PROSPECTS FOR GLOBAL CITY DEVELOPMENT IN CENTRAL GAUTENG

By

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Abstract

This discourse investigates nature and the needs of global city development. It does this, through both theoretical and empirical research into this phenomenon, peculiar to the late twentieth century. The first part of the work, explores the theoretical underpinnings of 'global city thesis', and its most dominant critique, the 'dual city thesis'. Following this, an empirical assessment of the concept's relevance to Southern Africa's development is performed. For this purpose, the most dominant locality in the region, Central Gauteng, is analysed in terms of its potential for, and the problems involved with global city development in a middle-income country. It is found that global city development here would be desirable for both Central Gauteng and the greater SADC. By establishing Central Gauteng as a global city, the region would be empowered to take greater control over its economic destiny. The path this development would, by necessity take, is the promotion of the locality as the 'Gateway to Africa'. Based on this orientation several development planning proposals are presented.

DECLARATION

I declare that this discourse is my own unaided work. It is submitted for the degree of Masters of Science in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any other degree or examination in any other university.

Caroline Wolhuter
20th day of October, 1995

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GLOSSARY OF TERMS

Advanced consumer services: entertainment facilities - museums, theatres, up-market restaurants and club, sports facilities.

Advanced producer services: advertising, auditing firms, law practices, stock brokers (see appendix C for more details).

CBD: Central Business District

Central Gauteng: The magisterial districts of Johannesburg, Kempton Park, Pretoria and Randburg.

COMESA: Community of East and Southern Africa

CSS: Central Statistical Services

DBSA: Development Bank of Southern Africa

DTI: The National Department of Trade and Industry for South Africa

Dual City: A city where rich and poor live in one urban locality, but they are almost completely separated socially, culturally, politically and economically from one another. Here there is little evidence of the existence of a middle class.

EU: European Union

FIRE: Finance, insurance and real estate

GATT: General Agreement on Tariffs and Trade

GGP: Gross Geographic Product. This is the gross economic output of a specific geographically defined area.

IDC: Industrial Development Corporation

Intellectual capital: skilled personnel with tertiary education are considered to be a resource or input that is utilised by capital in the production process.

JSE: Johannesburg Stock Exchange

JTMC: Johannesburg Transitional Metropolitan Council

LED: Local Economic Development

M&E: Monitoring and Evaluation

Metro Core: see Central Gauteng

MNC: Multinational Corporation

NAFTA: North American Free Trade Agreement

NIDL: new international division of labour

OAU: Organisation of African Unity

Outer Metro: The magisterial districts of Alberton, Benoni, Boksburg, Brakpan, Germiston, Krugersdorp, Roodepoort and Springs

R&D: Research and Development

RDP: Reconstruction and Development Programme

RIDP: Regional Industrial Development Programme

SACU: Southern African Customs Union

SADC: Southern African Development Community - includes Swaziland, Lesotho, Namibia, Botswana, South Africa, Zimbabwe, Zambia, Tanzania, Malawi, Mauritius, Mozambique, Angola

SMME: Small, Medium and Micro Enterprise

SWOT: Strengths, Weaknesses, Opportunities & Threats

Telematics: telecommunications merging with computer technologies create telematics

Teleport: Locally supported satellite communications infrastructure

UN: United Nations

WTO: World Trade Organisation

CHAPTER ONE
THE GENERAL CONTEXTS OF THE DISCOURSE

1.1 INTRODUCTION

"During the 1970's ... radical geographers such as Harvey, Castells and Walker in established a link between the ebb and flow of urban development and change at a global level" (Harrison, 1995 p1). Since then, an increasing amount of work has been done on connections between developments of localities and global forces. This indicates a shift in focus of both academic research and public sector planning.

However, it is important to recognise that this shift has not occurred in a vacuum. Rather, it has been interactive with general processes of globalisation in economic, cultural, political, and social realms of life over the last twenty years. Of particular importance here, is the attention planners have given to the influences that these developments have had on the space economy. Characteristically, the features of this space economy in the late twentieth century are: the decentralisation of production in traditional centres, the concentration of sunrise industries in industrial districts located in once geographically peripheral areas of the economy, the emergence of the "dual city", the "network city", and the "informational city", to name but a few.

The new geographic order that is emerging, is strongly associated with the post-industrial, post-modern era. This new era has been assessed in many different ways, and there is little consensus on the rationale for it. According to Harvey, "the set of conflicting social interests based on culture and gender make up the condition of post-modernity" (Fainstein, 1994 p234). For Beauregard, it is "a new sensibility ... - to attest that such sea changes are part of the economic and cultural restructuring of capitalism" (Beauregard, 1993 p12). Thus, it still remains debatable whether economic restructuring is a consequence of cultural change, or whether cultural changes are a product of economic and technological transformations.

Yet, there does appear to be relative consensus on the characteristics of the post-modern city. In discussing these features, Beauregard asserts the following:

> "The emphasis is on the transition of the city from a place of industry, commerce, and ethnic neighborhoods to a place for spectacle and consumption, financial machinations, and worldwide corportate decision-making. The postmodern city is a city of advanced services arranged around banking, finance, and administrative control. Its workers are the affluent professionals who occupy gentrified neighborhoods and consume urbanity. .... (Yet at the same time) the striking affluence and new urban landscapes are recognized, but contrasted to persistent and deepening poverty, the solidification of a permanent under-class, the continued existence of slums, the rise of new immigrant neighborhoods providing cheap labor for small-scale manufacturing firms or contribution to the expansion of an informal economy, ... the rigidity of fiscal problems, the emergence of a dangerous drug culture, the expansion of homelessness, and the erosion of civic commitment. The postmodern city, unlike the modern city, is cast as a city of sharp contrasts. To be postmodern is to be in the throes of deepening contradiction"(ibid, p13).

The emergence of what is termed the "global city", has occurred in this context. As an economic, social, political and spatial unit, it captures an understanding of the simultaneous processes at play within the global market. It could be argued, that this geographic phenomenon sits at the apex of the post-modern space economy. This does not mean a complete understanding of the transitory global change can be ascribed to an understanding of the "global city". Perhaps this is evident from the fact that the academic flirtation with the "global city thesis" is subsiding. Nonetheless, the reality is that global cities are the most powerful economic localities in the world. Nothing has replaced them, nor are they likely to be replaced soon. For these reasons, it is accepted that the global city thesis remains a relevant research agenda.

Some argue that this agenda is only relevant to localities experiencing and affecting advanced capitalism. This implies its relevance is restricted to the "First World", the "Minority World", the "North". However, because globalisation processes remain on the increase, all localities are increasingly affected by the dynamics at work in global cities. For this reason, a research agenda that explores the global city, either in terms of the thesis itself, or in terms of its relevance to a specific context, should be regarded as pertinent to all localities.

After two decades of isolation, South Africa is experiencing rapid integration into the global economy. At present, the debate is focused on LED (Local Economic Development), the reintegration of the urban environment, and the provision of basic needs. Considering the massive problems we have inherited from the political economy of our former dispensation, this focus is appropriate. At the same time, however, if this focus is to become the sole focus of development planning in this country, planning has the potential of becoming overly parochial. To counter this tendency, planners need to engage in globalisation debates, and monitor the developments in the global community.

Given our recent history, South Africa, unlike many other countries, has not been truly exposed to the globalisation processes of the last two decades. Instead, South Africa has made a late entry into these processes, and has had little former practice in this arena. It thus has much 'catching-up' to do. Furthermore, not only **can** South Africa begin to think about the global implications of its development paths, it **must** think in global terms if it is to survive the onslaught of global competitiveness.

Following the elections last year, we entered into a programme of reconstructing and developing our internal society. This is undoubtedly a costly process. For it to be successful, the macro-economic and fiscal health of the country is vital. Intrinsic to establishing this health, South Africa's global competitiveness in a diverse array of fields needs to be addressed. It can thus be seen as appropriate to focus attention on South Africa's position within the international space economy at this time. In public sector planning, the area of metropolitan development is of paramount importance in this regard. The issue of global city development is almost virgin territory in South Africa's development planning debates. This discourse hopes to challenge the present situation, by providing reasonable evidence to suggest that global city development could be a desirable growth path for our economic 'hub' - Central Gauteng.

1.2 AIMS AND OBJECTIVES

The primary aim of this research, is to explore the possibilities - benefits and costs - of planning for, and developing a locality as, a "global city". For this purpose, the case study that has been chosen, is Central Gauteng, South. It comprises of four magisterial districts - Pretoria, Kempton Park, Randburg and Johannesburg - in the Gauteng Province of South Africa. (See map: fig.1.) This case study has been chosen because this sub-region is the most economically dynamic area in the country. Thus, it is expected to be in the best position in terms of global competitiveness.

More specifically, the objectives of the discourse are the following:

1. To review and explore the theoretical and empirical constructs of the "global city thesis".
2. To assess the theoretical and empirical justification of the "dual city", a phenomenon that in recent years has become associated with the "global city".
3. To investigate the potential for the Central Gauteng Region to become a global city.
4. To evaluate the potential for global city development in relation to equity and basic needs concerns in immediate and national contexts of the case study area.
5. To propose a development planning framework for the Central Gauteng Region that will competitively and sustainably promote its position in the lobal urban network.

1.3 THE STRUCTURE OF THE DISCOURSE

In an effort to achieve the aims and objectives, the discourse will present discussion on both the theoretical and empirical nature of the topic. Each of the following five chapters will deal specifically with one of the primary objectives of the discourse. The second and third chapters of the discourse will primarily be theoretical in content. Here the first two objectives of the discourse will hopefully be achieved. Additionally, these two chapters will provide insight into the following questions: Is the "global city" an inevitable product of advanced capitalism? What form must this development take? Is it a desirable phenomenon,

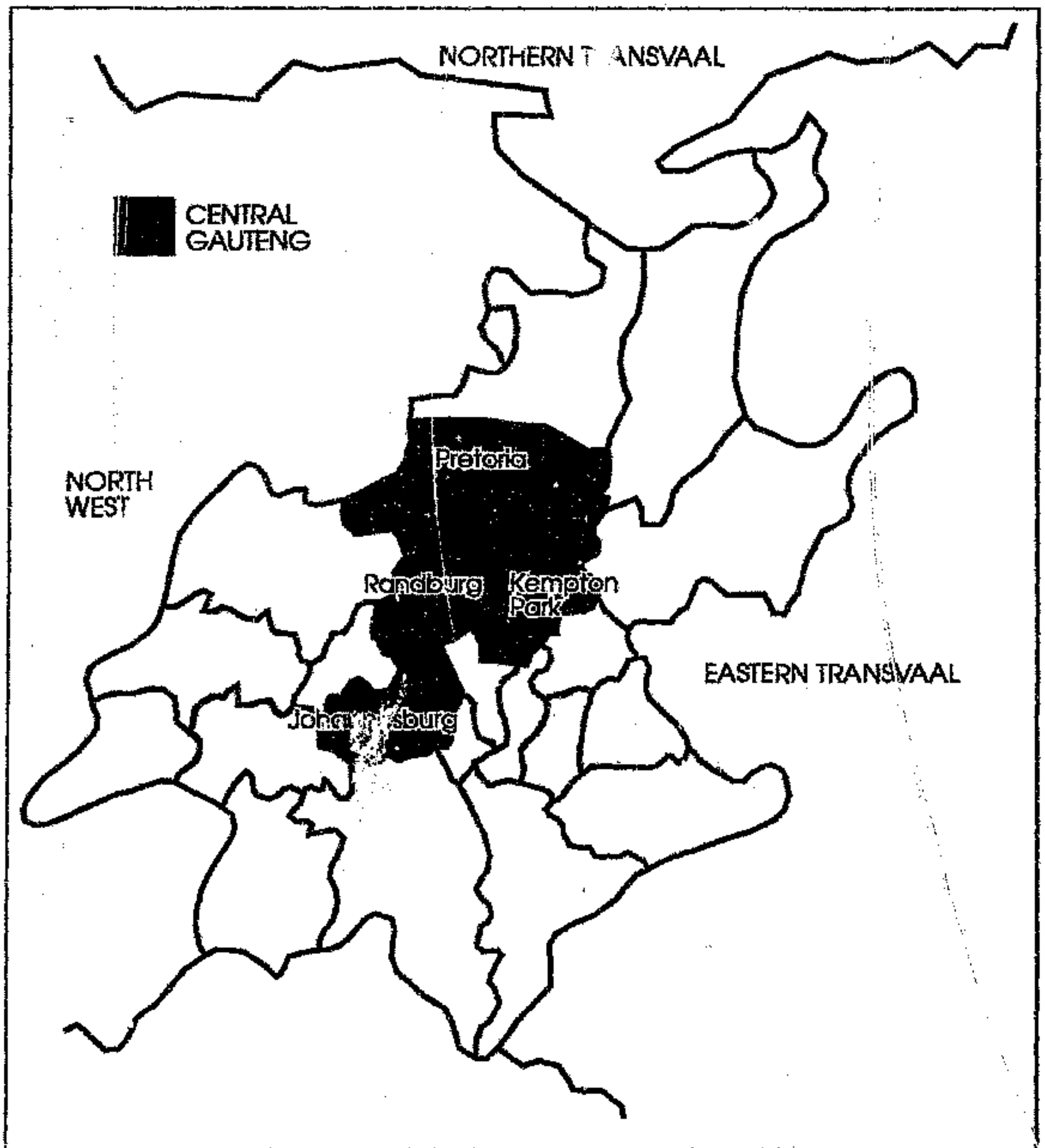

Fig 1: CENTRAL GAUTENG

and if so, for whom is it desirable? More precisely, the second chapter entitled "The Global City Thesis", will explore the economic and corresponding spatial implications of globalisation and global city development. For this purpose, the various components of the "World City Thesis" will be assessed before examining and critiquing the "Global City Thesis".

In the third chapter, entitled "The Dual City Thesis", the socio-political implications of global city development will be assessed. This will involve an investigation of the polarisation that global city dev. opment is believed to create. The body of knowledge that addresses this issue, has come to be term d the ual city thesis' Following a description of this thesis, a critique of this work will be performed. Here the focus will be placed on assessing and revising the ch f global cities. It will however, also make proposals for the role of the nat. g globalisation processes.

Following on from this theoretical ndation, a irical assessment of the case study area will then be presented. This will be done over two chapters. Chapter four will provide an empirical review of Central Gauteng's politico-economic position at a national, regional and international level. Here its physical and economic infrastructure will be evaluated in terms of its global city potential. The evidence that will be presented, suggests that Central Gauteng is a global city by African standards. However, it will also assert that many areas of the economy require developmental attention, if the locality is to establish itself as an *internationally competitive* global city.

In chapter five, the applicability of the dual city thesis to Central Gauteng will be appraised. While value will be found in the thesis, it will be asserted that this body of work is more appropriate to development scenarios in more affluent economies. Instead, therefore, a more indigenous understanding of class dynamics will be proposed. This will advance the notion that global city development in Central Gauteng will reduce inequality in the area.

Following this, chapter six will explore the challenges and possibilities of promoting Central Gauteng as a global city, within a development planning framework. For its substantive text, the findings of the previous two chapters will be drawn upon. These will firstly be reiterated briefly. Following this summation, and upon these grounds, several strategies and related policies will be proposed. In addition, it will be suggested that a strategic planning process should be adopted to guide and further develop global city planning initiatives. By doing this, the chapter hopes to achieve the fifth objective of this discourse i.e. to propose a development planning framework for the Central Gauteng Region that will competitively and sustainably promote its position in the global urban network.

In concluding the discourse, chapter seven will assert that the development of Central Gauteng as a global city, is primarily based or being the best positioned locality in the world to act as the 'Gateway to Africa'. Although Africa has been economically marginalised over the years, claims will be presented that this situation may be changing. If the situation is optimised, it will be asserted that global city development in Central Gauteng will be empowering for Africa. Additionally, the efficiency with which business is conducted in Africa can also be expected to improve. With this in mind, a vision of success will be presented. This will endorse the proposals made in chapter six, and hopefully energise the future global city initiatives made by planning.

1.4 METHODOLOGY

The basic unit of analysis that will be employed in this research, is the magisterial district. These districts are clearly delineated spatial units, usually comprising of more than one local authority. The importance of these districts, is that they are the units within which national census data has been collected and collated over a period of time. They are thus found to be the most accessible units in terms of basis analysis. For the purposes of consistency they will remain the primary unit to which all research is applied. The use of these units however, is misleading in two respects and these need to be recognised as possible constraints to the research:

1. The names they are given are not always a true reflection of the areas they incorporate, for example, the Randburg Magisterial District includes the local authority areas of Sandton, and the Johannesburg Magisterial District includes the greater part of Soweto.

2. Arising partially from the deceptive names these districts are given, but mainly from the lack of distinctions made about internal differences, "economic data collected on the basis of magisterial districts ... obscures the well known differences between the economic profiles of 'white' and 'black' towns. ...Official data reflects economic activity which is largely located within the boundaries of white local authorities"(Mabin & Hunter, 1993 p100). As a result the extent of internal disparities are not recognisable.

Within this framework, the methodology employed for the purpose of the investigation, will take on both a qualitative and quantitative dimension. The quantitative data that will be used for this investigation, comes from DBSA statistics, the Central Statistical Services data bank, various census documents produced by the Central Statistical Services, the Financial Mail Top Companies - 1995 publication, and fieldwork.

It is important to note that, besides the Financial Mail Top Companies - 1995, and fieldwork data, the majority of the quantitative data is based on the results of the 1980 and 1991 census documents. This is problematic, and viewed as a major constraint to this research, for reasons:

1. The quality of the 1991 census data is still debatable for various political and socio-demographic. The quality of the 1980 census is even worse in this regard.

   "There would appear to be absolute agreement that all South African censuses have undercounted the population. The degree to which they have done so has almost certainly varied fairly widely not only from census year to census year, but also from place to place in each census. The key issue is probably the extent of the undercount of mainly African people in informal and, in previous years, illegal forms of residence. The result has been to generate an industry of census correction, which has led to various results" (Mabin & Hunter, 1993 p17).

Revisions of the 1991 census information have been undertaken. However, it will not be until the next census has been performed, that a real indication of the level of discrepancies within the 1991 census can be ascertained.

2. Owing to the former political dispensation, South Africa experienced social, political, and most importantly, economic sanctions until the early 1990's. It is only since this international isolation has ended that the real impacts of globalisation have penetrated this country. This means that major indicators of global integration have really developed over the last five years, and more especially since the April 27 1994 elections. The fact that the most coherent statistics on the country's socio-economic position are almost four years old, means that they are not a true reflection of what is actually happening on the ground.

In light of these constraints imposed by the inadequate census statistics, the more recent quantitative data that has been collected from other sources, is considered to hold more weight, for the purposes of analysis. The continued use of the various census documents remains, however, as it is still considered to be of value in certain areas. This is the case because, although the figures may be distorted, they remain to be the most accurate guide to development trends, presently available.

Owing to these problem areas, the qualitative data that has been gathered and synthesised in the process of this research, is recognise to be of the most fundamental importance in the evaluation of Central Gauteng as a global city. Within the qualitative section, reference will be made to the historical framework from which the region emerges, as well as an the current position of the locality. These references originate from a wide variety of sources. Most significantly, they comes from information collected during a schedule of in-depth interviews. During the course of this research, nine key interviews have been conducted. These were performed with members from the following institutions operating in Gauteng:

Private sector:

- George Pappas (Informal Business Forum - General Manager);
- Anthony Askew & Stan Close (Business Enterprises South Africa - Directors); and
- Curt von Kiserlingk (Finansies & Tegniek - Managing Editor).

DBSA

- Morgan Pillay (Development Planning Department)

Local government structures in Gauteng:

- Andrea Geen (JTMC - RDP office);
- Collin Wright (JTMC - Director of Commerce and Industry)
- Maria Coetzee & Esau Mampane (Eastern Services Council)

Provincial Government

- Patrick Fitzgerald (Provincial Services Commission)

National Government

- Mr. Pretorius (Department of Trade & Industry - Investment Promotions Office)

These people have been consulted because they are regarded to be at the cutting edge of development in the Gauteng Province. The information and insight they provided into particular areas, has thus taken precedent over published literature, as it has been found to be richer and more up to date than even the most recent publications. This is due to

CHAPTER TWO
THE GLOBAL CITY

2.1. INTRODUCTION

According to Peter Hall (1966), it was Patrick Geddes that first referred to the world's most important business centres as "World Cities". However, it was Hall himself that crystallised the idea into the academic concept we understand today. This does not mean that the concept has remained static since 1966. Rather, it is from this basis that the concept has been reworked, redefined, and applied in numerous contexts. In recent years, the concept has come to be most commonly associated with Friedmann and Wolff's (1982) "World City Hypothesis". It is this hypothesis that has formed the basis for much of the work done on major cities since then.

2.2. "WORLD CITY" VERSUS "GLOBAL CITY"

In much of the work done over the last thirteen years, the concept of the "World City" has in many instances been embodied in the term "Global City". Some authors have used the two concepts interchangeably. As a result there presently appears to be little clarity as to whether the two terms are synonymous. This discourse rejects the interchangeable use of the two concepts.

Rather, following from an historical analysis, it is advocated that the "World City" is a concept that can be applied to a broader time spectrum than the concept "Global City". The appropriate time frame for the application of the term "World City" is the industrial-modernist age. This is the epoch Hall wrote in, although he has applied the term almost ahistorically in his book, which has contributed to the confusion that now exists concerning the definition of the concept. Nonetheless, his original understanding of the "World City" is accepted here.

> "the national centres not merely of government but also of trade, ... (as) the sites of great international airports, ... (and) leading banking and financial centres of the countries in which they stand" (Hall, 1966 p7). Furthermore, he claims "each of the world cities has great hospitals, its distinct medical quarter, its legal profession gathered around the national courts of justice. Students and teachers are drawn to the world cities; they commonly contain great universities, as well as a host of specialised institutions for teaching and research in the sciences, the technologies and the arts. The great national libraries and museums are here. Inevitably, the world cities have become the places where information is gathered and disseminated" (ibid, pp7-8).

The explanation which he provides for the development of "World Cites" is three pronged. Firstly, he claims that their development is related to the growth of population. Secondly, he attributes the "shift of mankind off the land and into industry and service occupations in the cities" (ibid, p12) as a determining force. Lastly, he asserts that, "a large part of the total urban growth is being concentrated in the great metropolitan cities" (ibid) causing the development of the "World City" phenomenon.

Contrary to the "World City", the term "Global City" has a narrower time-frame. The term can most aptly find relevance and definition within the emerging post-modernist, post-industrial era. This is characterised by structural shifts in the economy, the rise of advanced information and communication technology, and global capitalism. Defining a "Global City" in any sort of conclusive sense is impossible. Many of the functions of the two city concepts are the same, and the "Global City" has, in a manner of speaking, been gradually superimposed on the "World City". In this process, however, certain of the functions have been rationalised, others have grown in various directions of specialisation - most particularly along the lines of intellectual innovation and control functions, and still others have been displaced by new activities.

The "global city" has often been defined as a centre that acts as an interface between the international economy and the nation-state. The inherent contradiction arising from this interface is that they must provide an environment safe and attractive to international capital, yet at the same time they need to operate within a framework of national political policies and objectives. It is argued, however, that "key roles in international transactions increasingly account for their vitality, while their links to their hinterlands and national economies are diminishing in importance" (Markusen & Gwiasda, 1994 p167). This is reinforced by the fact that transport and telecommunications infrastructure supply the global lifeblood to these cities, allowing for direct contact between major global centres.

The "Global City" finds its rationale in the globalisation of advanced capitalism. As a result, the importance of the nation-state in "World Cities" has been superseded by the importance of global capital. The socio-political dynamics of inequality born with industrialisation and urbanisation of "World City" growth for most of the twentieth century, are heightened within the "Global City" in the late twentieth century.

2.3. AN HISTORICAL PERSPECTIVE

Until recently, little attention has been given to the historical foundations of global cities. After a reading of King's "Global Cities - Post Imperialism and the Internationalization of London"(1990), and an acknowledgement of Friedmann's statement that global cities will differ amongst themselves according "not only to the mode of their integration with the global economy, but also their own historical past, national policies and cultural influences"(Friedmann, 1986 p69), the necessity of looking at history takes on a fundamental explanatory role. King argues that the inattention to history, until recently, has been a weakness in urban planning.

According to Friedmann, "the economic variable, ... is likely to be decisive for all attempts at explanation" (Friedmann, 1986 p69) of the world/global city. Based on the acceptance of this, the discussion will begin by outlining the recent history of the world economy, and colonialism. The question that will seek an answer here is: "How did these two forces work to shape the space economy?". For this purpose, attention will be given to what Anthony King (1991) has termed "Colonial Cities". He maintains that it is upon this foundation that the world economy has become a global economy.

However, this is not to imply that "colonial cities" can be seen as a sufficient prerequisite for the development of global cities. Rather, their existence is a necessary condition for the growth of global cities, along with the structural changes in the composition and management of the world's economy.

At the core of these changes are : the rise and consolidation of the transnational corporation; the globalisation of financial markets; the continual elevation in importance of producer services, and intellectual capital; the changing role of the state; and the transforming nature of manufacturing. [1]

The history of colonialism, as it has affected South Africa and much of the rest of the world must, therefore, be seen to be of importance. Based on this understanding, a summation of King's argument is offered here.

King begins by drawing links between "earlier colonialism and contemporary global capitalism, and between the colonial cities and world cities that each has produced" (King, 1991 p10). He draws on the work of Wallerstein, Walton, Harvey and Castells to assert a

[1] In addition some have postulated that the New International Division of Labour (NIDL) is the product and the process which has facilitated these changes. This may be too narrow an understanding of events. The scope of this work does not allow for a full exploration of this particular issue. This debate will, therefore, only be alluded to where it is felt to be appropriate.

radical perspective that is concerned with the historical incorporation of cities into the world-economy and "the interplay between relations of production, consumption, exchange, and the structure of power that manifests in the state" (ibid, p5).

He claims the development of colonialism, as a world order, laid the foundation for the later development of global capitalism. He further rejects the notion that global capitalism is a new development, but rather sees its predecessor, colonialism, as facilitating the inclusion of most national economies in the world economy. Furthermore, it was under colonialism, that the institutions that now allow for global capitalism, were developed. He extends this so far as to state that: "colonialism established ... the banks, corporations, governments, commercial forms, hotels, as well as the educated elite's, consumption habits, retailing behaviour, technology, attitudes, and aspirations on which global capitalism" (ibid, p46) now rest.

However, the influence and power of these institutions has been preserved only in "those states that have remained committed to the world-market system" (ibid). Correspondingly, emphasis is placed on the mediating role that historical factors and individual states policies have had on localities present position in the global economy. For example, he notes that it was British overseas investment that paid for the building of initial physical infrastructure that many of the present global cities use as operational foundations.

For King, this means that the "Colonial Urban Development" (CUD) theory feeds almost directly into the "World-City Hypothesis" (WCH). This is due to the fact that "colonialism produces particular patterns of urbanisation and urban development in the colonial periphery but likewise, it makes and impact on urbanisation and urbanism at the metropolitan core" (ibid, p55). However, he does accept that "colonial empires were subsystems of the world-economy, ...(and that) one part of the urban system is comprehensible only by reference to the rest of it" (ibid, p54). Based on this interconnected development of institutions and infrastructure developed under colonialism and maintained under an open world-market system, King explains why some cities attained the status of world cities (many of which are now emerging as global cities), and why others did not.

Thus although King's work on colonial cities is illuminating in the study of the origins of the global city, it is by no means comprehensive. Such an account of the origins of global cities is a work all of its own. A further look at the development of the global economy, in the form of a brief synopsis however, is both possible and necessary here. It is to this that the discussion will now turn.

2.4. GLOBALISATION OF THE WORLD ECONOMY

According to Marcuse (1994) "there are at least four ingredients that make up real globalization as it exists today:

- Changes in the technological aspects of the production of goods and the production of services.
- A growing interconnectedness - internationalization of the connections between certain sections of most cities and the outside world, with impacts on all quarters of the city; and
- An increasing concentration of private ownership and control of economic activity and its benefits, manifest at all levels of economic activity: local, regional, national, and international;
- A declining level of public control of private economic activity, and, within the public sphere, a declining level of local control over such activity(Marcuse, 1994 p6).

These "ingredients" of globalisation are broadly accepted across most schools of thought. However, the reasons for why they are accepted as "ingredients", and what sort of explanatory value they hold, differ between the bearers of different ideologies. The globalisation of the world's economy has been associated with and explained by many developments. For some, features such as the information technology (Lambooy, Castells) provide an explanation of this process. For others, these features are only indicative of a more complex explanation of events - long term structural change in the economy.

2.4.1. Features of the globalisation process

The features of globalisation are numerous. Some of the most prominent are: the enormous growth of MNC (multinational corporations); the deregulation and internationalisation of financial markets; the rise in importance and occurrence of producer services; revolutionising information technology; the changing nature of manufacturing; the reorganisation of nation-state's roles; and the increasing importance placed on knowledge and intellectual capital as a scarce resource. The roles of each of these elements in the globalisation process have been extensively discussed in recent literature over the last decade. Thus, discussion of them here will be cursory.

Theorists have taken one of the above-mentioned features, and explained its importance in determining the process of globalisation. Although such positions often provide interesting commentaries, they can be overly narrow and deterministic. In an effort to avoid this, the position taken here is that each of these features has contributed to the emergence of globalisation of the world's economy, and to the development of each other.

2.4.1.1. The growth of MNC's

According to proponents of the NIDL theory, true globalisation of corporations occurred during the 1970's when declining profits and over-accumulation threatened the survival of large national corporations. In response to this, MNC relocated their labour intensive production sites from the developed "north" to cheaper locations in the poorer, less developed, "south". This, in turn, expanded their influence across a broader international terrain, and thus facilitated their globalisation. King, on the other hand, documents how corporations have steadily been growing in power and influence over the world's economy since the "Companies Act of 1858-62 enabling limited liability companies to be formed" (King, 1991 p19).

These companies had greater incentive than their predecessors to expand operations outside their home territories. Colonialism is once again noted as enabling and contributing to the growth of these operations. However, in recognising and accepting of King's work here, the work done on the NIDL is not nullified. Rather, the continuities that exist in the development of capitalism are recognised. Furthermore, what King is referring to, for the purpose of distinction, could be called the "world economy", in contrast to the NIDL thesis, which can be more closely associated with the emergence of the "global economy".

In 1995 we are faced with an economic order that is moving toward full international integration. This is expected to result in all national economies being subordinated to the rationale of the global economy, and international capital relations which are controlled by MNC's and information and technology cartels. The processes of globalisation that are at play, are neither totalizing nor inevitable. They are also unequal in their speed and effects on localities. Activities within regional, national and local economies act to mediate the move towards globalisation. The destabilising effects of events like the devaluation of the Peso, that led to second thoughts among international businesses on their continued efforts to "go global" (Business Week, March 13 1995), bears testimony to this fact. These events, however, do not negate the globalisation processes. Instead, they expose the vulnerability on economies that the globalisation process has caused.

2.4.1.2. The opening of financial markets

The ever-extending influence of MNC's is increasingly difficult to ignore. According to Thrift, with the rise of global corporations, the "national measures of concentration and market share have become less relevant as corporations manoeuvre in global markets. (Correspondingly) .... the metabolic rate of the organisation is speeding up and with it organisational change" (Thrift, 1994 p367). These operations can evidently be seen to work in unison with the eclectic and ever changing culture of post-modernism. In response, various support structures for this development, have emerged. The development of these support structures have, of course, also facilitated this development. In this regard, the role of international finance cannot be under-estimated. This sector's development has occurred parallel to the development of large corporations. It is the financial sector that has been predominantly responsible for the financing of MNCs growth.

With the deregulation of exchange rates in the 1980's, however, the financial markets have become more than just support institutions in the world's international economy, they become major players. Thrift (1986b) lists three main reasons behind this development. "(T)he internationalization of domestic currency, with the massive growth in trading exchange rates, (an event common from the second half of the 1980's onwards), and the growth of the Eurodollar market"(ibid, p15). As a result, financial capital can now move across national boundaries without previous restrictions. Speculative investment, and the growth of the securities market (a major innovation in the financial sector), have become the prominent leaders in the economy. People, and institutions, increasingly invest in money - in different forms of currency - as opposed to what is termed productive investments, which encourage real economic growth. The magnitude of financial institutions influence can be gauged by the fact that financial institutions now list at the top of "best companies" lists in many parts of the world. This, in turn, corresponds with the fact that they often control more assets than entire countries. Continual innovations in this sector supports its continued growth and expansion.

The deregulation of money and commodity markets, supported by the Uruguay Round of GATT, the WTO (World Trade Organisation), and in some cases, structural adjustment programmes, has lead to freedom of movement for both financial institutions and MNCs being greatly enhanced. The efficiency and effectiveness of this movement, however, must be attributed to the major revolutions that have taken place in information technology, and, to a lesser degree, physical transportation technology. "Charles Kindleberger has stated, 'the continuous reduction in the costs and difficulties of transportation and communication over the last two hundred years has favoured the formation of a single world financial market' "(Moss, 1987 p534).

2.4.1.3. Information Technology

Technological determinists, such as Stewart, go so far as to say that globalisation of the world economy is being caused by a "veritable technological revolution in micro-electronics, computer science, telecommunications, transportation, biotechnology and material science"(Stewart, 1994 p28). Although this is an exaggeration, there is some truth to the statement.

With the present technical revolutions, "many long-established industries have suffered sharp decline while new industries like high tech manufacturing, finances, cultural production, producer services, and tourism have emerged as dynamic nodes of growth. This restructuring has been accompanied by marked change in the organisation of work. Sub-contracting, casual employment and other flexible forms of labour management"(Harrison, 1994 p2) have emerged. The effect this has had on social organisation within society will be addressed in the next chapter. What is important to note here, is that there has been "a structural shift from manufacturing towards knowledge-related and organisational activities." (Dielman et al, 1993 p243).

However, caution must be taken not to overemphasise this trend. Markusen and Gwiasda point out, there still remains a correlation between a strong manufacturing base and a healthy national economy. Thus, although there has been an increase in other forms of non-material production, and in many instances a shift in manufacturing sites from core geographic locations to peripheral ones (as theorists of the NIDL have shown), the existence of manufacturing is still vital for sustainable economic health. The example Markusen and Gwiasda draw on is the Tokyo metropolitan area, which still has a strong manufacturing base.[2]

Information technology now allows for point-to-point contact around the world. Furthermore, with the use of devises such as the Internet, the cost of such contact is minimal. This enables companies to have simultaneous operations around the world, and for information (the most valued commodity) on changing markets and new innovations in an increasingly competitive world, to be transmitted at unprecedented speeds. According to Yang Jie, an information-technology specialist at the World Bank office in Beijing: "Businesses know that the faster they can communicate internationally, the larger their profits" (Turner, April 1995 p59). This emphasis put on information, has given rise to what Castells calls the "informational society".

The information technology that supports the "informational society" increases the mobility of capital. In turn, this increases the vulnerability of labour, and states. At the same time, "it

[2] The relevance of manufacturing is not static. At the same time, a blur is materialising between sectors, especially between the manufacturing and service sectors. Manufacturing sectors are heavily dependent on research and development industries to continually improve their product, and on innovations in marketing strategies to sell their product. It is in response to this, that the information revolution takes on greater meaning.

is widely reported that innovations in information and telecommunication technologies are eroding the importance of the central city as a location and reinforcing processes of decentralisation. There is even a shift of work back into the home" (Harrison, 1994 p4). This argument could provide further support to the NIDL theory.[3]

2.4.1.4. Intellectual capital

To support, manage and improve on the rapid changes and innovations in the economy, there has been the growth in the importance of intellectual and knowledge capital. This type of capital is embodied in the form of personpower. Those involved, in what Sassen terms "producer services", comprise a large segment of this capital. The increased importance of intellectual capital for globally competitive economic activities has been stressed in many recent works, including that of O'Neil and Moss (1991). In their article, "Reinventing New York", they assert that companies "that compete on the basis of intellectual capital are most likely to succeed in penetrating overseas markets" (p44).[4]

Support services for business, such as accounting, law and advertising, have grown substantially in recent years. When (international) business deals are made, it is the accountant and lawyers that mediate the process, and it is the financial market's continual engineering and innovations in terms of accessing and controlling credit across the world, that feed these "deals".

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[3] However, amongst certain sectors, such as advanced producer services, this mobility of capital is less desirable. [A classification table of producer services in the U.S., Britain and Japan is given in Appendix C.] Sassen, in her book "The Global City - New York, London, Tokyo" (1991) documents the forces of agglomeration that provide the impetus for the global city. These forces are not easily transportable, as they are determined by person-to-person contact. Thus, processes of agglomeration act as counter tendencies to forces of decentralisation, and are compatible with the trend towards the concentration and centralisation of power within the financial, advanced producer and related sectors. More detailed attention to this development will be given, later in the chapter.

[4] It must be recognised that not all classified producer services are forms of intellectual capital. For example, real estate does not fall into this category. Furthermore, there are several forms of employment not listed as producer services, that do make up what is known as intellectual capital. These include employment in: higher education; public relations; research and development; engineering; customised manufacturing; transport; telecommunications; and the arts (Moss, 1991

The involvement of these professions in global economic transactions, is not their only significance in the globalisation process. The increasing amount of employment in these area, has been noted as part of a structural shift in employment. This shift holds true for highly integrated economic localities such as New York (ibid). It is too soon to say whether this holds true for the entire world. To say this would negate the role of fordist and neo-fordist forms of manufacture that are still evident in many parts of the world - especially "emerging markets". However, the significant growth in intellectual capital and producer service forms of employment, could, nonetheless, be used as an indicator of a broader structural shift in the economy. If this is the case, structuralist arguments, explaining globalisation, may hold greater validity than it would first appear. All the features of globalisation discussed here, therefore, must be considered to be characteristics of the structural changes at play.

2.4.2. Structural Change

There are many and contrasting views that assert that globalisation is part of a broader, over-arching structural transformation in the social, political and economic world order. The emerging post-modern, post-industrial societies, and disorganised capitalism are usually considered to be part of this transformation. From a structuralist view, the emergence of these phenomenon are not minor cycles, evolution's or reforms within an existing order, but are a radical shift in the way societies are ordered. For Beauregard (1991) and Savitch (1988), this signifies the paradigmatic shift away from the modernist, industrial economy of earlier decades.

From a perspective of the political economy, there is an acceptance that a structural shift began in the early 1970's.. This process was caused by:

> "a crisis of overproduction, (that) has led to the intensification of the capitalistrelations of production, with a deepening division of labour, the generation

> of new consumption needs, the incorporation of new spheres into capitalist production relations, and a greater concentration and centralisation of capital. Using technological innovations, corporate managerial strategies, and state policies, restructuring has taken place to restore expanding profits and establish more effective control over the workforce; this has meant selective deindustrialization and reindustrialization linked to a strategy of anti- unionization" (ibid).

As a result of declining margins of profit, and an increased scarcity of resources that resulted from the events of the 1970's, forms of production have changed. Inputs are increasingly invested in "strategic" areas of growth. The eclectic, and ever changing, innovative cultures of postmodernism, that have arisen in tandem with these economic developments, require investors to embrace strategic forms of production as a survival mechanism. As a result, there has been the rise of "flexible and small batch production of a variety of product types, flexible use of labour, deregulation, decentralisation, entrepreneurialism, and individualised consumption" (Harrison, 1994 p1).

However, with this, the need has arisen for manufacturers to find and adapt to niche markets to trade their goods. These markets exist world wide. Thus, although producing for niche markets requires manufacturers to narrow their focus in some respects, the search for these markets, has forced producers to look globally to find and extend their business. This paradox appears to be one of the core elements of globalisation. The technical innovations resulting from the information revolution have almost "naturally" accommodate and supported this globalisation process.

From this viewpoint, it appears evident that the manufacturing industry have taken the lead in international economic developments. Following behind the internationalisation of production, has been the "increased internationalization of finance." King goes on to say that the "internationalization of production and finance has meant the internationalization of administration and control through advanced producer services, ... (and) it is this that has extensively changed the employment structure in the 'advanced' capitalist countries" (ibid, p17). The conclusion that can be drawn from this, is that this restructuring process, with manufacturing and finance at the centre, that is responsible for the "world economy's" evolution towards the emerging "global economy". This recognition, however, must not be made at the exclusion of other occurrences in the global political economy.

Another fundamental process that has been played out in the structural change, over the last two decades, is the decline of welfare and Keynsian forms of economics. This was born out of the same set of circumstances that influenced the rest of the globalisation processes. States, facing fiscal crises in the 1970's, where forced to abandon welfare economic policies, in favour of economic growth. In turn, these events facilitated the rise of the neo-liberalism and a private sector controlled economy. This has meant many things to many people. For some, this has meant that, at last, capital has once again been released freely to expand its influence all over the world. For others this signifies an increased sense of vulnerability within civil society and the state. According to Marcuse (1994), declining public power and the increase in private concentration of economic activity has resulted in the following:

> "public leadership of cities cannot control development within their jurisdiction because businesses can effectively threaten to move elsewhere, and other cities, in the competition among them, will sacrifice public controls to attract them" (p8).

This situation has been made possible by the increased mobility of capital. Yet, at the same time, it is the very vulnerability that localities legislate and expose, by fiercely competing with each other, that facilitates and increases the ease with which capital can relocate across the globe. Here, again, lies a paradox within the globalisation paradigm.

The existence of paradoxes, such as this one, provides fertile ground for criticism. It is too easy for critics to turn a paradox into a contradiction, and discard its developmental relevance. The criticisms levelled at the globalisation thesis are also not necessarily irreconcilable with what has been already discussed. The possibility for reconciliation, however, is not immediately apparent. It is, nevertheless, hoped that after discussion, clarity of this statement will be possible.

2.4.3. A Critique of Globalisation

Contrary to the evidence and explanations of globalisation given above, there is a school of thought that opposes this position. They claim that globalisation is predominantly "hype", and that in reality the processes of globalisation have only occurred to a much lesser degree. According to Koechlin (1995), the only sector that has really developed to global proportions is the financial sector. However, the more important sectors where productive investment is made are still, essentially, domestically orientated. He goes on to say that "little evidence exists to support the claim that investment decisions are sensitive to international profit rate differentials" (p92), and that "capital accumulation remains a largely national phenomenon" (p95).

This view, as Koechlin's evidence suggests, may hold true in certain circumstances. In particular, countries that have large internal consumer markets, such as the United States (the country in which Koechlin is based), may even be able to sustain such a development pattern. Markusen and Gwiasda, in fact, to some degree confirm Koechlin's position by reiterating the importance of a strong national economy for large, influential cities like Tokyo to result.

Nevertheless, it is legitimate to level two criticisms at this perspective. Firstly, for countries that do not have a large internal market like that of the United States or China, there is a developmental need to reorientate economic activity towards the international market. If a city-state like Hong Kong did not do this, its economic success would be practically impossible. Thus, for them the significance of globalisation cannot be under-rated. Secondly, in terms of planning, to accept the anti-globalisation arguments of Koechlin and others, would be to accept a static, if not conservative, world view. Technological developments such as the Internet, and the internationalisation of finance are increasingly facilitating and speeding up the process of globalisation. New world bodies, like WTO, are encouraging international economic integration. The emergence of supranational trading blocs like the European Union are increasingly indicative of the world's attempts to cope with the globalisation process.

