

## CHAPTER 10

# FROM GLOBALISATION TO GLOCALISATION: THE IMPACT OF NEOLIBERALISM ON METROPOLITAN GOVERNANCE IN THE GLOBAL SOUTH<sup>1</sup>

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### Introduction

A considerable body of literature has examined the varied impacts of neoliberalism on the economic growth and governance of nation states, but considerably less attention has been paid to the extent to which globalised capitalism has penetrated the operations of megacities and reordered the hierarchy of government power within these countries. Where research has focused on the impacts of globalisation on changing forms of metropolitan government, much of the work has examined this transformation from the perspective of geographical scale, the regulatory facets of devolved power, and technological innovation. A further literature, however, has examined what are seen as the relational dimensions in the transformation and constitution of metropolitan space and authority and the extent to which these are socially constructed (Howitt, 1998; Marston, 2000; Swyngedouw, 2004). The

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departure point for this analytical approach, according to Marston, is “that scale is not necessarily a preordained hierarchical framework for ordering the world – local, regional, national and global”. Rather, she maintains, it is the “contingent outcome of the tensions that exist between structural forces and the practices of human agents” (Marston, 2002:20). The way in which scale and power are constituted and reconstituted, she argues, is shaped by capitalist relations of production, social production, and consumption, and that all three sets of relations are critical to understanding the social construction and governance of scale. Consequently, where the orientation of research on the transformative dimensions of globalisation had begun on the national and supranational scales, subsequent scholarship has expanded its focus from the hierarchical analysis of scalar form to a broader examination which includes urban centres as key sites of institutional restructuring and the reconfiguration of power relations (Brenner, 2004:2).

## **Globalisation and glocalisation**

An extensive literature has discussed how changes in the constitution of scale and government in the Global North in the past three quarters of a century can be seen to have tracked simultaneous changes in the form of state-market relations and to the emergence of new territorial scales of government determination (Jessop, 1997; Brenner, 2003; Lobao et al., 2009). In the aftermath of the Second World War, and in the spirit of solidarity and commitment to peace and reconstruction, countries in the Global North embraced the principles of Keynesian economics, which included a compromise between capital and labour, management of the economy to ensure stable growth and full employment, and the universal provision of welfare. A feature of the redistributive agenda of these Fordist welfare states was to endeavour to spread urban growth as evenly as possible throughout the entire space of a national territory (Brenner, 2004:115). Consequently, up until the early 1970s, the territorial development strategy pursued by advanced industrial societies led to a reduction in social, economic, and spatial inequalities, particularly in major urban centres.

In the closing decades of the 20th century, however, the Fordist economic model lost momentum due, *inter alia*, to market saturation of mass consumer durables, high inflation, and increasing competition from East Asian countries, and it was progressively replaced with the post-Fordist model of economic growth, which was the harbinger of neoliberal global capitalism. Post-Fordism assigned priority to controlling public expenditure and removing measures that might hinder the functioning of market mechanisms, seen as the most efficient way to allocate resources. Among other measures, this new accumulation regime emphasised flexible production, technological innovation, deregulation, globalisation, flexible labour markets, the hypermobility of finance internationally, and a shift away from welfarism (Jessop, 2011). Henceforth, faced with the real or imagined threat of transnational corporate relocation and capital flight, the rise of what has been termed the ‘competition state’ (Jessop, 1997) has focused on ensuring an entrepreneurial environment conducive to attracting and retaining foreign investment in the globalised economy (Swyngedouw, 2004:28).

Driven by the imperatives of globalisation, the capacity of nation states to regulate and impose constraints on capital in the ways possible in the immediate post-war era has been undermined, and this, in turn, has led to a reordering of national regulatory arrangements and to patterns of uneven development and territorial inequality across all spatial scales (Brenner, 2003:198). However, Brenner argues, far from merely reacting to the supposedly irresistible external geoeconomic forces of globalisation, “state institutions are playing a key role in forging the uneven geographies of political-economic life under early twenty-first century capitalism”. In so doing, they “actively produce and continually reshape the very institutional terrain within which the spatial dynamics of globalised capital accumulation unfold” (Brenner, 2003:198).

