

CHAPTER 4

THE THEORETICAL FRAMEWORK

4.1 INTRODUCTION

This chapter engages various theoretical constructs to unravel the notion of urban regeneration and provide the lenses through which urban regeneration can be construed. In broad terms, theoretical strands discussed in this chapter focus on the notions of urban economic growth models, urban politics and power relations, risk taking, crime and crime prevention. In particular, the following theories are covered: Competitive Cities Theory and New Managerialism; World Cities Theory; New Urbanism and Compact cities; Elite Theory; Regime Theory; Pluralism; Growth Machine (Elite and Regime Theories in application); Classical and Contemporary theories on Crime; and the Modern Portfolio Theory.

The above theories bear on the study and were considered important in unravelling various aspects of urban regeneration. Meanwhile, the study has taken cognisance of the varied criticisms that have been advanced against each theory it engages and will therefore exercise caution when applying these in the data analysis stage.

4.2 THEORIES ON URBAN ECONOMIC GROWTH MODELS

4.2.1 Competitive City Theory and New Managerialism

Urban regeneration can be understood from the perspective of the competitive city theory. As an economic and physical intervention, urban regeneration is believed to have the ability to reverse urban decline, create an environment that better enhances city's investment prospects and enables it to compete more effectively for investment. It also has positive effects on a city's local economy and harnesses its competitive advantage over others. The competitive cities theory is located within the broader globalization discourse which emerged in the 1960s and 1970s as the new hegemony of political and intellectual thought

(Percy, 2003; Harrison, 2002; Stutz and de Souza, 1998; Duffy, 1995; Healey, *et al*, 1992a).

One of the most respected urban geographers, David Harvey, once wrote in the late 1980s that 'those urban regions that achieve a superior competitive position survive, at least in the short run, and do better than those that do not' (*cited in* Duffy, 1995, p. 5). Factors that induce the need for competitiveness are linked with the transition from mechanical mass-production technology in manufacturing (known as 'Fordist' production processes) to the more flexible and customer-sensitive processes enabled by electronic technology that emerged in the 1960s and 1970s (Healey, *et al*, 1992a).

The global restructuring of industries had spurred the decline of old industrial sites that economically had legacies of heavy industry, with control of capital more concentrated and centralized at national and international level (Stutz and de Souza, 1998). The new technologies of production brought along new strategies for managing production and distribution, and new spatial divisions of labour. This change in modes of production saw massive downsizing of manufacturing plants resulting in huge job losses and exodus of business and people from affected locations.

While companies needed space to expand business, the changes in manufacturing technologies were forcing them to look for space outside inner city areas. As a result, they left the hemmed-in city cores for the outer suburbs and beyond. Far flung locations became more suitable and were supported by the development of new motorway networks. This, together with subsequent job losses, 'had a profound effect on all western economies' (Duffy, 1995, p. 11).

The competitive cities theory can therefore be linked to the emergence of neo-liberal approaches which dictated principles of managing the post-industrial city. As new technologies were introduced, some industrial sites became redundant

and the rate of unemployment increased. Old industrial areas declined and had to seek new sources of wealth, particularly in tertiary and quaternary activities (Percy, 2003). Meanwhile global competition of industries intensified and places which were once renowned as places of production had to reinvent themselves as places of consumption in order to attract inward investment and footloose capital.

On the other hand barriers to global capital flows had collapsed and much property investment and development activity became globalized. The dominance of countries such as the US in the global economy started to disintegrate. Most industrial firms experienced sharp market share losses from foreign competition. The global economy changed so as to produce complex duality - spatially dispersed, yet globally integrated organization of economic activity (Sassen, 1997). Globalization of society aided by technological innovations, led to increased mobility of capital and an intensification of localities. At the same time global investments were increasingly diversified and reflected the needs and preferences of customers (Duffy, 1995).