Thus, even though evidence of globalisation is more limited than advocates of it may claim, the proof of ever-increasing occurrence and influence cannot be ignore. For any sort of strategic, forward-looking planning to occur, it must be based on an acceptance that the type globalisation previously discussed, is a growing animal. The globalisation thesis should at the very least be used as a beacon to guide future planning. For this purpose, the assertion that the world's economy is becoming increasingly integrated and global, is accepted here as a working and valid concept. At the same time, it is believed that the process of globalisation has happened and is happening on a much broader historical continuum than proponents of the NIDL would suggest, and that with this there are as many continuities between the colonial controlled world economy and the emerging global economy, as there are discontinuities.

Along a different train of thought, a set of criticisms that have been levelled against the globalisation, as well as the body of work that is known as the globalisation thesis, come from the socio-political angle. Critiques and advocates of globalisation alike, note that although "the global economy (may) embrace the whole planet, but only a minority of the world's population is truly integrated into it. Castells depicts Western Europe as a fragile island of prosperity, peace, democracy, culture, science, welfare, and civil rights' (Dieleman, 1993 p243). Thrift (1994) extends upon this.

> "(T)he global economy explicitly and probably increasingly encompasses only a few countries which are increasingly economically interconnected and that, in this sense, there is no truly global economy. However, the process of globalisation ... has produced a world in which the products and processes of the global economy now ceaselessly circulate, leaving echoes of the prosperity in every country of the world" (p369)

In the face of this, marginally positioned countries are forced to follow one of two routes. Either they have to de-link from the world's economy, as Tanzania and others did unsuccessfully some years ago. Alternatively, they have to attempt with greater enthusiasm to become more integrated into the broad global economy, in an attempt to benefit, even slightly, from the "fruits" of global integration. Popular attempts to do this by national governments involve enticing foreign firms to "set up shop" in their countries. This role of government can be seen as another manifestation of globalisation.

> "(T)he rise of transnational economic diplomacy and globalisation of state power, (where) .... governments and firms bargain with themselves and one another of a world stage" (Friedmann and Wolff, p368)

These attempts, where `successful' for peripheral nations, have often resulted in international firms competing with domestic firms to the latter's detriment. Extending this to its worst possible conclusion, local firms, faced with international competition, are prevented "from ever entering the realm of modern production. (Thus) .... labour-intensive national competitor firms are eliminated and with them many jobs" (Walton, 1982 p122). However, with the presence of international capital, a peripheral locality/nation can gain access to technology they would otherwise not be able to afford. Their world status can improve, and their future integration into the world's economy can be facilitated.

A more detailed account of the social and political dimensions, especially at a micro level, that result from globalisation will be given in the . xt chapter. But for now, it must be accepted that the globalisation thesis is a framework within which it is increasingly necessary to work. With this acceptance, the proposal that global capital developments are increasingly extending control over most processes, is also accepted. According to Sassen-Koob, "the practice of global control is the specialized activity involved in producing and reproducing the organisation and management of the global system of production and the global labour force" (King p13). Cities are the sites from which this control is established, and exercised. However, not all cities truly embody this control. Rather, it is only those with particular characteristics. The discussion here, will now turn its attention to the space economy within which cities with those particular characteristics can be conceptualised.

2.5. SPATIAL EXPRESSIONS OF THE WORLD ECONOMY

As a result of globalisation developments, it is argued that space and time have changed their dimensions. In line with this, it has even been asserted that localities are no longer of importance. The fact that there is a class of transnational elite who operate as global citizens, may be evidence to support this claim. However, contrary to this evidence, is the fact that certain localities are more important than ever. This partly due to the rise of the new the transnational elite class. Thus, it should be asserted that the relevance of locality has changed, rather than disappeared, with the changing nature of the international order. This is due to the fact that "particular 'modes of socio-economic organisation and political control' lead to particular forms of urbanisation" (King, 1991 p55)

During the fordist-modernist era of social relations, a particular geography existed. This took on forms at the supranational, national, regional, and local level. One of the most forceful trends during this era, was the attempts governments made to level or equalise the distribution of resources across the national space economy. They channelled this trend through centrally controlled decentralisation policies, which developed deconcentration and decentralisation nodes of development. In some cases, national planning took this decentralisation process so far as to relocate the nation's political capital from a developed, relatively wealthy metropolitan area, to a more remote area of the country. Events like these occurred in Brazil and Malawi. Regional and local developments within a country, wear determined by national plans in a hierarchical way. Owing to the strong regulatory framework, economic capital forces were obliged, in most instances, to comply with state controls.

With the restructuring of capitalist relations, and the emerging influence of post-modernism, simultaneous changes in the space economy are occurring. Not all of these changes are radical deviations from what went before, as not all of the social structures synonymous with the globalisation era are dichotomous with previous structures. Harrison has addressed this restructuring of geography, and provides an overview of events at three main levels - global, regional, and urban. He asserts that:

- At a "global level, there is a concentration of wealth and power in the North, with the Socialist world having disintegrated and become an appendage of the North. The South (or Third World) is becoming increasingly differentiated with the rapid expansion of East Asia, the relative stagnation of Latin America, and the economic marginalisation of Africa" (Harrison, 1995 p3).[5]

[5] To some extent, this development has been exaggerated by the development and rise of regional economic trading blocs like EU(European Union), and NAFTA. This development has created new sense of regionalism that must be accounted for as a unit within economic geography. ???? asserts that "under the current trends in regionalization of the world economy, North America, the new Europe, and East and South East Asia may form a tri-pole development in the 1990's. UN and other projections clearly indicate a pattern of uneven growth among the major economic blocs in this period, with East and South-East Asia leading with a growth rate of over five per cent, while the US and EC remain at two to three percent" (p106)

- At a regional level, "once highly industrialised and prosperous regions like north east England and the Ruhr valley are experiencing decline and de-industrialisation. At the same time, once peripheral areas, such as the 'Third Italy' and the 'American Sunbelt', have become new centres of development and economic dynamism"(ibid). This development, however, is a result of national policies rather than of local and regional policies, the emergence of cluster forms of development, and capital's search for cheaper locations.

- At an urban level, "the idea of a 'new city' is captured by terms such as 'the informational city', 'the edge city', 'the global city', 'the network city', 'the creative city', 'the dual city'. However, it is arguable that many of the supposedly new processes are merely a continuation of those that operated in the past. .... The city no doubt remains structured by the forces of modern planning and modern urban development but there are new elements, associated with postmodernism, that are being superimposed on the urban fabric"(ibid, pp 3-4).[6] In the ever more competitive global environment, localities are now embarking on aggressive marketing strategies, and competing amongst themselves for national/international capital investment.

It is the developments occurring at the urban level that are of most concern here. More particularly, it is the cities that play significant roles in the economies of their regions and more generally the world that are of special interest. Popular within work with this analytical focus, is the belief that at the apex of the conceptual hierarchy of such cities, is the emerging global city.

[6] What is relatively unique to the emerging urban framework, however, and has been documented elsewhere by Harrison(1994), is the development of entrepreneurial planning and management of urban environments.

2.6. WORLD CITIES

Before a direct assessment of the "global city" is possible, the functions and features of the "world city", need to be discussed. This is due to the fact that, in the same way as postmodernism is overlaid on modernism, or globalisation is overlaid on colonialism, the functions and features of the global city are layered over the functions and significance of its predecessors. This is not to infer that only former world cities may become global cities. Rather, it is to gain a better understanding of changing urban areas in the world's space economy. To reiterate a statement made earlier, it was Hall's work in 1966 that articulated most of the features of world cities. A slightly more sophisticated version of this work was offered again in 1982 when Friedmann and Wolff established an "agenda for research and action", in the paper they did on world cities. In an effort to develop a basic understanding of the "world city" concept, the work of Friedmann and Wolff will be drawn from primarily in the discussion.

2.6.1. Defining the World City

It is debatable as to when the world city emerged as geographical unit of particular economic relevance. Some people have dated it origins back to the Roman era, others claim it to be a product of mercantile capitalism of the seventeenth century, or a result of the industrial revolution. Despite its origins, however, it is accepted that its development peaked between the 1930's and 1970's. During this time, they emerged in strongly industrialised countries as major growth centres. Friedmann and Wolff argue that the primary function of these cities was for capital to have a place from which it could control and manage its activities. These cities had particular characteristics. They were centres on finance, advanced education, culture, and advanced consumer and producer services. As more capital is located in these cities, so do the other characteristics, associated with these urban centres, grow.

In addition to the above mentioned features, there are also other, relatively rigid, features that can be ascribed to the world city. The main features that warrant a mention here are:

- World cities are characterised as international distribution centres.
- The development of world cities was facilitated by the intense competition between cities to attract capital to locate in them.[7]
- In cases world cities took on a unicentric geography.
- World cities were ranked in hierarchical fashion according to various criteria. Friedmann and Wolff's urban hierarchy is possibly most well known in this regard.[8]

The relevance of a hierarchical urban order has becoming increasingly questionable. As cities move more towards specialisation in specific functions, urban networks gain importance as analytical and functional tools with which to work. This does not mean that there is now an out-and-out rejection of the urban hierarchy concept. Rather, hierarchical ordering of urban centres should be seen as something that is largely historically contingent to the era of world cities. It is thus a concept that must be applied with caution taken when analysing the global city.

Contrasting this, there is strong continuity between world cities and global cities, in terms of the role the state plays in accommodating the conflicting demands of international capital and the local civil society that hold voting rights. Within the role of the world city, there existed "an inherent contradiction between the interests of international capital and those of particular nation states that have their own historical trajectory .... (Owing to the fact they

[7] This competition manifested itself in the form of cities creating an environment that met the needs of the business class and international elite. They achieved this by providing a rich assortment of social and cultural infrastructure. This form of competition has been radically advanced with the emergence of global cities.

[8] According to Friedmann and Wolff, an hierarchy existed on the one hand, between primary core centres and secondary core centres in core countries, and on the other between primary and secondary centres in semi-peripheral countries. "Core countries (were) ...identif(ied) by World Bank criteria as industrial market economics and semi-peripheral ones, as upper-middle-income market economics" (King, 1991 p25)

have been) essential to both transnational capital and national political interests, world cities may (have) become bargaining counters in the ensuing struggles" (Friedmann & Wolff, p321) between international capital, the nation state, and local civil society.

Recently Thrift and Dieleman et al's works have noted that the success a world city had, in fulfilling the necessary functions and managing the various contradictions and paradoxes of being a world city, could be largely determined by the mode of social regulation chosen to govern the locality. In this regard, corporatist forms of governance could be considered to be the most successful. More conclusive research on this assertion, however, is still needed. It, nevertheless, can be asserted that the features and operations of world cities have not necessarily been static.

> "Urban roles in the world system are not permanently fixed. Functions change, the strength of relationships change, (and) spatial dominance changes" (ibid, p311).

In some cases capital has responded by 'fleeing' to more suitable locations. "But it (did)...not escape the world city" (ibid, 1982 p330). The further development of these cities into global cities can be considered to bear testimony to this.

2.7. GLOBAL CITIES

Based on the former discussion, it can be clearly asserted that a continuity exists between world cities and global cities. Most of the features and functions of world cities discussed above, are still applicable to emerging global cities. It is the new theoretical concepts, and changing physical developments, that are more problematic to articulate. Where do general developments and relevant issues in society end and the specifics of global cities begin? Soja attempts to answer this by stating, "(A) new dye has not been rigidly cast over the restless landscape" (Harrison, p3). Although there may be truth to this, it is an inadequate answer for the purposed of any research. Drawing on various existing works, it is hope a better answer to this question can be provided here.

2.7.1. Defining the Global City

According to Shachar, the idea of the global city is an "elusive theoretical concept coloured by hidden positive connotations, a kind of `blue ribbon' to be bestowed upon specific cities, which have achieved a supreme level of economic dominance, through the most intensive articulation of global capital" (Shachar, 1994 p381). Less cynically put, Sassen argues that "in addition to the management of a NIDL in manufacturing, ...(global) cities are the key 'hubs' for the control and co-ordination of global finance, and producer and business services" (Dieleman, 1994 p358).

They can therefore be considered as the following:

> "'key nodes' of the international urban system ... underpinned by the development of telecommunications which have allowed control and co-ordination to be conducted at a distance by phone, fax, and computer networks using satellites and fibre optics." (ibid)

At the same time, these centres are also characterised by advanced international tourism, well developed transport systems and commuter networks, stock exchanges and the concentration of global or regional headquarters; as well as luxury shopping, restaurants, entertainment, private police and domestic services. Furthermore, Friedmann and Wolff state that, "because of the uniqueness and scale of (global) ... cities', and because they are often considered showcases, the government sector tends to become larger here than elsewhere" (p320).

At the same time, however, growth in these various sectors tends to take place at the expense of traditional manufacturing employment. As a result the informal, illegal and household economies are inflated as a means of survival for many, causing the 'global ci 'o occupy the role of the dual city. (Refer to the next chapter for more detail regarding the dual city.)

2.7.2. The rationale for Global Cities

Continuing on from the discussion on world cities, concentration of the following areas of employment, highlighted by Markusen and Gwiasda as contributing to the development of the world city, are equally applicable to the global city. These include securities and banking, manufacturing administration, political functions, education, producer services such as law, accounting and advertising, data and computer processing, management and public relations, Research and Development, membership organisations, architecture and engineering, real estate, medical services, and cultural/tourist/entertainment services.

It is not a coincidence that all these activities occur in one locality. Rather, Sassen confirms that this occurs as a direct result of the tendencies within these sectors towards concentration and creating linkages between the functions of these sectors. However, it must be noted that different functions which characterise a global city, vary in terms of their tendencies both to centralise and to create linkages with other sectors. A table of some of the most important functions and t tendencies towards centralisation and establishing linkages, has been reproduced from the Markusen and Gwiasda article below.

The centralisation tendencies of these various functions, results from the fact that the sectors that gravitate towards concentrating in global cities, do so because their lifeblood depends on human contact. Grand deals in international finance or MNC merges relies on personal interaction and negotiations. Global cities appear to be in this position as they hold within them the transnational elite's that desire the possibility of face-to-face contact with one another. The advanced producer services that support and market these deals, feed off and develop within the innovative and creative environment that these cities provide. It has been asserted by Sassen, amongst others, that in terms of innovation and creativity (two essential elements necessary in a global city), close proximity of a mass of intellectual capital is a very positive, and may even be a necessary, factor in achieving a competitive advantage of a global city.

2.7.3. Global competitiveness

The 1980's saw major cities throughout the world compete viciously with one another to lure business to their locality. This they did, in efforts to achieve the perceived economic health and status they would gain by developing as a global city. As a result of this move, many studies were embarked on, to assess what made localities succeed in being globally competitive.

According to Markusen and Gwiasda, the cities that are best position to prosper are those that are "multi-functional". By multi-functional, they mean cities that do not specialise in one of the sectors, but rather have a well diversified economy that can provide many of the above-mentioned services, in conjunction with others, such as manufacturing. They take this concept further to state the following:

> "the fortunes of any particular city in the competition for ... (global) city status are dependent upon the historical evolution of functions accumulated within their boundaries and upon the complexion of national space within which they operate, as well as the changing tendencies towards centralisation of hosted functions and the degrees of linkages across them" (ibid, p170).

In terms of this, they argue that essentially primate cities in advanced industrialised countries with strong national economic bases, like Japan or France, are in the best position for global competitiveness. Thus, they are likely to achieve/maintain a competitive edge in achieving global city status. Nonetheless, they argued that for this primacy to be maintained, a robust manufacturing sector at either a national or urban scale must exist. Yet, manufacturing is increasingly decentralising as costs of operations at the centre of economic "hubs" are too high in terms of profit margins. Thus, the primacy of a global city is increasingly dependent on the national, and not urban bases of manufacturing.

At the same time as manufacturing is decentralising nationally and internationally in terms of the NIDL, it is noted that there is another process occurring in the global economy that contradicts the maintenance of the primacy of global cities. This is the "spatial levelling of producer services nationally" (ibid, p181) within advanced capitalist societies. If this is the case, it is necessary to question whether the global city is a valid one. In countries where there is a great deal of competition between cities for the location of functions, the prospects of a global city emerging appear to be less likely, and maybe even unnecessary. In terms of long-term rationality this might be the case. However, the fact remains that certain cities throughout the world continue to compete with one another for global city status.

For a locality to be successful in this competition, Markusen and Gwiasda claim, a city must be ever more externally focused, in that its services, functions and products must be export orientated. Strangely enough, one of the most export orientated function lies within the political realm. According to their argument "being a political capital endows a city with a greater concentration of producer services than being a financial or manufacturing capital" (ibid, p177). Washington DC is a good example of this. Politics however does not fulfil a determinist function. Rather as Markusen and Gwiasda state in relation to external orientation.

> "(M)ost international transactions have two faces, one looking toward the interior and one to the exterior. (Global)...cities are those which successfully mediate between the two." (ibid, p187)

2.7.4. Successful mediation - benefits and costs

The mediation process between the "two faces of international transactions" that occurs within global cities, is regulated by both state intervention and the operations of the market. In terms of the externally orientated "face" of international transactions, the state intervenes in the form of its foreign trade policies, export promotion support services, and political relationships with other countries and international bodies. Thus, the promotion of a locality's global competitiveness, is to some extent dependent on national policy. The market concerns itself, in this area of external orientation, with international networking relationships, and export-related products. These products can vary in form from "hard" manufactured goods, to the exportation of "soft" advanced producer and consumer service goods, like financial advise services.

The private capital market does, in certain instances, unhinge itself from its local hinterland as a result of its external orientation. New York's financial market is one example of how private capital within a sector has unhinged itself from national economic orientation and dependency.

Owing to the evidence that suggests sector within global cities unhinge themselves from the national or regional economy, many critics of the global city, condemn state support for developing global cities. They claim that the external orientation of these sectors results in them contributing very little to the national economic health of a country, while sapping the economy of resources and investment finance. This is an important criticism to acknowledge in light of the topic of investigation of this study. If it holds true, then it would appear that, quite obviously, the costs of developing Central Gauteng as a global city, outweigh the benefits. Then this development path should not be pursued.

However, both the works of O'Neil and Moss (1991), and Persky and Wiewel (1994), do provide substantial evidence that counter these criticisms of the global city. O'Neil and Moss, in their study on New York, found the following:

> "more than half the New York region's work force is employed in the local service sector. They work in retailing, residential construction and restaurants - in local transportation and public utilitites - in health care and personal services - ... (etc.). These are often referred to as non-traded services, in the sense that they are not subjects of trade between the metropolitan area and the rest of the nation or the world." (p41)

Growth in these sectors is a direct outcome of growth in real income that traded sectors generate. "With higher real incomes comes the capacity to support a higher level of spending on consumer services - and thus higher levels of employment in the local service sector"(ibid). Thus, it can be asserted that the growth of global city functions and its related sectors, comes the growth in local employment opportunities. This, in turn, feeds directly into the national economy. It is based on this same type of logic that Persky and Wiewel assert that there is a growing "localness" in global city development. Based on this assertion, the claim that costs of global city development outweigh the benefits of this form of development for a national economy must therefore be reconsidered.

2.7.5. Information Technology's contribution to global city competitiveness

If global city development is a possible and worthwhile developmental route for some localities, one of the most influential, but potentially costly ingredient (initially), needed is information technology. The need for primacy, in terms of a global city, has been partially supported by some of the work done on informational societies. This opposes what some studies on information technology have claimed the following:

"the central city is continuing to lose its locational advantage and uniqueness within the metropolitan spatial structure, (and that) technological changes continue to lower the necessity for concentration" (Moss, 1987 p535).

Moss goes on to state that,

"the telephone has had a `dual impact' on office location: `... first it has freed the office from the previous necessity of locating next to operations it directed; second, it has helped to gather offices in large concentration in special areas' (Gottmann, 1977). .... 'The growth of white-collar occupations of all kinds, then, is without doubt the most important single explanation for the growth of the world cities in the period since 1850' (Hall, 1984). In the future, it will be the computer and telecommunications systems, rather than the white collar which drives urban growth, and, in certain cases, decline" (ibid, p536).

In the late twentieth century, many white-collar jobs are moving out of the CBD of cities and into more suburban settings, especially routine back office jobs like data processing. For those more innovative and intellectually demanding forms of employment that remain within the CBD of emerging global cities, "technological developments and capital investments ... facilitate interaction within the CBD and reduce congestion, favour the CBD by expanding its holding capacity" (ibid). Optical fibre systems are increasingly becoming key to such capacity and interaction.

"Among the advantages of optical fibre systems are their large carrying capacity, the speed at which they transmit information, their signal strength, and their high security. The current state of the technology and the economics of fibre favour high-volume point-to-point communications - from one hub to another hub. As a result, the new optical fibre systems are initially being built to serve the heavily used communication routes, typically those linking major cities, further enhancing the comparative advantages possessed by these centres" (ibid, p537).

At the same time, major cities are improving their international competitiveness by building fibre optic systems for "intra-urban and intra-building communications" (ibid). As a result "once primarily a physical cross-roads, the new metropolis is likely to become more important to us as an electronic cross-roads for information processing and exchange" (ibid, p538). Regional disparities between the rich and the poor are therefore being intensified as they are excluded from more intensified developments in information technologies.

More recently, theoretically sophisticated work on the informational society has been done by Castells and Lambooy. Castells' work is quoted in Dieleman et al (1993).

> "the informational revolution provides the basic infrastructure on which to build a functionally interrelated world economic system. It ... fosters the concomitant processes of centralisation and decentralisation. And it creates a new linkage between productive forces of the economy and the cultural capacity of society. This revolution is an essential component of the informational society, which has been defined as a social structure in which the sources of economic productivity, cultural hegemony, and political-military power depends on the capacity to retrieve, store, process, and generate information and knowledge." (p243)

The social implications of this informational society has various social implications not dissimilar from those more generally associated with globalisation and the global city. These too will be dealt with in the next chapter. For now, it is accepted that "the juncture of the technological revolution and the informational society enables the formation of a global economy" (ibid), and thus, indirectly, the formation of global cities. The following is a definition of the business centre.

> "an infrastructure of telecommunications, communications, urban services, and office space. It is a node in a network that forms the actual unit of management, innovation, and power." (ibid, p246)

From this definition it can therefore be argued that:

> "in light of the diminished role (in most countries) of regulated monopolies and central government authorities in controlling the shape of new tele-communications systems, the challenge for urban policy is to determine how cities can maintain and attract communications-intensive economic activities. For some communities, 'teleports' are regarded as a 'technological fix' that can stimulate business and jobs" (Moss, 1987 p544).

According to Moss, this "increased competition in telecommunications will require policymakers to give greater attention to the private sector's role in providing advanced telecommunications services in cities" (p45). Graham (1994) cautions, however, that the guiding forces of capital are :

> "(so) powerful that they must cast substantial doubt over the potential efficacy or wisdom of investing urban policy resources in telematics networks as part of urban economic development policies. Where teleports have developed wit! 'ocal subsidy, for example, the danger exists that these new globa-local links will actually exacerbate processes of globali..ation and urban economic fragmentation. As with many property development s in the 1980's, municipal subsidy for teleports can be seen as a regressive public subsidy to support elite property and capital interests. Increasingly, such initiatives are resulting from the operation of growth coalitions levering public investment into corporatist projects." (p426)

At the same time, he notes that the effective advantage that this type of capital investment gives cities, is still debatable. Despite this, the power and current necessity of for information technology must not be ignored or underrated by policy makers, as both capital and civil society come to increasingly rely on it as a basis from which to develop network relationships.

2.7.6. Global Competitiveness and the Urban Network Systems

Since the 1970's, there has been an increasing global trend towards establishing partnerships between different actors for the purposes of development. These partnerships have taken on many forms. The three broad categories of these relationships are: public-private sector joint ventures, public sector and civil society co-operation, and the triangulated partnership of all three in corporatist arrangements. The rationale behind these partnerships is co-operation over the use of limited resources and mutual gain.

During the neo-liberal dominated 1980's, however, the private sector generally led the development processes emanating from partnerships between them and other sectors of society. As a result, the products of these partnerships did not always maximise mutual gain but rather benefited . .. capital. With the increasing emphasis on sustainable and participatory development in the 1990's, many of these partnerships are being restructured along more democratic and equitable lines.

Yet, more dominant than the restructuring trend, is the establishment of networking relationships. This is perhaps a natural outgrowth of joint venture forms of development in a social order that continually attempts to further rationalise economic inputs. These relationships have been facilitated by the development of technologies which integrate computer and telecommunications such as the "information superhighway", as well as "interconnecting infrastructure, and interlocking grids of universities, firms, consultants, training centres and so on" (Harrison, 1994 p11). The resultant form of integration that occurs, "increasingly enables various new forms of co-operation, (and) sharing of information ... between individuals, firms and even cities"(ibid p10).

Extending upon this, Barry O'Neil of Deloitte & Touche (SA) asserts that the vital ingredients of these relationships,

> "are likely to be intangible assets such as research and development capability, production knowledge, distribution skills or market knowledge, as opposed to tangible assets such as factories or cash. .... (Consequently) one of the most important advantages of the new structures is the ability and potential for combining skills and assets while investing little cash, if any" (Hall, 1995)

The significance of this for development planners, is that "territorially defined communities have recognised the importance of networking" (Harrison, p10) as an adaptive development strategy in the 1990's. In many senses, the networking relationships that are emerging, signify a 180 degree turn from the zero-sum forms of inter-urban competition of the 1980's. This is based on the belief that :

> "while inter-locality competition is inevitable and even positive, networking as an urban strategy accepts that there are opportunities for specialisation,

exchange and co-operation, ... (and) that even a small city can be competitive if it is part of a larger network" (ibid, p11).

For this reason the urban network systems is emerging as the most attractive option to for cities to pursue. "In the network world city, the city views the world as one open market and co-ordinates R&D, production and marketing to achieve efficiency in the global industrial system" (Angotti, 1993 p125). It attempt to enhance its position by pursuing joint ventures and attracting inflows of direct foreign investment. As a result, "it may be increasingly difficult to define the boundary of a ...city by just national jurisdiction, rather it may be more appropriate by its interactions with international networks" (ibid, p128).

The key, then, is for a city to find a niche in the global economy and develop its networks upon this basis. If this suggestions made by this work on the urban network system are accepted, a new conception of what the global city is, needs to be formulated. No longer will cities, in the pursuit of global city status, need to develop the multi-functional characteristics suggested by Markusen and Gwiasda. Instead, the need is to focus on the strategic advantages a city has, within particular functions of the global city and further develop these in a qualitative sense. Within a flexible development approach, this type of focus will make them competitive as global cities within an international urban network system.

At present, the relationships that do exist in the urban network system are, in many instances, relatively vulnerable, as they range from informal links to formally structured co-operative alliances. Thus, it is important at this stage not to over-emphasis the present power of networking relationships. Rather they should be considered as embryonic in a functional sense. Evidence of how weak they still are can be found by appraising current practices. Less than a year ago, Fortune published an article rating "The world's best cities for business" (Fortune, November 14 1994).

Little mention was made here of the specialised functions that each of the various cities had to offer. Rather, cities were graded against each other in terms of the same criteria - cost-of-living index, cities served by non-stop flights, annual office rental rates per square foot, and openness to other cultures. Similar tactics are employed by cities in their marketing campaigns. This sort of comparison perpetuates the begger-thy-neighbour form of competition common to the 1980's. Planning city development within this context, stimulates policy-makers to think in terms of short term, unsustainable gains.

To counter this tendency, the fact that networking relationships that concentrate on longer-terms, more sustainable gains are beginning to take shape, should not be ignored. Thus, while accepting that their present influence on the global economic and spatial structure must not overestimating, the concepts behind the urban network system should be recognised as sustainable future development route. Based on this, planners involved in promoting the global competitiveness of a locality, should develop policy around specialised functions and networking relationships which will reduce the necessity of zero-sum competition.

2.8. THE SPATIAL IMPLICATIONS OF THE GLOBAL CITY

If the idea of the urban network system is accepted, it can clearly be asserted that the international spatial form is taking on a new meaning. The former relevance of Friedmann and Wolff 's urban hierarchy model of unicentric cities can be considered to be in a position of declining significance. Polycentric cities and urban network systems can now also be viewed as functional and relevant spatial forms along which global city development can take shape. This is not to say that unicentric cities may not be one acceptable possibility. Rather, it is to point out the fact that various geographic forms of the global city are ever more possible and functional. Batten (1994) has established an hypothesis on the innovative value of the corridor and network city. Here he asserts that :

> "today we must concern ourselves with diverse changes permeating across interdependent networks. In this new arena, a global network perspective is mandatory" (p3).

Dieleman et al (1993) confirms the legitimacy of polynuclear structures of city systems such as the Randstad. "(T)he rate of economic growth is often as high or even higher than in areas with a dominant large national metropolis" (p244). While recognising this possibility, it is important to recognise that for such city forms to be successful, they are dependent on well developed infrastructure and communication channels to connect the various centres. Based on this understanding, a network city system operating at a sub-regional level as a polynuclear city, can be recognised in some respects as a possible microcosm of processes operating in the broader international framework.

Another spatial feature that has been accounted for within the emerging space economy of urban areas is what Garreau has documented as the 'edge city'.

> "(This) can best be described as the spatial bundling of the suburbanization process. As the economic base of these edge cities is the office sector, these cities clearly form the auto-based workplace of the Information Age" (ibid).

Compounding the urban sprawl that was first witnessed with suburbanization during the 1950's and 1960's, is the fact that there are also clusters of new, hi-tech industries of the informational society locating "in new peripheries of the major metropolitan areas, close enough to the communication centres but removed from older industrial districts" (Castells, 1993 p252). Thus while both concentration and deconcentration processes are occurring at international and national levels, the fact that they are also occurring within global city localities must not be ignored.

Lastly, at the micro level - the internal composition of the city - there are also other spatial implication of global city development. With the growth of the global city, comes the particular spatial development of different "quarters" of the city, e.g. the gentrified inner city, and the elite office park space (Marcuse, 1993). The implications of all of these developments have on the polarisation of social classes, as well as spatial segmentation, are significant. The details of these processes will be discussed in the next chapter, where the socio-political implications of global integration and competitiveness for a city are considered.

2.9. IN CONCLUSION - DEFINING THE BOUNDARIES

When consideration is given to all the different city forms (edge, informational, network, world) that feed into the formation of a global city, defining what a global city becomes increasingly problematic. In terms of demarcating physical boundaries for a global city, the work Moss and O'Neil did in 1991 on New York, appears to be the most useful guide yet. For them, the functional relationships between areas adopt a position of primary importance. Their work establishes functional "rings of development" around the city. This placed New York within the broader regional context. In their work, New York as a global city is made up of an urban core, located within an inner ring, an intermediate ring, and an outer ring. In all, these rings include 31 counties.

Thus a region, rather than solely a metropolitan area, is demarcated as the planning unit for promoting New York's global competitiveness in the next centuary's global economy. From this perspective metropolitan planning and regional planning intersect one another in many functional senses. The arguments favouring polycentric global cities and urban network systems, could take on greater relevance in this regard.

In terms of the internal spatial structure of a global city, it can now be accepted that the dominance of a unicentric city, common amongst world cities, is no longer the only urban spatial form that requires development attention. Polycentric cities, and urban network system, are appearing as desirable, effective and innovative global cities. The need to achieve complete multi-functionality proposed by Markusen and Gwiasda may, no longer be the most desirable developmental target, especially given the difficulty in successfully achieving such a goal. Acknowledging this does go some way in providing guidelines to planners.

The further recognition of the potential role networking relationships can play in establishing a locality as globally competitive, could be fundamental in potentially revolutionising certain aspects of urban planning. Innovation, specialisation and good quality, increasingly appear as fundamental components in achieving global competitiveness, in all areas of the globalising economy. In this regard, the necessity of requisitioning intellectual capital for this purpose, is ever more clear. The socio-economic and spatial development of a city, does not escape these developments. For a city to embark on the promotion of their locality as a global city, the recognition and further development of these factors is in escapable.

From the arguments put forward by O'Neil and Moss, and Fersky and Wiewel concerning local economic development (LED) within a global city, it would appear that global city development is a desirable goal, albeit a loosely defined one. Greater attention to the form this LED takes, will be given in the next chapter. But for now, given the strength of globalisation forces, it would appear that promoting one form of global competitiveness or another, as a locality, is inescapable. Within this context, the strategic development of some global city features can be considered a relatively attractive option available to many major urban centres within the global economy.

CHAPTER THREE
THE DUAL CITY THESIS

3.1. INTRODUCTION

Many scholars and critics of the "Global City", claim that one of the most outstanding features to characterize the global city phenomenon, is the prevalence of 'dual city'. This claim asserts that global city development directly results in an ever increasing polarization of income groups within the locality. As a result of this claim, a body of work has emerged within urban literature, that argues the case for these polarizing tendencies at play. This body of work, for all practical purposes, is accepted here, as the "dual city thesis".

The aim of this chapter is to assess the validity of the broad, and relatively generalist, claims made by this "thesis". This will be done with an ultimate intention in mind: what are the socio-political opportunities for, and constraints to, Central Gauteng's development? Central Gauteng's development, in this context, will be discussed from the perspective of it being a locality operating within a globally competitive urban network. The immediate purpose of this chapter is, however, to gain an understanding of what potential socio-economic, socio-political, and socio-spatial dynamics may arise from global city development.

3.2. DEFINING THE DUAL CITY

There is no one tight, universally accepted definition of the "dual city". Instead, most authors refer to it as a common knowledge notion that does not require explanation. Such an acceptance of the concept however, is both hazardous and meaningless for analytical purposes. It is for this reason that the chapter begins with an attempt to define the term and trace the origins of thought that led to this "thesis".

It was Fergus Bordewich writing in the *New York* (1979), whom first made use of the Dickensian reference "dual city" regarding New York City. Here he asserted, the dual city: "contrasted the gentrified with the displaced, exploited tenants with rapacious landlords, and educated labor with " ... a kind of lumpen proletariat that isn't tied into work because the work isn't there"" (Beauregard, 1993 p258). This definition, albeit somewhat limited, does point to the polarizing trends within the society. This is a useful starting point to understanding the dual city as a thesis of work.

Expanding on this, Fainstein et al's (1992) discussion around the idea provides more sophisticated definition of the idea, which provides a vital spatial component. They claim that the image of the dual city is one that encapsulates the following:

> "in the same urban and regional space, two increasingly separate economies, inhabiting increasingly segregated neighborhoods and social systems. Features such as the juxtaposition of homogeneously low- and high-income areas, the occupation of the sidewalks of well-to-do districts by homeless, and the simultaneous broadening of employment opportunities for some and the foreclosure of them for others" (p8)

Ultimately, these processes are expected to result in the class structure of even the most advanced and productive urban centers, taking on an hour-glass form.

3.3. ORIGINS OF THE DUAL CITY THESIS

Considering this understanding, it is easy to locate the dual city thesis within a Marxist structuralist paradigm, with its roots located in the original work of Karl Marx's *Das Kapitaal*. The concept's primary focus on class polarization, does allow for it to be placed, seemingly neatly, within a broad framework of class theory. Mingione's definition of poverty, is "based on the idea that, for various reasons and for variable periods of time, a part of the population lacks access to sufficient resources to enable it to survive at a historically and geographically determined minimum standard of life and that leads to serious consequences in terms of behavior and social relations" (p324), thus appears to be more than adequate.

However, the dual city thesis is not simply about a random process of class polarization under capitalism. Rather, it is located within a very specific historic and spatial context. This context renders both poverty and wealth as ideas with very particular meanings that are not in any way random.

Essentially, the historic context is that of advanced post-industrial capitalism. It follows on from what Piore and Sabel have claimed to be the "Second Industrial Divide". What is important, for our purposes, about this historic context, is that this period has witnessed a shift in the operations of class dynamics. According to Beauregard (1993), the post-war period, until the early 1970's, was dominated by an anti-urban discourse in the industrialized urban centers of the North. The most acute expression of it was found in North America.

However, owing to the North American hegemony, it was the most powerful influence over global trends at this time. Consequently, it was this discourse that was replicated to some extent across most of the world. As a discourse, it viewed cities as places of decline. For Beauregard, the city became a "non-place realm of rootless individuals and non-spatial communities"(Beauregard, 1993 p12). The white middle class was in the process of fleeing the cities for the suburbs, and programs to decentralize and deconcentrate industries were in "full swing". It was the poor that remained in the cities, with the assistance of state aid that came with the prevailing welfare economics of the time. In summation of the discourse, Beauregard states:

> "The postwar period contrasts the decay and incapacity of the cities with the growth and prosperity of suburbs. The asymmetry works to define decline and provide shape to the discourse. Postwar cities became places of crime, poverty, fiscal irresponsibility, idleness, drugs, ... family breakdown, and a loss of community. The suburbs function as the opposite; deviance, immorality, and illegality are much less pronounced, while the nuclear family and a sense of community thrive. Sub-urbanites are anti-urbanites" (ibid, p17).

However, what in a sense legitimized this discourse was that more and more people were becoming better off, and the ranks of the middle-class were swelling. For those who remained located in the poor strata of the society, there were good safety nets of social security, medical services, and state housing to protect them. To be trapped in poverty was seen as a choice, and poverty itself was treated with paternalism. As this was a period marked with economical expansion, the state could afford this "luxury" to the poor. Furthermore, "up to 1963 there was an increase in the degree of equality in distribution of earnings" (Sassen, 1991 p219), which in many respects legitimized the status quo.

However, following the oil shocks of 1973, the crisis in over-production and under-consumption, and the rising labour militancy, among other things, a restructuring process began within the economy. This had an impact on practically all realms of life. Between the mid- to late-1970's many cities did experience major fiscal problems. As a result, their orientation moved away from meeting the social needs of the poor, to promoting economic investment in desperate efforts to promote growth.

This reorientation of the state cannot be underestimated. At the central state level, it meant that welfarist policies and politicians were replaced by ones with neo-liberal tendencies. This resulted in the gradual erosion of safety nets for the poor as the privatization of social services, and the cutting of social transfers took place from then through the 1980's. At a local and regional level, this re-orientation meant that monies that were once used for investments such as low-income housing, were being redirected into more profitable developments. For many, this signified a "renaissance" in the city. No longer was the city's discourse one of decline amongst dominant forces. Instead the city became conceived as a place of growth and regeneration.

Moving away from a position of the interventionist state of the 1960's, the state provided capital, incentives and a laissez faire economic framework within which developers could operate. Consequently, the private sector took responsibility in leading the growth and revitalization of the cities during the 1980's. This growth largely took the form of speculative investments that gentrified the inner city with luxury housing, shopping malls and "smart" buildings. This is turn led to an increased demand for land, and the escalation of property prices in the city.

Through the decade of the 1980's, private investors bought up run-down pieces of land within inner city areas, where the very poor had found sanctuary. These areas they demolished and rebuilt, and as capitalist logic would have it, the poor were the primary victims of these developments. Thus, it was not only through the downscaling of government support, but also through private sector initiatives, that the poor were marginalised from the processes of regrowth taking place in the city.

Fainstein, in her book *City Builders* (1994), claims that this private sector led development, also allowed for the rejuvenation of many public spaces. These spaces come in various forms, such as promenades and parks, and are accessible to all people, not only the rich. This, she alleges, has had positive spin-offs for the poor in the dualizing city. Furthermore, they are spin-offs that neither the city nor the poor could afford to develop by themselves. She therefore claims that this gentrification process has rebuilt much of the city. Nevertheless, at no point can these token forms of public development justify the overall damage these investments have done to the poor.

At the same time, these private sector investment initiatives, were not the only forms of development shaping the city during the decade. Harloe and Fainstein (1992) in their conclusion summarize five other developments at play during this period.

> "There were as follows:
> 1. the decline on manufacturing and the partial rise of flexible systems of production;
> 2. the disaggregation of the geography of production which this development, as well as changes in the transport and communications, allows;
> 3. the rise of producer services highly concentrated in large cities such as London and New York;
> 4. the growth of international financial systems even more highly concentrated in the three "first division" global cities - London, New York, and Tokyo;
> 5. the growth of more specialized consumer services to meet the needs of the high-status, high-income workers in the expanding sectors of the economy, plus the growing demand from international tourism" (pp243-244).

The events and debates behind these developments have all been well documented elsewhere. Thus they will not be dealt with in significant detail here. Only what is important to note about these developments, for the dual city debate, is highlighted.

The spatial disaggregation of production, and in turn the decline of manufacturing industries in large cities, has resulted in a massive loss of jobs amongst the blue collar workers, and lower and middle levels of management. This trend has only been compensated for partially by the rise of flexible production and the emergence of other dominant economic sectors. The reason behind this is twofold:

- First, the people who have lost their jobs as a result of the economic restructuring processes, are not appropriately skilled for new employment opportunities.[9]
- Second, with the restructuring of the economy, and the increased search for value added production, a large-scale rationalization of employment needs has taken place.

Evidently, both processes fuel the growth of the poorer segments of the society, and reinforce class polarization theses.

The flexible systems of production that have arisen in the city because of this emergent new economic order, can also be viewed as having implications for the dual city thesis. In a very general sense, this has resulted in "specialised production for niche markets, caused by consumers demanding greater choice and by the availability of micro-electronic technology"(ibid, p41). The reality of this for many however, has been the growth in ununionised part-time and casual employment, as well as exploitative sub-contracting relationships and an ever inflated informal sector. The majority of so-called flexible work arrangements are "low-wage jobs, with no fringe benefits and no returns to seniority - a way of organising work that reduces costs for employers"(Sassen, 1991 p283).

As a result, these types of employment are more precarious and insecure than the traditional types of jobs on the fordist production line. Thus, for those in the poorer socio-economic strata, moves to flexible systems of production have resulted in the further dislocation of traditional safety nets, along with the casualization and the

[9] According to Levett and Dwyer (1994), this is a fundamental feature of the post-industrial society. They state that unemployment emerges "as technology and methods of work change. People whose skills are no longer required become unemployed; and people without skills become unemployable or are employed only part-time or temporary basis" (p43). Sassen (1991) reinforces and extends upon this statement by asserting: "The technological transformation of the work process ... has added to earnings polarization by either upgrading or downgrading a vast array of middle-income jobs. Mechanization and computerization have transferred skills to machines and have shifted certain operations from the shop floor to the engineering office: many middle-level management jobs have been eliminated through computerization, and many secretarial jobs have been downgraded into routinized word processing" (p221).

informalization of their work process. In turn, they have an ever increased need for the creation of adaptive strategies for survival.

The growth of international financial systems, and the interrelated rise of producer services concentrated in powerful urban settings, has had important implications for the growth and consolidation of the new urban elite. With the rise of the "information" or "knowledge" economy, employment in advanced producer services has come to dominate the primary labour markets. These markets are "composed of jobs which offer high wages, career structures, ... the chance to acquire skills on the job, and stable secure employment (although this cannot be over-estimated)" (Abercrombie et al, 1984 p77). These job opportunities are monopolized by urban professionals, who have been educated in the best schools and universities.