In their efforts to promote greater global competitiveness through the deregulation of markets and institutions, nation states have ceded some of their powers to global capital and have effectively weakened their economic sovereignty in so doing (Lobao et al.,

2009:4). This relates, *inter alia*, to the ceding of decision-making powers to regional governance structures such as the European Union (EU), the conditionalities of international trade agreements imposed by the World Trade Organization (WTO), and the influence of rating agencies, all of which limit prospects for the independent determination of national economic policy. A weakening of the economic sovereignty of the state has also led to a new “division of powers and responsibilities between the central state and subnational governments on the one hand and supranational forms of governance on the other” (Lobao et al., 2009:3). Accompanying this process has been an increasing emphasis on decentralisation and the devolution of economic and social policy formulation to regional and local levels. In this transition, Ward and Jonas maintain, “the city and region have re-emerged to challenge the taken-for-granted position of the nation-state as the preeminent site and scale for territorial economic organisation in contemporary capitalism” (Ward & Jonas, 2004:2119).

The inter-relationship between local, national, and global scales, in what has come to be known as the process of glocalisation, was first described three decades ago by Roland Robertson who asserted that: “What is called local is in large degree constructed on a trans- or super local-basis and much of the promotion of locality is in fact done from above or outside” (Robertson, 1995:26). In this formulation, there is a dialectic between globalisation and glocalisation, an interdependence which amounts to the “simultaneous globalisation of the local and the localisation of globality”, leading to “twin processes of macro-localisation and micro-globalisation” (Khondker, 2005:186). Expanding on this, Swyngedouw refers to glocalisation as a “twin process whereby, firstly, institutional/regulatory arrangements shift from the national scale both upwards to supra-national or global scales and downwards to the scale of [...] local, urban or regional configurations and, secondly, economic activities and inter-firm networks are becoming simultaneously more localised/regionalised and transnational” (Swyngedouw, 2004:25). Notwithstanding variances between, and contestation over, the definition and

constitution of glocalisation, the concept has been widely adopted to describe “the interpenetration of the global and local” and its “unique outcomes in different geographic areas” (Ritzer, 2003:193).

Changes in the relational dynamics between the global, national, and local have led to a transformation in the scale and regulation of glocalised states. Thus, unlike the Keynesian national welfare states, which attempted to distribute populations, industry, and infrastructure more equally across their national territories, glocalising states have tended to reconcentrate economic development in cities, city-regions, and industrial districts, positioning them more strategically to compete within global markets (Brenner, 2003:198). Because of the reinvigoration of urban centres and diminution of the economic sovereignty of the nation state, “regional and city authorities have not only seen their local economies become more exposed to the global economy but [they have] also sought greater autonomy to carve their own role within it” (Lobao et al., 2009:4).

As an extension of the competition state, metropolitan governments themselves embark on inter-regional and inter-city competition for trade, investment, and capital (Ward & Jonas, 2004:2121). This competition between urban regions (national and international) leads to forms of specialisation as metropolitan governments seek to exploit their comparative advantage. In that respect, Łuczyszyn asserts, global companies are drawn to specific urban regions for two principal reasons, namely, their motivation to expand their markets and the extent to which the recipient locality opens up to the rest of the world and introduces policies that raise its attractiveness. Linked to this is the issue of accessibility and the ease with which a company can maintain its global networks and, at the same time, integrate the global dimensions of its operations into local contexts (Łuczyszyn, 2021:86).

It is evident, however, that the adoption of a centripetal growth model often does little to benefit the economic growth of other regions and smaller cities (McCann, 2016; Iammarino et al., 2018). In a study of this trend in the United Kingdom (UK), Tomaney et al. observed that “London has effectively ‘de-coupled’ itself from the

rest of the UK economy and has fortuitously captured the benefits of globalisation through its specialisation on financial services; the attraction of multinational companies; foreign investment and international migrants; and benefitting from rising assets” (Tomaney et al., 2019:4). Furthermore, notwithstanding the fact that glocalisation has increasingly become a feature of metropolitan government, particularly in the Global North, there is little evidence to suggest that it is leading to greater spatial and socio-economic inclusion. On the contrary, apart from some economically advanced countries, growth-oriented strategies introduced under the mantle of global competitiveness have not yielded the anticipated welfare gains and have increased rather than decreased social and spatial inequality (Moore-Cherry et al., 2022; Tomaney et al., 2019).

Even though, in their number and size, megacities in the Global South are growing at a considerably faster rate than in the North, hitherto the focus of research on the different manifestations of glocalisation has predominantly been on states in Europe and North America, with some limited application of the concept in East Asia. Where scholars have examined the impact of globalisation on African states this has typically focused on the national level, with some illustrating its negative impacts (Ibrahim, 2013; Sidropoulos, 2022), others emphasising its potential to stimulate economic growth (Zahonogo, 2017), and still others who maintain that the available evidence on its impact is inconclusive (Rudra & Tobin, 2017; Beri et al., 2022). There has been relatively little research undertaken on the impact of globalisation and neoliberalism on urban form (McDonald & Smith, 2004; McDonald, 2007 are exceptions) and virtually nothing on the phenomenon of glocalisation. Where studies have referenced glocalisation, this has been confined to the linguistic, cultural, or sporting domains (Rwabyoma, 2016; Amponsah & Babarinde, 2022, among many others).