The above dynamics had a major impact on the spatial and social relationships of many cities. They were mirrored spatially in the decline into dereliction of the production and distribution sites associated with old production technologies. As Healey *et al*, 1992a) puts it: 'the landscape of "Fordist" production [was] devalued, made redundant, while urban regeneration policies sought to promote the images of 'post-Fordist' production and consumption' (p. 5). It is veritable the same dogma and imperatives of international and interregional competitiveness that todate still serves to motivate cities to regenerate themselves and make themselves competitive on the local, regional, national and global fronts. A city's attractive image is believed to have the ability to appropriately position it in the face of global competition. Local institutions and urban regions are regarded as important in their ability to capture investment opportunities by attracting new

industries, position their city on the global economic stage, and bring about economic success (Percy, 2003; Healey *et al*, 1992a).

Also, in the context where the investors are footloose and the investment flow has an international dimension, regions and cities have to compete with each other to secure new sources of wealth in the face of growing international competition (Squires, 1997). The economic activity of land and property development (e.g. urban regeneration) is then locked into this dialectic between globalizing and localizing forces (Healey *et al*, 1992a). On one hand, its activity and its products are strongly influenced by changing patterns of demand from occupiers and on the other land and property markets are driven by the dynamics of the investment value of land and property.

The private sector investment is considered critically important in the transformation of cities and the property development industry is challenged to respond to international competition and not only focus on the investment role of property (*ibid*). In *Competitive Cities: Succeeding in the global economy*, Hazel Duffy (1995) argues for the need for cities to attract inward investment:

The prospects of inward investment from other parts of the country and overseas has put cities, more than ever, into a sort of beauty parade. They must give prospective investors a panoply of reasons why a company should choose that particular location for the branch plant, head office, regional office, or back office which will employ hundreds of low-paid, often part-time data processors (Duffy, p. 4).

Consequently, improving characteristics and outlook of locations and place marketing tend to be of vital importance (Percy, 2003; Smyth, 1994).

Measures that are usually introduced to improve competitiveness vary from one city to the other. Again Duffy (1995) argues that measures can include focusing on the spatial division of consumption and creation of good living environment. Other cities may decide, Duffy (1995) continues, to compete for 'key control and command functions' such as finance or government. Others may bid for the 'redistribution of economic power' at the national level – making use of a designation which allows the offer of grants to attract outsider investor

companies, and government to make cities look more attractive. Local authorities may also prepare the grounds for private enterprise by 'intervening in the local economy, by investing in companies, either to propel their progress, or to rescue them when in trouble' (Duffy, 1995 p. 5). All of these measures fall squarely into the urban regeneration thinking.

In South Africa the competitive cities approach is regarded by Harrison (2002) as one of 'the dogmas of post-apartheid planning' (p. 5). In Johannesburg in particular, this approach emerged in the 1990s and coincided with South Africa's re-entry into the global economy after the isolation which started in the 1980s (Tomlinson *et al*, 2003b; Harrison, 2002; Bremner, 2000):

In terms of the competitive city approach the primary developmental role of the local state is to position localities optimally to gain maximum benefit from globalization. The main aim of planning and urban management within this paradigm is to make the city attractive for capital (Harrison, 2002, p. 11).

In the context of Harrison's argument, the competitive city theory can be seen as framing ideas about urban regeneration and urban planning in which case these two are seen as means to achieve competitiveness. Similarly, ideas of regenerating declining inner city areas which emerged in the 1990s are portrayed as part of measures to bolster Johannesburg's competitive position (CoJ, 2002). This, according to Harrison (2002) 'reflect very strongly an ideological orientation with a focus on globalization, private sector-led economic growth, and business practices in government, even though the goals are about raising the standard of living and improving the quality of life of all citizens' (p. 11).

New Managerialism

The new managerialism practice or New Public Management (NPM) is closely linked to the competitive cities approach, although it influences service delivery across a range of public services such as health services, social welfare and employment, not just urban regeneration. This practice refers to the major changes in managerial practices within the public sector such as those that emerged in the late 1970s and 1980s particularly in the US and UK, most of

which have been discussed in chapter 3 of this thesis. Similar to the competitive cities concept, it emerged as part of new changes in urban policy, the rise of the neo-liberal approaches to urban management, the introduction of private sector modes of management and ideas to public services, with the use of tools such as performance management, competitive incentives, output control, service delivery partnerships and goal-directed budgeting (Imrie and Thomas, 1993; Healey *et al*, 1992a).

