner-city regeneration programme should prioritize big business is that by doing so, the economic growth would improve dramatically and therefore the key deterrents of development such as unemployment, crime and poverty would subsequently be addressed. They also contend that this would also lead to a rise in property values and bring back capital to the city and thus, even the poor would benefit because there would be more jobs. Those who claim that the programme should prioritize both the formal and informal trade claim that the two aspects go concurrently because if big business grows, then even the poor would subsequently benefit as more jobs would be created and the incomes would be higher.

5.9.1 Metro Trading Company and South African Cities Network

As stated in the previous chapter, interviews were conducted with the officials from the two institutions above and both the officials had their views regarding the inner-city regeneration and the impact that it has on the informal traders and small medium sized and micro enterprises (SMMEs) respectively. According to the Executive Director of the Metro Trading Company, the latter was established in 1999 as a means to fast track service delivery and to deal with informal trading and surrounding areas as part of the revival of the city. The South African Cities Network on the other hand, was established in 2002 as a programme of the Department of Provincial and Local Government to facilitate knowledge and information exchange, and this is according to the National Programmes Coordinator of this organization. Both these institutions have a lot of similar issues which they deal with and it is therefore paramount to analyze the information gathered from their representatives in order to get a clear insight of what is actually taking place in the city.

5.9.2 The roles played by both institutions in the revival of the Joburg city

The role of the Metro Trading Company is basically to deal with, and manage the informal trading and transport nodes and to contribute to the structure and order of the city. It mainly focuses on the informal trading and taxis. While the role of the South African Cities Network on the other hand, is to identify areas of exclusion, and the people who are normally excluded are the poor, and the institution tries to document how the latter group of people are excluded. The institution also identified that as cities strive to become beautiful and increase their property values, most of those who suffer are the poor and disadvantaged groups. The institution has therefore documented and made suggestions that the SMMEs and informal traders must cooperate and compliment one another.

5.9.3 The officials' opinions regarding the impact of the inner-city regeneration on the small businesses and informal trading

According to the Metro Trading Company's Executive Director, the inner-city regeneration programme has a positive impact on the informal and small businesses due to the fact that a company such as this one was established to deal with traders such as these two. In this case, the Metro Trading Company is able to respond adequately to the needs of the two types of traders by providing adequate shelter where they could conduct their businesses effectively in a safe and secure environment. While the official from the South African Cities Network believes that the city of Johannesburg must facilitate processes that legalize the informal businesses without imposing things such as legal controls and regulations that will impede their growth and development.

He therefore believes that the inner-city regeneration programme is heading in the right direction as it is incorporating the poor by making sure that some small businesses and informal traders benefit from the initiative. According to him, this has been done through the establishment of buildings like the Metro

Mall, the Fashion District, and the Yeoville Market. This is therefore a clear indication that both the officials believe that the inner-city regeneration programme has a positive impact on the small businesses as well as the informal traders. He also believes that the Johannesburg Development Agency is playing a key role in identifying places and attracting investors into the inner-city because some of the properties are worth millions. Unlike cities like Cape Town where the poor people have been driven out of the cities, in Johannesburg, they have been kept in the city through social housing and they have been accommodated to do business. The latter official also asserts that the informal business can co-exist with big business in a mutually reinforcing manner as the informal trade also contributes enormously to the economy of the city and the country as a whole and thus he refers to it as the major vehicle of the economy of the country.

5.9.4 The challenges that still loom ahead

According to both the officials, there are enormous challenges that still lie ahead in terms of trying to incorporate the small businesses and informal traders in the inner-city regeneration. According to the Metro Trading Company's official, the major challenges are that there are a mixture of many processes that still need to be aligned, and the issue of space plays a key role whereby there is not enough space to accommodate the small businesses and informal traders adequately. The latter official goes further to acknowledge that obviously some areas will be well-off while others remain behind, and this basically means that addressing the needs of all the traders is huge challenge. While the S.A Cities Network's official admits that there are challenges that still loom ahead due to the fact that there are many informal traders who still cannot get access to adequate shelter to conduct their daily businesses and therefore they are still worse-off. He also acknowledges that a lot still needs to be done to create a conducive environment for all business sectors in the city.