This chapter attempts to address the lacuna in the literature by analysing the growth model adopted by the City of Cape Town, a fast-growing metropole in South Africa, through the lens of glocalisation theory. Discussion focuses on the City’s quest to develop a modern,

digitally driven economy competing in global markets, the factors which contributed to the adoption of this model of capitalist development, and the evident disjuncture between the economic path pursued, the skills, and asset base of a growing proportion of the population, and the implications this has for social production, poverty alleviation, and inequality in the city. As a point of departure, it is necessary to provide a brief overview of urban growth trends in South Africa since the end of apartheid and the establishment of metropolitan government.

## **Urban agglomeration and metropolitan government in South Africa**

The growth of large urban centres and metropolitan government is a relatively recent phenomenon in South Africa. This is due to the repressive racial policies of the apartheid government, which suppressed urban growth by forcefully confining most black people (who make up 80 per cent of the national population) to impoverished rural reserves. As apartheid rule began to unravel in the 1980s, increasing numbers of rural people moved into informal settlements on the fringes of the major urban areas, and this in-migration has continued unabated since the advent of democracy in 1994. On its assumption of power, the incoming African National Congress (ANC) government embarked on an extensive programme of reform to restructure the fragmented, racially segregated, and undemocratic apartheid state. A new Constitution promulgated in 1996 defined South Africa as a unitary state (albeit imbued with elements of federalism) with three echelons of government: national, provincial, and local government. The Constitution also reconfigured the system of local government, established municipalities throughout the country, and assigned considerably more power to the local level. The Constitution made provision for the establishment of three types of municipalities, and although it did not specify the need for metropolitan government, it did prescribe that national legislation should define the different types of municipalities which could be established within each category.

A framework detailing the form and function of the system of local government was subsequently articulated in a White Paper on Local Government published in 1998. Outlining a need for the establishment of metropolitan governments, the White Paper stressed their important contribution to regulatory and fiscal efficiencies, economies of scale, integrated planning, the avoidance of duplication, and, especially, as vehicles for overcoming the spatial inequalities of the past and the promotion of social justice:

The concentration of the commercial and industrial tax base combined with the extreme spatial and social segregation along class and race divides within our metropolitan areas demand that particular attention is given to promoting spatial integration and socially inclusive forms of development. (Ministry for Provincial Affairs and Constitutional Development, 1998:61)

Significantly, the White Paper on Local Government was published shortly after the announcement of a major shift in the economic growth strategy of the new government. A policy paper on Reconstruction and Development published in 1994 by the ANC (then a government in waiting) had initially envisaged the creation of an interventionist social-democratic state, loosely modelled on the East Asian developmental states, which would play a leading role in steering the economy and developing a more just society. “Reconstruction and development,” it was stated, “will be achieved through the leading and enabling role of the State, a thriving private sector and active involvement by all sectors of civil society [...] In a wide range of areas, the [government] [...] will take the lead in reforming and addressing structural conditions” (Office of the President, 1994, Sections 3.1.2 and 3.1.3). However, scarcely two years after it was published, the Reconstruction and Development Programme (RDP), which had been intended to guide state strategy in the early years of democracy, was replaced by the neoliberal Growth, Employment and Redistribution (GEAR) macroeconomic strategy. Explicit in this document was the

inescapable influence of global market forces and the need for greater openness and competitiveness in economic policy, both of which called for an enabling rather than interventionist state (Department of Finance, 1996:19).

This shift in economic policy models has been ascribed to the fact that leaders of the ruling ANC government, anxious to rapidly regenerate a depressed economy and reintegrate South Africa into the global community, believed (or had been convinced) that pursuing neoliberalism was a prerequisite for the development of a modern state. They were also exposed to an array of (often unsolicited) advice from bilateral development agencies, international financial institutions (the World Bank in particular), independent consultants, academics, and others who stressed the importance of creating a deregulated economy, receptive to foreign direct investment and open to global markets (Gumede, 2005).

