

An Urban Economics Hologram



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In pursuit of a sustainable economic ingredient for South Africa's Urbanomics, it is important to note the following basic components, of which the prescribed policies such as the Municipal Systems Act 32 of 2000 as amended (MSA), The Public Finance Management Act 1 of 1999 (PFMA), Division of Revenue Act of 2018 (famously known as DoRA amended annually), Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA) and Affirmative Action Policy to name but a few attempt to guide the final product need to be mentioned. But before much detail is shared with regards to the relationship of some or all of these policies in shaping our Urban Economics – allow me to discuss the Economic Hologram narrative!

Economics is the science of making decisions in an environment of scarce resources. It creates a primary focus on how managers make decisions of input, output, pricing, environment, people and profit. Although governments primary focus is development and not profit making, it unfortunately and fortunately operates within an environment of profit maximisation. With that said, it is a common misconception that maximising profit is necessarily bad for society. Adam Smith's classic statement in his book *The Wealth of Nations* states ... quote "it is not out of the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest" unquote. What Smith is intending to teach is that by the butcher, the brewer and the baker pursuing self interest—the goal of maximising profits—their business ultimately meets the needs of society. If you do not make money as any of these entrepreneurs, it is probably that society does not reap maximum-utility out of your service. Government in its development mandate needs to maximise-value in the service they deliver through their functions as managers of the scarce-resources allocated to them for society to appreciate their service. The economic hologram thus creates a case for constant education.

The superlative abstract element of this passage and of our economic policy is its hologram – so to say, the reflection of the structural-integrity to deliver the mandate and objective of both the development mandate and capital (profiteers) objective. A hologram is a suitably illuminated three-dimensional image formed by coherent light sources. Bear in mind that the illumination has to be coherent and that it cannot be a hologram if it is not three dimensional. In essence imagine a structurally-efficient image that is three dimensional and

coherent reflecting the success of our municipalities ... something that many, if not all South Africans desire for the success of government services – that the success you receive from one municipality could reflect and is in consonance with success of other municipalities.

The nectars unfortunately is that both these responsible-parties are in a cohesive nature of flaunting the law for corrupt activities that result in expanding the height, width and depth of destitution of vulnerable communities. Whilst developing countries geographic-landscape is made out of rural, urban-nodes and cities, South Africa and most developing and underdeveloped countries are composed of townships and informal settlements over and above rural, urban-nodes and cities. These locations make-up the majority of the working-age population desperate for economic opportunities. A World-Bank study found that the townships and informal settlements in South Africa make up 38% of the working-age population and carry 60% of the unemployed (World Bank, September 2014). If we have to re-organise ourselves to address the spatial inequalities within our communities it is important to reflect on the convergence of policy in general and Urban Economics in particular.

Udesh Pillay in his study of Urban Economic Policy 2008 states that it is important to recognise that Urban Policy is not confined to activity at the urban scale only. National and International economic and social policy define land use planning, economic opportunity distribution and redevelopment. In effect urban policy is developed with the intention to eradicate informal settlements that surround urban nodes and Cities. Urban policy and planning is thus a dynamic process whose formulation and interpretation are a continuous measure to resolve the allocation and use of scarce resources allocated for progressive change. There is no simple optimum solution to the problems faced in urbanisation and we can only draw closer to the solution if managers entrusted with the function to uplift our communities via-away from a fabricated-corrupt lifestyle. I do however acknowledge that line-function managers and departments have little reference to activities of other departments, and that this fragmentation does play a role in the Urban Development Planning Framework (UDF) and coherence to perfectly display a desired hologram.

The power relation between the different interest groups underpins the local and national agenda of government and capital agents. Both pursue goals that may either be complementary or contradictory for a sustainable Urbanomics philosophy. The political and economic imperatives have a direct influence on the nature of UDF. Furthermore policy is also conditioned by external forces operating within a global system depicting our local specific factors and agents. Nevertheless institutional Intellect should respond and be driven by sets of powerful and relatively consistent value-judgements which can have a profound influence on how urban problems are defined and addressed.

A holistic approach will be converging focus on improving National Economic Competitiveness; Strengthening Urban Management; Increasing the speed of eradicating rural dispositions and improving the Investment Climate in townships; Fighting Crime and Corruption; Access to Credit; Property Rights and streamlining Public Sector Services. Whilst there is no lack of ideas on what needs to be done planning for low-income residential development nearby and adjacent to middle and high income suburbs should be prioritised. This can be done by mobilising local communities, facilitating Entrepreneurship and rebalancing national policy to embrace South Africa's Urban Future.

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