5.9.5 Their perceptions regarding the rent for the informal and formal traders

According to the Metro Trading Company, the rent which the traders pay at the Metro Mall is quite reasonable given the fact that the company pays for all the services and maintenance. It is therefore obvious that the company is comfortable with the rent which the traders pay at the Metro Mall believes that is affordable enough. The South African Cities Network official however, believes that proper research and consultation is significant prior to the imposition of the rent as this could impede the traders' progress in business and discourage them.

5.9.6 Conclusion

In a nutshell, the interviews that were conducted for this research report went quite smoothly and some valuable information was obtained from the people interviewed. All the interviewees had their different stories to tell in response to the questions which were asked and some had the same opinions while others had different opinions. Eighteen people were interviewed and the main motive was to find out whether the inner-city regeneration programme, particularly in Johannesburg, was having a positive or negative impact on the small businesses as well as the informal traders trading in Newtown.

According to the outcomes of the interviews, the majority of the traders, both formal and informal, started trading here less than ten years ago and only a few of them have been trading here for a period of more than ten years. The interviews also revealed that most of the formal traders trading at the Metro Mall, sell clothes and shoes, while the majority of the informal traders sell fruits and vegetables. Furthermore, the majority of the formal traders are in partnership while those engaging in informal trading on the other hand are sole owners of their businesses.

Overall perceptions regarding the inner-city regeneration programme were also investigated and the findings were rather overwhelmingly disappointing because 83 % of the formal traders engaging in small business and 80 % of the informal traders believed that the initiative is not beneficial to them but rather, it is too expensive to them as they pay too much rent. They further claimed that it benefits the rich business people and those who own properties in the city, while sidelining and pushing the poor out of the city. While a small minority believe that the initiative is actually good because it brings back investment into the city and thus, will lead to a rise in employment levels, and reduction in poverty and crime.

The issue of space was also raised whereby people were asked whether the space within which they operate was enough. The majority of both the formal and informal traders contended that the space was not enough for them to conduct their business activities efficiently. While a small group claimed that the space was enough and they were grateful to have the roof over their heads while in business.

When asked about their economic situations since the implementation of the inner-city regeneration programme, particularly the building of the Metro Mall, and the majority of both the formal and informal traders believe that they are worse-off now because of the high rent that they are paying. While a small margin claims that they are satisfied because at least their properties were safe and they had shelter to protect them against challenges such as the bad weather.

Both the formal and informal traders also believe that the best way in which the inner-city regeneration strategy could be implemented would be through ensuring that it is pro-poor by creating a conducive environment for the disadvantaged people. They therefore believe that the regeneration

programme is mainly protecting the interests of the rich at the expense of the poor people. The majority of both the formal and informal traders stipulated that the inner-city regeneration programme should put the interests of the poor people first, others believe that big business should be prioritized while the other group believe that both the big and small businesses should be prioritized while the other group believe that both the big and small businesses should be prioritized.

Interviews were also conducted with the Executive Director of the Metro Trading Company and the National Programmes Coordinator of the South African Cities Network. According to the Metro Trading Company official, the latter company was established in 1999 as a means to fast-track service delivery and to deal with informal trading inn the Johannesburg inner-city. The South African Cities Network on the other hand, was established in 2002 as a programme for the Department of Provincial and Local Government to facilitate information exchange, and this is according to the National Programmes Coordinator of the organization.

When interviewed, the Metro Trading Company official seemed to paint a glamorous picture with regard to the status of the small businesses as well as the informal traders in the city. According to her, the rent that these traders pay and the space within which they operate are reasonable enough to enable them to conduct their business practices adequately. The South African Cities Network official however, believes that extensive research and proper consultation should have been the order of the day in order to ensure that the traders are provided with a conducive environment for them to operate efficiently.

Regarding the Johannesburg inner-city regeneration, both the Metro Trading Company and the South African Cities Network officials support the notion that the inner-city regeneration programme is a glamorous programme in terms of

boosting the economy and creating employment. They also believe that the latter programme would have a positive impact on the lives of the unemployed and the poor people alike. However, they acknowledge that a lot still needs to be done in order to ensure that the programme adequately deals with the challenges facing the city.