It consequently came as no surprise that the 1998 White Paper on Local Government affirmed the prescripts of GEAR and drew explicit attention to the role which large cities would play in the global economy:

Globalisation, or the internationalisation of capital, production, services and culture, has had, and will continue to have a major impact, in particular on metropolitan areas. The logic of transnational corporations, the fact that economic transactions and the integration of systems of production occur on a world-wide basis, and the rapid development of information technologies, have resulted in the emergence of the so-called “global economy”. In this context large cities become the nodes or points of contact which connect economies across the globe. (Ministry for Provincial Affairs and Constitutional Development, 1998:62)

The White Paper went on to state that: “municipalities will need to manage the consequences of globalisation – such as the restructuring and relocation of industries”, and that they should have “an interest

in attracting investment based on promoting the comparative advantages of the area for competitive industries, as well as supporting the growth of local enterprises” (Ministry for Provincial Affairs and Constitutional Development, 1998:62). In the intervening years, various policy documents have spoken of the need for the state to brace itself for the inevitable impact of globalisation and to adjust its policies to take advantage of the possibilities which it might yield.

Thus, the 2012 National Development Plan 2030, which remains the country’s principal strategic document, observes “that on balance, global trends can have positive implications for South Africa’s development, notwithstanding several notable risks”. “Making progress,” it asserts, “will mean intensifying the country’s global presence in areas of competitive advantage, while building the necessary infrastructure and skills”. To achieve its goals the country will need to “sharpen its innovative edge and continue contributing to global scientific and technological advancement” and this, in turn, will require “greater investment in research and development, [...] more nimble institutions that facilitate innovation and enhanced cooperation between public science and technology institutions and the private sector” (National Planning Commission, 2012:30, 33). It was in the context of the adoption of a national policy and regulatory framework that called for the economy to increase its global competitiveness and for state institutions to support this process that the stage was set for the emergence of glocalisation in the City of Cape Town. Before proceeding to an analysis of the manifestations of this process, however, it is necessary to provide a context of the social and political economy of the city.

## **The social economy of Cape Town**

The City of Cape Town has a fast-growing population, which has increased from 2.89 million in 2001 to some 5 million inhabitants in 2025. It is the oldest urban settlement in South Africa, having been established in 1652 as a refreshment station for ships of the Dutch East India Company sailing from Europe to the East. Cape Town and its

surrounds were subsequently annexed by the British and the town was assigned local government status by the colonial authorities in 1839. As part of the local government reforms introduced in the immediate post-apartheid era, 15 small municipalities were incorporated into the Cape Town metropolitan government in 1998, and the first elections for the integrated city were held in December 2002. Following a brief period in power as part of a coalition government from 2000 to 2002, the Democratic Alliance (DA) (now a member of the ruling Government of National Unity (GNU)) returned to office in 2006 and has run the city since then. Since the national elections in 2009, the DA has also governed the Provincial Government of the Western Cape, ensuring that there is some alignment of policy between these two orders of government, notwithstanding the fact that, as a unitary state, the policies and strategies of the national government remain preeminent wherever constitutionally prescribed.

As a seaport, Cape Town has always exhibited a more metropolitan character than other cities in the country, with a heterogeneous mix of people of European and Indian origin, African, and mixed-race Coloured people. As a legacy of its colonial and apartheid past, categories of race and class still overlap, and the city continues to be divided along these fault lines three decades into the democratic era. Notwithstanding the expansion of the middle class to include a proportion of Coloured, African, and Indian people, most of Cape Town's citizens still live in racially homogeneous suburbs. In keeping with the demography of the country as a whole, the poor are predominantly drawn from the African and Coloured populations and many, especially those moving in from the rural areas, live in sprawling informal settlements on the margins of the city with only rudimentary services, including communal water stands and toilets. The wealthier, and predominantly white, middle-class suburbs, in contrast, maintain standards which are comparable with those of people living in the wealthier suburbs of economically advanced states in the Global North.

Catering for the needs of an extremely diverse population inevitably presents challenges in the design and delivery of public programmes. However, whilst there is undoubtedly awareness on the

part of municipal policymakers of the different needs of their citizenry regarding access to housing, water, electricity, etc., it is evident that the strategies and policies currently pursued are reproducing and accentuating historical patterns of inequality. This is manifest in multiple everyday ways including the differential allocation of municipal budgets to different parts of the municipality, the failure to make provision for affordable accommodation in proximity to major employment nodes, the introduction of advanced information and communications technology (ICT) services which are inaccessible to the very poor and, most importantly, the pursuit of an economic growth model which is oriented to the interests of the more affluent segments of the population.