The new ways of running government functions were adopted including emulating management models used by private companies in a competitive market. These included the use of competition as a way of reducing costs, a more flexible workforce, more charging for services at the point of delivery, performance related pay, short term contract and so on. While the efficiency of government organizations was important in creating national competitiveness, red tape and over-regulation and a civil service that had always been considered unfriendly to business were seen as disincentives for inward investment.

Along with the victory of market solutions came the death of the hierarchical bureaucracy, sheltered from competitive pressures (Flynn, 2000). Public organizations were reformed as part of national efforts to improve efficiency and competitiveness. The New Public Management (NPM) was then coined as the term used to describe a series of these reforms which reshaped the relationships between public and private sectors (Newman, 2000, du Gay, 2000). In South Africa, studies point to the influence of the NPM in urban planning.

For instance, in *Change and continuity in spatial planning*, Vanessa Watson (2002) points to the influence of the practice in shaping South Africa's system of integrated development planning (IDP). She argues that the idea of city management has become directly related to the process of managing a private enterprise. Using Cape Town Metropolitan council as a case study, Watson argues that the NMP practice in South Africa has become 'intertwined with the

view of IDP as a tool for institutional planning and management, rather than just a way of achieving effective spatial planning’ (p. 86).

Criticism of the Competitive City Theory and New Managerialism

The competitive cities theory has fallen into the path of critics in the similar manner as the promotion of the private sector discussed in chapter 3. For instance, this theory is criticized for tending to put much emphasis on competitiveness of commerce, industry and government institution as determinants of city’s prosperity. However, proponents have argued that the capacity of a city to upgrade its economy and improve its competitive potential lies not only in its commercial attractiveness but also ‘depends on underlying structural and institutional characteristics, such as its workforce, its infrastructure, its post-secondary educational institutions, and its public policy’ (Duffy, 1995, p. 187).

The competitive cities concept together with imperatives of international competitiveness usually clash with the immediate interests of poor citizens within a city. For instance, Harrison (2002) have argued from the Johannesburg context that: ‘when hawkers are removed from their stands in the inner city, or informal settlers relocated, it is defended in terms of the image of the city for international capital’ (p. 12). Notwithstanding criticism levelled against the competitive cities theory, it continues to be a powerful force in modern literature on urban policy.

4.2.2 World Cities Theory

Urban regeneration can also be understood within the framework of the world cities theory and the “world cities hypothesis”. In terms of this theory, cities across the world are seen to occupy a place within the hierarchy of the world cities, and possibly make their way through various categories as their economies grow. A city that is able to attract more investment is likely to be accorded an “international player” status and therefore occupy a higher position

in the hierarchy of cities (Robinson, 2002). This “league table” approach has shaped the ways in which cities around the world have been presented.

The term “world city hypothesis” was first coined by the American urban planner, John Friedmann in an article²⁰ published in the mid-1980s (Gugler, 2004; Friedmann, 1995a; Duffy, 1995; Knox, 1995; Friedmann and Goetz, 1982). It is concerned with exploring how changing dynamics of the world economy affects cities and how global system of market relations impact on cities. It is both ‘a way of asking about cities in general [and] a statement about a class of particular cities – world cities – set apart from other agglomerations by specifiable characteristics’ (Friedmann, 1995a, p. 21). In other words, it is a way of zeroing in on a class of cities which, with due regard to their specific role in the global economy, are called global or world cities.