Following the massive capital investments in education, this category of people commands ever increased salaries and fringe benefits. The segment of the middle-class, that once embraced suburbia, and that are able to enter this upwardly mobile employment category, are those responsible for inflating the top end of the emerging hour-glass class structure. Thus, they too are vehicles of the polarization process within the dual city.

Another important feature of the growth of the advanced service and financial industries, is that it is those employed in this sector that have come to define the dual city in terms of their needs and whims. They are the people that are active in designing and consuming the city which increasingly through the 1980's took on a postmodern form. According to Beauregard, this urban form is defined:

> "in terms of its once low-income neighbourhoods now gentrified by middle-class professionals; its waterfront developments that replaced dilapidated piers, fishing fleets and shipping lines with up-scale apartment complexes, festival

> marketplaces and marinas; office buildings with prosperous firms providing financial assistance, management advice and legal services; and retail marketplaces catering to the status-conscious consumer and the impulse buyer. These are the physical landmarks of the postmodern city. The emphasis is on the transition of the city from a place of industry, commerce, and ethnic neighborhoods to a place for spectacle and consumption, financial machinations, and worldwide corporate decision-making. The postmodern city is a city of advanced services arranged around banking, finance and administrative control. Its workers are the affluent professionals who occupy gentrified neighborhoods and consume urbanity" (Beauregard, 1993 p12).

With this orientation in city form, there has been the rise of the need for another form of employment. It caters for the elite, be they residence or tourist to the city. However, it is performed by the poor. It is the provision of specialized consumer services. Sassen argues that the particular political economy that arises from gentrification, demands a specific society.

> "(It) rests, in the last analysis, on the availability of a vast supply of low-wage workers. ... High-income gentrification generates a demand for goods and services that are typically not mass produced or sold through mass outlets. Customized production and limited runs of production will tend to be associated with labor-intensive methods of production and sold through small, full service outlets" (Sassen, p279).

These services vary from tailoring, gourmet food shops, flower selling, deliveries, up-market restaurants and renovations/restoration services, to that of cleaning, maintenance, and child care. In most cases, employment in these sectors, is characterized by the secondary labour market. Thus, they are low paid, provide few possibilities for advancement or skills acquisition, and are insecure. Generally, it has been found that women and other "minority" groups are overrepresented in this category of employment (Abercrombie et al, 1984 p79). In turn, this reinforced the racial and gender profiles of the poor in the dual city. Additionally, it is in these sectors of employment that the informalization and casualization of work associated with the dual city, gains relevance.

Broadly speaking, then, it can be said that there has been a general move towards the informalization and casualization of work, along with a rise in unemployment. The consequences of this must not be underestimated. The rise of homelessness points to how significant the recomposition of power within cities has been over the last decade. Commenting on these processes in New York, Marcuse states that contemporary homelessness "is large-scale, permanent and independent of the short-term business cycle, a combination never before existing in an advanced industrial society" (Marcuse, 1993 p359). Coupling this with the casualization and informalization processes, the economic insecurity that accompanies relative and absolute poverty, must be seen as a strong participant in the polarization of inequalities in the cities.

In effect, then, the culmination of the above developments that Harloe and Fainstein have documented, is a transformation of the employment structure of the city. It would appear evident that job prospects for the middle class of the modern era, are in decline, while opportunities further up and lower down in the income pyramid are on the incline. Essentially, this means that there is an active and inevitable decline of the middle class, and a shift in the class structure from one which was once onion shaped, to one the is becoming increasingly hour-glass shaped. In the last analysis then, it can be asserted that it is this transformation that provides the primary motivation and rational behind the formulation of the dual city thesis.

In concluding, this discussion on the origins of the dual city thesis, it can thus be said that the "dual city thesis" was born out of the global restructuring processes that started some two decades ago. Correspondingly, its spatial context is that of the city integrated into the global economic network, more specifically, the context is that of the global city. Thus, it is by no means coincidental that the global city thesis has its roots in the same historical circumstances as the dual city thesis. In a functional sense, both theses are products of the same developments and are directly related to one another (albeit that this need not necessarily always be the case).

Put in another way, in many senses the dual city thesis can be considered a critique of the global city phenomenon. Although it is accepted by most scholars that class polarisation has increased in the majority of localities since the mid-1970's, critics of the global city assert that this polarisation has been most acute in global cities. This they claim to be a result of the fact that the very nature of global city development necessitates the pauperization of one segment of the population, in order for the needs and desires of the elite can be accommodated. This may be an overly simplistic view.

3.4. FEATURES OF THE DUAL CITY

The dominant economic characteristics of the dual city are the aspects which feature most strongly in most of the literature. These features have been largely covered during the discussion in the previous section of this chapter. They will thus not be rehashed here. An important feature of the dual city that has not been given attention thus far, however, is the socio-political dimension of this city form, and the emergent perspective on poverty. Although, arguably, features of this dimension of the city are not responsible for the rise of the dual city, they are active in creating it as the status quo.

Many extreme right-wing and neo-liberal observers have made extensive reference to the "culture of poverty" that has come to characterise segments of the dual city. They view this "culture" as a product of social and individual behavioural deviance, containing many dangerous criminal elements. This stigma, however, they have not reserved for only a fringe minority, but rather, claim that this "culture" is pervasive amongst the new urban poor. Consequently, the conception of this "culture" has been used as a political tool against the poor (Mingione, 1993 p325). Owing to the racial and gender profiles of the poor in many cases, it has also adopted racist and sexist connotations. Although usually subliminal, these connotations are evident in the policy reorientation's of the 1980's.

The curtailment of low-income housing subsidies and the privatization of other social services, has further entrenched the poverty status of many female headed households and immigrant groups. In efforts to cope, the illicit trading of goods and services in the informal sector, sometimes emerge as the only adaptive survival strategies available. At the same time, crime does perpetuate itself, and reduce the quality of life for people living in the poor areas of the city This, in turn, reinforces stereotypes of the poor as "undeserving" which are propagated by neo-liberal politicians. As a result, the needed legitimization of abandoning the poor in pursuit of more lucrative investments, is thus reproduced.

Nonetheless, the polarization process sited in the dual city, is not only economically reinforced by the reorientation of government policy. In effect, the nurturing of conception of the poor as the "doomed under-belly" of society, results in a process of socio-cultural polarization of the city. As the poor are become the targets of more and more discrimination, so they become more isolated from the elite. This process occurs both socio-politically and socio-spatially. According to Gans' work, "the underclass in socially isolated - as others of higher status move away from it and give up contact with it. ... Poor people also suffer from ... institutional isolation: the practice of stores, banks, churches and other commercial and public facilities moving away, even if their intent is to escape low profitability or slum conditions rather than, or more than, people"(Gans, 1993 pp330-331).

The spatial polarization that ensues from these forms of isolation, solidify into two systems of governance emerging, which dictate the social economy of two distinct spatial territories. According to Sassen, this emergent "segmentation and spatial unevenness has reached dimensions not typical of earlier decades (Sassen, 1991 p255). As a result, the culture and consciousness that exists within the city, experiences further polarization. This acts to reinforce the dual city, and extends it into something that crosses all spectrums of life in the city.

In recognising these characteristics of the dual city, and by acknowledging the dual city thesis, it would appear that the polarization of society is an inevitable outcome for all localities as they increasingly enter the realms of a globally competitive economy. Is this really the case?

3.5. A CRITIQUE OF THE DUAL CITY THESIS

Up to this point, the discussion has concentrated on describing and providing a context for the dual city. Little, however, has been said about the value of this theoretical construct, in terms of its theoretical validity. Without a critique, which assesses the dual city thesis in terms of its strengths and weaknesses in terms of its theoretical and empirical relevance, it is of little functional use. Thus, it is necessary that the discussion now turns to an appraisal of the concept's theoretical and empirical legitimacy.

As the dual city thesis has been asserted as a product of the same global restructuring process that the global city thesis is born out of, it must therefore suffer from some of the same criticisms levelled against the global city thesis. The most significant, is that the theoretical work on the globalisation process, has over-estimated the extent and the impact that this process has had on homogenizing social, political, and economic forces at play within individual localities.

Although Friedmann et al (1982) state that class polarisation in the city is a result of economic forces becoming more centralised, while political forces becoming more fragmented, there is little empirical evidence to support such a claim. Since this assertion was made, the world has witnessed a rise in political regionalism, such as the European Union. This regionalism has worked with economic centralization forces, increasing the integration of the political economies of large areas. The implications this has for class polarisation can only be speculated at present.

Thus, the dual city thesis, as an over-arching explanation of all global cities, must be treated with caution. It assumes that a homogenizing process is occurring across various space economies. Furthermore, it credits neither the power of individual nations and regions historical influences, nor the ability of the nation-state to intervene. The work of both Fainstein et al (1992) and Silver (1993), however, bear testimony to the fact that class polarization within global cities is not a phenomenon that is taking place in an homogenizing way. Both works point to the influence national policy, local and regional politics, and historical factors have on mediating the polarization processes.

This clearly challenges all arguments for globalization which strip all individual character from localities. Silver (1993) encapsulates this well in her work on national conception of the "new urban poverty". Here she asserts: "in describing the consequences of globalization, there is a danger of belittling the continuing importance of the nation-state in forging new social inequalities and their expression"(p336). She goes on to say,

> "nation-states do not simply 'mediate' global economic change. They continue to influence inequality both directly, through redistributive policies, and indirectly, through the labour market effect of macroeconomic, industrial and employment policies. States are active entities shaping industrial organization, forging national cultures, and competing in global market-places for political as well as economic reasons. They are also very large employers. As a consequence, national differences in social structure persist, despite common trends induced by global restructuring" (ibid).

At the same time as acknowledging the power of individual histories and the powers of nation-states in determining their own history, this power should not be over-estimated either. It would still appear that the power of the state within the global economy, is restricted by the contradictory position in which it finds itself. It is still caught between the demands of transnational capital, and the needs of the increasing amounts of impoverished voters.

However, mediation by the state in this contradiction within the urban environment appears to be the only possible path that can be adopted. Given this, it is a necessity that the state finds ways to overcome the contradictions, and establish common ground for development that will benefit both interest groups. For this to be achieved, various forms of strategic planning will need to be investigated and pursued. This is something the dual city thesis fails to recognise. Rather it has given apocalyptic impressions of the city, which leaves little room for development, save complete revolution.

...ght of these factors, the dual city should be conceived as a hypothetical construct, ...her than as an existing fact. Although there is evidence of a dual city emerging in many localities that once had an onion shaped class structure, in no global city has the dual city emerged in totality to the point where the class structure is now completely hour-glass in shape. The work th. has been done on global city localities, has concentrated on what is happening at the very top and very bottom of the class hierarchy. This illuminates some of the processes occurring within global cities, and highlights future possibilities, but also lallows for grave distortions to emerge.

In response to this, another criticism can be levelled against the dual city thesis. This is, that its interpretation of class dynamics as simply being dichotomous, is overly-simplistic. The work of Marcuse, Runciman and Harloe et al, amongst others, clearly points to the fact that the rich elite and the poor "underclass" exist at the opposite ends of a continuum within global city scenarios. They have documented that there are a multitude of classes that mediate between the rich and the poor.

Similarly, there are social cultures that mediate between these classes too, the most obvious being the popular culture perpetuated through various forms of media. Consequently, all these authors, and particularly Marcuse, propose that the class structure of cities should be conceptualized as being segmented instead of dichotomous.

Each of the authors mentioned above have proposed a class structure for globally competitive cities. Both Runciman and Harloe et al have proposed structures which have seven identifiable classes. Marcuse's work advocate positions for five classes with the associated spatial dimensions of these classes. In all cases, Runciman's definition of class is generally applicable:

> "classes are ... sets of roles whose common location in social space is a function of the nature and degree of economic power (or lack of it) attaching to them through the institutional processes of production, distribution and exchange" (Harloe et al, 1992, p256).

Here economic power is accepted as control, ownership, and the marketability of occupational skills. The class structure that appears to be most the cogent, and comprehensive of the three, is the one put forward by Harloe and Fainstein. This is due to the fact that it embraces the central elements of the other two proposed structures, and extends upon them. The central elements of it can be viewed in Appendix D.

Within each of these proposed class structures, there is a central theme. This has been summarised by Harloe and Fainstein as "the tripartite division of social structure" (ibid, p262). Essentially, what this means, is that the society in these cities can conceivably be divided into three class grouping. This is how they conceive these threee categories:

> "The 'top' grouping is least fragmented internally and most powerful in terms of economic power and in the urban system. Global economic change has enhanced its economic position, as well as enlarging the sized of the group, and policy changes ...have largely seerved its interest. When members of this group live outside the metropolis, their control over local government and urban planning has helped insulate them from the urban costs of economic restructuring. The 'middle' grouping has rather different urban (often suburban) interests. These are likely to be defensive in nature, linked to the pressures created by population growth, out-migration, and the decentralization of economic activity. .... There may be intersuburban rivalry, attempts to deflect costs of urban change elsewhere but capture the benefits. Fundamentally this broad grouping is split by its differing class as well as its suburban locations. .... The prospects for the 'bottom' grouping remain grim. Like the middle stratum, this population is very fragmented, both in terms of its class composition and in terms of areas of the city which it inhabits. Those who live in the "tenement city" ... for example, are likely to see the ghetto and its inhabitants more as a threat than as potential allies. In addition gender and more significantly, "race" are particularly important bases for fragmentation at this end of the urban socio-spatial structure. It may be that individualistic "survival strategies" or ethnically and sometimes gender-based divisions may have more salience as a basis for social action than economic and urban locations" (ibid, p263).

They do not adequately accommodate the transactive and transitional nature of many class locations. However, for this to be done, it is expected that further empirical research would be required. Nonetheless, they do point to some significant dynamics at play within and between classes of the city. It is the existence of the "middle" grouping of the class structure, that contrasts this framework most significantly with the framework presented by the dual city thesis.

In and of itself, this proposed structure is helpful. It can be considered a more realistic structure than that proposed by the dual city thesis. It is also far more inclusionary than the dual city thesis, which relegates a position of limbo to all those in the middle classes. Furthermore, the fact that it points to the need for, as well as the possibility for, the emergence of new class alliances, does provide an element of hope. Extending upon this, is the work of Marcuse, as he promotes an agenda for social action in this regard. In his 1993 work, "What's So New About Divided Cities?", he calls for the creation of "new coalitions to provide democratic control over the forms and functions of cities and what happens in them, to adapt long-term efforts to create really human urban environments to the specific circumstances of today" (Marcuse, 1993 p364).

Although this does not provide any direct guidance for social action, it does provide the foundation of a broad development framework which has the potential to influence power structures within the context of globally competitive cities. To some extent, this can be considered an antidote to the apocalyptic interpretation of the city given by the dual city thesis.

Along a different line of thought, another criticism that may be levelled against the dual city thesis, is its conception of who makes up the "underclass" component of its dichotomous class structure. As a vast majority of the work on the dual city has been done in relation to dynamics at play in the United States, it has come to be accepted that the profile of the poor in all "dual city" scenarios, is the single mother and the minority groups that have not integrated into the broader society, due to cultural and ethnic dispositions.

Again, the comparative work of Silver on Britain, France and the United States, points to the fact that this is not the case. Although cross-nationally, "the young, old, unskilled, women and racial minorities are most likely to be unemployed, there are national differences"(ibid, p340). The general descriptions of the poor are somewhat more appropriate in the United States, than elsewhere. In Britain, for example, the poor "underclass" are predominantly young school leavers of many ethnic origins, and men have higher unemployment rates than women.

This points to a fundamental problem that exists, not only in the theoretical composition of the dual city thesis, but within planning disciplines more generally. This problem is the hegemonic position of the American planning profession. It is a problem in so far as theories born out of the North American experience, are exported across the world through the planning fraternity.

This is an occurrence that was most typical of the modernist era, which extended a contextually appropriate theory into an over-arching explanation for similar events in all contexts. With the rise of post-modernism, and the increased emphasis on phenomenological research, this occurrence is on the decline. However, there is still a strong tendency for planners in other localities to inappropriately import over-arching theories from the American context, into very different contexts. For the legitimate usage of a theory to be made, this practice needs to be performed with greater caution in future.

On a more positive note, one of the important reasons the dual city thesis can still be considered to be a body of work that has value, is due to the fact that it does point to some significant developments that are at play. Most specifically, the research of scholars such as Sassen, on developments within New York, London and Tokyo, shows work, amongst others, shows that "up to 1963 there was an increase in the degree of equality in the distribution of earnings. Since 1975, the opposite has been occurring"(Sassen, 1991 p219). As these centres are hegemonic and at the cutting edge of development, occurrences within them are often precursors for development elsewhere.

The fact that inequality is growi[illegible] es, is a cause for concern. By recognising and investigating this de[illegible]pme[illegible]riate action to counter it can be formulated to respond to it.

In addition, owing to the fact that inequality has been on the increase in global cities since the mid-1970's, the dual city thesis can be commended for its ground-breaking work on the "new urban poor" that have arisen. It has also expressed an acute understanding for the forces operating within the upper stratum of global cities. In terms of this, the thesis's contribution to our initial understanding of the dynamics operating in cities experiencing advanced capitalism, has been significant. Thus it may be deemed a valuable contribution to our historical body of knowledge.

On the political front, the dual city thesis has been fundamental in illuminating the inequitable and unsustainable effects private sector led development can have on cities. In unison with economic catalysts, it has effectively encouraged governments to review their non-interventionist stances. It could thus be argued that this thesis acted as a political adversary to the neo-liberal, conservative dispensation that dominated global economics during the 1980's. For this we must be grateful.

Lastly, it is accepted that the work that has been performed on the dual city is not entirely relevant to class and power dynamics operating within global cities in advanced capitalist economies. Nonetheless, it could be of considerable value to planning for an emerging global city within a "third world" or "majority world" context.

This is because the class structure of cities within the majority world have much greater tendencies towards the hour-glass shape than the class structures of cities in advanced capitalist economies. In these scenarios, the value of the dual city thesis as an analytic tool, is found in the fact that it can highlight problematic areas. Thus, when planning for promoting global competitiveness, these areas can be dealt with, with greater sensitivity towards equity issues.

3.6. CONCLUSION: A NEW FRAMEWORK

If the dual city thesis were accepted as an appropriate explanation for processes enacted within global cities, it would follow that an increasing percentage of the population in these localities are being marginalised from the work force. This would have grave implications for the present political economy. As Gans asserts,

> "it is difficult to see how long an economy, society and polity can function, even at minimal levels, if they include one or more generations of people who are kept out of the labour force because there is no work for them" (Gans, 1993 p332).

In essence, this would ultimately result in the dislocation of the political economy in these localities. Given that these localities control and command the global economy, the conclusive effect, would be the entire destabilization of the present world order. To date, this is not the case.

The reality of the situation is far less dramatic. Yes, inequality has been on the increase in global cities during the 1980's; and yes, it has been largely a result of global economic restructuring processes. Yet, to only acknowledge these features, would result in an over-simplistic account of history. There are, at least, two other elements that must be recognised as part of the equation:

First, the developments of the 1980's, have clearly not resulted in the simple polarization of the societies at stake. Rather, they have led to a new and more complex set of class dynamics. It is accepted here, that there are three broad class categories, or as Harloe and Fainstein put it, there is a "tripartite division of social structure"(Harloe et al, 1992 p262). At the same time, there are many class formations and alliances that take place within and between these divisions or categories. In many senses, class status is a transactive, and transitional thing than it has been previously.

The dual city thesis is correct in pointing out that those caught at the very bottom of the class hierarchy are increasingly trapped by their poverty, and those at the very top of the class hierarchy are increasingly secure in their position of power. Thus at each end of the class spectrum there are certain rigid features forming. However, the majority of people in global cities lie between these two classes, and it is the fate of these people that is of vital significance. After all, they are the base from which the Global City developed. Now, they are the transient and transactive masses who determine the class structure of the city.

Second, the effects of global economic trends are not irreversible. Empirical evidence clearly suggests that government's policies have been powerful mechanisms, capable of moderating the effects of global restructuring. In far too much of the literature, an inordinate amount of power is given to global economic forces. This de-emphasises the negative role's governments played in creating and perpetuating inequalities during the 1980's. Nonetheless, it must be recognised that inequality has grown at different rates in different localities. This, in itself, points to the significant role governments have played in shaping socio-economic, socio-spatial, and socio-political aspects of global city structure. There is little to suggest why this should not continue to be the case.

In closing then, it can clearly be asserted that any adequate explanation of the processes taking place in global cities, demands a more complex logic than that put forward by the dual city thesis. By accepting this, one must accept that the state has a vital role in determining class relations within an external environment of global competitiveness. The current paradigm of sustainability (accepting Bruntland's interpretation of this concept) suggests that the type of state intervention (or non intervention) of the 1980's cannot continue. Yet, at the same time, it is clear that economic growth must continue.

However, the path that it adopts, must be based on equity - growth through redistribution. This will need to be a guiding principle for state intervention as we move into the next century. Can such a form of growth take place within the context of a global city? Can the promotion of a global city occur in line with such principles? There are no theoretical answers to this a present. The empirical evidence from the Randstad example in Holland, offers some hope in this regard. This however is not a typical global city.

Furthermore, it must be recognised, that for the purposes of this study on the Central Gauteng Region, that the Randstad's development path is in no ways, directly transferable to the South African context. Not only are the spatial logistics different, but the resources that are available for development in South Africa are vastly different. We do not have the wealth, nor the large middle-class base social structure from which to work.

CHAPTER FOUR
IS CENTRAL GAUTENG A GLOBAL CITY?

4.1 INTRODUCTION

In the introduction to this work, it was stated that the primary aim of the research is to explore the benefits and costs of planning and developing a locality as a "global city". It would appear from the theoretical discussion of the previous two chapters, that there are several general benefits and costs to this type of development. Chapter two suggest that benefits of this type of development are:

1. Improved global competitiveness in terms of control and command of the economy at an international level. An important consequence of this is an increased level of internal control and command over the national economy which houses the city.
2. A growth of local "non-tradable" services.
3. An increased capacity to integrate into the global economy through networking relationships, which allow for mutual gain.
4. Owing to centralisation, concentration and agglomeration forces, global city development improves the likelihood of firms and organisations locating in the city, stimulating further growth in the above benefits.

In the critique of the global city, chapter three asserts that there are potential and real costs to this type of development. The most significant ones are:

1. The potential to increase and exacerbate class polarisation.
2. Increased tendency for the state to subsidise middle and upper class social and economic development at the expense of more general public needs.
3. The privatisation of social services.

4. An increased marginalisation of unskilled and inappropriately skilled people from the work force.

It is accepted here that the costs and benefits that have been identified as salient, are generally applicable, and relevant to research on global city development. The recognition made in chapter three, that globalisation processes and global city developments are mediated by historical factors and government intervention, is also deemed to be of importance here. It is for these reasons that the case study of this work is viewed as fundamental. Without the case work, any planning proposals would be ungrounded, and therefore useless.

4.2 DEFINING THE GLOBAL CITY

It has already been stated that Sassen, author of the book "Global Cities", believes that "in addition to the management of a NIDL in manufacturing, ...(global) cities are the key 'hubs' for the control and co-ordination of global finance, and producer and business services" (Dieleman, 1994 p358). Thus they are recognised as,

> "'key nodes' of the international urban system ... underpinned by the development of telecommunications which have allowed control and co-ordination to be conducted at a distance by phone, fax, and computer networks using satellites and fibre optics" (ibid).

Based on the theoretical findings of chapter two, the features that are needed to embody a successful and enduring global city are:

- well developed transport systems and commuter networks,
- stock exchange(s),
- the concentration of headquarters for major corporations,
- luxury shopping and restaurants,
- political functions and membership organisations,

- intellectual capital, financial institutions and real estate,
- institutions for tertiary education,
- producer services such as law, accounting and advertising, management and public relations,
- Research and Development agencies,
- architecture and engineering,
- medical services;
- and advanced cultural/tourist/entertainment services.

The successful development of many, or all of these features, would promote the kind of global city that Markusen and Gwiasda consider to be multi-functional. With the emergence of networking relationships between localities, it is recognised that a city does not need to specialise in all of these features at the same time in order for it to be globally competitive. If it can find a niche in developing some of these areas, and develop complementary network relationships with other localities in areas which are lacking, it's potential to endure to continued onslaught of globalisation will be greatly enhanced. At the same time, it is also necessary to ensure development of linkages between the global city functions that do exist within the locality. It is after all the integration of a multiplicity of functions that provides the life blood and rationale for the global city.

The global city features that are considered to be of strategic importance in the development of Central Gauteng as a global city are:

1. Concentration of headquarters for major corporations
2. Concentration of advanced producer services - attorneys, auditors, and business advisors
3. Strong stock exchange

4. A well developed transport system, that allows for good connection with the international business and political community in particular - air traffic statistics are deemed to be of greatest importance here
5. Well developed communications system - Internet, telecommunications
6. Strong financial institutions that are well connected with the international community
7. Concentration of international and national political functions, representatives, and organisations

These features have been chosen because, as it will be shown, Central Gauteng's niche in the global urban network, is as the "Gateway to Africa" - connecting the African continent, most especially in business, to the rest of the World[10].

4.3 AN ASSESSMENT OF GAUTENG

4.3.1 Historical Context

The historical context of Gauteng is of considerable significance to this study. Many of the reasons that an area within Gauteng is the most suitable locality in the whole of Sub-Saharan Africa to be developed as a global city, are a result of both the broad and specific historical context from which the area emerges. According to Collin Wright, Director of Commerce and Industry for the City of Johannesburg, Johannesburg has always been a global city. He claims that unlike many other cities that grew up as service centres, and then entered the world/global economy, Johannesburg was a city of international significance from its initial establishment in the late 1900's. Newspaper clippings from that era claim that it was the most cosmopolitan city in the world. This may have been the case. The fact that it has always had a strong affiliation with London, once the most powerful

[10] Thus, although features like tertiary education institutions are important for the South African economy, they do not play a direct role in improving Central Gauteng's ability to promote itself to the world as an entry point to the rest of the African market, and a gateway from Africa to the rest of the world.

economic centre in the world, does provide support for this argument. Since then, much has happened in and around the city. Most importantly, the locality has suffered many years of isolation owing to apartheid and the consequent international sanctions on most realms of life.

Most studies of the South African economy confirm the MERG (1993) assertion that "mining and mineral processing are identified as lying at the core of the industrial structure" (p 212). The locus of this industry lies within Gauteng. Initially, mining activity in the country concentrated in and around Johannesburg. The control and management of these activities took place within the Johannesburg CBD. Administrative, legal and financial control of these activities has remained within Johannesburg, where the headquarters of growing mining houses were and still are located. The growth of financial institutions, have correspondingly grown up around the mining houses headquarters. With this, has followed the development of the service sector, which supports and feeds off these major institutions.

However, over time and with the discovery of new deposits of gold, mining activity has decentralised away from the city of Johannesburg, and, as a result, so have various services and industries. The initial development of areas on both the East and West Rand were a result of this trend. Following them, other industrial sectors, and the people who worked in them, began to locate in these areas, most especially on the East Rand. What resulted was an urban complex, with Johannesburg in the centre, known as the Witwatersrand[11]. Evidence of this historical evolution can be found in a report Mabin and Hunter prepared for the PWV Forum in 1993. Here they state:

> "The Witwatersrand has witnessed an immense shift within the last two generations from predominance of mining activity to industrial production and diverse trading, financial and professional activities. The more extreme western and eastern ends of the long belt of the Witwatersrand still find high proportions of the population active

[11] Since this conceptual formulation, the Witwatersrand has been referred to as a single large unit. This understanding is still widely accepted.

in mining, especially in the west, ... As one moves towards the more central parts of the Witwatersrand so the intensity of industry increases; but the pattern is by no means symmetrical, with a far greater density of road and rail infrastructure on the east reflecting the higher proportion of population and economic activity to that side of Johannesburg. In the most central parts of the Witwatersrand an immense amount of activity falls into the financial, services, trade and related sectors. Suburbanisation of these activities and also of residence, and to an increasing extent of certain industrial activities, tends also to be more pronounced around the central Witwatersrand, where it has expanded to Californian proportions in recent decades. Such a spread has led to overlap with Pretoria complex to the north and, more purely residentially, with the Vaal Triangle to the southwest"(Mabin & Hunter, 1993 p10).

It is visible from this account, that the Witwatersrand does not stand alone as an urban settlement, but rather overlaps with two other urban complexes - Pretoria, and the Vaal Triangle. Pretoria's development has taken places almost parallel to the development of the Witwatersrand. Its growth during this time has focused on governmental activity. This growth however has not occurred at the exclusion of other sectors. Rather, "the remained or its economic structure shows broad similarity to ... the central Witwatersrand, with a large and important manufacturing component" (ibid).

The Vaal Triangle is the youngest of these complexes, and is best understood as a group of highly specialised industrial centres (ibid, pp10-11). Its economic structure and character is thus relatively distinct from the Pretoria and Witwatersrand complexes. Furthermore, the fact that its spatial link with the other two areas is primarily based on residential sprawl, means that its direct functional interdependency with the other two areas is relatively weak. Based on this understanding, the Vaal Triangle complex is deemed to be of little immediate relevance to global city development in Gauteng[12].

[12] Its close proximity is nevertheless viewed as a positive externality for global city development in Gauteng. This assertion rests on the acceptance of Markusen and Gwiasda's argument that a developed manufacturing sector enhances the sustainability and durability of a global city.

For a long time planners attempted to loosely co-ordinate certain functions between these three urban complexes. However, it was not until the 'Red Report' of 1957 that a co-ordinated planning strategy for the Pretoria-Witwatersrand-Vereeniging Area emerged. "While its focus was on land use and its product was a 'Preliminary Guide Plan for the PWV', its analysis of economic activity formed the basis for its understanding of the region"(ibid). From that point onwards the three complexes came to be known together as the PWV. This is the present spatial foundation of the new Gauteng Province. Beyond this point there appears to be no other evidence to suggest that the Vaal Triangle is of any relevance to this research. For this reason, scant attention is paid to this area during the rest of this discussion.

Through a process of elimination, the focus remains on the other two metropolitan areas in the Gauteng Province, namely Pretoria and the Witwatersrand. Although a focus on these two areas has not been widely propagated in planning circles, it is not entirely novel concept. It is the "Draft Spatial Framework 1992" that first made planning suggestions along these lines. This was an important departure from previous planning policy. Based on a criticism of decentralisation policies of the past, it called for "efficient development to take place in the core areas of the PWV". Following this, the report introduced "the notion of a 'triangle' of opportunity with its northern apex somewhere to the north of Pretoria and its southern base stretching along the mining belt from Krugersdorp to Benoni"(Mabin & Hunter, 1993 p42). (See fig.2 overleaf.)

Within this "triangle" it was argued, "some 78 % of jobs in the PWV were located ..., the implications being that policy should concentrate on bringing infrastructure, residential areas and other development into close spatial relationships with this triangle" (ibid). At the time of publication, this document came under severe criticism, and little has been done since to develop its proposals further. Despite this, the 'Draft Spatial Framework' can be recognised

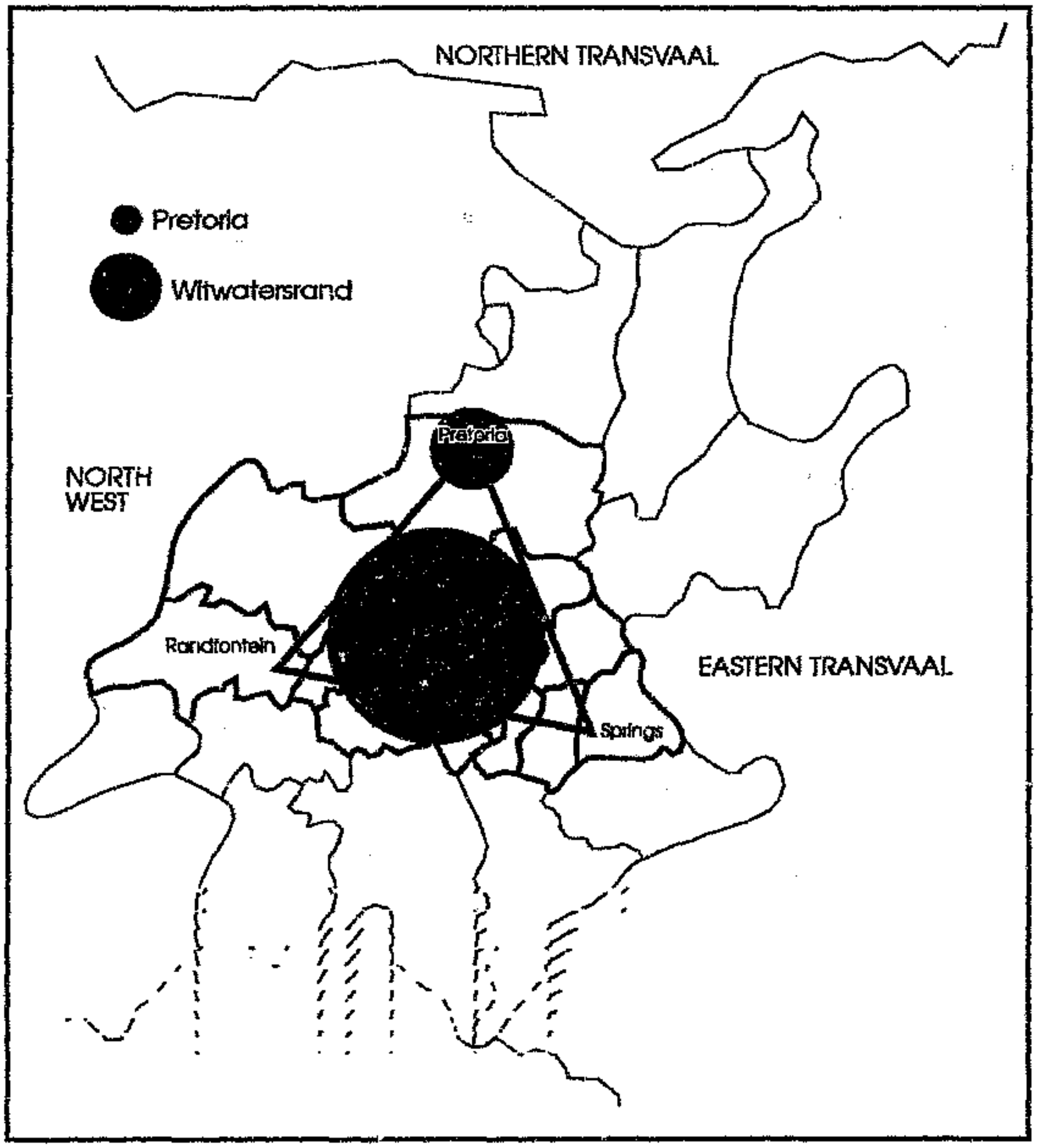

Fig 2: TRIANGLE OF OPPORTUNITY

as an important document in terms of the current planning paradigm, as it contributes to our present understanding of the 'compact city'. Its particular significance to this study nonetheless, is the fact that its spatial proposals overlap to such a great extent with those made here.

4.3.2 Defining the Spatial Extent of the Global City

Within this loosely defined spatial area of Pretoria and the Witwatersrand, lies the heart, mind and body of the province. This is the only locality where a global city could find definition, or so it appears from all superficial assessments. Yet more detailed analysis of the province is required before this claim can be validated with any seriousness. Such an analysis is the purpose of this section.

In a relatively comprehensive study done earlier this year, the Department of Finance and Economic Affairs for Gauteng claims that the province can "usefully be divided into five economic sub-regions: Pretoria, West, Centre, East and Vaal"(Gauteng Economic Policy Document, 1995 p8). The West, Centre and East sub regions here, fall under the broad definition of what was known as the Witwatersrand. The report goes on to provide a helpful short description of each of these region in terms of its population, economic output and industrial structure. This can be viewed below:

REGION	% POPULATION	% GGP
Pretoria	23.6	17.7
West	7.9	10.0
Centre	37.3	32.9
East	25.2	28.9
Vaal	6.1	10.5

Pretoria: "The most obvious feature of this sub regional economy is the contribution to GGP of government, i.e. 28 %. Manufacturing contributes 21 % and finance 20 %. .... 18.5 % of all formal jobs in Gauteng exist in this sub region. Formal sector employment has grown 5.9 % between 1980 and 1991. Employment was created mainly in the government and financial sectors, with manufacturing employment remaining stagnant" (ibid).

West: "This region is predominated by gold mining (73.9%), with a relatively small contribution made by manufacturing (9%). The West is also home to considerable fabricated metal product plants as well as machinery produced in and around Krugersdorp and Roodepoort. The recent decline in gold mining has led to significant job losses. However, a new shaft is in the process of being developed, with a gain of 4000 jobs" (ibid).

Centre: "The largest sectors in the Centre (Johannesburg Metropolitan Area) are: business services (30%), commerce and catering (20%) and manufacturing (18%). The Centre was the only sub region that actually shed jobs in the period 1981 to 1991. Most of the losses occurred in manufacturing, although declines were recorded in commerce, transport and communications as well. The manufacturing profile of the sub region has changed substantially over the last 20 years. A large textile and clothing industry has relocated to the Cape due to high labour costs, a burgeoning printing and publishing industry has emerged - most probably due to increased demand from a greater number of head offices moving to the sub region and finally, there has been substantial growth in the chemical sector"
(ibid, pp8-9).

East: "The East is dominated by manufacturing (47%), with trade contributing 13% and finance 9.7%. The manufacturing sector in this sub region shed 8% of its jobs between 1981 and 1991 in line with the province wide (and nation wide) decline in manufacturing output" (ibid, p9).

Vaal: "Manufacturing also dominates the Vaal, contributing 58 % of sub regional GGP. Significant down stream processing of food occurs in the sub region as well as basic metal industries and non-metallic mineral products. The country's largest iron and steel work are located in this sub-region in the areas of Vereeniging and Vanderbjilpark. Electricity, water and gas are also important sectors (12%) and employ nearly 28% of the sub region's population. Employment grew by 9% between 1981 and 1991" (ibid).

In terms of the global city thesis, the most important sectors of the economy discussed in the above description are finance, business services, commerce and catering, trade, and government services, ranked in that order. This ranking is based on an interview conducted during the course of the research, with Collin Wright, the person presently in charge of promoting Johannesburg as a global city.[13] If this conception is accepted, the East with 13% of its GGP contribution made up of trade, and 9.7% made up of finance; the Centre with 30% of its GGP contribution made up of business, and 20% made up of commerce and catering; and Pretoria, with 28% of its GGP contribution made up of government services, and 20% made up of finance, appear to be relatively appropriate localities for further global city development. On the other hand, it can be asserted that the West and the Vaal do not feature as holders of global city characteristics. It has already been asserted that the Vaal is not an appropriate area for global city development, and this is accepted.

Although it would appear that the West can be rejected as an area for global city development along the same lines, when consideration is given to DBSA statistics for economic sectors, this out and out rejection may not be correct. Krugersdorp in the

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[13] Contrary to Markusen and Gwiasda's aregument, Wright does not see political functions, (which have produced the large government service sector in Pretoria) as vital for the development of a global city. This is accepted here as plausible, depending on what definition of a global city is accepted or envisaged. Given Markusen and Gwiasda's strong argument in favour of political functions, and the large role political functions have played in South Africa's history, it is believed that political functions cannot be excluded as a strategic indicator of global city developments in Gauteng.

West, is one metropolitan area (according to DBSA definition of metropolitan areas) may need to be included in the global city equation for Gauteng. This is evident by the fact that its Trade and Catering; Transport and Commerce, Financial and Real Estate, and Community Service sectors are larger than many of those on the East Rand.[14] Evidence of this can be viewed in the table of key economic sectors that has been provided.

It has thus been decided that Krugersdorp should be included as a relevant district in this assessment of Gauteng. In addition to this, it has become clear from an analysis of the key economic sectors that not all the districts that lie within the other sub-regions of the East, Centre and Pretoria can be recognised uniformly to hold the same value in terms of global city development. Some of the outlying districts in the Pretoria and East sub regions, are not metropolitan areas[15]. Based on these findings, six districts in the Pretoria and East are viewed to hold no immediate importance in global city development Gauteng.

The other districts in the sub regions have been assessed in terms of the four economic sectors seen to be the most representative of global city development. Once again, the findings from this assessment, correspond with the earlier logic that the districts cannot be viewed in a uniform manner, all holding equal weight in this study. Rather, there are four districts within the province that can be considered to be "core" metropolitan districts, holding greater potential for global city development than the other remaining eight districts. These have been defined here as "core" districts because of their large contribution to the provinces GGP in each of these sectors.

[14] These sectors have been chosen because although they are broad categories, they are seen to be the most representative sectors of the global city, out of the nine economic sectors evaluated in the censuses.

[15] Such districts include, Cullinan, Bronkhorstspriut, Wonderboom, and Soshanguve in Pretoria, and Nigel and Heidelberg in the East. Furthermore, the predominant sector in Cullinan is mining, in Bronkhorstspriut it is argiculture, in Nigel and Wonderboom it is manufacturing, and in Soshanguve it is community services, but its contribution of the province's GGP is insignificant as it is still an underdeveloped area.

