



## AN UNLIKLEY GLOBAL CITY

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Johannesburg is historically a mining centre and an industrial city, but today its economy is that of a financial and business services centre – these sectors make up almost a third of gross geographic product (GGP). With commerce accounting for a fifth of GGP, the fast changing industrial economy contributes less than a sixth. Johannesburg's GGP was estimated at US\$15.5 billion in 2002. This 16.4% of gross national product contrasts sharply with the city's 7.2% share of national population. With the surrounding urban region the city contributes well over a third of GNP. Over the last decade the annual growth rate has been rising from about 2% per annum towards 6% today. But employment growth has averaged only 1% per annum while unemployment rose between 1996 and 2001 from 27% to 37%. Johannesburg has high population growth compared not only with New York and London, but with Mexico City and Shanghai. Despite the booming times, the challenge of jobs looms ever larger. Beyond the city are hundreds of thousands of rural households dependent upon it – observe the long-distance 'taxis' ceaselessly conveying the supporters and the material support of those households out of and back into the city.

Like Shanghai, Johannesburg has been restricted in its past growth by a policy of urban containment, in this case racially motivated. Whilst the city has grown enormously since the 1950s, it has clearly not done so to the extent of creating a mega city on the scale of Mexico City or Shanghai. However the entire 'continuous polycentric urban region' of Gauteng province, to which Johannesburg is central, (and which includes Tshwane (Pretoria) to the north and Ekurhuleni to the east), has a population likely to exceed 15 million within 15 years, and is indeed in the process of becoming a 'mega-urban region' equivalent to some of the larger world cities. Can it build the economy and opportunity to match? There is an enormous concentration of business in Johannesburg. There are approximately 290,000 formal sector business enterprises which employ about 950,000 people. Some 74% of national corporate head offices are in the city, using much of the approximately 7 million square metres of office space available. This in turn represents 55% of the total office space in the country.

Previously concentrated in the city centre, office space is now spreading out across many growing suburban nodes. Among the companies based in Johannesburg are most South African and international banks operating in the country. Approximately 70% of banks have their headquarter here – mostly located in the centre. There are 580 accountancy firms. The JSE Securities Exchange is eleven times larger than the next largest exchange in Africa. At the end of 2002 it ranked 20th in the world, measured by market capitalisation of shares of domestic companies, being roughly equivalent in size to those of Mumbai, São Paulo, Singapore and Helsinki.

From the first, Johannesburg has been a site of international organisations, particularly corporations, and media. The city is the key point of global economic contact for South Africa and a much wider region – a role hugely expanded since 1990. In turn it is Johannesburg based companies which increasingly shape business in many other African cities from Bamako to Dar es Salaam, in sectors such as telecommunications, retailing and banking. Like most other cities of the global south a large part of the local economy is generally thought of as 'informal' in Johannesburg. The informal sector is growing very rapidly – it accounts for something like a sixth of all 'jobs'. This of course is a low proportion by the standards of many African cities, but there is no sign of the proportion decreasing. A key challenge for the future is to find the means of raising productivity and income levels in the informal economy towards those of the formal economy, perhaps through enhancing the integration of the sometimes separate worlds.

The connection between local and global business and broader society is particularly striking in Johannesburg. But that connection involves directly, only a minority – symbolised by the mingling of business tourists and high income residents in the expensive shopping centres in the northern suburbs. Yet there are other forms of connection with economies (and social life) in other parts of the world. Patterns of movement link Johannesburg with much of the rest of the African continent. For example, traders from Mali sell wares in Johannesburg market places and purchase commodities

here to take to markets in west Africa. 'Black economic empowerment' is a highly significant feature, advancing the interests of a powerful emerging black élite. New intersections between business and government abound. The face of economic power is likely to be very different within a decade, but that does not resolve the burning challenges of the economy, jobs, and the economic geography of the city and its region. According to Bernstein and McCarthy, Johannesburg is the most global city in Africa but an 'increasingly unlikely member of a global network of world cities'. The city government recognises at least some of the difficulties and has, in its major economic development policy, *Joburg 2030*, identified two key social issues to be addressed if the city is to provide a space for serious levels of investment and economic growth. Those issues are skills, and crime. Neither is fully within the range of powers formally available to the city government. Add to these the fact that the sprawling nature of the built environment has long attracted criticism for its low densities and apparent inefficiencies. Yet the spatial organisation of the city and its surroundings somehow seem peculiarly suited to particular patterns of accumulation: taxis make money moving people from townships and shack areas to glossy malls and office complexes; extensive freeways provide for rapid movement of commodities between far flung industrial zones, commercial spaces, households and indeed far off ports and markets. It is not at all clear what 'sustainable' would mean in this context. Yet in the vibrancy of activity across these complex spaces, must lie the answer to the challenge of work for all otherwise the city will dash the hopes of more than its present generation.

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