The world cities phenomenon, which is linked to competitive cities approach discussed above, emerged as part of post-World War II economic restructuring that came with globalization (Stutz and de Souza, 1998; Sassen, 1997; Knox, 1995; Friedman and Goetz, 1982). Since the Second World War the process by which capitalist institutions freed themselves from national constraints and proceeded to organize global production and markets for their own intrinsic purposes increase dramatically. Forces behind restructuring entailed ‘the need for multinationals to develop strategies to locate new markets and to organize world-scale production more profitably, the national policies of developed countries to improve their future international competitive position, and the national policies of developing countries to attract subsidiaries of multinationals’ (Stutz and de Souza, 1998, p. 333). As a result multinationals or transnational corporations and cities, competed for the control of economic space in a fashion that in turn shaped the economic map of the world.

²⁰ Friedman’s influential article – *The World City Hypothesis* - was first published in 1986 in the *Development and Change* Journal. It was reproduced or revised and republished in 1995 under Knox and Taylor’s (1995) editorial *World cities in a World-System*. This study used the republished version as the original one could not be obtained.

The emerging global system of economic relations assumed its material form in urban localities that were enmeshed with the global system. The specific mode of their integration in this system gave rise 'to an urban hierarchy of influence and control' (Friedman and Goetz, 1982, p. 310). At the apex of this hierarchy were a small number of massive urban regions or cities that were in turn called world or global cities. These were also intensely connected with each other through decision making and finance and constitute a worldwide system of control over production and market expansion (Sassen, 1997; Knox, 1995). They were also called "smart cities" because of the information and computer networks connecting them (Stutz and de Souza, 1998). Examples of world-cities include New York, London, Tokyo, Paris etc.

One of the by-products of this approach, has been attempts to rank the major cities of the world according to the functions they perform within, and their integration into, the global economy, whether they are centres of decision-making and authority in the registers of economic, cultural and political information (Simon, 1995; Friedman and Goetz, 1982). For instance, Friedman (1995b) writes that 'key cities throughout the world are used by global capital as "basing points" in the spatial organization and articulation of production and markets. The resulting linkages make it possible to arrange world cities into a complex spatial hierarchy' (p. 319). Academic writers give prominence to the top rank of world cities (Robinson, 2003) where 'the explanation for the dominance of a few cities at the top of the global urban hierarchy rests on the concentration in these cities of capacities for control and coordination of a globally dispersed economy' (*cited in* Robinson 2003, p. 262).

In her significant contribution to the world cities debate, Saskia Sassen (2000; 1997; 1995) shows how the term 'world cities' capture a distinctive feature of the world economy. She argues that the spatially dispersed global economy requires locally-based and integrated organization, and this takes place in world cities

(Sassen, 2000). While many transnational companies seldom maintain headquarters in central areas of these major cities, the specialized firms which they rely on to produce the capabilities and innovations that are necessary for command and control of their global operations have remained or chosen to establish themselves there. As a result the concentration of financial and service functions within the contemporary global urban system has fostered localized economic cores so potent that they have generated entirely new production complexes (Sassen, 1995).

The world cities are those that control the global economy (Knox, 1995; Friedmann and Goetz, 1982). Competition between world cities and the impact of external shocks shape the fortunes of world cities and their position in the hierarchy (Robinson, 2006; 2002). Therefore cities may rise and fall through the hierarchy, and their position is determined by the relative balance of global, national and regional influence. Even though the status within the world city hierarchy is informed by a range of criteria, including national standing, location of state and interstate agencies, and cultural functions, the primary determining factor is economic status (Robinson, 2002; Duffy, 1995). As Friedman (1995b) writes: 'The economic variable is likely to be decisive for all attempts at explanation' (p. 317).

Cities which do not meet this criteria, especially those from poor countries, are taken "off the map" of world cities theorists (Robinson, 2006; 2002). They are described as lacking innovative dynamism and their hope for survival borders on following 'the example of successful cities and hook into global flows.....[so that] they can find their way onto the radar of urban theory and be counted' (Robinson, 2003, p. 260). Similarly, many poor people are excluded from the space of global capitalism, and thus from the field of world cities because they are, to use the words of Friedmann (1995a), 'economically irrelevant and, at worst, constitute a drain on the economy' (p. 41).