## **Glocalisation in the City of Cape Town**

The city's quest to become a global city may be tracked through a succession of strategic plans produced over the past two decades. In terms of legislative prescript, each municipality is obliged to develop a strategy plan immediately after the conclusion of local government elections. The Integrated Development Plan (IDP), which is ostensibly based on the input from a public participation process, spells out a municipality's goals and objectives for the next five years. In the case of the City of Cape Town, tracking the strategic orientation of successive IDPs provides a lucid insight into the course which the local council and city managers have charted for the metropole.

The city's interest in positioning itself as "a gateway to African markets" was announced in the IDP for 2012–2017. Cape Town's unique strengths, it was stated, included its smaller size, better infrastructure, excellent service provision, and sophisticated higher-education network, all of which made it "ideally suited to build a competitive advantage in certain sectors" (City of Cape Town, 2014:2). To achieve this objective, it was asserted, the city would use numerous levers to attract investment since this would create economies of scale in local industries and thereby create more opportunities for employment. To attract this investment, however, the municipality would need to

“provide adequate support to the market by, for example, providing efficient regulation, efficient planning and regulation processes, transparent and accountable government, easy access to officials, and infrastructure support” (City of Cape Town, 2014:7).

This theme was pursued in the IDP for 2017–2022, which affirmed the intent to position Cape Town as “a forward-looking, globally competitive business city” (City of Cape Town, 2017:34). Cape Town, it was stated, was “already known as a world-class tourism destination and [was] increasingly regarded as an attractive emerging-market investment destination”. However, more work was necessary “for Cape Town to reach its potential as a forward-looking, competitive business city”. In pursuit of this objective, the municipality was set to implement a range of measures intended to bolster its competitiveness, including strengthening support services, providing incentives to investors, and improving the ease of doing business.

This vision was further extended in the 2022–2027 IDP with a continuing focus on creating an enabling regulatory framework and infrastructure necessary to attract investment. The IDP has also emphasised the need for accelerated growth. According to the IDP, the “guiding Development Plan priority for everything the city does is to support meaningfully faster economic growth that enables people to lift themselves out of poverty. Economic growth is needed to rekindle our hope in a more prosperous future for all” (City of Cape Town, 2022a:17). Notwithstanding this objective, however, the evidence indicates that the trajectory of the growth path currently pursued is oriented more to the needs of international investors than to the needs of large segments of the municipal population.

As part of the quest to position itself globally, the city launched the Invest Cape Town initiative in 2017 with the explicit objective of attracting foreign investment. The initiative, according to its then website, represented a “demonstration of the City’s commitment to creating a platform that contributes to the increased awareness, attractiveness and competitiveness of the city as a place to do business” (Invest Cape Town, 2023). Its stated mission was to “attract and retain foreign direct investment which is of strategic importance

to the economic development of Cape Town” and “to work with international and local entrepreneurs, SMEs and multinationals that wish to set up a business”. As evidence of its achievements in attracting foreign investment, the likes of Amazon, Johnson and Johnson, Microsoft, Unilever, Thomson Reuters, Panasonic, KPMG, were listed amongst the multinational corporations that had invested in the city. It also boasts that “In addition to its beauty, Cape Town is also strategically positioned on the west coast of Africa, making it a powerful skills pipeline and the best place in Africa for hi-tech ... The city is rapidly transforming into a powerhouse in Africa’s financial landscape, claiming the prestigious position as the continent’s second-largest financial hub. This exceptional growth is largely fuelled by the burgeoning fintech sector, attracting an influx of foreign investors and tech innovators. The city has become a fertile ground for over 60 fintech start-ups, a testament to its vibrant tech ecosystem”. (Invest Cape Town, 2026).

Among the accolades the city is stated to have received by 2021 were those as “Africa’s leading city destination”, “World’s leading festival and events destination”, “Number one in the Top Ten cities in Africa and the Middle East”, “No 20 in Best City in World Travel” in the travel and leisure category, and the naming of Cape Town International Airport as “Africa’s leading airport” for the sixth year in a row.

By actively attracting foreign direct investment, the city is also establishing its international networks independent of the national state. Furthermore, by marketing itself as a global player and the digital hub of Africa, Cape Town is, in effect, asserting its competitive superiority over other cities on the continent. It is doing so by exploiting its comparative advantages in terms of its location on a major international shipping route, supply of highly skilled ICT workers, ICT connectivity, ease of doing business, and its scenic beauty, among other attributes.