TABLE 1: ANALYSIS OF KEY ECONOMIC SECTORS IN GLOBAL CITY DEVELOPMENT

ECONOMIC SECTORAL ANALYSIS - GGP AT FACTOR COST CONSTANT 1990 PRICES (R'000)

SOURCE: DBSA

LOCALITY	TRADE&CAT		TRANS&COM		FIRE		CO SERV	
GAUTENG TOTAL [1980]	(100%)	13911162	(100%)	5727027	(100%)	11830619	(100%)	10157883
[1991]	(100%)	15458784	(100%)	6677748	(100%)	13475702	(100%)	17601710
METRO CORE								
Johannesburg[1980]	(54.5%)	7585646	(39.5%)	2263976	(53.5%)	6333436	(31.6%)	3213004
[1991]	(47.6%)	7356677	(32.2%)	2152667	(52.1%)	7017085	(26.2%)	4605785
Kempton Park[1980]	(5.6%)	789740	(12%)	694420	(2.8%)	335970	(2.3%)	229553
[1991]	(6.7%)	1034285	(15.6%)	1042677	(2.8%)	372529	(2.5%)	436233
Pretoria[1980]	(12.3%)	1711073	(24%)	1380960	(21%)	2484911	(42.6%)	4328249
[1991]	(14.3%)	2212988	(28.4%)	1896051	(18.7%)	2513209	(50.1%)	8817890
Randburg	(3.5%)	491279	(0.5%)	30240	(3%)	355707	(1.9%)	191472
[1991]	(5.6%)	880019	(1.5%)	100047	(6%)	809331	(2.7%)	478154
Absolute size [1980]	(76.1%)	10576217	(76.3%)	4369596	(80.4%)	9510024	(78.3%)	7962278
[1991]	(74.2%)	11483969	(77.8%)	5191442	(79.5%)	10712154	(81.4%)	14338062
OUTER METRO								
Alberton[1980]	(1.7%)	241930	(0.8%)	47246	(1.1%)	127137	(1.1%)	110059
[1991]	(1.8%)	270303	(0.8%)	56116	(1.1%)	152138	(1.5%)	270385
Benoni[1980]	(2.3%)	317138	(1.2%)	68411	(2%)	237553	(1.8%)	179152
[1991]	(2.3%)	351767	(0.7%)	45412	(2.2%)	295148	(1.9%)	337200
Boksburg[1980]	(1.6%)	227048	(1.5%)	87657	(1.2%)	138443	(1.3%)	134134
[1991]	(2.8%)	433740	(2.5%)	169769	(1.4%)	189317	(1.2%)	203900
Brakpan[1980]	(0.6%)	84908	(0.7%)	38145	(0.8%)	93154	(0.8%)	81606
[1991]	(0.6%)	86137	(0.4%)	26672	(0.7%)	90780	(0.7%)	114214
Germiston[1980]	(6.9%)	959594	(9.4%)	539455	(3.6%)	424600	(3.5%)	350376
[1991]	(6.8%)	1055915	(7.6%)	509160	(4.1%)	557394	(2.2%)	384610
Krugersdorp[1980]	(1.3%)	178668	(1.6%)	95760	(1.5%)	176394	(1.8%)	181231
[1991]	(1.5%)	232598	(1.7%)	114563	(1.5%)	207386	(1.3%)	235292
Springs[1980]	(2%)	281333	(1.8%)	105291	(1.7%)	197696	(1.7%)	176727
[1991]	(1.6%)	248006	(2.8%)	189610	(1.5%)	201994	(1.6%)	273823
Roodepoort[1980]	(1.6%)	219691	(2.3%)	131331	(2%)	241671	(1.8%)	184914
[1991]		253087	(1.1%)	76027	(2.1%)	283574	(1.9%)	324680
Absolute size [1980]	(17.9%)	2497428	(19.4%)	1113296	(13.9%)	1636648	(13.8%)	1390199
[1991]	(18.8%)	2931553	(19.8%)	1187329	(14.6%)	1977731	(12.2%)	2144104

CAT: catering
TRANS: transport
COM: communications
CO: community
SERV: services
FIRE: finance real estate

Randburg and Kempton Park's net contribution in the four sectors is considerably less than the other two districts. These two district are nonetheless seen to be of importance for global city development in Gauteng:

- Kempton Park houses the only international airport in Gauteng, and the busiest international airport in Southern Africa. This is of vital importance to the global city equation. It also has conference facilities and hotels that cater to an international clientele.
- Randburg is strategically situated between Johannesburg and Pretoria and thus acts as a corridor. Furthermore it is developing features of a global city in many respects. It houses a significant amount of corporate headquarters, as well as catering to many of the luxury consumer needs of the transnational elite.

For the purposes of this report, the four districts within this "metro core" are recognised as Central Gauteng. The remaining eight districts are considered to be an outer support structure for Central Gauteng. See fig.3 overleaf.

It is evident from table 1., entitled "Analysis of key economic sectors in global city development" provided, that Johannesburg is by far the most dominant district within the proposed area. As a result of this, it has appeared evident to people in the past that Johannesburg is the appropriate area in which to pursue global city development. International literature dealing with "the best cities in the world for business", or "growth cities in the world" always focus in on Johannesburg. This has been taken as a cue by Department of Commerce and Industry in the JTMC (Johannesburg Transitional Metropolitan Council) and the local authority that pre-dates it, to promote the city as a global city and the "gateway to Africa"*.

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* Randburg falls under the authority of the JTMC.

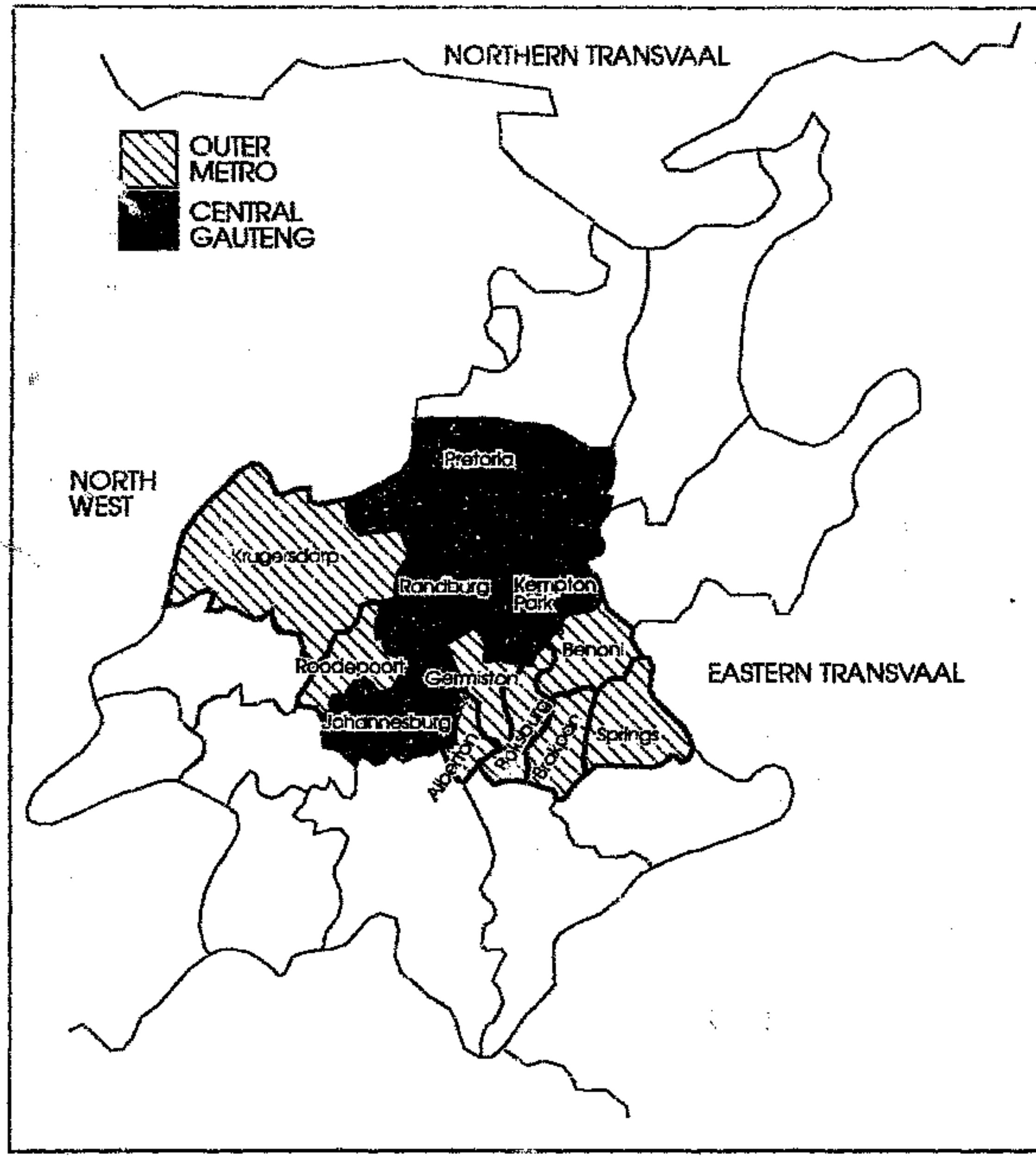

Fig 3: CENTRAL GAUTENG AND ITS OUTER METRO

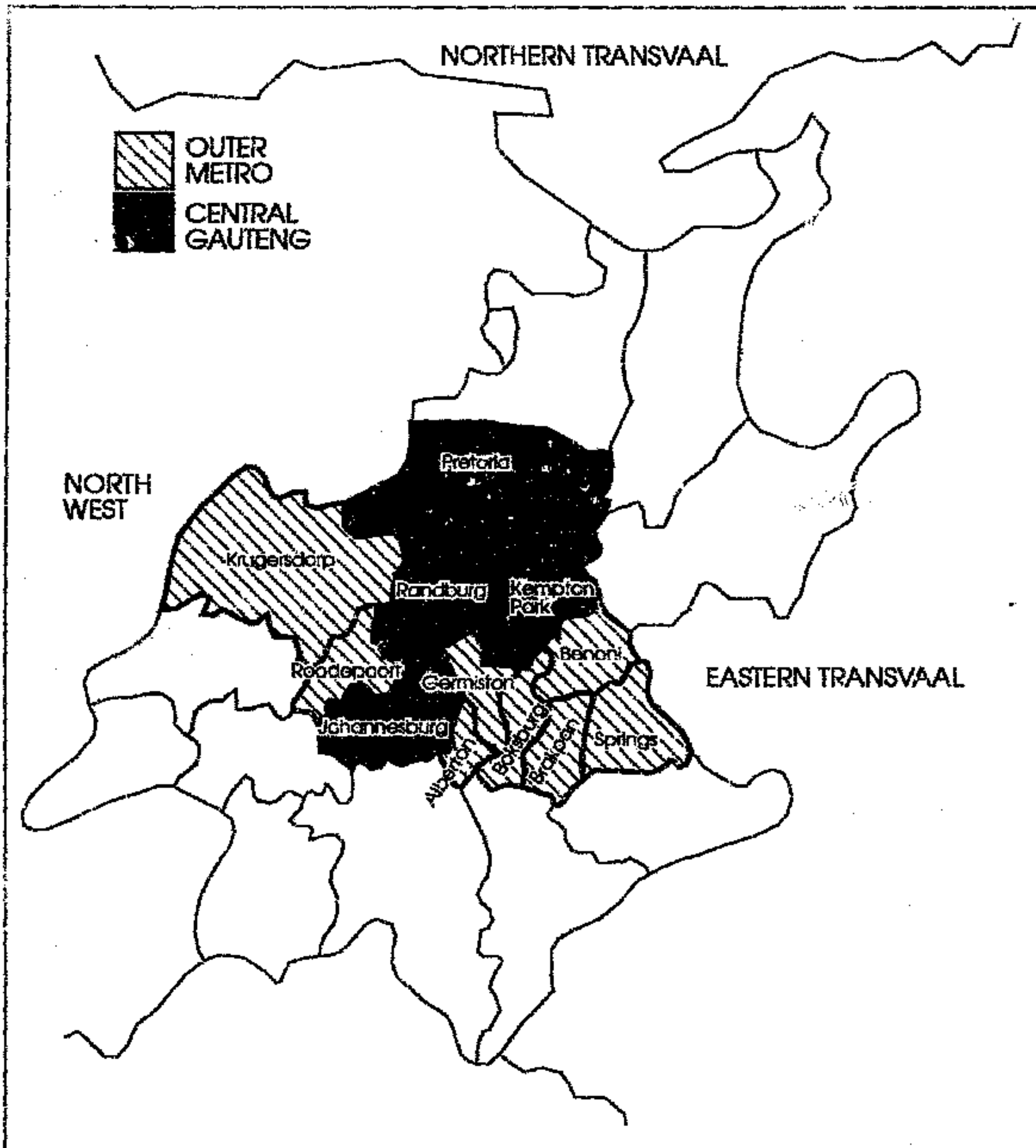

Fig 3: CENTRAL GAUTENG AND ITS OUTER METRO

In terms of planning and the investment in this promotion, little co-ordination exists between the Johannesburg authorities and the local authorities that surround the city. Directly, and indirectly, the surrounding localities obviously benefit from Johannesburg's promotion efforts. However, because there is no co-ordination around planning for global city development, the other local authorities have retained a parochial outlook towards this development, and have therefore not been able to maximise their potential in this regard.

A greater contradiction than this has recently emerged. This is the fact that Pretoria has embarked on promoting itself as the "gateway to Africa". Although it has attempted to promote certain niche markets characteristics it holds, the PTMC (Pretoria Transitional Metropolitan Council) stated in its recent bid for the OAU (Organisation for African Unity) headquarters that

> "Pretoria is referred to as the springboard for this country into Africa based upon its northerly location in our country. It is also on the doorstep of our immediate neighbours, Namibia, Botswana, Zimbabwe, Swaziland, Lesotho and Mozambique. Internationally, South Africa has been called the gateway to Africa" (Pretoria for Africa, 1994 p4).

This is almost the identical tactic Johannesburg employs in its promotion efforts. When approached on this issue, Collin Wright, the director of Commerce and Industry for Johannesburg, said that he could not take such initiatives by Pretoria or Cape Town seriously, and that they were wasting their time trying to compete with Johannesburg. As efforts are being made by international organisations, such as the "Mega Cities Project" to establish co-operative networked relationships between large metropolitan areas, the existence of beggar-thy-neighbour competition between South African cities for international attention appears to be an increasingly outdated modus operandi. It is also obviously a waste of limited resources within South Africa.

In addition, Johannesburg is dependent on Pretoria for, among other things, its concentration of international and national political agencies. Pretoria, at the same time, is dependent on Johannesburg's large business sector and container handling facilities[16]. Given the close proximity of Johannesburg and Pretoria (they are separated by 56km.), and the necessary interdependence of the two cities, the competition between them appears to be misplaced. Based on this understanding, it is proposed here that the two centres co-operate with one another in terms of promoting and developing their global competitiveness, and include Kempton Park and Randburg into this agreement (based on the rationale provided earlier). In this way the four districts could operate together as a polynuclear global city. It is this entire area of the four core districts, that is considered in this discourse as Central Gauteng. Thus it is the potential for global city development within the sum of the areas, that is being explored here.

The remaining eight districts, located on the east and west of the core districts, have been grouped together as the "outer metro". With the exception of Brakpan which is smaller than the rest, and Germiston, which is considerable larger than the rest, their economic structures are all fairly similar regarding the four economic sectors that have been evaluated. This "outer metro" area is recognised as a support framework for the development of the core areas of the global city. Most significantly, the outer metro supplies the centre with human resources, and manufactured goods. However, over time, it is expected that some of these districts may develop other important roles in the functioning of Central Gauteng as a global city.

Germiston could be one district in particular that could assume such a character. It was initially seen to be part of the metro core because of its significant contribution to Gauteng's GGP for the four sectors evaluated, and due to its large per capita disposable

[16] Johannesburg houses the largest container handling inland port in the Southern Hemisphere.

income (R16 059). However, it did not feature as a bearer of any of the strategic indicators for a global city, and was thus relocated to the outer metro category. It is, nonetheless, felt that this area will need to be carefully monitored. This issue is dealt with more adequately as a planning proposal in chapter six. (See map of Central Gauteng overleaf.)

4.4 CENTRAL GAUTENG IN RELATION TO THE REST OF SOUTH AFRICA

It is generally accepted amongst South African's that the province of Gauteng is the engine of the South African economy. The fact that its' "economy accounts for approximately 37 percent of overall national product" (Gauteng Economic Policy Document, 1995 p7) is often called upon to defend this perception. This perception is reinforced by its prevalence amongst national and regional policy-makers. Mabin and Hunter claim:

> "no other single region makes so substantial a contribution to the national economy, and this gives rise to special issues with respect of the relationship between regional and national economic development strategy. Specifically, it limits the scope of any 'autonomous' regional strategy; but by the same token, the success of any national strategy depends to a large extent on a successful (Gauteng)... regional strategy" (Mabin & Hunter, 1993 p46).

However, empirical data on economic trends suggest that this engine may not be as strong as it is perceived. The Gauteng economy has weathered the recession of the 1980's less effectively than the country as a whole[17]. Consequently, its percentage contribution to the country's GDP (Gross Domestic Product) has been on the decline. The reasons for this can be found partially in the former RIDP (Regional Industrial Development Programme), which at a national level discouraged investment in, what

[17] This is evident from the fact that it total employment shift between 1980 and 1991 was -37.04 percent, and its total shift in GGP during that same period was -62.64 percent(Erasmus, 1994 p118). This was due to the fact that its average annual growth in GGP at 1.00 percent, was 0.99 percent lower than the national average, while its annual growth in formal employment at 0.1 percent was 0.3 percent lower than the national average(ibid, p117).

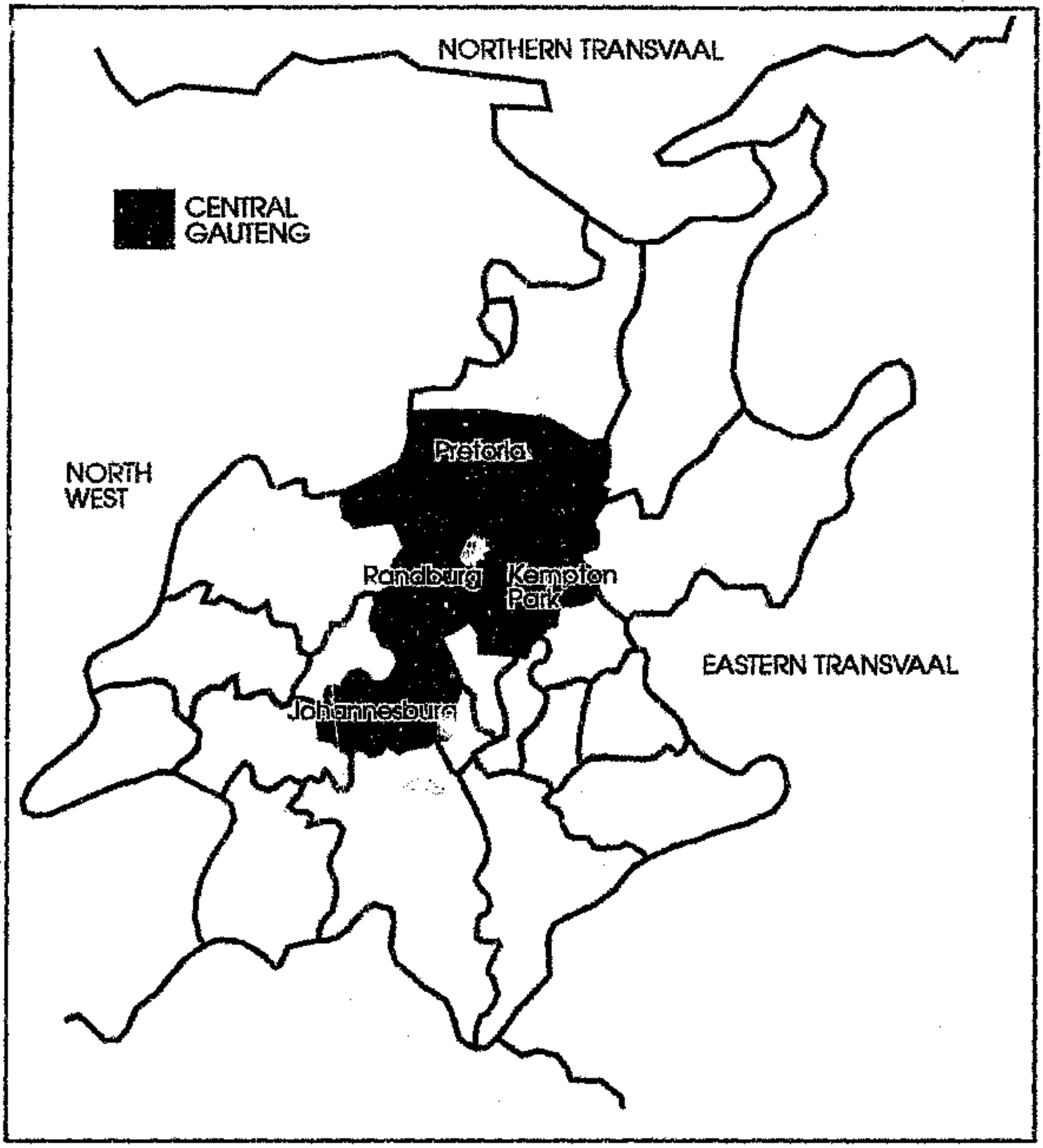

Fig 5 : CENTRAL GAUTENG

was then known as the PVW region. While the RIDP is in the process of being dismantled, the issue remains that in light of thes findings, the notion that Gauteng is the country's 'golden goose', should not be uncritically accepted.

It is argued here, that the continued perception of Gauteng as the 'golden goose', is legitimate on the following grounds:

- "Over 60 % of National Government revenue is collected from Gauteng" (Gauteng Economic Policy Document, 1995 p9).
- According to MERG (1993) "the South African economy today is dominated by a highly concentrated system of ownership of corporate capital, straddling mining and finance.... Much of the manufacturing, which is apparently displacing the role of mineral and energy sectors, is directly dependent upon these sectors"(MERG, 1993 p216) for a market for their inputs, or as a market for their outputs. In this regard, no other city in the country epitomises control over the South African economy better than Johannesburg. Here the mining houses, mining financials, and financial institutions are all concentrated.

Taken together, these above two points imply that, with Johannesburg at the centre, Gauteng controls and determines the health and status of the South African economy. The economic indicators mentioned above imply that even if this is the case, Gauteng is on the decline. Statements, however, like "Midrand is the fourth fastest growing city in the world", made in the Gauteng Economic Policy Document (1995), and "of US companies investing in, or returning to, South Africa, 92 % of them are locating in Gauteng" (Sexwale, 19 May 1995), suggest that the indicators documented above, are outdated, and that Gauteng is actually on the incline. No clear opinion on the value of either of these views can be adequately formulated without further investigation. More importantly for this discourse, the impact this has on Central Gauteng's ability to develop as a global city needs to be uncovered.

4.4.1 Economic Indicators

The economic sectors that are of greatest importance here are once again, catering and accommodation; transport and communication; financing, insurance and real estate (FIRE); and community, social and personal services. According to DBSA statistics, commerce, catering, and accommodation grew at -62.31 percent annually over the period 1980-1988, while the nation as a whole grew at 10.60 percent. Community, social and personal services also grew negatively during this period, at -27.39 percent, while the nation as a whole experienced only a -4.17 percent annual growth rate. This does not bode well for the region's ability to promote its central area as a global city.

Developments in the FIRE (Finance and Real Estate) sector provide more hope - it grew at an annual average of 11.72 percent during this period. Given the size of the base upon which it grew, this is significant. Nonetheless, it still lags behind the national average rate of 57.55 percent. This significant growth in this sector can at least, partially be attributed to the move by domestic finance institutions during the late 1970's. During this time, they made substantial investments in information and banking technology, in the fear of greater sanctions. As a result, South Africa became a leader in banking technology at the time.(von Kieserlingk, 1995). The net outcome, is that South Africa still has a well developed banking infrastructure.

The last sector of direct importance for global city development, is transport and communications. This sector, in Gauteng, outperformed the national average of 31.44 percent, and grew at 37.19 percent. This is a good sign for global city development, and is becoming increasingly more important for all globalisation initiatives. In the last six years of the Internet's existence, the world has seen an ever increasing emphasis on information technology, and how it enables better communications between nodes of development. It is now accepted that most locations cannot have a competitive advantage in the global economy if they are not linked to a international communications network.

The fact that South Africa has at least more than double the amount of telephones per 1000 person (with the exception of Mauritius this ratio is slightly less), and is on a par with world standards (Esterhuysen, 1995 p77), is a positive sign for its attempts at economic globalisation. Furthermore, the fact that such a significant growth occurred in the Gauteng province, could imply that Central Gauteng has above average world standards in this regard, despite the fact that the growth did not significantly occur in this area of the province. This may prove to be one of the Central Gauteng's greatest assets in terms of global city development.

4.4.1 A Comparison of Metropolitan Growth

When reviewing the results from a growth analysis in table 2 overleaf, of major metropolitan areas in the four relevant sectors, there appears to be different trends emerging. These depart quite radically from the national average. In the case of Central Gauteng, what is of particular note is the fact that community, social and personal services grew 11.4 percent annually, a 12 percent deviation from the national norm, and a 3.8 percent deviation from the metropolitan average norm. In the FIRE, and trade, commerce and catering sectors, growth still appears to be dragging. Even the transport and communications growth is behind both the national average and the metropolitan average.

These growth rates point to the fact that the case study area experienced problematic growth in the last decade. As mentioned before, this could be attributed to RIDP of the former government. However, the fact is that these growth rates highlight problematic areas. It is

TABLE 2: ANALYSIS OF KEY ECONOMIC SECTORS IN GLOBAL CITY DEVELOPMENT

ECONOMIC SECTORAL ANALYSIS - GGP AT FACTOR COST CONSTANT 1990 PRICES

(R'000)

SOURCE: DBSA

LOCALITY	TRADE&CAT	TRANS&COM	FIRE	CO SERV
GAUTENG				
GAUTENG TOTAL [1980]	13911162	5727027	11830619	10157883
[1991]	15458784	6677748	13475702	17601710
Core Metro size [1980]	10576217	4369596	9510024	7962278
[1991]	11483969	5191442	10712154	14338062
Outer metro size [1980]	2497428	1113296	1636648	1390199
[1991]	2931553	1187329	1977731	2144104
FREE STATE [1980]	1657635	997349	1170381	1650858
[1991]	1694185	1020737	1337134	2524872
Metro Size [1980]	580615	580504	450806	723060
[1991]	490409	562840	497834	1129307
WESTERN CAPE[1980]	4764960	2595704	3962440	4699581
[1991]	6497603	2650999	4934509	6492192
Absolute Metro Size [1980]	2844420	1899911	2455145	2652380
[1991]	3750196	1961020	3225732	3570434
KWAZULU/NATAL[1980]	4039222	3269543	3103348	4001028
[1991]	5799544	3900812	3914985	6178768
Metro Size [1980]	2649358	2117050	1956164	1954364
[1991]	3763292	2461368	2498165	2685876

CAT: catering
TRANS: transport
COM: communications
CO: community
SERV: services
FIRE: finance real estate

only from an appraisal of the strategic indicators, nonetheless, that Central Gauteng's future potential as a national and regional engine of growth and economic power, can be assessed.

4.5 GAUTENG'S ROLE IN SOUTHERN AFRICA

According to Mabin and Hunter's findings, Gauteng is:

> "the largest single regional economy in the sub-continent as a whole. If one defines Southern Africa to include Tanzania, Zambia, Angola and all countries further south, then the (Gauteng) ...region accounts for approximately 29 percent of the gross geographic product of Southern Africa. This adds an international dimension to the issues ... A strong (Gauteng) ... regional economy may be of great importance to the economic well-being of not only South Africa, but of Southern Africa as a whole"(Mabin & Hunter, 1993 p48).

When consideration is given to the table 4 overleaf, recognition of the magnitude of the South African economy can be made. It is evident from this table that South Africa is by far the strongest economy in Southern Africa.

Included in this table, but not accounted for in Mabin and Hunter's statement, are the economies of Malawi and Mauritius. The table thus covers the entire SADC (Southern African Development Community) region[18]. The significant of SADC for this study, is that it represents the group of countries which South Africa is geographically closest to, and it is the regional trade bloc that South Africa has recently become party to. See map overleaf for a graphical illustration of the region.

It can be expected that any "gateway to Africa" functions Central Gauteng will play in the future, will orientate towards being a entry point to this region primarily. At present, co-operation between the member states of SADC is chiefly around energy, transport, and water, along with some discussion around tariffs (Brummer, September 1 to 7 1995). At a

TABLE 4:
ECONOMIC INDICATORS FOR THE SOUTHERN AFRICAN DEVELOPMENT COMMUNITY

COUNTRIES SADC	EXTERNAL DEBT % GNP	EXTERNAL DEBT %EXPORTS	TOTAL GDP US $ MN	GNP/CAPITA US $	EXPORTS (mil. US $)	IMPORTS (mil. US$)
ANGOLA	86.8	5.8	8975	620	2995	1450
BOTSWANA	12.6	3.4	3700	2590	1800	1460
LESOTHO	22.6	5.3	536	660	134	912
MALAWI	46.7	23.8	1671	220	350	425
MAURITUIS	11.4	8.1	2566	2980	1333	1718
MOZAMBIQUE	494.8	8.1	1052	80	13	989
NAMIBIA	14.5		2464	1660	1327	1126
SOUTH AFRICA	**14.4**	**10.7**	**103651**	**2900**	**21696**	**18007**
SWAZILAND	25	3.5	998	1050	343	775
TANZANIA	177.7	31.5	2345	100	523	1504
ZAMBIA	272.9	29.3	3831	370	1075	845
ZIMBABWE	63.8	32	5035	540	1775	1575

SOURCE: Africa at a Glance 1995/6

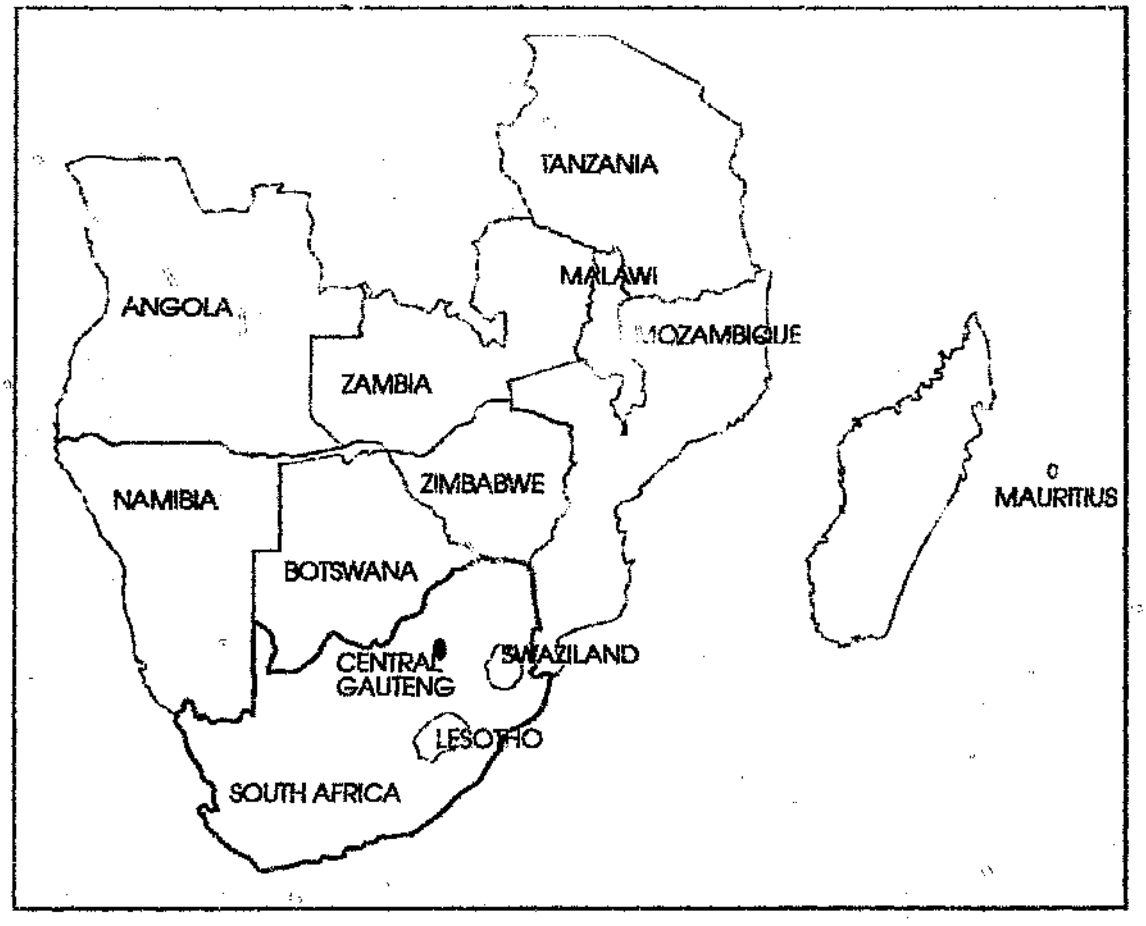

Fig 4: SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC)

recent Southern Africa Investment Summit in Johannesburg, Mandela claimed that by "building on such agreement, we will progress towards the creation of a market of 120 million people or more, a development which will benefit all the people of the region and those who will be active in the region as corporate citizens" (Sa... Monday September 11, 1995).

Thus, the SADC region could presents many investment, expansion and co-operation opportunities for both national and international investors. Until now however, there has been no strategic entry point to the region for foreign investors. Before last year, South Africa was excluded from SADC, and thus could not play any role in promoting the region. With South Africa's entry, it will be illustrated that Central Gauteng is the best equipped locality to operate as a gateway to the region. The foundation for this assertion, is the findings from the investigation into strategic indicators.

4.5.1 STRATEGIC INDICATORS

The seven strategic indicators that have been identified as a good representation of the degree to which Central Gauteng may be regarded as a global city are discussed in relation to the Gauteng Province, South Africa as a whole, and Southern Africa.

4.5. 1 Concentration of regional and global headquarters

All headquarters of major corporations listed in the Financial Mail Top Companies 1995 supplement, located in Gauteng can be found in Central Gauteng. Johannesburg features

[18] With the inclusion of Malawi and Mauritius, Mabin and Hunter's calculations still relevant, albeit that they are slightly enlarged. The inclusion of Malawi and Mauritius is done here so that an overall picture for all the countries involved in the Southern African Development Community (SADC) can be gained.

most strongly here, followed by Randburg, and then Pretoria. Refer to the detailed list of these companies is available in Appendix A.

Tables illustrating research into Central Gauteng's position as a location for corporate headquarters are provided in Appendix A. A brief summary of this findings however is offered in table 3 overleaf.

From this it can be clearly seen that Central Gauteng is by far the most dominant locality for corporate headquarters. In each category it scores 75 percent or more. As a result it must be accepted that it is the command and control centre for corporate South Africa.

This assertion, could be extended to include not just South Africa, but the entire SADC region. There are some indications that Central Gauteng is becoming the location for headquarters of large multinationals operations in Africa and more especially for the SADC countries. One prime example of this is IBM's relocation of their headquarters for their Africa operations from Milan to Central Gauteng (Sunday Times, Business Times, September 10, 1995 p5). They did this on the basis that "the African business will grow faster if the engine is closer to the action"(ibid). A review of the table below can give some indication of the extent to which this is true for other companies.

Nonetheless, many offices of foreign MNC's are still only representative offices that are accountable to headquarters in other parts of the world. This is reinforced, by the fact that a significant percentage of foreign corporates and banks do not operate in the rest of Africa. This may represent an opportunity for growth in Southern Africa. At the moment however, it appears to reflect a weakness in their economies. (See Appendix A for a detailed list of MNC regional head quarter concentration in Central Gauteng.)

TABLE 3: CORPORATE HEADQUARTERS

SECTOR	CONCENTRATION	
Mining Houses		
JOHANNESBURG TOTAL	(75%)	6
RANDBURG TOTAL	(12.5%)	1
CENTRAL GAUTENG TOTAL	(87.5%)	7
Top Industrials By Turnover		
JOHANNESBURG TOTAL	(40%)	8
RANDBURG TOTAL	(30%)	6
PRETORIA TOTAL	(5%)	1
CENTRAL GAUTENG TOTAL	(75%)	15
South Africa's Giant League		
JOHANNESBURG TOTAL	(54%)	27
RANDBURG TOTAL	(18%)	9
PRETORIA TOTAL	(10%)	5
CENTRAL GAUTENG TOTAL	(82%)	41
Public Sector Corporations		
PRETORIA TOTAL	(33%)	4
JOHANNESBURG TOTAL	(25%)	3
RANDBURG TOTAL	(17%)	2
KEMPTON PARK TOTAL	(8%)	1
CENTRAL GAUTENG TOTAL	(83%)	10

Lastly, it can be seen from the table 3 that Central Gauteng dominates the rest of the country in terms of public sector corporation headquarters. This fact should not be under-emphasised, as public sector corporations are massive employers in the South African economy. Furthermore, according a recent World Bank Discussion Paper on South Africa "movements in private investment closely parallel those of the parastatals. .... This underlies the importance of the public sector and its actions on other parts of the economy. An expansionary policy by government or parastatals has tended to stimulate the economy and hence private investment"(Fallon, 1994 p11). This power within the public sector is largely a result of an internally orientated economy.

> "(Thus) the supply side of the economy has increasingly been driven by changes in domestic aggregate demand though population growth, movements in the terms of trade, other internal and external disturbances, and actions of the government. The private sector has been relatively passive" (ibid).

With the opening up of the South African economy to the international market, and the re-orientation in government policy to export promotion, the extent of public sector corporate power can be expected to change. At the moment, however, it still remains strong. Given the relative strength of the South African economy in the region, the power of these South Africa public sector corporations, need to acknowledge throughout the region, as significant organisations of control and command. Given the fact that 83 percent of these corporations' headquarters are located in Central Gauteng, it can still be argued that the economic driving force of the region's economy is located here. The fact that headquarters for private sector corporations are also found here, now appears as a necessity. They need to close to the centre of power.

4.5.1.2 Concentration of advanced producer services - attorneys, auditors, and business advisors

All the Top Corporate Advisors listed by the Financial Mail Top Companies - 1995 supplement, have their headquarters for Gauteng in Johannesburg. 68 percent of top attorneys listed in the Financial Mail Top Companies 1995 supplement, have their headquarters in Central Gauteng, and 67 percent of the country's Top Auditors have their headquarters in Central Gauteng. 50 percent of these are in Johannesburg, 13 percent are in Pretoria, and 5 percent are in Randburg. See attached tables 5,6,7,8 and refer to Appendix A for more details.

Based on fieldwork, it was found that all fifteen major corporate advisors listed in the Financial Mail Top Companies 1995 supplement, had their headquarters in Johannesburg. In addition to this, of all the branches and offices that trade on the exchange, 62 percent of these offices and branches are in Central Gauteng, and of all major corporate legal advisors, 68 percent are based in Central Gauteng (see attached table). This once again reinforces the dominant position Central Gauteng holds in the economy.

There remains to date, little knowledge about the extent to which advanced producer service are concentrated in South Africa, and thus Central Gauteng, with regards to the rest of the SADC countries. The fact that the rest of the SADC countries economies are significantly smaller than South Africa's, does suggest that there would be considerably less eviden of advanced producer services in the rest of these countries. The fact that South Africa had the highest percentage of people in Sub-Saharan Africa, and only second to Egypt for the whole of Africa, enrolled in tertiary education in 1991 (Esterhuysen, 1995 p29), may be used as a surrogate indicator to reinforce the strength of this suggestion. At this point in time, South Africa had 14 percent of its 18-24 year age group enrolled in tertiary education. It is

TABLE 5: TOP ATTORNEYS

LOCALITY	CONCENTRATION	
Johannesburg Total	(50 %)	46
Pretoria Total	(13 %)	12
Randburg Total	(5.4%)	5
Central Gauteng Total	**(68.4%)**	**63**
Cape Town Total	(17.4%)	16
Durban Total	(9.8%)	9
Port Elizabeth Total	(2.2%)	2
Springs Total	(2.2%)	2
South Africa Total	(100 %)	92

TABLE 6: MAJOR CORPORATE ADVISERS

FIRM	ANSWER ONE		ANSWER TWO
Neil Thomas & Associates	Johannesburg		
Ernst & Young Financial Consulting Services	Johannesburg		Zimbabwe, Namibia
Price Waterhouse Meyernel Corporate Finance	Johannesburg		Ghana, Ivory C., Kenya, Morocco, Zimbabwe
Merhold Kirsh Capital	Johannesburg		
Seeff Corporate Finance	Johannesburg		
Msele Finance Holdings	Johannesburg		
Authur Anderson & Co	Johannesburg		
Fisher Hoffman Sithole	Johannesburg		Kenya, Nigeria
Janus Corporate Services	Johannesburg		Zaire
Curle Securities	Johannesburg		
Coopers & Lybrand Corporate Finance	Johannesburg		
TOTAL FOR JOHANNESBURG	(100%)	15	
TOTAL FOR CENTRAL GAUTENG	(100%)	15	

.nswer 1: Where are their SA headquarters?
.nswer 2: Where are their other African offices?

TABLE 7: TOP AUDITORS

LOCALITY	CONCENTRATION			
Randburg Total	(8%)	4		
Johannesburg Total	(57%)	28		
Pretoria Total	(2%)	1		
Central Gauteng Total	**(67%)**	**33**		
Roodepoort Total	(2%)	1		
Springs Total	(2%)	1		
Cape Town Total	(19%)	9		
Durban Total	(6%)	3		
Vereeniging Total	(4%)	2		
South African Total	(100%)	49		
Total with Foreign Offices			(29%)	14
Total For Central Gauteng withForeign Offices			(29%)	14

TABLE 8: ALL OFFICES OF BROKING FIRMS ON THE JOHANNESBURG STOCK EXCHANGE

LOCALITY	CONCENTRATION	
Johannesburg Total	(55%)	46
Pretoria Total	(6%)	5
Randburg Total	(1%)	1
Central Gauteng Total	**(62%)**	**52**
Cape Town Total	(16%)	13
Durban Total	(5%)	4
East London Total	(1%)	1
Bloemfontein Total	(2%)	1
Port Elizabeth Total	(2%)	2
Rondebosch Total	(1%)	1
Stellenbosch Total	(1%)	1
Benoni Total	(1%)	1
George Total	(1%)	1
Pietermaritzberg Total	(2%)	2
South Africa Total	(96%)	80
Foreign Total	(4%)	3

SOURCE: The JSE Handbook - February 1995

alarming to note that the next highest percentage in Sub-Saharan Africa was Swaziland, where 4 percent were enrolled (ibid, pp29-30).

If it is accepted that Centre Gauteng is the capital of advanced producer services in the SADC countries - what does this mean. Most importantly, it means that it is easier to conduct and control business from here than any where else in the SADC countries. However there is also another component to being a centre with a concentration in producer services. In global cities like New York, massive amounts of services are also exported to other areas in the country and abroad. Central Gauteng may serve this role within South Africa. However, neither Central Gauteng nor the rest of the SADC countries can benefit to the full from Central Gauteng's concentration of service resources at present. This is because of the lack of standardisation in company law, and other legal frameworks within the region. Through the better co-operation between, and integration within the SADC member-states, this standardisation is likely to occur. When it does, Central Gauteng will be able to play a much strong role in the provision of services to the rest of the region. (von Kieserlingk, Interview September 1995).

4.5.1.3 Stock Exchanges

As Johannesburg houses the only stock exchange in South Africa, it is evident that Central Gauteng has a complete monopoly over the rest of the country in terms of this indicator.

The significance of this, should be noted. In recent years, portfolio investment in South Africa has increased substantially. "Net purchases of equities by foreigners on the Johannesburg Stock Exchange amounted to R2,74b up to the third quarter of 1993, compared to a disinvestment of R 709m in 1992. These figures rocketed even further in late December 1993 and early 1994 (Business Day, December 7, 1993; Natal Mercury, January 12, 1994). By early 1994 some leading US-based investment firms had launched investment funds which targeted the South African market in equities and gilt's (Business Day, February 7, 1994). This trend in the flow of equity funds to "emerging markets" is in line with global developments and represented short-term investment which can easily be sold off, befitting a country such as South Africa, which is still perceived to be risky" (Padayachee, 1995 pp169-170). What this means then, is that a concentration of international wealth is occurring in Central Gauteng, as a result of the increase in foreign trading on the JSE (Johannesburg Stock Exchange). This in turn ties it in to global trade and decision making processes that the rest of from which South Africa is excluded[19].