Johannesburg is often regarded as the only city on the African continent aspiring to be or capable of qualifying as world/global city (Mabin, 2007; CDE, 2002, p. 9). Many proponents support this view. Jennifer Robinson (2003) argues that Johannesburg 'falls easily into this category of [global] cities' or 'is billed as a city on the cusp of global status' (p. 263). John Friedmann concurs:

In my original formulation Johannesburg was the only world city in Africa. But this was before the international boycott of South Africa and prior to the current political struggle of the black majority for political control of the country. This struggle of the black is likely to continue and create large uncertainties, which will make it difficult for Johannesburg to recapture its world city position (Friedmann, 1995a, p. 39).

Urban regeneration can therefore be seen as part of broader attempts to position Johannesburg in the hierarchy of world cities or making it 'a world class African city' as the city often claims (CoJ, 2002). As discussed in the previous chapter, the vision about the future of Johannesburg has been premised around the world city notion. The promotion of Johannesburg as 'a world class city' or 'a globally competitive African world-class city' or 'a world-class business location' under *iGoli 2002, 2010 and 2030*, respectively, all had a flavour of the world or global city aspiration (Mabin, 2007; Parnell, 2007; Rogerson, 2005).

Criticism of the World Cities Theory

The world or global city concept builds into the idea of hierarchy and status. In this regard the concept of world or global cities is replaying long-standing divisions between cities that are seen as successful and achieving and those which are invited to follow suit. It precisely on the basis of such divisive nature of the world city theory that Robinson (2003) argues that the world theory severely limits perspective of the possible futures of particular cities. The categorization of cities as Global, World, Third World, Western or African Cities may be problematic because these categories capture cities through 'rubric of developmentalism' and 'impose substantial limitations on imagining or planning the futures of cities around the world' (Robinson, 2002, p. 531).

The concept also juxtaposes cities into a world and non-world cities dichotomy. Cities are therefore understood in reference to others, i.e. London is more

economically developed than say Bombay, and therefore qualifies as a world city. The danger of this dualism is that it tends to, in the words of Robinson (2003), 'invoke a future that emphasizes either those areas or sectors with globalizing potential or those that fail to conform to some or other norm of city living' (p. 268).

In addition, global and world city approaches tend to focus on a small range of economic and political activities within the restrictive frame of the global approach. As a result, Robinson (2002) argues, such urban theories tend to have an adverse worldwide impact of geographically dividing urban studies between urban theory, broadly focused on the 'West', and development studies, focused on places that are called 'third world cities':

There is a need to construct (or promote) an alternative urban theory which reflects the experiences of a much wider range of cities. This will involve disrupting the narrow vision of a (still) somewhat imperialist approach to cities, which has been reinforced by the strident economism in account of global and world cities (Robinson, 2002, p. 532).

There is a need for a shift from a focus on global/world city 'models' to a more grounded examination of the interaction between global and local actors and institutions in a particular setting' (Shatkin, 2007, p. 2)

Robinson (2002) goes further to reject the split in cities categorization and argues for what she calls 'ordinary cities' cities approach in the place of the global or world cities. Categorising cities tends to ascribe prominence to only a few cities as originators of urbanism and certain features of cities. She argues for a move beyond the divide because categorizing cities has substantial effects on how cities are understood around the world and this in turn limits the scope of imagination about possible future for cities. Ordinary cities approach takes the world of cities as its starting point and attends to diversity and complexity of cities. This new approach, which offers a generalised account of cities, offers an alternative way of looking at cities and stresses the importance of acknowledging diverse and overlapping networks of interaction within a city:

Policy-makers need to be offered alternative ways of imagining cities, their differences and their possible futures – neither global status nor simply reducing the problem of improving city life to the promotion of 'development'.....Ordinary cities, on the other hand (and that means all cities), are understood to be diverse, creative, modern and distinctive, with the possibility to imagine (within the not inconsiderable constraints of contestations

and uneven power relations) their own futures and distinctive forms of city-ness (Robinson, 2002, p. 546)