The city’s population has grown rapidly in the past three decades due to the influx of people from rural areas, within the Western Cape province and from the neighbouring provinces. The influx also includes what the media has termed a process of ‘semigration’, the resettlement

of highly skilled and wealthy workers from other parts of the country, drawn to the city by the mobility afforded by digital work, and by the quality of its services and lifestyle. It is estimated that some 100,000 people relocate to the city annually, and although a small proportion of these are highly skilled individuals, the majority are young, unskilled, or semi-skilled workers from poor rural communities (BizNews, 2022). Consequently, there is a mismatch between the type of employment which is being created in the city and the skills and experience of the majority of those who have settled there in recent years – and the gap is widening. Although job creation is not strictly a mandate of local government, municipalities are responsible for promoting local economic development, a process which includes the creation of an enabling environment to attract specific types of business and employment creating opportunities, a role which, as discussed above, the city has been proactive in fulfilling.

While there was negative growth in the primary and secondary sectors of the city economy (-0.8 per cent and -0.95 per cent respectively) between 2019 and 2022, the tertiary sector (comprised *inter alia* of the wholesale and retail trade, catering and accommodation, transport, storage and communication, finance, insurance, real estate, and business services), in contrast, grew by 2.3 per cent to 3.3 per cent during the same period (Western Cape Government, 2023a:20). Furthermore, the sectors of the metropolitan economy which have grown the fastest in recent years, and in which Cape Town is now stated to have a comparative advantage, include business activities and services (such as software, information technology, business process outsourcing, and call centres), finance (financial intermediation), insurance, retail, and real-estate activities. As a result of the structure of the metropolitan economy, the majority (65.2 per cent) of those in formal employment are skilled (27.3 per cent) or semi-skilled workers (37.9 per cent) (Western Cape Government, 2023a:22).

However, despite recognising that growth in these sectors is “not very labour-intensive, and the demand for labour in the higher-skilled tertiary sectors and the supply of labour in the lower-skilled categories of the labour market are often mismatched [...] [and that] this widening

gap is a key driving force behind structural unemployment in Cape Town” (City of Cape Town, 2022a:24), the city’s economic growth policies provide little indication of how this divide might be narrowed. The inherent contradictions in the City’s approach to employment creation are evident in its Inclusive Economic Growth Strategy, published in 2021. Acknowledging that job creation is predominantly in the highly skilled sector, it asserts that the challenge is “to balance the needs of the two ends of its local economic spectrum – one on the leading edge of a new era of technological innovation, and the other struggling to still establish itself in existing or declining sectors” (City of Cape Town, 2021a:16). However, on the same page the strategy goes on to state:

As an imperative, the City must provide a competitive and enabling platform for businesses, individuals and institutions (e.g. universities) to adapt and remain competitive. Additionally, the City must partner with the academic institutions and the private sector to enable the labour market to adapt to new high-growth, tradable sectors, while remaining an attractive destination for businesses that offer employment opportunities. In order to be more globally competitive, within South Africa and internationally, Cape Town’s economy must become more productive and adaptable to changes in local and global markets. (City of Cape Town, 2021a:16)

Lacking an alternative to the creation of a medium to highly skilled workforce, the city has fallen back on the informal sector and to “public and private-sector stakeholders to create quality temporary jobs and training opportunities” (City of Cape Town, 2022a:56). Notwithstanding its questionable role in creating sustainable employment and its weak linkages to the city’s main economic activities, the informal sector in Cape Town is, by developing countries standards, small and its capacity to absorb labour in meaningful work is limited and the percentage of people engaged in informal employment

declined slightly from 20.5 per cent in 2019 to 18.8 per cent in 2022 (Western Cape Government, 2023a:22). The support sought from the public sector refers to jobs created under an Expanded Public Works Programme (EPWP) funded by the national government. A key component of the EPWP is to use labour-intensive work as a means to absorb large numbers of the unemployed. However, those employed in the programme have no security of tenure and are paid at a rate of R15.83 per hour, roughly half the national minimum wage, and amounting to approximately US\$0.90 per hour or US\$7.20 per 8-hour day (Department of Employment and Labour, 2025). Consequently, the enabling strategy pursued by the city can be seen to contribute to the further casualisation of labour and to increasing precarity in the livelihoods of the urban poor.

It is thus unsurprising that at a time when there has been growth in the tertiary sector, unemployment levels have risen steadily from 18.2 per cent in 2010, to 23.2 per cent in 2019, and to 28.6 per cent in 2022 (City of Cape Town, 2023:22). This level of unemployment is likely to have been elevated as a result of the COVID-19 pandemic but is also likely underestimated due to the narrow official definition of unemployment used, which refers to the percentage of the population who are able to work but who are unable to find employment. This definition excludes those who are able to work but who are not actively seeking employment (Western Cape Government, 2021:17). This is suggested from the fact that the City's estimates of the unemployment rate among youth (according to the narrow definition) increased from 45.2 per cent in 2019 to 56 per cent in 2021 (City of Cape Town, 2023:24). Further evidence of the huge demand for work in Cape Town is evident in city's EPWP database which, despite the low daily wage rate on offer, had registered a waiting list of some 900,000 jobseekers in 2025 (City of Cape Town, 2025b:9).