The deregulation of the JSE that is to take place on the 8th November will increase the role of the JSE as a global player. Ahead of this event, the international stockbroking and financial services sectors have made moves to buy into stockbroking firms presently operating on the JSE[20]. As these trends continue, it can be expected that operators on the JSE will take on an ever greater international trading character that the rest of the country is not party to. In turn the concentration of control and command will be focused in the Central Gauteng Area.

However, it is only when these features and events are coupled with the fact that the Johannesburg Stock Exchange (JSE) is by far the largest in the whole of Africa, (see table 9 overleaf) that a realistic understanding of these traits can be realised. The value of the shares registered on the JSE make up 93 percent of the value of all shares registered on stock exchanges throughout Africa. This strongly reinforces the fact that the South African economy is the strongest in Africa, and in turn the fact that Central Gauteng is the most

[19] The only hint that suggest that the totality of exchange trading power is not in Central Gauteng, is based on the fact that only 62 percent and not 100 percent of stock broking offices that trade on the JSE are in Central Gauteng. The rest are dispersed nationally, and there are even 2 offices in Windhoek and one in Geneva.

[20] Among others, "finance house Warburg has taken a stake in Ivor Jones Roy; Smith New Court is buying into Davis Borkum Hare; James Capel has joined with Simpson McKie, and Frankel Pollak Vinderine has two partners, Yamaichi of Japan and Donaldson, Lufkin & Jenrette of the US"(Walker, May 21 1995 p9).

TABLE 9: AFRICAN STOCK MARKETS

SOURCE: JSE January 1995

COUNTRY	TURNOVER US $M	LISTINGS	CAPITALISATION (US $M)
South Africa	10035	647	216951
Namibia	4	7	4139
Egypt	169	674	3814
Morocco	478	65	2651
Zimbabwe	53	61	1441
Tunisia	0.003	19	1441
Kenya	12	56	1421
Nigeria	17	174	1029
Mauritius	37	30	799
Cote D'Ivorie	5	30	415
Swaziland	0.3	4	297
Botswana	20	11	261
Ghana	5	15	118
TOTAL	10835.303	1793	233336

1. Turnover for South Africa excludes arbitrage transactions
2. The Namibian Stock Exchange was founded in October 1992

powerful economic locality in Africa in this respect. As the sphere of influence is reduced to Sub-Saharan Africa, the extent of the power Central Gauteng wields increases proportionately

4.5.1.4 Transport Systems

A well developed transport system, that allows for good connection with the international business and political community in particular is deemed of vital importance for global city development. Air traffic statistics are viewed to be of greatest importance here considering that Central Gauteng is landlocked. Johannesburg International Airport, located in Kempton Park, is the only international airport in Gauteng. This site presently deals with 97.5 percent of all South African air freight. In addition to this, it also manages, on average, 80 percent of all passenger air traffic to South Africa. Thus, it provides the greatest direct link for the transnational business elite to and from the country. This is evident from the table 10 provided. The significance of this, for the region as a whole, is found in the fact that Johannesburg International Airport by far the most active airport in Southern Africa.

In addition to air links, Central Gauteng is well connected to its provincial, national, and regional hinterland by road and rail. All major centres are connected with the area via highways, and the majority of national roads converge here, and radiate out from here. Within the Gauteng province, all major transport infrastructure is concentrated in the Central Gauteng area.. As a result, connections between the va[illegible] business centres are well developed. It should also be noted that the largest inland port with container handling facilities in the Southern Hemisphere is sited in City Deep. This is an area in the southern part of the Johannesburg magisterial district[21].

[21] At present, this "port" handles over 50 percent of all South Africa's container freight (Interview with [illegible] Wright).

TABLE 10: FOREIGN ARRIVALS

	JANUARY		MARCH		JUNE	
CAPE TOWN	(24%)	22454	(16%)	14656	(11%)	7227
DURBAN	(2%)	2241	(3%)	2862	(4%)	2642
JOHANNESBURG	(74%)	68089	(81%)	73107	(85%)	58387
TOTAL	**(100%)**	**92784**	**(100%)**	**90625**	**(100%)**	**68256**

SOURCE: CSS September 1995
Arrivals for three se[illegible] months in 1995

A major disadvantage faces Central Gauteng in terms of transport. This is due to the fact it is a landlocked locality. Its closest port is Durban, which is approximately 600 kilometres away. However, despite its lack of direct sea access, it operates as a major distribution centre, thanks to well developed national rail and road infrastructure. Given this infrastructure, Central Gauteng is better positioned in terms of road and rail infrastructure to access all other major metropolitan centres in Southern Africa than any other metropolitan centre in the country. This does give it a strategic advantage as a gateway.

However, it does not experience any major advantage regarding its internal transport system. It has no particular advantage over Cape Town, Durban or Bloemfontein, in terms of road infrastructure. Cape Town is better serviced by an internal rail network than Central Gauteng, and therefore could be seen to have an advantage over the case study area. Nevertheless, given the fact that, "in its white cities, South Africa ranks among the top four or five countries in the world in per-capita spending on infrastructure" (Fallon et al, 1994 p6), the areas in which globally orientated business is done, and the areas where the transnational business class would stay, is well above the world average. There is no conclusive data at this point on road infrastructure within cities in the rest of the region. Yet given Fallon's statement, it can be expected that Central Gauteng is well above the average. This is supported by the fact that South Africa has 31 percent of all paved roads in the region (see table 11), and a national road network that converges in Central Gauteng[22].

4.5.1.5 Communications Systems

It has become evident from the work performed by Castells(1993) and Moss(1987) among others, that well developed communications system linking different parts of the city to one another, and the city itself to the rest of the international community is a necessary

[22] In addition South Africa also controls the most expansive rail network in the region.

TABLE 11:
PHYSICAL INFRASTRUCTURE IN SADC COUNTRIES

COUNTRY	ELETRICITY		TELEPHONES		PAVED ROADS
	GENERATING CAPACITY(MW)	OUTPUT kWh (mil)	APPROX No. '000	Per 1000 PERSONS	% TOTAL ROAD NETWORK
ANGOLA	620	1855			12
BOTSWANA	175	1015	48	39	14
LESOTHO	5	1	19	12	8
MALAWI	190	790	50	6	18
MAURITIUS	335	925	75	68	
MOZAMBIQUE	2360	490	66	4	17
NAMIBIA	360	1000	92	60	8
SOUTH AFRICA	37600	167000	5200	130	31
SWAZILAND	50	85	25	33	18
TANZANIA	440	1880	140	6	
ZAMBIA	2435	7780	92	13	18
ZIMBABWE	2040	9000	300	32	19
TOTAL	**45835**	**189016**	**5890**	**59**	

SOURCE: Africa At A Glance 1995/6

prerequisite for the development of a global city. Telecommunications and computer technology, or together what is termed telematics, are paramount in this regard. No specific figures are available for telecommunications activity in Central Gauteng, as Telkom, the main supplier of telecommunications resources has a strict code of confidentiality[23]. Thus no distinction can be drawn between Central Gauteng and the rest of the province or country in this regard. It may however be noted, that Telkom's headquarters are situated in Pretoria.

Furthermore, in an attempt to gain this information, it was mentioned by a Telkom employee, that in recent discussion within the corporation on the issue, it was said that between 80 and 90 percent of all telecommunications traffic for the country originated in Gauteng. This has been applied to the tabled statistics provided (see table 12). There is unfortunately no distinction between Central Gauteng and the rest of the province. Nonetheless, it can be expected that Central Gauteng contributes a large proportion to the Gauteng figures, given the concentration of people and economic activity in the area. This inference is supported by a Vodacom[24] report. According to them, 75 percent of the country's cellular traffic is generated from the Gauteng region, and "the area bordered by Johannesburg's ring road alone is responsible for 50 % of the country's traffic" (Financial Mail Top Companies - 1995, p268).

At present, it is accepted that well developed communications infrastructure can determine the level of international success an economy experiences. The World Bank report on "Global Economic Prospects and the Developing Countries" (1995) points to the advantages of developing countries and emerging markets promoting their service industries, especially producer services. However they claim that the "cutting edge of the services revolution" is information technology, especially the communications orientated Internet. South Africa

[23] Telkom's code of confidentiality is based on the fact that they feel threatened by the competition of international telephone companies looking to invest in South Africa, such as AT&T.
[24] Vodacom is one of two cellular telephone network services provided in South Africa.

TABLE 12:
FACTS ON TELECOMMUNICTIONS IN SOUTH AFRICA

	1995	1994
Main telephone services	3844529	3659863
Business	1325107	1213657
Residential	2459775	2396562
Payphones	59647	49644
Metered call units (billions)	29.5	27.3
***Gauteng metered call units (billions)**	**23.6-26.6**	**21.8-24.6**
Working lines connected:		
Analogue exchanges	1275992	1410157
Digital exchanges	2501865	2173080
Transmission circuit ('000km)	112708.7	96377.8
Optical fibre ('000 km)	186	172

SOURCE: Telkom Annual Report 1995

* Official figures are confidential. Recent discussions with Telkom official suggests that between 80-90% of 'traffic' comes form the Gauteng Proivnce

presently ranks sixteenth in the world in terms of Internet users, and in third place for the entire Southern Hemisphere.(Cohen, September 1 to 7 1995). According to a map on Internet host in the World Bank Report (1995) the rest of Africa does not feature (World Bank, 1995 p46). From the table on infrastructure in the transport section of this chapter, it can be seen that South Africa has, by far the best developed telecommunications infrastructure within the region.

This is congruent with the fact that the rest of SADC's telecommunications infrastructure is underdeveloped. As a result, they are not in a position to maximise contact with even Central Gauteng. These lines communication will need to be strengthened if the case study area is not to ultimately delink from its hinterland. These communication lines are also paramount if Central Gauteng is to be a gateway to something more than a black hole. It can nonetheless, once again be seen from the evidence, that Central Gauteng is best positioned locality in terms of infrastructure, to be developed as a global city and gateway to the region.

In terms of other forms of communications, such as media, Central Gauteng controls a monopoly power over the rest of the country.

> "Times Media Limited and the Argus, the countries largest newspaper groups, have their headquarters (in Johannesburg) ..., as do the South African Press Association (SAPA), the South African Broadcasting Corporation (SABC), and the country's only pay TV channel, M-Net (is in Randburg). As a focal point of the country's national publishing and printing industry, all the major national English and Afrikaans language newspapers - Business Day, The Citizen, The Sowetan,, City Press, Rapport, The Sunday Times, The Weekly Mail & Guardian - are based (in Johannesburg)... . In addition, close on 200 foreign newspapers, magazines, TV and radio stations, and all the international wire services, have correspondents permanently based in the Johannesburg region, from where the Foreign Correspondents' Association also operates" (Johannesburg 1998 World Cup of Athletics, 1994 p16).

Many of these journalists based here, cover the entire SADC region. Newsweek, and the L.A. Times are two such examples. Lastly,

> "the International Broadcast Centre (IBC) is situated in the Television Centre at Auckland Park (in Johannesburg) where centralised facilities such as studios, edit suites, offices, archive materials, off-air commentary and satellite feeds are provided. ....The IBC hosted several thousand journalists during the elections and (has) ... cater(ed) for the participation of 16 broadcast nations during the ... 1995 Rugby World Cup Tournament" (ibid).

It can thus be seen that Central Gauteng can both support and attract a large international media community. This bodes well for global city development in the area.

4.5.1.6 Financial Institutions

The fact that 75.7 percent of all major South African banks have their headquarters located in Central Gauteng, does mean that this region has over-riding control over the private financial markets in South Africa. The fact that South Africa's four largest banks are based in Bank City in Johannesburg, could actually imply that Central Gauteng has monopoly control over private banking in this country. Owing to South Africa's Reserve Bank also being located in the area, means that the Central Gauteng has, in addition, a monopoly over most of the macro economic and all of the fiscal controls put in place in the nation's. Referring back to the earlier statement that Gauteng could be responsible for the nations economic health and strength - support for this statement can be found here.

To support and control the activities of large mining industry in South Africa, there has been a growth of Mining Financials. These are investment and holding companies for mineral rights among other things. The Financial Mail Top Companies 1995 supplement has ranked eleven major Mining Financials companies. All of these have their headquarters in Central

Gauteng. Ten of the companies have their registered offices in Johannesburg, and one has its headquarters in Randburg. Given the concentration of other financial services, the fact that all Mining Financials are located in Central Gauteng is the obvious outcome. Being based here, means that they have direct access to financial services they are not in a position to provide internally.

In addition to domestic banki g institutions, there are 41 Representatives of foreign banks in South Africa. All of these are located in Central Gauteng. Johannesburg houses twenty four (58.5 percent) of them, Randburg has fifteen (36.6 percent) of them, and Pretoria is the home to one (4.9 percent) of these institutions. Once again this reinforces the locality's concentration of global connections and concentration of influence, to the exclusion of all other localities in the country.

With the elections last year, there has also been a "return of several banks (not just repressentatives) which left these shores because of sanction pressures" (Walker, 21 May 1995 p9) during the 1980's. Among the first back is Citibank, which led the exodus in 1986. It "is represented in 94 countries and has assets of $250-billion" (ibid). Its re-establishment in South Africa, represents a positive sign of the countries re-integration into the global economy. The fact that has located itself in Rosebank, Johannesburg, can be seen as significant for Central Gauteng's global city development. Following this trend, has been the re-entry of Barclays in Randburg, Commerzbank and Barings, now ING, in Johannesburg. This fairs well for Central Gauteng, and is a trend that is likely to continue for some time, if comments by the Reserve Bank are anything to go on.

No definite figures are available for the financial institution's activities in the rest of the SADC countries at present. This is largely due to codes of confidentiality within the banking sector. However, through the use of surrogate indicators, it can be asserted that Central

Gauteng is the most dominant banking locality in Africa. Out of 41 foreign banks represented in South Africa, 39 have their African operations headed in Central Gauteng. It must be noted however, that 16 of these representative offices do not have any operations outside South Africa. In addition to this, the strength of the South African banking sector in Africa, can be witnessed by their expansion into the rest of Africa. Standard Bank (SA) recently bought Grindles, a chain of African banks operating in 15 African countries. They have since embarked on a training programme for the staff of Grindles, and are now in the position to organise international capital wishing to invest in countries such as Ghana, from their base in Central Gauteng. Other South African banks are following the same line of investment.

Detailed lists of both the South African and foreign institutions are available for viewing in Appendix A.

4.5.1.7 National and International Political Functions

Central Gauteng once again assumes a monopoly control over the national and international political functions in the country. In this category, it is Pretoria, and not Johannesburg that assumes a lead role. Beyond the massive concentration of national political functionaries in the area due to the fact that Pretoria in the national administrative capital, and until recently was also the provincial capital, it has a large amount of representatives from the international community. 46 percent of all major international organisations represented in South Africa are found in Pretoria, and 43.3 percent of a foreign representatives are located here.

Johannesburg assumes second place in Gauteng, housing 46 percent of international organisations, and 24 percent of foreign representatives. A more detailed summation of these representatives can be viewed in Appendix A. However, a summary of these findings, can be seen in the table 13 overleaf. The fact that 92 percent of international organisations present in the country are also located here, only serves to reinforce the case for Central Gauteng as South Africa's global city .

At a regional scale however, the situation cannot be clearly asserted. At present, there is no indication that South Africa, or Central Gauteng has any position of dominance in terms of international political functions. Its only "claim to fame" within the region is that is the power point from which decisions concerning the SACU (Southern African Customs Union), are made. Beyond this, South Africa, and Central Gauteng could in fact be under-developed in terms of international political functions. This is largely due to the long period of isolation the country faced during the apartheid years. Pretoria has recently made a bid for the African parliament, the Organisation of African Unity (OAU). The reception to this bid, however, is debatable. At present, Central Gauteng's only strength lies in the fact it is the strongest economy in the regions, and its domestic political functionaries are thus located here.

4.5.2 Outcome

Based on these findings, it is felt that it can be unequivocally stated: Central Gauteng is the most powerful, and dynamic locality within the SADC region. The fact that the area has experienced an lower level of growth than the rest of the country during the last decade is a cause for concern. It highlights the need for a new form of planning intervention. However, the fact remains that the locality remains largely unchallenged by any other locality at present. Qualitative information suggest that specific forms of economic growth are on the incline within the locality. More especially, these forms of growth are, to a large extent, globally orientated, and enhance Central Gauteng's potential to pursue global city

BLE 13: FOREIGN COUNTRIES AND ORGANISATIONS DIRECTLY REPRESENTED IN SOUTH AFRICA

POLITICAL REPRESENATION		
LOCALITY	**CONCENTRATION**	
PRETORIA TOTAL	(43.3%)	90
CAPE TOWN TOTAL	(26 %)	54
JOHANNESBURG TOTAL	(24 %)	50
DURBAN TOTAL	(4.3%)	9
RANDBURG TOTAL	(1%)	2
PORT ELIZABETH TOTAL	(1%)	2
EAST LONDON TOTAL	(0.4%)	1
NATIONAL TOTAL	(100%)	208
CENTRAL GAUTENG TOTAL	(68.3%)	142
INTERNATIONAL ORGANISATION		
LOCALITY	**CONCENTRATION**	
PRETORIA TOTAL	(46%)	6
JOHANNESBURG TOTAL	(46%)	6
CAPE TOWN TOTAL	(8%)	1
NATIONAL TOTAL	(100%)	13
CENTRAL GAUTENG TOTAL	(92%)	12

Department of Foreign Affairs (15 August 1995) development. Given the national and more especially the international tendency towards clusters of economic development, and the forces of agglomeration that fuel global city development, it can be expected that this command and control centre located within Central Gauteng is likely to develop further, even if it is not supported by planning initiatives. It is thus accepted that this area offers the greatest potential as a global city.

In light of the findings on the strategic indicators, it appears evident that Johannesburg, with Randburg in the wings, takes the lead role in business functions. Kempton Park is conspicuous by its lack of financial, political and corporate headquarters. Nonetheless, its contribution to global city potential due to the fact Johannesburg International Airport is located here, overrides its lack of capacity in terms of the other indicators.

Pretoria, too, appears to be relatively short of private sector corporate headquarters. However, focusing solely on corporate headquarters as the only element of global city development, would result in the creation of a tunnel vision of the concept. Pretoria's contribution to the Central Gauteng's development as a global city arises from the fact that it has a significant concentration of public corporation headquarters, as well as a large concentration of foreign political representatives, and international organisations. The political dividends of the new political dispensation within the country need to be harnessed for Central Gauteng's global city development. Networking relationships that are seen as vital for this development, are dependent on amiable political relationships between South Africa and other countries. These can be initiated from Pretoria. This is apperent in all the recent trade missions to and from South Africa.

The recent visit to South Africa by Germany's Chancellor Helmut Kohl (Sunday Times, Business Times, September 10 1995), can be seen as evidence that supports this view. At the time of the chancellors visit, Dr Kaestner said: "The chancellor's visit is sending a positive signal to potential German investors that South Africa is a country that is worth serious consideration now that the new dispensation is in place and official links are being fully restored in all spheres" (Jackson, 1995 p8). This signal was reinforced by the agreement signed between Germany and South Africa during the visit which protects German investments in the country.

In addition to this type of political function that Pretoria offers, its contributions to the global city development of Central Gauteng are the following:

- It is a major centre of research and education, housing the largest correspondence university in the world - UNISA (University of South Africa), the Council for Scientific and Industrial Research, the Human Sciences Research Council, the Atomic Energy Corporation, the Medical Research Council, the South African Bureau of Standards and the Onderstepoort Veterinary Research Institute.
- Its levels of livability are higher than the rest of the case study area, in terms of safety and security. Historically, the levels of political and criminal violence are lower than the rest of the region.
- It has well developed sporting and recreational infrastructure, as well as cultural and entertainment facilities such as museums and theatres.
- It houses a large amount of legal infrastructure and law services.

More generally, it has been found that Central Gauteng has most of the necessary physical for global city development, already in place. In formerly 'white areas', the commercial and residential infrastructure is under-utilised in many instances. As global city development will most suitably take place in these areas, Central Gauteng's certain excess capacity is a major strength for the area. Thus, unlike many other localities in Southern Africa, it will not need to spend excessively on new investments. In addition, Central Gauteng is one of the only localities in the region that can offer the transnational business class recreation, entertainment, and other consumer activities they are accustomed to such as theatre, good restaurants, international sporting activities, up-market gyms, and elite shopping facilities.

Thus, in many ways, Central Gauteng can already be recognised as Southern Africa's global city. However, as Curt von Kieserlingk points out, the success of the location as a global city does not so much depend on its Southern African hinterland where it already has this status, but rather on the success of the Southern African region to develop alone on internationally recognised terms. Without a worthwhile hinterland accessible and attractive to international investors, there is no special attraction for firms to locate control functions in Central Gauteng, or anywhere else in Southern Africa.

4.6 SOUTH AFRICA'S ROLE IN THE INTERNATIONAL ECONOMY

South Africa's present role in the international economy is a new one. It was only in late 1993 that the country was declared as on of the ten big emerging markets by the US (Lurssen, 1995 p35). Although the label is eye-catching and the status welcoming, the ranking is somewhat misleading, at least if it is applied to today's market indicators. The Economist's emerging-market indicators for September, which lists 24 emerging markets, South Africa does not appear to hold such a strong position. A tabled list of these indicators can be viewed in Appendix B. Beyond this, the importance of this list of indicators, is that it provides a index of South Africa's most obvious competitors. The fact that many of these countries have better credit ratings[25] than South Africa is not encouraging for South Africa's re-entry into the global market. Given this, the rush of international enthusiasm for the new South Africa, has not been met as enthusiastically with productive investment.

[25] Moodys and Nippon both recently awarded South Africa a BBB rating, the lowest investment grade category. This suggests that South Africa is still a high risk location for investment.(Ryan, 1995 pp7-8) This low rating is largely based on the low levels of productivity, high levels of industrial action and high degree of instability that still pervades the society.

What has taken place instead, is a flood of international firms establishing representative offices in South Africa. According to Tokyo Sexwale, 92 percent of these offices have been established in Gauteng (Sexwale, 19 May 1995). Thus it can be seen that processes of globalisation are making their marks on South Africa, and most especially Gauteng. However, these marks by the private sector, do not currently suggest any sense of permanence, but rather ring with a sense of speculation and caution about the future.

More positive signs of long term integration into the global arena are evident in public sector arrangements. At a national level these are emerging from negotiations between the DTI's (Department of Trade & Industry) Economic Offices Abroad[26] and their resident state. Few formal arrangements have been actively initiated at a regional level[27]. Nonetheless, local authority activity has been enormously promising. Most specifically, the metropolitan council for Johannesburg, through networking relationships, has entered into several agreements with other major urban centres. According to Collin Wright, the strongest of these arrangements at present, is with the City of New York, where it has recently opened its own business promotion office. The next three foreign offices to be opened, which are currently under discussion, are in London, Paris and Tokyo. The aim of these offices is to facilitate economic interchange between actors in each city, as well as offer foreign cities a springboard into the rest of Africa. Through the New York office, financial, corporate and trading relationships are already starting to take shape.(Wright, Interview

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[26] At present South Africa has 57 Economic Offices across the world, and they are considered to be South Afric 's most significant foreign trade asset. Their role is to deal with export inquiries, investment recruitment, and technology transfers. In doing this, they will lobby in foreign governments for tenders, and help SA firms submit tenders, fight irregularities, find suitable agents, challenge tariffs, provide market research aid etc. Although these offices refuse to promote a specific locality in South Africa, Central Gauteng could access their support in various strategic ways. At the very less, this offices can be seen as a significant support structure for Central Gauteng's development as a global city.

[27] The Gauteng Economic Policy Document makes mention of the establishment of a Development Corporation. Here it asserts that "the strategy to market Gauteng will, of necessity, build on our competitive advantages: our positioning as a gateway to South Africa and Africa; our sophisticated financial and transport infrastructure; our concentration of economic activity and dominance in the region; our labour reservoir; our burgeoning domestic market; and our "international" cities which act as a locus of power"(Gauteng Economic Policy Document. 1995 p22).

September 1995) There are also a number of other arrangements that Johannesburg has entered into - namely "line relationships" and "hub & gateway" agreements. The line relationships are trade and industry alliances between Johannesburg and a foreign city around specific areas of economic interchange.

At present, Johannesburg is involved in various "line relationships" with cities in Europe, USA and the Far East. However, the line relationships that appear to be of greatest significance are those with seven American Cities. The strong relationships between Johannesburg and American cities, is probably due to the strength of bilateral arrangements that have been entered into at a national level. During President Mandela's visit to Washington, a US-South African Binational Commission was established. "The commission, headed by Vice President Al Gore and South African Deputy President Thabo Mbeki, is to meet twice a year, alternating between capitals, and will give top-level impetus to co-operation between the two countries" (Lurssen, 1995 p35).

The line relationships that received attention during an interview with Collin Wright were the ones between Johannesburg and Atlanta; and Johannesburg and New Orleans. The areas of specific interest in the Atlanta-Johannesburg relationship are: Black business development; information and data services; construction; and sports development. As Johannesburg is presently trying to establish itself as the sports capital for Africa, co-operation around development in sport and sporting facilities, is of particular interest to Johannesburg. The New Orleans-Johannesburg line relationship, is orientated around tourism, entertainment and cultural development. Wright feels that Johannesburg can learn a lot from New Orleans in terms of its ability to attract international events and visitors. He is hoping that the lessons learnt can then be applied to the New Town Cultural Precinct development on the outskirts of Johannesburg's CBD.

In terms of "hub & gateway" agreement, Johannesburg is presently involved in three significant relationships. These are with - Madrid, Hong Kong and Singapore. The agreements are based on the fact that each of the respective cities involve are seen as a gateway to a large economic regions. Thus they each are vital international entry points. These relationships are essentially network relationships based on mutual gain, and they are orientated around advising each other how to improve their "gateway" facilities[28]. In terms of recent developments around the Indian Ocean Rim, the Johannesburg's relationship, which will hopefully soon encompass the whole of Central Gauteng, with Singapore, is seen as the most significant here.

4.6.6. Indian Ocean Rim

Indian Ocean Rim is an area which offers hopeful prospects for regional development and co-operations. According to "Africa at a Glance 1995/6":

> "the Indian Ocean currently stands out as the only major region not forming part of a significant trade group. At present, trade between the 30 countries bordering this Ocean amounts to only 20 % of their total trade. During 1995 the idea of launching an Indian Ocean Rim grouping became increasingly popular, and seven "core states" - South Africa, India, Australia, Singapore, Oman, Kenya and Mauritius - held a meeting in Mauritius to discuss the possibility of enhanced regional cooperation. Trade and investment promotion will be the initial focus of the nascent trade bloc, but further meetings are expected to give clearer definition to the Rim concept. .... According to estimates by the World Bank, between now and the end of the century Asia as a whole will account for half the growth in world trade. Certainly India itself has not yet shared fully in the Asian boom. Nevertheless it has grown three times as fast as Latin America or Africa, even if only half as fast as China. Now economists are voicing fears that China could burn itself out, and investment experts are touting India as the next major growth point. The Indian Ocean Rim would seek to exploit this growth pole for the benefit of all its members. The implications for Africa, and for Southern and East Africa in particular, could be extremely significant - perhaps even providing the engine for rapid economic development in this underdeveloped region" (Esterhuysen, 1995 p58).

[28] At present, Johannesburg is involved in discussions with Madrid on how to upgrade City Deep as an dry inland container handling port.

The recognition of this development for Central Gauteng's growth as a global city is important, albeit perhaps a little premature. Potentially, it brings another four (or five if Sydney is recognised) major business cities into the equation. (see fig.6 overleaf) These are Bombay, Dubai, Jakarta and Singapore. According to the Fortune review of the world's best cities for business, Singapore ranks in sixth place and appears to be particularly favourable to hi-tech investment. Bombay and Dubai are also given good reviews by the article, although it states that Bombay's "flood of multinationals seeking prime real estate has pushed up prices more than 200% since 1992, (and that) Bombay is also abuzz with talk of salary escalations by U.S. firm"(Saporito, 1994 p74).

Despite some of the negative implications, the "Rim" development could offer a major opportunity for the effective regional development of an urban network system. The significance this could hold, could be greater than that of the African scenario. It would mean that Nairobi is better logistically positioned to operate as the "gateway to Africa" for this regional arrangement, as it is geographically more central. However, if niche markets are established, sustainable and mutually beneficial networking relationships can easily follow. Although Johannesburg's rating is better than Nairobi's, attention must be given to the fact that Nairobi, alongside Johannesburg, was in the list of 60 of the world's best cities for business, evaluated by Fortune magazine. Johannesburg's cost of living index is marginally lower than that of Nairobi's, it is twice as open to other cultures, and it is served by more than twice the number of non-stop flights.

However, the article does note that "a major problem confronts Nelson Mandela's new government: an unemployment rate of nearly 50%, owing to deficiencies of skills and training" (Saporito, 199· ;78). In contrast, Nairobi is not noted for any significant problems. Nairobi's positioning alongside Johannesburg, could prove to be an opportunity, rather than a threat for Central Gauteng, Nairobi, and Sub-Saharan Africa more broadly, in

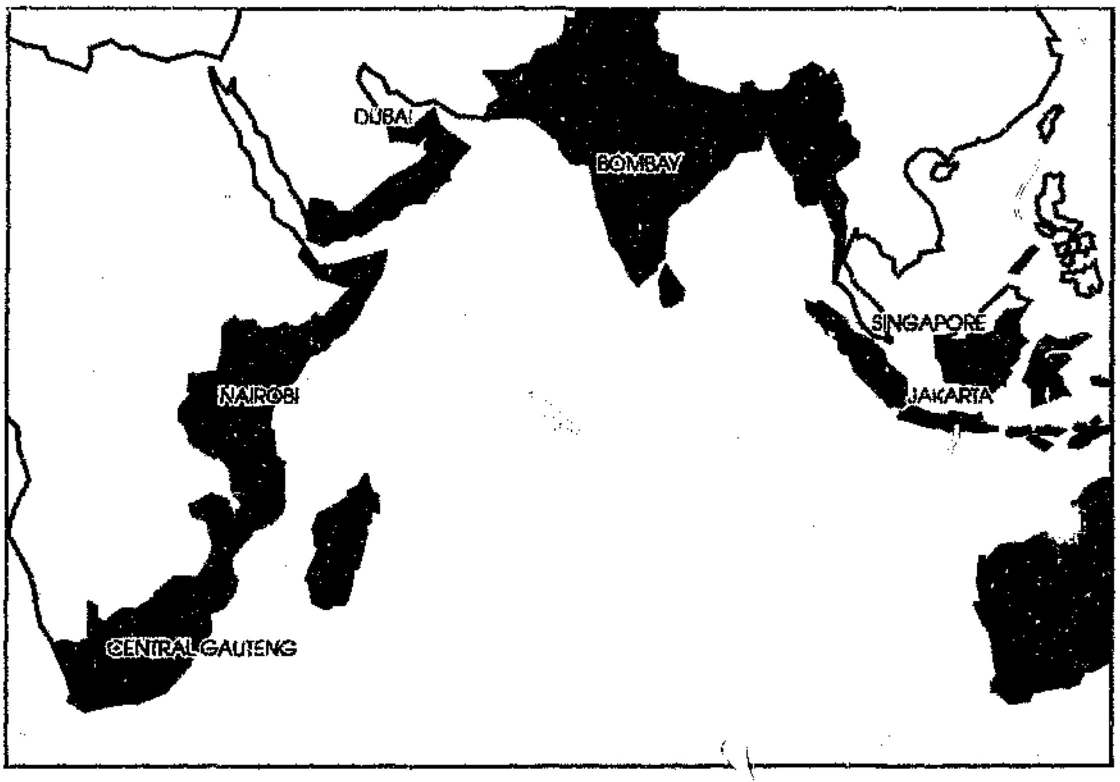

Fig 6: INDIAN OCEAN RIM

terms of development planning for the sub-continent, and urban networking relationships. The development of two major centres in East and Southern Africa could strengthen Africa's legitimacy as a place to do business. However, before making such an assertion, a better assessment of Central Gauteng's international potential is necessary. For this exercise, the chosen strategic indicators will, once again, be used.

4.6.2. STRATEGIC INDICATORS

4.6.2.1. Concentration of regional and global headquarters

In addition to Central Gauteng having a concentration of domestic corporations headquarters, there are a substantial amount of major international corporate headquarters here. These headquarters are in many cases, the headquarters for the corporation's SADC operations, and in some cases, for the entire African continent. The fact that over 50 percent of the corporations operating in the global "giant league" are represented in Central Gauteng, and over 60 percent of leading European corporations are houses here, provides a good basis for a future global city development. See table 14 overleaf, and appendix A for details.

4.6.2.2. Concentration of advanced producer services - attorneys, auditors, and business advisors

Judging by the size of the South Africa economy, in relation to the developed world, it can be assumed that South Africa does not have a competitive advantage in terms of advanced producer services. If the same surrogate indicator that were used in the SADC section are applied here, the following can be seen: South Africa has 14 percent of its 18-24 year age group registered in tertiary educational institutions. At the same time the average for the

TABLE 14: PRESENCE OF MAJOR INTERNATIONAL CORPORATIONS IN S.A.

LOCALITY	SIZE	
Global Giants		
Kempton Park Total	(2%)	1
Randburg Total	(12%)	6
Pretoria Total	(10%)	5
Johannesburg Total	([illegible]2%)	16
Central Gauteng Total	**([illegible]6%)**	**28**
Rest of SA Total	(16%)	8
SA To[illegible]	(72%)	36
Europe[illegible]		
Johannesbu[illegible]	[illegible]	12
Randburg [illegible]	[illegible]	3
Pretoria To[illegible]	[illegible]	1
Central Gauteng Total	([illegible]4%)	16
SA Total	(80%)	20

"developed" world is 41.7 percent of the same ages group. (Esterhuysen, 199: p29) Thus there is a 27.7 percent discrepancy between South Africa and the "developed" world.

While Gauteng does have 28 percent of the nations professional and semi-professional workers, and 43 percent of the nations managerial, executive and administrative workers, only 7.4 percent and 2.7 percent of the nations work force is employed in these two sectors respectively. The fact that this capacity is strongest in Gauteng is nevertheless positive for global city development. However, it can be asserted that there may be a lack of skills capacity in the country to support an internationally significant producer service sector. This topic requires further investigation before any conclusive statement can be made.

Another significant issue here, is that most of the producer services operating in the country at present are focused on internal trade, and lack the vital international network relationships. Nevertheless, there is evidence of international advertising, auditing, and business advising firms in Central Gauteng. Most importantly the world two largest auditing firms, Arthur Anderson and Deloitte and Touche have headquarters for Southern Africa in Central Gauteng. Furthermore, with the deregulation of the JSE on the 8th of November, a flood of international agreements will become operational. These agreements will lend an global dimension to business advising services. It can also be expected that coupled with the entry of foreign financial institutions into Central Gauteng, there will be growth in producer services to support these institutions. However, Central Gauteng can presently be considered to be precariously place in terms of its capacity in the area of international connected producer services. If the growth of this sector is not supported and monitored, one could find that a large percentage of producer services are accessed from other continents through improved communications networks.

4.6.2.3 Stock Exchanges

The JSE has often been quoted in South African literature to be one of the ten best performing stock exchanges in the world. Over a very extended period this may be true. However it is difficult to ascertain the value of a statement like this, given the enormous fluctuations that may occur within and between international exchanges. Currently the JSE ranks in 14th place in terms of its market capitalisation (see table 15). This is a good position given the competition evident from the table provided. At the very least this ranking reflects that this exchange could be a significant international player. However the fact that the JSE ranks 33rd in terms of its levels of activity during the first six months of this year, and experience a -24.6 percent growth suggests there are problems (see Appendix A). Naturally this is more indicative of the national economy than the exchange itself. Yet, at the same time, there are certain measures that the exchange could initiate to remedy this negative position, such as marketing for investors and traders. It's strong position in terms of market capitalisation would aid such efforts. At present, however, while the JSE is a significant international player, its potential for improvement is evident.

4.6.2.4 Transport Systems

In terms of international connections transport beyond Southern Africa, the only relevant indicator is air traffic. Although Johannesburg International Airport is serviced by over 50 airlines, according to the Fortune survey of "The World's Top Cities For Business" done last November Johannesburg still ranks low in the list even compared to other emerging economies. For their indicator "Cities served by non-stop flights", Johannesburg only obtains a score of 18 compared to 69 for Mexico City, 32 for Jakarta, and 31 for Bombay. Yet even these scores are dismal compared with cities like Chicargo which scores 164, and

TABLE 15: MARKET CAPITALISATION OF INTERNATIONAL STOCK EXCHANGES

(in millions of US dollars)

EXCHANGE	MARKET VALUE
NYSE	4938405
Tokyo	3242003
Osaka	2703318
Chicago	1380329
London	1253384
Nasdaq	995639
Germany	559043
Paris	497694
Switzerland	347586
Toronto	308422
Montreal	290165
Hong Kong	277227
Amsterdam	264466
Johannesburg	237378
Kuala Lumpur	214368
Australian	212067
Taiwan	188822
Korea	178670
Italy	176729
Madrid	176614

Market value excludes investment funds

SOURCE: JSE August 1995

Shares of Domestic Comapanies at month-end, except for JHB where all companies foreign and domestic are listed

London with 150[29]. Nonetheless, it can be asserted that Central Gauteng's international transport links should be considered underdeveloped in relation to other major centres.

In terms of internal transport networks, the city ranks well in some respects, such as a good road network, and an soon to be established heliport. However public transport is poor, and as a result the city is relatively inaccessible to foreigners. This too could be a problem for global city development if it is not adequately addressed soon.

4.6.2.5 Communications Systems

According to Corporate Location:

> "one of Johannesburg's biggest boosts is its sophisticated telecommunications network. In the CBD, telecommunications are at a first world level. In Johannesburg satellite communication networks and equipment suppliers are all competing for a share of the action. These include companies such as AT&T, VodaCom, MTN, Motorola, Nokia, Panasonic, Ericsson and Siemans. Input from such international companies will influence an accelerated development of already sophisticated telecommunications"(2. Corporate Locations, 1994 p10).

While this is sales talk, there is some value in the statement. International interest in South Africa's telecommunications system is on the continual increase as the industry is deregulated. Foreign companies are also looking to invest in Telkom. "With its potential to become a hub for sub-Saharan telecommunications. Telkom is not short of suitors"(Financial Mail - Top Companies 1995, p265). "Africa at a Glance 1995/6" note that South Africa's telephones per 1000 persons is exactly equal to the world's average(130 telephones), yet it lags far behind more developed countries like Canada which has 785 telephones per 1000 persons, and Israel with 503 telephones per person (Esterhuysen, 1995

[29] Johannesburg does however fair better that Dubai which gets 11, and Nairobi with 8.

p77). This implies that there many opportunities for expansion, and that South Africa is not yet in an internationally competitive league[30].

In terms of charges, Central Gauteng's telecommunications system is also not in the best position. However as the market opens up even more, and Telkom enters into agreements with international operators, prices are expected to drop. Nonetheless, it is argued that Telkom "will have to form tight global partnerships if it intends to retain its multinational customers - a vital source of revenue" (ibid, p171).

A redeeming feature for Central Gauteng however, is the fact that, Vodacom has "29 direct roaming agreements, putting subscribers in touch and within reach in 20 countries. This makes Vodacom the South African operator with by far the most international roaming agreements and puts them second only to their UK sister company, Vodafone, in having the most roaming agreements in the world" (ibid). On these scores, Central Gauteng can be seen to be globally competitive.

Another indicator which provides positive support for the statement made by Corporate Locations, is Internet statistics. From the table 16 overleaf, it can be seen that South Africa ranks high on the international list of users. The importance of this has already been noted. The existence of satellite links and a well developed international media base have also been discussed elsewhere. What is important here, is that upon these foundations, it can be asserted that communications technology within Central Gauteng is developed enough to compete on a world market without any major investment. Nonetheless there is room for improvement.

[30] As it has already been noted, telecommunications figures are unavailable for specific areas in South Africa, thus "Africa at a Glance" statistics cannot be seen to be truly representative.

TABLE 16: INTERNET HOSTS BY COUNTRY
(JULY 1995)

COUNTRY	HOSTS
USA	4177454
Germany	360434
Canada	329299
UK	309715
Australia	207876
Japan	160131
Netherlands	145139
Finland	119863
France	115841
Sweden	112881
Switzerland	69306
Norway	69044
Italy	47033
New Zealand	43863
Austria	42059
South Africa	42054

SOURCE: Bruce Cohen, Mail Guardian, September 1 to 7, 1995

4.6.2.6. Financial Institutions

South Africa's total banking assets at present are R343-billion according to a recent survey, and they have been growing ahead of market expectations. However, they are still remain small by world standards (Rumney, September 1 to 7 1995). Now, after almost a decade of international isolation South Africa's banking industry is faced within international competition. Technologically they are relatively competitive, and relative to their size, they are one of the biggest users of SWIFT (an international money transfer service) in the world. Nonetheless, according to Reg Rumney, "foreign competition is the biggest threat to the margins of the banking industry.... If foreign banks enter South African markets in a big way, use cheap foreign capital to upset local margins and buy market shares, South African banks ...would have a problem"(ibid). At present, the greatest foreign interest is in merchant banking[31].

On the flip side, with the penetration of new institutions into the market, South Africa's banking regime is becoming better connected to the international financial community. This in turn draws other parts of the economy into the global playing. An example of this is offered by ING.

> "Simon Hollis, who heads it representative office in Johannesburg, says it will provide research on SA and other sub-Suharan stock markets to international fund management clients. "We are also advising SA companies on overseas acquisitions and capital-raising" he adds" (Financial Mail Top Companies 1995, p344).

US investment bank Morgan Stanley is beginning to operate along similar lines. Local banks have also taken advantage of "various sources of offshore sources of business. Nedcor and Investec established a sponsored Level 1 American Depository Receipt Programme to trade on the over-the-country market, providing improved investment options to offshore equity investors"(ibid, p337). According to Harris of Rand Merchant Bank, these developments have positive implications for the South African economy as a whole. More specifically for this study, due to the fact these international institutions are concentrated in Central Gauteng, it is improving its position as a global location. It is not a prime international financial centre. Yet it is a financial centre receiving significant international attention that it will be able to capitalise on for the purposes of global city development.

4.6.2.7. National and International Political Functions

Although most of the significant national political functions are concentrated in Central Gauteng, there are no significant international political functions located here to put the area onto the global map. The relocation of the OAU to Pretoria may do this, however the possibility of this happening is slim. On a different type of political agenda, the location of UN's massive new African headquarter in Pretoria, does bode well for Central Gauteng. However this is likely to be of greater significance to other African countries than the broader international community. In light of this, it would appear that Central Gauteng's development as a global city will not have great ramifications for the international political community beyond the obvious economic ones.