Robinson argues that attempts at becoming world or global cities approach, like the competitive cities approach, can have devastating consequences for most people in the city, especially the poorest, in terms of service provision, equality of accesses and redistribution. That is because 'global and world city approaches encourage an emphasis on promoting economic relations with a global reach, and prioritizing certain prominent sectors of the global economy for development and investment' (Robinson, 2002, p. 547). The 'ordinary city' on the other hand promotes alternative models of development, which see the connections, rather than conflict, between informal and formal economies, explores links between diversity of economic activities in any ordinary city, and emphasizes the general creative potential of cities, rather than those approaches that support some sectors to the detriment of others.

In *Ordinary Cities*, Robinson (2006) reinforces the argument from her earlier work. She sets a framework for thinking about cities which cuts across the long-standing divide between cities. In doing so, she explores the link between urban modernity (i.e. the experience of contemporary city life) and urban development (i.e. the ambition to improve life in cities). She argues that urban theory needs to look at creative ways of imagining distinctive futures for urban places and diversity of urban experience. This approach brings the city as a whole back in to view and looks at the city in all its diversity and complexity rather than looking at some cities as more advanced than others and thus relegating those cities from poor countries to residual categories or looking at some cities as exemplars and others as imitators:

Instead of seeing some cities as more advanced or dynamic than others, or dividing cities into incommensurable groupings through hierarchising categories, I have proposed the value of seeing all cities as ordinary, part of the same field of analysis. The consequence of this is to bring into view different aspects of cities than those which are highlighted in global and world cities analysis (Robinson, 2006, p. 109).

Viewing cities as ordinary is important for how different futures of cities are imagined as places of diverse networks and distinctiveness; and this has greater potential to contribute to the direction of urban policy.

4.2.3 The New Urbanism and Compact Cities

The New Urbanism is a relatively new approach to physical planning concerned with creating vibrant and compact space for community life. It involves new ways of thinking and planning (common in application but not entirely congruent) about urban form and development. It affirms the appeal of compact, mixed-use, walkable and relatively self-contained communities, instead of car oriented development (Grant, 2006). In South Africa, the New Urbanism has been reflected as part of policies and planning discourse that seek to integrate development spatially and sectorally through mechanisms such as integrated development planning (Harrison, 2002; Todes, 2000).

These mechanisms seek to deliver sustainable development in the face spatial limitation, discourage urban decentralization and sprawling developments, resulting in the adoption of urban compaction policies (Breheny, 1997). Sprawling developments are regarded by proponents of this approach as dysfunctional, costly and defeating to the notion of sustainable environments. As such, New Urbanism is deeply intertwined with the strategies necessary to keep cities competitive in an era of globalization.

The New Urbanism, in its various manifestations, reveals a strong need for order. Policies of New Urbanism embody compaction-integration, and the use of development corridors and nodes to focus development (Todes, 2000). Advocates of urban compaction often argue that urban decentralization results largely from the disorder in locations and 'push' effect of urban problems; hence, if, for instance, city economies can be revived, people will stop leaving them, exiles (i.e. those who left cities for suburbs) will return and cities will be more competitive (Breheny, 1997). These policies are therefore remarkably radical,

given the existence of free market ideologies. Typically they promote notions such as urban regeneration, the revitalization of town centres, restraint on development in rural areas, higher densities, mixed-use development, promotion of public transport, and the concentration of urban development at public transport nodes. They seek to manage growth by making cities more urban and to restore the kind of vibrant neighbourhoods experienced in the early 20th century (Grant, 2006).

