

Cities are the drivers of economic growth

Thank you for inviting me to speak here today on why cities are the drivers of economic and social change. In the City of Cape Town, we see social development and economic development as two sides of the same coin.

That is, in our mandate to govern, we understand that to truly deliver for residents, we cannot divorce the supposedly soft issues of development from the hard ones. We understand that in order to create economic opportunity, everyone needs to live in the kind of society that allows them to succeed.

It is near impossible to tell a person living in a shack without electricity or water that they need to remain positive and try and find a job. The immediate needs of survival, for that person and their family, take first priority. And when one is speaking in terms of survival, the idea of opportunity seems a very distant one.

While this is not unique to us, this is the reality for far too many South Africans. It is a situation that needs to change. Achieving that transition, to a better life for so many people, requires interventions on a number of fronts.

Documents like the National Development Plan (NDP) have mapped the way forward for many of these. But it also means understanding that as much as we face challenges, we are also confronted with opportunities.

My talk today focuses on using these challenges and opportunities in cities as the vehicle for social and economic change. As such, we must understand our place in the world and the nature of cities, our legal framework and how we leverage all of these factors to achieve social and economic change in our society.

The starting point must be an understanding the nature of the global economy and Africa's place within it today. I believe that the emergence of Africa will be one of the defining features of the 21st Century.

It is an emergence long overdue.

In the years immediately following the end of the Colonial era, there was an all too brief moment of hope and optimism that reigned, a sense that with formal independence Africans could once more be the makers of our own destiny. While the results over the next few decades were not all doom and gloom, there is little doubt that the sense of possibility faded.

Some were due to external factors.

But if we are truly honest, we cannot deny that some were of our own making. But I believe that we have reached a very different point in most of Africa today. We understand it as a continent of diverse countries and markets. We understand these countries and markets as looking forward, not backwards.

And we understand it in a context where the centre of the global economy is shifting. According to the World Bank, where the world had 63 Low Income Countries in the year 2000, today we have 36.

Where we had 52 countries experiencing negative growth in the early 1990s, today we have 10. Where only 20 developing countries achieved a growth rate of at least 2% per capita in the early 1990s, today there are 69.

And in Africa, the number of democracies has increased almost five-fold since 1960. We are talking about a different world today. We are talking about a different Africa.

But in international terms, we are also talking about different cities. In the 20th Century, a great deal of attention was placed on the relationships between nation-states, especially at the economic level. All measurements of trade, all indicators were shaped at the national level.

And the understanding of activity was limited to a focus on the flows between these sovereign actors. Economic analysis has since advanced. Indeed, there is now a general consensus that trade, the force that generates economic activity, flows between cities and city-regions.

Where once we thought of the globe divided by rigorous gridlines separating countries, today we see expanding and contracting points of energy constantly connecting and disconnecting with one another.

Where once we knew only formal relationships and strict rules, today we understand a dynamic system that is in constant change.

In the economy of the 21st Century, cities are the drivers of economic growth and this comprehension is changing the way businesses choose their investments.

Indeed, the McKinsey Global Institute has advised that, over the coming decades, growth will be determined by a class of mid-size cities that understand, build on or develop competitive advantages or competitive specialisations. And for the first time in the history of the world, this century, more people will live in cities than in rural locations.

I would argue that Cape Town is well-positioned as a city to take advantage of the tremendous economic forces that are shaping the world today, especially in Africa.

But in understanding this context, we must also understand the vehicle by which we can take advantage of our position as a city in our national context. I think that we all have a concept of what local government is.

In the South African context, we address this question from a particular historical perspective. For instance, we may think of the municipalities that preceded the metro that was formed 13 years ago.

Those municipalities were modelled on the strict basis of an area-based approach to government; one that was localised to the highest degree. In that model, we had local teams and local leaders making executive delivery decisions through an assembly of citizens.

Perhaps you approach the question from an area that fell outside the direct purview of those municipalities – perhaps from a surrounding township. If that was the case, you were perhaps used to dealing with limited resources and a relationship with local authorities who lacked legitimacy.