Nonetheless, Central Gauteng is not badly situated with regard to international politics. It has a large concentration of foreign representatives, and this can be expected to grow as South Africa continues its reintegration into the international community. This growth is also likely to be further stimulated if the area grows as a global city. In addition, South Africa's recent re-entry into the Commonwealth, and its entry into SADC, could offer opportunities for this growth. The pending prospects of the Indian Ocean Rim developing into a trade bloc could offer similar opportunities. At present, however, Central Gauteng's

[31] International trends suggest that there is an increasing blur in the distinction between merchant and corporate banking, thus this new competition is likely to, over time, affect traditional corporate banking sector in South Africa.

position in terms of international political functions should be regarded as neutral in terms of global city growth.

4.6.3. OUTCOME

It is evident that from an international perspective that Central Gauteng ranges between an average and underdeveloped global city. Producer services, the JSE, air traffic linking the area with the international community, and internal public transport all need to be further developed if the locality is to become globally competitive. At present its greatest strengths lie in the areas of communications and banking, and even here there is possible room for improvement. The fact that authorities like the JTMC have made progress in establishing sound network arrangements with various other international "hubs", may reflect that possibility that the economic and physical infrastructure constraints mentioned here are not as influential as this analysis suggests.

Nonetheless, the fact remains that in addition to weak infrastructure in certain spheres, international credit ratings for the country remain low due to crime, instability, industrial strikes and low productivity. These are all areas of concern, considering Central Gauteng's greatest selling point as a global city is that it is the gateway to Africa, and South Africa. Co-operation and mutually beneficial relationships with other emerging economies, especially in the Indian Ocean Rim, may at this point be easier to secure and less patronising than the traditional global city development route. This is based on the understanding that they too suffer from certain legitimacy crises, and are in need of expanding their network operations.

4.7 CONCLUSION: WHAT IS CENTRAL GAUTENG'S COMPETITIVE ADVANTAGE AS A GLOBAL CITY?

It can clearly be asserted that Central Gauteng occupies a position of dominance in terms of control and command functions at a provincial, national, and regional level. The same, however, cannot be said for its position within the broader, more developed, global economy. However, it is the best location within the African sub-continent to pursue global city development. At present, such a development occurring in the South Africa context has an added advantage. This is the fact that the country is still receiving post-apartheid dividends from the international community that can be exploited for global city development purposes.

In addition, there is a skills and technology base here that is not evident in the rest of Southern Africa. Yet it still has an intimate knowledge of requirements of the African markets. As a result, it has become a centre of adaptation and mediation, acting as an interface between Africa and the rest of the world. According to von Kieserlingk (1995), South Africans understand local conditions, and are thus able to adapt international technologies and techniques to the African context. International operations in Africa, can be run far more effectively from Central Gauteng than elsewhere in Africa. This is because it has both the local expertise and the international infrastructure. Thus it is an effective intermediatory and springboard. For example, Catepillar (earth moving equipment), use Barlows as their agent for Africa. Barlows adapts the equipment to African environments and specifications while working on "the shoulders" of Catepillar. Barlows (as an example of a South African firm) also knows how to recruit people for operations in Africa more effectively then a European, Asian or American firm, as well as how to transport things more effectively.[32]

[32] Recognising this local capacity, both Nissen and Toyota, have recently appointed Nissen (SA) and Toyota (SA) as their official agents to adapt technology to the African conditions (eg. change the suspension, differentials, SW and MW

In terms of the rest of the world however, it must nonetheless be recognised that the SADC region lags behind. The private sector argue that this is the case because there is too much government intervention, high taxes, crime, corruption, low productivity, lack of predictability etc.(von Kieserlingk, 1995). These problems need to be overcome, not only if Central Gauteng is to develop as a global city, but also if the wider region is to experience positive future growth. In conclusion then, it is asserted that if Central Gauteng hopes to develop itself as a global city, and not just the central metropole of Sub-Saharan Africa, it will need to address present infrastructure constrains, and work with the entire region in dealing with the common socio-political and socio-economic problems. The prospects for its development nonetheless, are hopeful, given the accelerated rate at which global integration has already occurred, and the eagerness within the surrounding region to attract and accommodate international investment.

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radios instead of FM etc.). These SA firms are now opening distributorships in other countries and training personnel for this purpose.

CHAPTER FIVE
IS CENTRAL GAUTENG A DUAL CITY?

5.1. INTRODUCTION

Given the very apparent inequalities in South African society, to ask whether Central Gauteng is a "dual city" appears to be a rhetorical question. Yet there are significant disparities between a polarised society per se, and a dual city, if the conceptual framework of the "dual city thesis" is employed. When looking at the potential benefits and costs of global city development in a middle-income country, questioning its impact on social, political and economic polarisation assumes a vital analytical role. Essentially, this role is to establish whether global city development in Central Gauteng will aggravate socio-economic, and political polarisation within this society. The ultimate assertion that this chapter will make is that there is potential for development contrary to polarisation to result within the designated area.

Before turning attention to the 'dual city thesis', a brief comment on the information presented here must be made. In many instances, the available data cannot be disaggregated from provincial or national findings. Owing to this factor, the reference made to processes at play at a national or provincial level are deemed to be applicable to the case study area of Central Gauteng, unless otherwise stated.

5.2. THE 'DUAL CITY THESIS'

Central to all features of the dual city thesis is the historical context of post-industrial capitalism. The recognition of this fact is vital, as it distinguishes the dual city work from other work on social polarisation and inequality. It nonetheless is primarily orientated around these two processes. According to this body of work, there is an inevitable increase in inequality within societies of global cities. This is a result of developments both within the public and private sector. In the public sector, there has been a decline in the welfare state and the rise of neo-liberalism, largely due to structural constraints within the broader capitalist society. Consequently, social services have been privatised in the name of economic efficiency. This has lead to the exclusion of more and more people from accessing these services, be they health, welfare, or housing services. In turn, these people become more and more marginalised from society, as their ability to perform employment functions, political functions and social roles is simultaneously reduced due to their isolation. Homelessness is the starkest reality of this process. However, the upper income population also reacts and reinforces a culture of the underclass, which politically justifies the position of the poor.

At the same time, processes of post-industrialisation occurring in the "free" market, serve to reinforce and expand these processes of polarisation in the city. During this time, the private sector leads development and controls the benefits of it. The state has facilitated this by making concessions to investors as it competes with other localities for their attention. According to Marcuse "competition among cities (or states, regions, or countries) has, ... in current reality (seen) one clear negative social result: a transfer of resources from the public to the private sector. That result has been amply demonstrated: tax write-offs, land subsidies, investment guarantees, exemption from fees and regulations, development of specialised infrastructure, direct training of workers for particular employers, are direct and substantial public contributions to private business" (Marcuse, 1994 p3).

The private sector has used some of these concessions, in a manner of speaking, to rebuild the city. They have gone into low income areas, bought up land and buildings, and gentrified these areas. The former residents of the area are displaced, with little or no compensation. Owing to the lack of alternative affordable living space, the displaced are pushed further into the arms of poverty and dispossession. At the same time the more affluent move out of the suburban bliss developed in the 1950's and 1960's, back into the gentrified city. These areas of the city become exclusive enclaves orientated to servicing the needs and desires of the new residents. Up-market restaurants, boutiques, fitness clubs and other consumer services come to characterise the streets of these areas. This is seen by some to have resulted in the renaissance of the city. However, it has spurred the rise in inequality in the city. Thus the poor experience no renaissance.

In various employment sectors, the same process of polarisation is at play. Routine manufacturing, traditionally one of the largest employers, is on the decline in the global city, in line with the general disaggregation of production space. Thus many jobs are lost. There is a growth of customised manufacturing, as well as financial and services sector employment. However these jobs require either highly specialised skills or very low levels of skills. Those people who have lost their jobs in traditional manufacturing are inappropriately skilled in most cases to upgrade their position and are therefore forced to take jobs where they can which require a low level of skill and are poorly paid.

However, another feature is that there are not the same number of jobs opportunities in the growing sectors due to processes of rationalisation and the penetration of technology. As a result, unemployment grows. At the same time, the process of making job opportunities more casual and informal also grows. This is characterised by the growth of sub-contracting and out sourcing certain production practises. It is also due to the increased creation of self-employment opportunities exploitative trends in various sectors. Of particular importance in the global city is the amount of people employed on a part-time, casual or informal basis in the specialised service sector, which ters to the affluent. The net result of these processes are rising levels of insecurity and the erosion of the middle stratum of society.

In summary, Marcuse characterises the growth of the dual city in the following way:

> "the social role of government gives way to an economic role, a role favouring redistribution for those at the bottom of a social hierarchy gives way to a role favouring those at the top of an economic hierarchy" (Marcuse, 1994 p5).

Simultaneously, the private sector uses these resources to enhance their own power, at the expense of middle and lower class access to secure employment and affordable services. Thus control of the economy and politic becomes more and more concentrated in the hands of private capital, and the exclusion and isolation of the rest of the population is facilitated. This in turn comes to be characterised by an hour-glass shaped class structure.

5.3. TYPICAL 'DUAL CITY' INDICATORS

Based on this above understanding of the dual city thesis, various indicators can be identified that encapsulate the rise of inequality and polarisation within the post-industrial global city. These indicators are not exclusive to this scenario, but rather must be located in this setting if they are to be representative the dual city phenomenon. Accepting this line of thought, the following indicators have been identified:

1. the decline of traditional forms of manufacturing;
2. private sector led growth and development in the city;
3. the concentration of political and economic power in the hands of private capital;
4. gentrification of low income areas;
5. the privatisation of social services;
6. an hour-glass shaped class structure;
7. the informalisation and casualisation of jobs, coupled with the downgrading of skills;
8. the rise of unemployment; and
9. the growth of the service sector, specifically catering to the needs of the affluent.

5.4. HISTORICAL OVERVIEW OF URBAN DEVELOPMENT IN SOUTH AFRICA

It is well known that development in this country has historically taken place along racially defined lines. The needs of the white population have been best catered for, while those of the black population have been the least attended, when they were not absolutely denied. Coloured and Asian development has fallen somewhere between these extremes. However, in many cases development programmes aimed at these population groups came closer to resembling those orientated more towards the black population than the white population. The history of urbanisation in this country, has followed similar lines. Thus, essentially, we have a history of racially segregated urban development.

For the most part, white urbanisation took place along the typical lines of a "developed" country. Expenditure on infrastructure was perhaps more extravagant than other countries with similar wealth, and residential sprawl was more expansive yet, on the whole, there were no major deviations from international trends. The same cannot be said for the urbanisation framework that determined urbanisation patterns amongst the other race groups. During the apartheid era, planning was largely orientated towards anti-urban planning. As apartheid logic would have it, the effects of this type of planning were aimed most extensively at the black population in South Africa.

According to Rogerson, anti-urban was most closely associated with "the implementation of "closed city" programmes, through the notorious regime of influx control" (Rogerson, 1992 p163). This system attempted to control the migration of blacks to urban areas through criminalising free movement under the pass law, which reduced their presence in urban areas to sojourner status. Consequently, policy makers and urban practitioners felt free to concentrate their energies on the "planning and building of cities for those populations (largely white) with steady incomes and the ability to pay for the shelter and services they (largely white) with steady incomes and the ability to pay for the shelter and services they used" (Rogerson, 1992 p163). The little urban planning that did take place for other race groups at this time, "did not merely take the form of residential segregation caused by racial zoning and the low incomes of Africans. But also of Africans, Coloureds and Asians being forced to formal townships outside the city, or their isolation in informal settlements just inside homeland borders (usually) a greater distance from the city" (Tomlinson, 1994 p5).

Despite all these deterrents, apparatuses of control and

> "the apartheid ideology of blacks as "temporary sojourners" in South Africa's "white" urban centres, it has been shown that a process of remaking the cities was begun as far back as the 1960's, by the country's voteless informal settlers or "squatter citizens". .... In a manner typical of many developing countries governments, South African policy makers in the 1960's and 1970's saw no legitimacy in the actions of the communities of informal settlers who were taking on the mantle of the true builders and planners of the country's urban centres. Accordingly, during this period there developed an enormous policy chasm between the growing needs of the expanding communities of the urban poor in South Africa, and the respective urban agendas of local and national governments which were conditioned by the demands of the white electorate" (Rogerson, 1992 p164).

Thus without recognition, population densities of isolated, poorly situated townships grew as the black population urbanised, and the impracticalities of what is now considered the "apartheid city"[33] flourished. Yet, far from being organically independent, this growth was economically dependent on the "white" city. In fitting with apartheid ideology, there were blanket restrictions on trade in the townships. "The government viewed the purpose of African urbanisation as being to provide labour. (Consequently) in addition to the negative consequences for African entrepreneurship, the township and informal settlements were left without a fiscal base"(Tomlinson, 1994 p6). The result of this process is the urban form we have now. It is "akin to a donut in that the highest population densities are located on the fringes of the city"(ibid) where the poorest people live.

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[33] See Tomlinson's features of a dysfunctional city, in the next section (Present Conditions in Central Gauteng) for an understanding of the "apartheid city".

Under the duress of political instability, the government began to make moves during the late 1970's to reduce various restrictions of trading rights in townships. However it was really during the1980's, under reform initiatives, the urban policy climate began to change. There was the removal of influx control law in 1986 due to the acceptance of the inevitability of a permanent black urban population. This necessitated

> "the introduction of a body of new policy initiatives which sought to maximise the benefits of urbanisation for the purposes of political stability. Among the new sets of policies, particular significance was attached to strategies for "orderly urbanisation" and "inward industrialisation" as vehicles for alleviating the growing crisis of unemployment in the urban centres. The urban management agenda in South Africa now grudgingly began to accord belated recognition to new policies that might for the first time, seek to incorporate the needs of the country's poor" (Rogerson, 1992 p164).

These re-orientations of policy however, were far from adequate in addressing the problems of the urban space economy. Therefore, although we have recently entered a new planning regime, the legacy of urban development under apartheid is still very much a reality for most of the poor. The fact that the recent

> "growth of squatting and of shack settlements is not a consequence of rural-urban migration flows..., (rather) more specifically, the growth of the majority of these settlements is causally linked to overcrowded conditions in existing formal townships, migrant labourers opting to leave the bachelor hostel in order to live with their families in the urban areas and, unemployed or self-employed persons choosing to live in informal settlements in order to avoid paying township rents or exploitative backyard shack rentals"(ibid, p167),

bears testimony to this living legacy of apartheid. This will become more evident, once the present conditions in Central Gauteng are reviewed.

5.5. PRESENT CONDITIONS IN CENTRAL GAUTENG

According to Tomlinson's appraisal of the situation, "the consequences of (this historical process) ... is a dysfunctional city. This is a city:

- where the location of African housing or dispersed informal settlements relative to that of commerce, industry and services are wholly impractical
- that requires Africans to commute on average 37 kilometres each way and imposes severe burdens in respect of time, money, exhaustion and an absence of family life ....
- which exacerbates the cost of providing services
- where 'black local authorities' have been left without fiscal potential and institutional capacity, and
- where informal sector opportunities are diminished due to the isolation of low income communities"(Tomlinson, 1994 p6).

For both capital and labour, this city form is both inefficient and costly. However, it is only when the "white" city is compared with the "black" city that an understanding of the magnitude of inequality in the city can be gained. As race has been the greatest determinant of access to resources in the South African context, conditions in Central Gauteng are examined predominantly along racial lines. However, it must be recognised that in this context, there is a strong correlation between race and class positions. As a result, there exists some correlation between a persons' location in the urban environment and their class in terms of access to resources. The levels of inequality that will be analysis, based on this understanding, access to physical infrastructure, education, income, and employment. Although each of these indicators is not necessarily determined by the urban form of the city, they are most comprehensively embodied in this form - especially Central Gauteng.

This specific on Central Gauteng embodying inequality in its spatial form comes from the fact is it the most developed urban area in South Africa and, relative to cities like Cape Town, there is far less mixed land use in this area. Thus enclaves of particular types of development are far easier to identify. Nonetheless, coupled with the move towards the compact city, there is a trend towards greater mix land use planning in Central Gauteng. Thus the relatively clear demarcation of class may increasingly blur in the future. Furthermore, Central Gauteng embodies polarisation in its spatial form more than many other areas in the country, due to its large concentration of informal settlements. This results from the fact that in 1992, of the 7 million people living in informal dwellings in the country, 2.5 million of them are living in and around this metropolitan complex[34] (Saff, 1994 p378). This is 36 percent of the national total for informal settlements - it is significantly share of this form of settlement as the region is only home to 17 percent of the nations population (DBSA, 1994 p18). Evidence to support this can be seen in the Access to Physical Services section below.

5.5.1 Access to Physical Infrastructure

According to a World Bank report

> "in its white cities, South Africa ranks among the top four or five countries in the world in per-capita spending on infrastructure. Yet urban areas have worse facilities on average that other developing countries with similar per-capita income. This is evident in such indicators as the extent of squatting, lack of electricity, poor access to water supply and inadequate sanitation" (Fallon et al, 1994 pp6-7).

The statistics that they base this assertion on, are the following:

> "In the PWV urban area - the strongest economic region of South Africa - almost 70 percent of African households have no direct access to water, and about 50 percent live in shanty towns" (Fallon et al, 1994 p7).

These findings are considerably higher than recent statistics released by the Gauteng Provincial Legislature, which claim that 19% of Gauteng residents live in shacks, 59% live in houses or parts of houses, 34% of blacks have internal piped water and 57% have access to yard taps. (Gauteng Economic Policy Document, 1995 p6) Access to services is not a static condition in South Africa at present as efforts are being made to improve the level of

[34] This figure includes the entire Gauteng region.

services accessible to the disadvantaged sectors of society Nevertheless, it can be estimated that the truth lies somewhere between these two sets of figures. What is important to note here however, is the disparity between services available to poor black communities and those available to the majority of the white population. A typical scenario is illustrated for water consumption and quality of service, in the table below.

This disparity in quality and access to water is replicated, to varying degrees, for most other services. For example, according to 1990 Urban Foundation results for what was then called the PWV Metropolitan Area, 29% of people in this area have minimal access to sanitation, while 57% of people have waterborne sewerage. At this level, there does appear to be a stark dichotomy between the 'haves' and the 'have nots'. In a macabre sense, it is consoling to note that there are more 'haves' than 'have nots'. However, it should be noted that levels of physical services does not appear as an indicator of inequality in any of the global city literature. This is a result of the fact that the type of inequality found in Central Gauteng is much deeper than the inequality found within the cities commonly associated with global city status.

5.5.2. Education

In education, the levels of inequality vary most distinctly along racial lines. This is evident from the fact that

> "public spending per pupil in 1990 was more than four times higher for whites than for Africans. Teachers are poorly trained, schools are badly managed, and basic instructional facilities and materials are in short supply. .... The result is poor academic performance. In 1991 only 11 percent of Africans who sat for Standard 10 examinations qualified for university, compared to more than 70 percent for whites and Asians" (Fallon et al, 1994 pp6-7).

TABLE 17: WATER CONSUMPTION QUALITY OF SERVICES

Local Authority	Water Consumed per person p.a. (kilolitres)	No. of People without water piped to house	Time Emergency Service Available
Predominantly black areas			
Greater Soweto	53	481000	6.5hrs x 5days
Alexandra	22	203500	14hrs x 5days
TPA informal settlement	n.a.	110000	8hrs x 5days
Predominantly white areas			
Randburg	115	7000	24hrs x 7days
Sandton	158	4000	24hrs x 7days
Johannesburg	151	6000	24hrs x 7days

SOURCE: Deloitte Touche

As a result, the country's education profile is very skewed in favour of the white population on all levels. Although Gauteng has the second highest overall level of education after the Western Cape, its education profile does not deviate much from the nation as a whole. This is evident from the statistics produced by the Gauteng Department of Finance and Economic Affairs. They state the following:

> "Twenty one percent of the Gauteng population have no formal education, 75% of which are black. 15% have a matric exemption (65% whites, 29% blacks) and 3% a university degree (90% whites, 6% blacks). A 1988 survey reported that 69% of the Gauteng population are literate"(Gauteng Economic Policy Document, 1995 p6).

From these statistics for Gauteng however, it can be seen that there is not explicit social polarisation, but rather a range of inequality ranging across a spectrum of qualifications, albeit that the uneducated population weighs heavier than the highly educated. It can nevertheless be expected that the vast majority of the 3 percent university graduate population are concentrated within the case study area, where the majority of jobs are found.

5.5.3. Income

Income is generally accepted to be the best indicator of a person or family's class position. This is based on the assumption that income determines your ability to access resources. This understanding of the power of income, has not until recently been applicable to South Africa until 27 April 1994, when black South Africans first got the vote. The newness of the role income plays must be recognised, and thus its power appropriately apportioned.[35] According to a recent discussion paper by the World Bank,

> "apartheid intensified inequality in South Africa beyond that expected in a country at its level of development. Although it is an upper-middle-income country, most of South Africa's national income goes to the white minority. Whites have personal

[35] It is for this reason that other indicators of inequality, such as access to physical services, are deemed so important.

incomes per capita of about 9.5 times those of Africans. 4.5 times those of Coloureds and 3.0 times those of Asians. While social indicators for whites (such as infant mortality and life expectancy at birth) are in the range for developed countries, those for the African majority are broadly comparable with poorer surrounding countries. Such extremes tend to confirm that there are really two South Africa's - a First World society for whites and a Third World society for blacks" (Fallon et al, 1994 p6).

Once again, findings published in the "Gauteng Economic Policy Document"(1995), tend to confirm this view of inequality in the Gauteng Province. It states:

> "The average monthly household income in Gauteng is R3442, the highest in the country and 64 % above the national average. Differentials across racial groups is considerable. Average monthly household income for Blacks is R1 439, Coloureds R3 244, Indians R5 485 and Whites R6 653. Using quintiles (the total spread of income into five parts - the bottom 20%, the second highest 20%, the third highest 20% etc.), research shows that 6.4% of Gauteng households are in the bottom income quintile, 27% in the fourth quintile and 39% in the top quintile. However, when looking at the racial breakdown of income quintiles it is seen that 76% of whites and only 7% of Blacks are in the top quintile. In the bottom quintile the trend is reversed with 26,5% of Blacks and 1% of Whites falling into this category. On the positive side, however, the province has the lowest proportion of its population in the bottom quintile than the SA average or any other province"(Gauteng Economic Policy Document, 1995 p6).

On a positive note, what cannot be detected from these statistics is the fact that trends for the last two decades suggest that income inequality in Central Gauteng is on the decline. This is evident from the tables18, 19, 20 overleaf. Although this table shows that there is still a significant proportion of the population in low and no income positions, there is a significant growth of the middle income sector. Although this development is paralleled at a national level, it is far smaller. Nonetheless, it can be seen that for both the nation as a whole, and the case study area in particular, there is a move from an hour-glass shaped class structure, towards and onion shaped class structure. This appears to be a major deviation from the dual city thesis.

TABLE 18: CHANGE IN INCOME DISTRIBUTION BETWEEN 1981 AND 1991

	TOTAL %	NONE	A	B	C	D	E	F	G	H	UNSPECIFIED
SA TOTAL 1981	100	62.9	14.6	9	3.1	2.8	1.8	1.4	1.1	0.6	2.7
SA TOTAL 1991	100	63.24	11.34	3.69	2.96	4.32	8.94	2.4	0.94	1.02	1.15
OUTER METRO 1981	100	48.14	12.28	15.54	5.52	5.03	3.66	3.7	3.11	1.22	2.4
OUTER METRO 1991	100	48.78	9.13	5.01	4.15	5.96	15.18	5.35	2.38	2.39	1.25
METRO CORE 1981	100	48.37	11.44	12.12	5.37	5.52	3.96	3.43	3.26	2.7	3.84
METRO CORE 1991	100	45.65	8.23	5.25	4.35	5.8	16.15	6	2.85	4.15	1.68
GREATER GAUTENG											
AVERAGE 1981	100	48.22	12	14.4	5.47	5.19	3.76	3.61	3.16	1.71	2.88
GREATER GAUTENG											
AVERAGE 1991	100	47.7	8.83	5.09	4.22	5.91	15.5	5.57	2.54	2.98	1.39

*(1981)
#(1991)
A=1-1199*/1-2999#
B=1200-2399*/3000-4999#
C=2400-3599*/5000-6999#
D=3600-5999*/7000-9999#
E=6000-8399*/10000-29000#
F=8400-11999*/30000-49999#
G=12000-17999*/50000-69999#
H=18000+*/70000 +#

TABLE 19: TOTAL INCOME DISTRIBUTION FOR 1991

DISTRICT	TOTAL %	NONE	1-2999	3000-4999	5000-6999	7000-9999	10000-2900	30000-4999	50000-6999	70000+	UNSPECIFIED
SA 1991	100	63.24	11.34	3.69	2.96	4.32	8.94	2.4	0.94	1.02	1.15
OUTER METRO											
BRAKPAN 1991	100	55.6	10.1	4.7	3.4	4.9	13.1	4.4	1.6	1	1.2
SPRINGS 1991	100	51	9.3	4	3.4	7.6	15.5	5	1.8	1.5	1
KRUGERSDORP 1991	100	49	11.8	5.9	5.1	5.3	13.4	4.2	1.6	1.5	2.2
ROODEPOORT 1991	100	39.4	9.8	6.3	4.3	6.8	15.8	8.4	3.7	4.3	1.2
GERMISTON 1991	100	35	9	6	3.6	3.8	20.3	11.3	4.8	5.3	1.2
ALBERTON 1991	100	56.3	8.2	4.4	4.4	7.4	12.6	3.1	1.3	1.2	1
BOKSBURG 1991	100	47.3	6	4.2	5.2	6.6	18.5	6	2.6	2.3	1
BENONI 1991	100	56.6	8.8	4.6	3.8	5.3	12.2	4	1.6	2	1.2
OUTER METRO AVERAGE		48.78	9.13	5.01	4.15	5.96	15.18	5.35	2.38	2.39	1.25
CORE METRO											
JOHANNESBURG 1991	100	50	9.8	5	4.6	6.4	14.6	4.2	1.6	2	2.3
RANDBURG 1991	100	43.6	7.8	7.5	5	5	11.6	6	3.6	7.9	2
PRETORIA 1991	100	40	8.5	4.7	3.3	4.4	20	9	4	4.7	1.4
KEMPTON PARK 1991	100	49	6.8	3.8	4.5	7.4	18.4	4.8	2.2	2	1
METRO CORE AVERAGE		45.65	8.23	5.25	4.35	5.8	16.15	6	2.85	4.15	1.68
GREATER GAUTENG											
AVERAGE	100	47.7	8.83	5.09	4.22	5.91	15.5	5.57	2.54	2.98	1.39

SOURCE: Central Statistical Services 1991

TABLE 20: TOTAL INCOME DISTRIBUTION FOR 1981

DISTRICT	TOTAL %	NONE	2-1199	1200-2399	2400-3599	3600-5999	6000-8399	8400-11999	12000-17999	18000+	UNSPECIFIED
SA 1981	100	62.9	14.6	9	3.1	2.8	1.8	1.4	1.1	0.6	2.7
OUTER METRO											
BRAKPAN 1981	100	53.3	13.06	12.11	5.26	4.57	3.37	3.48	2.29	0.54	2.02
SPRINGS 1981	100	50.54	16.38	16.56	6.96	4.1	2.59	2.83	2.17	0.69	1.94
KRUGERSDORP 1981	100	48.8	16.38	16.89	3.87	3.61	2.76	2.61	2.09	0.91	2.08
ROODEPOORT 1981	100	40.76	11.02	16.89	5.33	6.04	5.14	5.15	4.5	1.84	3.33
GERMISTON 1981	100	38.19	11.03	11.87	4.79	7.94	6.96	6.88	6.27	2.91	3.16
ALBERTON 1981	100	56.02	8.88	16.92	5.93	3.59	1.96	1.99	1.7	0.57	2.44
BOKSBURG 1981	100	44.55	10.14	18.43	6.38	5.96	3.73	4.18	3.44	1.05	2.14
BENONI 1981	100	52.92	11.32	14.65	5.64	4.41	2.73	2.45	2.4	1.28	2.2
OUTER METRO AVERAGE	100	48.14	12.28	15.54	5.52	5.03	3.66	3.7	3.11	1.22	2.4
CORE METRO											
JOHANNESBURG 1981	100	49.94	10.82	15	5.18	4.87	3.33	2.3	1.86	1.39	5.31
RANDBURG 1981	100	46.57	14.2	10.13	3.8	4.11	3.57	3.08	4.5	6.38	3.66
PRETORIA 1981	100	43.5	11.17	10.22	6.21	8.82	6.24	5.22	3.98	2.24	2.4
KEMPTON PARK 1981	100	53.48	9.55	13.12	6.3	4.28	2.7	3.1	2.7	0.78	3.99
METRO CORE AVERAGE	100	48.37	11.44	12.12	5.37	5.52	3.96	3.43	3.26	2.7	3.84
GREATER GAUTENG											
AVERAGE	100	48.22	12	14.4	5.47	5.19	3.76	3.61	3.16	1.71	2.88

SOURCE: Central Statistical Services 1981

This table does not account for race[36]. There are however, two recent reports that suggest that a similar trend is being expressed for racial income inequalities. At present there are only national statistics available. However, it is expected that similar to the general income results, the same trend is evident, in a more accentuated way, for the case study area. According to a World Bank Discussion Paper,

> "there is evidence that income inequality across the races has narrowed. Since the 1970s, the share of personal income accruing to whites has declined substantially, while the share for African increased from 22.3 percent to 31.5 percent in1987. This has been accompanied by a clear narrowing of proportionate gap between whites and other racial groups, thanks partly to above-average wage increases for Africans from the early 1970s onwards" (Fallon et al, 1994 pp6-7).

An update on these figures has recently been performed by Ann Bernstein from the Centre for Development and Enterprise. She proposes that whites' share of personal income has declined from 58.7 percent in 1985 to 51.7 percent in 1995. Over the same period blacks share of personal income has increased from 28.8 percent to 34.1 percent. (Klein, Sunday Times, Business Times, September 17, 1995)

5.5.4. Employment

There are many varying statistics for levels of employment and unemployment in Gauteng at present, about which there is little consensus. For the purposes of this discussion, the statistics provided in the Gauteng Economic Policy Document are considered to be the most appropriate and useful statistics available. This decision is based on the fact they have been recently released and are presently the most influential ones amongst Gauteng policy makers.

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[36] It should be noted, in the raw data, the Black population dominated the categories up until category F, from then onwards, whites dominated the categories.

According to these statistics, there is a 37 percent unemployment rate in the formal sector, and within this group,

> "55% are involved in informal sector activities, while 45% have no source of income whatsoever. .... In 1991 21% were employed in the informal sector - this is up from just 9% in 1980. ....The percentage of the workforce in the informal sector in Gauteng is the highest in the country by far"(Gauteng Economic Policy Document, 1995 pp6-7).

This can largely be attributed to the processes of *de-industrialisation* that have been occurring in the Gauteng region. As the last chapter noted, this process has been most extreme in the case study area. The loss of employment opportunities may largely be attributed to the decline in manufacturing and mining sectors, which has exceeded the growth in financial services, and community and social services sector employment opportunities over the last decade. This is typical of a post-industrial economy. According to Turok (1993), the

> "activities that predominate in the informal sector are trade and hawking 36%, manufacturing 20%, home crafts 14% and services 11%. In the townships the following are found most commonly: taverns, spaza shops, hairdressers, taxi/bus services, dressmaking, room renting, shoe production and repair, traditional healers and knitters. In the city centres flea markets and hawkers are proliferating" (Turok, 1993 p13).

These findings are confirmed by Mabin and Hunter's study on the PWV in the same year. However, it must be noted that, unlike most post-industrial economies, the informal sector in Central Gauteng is mainly orientated around catering to the consumer needs of the poorer sectors of the population, in a survivalist manner. Mabin and Hunter note that between 60 and 80 percent of the informal sector in Gauteng fit into this category, and the vast majority of informal sector activities operating in low income township areas, fall into this category.

In typical global cities the reverse is true - most of the informal and casual labour arrangements are orientated towards catering for the needs of the affluent. At present, efforts are being made by the Small Business Development Corporation (SBDC), and organisations like Business Enterprises South Africa, and the Informal Business Forum, to expand the scope of informal sector activities. The Informal Business Forum, is a particular case in note - it is presently promoting urban agriculture in the form of hydroponic farming[37]. A last comment on the informal sector - it should be noted that the extent to which traditional wage employment has been casualised, is limited. This is largely due to the presence of a highly unionised workforce in Central Gauteng.

In terms of the formal sector, Gauteng Economic Policy Document notes that 62 percent of the economically active population were employed in this sector in 1991. "This is down from 84% in 1980"(ibid, p7). Here, the World Bank report on South Africa's economic performance and policies provides a better qualitative analysis of the processes behind this shift. They state:

> "employment growth has deteriorated consistently since 1970, with a shift away from agriculture. It peaked for all racial groups in the 1960's, and has declined ever since. Labour supply growth, however, changed little over the past 30 years although lower net immigration reduced growth in white labour supply. Growth in the African labour force increased from 2.5 percent in the early 1960s to 2.8 percent a year in the 1980s. For Asians and Coloureds, it declined from 2.8 percent to 2.6 percent, while for whites it fell from 2.8 percent to 1.6 percent. Consequently, there has been a growing imbalance between black labour supply and employment in the formal sector. That gap has been filled only partly by the growth in the informal sector due to increased ineffectiveness and later removal of apartheid linked regulations. Unemployment has thus grown rapidly among black. In contrast, there was full employment among whites up to 1985, but since them white unemployment has grown significantly" (Fallon et al, 1994 pp5-6).

This confirms recent national findings by SA Labour and Development Research Unit based at the University of Cape Town. They state "35 % of blacks have jobs compared with 71% of whites. Joblessness is particularly acute for black females, only 27% of whom have jobs.

[37] Hydroponic farming is essentially hi-tech farming, which specialises in what can be considered 'designer' produce like strawberries, and artichokes.

Fifty-nine percent of white females have jobs" (Davie, Sunday Times, Business Times, January 15, 1995).

The racial breakdown of the employment structure correlates strongly with the occupational structure of Gauteng. Gauteng's Provincial Legislature claims that

> "with respect to the skills sector, surveys report that 8% of workers (22% blacks, 73% whites) are professionals, semi professionals or technicians, 18% clerical or sales workers, 16% involved in service occupations, 9% artisans and apprentices and 20% (89% blacks, 8% whites) in production supervision, mining and related work" (Gauteng Economic Policy Document, 1995 p7).

The dominance of the professional/clerical/ service sector suggest, once again, that the Gauteng region is tending towards post-industrialised economy. If intervention in this process does not occur, many other features of post-industrialism discussed in chapters two and three, can be expected to emerge over the next. In turn, other typical features of the dual city, such as urban gentrification, could blossom.

5.6. THE RELEVANCE OF THE DUAL CITY THESIS TO CENTRAL GAUTENG

Locating the dual city thesis in terms of its relevance to Central Gauteng is a precarious task. In many ways, inequality in Central Gauteng is far deeper and more extensive than inequality found in a typical global city. Thus, it may appear that the dual city thesis contains weak explanatory and analytical value in this setting. From the preceding discussion, various issues appear evident. Firstly, the typical dual city indicators used to assess polarisation in a city seem to be vastly different from those used to evaluate inequality and polarisation in the South African context. It has already been noted that the 'access to physical infrastructure' indicator typifies this case. The fact that income statistics are inadequate on their own, due to the recent deracialisation of access to resources, is another case in point. Yet, despite these factors, there are certain levels on which the dual city thesis which are compatible with the Central Gauteng situation. Areas of compatibility will be addressed first, before an assessment of why the dual city thesis is not wholly appropriate for the Central Gauteng context.

Mabin claims a level of relevance for the dual city thesis to Central Gauteng area by stating:

> "Classes have polarized - wealth, poverty, the rise of homelessness, abandoned ghettos and luxury enclaves (Peter Marcuse, cited in Silver 1992: 652). Extreme examples can be found in the Bertrams area of Johannesburg, in which older single-family dwellings have been tenemented to a degree unimaginable among the homeless of western Europe or north America - up to 100 people occupying what were previously five or six quite ordinary rooms and up to 16 shacks in the backyards; *something you would find in the corticos of Sao Paulo* (Mabin 1991). A new form of fragmentation and segregation of space emerges"(Mabin, 1993 p192).

This does provide evidence to suggest forces of polarisation are at play in the case study area. His further reference to Beauregard's work which documents "greater investment in office buildings, luxury housing ... and less in manufacturing plant, affordable housing and public open space"(Beauregard cited in Mabin, 1993 p192), in his discussion on South African cities, further implies the notion that Central Gauteng is in fact already a dual city.

Steinberg, van Zyl and Bond provide a further argument to support this notion. They argue that efforts to gentrify the East End of Johannesburg's Central Business District[38] to cater primarily for the rising black middle class employed in the business and financial sectors, threaten to displace many of Johannesburg's 'new urban poor'. They state that:

> "lucrative small office development possibilities have fundamentally skewed the land use patterns in the east end of the Johannesburg CBD. Both the capital investment in (and structural transformation of) buildings in this area will make the return to marginally-profitable residential usage virtually impossible" (Steinberg et al, 1991 p276).

[38] This area of the CBD is in close proximity to Bertrams, Alan Mabin's reference point.

They further claim that this development process is not unique to the east end of the Johannesburg CBD.

> "Illustrating the potential market in the black urban professional class, a 1990 brochure for the Anglo American Corporation's Inner-City Property Development Fund promotes a R16 million investment in Hillbrow; a six-block site with two dozen residential buildings and 1500 units. The site is now occupied largely illegally by working-class blacks ... . Similarly, the Urban Foundation has targetted nearby Joubert Park for residential redevelopment" (ibid, pp271-272).

Clearly, in this scenario, the dual city thesis provides a 'spot on' description of processes shaping the urban form in Central Gauteng.

The decline of employment opportunities in manufacturing and mining, and the subsequent rise of unemployment that has taken place in and around Central Gauteng, appear to bear another testament to the value of applying the dual city thesis to the case study. However, it should be noted that this process of deindustrialisation in Central Gauteng has been affected by sanctions over the last ten years, and RIDP initiatives, discussed in the previous chapter. The extent to which a true post-industrial economy exists in the area, remains to be seen, as conditions 'normalise' here.

One important note on unemployment being an indicator of inequality in a dual city context - the dual city literature (Sassen 1991; Moss 1991) - notes that a rise in unemployment of around 3 percent over a decade, is significant. This is working from an unemployment base of between 10 and 15 percent. In Gauteng, the unemployment rate is 37 percent at present. This is significantly higher than the typical evidence used to support the dual city thesis. In some ways, it seems inappropriate to use the same framework of reference to refer to the two phenomenon. If caution is not exercised when applying the 'thesis' to Central Gauteng, the severity of the case study situation could be trivialised. It is thus felt, that it would be more appropriate to develop an indigenous understanding of the concept, in this regard.

In addition to this, however, suggestive as the comments made above are, they fail to recognise counter trends affecting the socio-economic, and political shape of this society. It is recognised that the class structure in Central Gauteng definitely has hour-glass dimensions. However, evidence suggests that income polarisation is on the decline. This is partially a result of affirmative action programmes, but also a consequence of a changing economic structure and labour dispensation in the area. Where the growth of low skilled jobs in the financial and service sectors represent polarisation tendencies in the North American and Western Europe context, in the Central Gauteng context these tendencies represent a growth of a lower-middle class which was previously absent in the class equation.

It is in light of this, that the criticisms levelled against the dual city thesis in chapter three also gain relevance. The fact that there are many people and processes that occur between the polarised extremes of a society, must be recognised. While this sector is smaller in Central Gauteng than New York or London, the fact that it is an expanding category of people demands that it is given attention. With the supportive present policy initiatives such as the various SMME programmes(Interviews with Andrea Geen, George Pappas, Anthony Askew & Stan Close August 1995) which will hopefully enhance the growth of this middle stratum, the recognition of their mediating position will gain even greater significance.

The last major counter trend that is evident in the South African context, is in the area of physical and social service provision. In the dual city literature, there is a large emphasis on the negative consequences resulting from the privatisation of these services - most especially social services. While there have been discussions around the privatisation of certain medical facilities, the general trend within the country at present is towards improving poor peoples access to these services. Central Gauteng is no exception to this rule.

In view of these factors, the relevance of a body of knowledge on class polarisation and inequality, imported from the Northern Hemisphere to the Central Gauteng context, must be treated with a healthy amount of scepticism. There are certain areas where the dual city thesis does provide both descriptive and analytical insight into current development processes, such as the case for gentrification in and around the Johannesburg CBD. Furthermore, it acts as a warning in certain areas of what could result from a growing post-industrial economy. However, its negation of the powerful role the state can play in mediating these processes, and the negation of the middle stratum of society, does weaken its analytical value. Lastly, the fact that there are many trends present in the development of Central Gauteng's socio-economic and political structure, that counter the disqualification the dual city thesis, suggest that there may exist a need to develop a more indigenous understanding of the societal benefits and costs of global city development in Central Gauteng.

5.7. AN INDIGENOUS UNDERSTANDING OF THE BENEFITS AND COSTS OF GLOBAL CITY DEVELOPMENT

Clearly, by looking at indicators like access to physical infrastructure and unemployment statistics, it is evident that levels of inequality are deeper, and polarisation is more extensive in Central Gauteng than cities like Paris, London or New York. The labour dispensation also deviates considerably from the typical post-industrial setting. There is both a large informal sector, as well as a large highly unionised formal sector labour force, and education disparities between different race groups are enormous.

Although none of these features on their own are unique to Central Gauteng, the combination of them results in the case study area deviating significantly from the archetypal global city scenario documented in dual city thesis literature. As a result, the socio-economic and political benefits and largely costs at a micro level, associated with global city development, are considered to result in an inappropriate evaluation of these same factors in Central Gauteng. It is based on this understanding that the following suggestions are made. These are considered to contain a more indigenous understanding of the dynamics at play.

Firstly, it is proposed that the kind of trends causing polarisation in global cities located in 'developed countries' such as downgrading skills, and the casualisation of employment in the service sector catering for consumer needs, could in fact have the reverse results in the Central Gauteng context. This is based on the fact that there is a large poorly educated sector of the population, that are not equipped to hold jobs that demand higher levels of skills, and are at present unemployed. Owing to the scarcity of skills, and affirmative action programmes, it can be expected that those people holding skills that are being made redundant by technology, will be placed in positions where they will be able to upgrade their skills for the most part, instead of downgrading. The extent to which these positions will experience casualisation and informalisation in the next couple of years, is limited. This is base on the understanding that the formal labour force is highly unionised, and hold a considerable amount of politico-economic power.

Another benefit that could emanate from global city development is the growth of the informal sector from one based largely on survivalist strategies, to one that exhibits a greater sense of entrepreneurialism. This would require a certain degree of strategic intervention in this sector by organisations like the SBDC and the Informal Business Forum, as well as local authorities. This intervention would need to take the form of re-orientating at least part of the informal sector's target market, from one aimed at a low income domestic clientele, to one aimed to service a more affluent market.