The New Urbanisms emerged in the 1970s as a culmination of a search for appropriate urban strategies and alternative paradigms for urban development (Grant, 2006). It emerged as criticism of the modernist city model that was premised on historic principles, traditional methods of city building associated with the Garden City²¹ model. It developed as a movement as a response to the failure of cities and suburbs in the mid-20th century and was concerned with overcoming the inequities of modern society, as Grant (2006) write: 'New Urbanism takes the failure of the garden city and modernism as its starting point' (p. 45). Advocates of the Garden City model believed that building satellite cities could contain sprawl, protect agricultural land, safeguard the family, and eliminate the ills of the industrial city. However, during the 70s, households were getting smaller and families were aging rapidly. The modernist city models and principles lost their relevance. As an antidote to placeless suburbs, New Urbanism offered new a prescription for neighbourhoods which advocated urban living in vibrant, connected, and diverse places.

Scholars also tended to challenge the modern city and industrial city models as dysfunctional. The work of Jane Jacobs (1961) is just one of many critiques of the modern city model which extensively covered the failures of the 19th century

²¹ The Garden City model is a brainchild of Ebenezer Howard, an influential English urban planner in the 19th century. This model was premised on the reduction in urban densities through building of new towns, which were called *Garden Cities* and in which a green belt beyond the boundary of the central city. Howard's ideas were emulated by generations of urban planners and urbanists. The idea of Garden City culminated into the Garden City Movement which, from the late 19th century onwards, had exercised considerable influence over the development of town and country planning (Osborne, 1970).

industrial city. In her popular book, *The Death and Life of Great American Cities*, Jacobs criticized modernist urban form generated by modern town planning and called for more responsible ways of building cities. She documented the failures of modernist planning ideas such as high-rise buildings and large parks to maintain the vibrant, fine-grained mixed use of the ethnic neighbourhoods of Greenwich Village that she loved. Jacobs associated incivility with the change in urban form and therefore postulated a mix of uses, facilities and people in the city. Urban vitality, she argued, comes from density, mixed-use at a fine grain and diverse neighbourhoods. She argued that large parks and high-rise buildings were venues for criminals and warehoused the poor respectively, and called for an end to such designs.

Similarly, the works of Leon Krier (1978 *cited in* Grant, 2006) and Kevin Lynch (1981) played an influential role in advancing the New Urbanists argument. Krier (1978) concentrated more on design questions. His view of the good city was premised on visual coherence and mix of functions and uses within a city. He looked at pre-industrial cities as models for integrated places and urban functions. In *A theory of Good City Form*, Lynch (1981) offered guidance for what he called 'good city form'. He postulated theories that explain spatial patterns in the city relating to spatial form and functionality.

There is no standard naming convention for the New Urbanism approach. It goes by various names such as neo-traditional town planning or traditional neighbourhood design (TND); transit-oriented design (TOD); transit villages or pedestrian pockets; the compact city movement (Grant, 2006; Harrison, 2002). In the USA, Britain and Canada, terms such as new community design or traditional urbanism; urban renaissance; and smart growth are likely to be used, respectively. Whatever the label used, the common thread among New Urbanists is the resentment of suburbanism and urban sprawl, as Grant (2006) writes:

The resentment of sprawl has spread quite far. Our popular culture seems to accept the premise that the suburbs are meaningless places. The suburbs – home to the majority of

urban dwellers in many nations – have become the butt of jokes, and locale for tragic movies. Worse still, the suburbs find themselves accused of generating social ills from anomie to road rage. Few stand ready to defend the suburbs (Grant, 2006, p. 5).

The logic of New Urbanism is that, through mixed-use of space, all urban necessities are close by and convenient. At the same time high-street style of living, reminiscent of village living of old days, further create a sense of community with a positive effect on the environment by reducing the need for motor car travelling. There are other added benefits such as living closer to workplace, which means individuals can save on travelling costs.

Urban regeneration is inspired by ideas associated with the New Urbanism theory (Grant, 2006; Harrison, 2002; Breheny, 1997). Through urban regeneration and [re]densification, it is believed, in theory, that urban sprawl can be countered and urban compaction can be strengthened. The revitalization of derelict buildings is also consistent with the principle of “efficient use of infrastructure” that embodies New Urbanism. While the South African version of New Urbanism drew from the works of proponents such as Jane Jacobs and Kevin Lynch, ‘it developed in a context where a primary concern was with knitting together fragmented and dysfunctional cityscape produced under apartheid (Harrison, 2002, p. 8).