It is therefore obvious that what the formal and informal traders are saying is a direct opposite of what the Metro Trading Company and the South African Cities Network officials are saying. This is therefore a clear indication that the two officials are talking on behalf of a few traders who are actually benefiting from the Johannesburg inner-city regeneration initiative. It therefore goes without saying that only a few minority is benefiting while the majority of the people suffer. The fact of the matter is therefore that in any city, there are always different winners and losers. With any programme that is implemented, some people will gain tremendously while the others lose out and the unfortunate thing is that those who lose out always count for the majority.

Chapter 6

Conclusions and Recommendations

6.0 Introduction

The concept of urban regeneration is a new phenomenon in the context of South Africa and Johannesburg in particular. It gathered momentum during the past few years and the government of the republic of South Africa is doing its utmost best to revive all the cities particularly Johannesburg. Urban regeneration is an international phenomenon and has been taking place in many different parts of the world due to different reasons. But the sad truth is that all cities go through different faces and the decline of the latter is no exception in this regard. It is therefore paramount that cities are revived and investment is returned to them, especially in the mega cities.

There are many reasons that led to the decline of the city of Johannesburg. First and foremost, the fragmentation of the city due to decentralization of investment from the Central Business District (C.B.D) to the northern suburbs played a significant role in the decline of the inner-city of Johannesburg due to the fact that many of the city buildings were left abandoned and as a result, they lost value drastically as they were also not maintained. Congestion is another key factor whereby too many people, who created a lot of pressure on the services thus, leading to the deterioration of the properties, occupied some of the properties.

Furthermore, crime levels increased and the buildings deteriorated due to the fact that many investors vacated the inner-city. As a result, the South African government and the other stakeholders in the city saw the need to actually revive the inner-city so as to attract investment back to the C.B.D and increase

the property values. Hence why we see some of the city buildings being revived and more businesses and tenants coming back to the inner-city. Even large cities such as London and New York have also undergone the state of decline and this was around the period of the 1970s, the same time that the city of Johannesburg was also deteriorating. The reasons why the cities in these two countries deteriorated are more or less the same as those in the Johannesburg inner-city. The first one being the loss of population due to selective migration, collapsing of large sections of manufacturing industry, disinvestment in the built environment, the growth of the multi-faceted inner-city problem, and the failure of urban policies.

African cities have a lot in common and some of their explicit similarities are inter-alia, rapid population growth which includes the local and people coming from abroad, absolute poverty, acute unemployment, crime, and slow economic growth. Furthermore, the African cities are informal by nature in a sense that most of the businesses which the majority of the people engage in are informal. The informal businesses of the African cities contribute considerably to the GDP and to the employment creation. This basically means that the majority of the people in the African cities sustain their livelihoods through the informal businesses.

This research is therefore trying to find out whether other important dynamics such as informal trading and small medium sized and micro-enterprises (SMMEs) were taken into consideration and to what magnitude. Interviews were therefore conducted accordingly with some of the officials as well as the formal and informal traders. The findings of this research therefore demonstrated that indeed the Johannesburg inner-city regeneration programme is attempting to incorporate the formal and informal traders but to a very less degree.

This is due to the fact that the majority of both the formal and informal traders around the Newtown vicinity expressed their dissatisfaction with the manner in which the initiative is implemented. For instance, the building of the Metro Mall was part of the initiative, which was actually trying to provide shelter to the small businesses as well as the informal traders around Newtown. But the main challenge is that these traders who are occupying this building complain that they pay far too much rent and thus, they make very little profits.

The latter groups of people therefore believe that the inner-city regeneration programme is benefiting very few people and the majority of those are the rich entrepreneurs. They therefore believe that it is negatively affecting their economic well-being and thus, it is not significant as far as they are concerned. Very few traders are reaping good rewards from this initiative and this is a clear indication that some people gain even under the worst circumstances while others lose out. These findings therefore portray a clear picture that the Johannesburg inner-city regeneration programme is having a negative impact on the majority of the small businesses as well as the informal traders.

6.1 Recommendations

The Johannesburg inner-city regeneration programme is a fantastic initiative, which actually attempts to address the challenges, which are facing the city. However, the regeneration programme is not inclusive by nature in a sense that it seems like it is only benefiting a few minority while the majority of the people still suffer. As a matter of fact, it seems like it makes the lives of the poor even more difficult while enhancing the lives of the rich and making them to be even richer.