The Eastern Services Council, is presently in the process of developing such a programme in their areas. In conjunction with ERTA (East Rand Tourist Association), they are looking at promote a form of eco-tourism in the area. The programmes that they are looking into, will be targeted at low income local economic development. For example, in conjunction with local community forums, they want to promote tours to historical and political sights of importance - e.g. Chris Hani's grave. In addition to this, they are looking at developing guest houses, arts and crafts markets, shebeens, and mine dances shows at the hostels, catering for the more affluent tourist and entertainment market. These attractions will potentially be linked to the taxi industry.

For the purposes of developing a more equitable social order, such initiatives will obviously need to be coupled with other local economic development initiatives such as public works programmes which upgrade physical infrastructure. Global city development cannot alone be responsible for reducing polarisation in the Central Gauteng area. However, in light of these argument, it could positively contribute to this process. At the same time, there remain two crucial areas which will need to be closely monitored in terms of their affects on inequality in the areas. These areas are:

1. The possibility of further de-industrialisation, and the consequent lose of jobs due to a rise in land values and other inputs.
2. The further development of inner city gentrification, and the consequent displacement of low income earners from the area.

5.8. IN CONCLUSION

This does not necessarily need to result in the social polarisation, witnessed in the 1980's, with which critics of neo-liberalism concerned themselves. Private sector led growth could enhance the prospects of "redistribution through growth" if the correct state policy framework is set in place. This will need to be both supportive of SMME development, and interventionist to some extent in development processes such as inner-city gentrification. Where possible, opportunities for the beautification of the city and the regeneration of public space that Fainstein(1993) suggests are outgrowths of private sector global city development, should be exploited for the good of all. Given the extend to which relatively well developed social compacts are evident in the case study area, it should be possible for this type of development to take place along participatory lines.

It is thus concluded, that any fears that may exist of Central Gauteng becoming increasingly polarised in terms of class, as a result of it developing further as a global city, should be dispelled. At present the class structure within the region has so many features of a dual city, anyway, as a result of its apartheid past and present problematic economic position. At the very least, there is little likelihood that global city development would exacerbate this phenomenon. Evident and viewpoints put forward in this chapter, suggest the potential for global city development to result in the growth of a more equitable class structure in the future. The present trends towards the growth of a significant middle class bode well for the actualisation of this potential.

The fact that jobs will be created as a result of foreign investment as a result of global city development, further suggests that polarisation will in fact be reduced. This is based on the understanding that, given the present high rate of unemployment, and relatively low level of skills, the creation of low skilled jobs that will result from global city development, will actually be beneficial to Central Gauteng and the broader South African economy. This is because investment will generate economic growth, and the economy will create the capacity to absorb presently unemployed people. In light of this rationale, it would appear that the dual city thesis has restricted relevance to the development of Central Gauteng as a global city beyond being a warning light in certain areas, such as de-industrialisation. It is nonetheless important that the present mindset of sustainable long term development remain the predominant paradigm behind the development initiatives promoting Central Gauteng as a global city.

CHAPTER SIX
A STRATEGIC PLANNING PROPOSAL

6.1. INTRODUCTION

All the descriptions, debates, investigations and assessments entered into thus far in this discourse, have been exercised for a particular purpose - to inform decision makers of the theoretical and empirical implications of global city development in Central Gauteng. The purpose of this chapter, is to transform the findings documented thus far, into action-orientated recommendations for development planning. Before doing this, however, a brief summary of the major findings must be reiterated.

6.2. MAJOR FINDING

It has be found, that being effected by globalisation, is inescapable for all localities operating in the international community. Similarly, global cities, as centres of command and control in the global economy, determine international trade. Presently, the African continent houses no such centre. Rather, major trade negotiations now take place in cities like London, New York and Tokyo. In order of empower the continent, it would be desirable for global city development to take place in Africa.

At present, Central Gauteng is the best positioned locality in the SADC region, and more generally in Africa, to be developed as a global city. If developed, it can be expected that it will take on some distinct features because, unlike some of its predecessors, it will not attempt to embrace all characteristics of a global city, but rather target its development towards a particular niche market. Presently, Central Gauteng's competitive advantage in terms of niche market development, lies in its ability to promote and develop itself as the "Gateway to Africa".

6.3. EVIDENCE TO SUPPORT GLOBAL CITY DEVELOPMENT IN CENTRAL GAUTENG

Central Gauteng finds itself in a position of relative opportunity, due to the fact that it has the most developed economic infrastructure in the region. Evidence to support this assertion is plentiful. It can be found in the fact that Central Gauteng houses the strongest business sector, the most powerful financial centre in the region, Africa's largest stock exchange, and the 14th largest stock exchange in the world in terms of market capitalisation. It also provides a qual[illegible] d quantity of advanced consumer service[39] that is unequalled in the rest of the regi[illegible] addition, in recent years, Central Gauteng has become a centre for adapting technology to domestic and African needs[40].

Partially as a result of this facility, but also due to other infrastructure advantages, the presence of international corporations have grown in Central Gauteng. They are now finding that by locating themselves here, they are best positioned to access the African market. Furthermore, South Africa's recent entry into SADC[41], and its potential entry into the Indian Ocean Rim trade bloc[42], could provide further impetus to international corporates finding in Central Gauteng a prime location for their African operations. The fact that Johannesburg, in particular, and to some extent the Gauteng government, have entered into a number of network agreements with other localities, recently, has further

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[39] . This sector takes the form of exclusive shopping and restaurant facilities, theatres, movie houses, and health clubs.
[40] Barlows adaptation of Catepillar's earth-moving equipment to African conditions, is an example of adaptive technology actives that can be found in the area.
[41] This opens up the Southern African market to South Africa and Central Gauteng.
[42] The potential formalisation of the Indian Ocean Rim area as a regional trading bloc, offers a significant market to investors who [illegible] in Central Gauteng. It also offers a Central Gauteng four other major international business centres with which to [illegible] network relationships.

enhanced the presence of international capital in the area, and provides a route for future international co-operative development.

Bolstering this economic infrastructure, is a physical infrastructure support system that maintains: the busiest international airport in the region, an internationally competitive cellular telephone system, the most sophisticated telecommunications and telematics infrastructure in Africa, the location of the largest inland port in the Southern Hemisphere, and the most significant node in the regions road and rail network. Taken together, these factors appear to provide a good basis upon which global city development could be facilitated and supported. However, if our present political dispensation is accredited with any significant weight, these factors alone do not provide ample support for such a seemingly ostentatious stance as global city development.

Given the fact that the global city has been criticised for causing exaggerating socio-economic polarisation in the city, and bringing about the dual city, it would be appropriate for local authorities in Central Gauteng to be reticent about global city development at first glance. Present evidence suggests, that the levels of inequality in Central Gauteng are far higher than any of the typical global cities documented in the literature. However, this research has argued, that, at a theoretical level, the state and a nation's history can mediate the level of inequality experienced by global city development. More importantly, it has been shown that inequality could in fact decline as a result of global city development in Central Gauteng. This is based on the following assumptions:

1. that many of the unskilled and low-skilled jobs global city development gives rise to, could be filled by the poorly skilled unemployed or informally employed sectors of the society; and

2. that foreign investment in the economy, which global city development will facilitate, is presently necessary for a sustain increase in GGP per capita. This in term will support the present trend that suggests the middle class is on the incline.

The fact that national government is making massive efforts to promote South Africa internationally, through its Economic Offices Abroad, the establishment of an Investment Promotions Centre, and the facilitation of establishing Development Corporations for each province, is expected to further support global city development.

Based on this evidence, it would appear that Central Gauteng has both the existing potential, and a sufficient cause, to promote and develop itself as a global city for Africa, and thus the "Gateway to Africa". It therefore seems apparent that the benefits of this type of development will outweigh the costs. However, this is not a completely objective evaluation. The findings suggest that there are several impediments to a clear global city development path. These will need to be addressed, and this can be expected to cost money in some instances. Thus it is necessary that they briefly be addressed.

6.4. DRAWBACKS TO GLOBAL CITY DEVELOPMENT IN CENTRAL GAUTENG

There is evidence to suggest that there are negative perceptions of South Africa.

> "(These have) built up in the minds of private investors and bankers after years of isolation, sanctions, violence, poor economic performance and political instability. Foreign companies which disinvested in the 1980's may be reluctant to make the psychological and logistical adjustments, and undertake the strategic calculations, necessary to return again so quickly" (Padayachee, 1995 p172).

Media reports of high crime rates and militant industrial action continually feed this psyche. The somewhat eschewed internal public transport system, the costly telecommunications system and an uncompetitive international air travel service, linking Central Gauteng to the rest of the global community, could also potentially weaken the locality's ability to compete internationally.

In light of the reality that South Africa, and the Central Gauteng market more particularly, is competing with many other "emerging markets"[43] for foreign investment and international attention, the presence of these negative features do not bode well for general development in Central Gauteng, let alone global city development here. Given this, it is widely acknowledged that the potential withdrawal of World Bank and IMF funding to Africa, will severely exacerbate these disadvantages, as it will further destabilise the region's economy.

The fact that there is a high crime rate, and a poor internal public transport, is not new. Nor is the fact that these factors are impediments to development unique to global city development. There are a multitude of other social, ethical, political and economic reasons for these two problems to be address, with the utmost of urgency in the case of crime. Addressing these problems, may be the greatest cost incurred by global city development in Central Gauteng. However, it would be unjustifiable for the total cost of this exercise to be placed on the global city development 'account'.

Other problem areas, such as the upgrading of international air transport and telecommunications initiatives, will be largely determined by capital. An enabling policy framework, where little bureaucratic controls exist, may aid the process. This, however, is not expected to result in any major cost to global city developers, but rather, as global city logic would have it, aid the growth of capital accumulation by international capital. Lastly, there is little that can be done in respect of World Bank and IMF funding, beyond

[43] "The Economist", documents the financial and economic indicators of 24 emerging markets. South Africa is included in this list. However, this means that it has to compete with 23 other markets of similar status. If an assessment is done of these indicators for the 24 countries, it appears that South Africa is far from being the best positioned country in this category. A copy of "The Economist", September 16 1995, Emerging-Market Indicators, can be viewed in appendix b.

challenging it along the lines it is presently being challenged. This threat, however, may be viewed as an opportunity for the affected national economies, as it will force them to embark on a more sustainable growth path for the future. It is nonetheless expected that global city development in Central Gauteng will by no means aggravate this situation.

Based on this discussion, it can now be asserted that a more realistic evaluation of the findings has taken place, and thus a more holistic evaluation of the situation is possible. Little redirection of opinion, however, has occurred. Even when the apparent negative factors have been calculated into the equation, it can still be asserted that the expected benefits of global city development in Central Gauteng will supersede the developmental costs. It is thus considered appropriate for major players in the Central Gauteng area, to embark on, at the very least, an exploratory investigation of global city planning for the locality. Some recommendations, upon which this investigation could rest, are presented here.

6.5. PLANNING PROPOSALS FOR GLOBAL CITY DEVELOPMENT IN CENTRAL GAUTENG

When making planning proposals, the most creative, innovative capacity of the actors needs to be harnessed. In the face of limited financial resources, the role of creative thinking cannot be overrated. For now, based on the knowledge and information gained during this discourse, several development planning proposals will be presented. While it is necessary to further investigate and develop each of these proposals, it is felt that some discussion of them is appropriate.

Firstly, it must be acknowledged, that Central Gauteng's competitive advantage in becoming a global city, at present, lies in the fact that it can cater to a niche market - catering to those individuals, organisations, or firms wanting a gateway to and from Southern Africa. This includes companies in the SADC region wanting to enter the global market, and international firms wanting to enter the African market. It is believed that while this niche market clearly exists, a significant amount of work is necessary to consolidate and strengthen it. Once this has been achieved, development strategies can then expand and diversify their orientation, and the creation of other niche markets can be developed. This will be a medium to long term process. Such planning strategies will not be entered into on a speculative basis here. Rather, the discussion will focus strategies aimed at consolidating the area's present potential in the short- to medium-term.

6.5.?. The Proposed Actors

It is recommended that an organisation is formed to facilitate and plan a global city development project. In line with the guiding principles of the RDP, this organisation should be broadly representative of the Central Gauteng constituency, and in turn be a democratic and participatory body. The parties that could be expected to perform as key players, are:

- members of the Gauteng Provincial Legislature from an array of departments;
- all local authorities and services councils operating in the four magisterial districts seen to define Central Gauteng;
- some of the local authorities from the area defined as 'outer metro';
- representatives of labour;
- representatives from the private sector, perhaps in the form of the various chambers of commerce operating in Central Gauteng, as well as from the major transport and telecommunications parastatals and private operators;
- representatives of Local Community Forums where they exist;

- organisations involved in SMME development such as SBDC, Informal Business Forum and Business Enterprise South Africa;
- and lastly, possible representatives from the Department of Foreign Affairs (DFA), the Department of Trade and Industry (DTI) and the Industrial Development Corporation (IDC).

6.5.2. Proposed Goals

Suggestions on what the broad development goals should possibly include, are the following:

- The equitable and sustainable development of Central Gauteng as a global city, which influences the command and control functions of world trade.
- The consolidation of Central Gauteng as Africa's leading business centre.
- The development of Central Gauteng as the tourist and business gateway to the SADC region.
- The strengthening of the SADC region's position in the global economy.

6.5.3. Proposed Strategies

6.5.3.1. Strategy One

Develop the space economy for global city along the defined polycentric area of Central Gauteng.

With this proposal, it is recognised that the area encompasses more than one metropolitan area - it is a sub-region. It is therefore accepted that the traditional principles of metropolitan planning may not suffice, and elements of regional planning will need to be incorporated. This, however, is not seen as incongruent with present international practices[44].

Policy Initiatives

The boundaries of the global city must remain flexible for the purposes of planning. For this to be possible, the demarcation of the global city must be responsive to both global and local conditions. It is thus suggested that the continual surveillance of trends affecting the spatial understanding of the global city is undertaken. This can done by monitoring media, through good communications with other global cities via the system of networking relationships. Together, the information gained can then be used to inform the development of the strategic performance indicators used at a local level.

Using these indicators, a program that continually monitors and evaluates the developments within and around the area defined as the global city, must then take place. The findings must then be used to ensure that the boundaries are appropriate for evolving global city planning functions. Where possible, the findings of the monitoring and evaluation programme should be recycled into the planning procedure to further modifying future indicators.

6.5.3.2. Strategy Two

To create a stable and safe internal environment for investors. This requires the reduction in crime, and the incidence of strike action.

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44. In O'Neil and Moss's (1991) document "Reinventing New York: Competing in the next century's global economy", policies and strategies for New York Metropolitan Region are developed to promote New York city as a global city. Here, the geographic area which is discussed, include 31 counties in three states in four rings of development.

Policy Initiatives

1. The improvement in the capacity of community policing initiatives.
2. Upgrading of policing training.
3. Improved relations between the state, capital and labour.
4. The marketing of safety and stability.
5. Preventative intervention in high crime areas.

<u>**6.5.3.3. Strategy Three**</u>

The further development of urban network relationships between Central Gauteng and other centres.

Policy Initiatives

1. Cape Town, Durban, Maputo, Harare, Windhoek, Gabarone, Lusaka, Dar-es-Salaam, Manzini, Blantyre, and Luanda are recognised as the key centres in the SADC region with which network agreements should be established. Central Gauteng should provide these centres with service resources and "customer support". This must be aimed at improving the efficiency of doing business in the region.
2. Network agreements between Central Gauteng and the four major business centres in the Indian Ocean Rim area must be developed.
3. The "hub and gateway" agreements that Johannesburg has, or is in the process of establishing, must be reworked to include the rest of Central Gauteng.
4. Market Central Gauteng through the Indian Ocean Rim centres, as well as American and European network arrangement, as a prime location for the headquarters of African operations.

6.5.3.4. Strategy Four

Develop the local service sector to serve a much wider markets - both directly and through the provision of support services to traded business.

Policy Initiatives

1. Help firms in the advanced service finance shift from local market to servicing SADC region.
2. Assist local informal traders, to identify and develop new markets, as well as to expand from local service enterprises to the intellectual capital sector. For example, enable shebeens in low income areas to move away from only servicing nearby residents, to contributing to the growth of the advanced tourist and entertainment sector.
3. Work with the taxi industry, to improve internal transport systems available to both foreigners and locals. This will involve making the taxi industry safer and more user friendly to foreigners.

6.5.3.5. Strategy Five

Improve the communication on, and responsiveness to the needs of large headquarters located in Central Gauteng.[45]

Policy Initiatives

1. Increase the direct personal contact between planning agents and large corporates. The work Colin Wright is doing in this regard, must be supported and expanded upon.

[45] Through this communication, information and insight into the problems and opportunities "that involve a much wider universe of corporations"(Moss & O'Neil, 1991 p65) can be accessed.

2. The Gauteng Investment Promotion Centre needs to develop a department to deal with marketing and public relations for the area..

6.5.3.6. Strategy Six

Improve transport links between Central Gauteng and the rest of the world.

Policy Initiatives

1. Encourage and support private sector initiatives to upgrade and extend air transport services between Central Gauteng and its major trading partners.
2. Deregulate some air traffic routes between Central Gauteng and other major centres.

6.5.4 Some other possible strategies/ policy initiatives

1. Develop and strengthen centres for research, development and education in global and African finance - the Bureau of Financial Analysis, located at the University of Pretoria is one place in particular that can be targeted. It needs to become more accessible to its market through advertising, and better staffing.
2. Improve high-value custom tailored manufacturing, specifically aimed at adapting foreign technology to African conditions. For this purpose, engineering science and education in this field is necessary, coupled with the promotion of this service abroad. The government will need to support, and strengthen both university and corporate R&D facilities, as well as strengthen the links between industry and university in adaptive technology and finance R&D.

6.5.5. Procedural Planning Recommendations

Substantive planning suggestions that have been made, are considered to be central to initial global city development. However, it is believed that these suggestion may prove difficult to implement without a some sort of planning methodology. It has thus been deemed necessary to suggest a suitable planning procedure. In making such a suggestion, it is recognised that post-modern theorists have argued that procedural planning theory, is a product of a modernist era, and is no longer relevant to the practice of planning in the ever changing post-modern world(Rowies, 1984). This is accepted to some extent.

However, it is believed that there is still a need for a procedural planning component in any plan formulation. Firstly, it provides a guiding framework of reference for those involved in formulating and implementing development strategies. Secondly, it allows for a certain level of generalisability and therefore transferability and comparison of development strategies in the global context[46]. Furthermore, it makes an understanding of the development initiative far more accessible to outsiders or newcomers to the project/programme[47]. Thus an understanding of a development initiative does not become an exclusive esoteric exercise - something purely substantively based, planning has a tendency to create.

Based on this understanding, it is asserted here, that a strategic planning framework would be the most appropriate planning tool. This procedure is the brainchild of the corporate firm, and "its roots are tied to the need of rapidly changing and growing corporations to plan effectively for and manage their futures, when the future itself appeared increasingly uncertain" (Kaufman &Jacobs, 1987 p24).

[46] This has relevance to networking relationships with other localities

[47] This is important in public planning initiatives exercised an open democratic society.

However, it was not until a decade later that the public sector began to embark on a similar mode of planning. According to Kaufman & Jacobs, "the emergence of corporate strategic planning in public planning, parallels the rise of economic development in the late 1970's as a focus of local planning"(ibid, p23). In the face of limited and dwindling resources, and great uncertainty about the future, local authorities were forces to embrace strategies that would develop the competitive advantages of the city in strategic areas. Strategic planning provided a methodological framework within which they could pursue these ends. In addition, the methodology also gave rise to the optimistic notion that every locality has internal strengths and weaknesses available for development in the face of external opportunities and threats.

In addition to being an internationally popular and accessible methodology, strategic planning is considered to be particularly appropriate to this case study. The fact that it facilitates a relative understanding of the possible risks associated with various alternatives. At the same time, highlighting where the strategic issues lie, at both a local and global level, is an obvious feature in its favour. When dealing with global city development, sensitivity to the environment[48], is of vital importance, as the desirability of the locality as an international centre of command and control, is based on its ability to respond to, and influence, the international terrain .

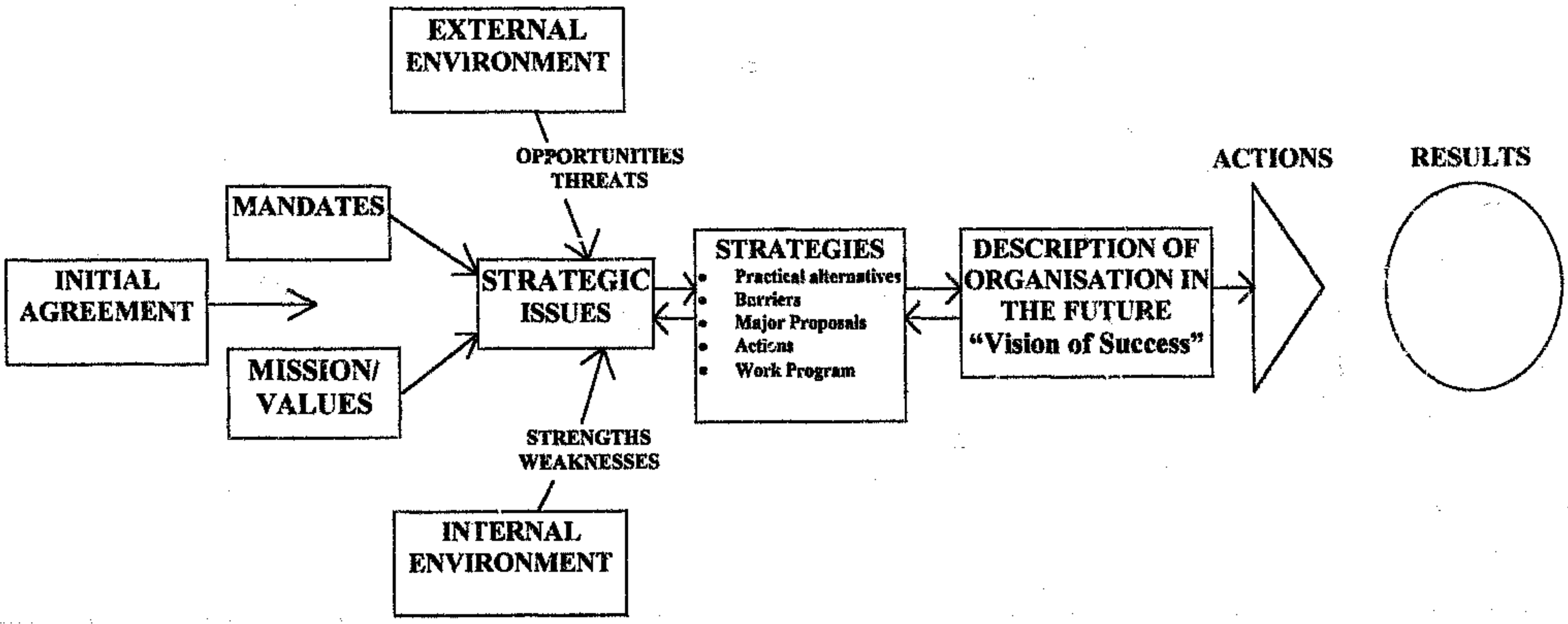
Strategic planning is presently the only planning process that explicitly engages in development processes at play at in the external environment. In South Africa, where minimal recognition has been given to the broader international environment in planning due to sanctions and isolation, doing a SWOT analysis, which investigates internal strengths and weaknesses, along with external opportunities and threats, takes on even greater significance.

In addition to this, and stemming from this, the procedure embraces pro-active decision-orientated planning. This is important for a locality like Central Gauteng, that has a political constituency waiting for, and timing, its delivery of beneficial goods and services. Coupled with this, experience has shown that, if done well, strategic planning can be valuable in revitalising elected officials' interest in planning as it helps localities rediscover and redefine their position at a national and global level (Kaufman & Jacobs, 1987 p29). This results from the fact that areas of stagnation are aggressively challenged, and both problems and potentials are given clarity of definition. Such a process is most congruent with what is happening in the country at present, due to the recent change in our political dispensation.

In light of both these features, it is proposed that a strategic planning framework is the best, and possibly the only, procedural planning framework that can be applied to global city development in the case study area. Within this framework, there are various strategic planning formats, some of which place particular emphasis on different areas in the planning process. Ultimately, the adoption of any of these generic formats, is adapted to some extend to accommodate the peculiarities on the specific context. In this way, each plan or planning proposal becomes a customised process and product. The 'generic' format which is suggested here, (to be adapted to the Central Gauteng case study), is that proposed by Bryson and Roering (1987).

In applying the substantive text of Central Gauteng's local and global position, to the process, some re-fashioning of their process may become necessary. The overall framework of the process, however, can be viewed in the form of a diagram on the following page. A note must be made here, that the diagram presents the process in a rather linear fashion. This is unavoidably misleading. In reality, the process is iterative and self-rejuvenating in most respects. Recognition of this is necessary, if the further development of the substantive proposals made here, were to occur.

Fig 7: STRATEGIC PLANNING PROCESS



Source : Bryson and Roering, 1987

6.5.6. Action, Results and the Iterative Process of Monitoring

Before ending, it must be reiterated, the proposals made here, are not one off developments. Rather, the development of each of them is seen as a process that will take place over time. What is most vital to the success of the proposed strategies, is continual monitoring and evaluating of what is happening in both the local and international context they in which they operate. As planning is orientated towards a global market, the approaches to implement policies will need to be congruent with international experiences. Owing to the fact that change and innovation is always at play in this terrain, it can be expected that planning proposals, and implementation techniques will need to need to be constantly re-evaluated, and fed back into the planning process. For the purpose of this monitoring exercise, it will be necessary to establish strategic performance indicators. [49]

6.6. CONCLUSION

In conclusion, it is asserted that strategic planning is regarded as the most appropriate procedural framework within which global city planning should take place. It is, however, impotent if it does not work in unison with the substantive text of the locality's internal and external context - in this case, quite obviously, Central Gauteng. Here the value of the SWOT analysis cannot be underrated. Exercising an assessment of the external opportunities and threats, allows for the vulnerability of development planning in South Africa becoming parochial, to be avoided. This is necessary, because more than ever, we are historically located in an era of globalisation, that impacts on all localities, regardless of their position. This takes on even greater significance, when planning for global city development. By recognising and accepting this, Central Gauteng is able to position itself

[49] The strategic indicators used in chapters four and five of this work could be used as the basic indicators, upon which others could be formulated.

better to address, challenge, and optimise the circumstances globalisation imposes on it. In establishing networking arrangements with other localities around the world, as well as harnessing the potential for SMME development catering to a global market, the slogan "Think global act local", can become a real practice. If this can be achieved, the benefits of global city development in Central Gauteng, will undoubtedly outweigh the costs incurred.

CHAPTER SEVEN

CONCLUSION

The city has always been contested terrain. The dynamics of this contest are changing however, with the changing urban and global order. Competition is slowly giving way to co-operation, as localities find their niche markets. The global city thesis, nonetheless, remains relevant within the context of these change. This is based on the fact that global city localities exist as power points in the international space economy. In turn, global city development in Africa, is recognised as an empowering tool for their development, because, to date, loci of control and command over this economy have been far removed from the Africa context and reality.

In terms of Southern Africa, it is broadly accepted, that "a healthy climate for private investment is essential. Without this, sustained growth will not take place"(Fallon, 1994 p24). It is suggested here, that global city development, will enhance the 'health' of the South African investment climate. This is because it will improve the ease and efficiency with which Southern Africa can do business on an international scale. It is postulated here, that such development could alter global political economy.

At present, the Southern African market supports 110 million people (Esterhuysen, 1995 p60). To date, it has remained relatively unexploited as a consumer and manufacturing market. This is largely due to the fact that the international community discarded Africa as a non-entity, or a begging bowl. Foreign investors thus exercise many prejudices with regard to economic confidence in this continent. For Central Gauteng to truly become an international gateway, and thus a global city, this international partiality will need to be overcome. This could be starting to happen. According to Harper's report in the Sunday

Times, Business Times, investors are starting to see "a promised land in Africa" (Harper, 1995). Harper's article states:

> "You've got some money, you're thinking of investing overseas. What's best: Russia, Latin America, Asia? "Forget it, you'll lose every cent", particularly investing in Russia and Eastern Europe, says James Rogers jrn, a former partner of Hungarian Billionaire investor George Soros. "Africa is far and away the cheapest and best opportunity". Mr Rogers, who teaches finance at Columbia University and is a business commentator on the CNBC cable network, offered advice to American investment bankers .... "I wouldn't go to the other countries right now. Latin American assets are sure to devalue, Asia isn't as hot as it was, Russia and Eastern Europe are in too much turmoil"" (ibid).

If these opinions are taken seriously, there is much hope for not only Central Gauteng, but the whole continent. In this context, improving the ease and efficiency with which business is done in Southern Africa, will enhance development prospects. Providing advanced producer and consumer goods to international investors in the region, through the development of global city facilities, would significantly contribute to improving the efficiency with which business could be done here.

In light of the findings presented in this discourse, Central Gauteng is the best positioned locality for global city development. This is based on the fact that it houses the best physical and economic infrastructure in the SADC region, and sub-Saharan Africa more generally. Its niche market from a global perspective, is found in the fact it is the best positioned city in the world to act as the 'Gateway' to the Southern African market. Thus, it is believe that the locality has most, if not all of the attributes to allow it to become a global city of significance.

Such a possibility, however, must be carefully monitored. Because, although the global city development of Central Gauteng will definitely empower Central Gauteng, it would be unsustainable if this achievement of greater power were to be contained in Central

Gauteng's immediate hinterland. Developing Central Gauteng as a global city represents an opportunity for the rest of the region to gain access to markets and resources that would otherwise be difficult. It is highly likely that some sort of patron-client relationship between Central Gauteng and the rest of the SADC region. At a national and supranational level of government, care will need to be taken in ensuring that this relationship does not become exploitative, but rather mutually beneficial. In light of this, planning for the development of Central Gauteng should be part of a broader development plan for the region. This should include the development of other metropolitan areas simultaneously, as well as the creation of a strong urban network system for Southern Africa. In this regard, Cape Town, Durban, Maputo, Harare, Windhoek, Gabarone, Lusaka, and Manzini are recognised as the most strategic nodes in the SADC urban system.

If this can be achieved in the medium term, Beauregard claims that planners that have "lost touch with the prevailing political-economic forces that are restructuring cities and regions in a global context, and second, have failed to keep pace with concomitant intellectual and cultural forms" (Beauregard, 1991 p192) will be sure to lose their relevance to the SADC region. The successful global city development in Central Gauteng, is believed to be the most accessible and practical vehicle available to drive this process. Accepting this, the most energising tools of the strategic planning process is called upon in conclusion, to provide motivation for potential decision-makers to take action - the unveiling of a possible "Vision of Success":

7.1 VISION OF SUCCESS

At a business breakfast earlier this year, Gauteng's premier, Tokyo Sexwale outlined a "Vision of Success" for Gauteng. Here he stated:

> "We are positioning Gauteng as a premier business, shopping, sport and cultural destination and a gateway to the sub-continent's many natural tourist attractions. ....

If we all unite behind our vision of shared growth ... if we all work together with a common, national purpose ... we will - together - become a member of the family of powerful cats ... not another East Asian Tiger ... but we ... South Africa ... will be the first of the African Lions ... with Gauteng as the heart and pulse of this king of the economic jungle" (Sexwale, 19 May 1995)

A similar, but slightly different 'Vision of Success' for the city of Johannesburg, was outlined by Collin Wright, in 1994:

"We see Johannesburg as being the Hong Kong of Africa, in the same way that the city was responsible for the growth in south China" (Opportunity Africa, 1994).

Both these statements, are emotive 'sales talk'. Value, however, can be found in them when formulating a vision of success for Central Gauteng's development as a global city. The value is, firstly, found in the political weight they presently carry. But more importantly, they elude the goal of global city development in this locality. To build on these statements, define them, and apply them to the case study, the following 'Vision of Success' is proposed:

To develop Central Gauteng as an internationally recognised locus of command and control in the global economy in its own right. This will result in business decisions involving Southern Africa, previously made in centres like London, New York and Tokyo, in future being made on the African continent in Central Gauteng. At the same time Central Gauteng will become both a gateway and service centre to a dynamic SADC trade and tourism market.

Through the implementation of the recommendations made here, and the further development of other planning initiatives, it is believed that this vision can become a sustainable reality.

APPENDIX A

Headquarters of major firms, international organisations and foreign representatives located in Central Gauteng

MINING HOUSE LEAGUE

FIRM	ANSWER ONE		ANSWER TWO
1. Anglo American	Johannesburg		EU, S. America
2. Gencor	Johannesburg		London
3. Johnnies	Johannesburg		
4. GFSA	Johannesburg		London
5. Anglovaal	Johannesburg		London
6. Randmin	Randburg		Switzerland
7. GF Namib	Windhoek		London
8. Consmng	Johannesburg		
JOHANNESBURG TOTAL	(75%)	6	
RANDBURG TOTAL	(12.5%)	1	
CENTRAL GAUTENG TOTAL	(87.5%)	7	
SOUTH AFRICA TOTAL	(100%)	8	

Answer 1: Where are the headquarters in SA?
Answer 2: What foreign offices, if any, are there?

PUBLIC SECTOR CORPORATIONS

FIRM	ANSWER ONE		ANSWER TWO
1. Eskom	Johannesburg		N. America, EU, Asia, S. America, SADC
2. Transnet	Johannesburg		SADC
3. Telkom	Pretoria		
4. IDC	Randburg		
5. Development Bank	Midrand, Randburg		
6. Denel	Pretoria		Mid. East, Far East
7. SA Post Office	Pretoria		
8. SABC	Johannesburg		
9. Foskor	Phalaborwa		
10. Altantis Diesel	Kempton Park		
11. Armscor	Pretoria		
12. Sapekoe	Tzaneen		
Pretoria Total	(33%)	4	
Johannesburg Total	(25%)	3	
Randburg Total	(17%)	2	
Kempton Park Total	(8%)	1	
Central Gauteng Total	(83%)	10	
South Africa Total	(100%)	12	

Answer 1: Where are the headquarters in SA?
Answer 2: What foreign offices are there if any?

TOP INDUSTRIALS
by turnover

FIRM	ANSWER ONE	ANSWER TWO
1. SA Breweries	Johannesburg	EU, Africa (listed in London)
2. CG Smith	Randburg	EU
3. CGS Food	Randburg	EU
4 Premier Group	Johannesburg	(listed in London)
5. Barlows	Randburg	Africa (listed in Antwerp,Basel, Brussels,
		Paris, Frankfurt, Geneva, London, Zurich)
6. Malbak	Rand[illegible]	London, Germany
7. Tiger Oats	Randburg	EU, USA (listed in London)
8. Sasol	Randburg	(listed in London, Frankfurt)
9. Iscor	[illegible]etoria	Germany, UK, Sweden
10.AVI	[illegible]burg	(listed in London)
11.Amic	[illegible]rg	(listed in Basel,Paris,Frankfurt,London, Zurich)
12.Engen	[illegible]	
13.Pepkor	[illegible]	SADC
14.M&R Hold	Jo[illegible]	
15.Pick 'n Pay	Cape Town	Africa
16.Wooltru	Cape [illegible]	Australia, Africa
17.McRetail	Durban	
18.Metcash	Johannesburg	
19.AECI	Johannesburg	EU (listed in London)
20.Sappi	Johannesburg	SADC, EU (listed in London, Paris,Frankfurt)
JOHANNESBURG TOTAL	(40%) 8	
RANDBURG TOTAL	(30%) 6	
PRETORIA TOTAL	(5%) 1	
CENTRAL GAUTENG TOTAL	(75%) 15	
SA TOTAL	(100%) 20	

Answer 1: Where are the SA headquarters
Answer 2: What foreign offices are there, if any?
Listed referes to the company's stocks being listed on a foreign stock exchange

SA GIANTS' LEAGUE
(IN TERMS OF ASSETS)

FIRM	ANSWER ONE	ANSWER TWO
1. Old Mutual	Cape Town	Africa, EU, Asia
2. Sanlam	Cape Town	
3. Libhold	Johannesburg	EU
4. Liberty Life	Johannesburg	EU
5. Absa	Johannesburg	EU, Asia
6. SBIC	Johannesburg	Africa
7. Anglo American	Johannesburg	EU, SADC, S. America
8. First National	Johannesburg	EU, N. America, SADC
9. Nedcor	Johannesburg	EU
10. Eskom	Randburg	EU, S. America, Asia, Africa
11. Transnet	Johannesburg	SADC
12. De Beers Cons	Johannesburg	EU
13. SA Reserve Bank	Pretoria	
14. Southern Life	Cape Town	SADC
15. Spoornet	Johannesburg	SADC
16. RMBH	Ra[illegible]rg	EU
17. Gencor	Jo[illegible]esburg	EU
18. JCI	Johannesburg	EU
19. SA Breweries	Johannesburg	EU, Africa
20. Telkom	Pretoria	SADC
21. Sasol	Johannesburg	EU
22. Momentum Life	Pretoria	
23. NBS Holdings	Durban	
24. GFSA	Johannesburg	EU
25. Amic	Johannesburg	Africa, EU
26. C G Smith	Randburg	N. America
27. Anamint	Johannesburg	EU
28. Remgro	Cape Town	
29. Investec	Johannesburg	
30. Fedsure	Johannesburg	
31. Iscor	Pretoria	EU
32. Amgold	Johannesburg	Africa, EU
33. Anglovaal	Johannesburg	EU
34. IDC	Randburg	
35. Sappi	Johannesburg	SADC, EU
36. CGS Food	Randburg	N. America, EU
37. Barlows	Randburg	Africa, EU
38. Safren	Cape Town	
39. Metropolitan Life	Cape Town	
40. Malbak	Randburg	
41. Freegold	Johannesburg	EU
42. Engen	Cape Town	
43. Vaal Reefs	Johannesburg	EU
44. AVI	Johannesburg	EU

Answer 1: Where are the headquarters in SA?
Answer 2: What foreign offices are there, if any?

SA GIANTS' LEAGUE
(IN TERMS OF ASSETS)

45. Development Bank	Midrand, RANDBURG	SADC
46. Mine Officials' PF		
47. Tiger Oats	Randburg	N. America, EU
48. Genbel	Johannesburg	SADC, EU
49. Premier Group	Johannesburg	EU
50. Saambou	Pretoria	
JOHANNESBURG TOTAL	(54%) 27	
RANDBURG TOTAL	(18%) 9	
PRETORIA TOTAL	(10%) 5	
CENTRAL GAUTENG TOTAL	(82%) 41	
SA TOTAL	(100%) 50	

Answer 1: Where are the headquarters in SA?
Answer 2: What foreign offices are there, if any?

SA GIANTS' LEAGUE
(IN TERMS OF ASSETS)

45. Development Bank	Midrand, RANDBURG		SADC
46. Mine Officials' PF			
47. Tiger Oats	Randburg		N. America, [illegible]
48. Genbel	Johannesburg		SADC, EU
49. Premier Group	Johannesburg		EU
50. Saambou	Pretoria		
JOHANNESBURG TOTAL	(54%)	27	
RANDBURG TOTAL	(18%)	9	
PRETORIA TOTAL	(10%)	5	
CENTRAL GAUTENG TOTAL	(82%)	41	
SA TOTAL	(100%)	50	

Answer 1: Where are the headquarters in SA?
Answer 2: What foreign offices are there, if any?

EUROPE'S LEADERS
(TOP TURNOVER)

FIRM	ANSWER ONE		ANSWER TWO	
1. Royal Dutch/Shell	Cape Town		UK	
2. Daimler-Benz	Pretoria		Germany	
3. British Petrolium	Cape Town		UK	
4. Siemans	Midrand, Randburg		Midrand, Randburg	
5. IRI	Johannesburg		Germany	
6. Volkswagen	Uitenhague		Uitenhague	
7. Nestle'	Randburg		Switzerland	
8. Unilever Plc/NV	Durban		UK	
9. Veba	none		Germany	
10. Elf Aquitaine	Johannesburg		Germany	
11. Deutsche Telekom	Johannesburg		Germany	
12. RWE	Johannesburg		Johannesburg	
13. Fiat	Johannesburg		Italy	
14. Electricitie de France	Johannesburg		France	
15. ENI	Johannesburg		Johannesburg	
16. Philips	Johannesburg		Holland	
17. Tengelmann	none		Germany	
18. Marc Richard	Johannesburg		Johannesburg	
19. Renault	none		Reunion	
20. Hoechst	Johannesburg		Germany	
21. Alcatel Alsthom	Johannesburg		France	
22. Rewe	none		France	
23. Asea Brown Boveri (ABB)	Randburg		Randburg	
24. BAT Industries	none		France	
25. Generale des Eaux	Johannesburg		France	
Johannesburg Total	(48%)	12		
Randburg Total	(12%)	3		
Pretoria Total	(4%)	1		
Central Gauteng Total	(64%)	16	(20%)	4
SA Total	(80%)	20	(20%)	4

Answer 1: Where are the SA headquarters?
Answer 2: Where are the Sub-Saharan headquarters?

GLOBAL GIANTS

FIRM	ANSWER ONE	ANSWER TWO
1. GM	Pretoria	
2. RD/Shell	Cape Town	Cape Town
3. Ford	Pretoria	
4. Toyota	Johannesburg	Johannesburg
5. Exxon	none	
6. Hitachi	Johannesburg	Japan
7. Walmart	none	
8. Nippon TT	Cape Town	
9. Matsushita	none	
10. ATT	Johannesburg	
11. D-Benz	Pretoria	Pretoria
12. Nisson	Randburg	Japan
13. Mobil	Johannesburg	
14. IBM	Randburg	Randburg
15. Siemens	Johannesburg	Johannesburg
16. Gen Elec	Randburg	
17. VW	Uitenhague	Uitenhague
18. Toshiba	Johannesburg	
19. Sears Roe	none	
20. P Morris	none	
21. Chrysler	none	
22. BP	Cape Town	
23. Nestle'	Randburg	Randburg
24. Unilever	Durban	Durban
25. Honda	Pretoria	Germany
26. Sony	Johannesburg	
27. ELF	none	
28. NEC	Johannesburg	
29. Philips	Johannesburg	
30. Du Pont	none	
31. Fiat	Johannesburg	
32. Fujitsu	Johannesburg	
33. K-Mart	none	
34. Renault	none	
35. Chevron	none	
36. Hoechst	Johannesburg	Germany
37. Peugeot	Johannesburg	France
38. Alcatel	Boksburg	
39. Texaco	none	
40. Nippon	Cape Town	Japan
41. Bayer	Kempton Park	
42. Proc & Gam	none	
43. BASF	Randburg	Germany
44. Nippon Oil	Cape Town	Japan

Answer 1: Where are the SA headquarteres?
Answer 2: Where are their Sub-Saharan headquarters?