Whatever your view, however, the idea of the city in the modern sense is a recent one in the country.

After 1994, the idea for consolidation of local government was based on the idea of reform. And the formation of the metros was based on marrying the different ideas of local government and the vastly different resources for a more democratic approach.

But this legal construct should not be the only definition of what a city means. If you had to ask an ordinary person, from any place in the world, what they thought a city was, they might give you a definition based on the number of buildings.

Perhaps they would give reference to a geographical place defined by certain boundaries. They might even say that a city must be a certain size. There is merit to each of those approaches.

But I believe that a city is defined by a network of people: a critical mass of relationships. Those relationships, those people, are constantly interacting with each other, drawing on existing energies and creating new ones.

Cities are vibrant, they are dynamic and they are fundamentally human.

Once we understand this human building block in conjunction with our legal and historical roots, we understand why cities are the drivers of economic and social change.

Change is driven by people.

The city government exists as a legal framework that aims to address a disjointed history of local government service delivery. But it is the people of which the city is made who will create a new future for themselves.

It is our people who will unlock social and economic change.

Our job as the city government lies in understanding how we create the conditions in which our people can thrive. And thriving in the South African context often simply means people aiming to lift themselves out of desperate situations.

Census 2011 has shown us that it is cities like Cape Town where people are coming to search for opportunity.

And so we as a city offer a very real hope for people.

What this means is that, in understanding that human networks achieve the future, we need to understand how the city government can facilitate change. At its root, this means a strategic organisational change to achieve multi-dimensional human development.

That is why we recently passed two organisational strategies in Council: the Economic Growth Strategy and the Social Development Strategy.

This is precisely because we view social development and economic development as two sides of the same coin.

You cannot speak of creating a city of opportunity for every one if you have not planned for the needs of the most vulnerable. And you cannot hope to permanently lift people out of poverty if you do not attract job-creating industries and businesses that create the prospect of employment.

There are numerous actors who must contribute to approaching these problems: National Government, which holds regulatory, financial and legislative power; the Provincial Government, which provides core services in education and health; and of course the private sector and civil society, whose investment, financial and human, helps drive change.

But local government has the mandate both to provide access to basic services and to drive social and economic development within our borders. Our strategic approach seeks to marry these two imperatives and bring them together.

They aim to help the city government understand that everything that we do contributes to social or economic development.

For instance, the provision of electricity does not only mean that we have provided a basic service. Socially, it allows people to have access to certain facilities that improve their quality of life.

At the same time, electricity is the foundational building block of enterprise and economic activity. Our social development strategy is structured around what the City does and how it does it by mobilising resources for broad social development.

It seeks to maximise income-generating opportunities for people who are excluded or at risk of exclusion, such as through public works projects. It seeks to build safe households and communities, through our use of security services and in our approach to both formal and informal settlements and communities.

It creates the drive to support the most vulnerable by enhancing access to infrastructure and services and, in so doing, fostering social integration.

Its twin, the Economic Growth Strategy identifies what the City needs to do in order to maximise benefits for the people of Cape Town while ensuring that growth is environmentally sustainable in the long-term.

It does so by proposing institutional and regulatory changes that allow for the building of a globally competitive city while utilising work and skills programmes to promote growth that is inclusive.

Furthermore, it identifies how we leverage our trade and sector development functions to maximum advantage with the right provision of infrastructure.

It is by using these strategies, along with our core Integrated Development Plan (IDP) and our alignment with National Government's NDP that we will build the Cape Town of the future using our five pillars: the Opportunity City; the Safe City; the Caring City; the Inclusive City; and the Well-run City.

In conclusion, all of our plans as city government are built on understanding the global context. They are defined by understanding the role of cities.

And they are determined by our legal definition of what local government means. But the driver of social and economic change is the network of people of which Cape Town is comprised.

Those networks are numerous. Some of them are historic; some cultural; some social. Whatever their nature, they drive the transition of social and economic change. And in so doing, they are helping this city make a better future.

Thank you, baie dankie, enkosi.