It is therefore absolutely critical that the inner-city regeneration programme becomes more inclusive, especially when it comes to the issue of incorporating

the small businesses and the small traders as these are the drivers of the economy not just for the country, but also for the entire nation. Incentives should therefore be made available for the small businesses as well as the informal traders so as to encourage and motivate them to participate fully in the economy. Tax rebates should be made available for the small businesses and the rent should be reduced considerably for both the small businesses and the informal traders to reduce unemployment and poverty in the city.

Most significantly, the government should do its utmost best to provide funding to as many small and informal businesses as possible so that they could grow as this would, in the long-run, alleviate the burden that the latter businesses have on it. These businesses should also be given access to loans and they should also be exposed to workshops and training sessions so as to equip them with business skills. Over and above, big business should be encouraged to work in collaboration with the small and informal businesses and assist them by subcontracting them and device some other mechanisms of empowering the latter businesses.

This would subsequently lead to a significant reduction in the crime levels because some of the people who resort to crime are those who have actually lost hope in doing what is right in life for their survival. One of the important things to note is that more buildings should be erected so as to provide the small businesses and informal traders with shelter at low rates so as to enable them to generate more profits.

INTERVIEW WITH SOUTH AFRICAN CITIES NETWORK OFFICIAL

1) When was this company established in this area?

2) What is your role in the revival of the city?

3) If you have a role to play in the revival of the city, what kind of projects have you been actively involved in, and which ones are you currently involved with?

4) When did you start with your involvement with the inner-city regeneration projects what triggered your participation in this regard?

5) What are you doing to contribute to incorporate the small businesses as well as the informal traders in the regeneration programme?

6) What is your opinion regarding informal trading in the city?

7) In your opinion, do you feel that the regeneration programme is benefiting the small businesses as well as the informal traders around the city, or is the initiative just benefiting the rich entrepreneurs?

8) Is there any progress with regard to the inner-city regeneration programme, and do you feel that it is heading in the right direction?

INTERVIEW WITH THE METRO TRADING COMPANY

1) When was this company established in this area?

2) What is your role in the revival of the city?

3) Has the company been formal since its inception and if not, when did it become formal and why?

4) Was the company already in existence prior to the inner-city regeneration programme and how was it doing then economically?

5) How is the company coping since the revival of the city?

6) Do you feel that the inner-city regeneration project has been properly implemented?

7) Please give reasons for the previous question?

8) In your knowledge, were there any informal traders prior to the implementation of the regeneration programme and are they still operating in this area after the implementation of the projects?

9) In your opinion, how has the regeneration programme impacted on the informal traders?

10) Do you feel that the regeneration programme has been properly implemented? If yes, how so and if no, how should it have been implemented?
11) Do you feel this area is better off now or it was better prior to the implementation of the programme?

INTERVIEW WITH THE INFORMAL TRADERS

1) How long have you been trading here?

2) Did you start trading as an informal trader?

3) What kind of business do you do?

4) Are you a sole trader or are you in partnership with the others?

5) If you have been trading here prior to the regeneration of the city, how was it prior to the implementation of the latter programme and how has it impacted on your business?

6) Do you feel that the revival of the city buildings has brought more opportunities to the people or has it sidelined the poor?

7) If you feel that the inner-city regeneration programme has affected the poor negatively, what is the best way that it could have been implemented?

8) If you feel that the regeneration programme has been properly implemented, how is that the case?

9) Were there more informal traders here prior to the regeneration programme or vice-versa?
10) Has the regeneration programme affected your economic situation? How so?

INTERVIEW WITH THE FORMAL TRADERS

1) How long have you been trading here?

2) Did you start trading as an informal or formal trader?

3) What kind of business do you do?

4) Are you a sole trader or are you in partnership?

5) If you have been trading here prior to the regeneration of the city, how was it before the implementation of the latter programme and how has it impacted on you business?

6) Do you feel that the revival of the city buildings has brought more opportunities to the people or has it sidelined the poor? Please give reasons for your answer.

7) If you feel that the inner-city regeneration programme has affected the poor negatively, what is the best way that it could have been implemented?

8) If you feel that the regeneration programme has been properly implemented, how is that the case?

9) Were there any informal traders prior to the implementation of the regeneration programme and are there any after the implementation?
10) Has the regeneration programme affected your economic situation?

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