GLOBAL GIANTS

45. AseaBB	Randburg		Randburg	
46. Pepsico	Johannesburg			
47. Total	Johannesburg			
48. Amoco	none			
49. Mazda	Pretoria			
50. Hewlett Packard	Johannesburg		Johannesburg	
Kempton Park Total	(2%)	1		
Randburg Total	(12%)	6		
Pretoria Total	(10%)	5		
Johannesburg Total	(32%)	16		
Central Gauteng Total	**(56%)**	**28**		
Rest of SA Total	(16%)	8		
SA Total	(72%)	36	(20%)	10

Answer 1: Where are the SA headquarteres?
Answer 2: Where are their Sub-Saharan headquarters?

TOP ATTORNEYS

FIRM	ANSWER ONE
A Livingstone & Co	Johannesburg
Al Mostert & Co Inc	Johannesburg
Adams & Adams	Johannesburg
Ashersons	Cape Town
BJR Burt Attorneys	Johannesburg
Barkers	Durban
Bell Dewar & Hall	Johannesburg
Berkowitz Kirkel Cohen Warski Greenberg	Durban
Berlowitz Cross & Associates	Johannesburg
Bernadt Vukic Potash & Getz	Cape Town
Blakes Attorneys	Johannesburg
Bowman Gilfillan Hayman Godfrey Inc	Johannesburg
Brian [illegible] Kraus & Associates	Cape Town
Browne Brodie & Co	Port Elizabeth
Cliffe Dekker & Todd Inc	Johannesburg
Clorinda Scalco	Johannesburg
Coulter Van Gent & Kotze	Cape Town
Couzyn Hertzog & Horak Inc	Johannesburg/Pretoria
Cox Yeats	Durban
Damant Bostock Inc	Johannesburg
De Jager Kruger & Van Blerk	Springs
Deneys Reitz	Johannesburg
Dyason	Pretoria
Edelstein Bosman	Pretoria
Edward Nathan & Friedland Inc	Johannesburg
Fairbridge Arderne & Lawton Inc	Cape Town
Feinsteins Inc	Johannesburg
Findlay & Tait Inc	Cape Town
Fluxman Rabinowitz-Raphaely Weiner	Johannesburg
Frese Moll & Partners	Johannesburg
Friedland Hart & Partners	Pretoria
GB Liebmann Behrmann & Co	Johannesburg
Gildenhuys Van Der Merwe	Pretoria
Goldman Judin & Werner	Randburg
Gordon & Lazarus	Johannesburg
HR Levin	Johannesburg
Herbsteins Inc	Cape Town
Herold Gie & Broadhead	Cape Town
Hofmeyr Attorneys	Johannesburg
Ismail Omar & Company	Durban
JH Nicholson Stiller Geshen	Durban
Jack Hajibey Inc	Johannesburg
Jan S De Villiers & Son	Johannesburg
Jowell Glyn & Marais Inc	Randburg
Kallmeyer & Strime	Johannesburg
Kaplan Blumberg Friedman & Scheckter	Johannesburg
Krowitz Perlow & Hertz	Johannesburg
Livingston Leandy Inc	Johannesburg
MS Omar & Mayat	Durban
Maisels Smit & Lowndes	Johannesburg
Mallinicks	Cape Town

Answer 1: Where are their SA headquarters?

TOP ATTORNEYS

Marais Muller	Cape Town	
Max Cohen Attorney	Johannesburg	
McIntyre & Van Der Post	Pretoria	
Mendel Cohen & Partners	Pretoria	
Michael Krawitz & Co	Johannesburg	
Millers Inc, George	Cape Town	
Minde Schapiro & Smith	Cape Town	
Mohseen Moosa	Johannesburg	
Moss Cohen & Partners	Johannesburg	
Moss Morris Inc	Randburg	
Nelson Borman & Partners	Johannesburg	
Norman Barling	Johannesburg	
Pincus Matz Marquard Hugo-Hamman	Cape Town	
Pitje Motlanthe & Lekabe Inc	Johannesburg	
Ramsay Webber & Co	Johannesburg	
Roderick & Lowe	Pretoria	
Rooth & Wessels	Pretoria	
Rorich Wolmarans & Luderitz	Pretoria	
Roup Slot	Randburg	
Routledges Inc	Johannesburg	
Rushmere Noach Inc	Port Elizabeth	
Salomon Friedman	Johannesburg	
Shepstone & Wylie	Durban	
Sherman Levin & Prosser	Springs	
Silberbauers Inc	Johannesburg	
Sonnenberg Hoffmann & Galombik Inc	Cape Town	
Spoor & Fisher	Johannesburg	
Strauss Daly Inc	Durban	
Sutherland Van Der Westhuizen & Van Tonder Inc	Johannesburg	
Tim Du Toit & Company	Johannesburg	
Tonkin Clacey	Johannesburg	
Van Der Spuy & Partners	Pretoria	
Van Wyk De Vries	Johannesburg	
Voster Pereira Inc	Randburg	
Walker Malherbe Godley & Field	Cape Town	
Weavind & Weavind	Pretoria	
Webber Wentzel Bowens	Johannesburg	
Werksmans	Johannesburg	
Wilkinson Joshua Gihwala & Abercrombie	Cape Town	
Woodhead Bigby & Irving	Durban	
Johannesburg Total	(50 %)	46
Pretoria Total	(13 %)	12
Randburg Total	(5.4%)	5
Central Gauteng Total	**(68.4%)**	**63**
Cape Town Total	(17.4%)	16
Durban Total	(9.8%)	9
Port Elizabeth Total	(2.2%)	2
Springs Total	(2.2%)	2
South Africa Total	(100 %)	92

Answer 1. Where are their SA headquarters?

TOP AUDITORS

FIRM	ANSWER ONE	ANSWER TWO
Authur Anderson & Co	Randburg	Worldwide
BDO Spencer Steward	Johannesburg	Belguim/Namibia
Baker Musikanth	Cape Town	
Braude Gordon & Co	Cape Town	
Brener & Hatzkilson	Johannesburg	
Bruk Rosenberg & Co	Cape Town	
Campell Bode Brown	Springs	
Cecil Kilpin & Co	Cape Town	
Charles Orbach & Co	Johannesburg	
Clarke & Patterson	Johannesburg	Swaziland
Coopers & Lybrand	Johannesburg	Worldwide
David Strachan & Tayler Fisher Hoffman Sithole	Johannesburg	London
De Vos Herbert & Trakman	Roodepoort	
Deloitte & Touche	Randburg	Worldwide
Desai Jadwat & Salajee	Durban	
Du Plessis Smit & Co	Johannesburg	
Ernst & Young	Johannesburg	Worldwide
Fisher Hoffman Sithole	Johannesburg	London
Friedberg Miller Gruft & Co	Cape Town	
GL Palmer & Co	Johannesburg	
Glass-Arenson	Johannesburg	
Moores Rowland International	Johannesburg	UK/Nigeria/Senegal
Greenwoods	Cape Town	
Gross Hendler & Frank	Cape Town	
HP Berman & Associates	Johannesburg	
Ironsides	Johannesburg	Botswana
Jordaan Botha & Partners	Vereeniging	
KPMG Aiken & Peat	Johannesburg	Amsterdam
Karlin Taback Pelkowitz & Berman	Johannesburg	
Kessel Feinstein	Johannesburg	London/Singapore
Khan Salajee & Co	Durban	
LA Resnick & Co	Johannesburg	
Levenstein & Partners	Johannesburg	
Leveton Boner	Johannesburg	New York
Levitt Kirson	Johannesburg	
Litvin Hack	Johannesburg	
Meintjes Vermooten & Partners	Pretoria	
Meyer Wilson & Marsh	Johannesburg	
Morrison Murray	Johannesburg	
Papilsky Hurwitz	Johannesburg	
Price Waterhouse Meyernel	Randburg	Worldwide
RA Hellmann & Co	Johannesburg	
Rosenberg Shoolman & Gordon	Cape Town	
Sandberg & Partners	Johannesburg	
Schneider Katz	Johannesburg	
Sizwe & Company	Durban	

Answer 1: Where are their SA headquarters?
Answer 2: What foreign offices do they have, if any?

TOP AUDITORS

TP Connaughton & Partners	Vereeniging		
Van Laun Brouard	Randburg		
Zeller Karro	Cape Town		
Randburg Total	(8%) 4		
Johannesburg Total	(57%) 28		
Pretoria Total	(2%) 1		
Central Gauteng Total	**(67%) 33**		
Roodepoort Total	(2%) 1		
Springs Total	(2%) 1		
Cape Town Total	(19%) 9		
Durban Total	(6%) 3		
Vereeniging Total	(4%) 2		
South African Total	(100%) 49		
Total with Foreign Offices		(29%)	14
Total For Central Gauteng withForeign Offices		(29%)	14

Answer 1: Where are their SA headquarters?
Answer 2: What foreign offices do they have, if any?

MAJOR CORPORATE ADVISERS

FIRM	ANSWER ONE		ANSWER TWO
Neil Thomas & Associates	Johannesburg		
Ernst & Young Financial Consulting Services	Johannesburg		Zimbabwe, Namibia
Price Waterhouse Meyernel Corporate Finance	Johannesburg		Ghana, Ivory C., Kenya, Morocco, Zimbabwe
Merhold Kirsh Capital	Johannesburg		
Seeff Corporate Finance	Johannesburg		
Msele Finance Holdings	Johannesburg		
Authur Anderson & Co	Johannesburg		
Fisher Hoffman Sithole	Johannesburg		Kenya, Nigeria
Janus Corporate Services	Johannesburg		Zaire
Curle Securities	Johannesburg		
Coopers & Lybrand Corporate Finance	Johannesburg		
TOTAL FOR JOHANNESBURG	(100%)	15	
TOTAL FOR CENTRAL GAUTENG	(100%)	15	

Answer 1: Where are their SA headquarters?
Answer 2: Where are their other African offices?

VALUE OF SHARE TRADING - 1995
MAIN PARALLEL MARKETS

(in millions of US dollars)

EXCHANGE	TOTAL VALUE JAN-JULY	% CHANGE/ JAN-JUL
NYSE	1685946	17,7%
Nasdaq	1179945	38,5%
London	636877	3,7%
Tokyo	458848	(19,7%)
Paris(2)	431284	
Germany	369128	(11,4%)
Taiwan	248005	(39,2%)
Switzerland	158487	4,2%
Osaka	140183	31,0%
Paris(1)	123300	1,6%
Korea	106965	(30,9%)
Toronto	85158	7,0%
Chicago	69803	9,3%
Amsterdam	68478	30,7%
Hong Kong	63747	(35,3%)
Australian	62773	(8,2%)
Italy	58935	(41,8%)
Stockholm	47240	10,0%
Thailand	43839	(7,6%)
Kuala Lumpur	42346	(27,8%)
Sao Paulo	40468	24,5%
Amex	38732	11,4%
Singapore	37695	(15,6%)
Istanbul	31699	197,2%
Madrid	29867	(13,8%)
Buenos Aires	21214	(67,2%)
Mexico	19938	(61,9%)
Montreal	16223	13,1%
Copenhagen	15484	(17,7%)
Oslo	13233	28,9%
Helsinki	10193	42,1%
Brussels	10117	2,2%
Johannesburg	9223	(24,6%)
Jakarta	7712	
Vienna	6978	40,8%

SOURCE: JSE August 1995

Due to different reporting rules calculation methods, turnover figures are not entirely comparable

ALL OFFICES OF BROKING FIRMS ON THE JOHANNESBURG STOCK EXCHANGE

COMPANY	CITY
Frankel Pollak Vinderine Inc	Benoni
HAB Herbst Inc	Bloemfontein
Ed Hern, Rudolph Inc	Bloemfontein
EW Balderson Ind	Cape Town
Davis, Borkum, Hare & Co Inc	Cape Town
Fergusson Bros, Hall, Stewart & Co Inc	Cape Town
Frankel Pollak Vinderine Inc	Cape Town
Ed Hern, Rudolph Inc	Cape Town
George Huysamer & Partners Inc	Cape Town
Ivor Jones, Roy & Co Inc	Cape Town
Kaplan & Stewart Inc	Cape Town
Lowenthal & Co	Cape Town
Martin & Co Inc	Cape Town
Mathison & Hollidge Inc	Cape Town
Senekal, Mouton & Kitshoff Inc	Cape Town
Simpson, McKie Inc	Cape Town
Davis, Borkum, Hare & Co Inc	Durban
Fergusson Bros, Hall, Stewart & Co Inc	Durban
Frankel Pollak Vinderine Inc	Durban
Mathison & Hollidge Inc	Durban
Frankel Pollak Vinderine Inc	East London
George Huysamer & Partners Inc	George
JD Anderson & Co Inc	Johannesburg
Ryan Anderson & Co Inc	Johannesburg
Anderson, Wilson & Partners Inc	Johannesburg
EW Balderson Ind	Johannesburg
BP Balderson Inc	Johannesburg
Boner & Freemantle Inc	Johannesburg
Cahn Price, Shapiro Inc	Johannesburg
Davis, Borkum, Hare & Co Inc	Johannesburg
De Witt, Morgan & Co	Johannesburg
Edey, Rogers & Co Inc	Johannesburg
Fergusson Bros, Hall, Stewart & Co Inc	Johannesburg
JM Folscher & Co Inc	Johannesburg
Frankel Pollak Vinderine Inc	Johannesburg
Nick Fredericksez & Co Inc	Johannesburg
Golding & Slabbert Inc	Johannesburg
Hayes, Cutten & Co Inc	Johannesburg
HAB Herbst Inc	Johannesburg
Ed Hern, Rudolph Inc	Johannesburg
MP Human	Johannesburg

SOURCE: The JSE Handbook - February 1995

ALL OFFICES OF BROKING FIRMS ON THE JOHANNESBURG STOCK EXCHANGE

George Huysamer & Partners Inc	Johannesburg
Irish & Menell Rosenberg Inc	Johannesburg
Ivor Jones, Roy & Co Inc	Johannesburg
Kaplan & Stewart Inc	Johannesburg
Kilroe, Whitehead & Co Inc	Johannesburg
Lewer & Co	Johannesburg
Lorenzani & Coogan Inc	Johannesburg
Lowenthal & Co	Johannesburg
Lurie, Johnston & Co Inc	Johannesburg
Martin & Co Inc	Johannesburg
Martindale, Stacey, Trollip Inc	Johannesburg
Mathison & Hollidge Inc	Johannesburg
Meades De Klerk Inc	Johannesburg
CA Miller & Co Inc	Johannesburg
G O'Flaherty & Co	Johannesburg
Alexander Paterson Faure Inc	Johannesburg
SP Reid & Mackeurtan Inc	Johannesburg
Rice Rinaldi Turner & Co	Johannesburg
Royden Roche & Co	Johannesburg
Senekal, Mouton & Kitshoff Inc	Johannesburg
Silvis, Barnard, Jacobs, Mellet & Co Inc	Johannesburg
VH Simmons & Co Inc	Johannesburg
Simpson, McKie Inc	Johannesburg
Solms & Co	Johannesburg
WPL Trees & Co	Johannesburg
GO Turner	Johannesburg
PLJ van Rensburg & Partners Inc	Johannesburg
George Huysamer & Partners Inc	Windhoek
Simpson, McKie Inc	Windhoek
Ed Hern, Rudolph Inc	Pietermaritzburg
Martin & Co Inc	Pietermaritzburg
Fergusson Bros, Hall, Stewart & Co Inc	Port Elizabeth
Kaplan & Stewart Inc	Port Elizabeth
Davis, Borkum, Hare & Co Inc	Pretoria
Frankel Pollak Vinderine Inc	Pretoria
Ed Hern, Rudolph Inc	Pretoria
George Huysamer & Partners Inc	Pretoria
PLJ van Rensburg & Partners Inc	Pretoria
Simpson, McKie Inc	Rondebosch
Frankel Pollak Vinderine Inc	Randburg
Alexander Paterson Faure Inc	Stellenbosch
Edey, Rogers & Co Inc	Geneva

SOURCE: The JSE Handbook - February 1995

ALL OFFICES OF BROKING FIRMS ON THE JOHANNESBURG STOCK EXCHANGE

Johannesburg Total	(55%)	46
Pretoria Total	(6%)	5
Randburg Total	(1%)	1
Central Gauteng Total	**(62%)**	**52**
Cape Town Total	(16%)	13
Durban Total	(5%)	4
East London Total	(1%)	1
Bloemfontein Total	(2%)	1
Port Elizabeth Total	(2%)	2
Rondebosch Total	(1%)	1
Stellenbosch Total	(1%)	1
Benoni Total	(1%)	1
George Total	(1%)	1
Pietermaritzberg Total	(2%)	2
South Africa Total	(96%)	80
Foreign Total	(4%)	3

SOURCE: The JSE Handbook - February 1995

FOREIGN REPRESENTATIVE BANKS IN SOUTH AFRICA

FIRM	SA HEADQUARTER	AFRICA HEADQUARTER	HOME
Creditanstalt-Bankverein	Randburg	#SA	Austria
Belgolaise Bank	Randburg	SA/Belgium	Belgium
Kredietbank N V Brussels	Pretoria	#SA	Belgium
Kredietbank SA Luxembourgeoise	Pretoria	#SA	Belgium
Bank of Cyprus Group	Randburg	SA	Cyprus
National Bank of Egypt	Johannesburg	SA/Egypt	Egypt
Banque Francaise du Commerce Exterieur	Randburg	#SA	France
Compagnie Financiere de CIC	Randburg	SA	France
Banque Paribas	Johannesburg	SA/Morroco	France
Credit Commercial de France	Randburg	#SA	France
Credit Lyonnais	Randburg	SA/Morroco/Algeria	France
Societe Generale SA	Johannesburg	France	France
Bayerische Landesbank Girozentrale	Johannesburg	#SA	Germany
Bayerische Vereinsbank AG	Johannesburg	#SA	Germany
Berliner Handels und Frankfurter Bank	Johannesburg	#SA	Germany
Commerzbank AG*	Johannesburg	SA/Germany	Germany
Deutsche Bank AG	Johannesburg	SA/Germany	Germany
Dresdner Bank AG	Johannesburg	SA/Kenya/Senegal/Ivory C	Germany
Vereins und Westbank AG	Johannesburg	#SA	Germany
Bank Leumi Le-Israel BM	Johannesburg	SA	Israel
ABN Amro Bank N V	Randburg	SA/Kenya/Morroco	Netherlands
Banco Borges & Irmao	Johannesburg	SA	Portugal
Banco de Comercio e Industria	Johannesburg	#SA	Portugal
Banco Espitito Santo e Comercial de Lisboa	Johannesburg	SA/Angola	Portugal
Banco Portugues do Atlantico SA	Johannesburg	SA/Mozambique/Angola	Portugal
Banco Totta & Acores SA	Johannesburg	SA/Mozambique/Angola	Portugal
Banco Santander	Johannesburg	SA	Spain
Meridien Biao Bank Swaziland Limited	Randburg	Swaziland	Swaziland
Credit Suisse (Swiss Credit Bank)	Randburg	SA	Switzerland
Swiss Bank Corporation	Johannesburg	#SA	Switzerland
Union Bank of Switzerland	Johannesburg	SA	Switzerland
Equator Bank Limited	Johannesburg	SA/Bahamas	Bahamas
Baring Brothers & Co. Limited	Randburg	#SA	UK
Kleinwort Benson Ltd	Randburg	SA	UK
Standard Chartered Bank	Johannesburg	SA	UK
West Merchant Bank Limited	Randburg	#SA	UK
Hill Samuel Bank Limited	Johannesburg	#SA	UK
Robert Fleming (SA) (Pty) Limited	Randburg	#SA	UK
Citibank National Association	Johannesburg	SA	USA
First Union National Bank of Carolina	Johannesburg	#SA	USA
Banque Commerciale Zairoise	Randburg	SA/Belgium	Zaire
Pretoria Total	(4.9%) 2		
Randburg Total	(36.6%) 15		
Johannesburg Total	(58.5%) 24		
Central Gauteng Total	**(100%) 41**		
SA TOTAL	(100%) 41	(95%) 39	

* now Commerzbank AG for Southern Africa
#SA: These banks only operations in Africa are in South Africa

TOP PRIVATE SECTOR BANKS IN SOUTH AFRICA

FIRM	ANSWER ONE	
Absa Bank	Johannesburg	
Standard Bank	Johannesburg	
First National Bank	Johannesburg	
Nedcor Bank	Johannesburg	
NBS Bank	Durban	
Investec Bank	Johannesburg	
Firstcorp Merchant	Johannesburg	
Saambou Bank	Pretoria	
Rand Merchant Bank	Randburg	
Boland Bank	Paarl	
Standard Merchant	Johannesburg	
Societe' Generale SA	Johannesburg	
UAL Merchant Bank	Johannesburg	
Syfrets Bank	Cape Town	
BOE Merchant Bank	Cape Town	
Fidelity Bank	Port Elizabeth	
French Bank SA	Johannesburg	
Cape of Good Hope	Cape Town	
MLS Bank	Johannesburg	
Investec Merchant	Johannesburg	
Securities Investment	Johannesburg	
NDH Bank	Randburg	
District Securities	Cape Town	
Unibank	Randburg	
Secfin Bank	Johannesburg	
Mercantile Bank	Johannesburg	
Bank of Lisbon SA	Johannesburg	
Africa Bank	Johannesburg	
SA Bank of Athens	Johannesburg	
International Bank SA	Johannesburg	
Bank of Taiwan	Johannesburg	
Future Bank	Johannesburg	
GBS Mutual Bank	Grahamstown	
Albaraka Bank	Durban	
Islamic Bank	Johannesburg	
Community Bank	Johannesburg	
Discount House	Johannesburg	
Pretoria Total	(2.7%)	1
Randburg Total	(8.1%)	3
Johannesburg Total	(65 %)	24
Central Gauteng Total	(75.7%)	**28**
SA Total	(100%)	37

Answer 1: Where are their SA headquarters?
These banks are ranked according to their domestic assets

MINING FINANCIALS

FIRM	ANSWER ONE		ANSWER TWO
1. Amgold	Johannesburg		Africa
2. Mid Wits	Johannesburg		London
3. New Wits	Johannesburg		London, Guernsey, S. America
4. Randgold	Johannesburg		Africa
5. Assore	Johannesburg		
6. Vogels	Johannesburg		London
7. New Cent	Johannesburg		
8. Southgo	Johannesburg		
9. Rhoex	Randburg		
10. Egoli	Johannesburg		Vancover
11. Afmin	Johannesburg		
JOHANNESBURG TOTAL	(91%)	10	
RANDBURG TOTAL	(9%)	1	
CENTRAL GAUTENG TOTAL	(100%)	11	
SOUTH AFRICA TOTAL	(100%)	11	

Answer 1: Where are the headquarters in SA?
Answer 2: What foreign offices are there, if any?

FOREIGN COUNTRIES AND ORGANISATIONS DIRECTLY REPRESENTED IN SOUTH AFRICA

COUNTRY	SA LOCALITY	FORM OF REPRESENTATION
Albania	Johannesburg	Hon Consulate-General
Algeria	Pretoria	Embassy
Angola	Pretoria	Embassy
	Johannesburg	Consulate
Argentina	Pretoria	Embassy
	Johannesburg	Consulate
	Cape Town	Embassy
Australia	Pretoria	High Commission
	Cape Town	High Commission
	Johannesburg	Trade Office
Austria	Pretoria	Embassy
	Cape Town	Embassy
	Cape Town	Consulate-General
	Johannesburg	Commercial office
	Johannesburg	Hon Consulate-General
	Durban	Hon Consulate
Bangladesh	Pretoria	High Commission
Belgium	Pretoria	Embassy
	Cape Town	Embassy
	Johannesburg	Consulate-General
	Cape Town	Consulate-General
	Durban	Honary Consulate
	East London	Honary Consulate
	Port Elizabeth	Honary Consulate
Botswana	Pretoria	High Commission
	Johannesburg	Consulate General
Brazil	Pretoria	Embassy
Bulgaria	Pretoria	Embassy
Canada	Pretoria	High Commission
	Pretoria	Visa Office
	Johannesburg	Trade Office
	Cape Town	High Commission
Chile	Pretoria	Embassy
	Cape Town	Embassy
	Cape Town	Consulate General
China (Rep)	Pretoria	Embassy
	Cape Town	Embassy
	Johannesburg	Consulate-General
	Cape Town	Consulate-General
	Durban	Consulate-General
China (People's Rep)	Pretoria	Centre for SA studies
Colombia	Pretoria	Embassy
	Pretoria	Honary Consulate
Comores	Pretoria	Embassy
Congo	Pretoria	Embassy
Costa Rica	Johannesburg	Hon Consulate
Croatia	Johannesburg	Hon Consulate-General

SOURCE: Department of Foreign Affairs (15 August 1995)

FOREIGN COUNTRIES AND ORGANISATIONS DIRECTLY REPRESENTED IN SOUTH AFRICA

Rep. of Cuba	Pretoria	Embassy
Cyprus	Johannesburg	Consulate-General
Czech Republic	Pretoria	Embassy
	Cape Town	Consulate General
Denmark	Pretoria	Embassy
	Cape Town	Embassy
Egypt	Pretoria	Embassy
	Pretoria	Press Office
	Johannesburg	Commercial office
Estonia	Cape Town	Hon Consulate
Ethiopia	Pretoria	Embassy
Delegation of the EU	Pretoria	
Finland	Pretoria	Embassy
	Johannesburg	Trade Office
	Cape Town	Embassy
	Cape Town	Honary
	Durban	Honary
France	Pretoria	Embassy
	Cape Town	Embassy
	Johannesburg	Consulate-General
	Johannesburg	Commercial office
	Cape Town	Consulate
	Cape Town	Cultural Service
Gabon	Pretoria	Embassy
Germany (Federal Rep)	Pretoria	Embassy
	Cape Town	Embassy
	Johannesburg	Consulate-General
	Cape Town	Consulate-General
	Port Elizabeth	Hon Consulate
Ghana	Pretoria	High Commission
Greece	Pretoria	Embassy
	Cape Town	Embassy
	Johannesburg	Consulate-General
	Cape Town	Consulate
Guatemala	Cape Town	Hon Consulate
	Randburg	Hon Consulate
Holy See	Pretoria	Apostolic Nunciature
Hungary	Pretoria	Embassy
	Randburg	Commercial office
	Cape Town	Consulate-General
India	Pretoria	High Commission
	Johannesburg	Consulate-General
	Durban	Consulate-General
Indonisia	Pretoria	Embassy
	Cape Town	Consulate-General
Iran	Pretoria	Embassy
Ireland	Pretoria	Embassy
Israel	Pretoria	Embassy

SOURCE: Department of Foreign Affairs (15 August 1995)

FOREIGN COUNTRIES AND ORGANISATIONS DIRECTLY REPRESENTED IN SOUTH AFRICA

	Cape Town	Embassy
Italy	Pretoria	Embassy
	Cape Town	Embassy
	Johannesburg	Consulate-General
	Cape Town	Consulate
	Durban	Consulate
Ivory Coast	Pretoria	Embassy
Japan	Pretoria	Embassy
	Cape Town	Consular Office
Jordan	Pretoria	Embassy
Kenya	Pretoria	High Commission
Korea	Pretoria	Embassy
Latvia	Johannesburg	Hon Consulate
Lebanon	Johannesburg	Office of Interest in SA
Lesotho	Pretoria	High Commission
Libya	Pretoria	Bureau
Lithuania	Johannesburg	Hon Consulate
Luxemborg	Johannesburg	Hon Consulate
Malawi	Pretoria	High Commission
	Johannesburg	Consulate-General
Malaysia	Pretoria	High Commission
Malta	Cape Town	Hon Consulate
	Johannesburg	Hon Consulate
Mauritius	Pretoria	High Commission
Mexico	Pretoria	Embassy
Morocco	Pretoria	Embassy
Mozambique	Pretoria	Embassy
	Johannesburg	Consulate-General
Namibia	Pretoria	High Commission
The Netherlands	Pretoria	Embassy
	Cape Town	Embassy
	Cape Town	Consulate-General
New Zealand	Cape Town	Hon Consulate-General
Nigeria	Pretoria	High Commission
	Johannesburg	Consulate-General
Norway	Pretoria	Embassy
	Johannesburg	Trade Office
	Cape Town	Consulate-General
Oman	Johannesburg	Trade Office
Pakistan	Pretoria	High Commission
	Johannesburg	Trade Office
Palestine	Pretoria	Embassy
Paraguay	Pretoria	Embassy
	Cape Town	(during parliment)
Peru	Pretoria	Embassy
Philippines	Pretoria	Embassy
Poland	Pretoria	Embassy
	Johannesburg	Commercial office

SOURCE: Department of Foreign Affairs (15 August 1995)

FOREIGN COUNTRIES AND ORGANISATIONS DIRECTLY REPRESENTED IN SOUTH AFRICA

	Cape Town	Embassy
Portugal	Pretoria	Embassy
	Pretoria	Consular Office
	Cape Town	Embassy
	Johannesburg	Consulate-General
	Cape Town	Consulate-General
	Durban	Consulate
Romania	Pretoria	Embassy
	Johannesburg	Commercial office
	Cape Town	Consulate-General
Russian Federation	Pretoria	Embassy
	Pretoria	Consular Office
	Cape Town	Consulate-General
Rwanda	Pretoria	Embassy
Senegal	Pretoria	Embassy
Seychelles	Johannesburg	Hon Consulate
Singapore	Pretoria	High Commission
	Johannesburg	Consulate
Slovak Republic	Pretoria	Embassy
Spain	Pretoria	Embassy
	Cape Town	Embassy
	Cape Town	Consulate-General
	Johannesburg	Trade Office
Sudan	Pretoria	Embassy
Swaziland	Pretoria	High Commission
	Johannesburg	Consulate
Sweden	Pretoria	Embassy
	Johannesburg	Trade Office
	Cape Town	Embassy
Switzerland	Pretoria	Embassy
	Cape Town	Embassy
	Johannesburg	Consulate-General
	Johannesburg	Swiss Development Cooperation
	Cape Town	Consulate
Tanzania	Pretoria	High Commission
Thailand	Pretoria	Embassy
	Johannesburg	Commercial office
Tunisia	Pretoria	Embassy
Turkey	Pretoria	Embassy
	Pretoria	Commercial office
Uganda	Pretoria	High Commission
United Kingdom of Gt Britian & N. Ireland	Pretoria	High Commission
	Cape Town	High Commission
	Pretoria	British Development Division
	Johannesburg	Consulate-General
	Johannesburg	Consular Services
	Cape Town	Consulate
	Durban	Consulate

FOREIGN COUNTRIES AND ORGANISATIONS DIRECTLY REPRESENTED IN SOUTH AFRICA

United States of America	Pretoria	Embassy
	Cape Town	Embassy
	Johannesburg	Consulate-General
	Johannesburg	Foreign Commercial Service
	Johannesburg	US Information Service
	Cape Town	Consulate-General
	Cape Town	US Information Service
	Durban	Consulate-General
Uruguay	Pretoria	Embassy
	Cape Town	Embassy
	Cape Town	Consulate-General
Yugoslavia	Pretoria	Office of Interests
Zambia	Pretoria	High Commission
	Johannesburg	Consulate
Zimbabwe	Pretoria	High Commission
	Johannesburg	Consulate-General
	Cape Town	Consulate
PRETORIA TOTAL	(43.3%) 90	
CAPE TOWN TOTAL	(26 %) 54	
JOHANNESBURG TOTAL	(24 %) 50	
DURBAN TOTAL	(4.3%) 9	
RANDBURG TOTAL	(1%) 2	
PORT ELIZABETH TOTAL	(1%) 2	
EAST LONDON TOTAL	(0.4%) 1	
NATIONAL TOTAL	**(100%) 208**	
CENTRAL GAUTENG TOTAL	**(68.3%) 142**	
International Committee of Red Cross	Pretoria	
International Finance Corporation	Johannesburg	
International Organisation for Migration	Pretoria	
United Nations High Commissioner for Refugees	Johannesburg	
UNICEF	Pretoria	
Commonwealth Development Cooperation	Johannesburg	
SARCCUS	Pretoria	
French Development Bank (CDF)	Johannesburg	
United Nations Development Programme	Pretoria	
World Health Organisation	Johannesburg	
World Bank	Johannesburg	Mission
European Union	Pretoria	Delegation
	Cape Town	
PRETORIA TOTAL	(46%) 6	
JOHANNESBURG TOTAL	(46%) 6	
CAPE TOWN TOTAL	(8%) 1	
NATIONAL TOTAL	**(100%) 13**	
CENTRAL GAUTENG TOTAL	**(92%) 12**	

SOURCE: Department of Foreign Affairs (15 August 1995)

APPENDIX B

Emerging-Market Indicators

EMERGING MARKET INDICATORS

		% change on year earlier		Foreign reserves,$bn		
	GDP	Industrial Production	Consumer prices	Trade Balance	Latest	Year Ago
China	+ 8.8 Q2	11.8	16.7	19.7	64.2	33.1
Hong Kong	+ 5.9 Q1	3.7	8.5	- 16.7	53.6	49.3
India	+ 5.0	11.7	10.5	- 1.3	20.2	17.9
Indonesia	+ 6.8	20.1	9.2	6.5	13.3	10.7
Malaysia	+ 9.3	15.1	3.5	- 1.5	25.0	33.7
Philippines	+ 4.9	11.5	8.4	- 5.7	6.2	6.5
Singapore	+ 8.2	7.6	1.5	- 5.2	65.7	52.4
South Korea	+ 9.6	14.9	3.5	- 9.3	30.9	21.5
Taiwan	+ 6.5	5.4	1.7	6.4	100.3	87.8
Thailand	+ 8.5	11.9	6.2	- 11.7	33.4	27.6
Argentina	+ 2.6	3.5	2.7	- 1.2	11.1	13 8
Brazil	+ 5.8	2.9	25.8	- 1.8	31.5	41.3
Chile	+ 6.6	5.4	8.4	1.6	14.8	11.0
Mexico	- 10.5	8.9	41.6	- 4.7	14.2	16.7
Venezuela	- 3.3	na	55.9	8.0	6.7	6.4
Greece	+ 0.8	2.9	8.7	- 15.1	15.6	7.8
Israel	+ 8.8	11.2	8.8	- 9.0	8.1	5.2
Portugal	+ 0.1	4.7	3.7	- 10.1	14.6	14.7
South Africa	**+ 3.2**	**8.3**	**9.0**	**1.5**	**1.7**	**0.6**
Turkey	13.9	17.9	89.9	- 7.3	13.4	4.3
Czech Republic	3.2	7.2	9.0	- 2.7	10.2	5.6
Hungary	+ 2.0	3.5	30.5	- 3.5	7.5	5.9
Poland	+ 5.0	11.1	26.0	- 1.1	11.0	5.8
Russia	- 5.0	0.6	226.6	13.9	4.1	4.6

SOURCE: The Economist, September 16, 1995

EMERGING MARKET INDICATORS

	Currency units			Interest rates	Stockmarkets
	Per $		Per	Short - term	Sep 12th
	latest	year ago	latest	% p.a.	
China	8.32	8.68	12.9	na	792.7
Hong Kong	7.74	7.73	12	6.25	9,434.80
India	32.7	31.4	50.8	12.54	3,364.10
Indonesia	2.277	2.176	30537	16	487.3
Malaysia	2.5	2.55	3.88	6.15	986.7
Philippines	25.9	25.9	40.2	7.81	2,659.60
Singapore	1.43	1.49	2.22	2.75	2,122.30
South Korea	774	801	1.202	13.7	952.3
Taiwan	27.5	26.2	42.7	8.25	5,067.80
Thailand	25.1	26	39	11.25	1,289.40
Argentina	1	0.99	1.55	8.5	462.3
Brazil	0.95	0.91	1.48	48.2	47,037
Chile	395	406	613	25.8	5,865.50
Mexico	6.28	3.41	9.75	34	2,587.10
Venezuela	170	170	264	42.8	1,216.80
Greece	237	235	367	15.15	941.3
Israel	3.04	3.03	4.72	11	207.8
Portugal	153	157	237	9.28	2,592.50
South Africa	**3.66**	**3.55**	**5.69**	**14.1**	**5,630.00**
Turkey	47.141	33.956	73.219	61	45,345
Czech Republic	27.1	27.7	42.1	10.84	1,270
Hungary	134	108	208	31	1,593.50
Poland	2.38	2.29	3.69	26.59	9,342.40
Russia	4.469	2.271	6.941	180	157.9

SOURCE: The Economist, September 16, 1995

APPENDIX C

Classification of producer services by U.S., Japanese, & British SIC

A Classification of producer Services by U.S., Japanese, and British SIC

United states	Japan	United Kingdom
Banking	Financial and Insurance Services	Banking
Credit		Other financial institutions
Commodity Brokers		
Insurance carriers	Insurance	Insurance
Insurance agents		
Real Estate	Real Estate	House and Estate Agents
Combined Real Estate and Insurance		
Holding, Investment Office		
Business Services	Information Services, Research, and Advertisement	Business Services
Legal Services	Other Services for Business Legal and Patent Offices Notary Publics, Judicial Scriveners	Legal Services
Membership Organization	Cooperative Unions	Trade Unions, Business and Professional Associates
	Religion Political, Economic and Cultural Organizations	
Miscellaneous Business Services	Other Services	Auxiliary Services to Bank/Insurance Professional Technical Services and Advertising Hiring Out Machinery and Equipment

APPENDIX D

Central Themes in Harloes and Fainstein's Proposed Class Structure

CLASS STRUCTURE FOR GLOBAL CITIES

Their research suggests "that economic change, interacting with other social and demographic characteristics ... is resulting in the following patterns:

1. The upper class has grown significantly, due mainly to the expansion of financial and allied services. While it remains numerically and proportionately very small, it has a major impact on urban process and patterns. It is a key group politically, and it has seen many of its urban and economic interests increasinlgy served by urban policies. It is overwhelmingly white and male.

2. (a) The new service class has expanded greatly at the top and it has had significant "urban effects". Its political and social interests are closely linked to those of group 1.. It is frequently tied to international rather than purely local labor markets. Its ability to out-compete other groups in the housing markets of the ... cities has had a major impact. Women and ethnic minorities still have only limited representation in this group.

2. (b) Middle levels of the service class show a more mixed pattern of growth and decline, depending on the industries concerned. For many in this group and 2. ©, the more polarized job structure of the growth industries and deindustrialization have posed a threat. Their position is less secure than hitherto. A significant internal divide may be between younger members of this group in the growth sector, who may reasonably aspire to promotion (the "cadet yuppie class"?) and those who are stuck in "middle management" in the declining sectors, and/or whose skills are being downgraded by new information technologies. Overall, members of this group probaboy have, or think they have, significant identities of interest with the "higher" groups. Their actions may be guided by individualist pursuit of interests rather than any workplace-based collectivism, although they do get involved in community-based actions. Minority groups and especially women are significantly represented in this group.

2. (c) The lowest service class level presents a rather similar picture of growth and contraction to that of 2.(b). Some members of this group may fear the possibility of downward mobility to the working class. However, others, such as certain ethnic minorities ... and women, may be moving into jobs in the expanding sectors and occupying niches left vacant by others. This group is under much greater pressure than the earlier mentioned groups as a result of the diswelfares of the global city, for example in relation to their housing, the problems of commuting, and personal security. Politically, they may not identify with the interests of the higher echelons of the middle class, but neither do they join with those below them in the class structure, except perhaps if they are in the unionized public sector.

3. (a) The skilled working class has contracted, but our evidence suggests that some minorities have moved into the declining but still sizable number of positions here. The group has lost economic and political power, due to the fall in trade union membership and the unions' declining influence. This section of the working class is prpbably as hard pressed by urban diswelfares as many of those in group 2.(c).

3. (b) New jobs in consumer and producer services created as a result of economic restructuring have enlarged some sectors of the unskilled working class, while many factory- and port-related sectors have declined. Women and minorities constitute a disproportional share of this group. These positions are frequently very insecure and low-wage poverty is widespread. This group has very little economic or political power, but the politically powerful may support their aims, for example mass transit, if their disadvantage threatens the continued availability of an adequate supply of labor. Some of this group have trade union representation, but their unions are far weaker than they were .... .

4. Demographic and economic trends, patterns of migration and discrimination have augumented the underclass, which was less prominent in the years of full employment from 1945 to the 1970's. The underclass has little political power or functionality for the urban labor markets. It contains high concentration of certain minorities (most notably) women, working-class elderly, and young unqualified males."

(Harloe,1992 pp257-259)

Top group = groups 1.; 2.(a); the potentially upwardly mobile part of 2.(b).

Middle group = part of group 2.(b); 2.©; part of 3.(a).

Bottom group = part of group 3.(a); 3.(b); and 4..

APPENDIX E

South Africa's major trading partners

SOUTH AFRICA'S MAJOR TRADING PARTNERS

Imports	**1991**	**1992**	**1993**
Australia		629	693
Belgium	1,013	1,138	1,273
China, Peoples Republic		652	1,003
France	1,931	2,052	2,094
Germany	8,503	8,588	9,281
Hong Kong	950	885	1,110
Italy	1,776	1,843	2,085
Japan	5,124	5,563	7,445
Netherlands	1,076	1,248	1,386
Singapore		645	788
Switzerland	1,262	1,223	1,310
Taiwan		1,767	2,039
United Kingdom	4,977	5,381	6,549
USA	6,602	7,142	7,766
Total (incl. others)	48,209	52,514	59,018
Exports	**1991**	**1992**	**1993**
Belgium	644	1,998	2,314
France	50		
Germany	3,[illegible]32	3,008	3,084
Hong Kong	1,354	1,471	1,750
Israel		973	1,680
Italy	1,598	1,656	1,465
Japan	4,074	3,761	4,363
Korea, Republic		993	1,27[illegible]
Netherlands	2,373	1,928	2,151
Switzerland	5,719	5,382	7,896
Taiwan		2,149	2,166
United Kingdom	5,039	4,525	4,740
USA	3,967	4,858	5,454
Zambia		1,112	1,307
Zimbabwe		1,553	1,748
Total (incl. others)	64,355	68,999	79,214

SOURCE: National PRoductivity Institute, Pretoria 1994

MAIN SOURCE OF FOREIGN VISITORS ARRIVING AT JOHANNESBURG INTERNATIONAL AIRPORT FOR THE PURPOSES OF BUSINESS

Country	Jan-95	Mar-95	Jun-95
Total Africa	3562	5277	4064
Botswana	291	371	364
Kenya	247	389	244
Malawi	217	313	283
Mozambique	228	287	194
Namibia	437	708	543
Zaire	229	243	[illegible]
Zambia	357	436	368
Zimbabwe	600	953	676
Total Europe	6153	8182	5951
Belgium	246	254	139
France	597	809	599
Germany	996	1242	792
Italy	297	412	308
Netherlands	280	481	315
Sweden	138	258	122
Switzerland	214	286	191
UK	2490	3232	2716
Total Asia	1205	1941	1595
India	142	259	267
Japan	184	391	288
Rep of China	99	231	143
Total Americas	1901	2544	1965
Canada	215	322	233
USA	1552	2035	1568
Total Oceania	329	578	720
Australia	290	475	599
Total	13158	18545	14304

SOURCE: CSS September 1995

Home countries of foreign business people, where 200 people or more, in one of the three months, travelled to Central Gauteng

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