## **Growing poverty and inequality**

It is evident that the city's conviction that "meaningfully faster economic growth [will] result [...] in more Capetonians lifting

themselves out of poverty” (City of Cape Town, 2022a:17) is not supported by recent socio-economic data which indicate that the poverty gap in Cape Town is widening rather than narrowing and that this is leading to an increasingly polarised city. Whilst there was an 7.8 per cent increase in the Gross Domestic Product Regional (GDPR) per capita from 2019 to 2022 and an increase in the Human Development Index (from 0.70 in 2014 to 0.74 in 2022), these indices reflect mean scores and mask significant variances in the incomes and access to services by different segments of the city’s population. Although the number of indigent households in the city is reported to have decreased by some 10 per cent between 2018 and 2022 (Western Cape Government, 2023a:16), overall levels of poverty have increased. The Upper Bound Poverty Line head count ratio, defined as the proportion of the population that cannot afford to purchase adequate levels of food and non-food items, increased from 57.9 per cent in 2021 to 65.1 per cent in 2022 – this was higher than South Africa’s total poverty rate of 56.4 per cent (Western Cape Government, 2023a:14). In the same year, 35.2 per cent of the population were living below the food poverty line in Cape Town. This was higher than the 34.3 per cent figure of 2016 and was the highest recorded among all other metropolitan municipalities in South Africa and higher than the national average of 29 per cent (Western Cape Government, 2023b:96). Consequently, a third of households in Cape Town (36.2 per cent) were receiving nationally issued social grants or other sources of income to subsidise their livelihoods (Statistics South Africa, 2024:25). At the same time, largely due to the rapid influx of people from outside the city, the number of households living in informal dwellings is on the rise, increasing from 16.8 per cent of the population in 2011 to 21.7 per cent in 2020 (Western Cape Government, 2021:16).

The combined impact of unemployment and poverty on inequality in the city is clearly demonstrated in the Gini coefficient, which has steadily risen in the past decade, from 0.56 in 2014, to 0.58 in 2017, and to 0.63 in 2020 (City of Cape Town, 2025a:24). This Gini score is equal to the national rate (one of the highest in most comparative data

sets), and, along with other South African cities, Cape Town ranks as one of the most unequal metropolises in the world (Hayes, 2025; World Atlas, 2026).

The patterns of racial and socio-economic segregation inherited from the apartheid era, as indicated, are deeply entrenched in the spatial structure of the city, but the rhetoric of inclusivity aside, the measures introduced to forge a more integrated society have largely been ineffective. In the aftermath of apartheid, the national government embarked on a comprehensive housing development programme to provide formal accommodation for the millions of people living in informal dwellings across the country. Whilst well-intentioned, the model of housing construction pursued was logistically inappropriate and financially unsustainable. In the case of Cape Town, single dwelling units were constructed on green field sites but as land in the inner areas of the city was limited, rather than pursue a programme of densification in the form of high-rise accommodation, the construction of housing has continued to take place further and further away from areas of economic activity (City of Cape Town, 2022b:39). Due to the distance they must travel to work in the city, it is estimated that the working poor in Cape Town spend up to 45 per cent of their monthly household income on transport (in contrast to the international norm of between 5 per cent and 10 per cent of income) (Van Audenhove et al., 2014).

At the same time, prospects for greater spatial integration of the population are severely restricted by the property market, which is geared to higher income earners – a trend which is reinforced by the influx of affluent buyers from other parts of the country who form part of the semigration process. This is aggravated by the city's reluctance to release portions of its land, situated closer to the centre, for affordable housing development. In this way, the socio-economic, racial, and spatial segregation patterns established during the colonial and apartheid eras are continuously being reproduced. This, despite the city's stated commitment, articulated over three successive IDPs, to establish "a more spatially integrated and inclusive city, where

people have more equitable access to economic opportunities and social amenities, and the barriers to inclusion and well-being are reduced” (City of Cape Town, 2021c:17).

## **The quest for greater autonomy**

As its status as a global city has grown, Cape Town has sought to increase its autonomy from the national state (cf. Lobao et al., 2009:4). This has been rationalised, justifiably in most instances, by shortcomings in service delivery on the part of provincial or national government, and it is a message which is constantly repeated in the IDP and in the utterances of the City’s political leaders. Thus, the IDP proclaims that “[t]he City is committed to doing all it can to protect Cape Town’s economy from the worst effects of failing national government services” (City of Cape Town, 2022a:59). It further asserts it is a city government “that consistently fights for the needs of residents, even when the responsibility to meet those needs rests with the national or provincial government or a state-owned enterprise” (City of Cape Town, 2022a:17). In this vein it has increasingly campaigned for control over a range of services hitherto performed by the national government. These include the mandate to run the urban rail network, to generate its own electricity (both of which are administered by state-owned entities), and to increase the jurisdiction of its municipal police force (a national government function).

Despite an initial reluctance to devolve further powers to the metropolitan council, the central government has softened its position and has granted the city authority to purchase renewable energy from the private sector, with the prospect of generating its own energy (Parliamentary Monitoring Group, 2022) and is considering its request to take over control of the metropolitan train network. In yet another tacit recognition of the growing influence of large cities such as Cape Town, a new district development model introduced by the national government in 2019, in an attempt to incorporate municipal planning and service delivery into a broader intergovernmental framework under the slogan ‘One District, One Plan and One Budget’,

has assigned metropolitan governments the same planning oversight as 44 districts which cover the entire country (Department of Cooperative Governance and Traditional Affairs, 2020, 2022).

## **Conclusion**

The analysis in this chapter has tracked the embrace of globalisation in the policies adopted by the national government in South Africa since the late 1990s and its concomitant adoption by the City of Cape Town, which can be seen as a form of glocalisation. In that respect, the economic growth strategy pursued by the city can be seen as driven by a logic similar to that adopted by many glocalised cities in the Global North. That is, a focus on establishing niche areas for potential growth, followed by the creation of a regulatory and infrastructural framework to exploit its comparative advantage and by concerted efforts to attract multinational corporate investment. Through this process, the city is expanding its international networks with the objective of gaining access to still more global markets, in the hope of stimulating even further growth.

At one level, the economic development model pursued by the City of Cape Town can be seen to enhance its attractiveness to foreign direct investment and its positioning on a national and global level. At another level, however, it is evident that the city's embrace of glocalised relations of production has adversely impacted social production. Thus, whilst there has been growth in certain sectors of the metropolitan economy, these gains have not been redistributed across the broader social economy, leading to widening spatial inequality. With its growing global economic importance, the City has begun to assert itself in the national domain, demanding increased control to manage its own affairs. At the same time, it is also seeking to attract foreign direct investment independently of the national government and to establish its own global networks.

However, notwithstanding the fact that political opponents continue to accuse the ruling DA of introducing neoliberal policies into the governance of metropolitan Cape Town, the work of critical

scholars (Bond, 2000; McDonald & Smith, 2004; McDonald, 2007) and a review of the national government's policies reveal that the adoption of neoliberalism and the intent to derive benefits from globalisation has formed part of a nationally driven strategy since the 1990s. What was not anticipated, however, was the precise form in which globalisation and glocalisation would manifest in a metropole such as Cape Town and the extent of uneven development to which it would give rise. It is evident that the City also failed to heed the caution expressed in the National Development Plan, which states that in engaging with the process of globalisation "[t]he challenge is to take advantage of opportunities while protecting South Africans – especially the poor – from the risks associated with new trade and investment patterns" (National Planning Commission, 2012:31). Thus, despite an often-repeated commitment to pursue policies which will lead to the creation of a more inclusive city, the economic growth strategy pursued is not creating jobs for the growing numbers of unemployed workers nor is it alleviating poverty or reducing inequality.

This is due to the fallacious supposition that the goal of building a competitive, glocalised city is entirely compatible with promoting greater socio-economic equality in a highly unequal society. This is because in its singular quest to attract foreign investors and transnational corporations, the City has developed no alternative feasible plan to cater for that segment of its citizenry who lack the skills and assets to take advantage of the income-generating opportunities which are on offer in the expanding tertiary sector. In that respect, Cape Town's pursuit of glocalisation further illustrates the dangers of isomorphic mimicry in the adoption of the neoliberal economic growth models from the Global North and their implementation in unadapted form in the Global South. Because of this, and notwithstanding the advances made through the process of glocalisation, the economic growth model pursued has given rise to contradictions which could foretell future socio-economic tensions, increasing unemployment, rising poverty levels, an increase in crime, and potential social unrest.

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