Examples of inner city projects inspired by New Urbanism thinking are mixed-use developments such as Newtown Cultural Precinct and Braamfontein corporate precinct. These mixed-use developments have been renowned for a ‘unique’ offering and gained favour with both commercial users and residential consumers seeking alternative and interesting experiences (Haggard, 2006; Harrison, 2002; JHI Report, 2003).

Criticism of the New Urbanism and Compact Cities

While ideas of New Urbanism have found their way into contemporary planning discourses, studies often question the feasibility and benefits of the compact city

approach, owing to some evidence pointing to a starkly ambiguous relationship between compaction and environmental sustainability, urban efficiency, and urban equity (Breheny, 1997). Ideas of New Urbanism are also regarded as at best contradicting market forces. The main doubts about the compaction case therefore concern the degree to which the compaction logic defies the market and the degree to which the market can or will bend to follow the logic of compact development, as argued by Breheny (1997):

While stronger urban regeneration policies will make cities more attractive places in which to live, the implication of continuing decentralization is that the compaction movement will still contradict the market. And what drives the market? Certainly, the builders of mass housing and office parks favour 'easy' Greenfield sites; for doing business on them is simpler and more profitable. These developers will argue that they are following consumer demand which leads them to decentralized locations.

In the context of urban regeneration, development of Brownfield sites in support of urban compaction may also face technical problems revolving around questions of contamination, reclamation, accessibility, land ownership and legal liability (Breheny, 1997). These issues become more complex as the sites become more difficult. And, while these issues are largely technical, they are ultimately *political* as well because serious progress will depend upon government intervention.

4.3 THEORIES ON URBAN POLITICS AND POWER RELATIONS

4.3.1 Elite Theory

One of the major criticisms of the “market-based” approach to urban regeneration, as discussed in chapter 3, is poor social impact and the resultant social disparities in urban environments. The elite theory proposes some insight into the question of social equity. It posits that the nature and structure of urban society, urban developments [such as urban regeneration] cannot ensure benefits to the wider urban population. Societies are, the theory holds, ruled by a relatively small number of people with like-minded, usually business, interests (Judge *et al*, 1995). The elite theory posits that the structure of society resembles pyramids, with a relatively small number of very powerful people at

the top gradually giving way to a large mass of unpowerful individuals at the bottom (Harding, 1995).

It is this hierarchical arrangement of society in which relations between the rulers and the ruled, the powerful and the powerless are determined. The problem is not that the elite exist, but rather that the elite tend to determine courses of action with little or no involvement of the rest of the members of society. This has been the case since the early days 'of modernization ideology when it was assumed that suitably committed elites would be the agents of modernization in backward countries once they had had their reckoning with traditional elites' (Moffett and Freund, 2004, p. 134).

The elite theorists explain the world in terms of what *they* are doing to or for *us* (Harding, 1995). *They* are the elite or the group(s) of individuals whose decisions play an important part in shaping the lives, choices and futures of the mass of the people. This theory sees power as a key element in decision making process and argues that control over crucial resources is in the hands of a few (Harding, 1995). The elite theory argument is considered relevant in the context of urban regeneration, a process often seen to be largely driven by a few powerful stakeholders with little or no involvement of the poor (Squires 1997; Loftman and Nevin, 1995; Atkinson and Moon, 1994; Stoker and Young, 1993).

The origins of the elite theory can be traced from the Ancient Greece with influential writers such as Plato (1974 *cited in* Harding, 1995) emerging as its major proponents, but has developed into a strong theory in the 19th century. The elite theory was used to explain distinction between individuals or groups on the basis of possessions, wealth, status and leadership capacity. The society was controlled by elites in leadership positions. In most capitalist societies it was considered important to have well-trained hierarchy of management in the actual determination of business operations, given the increasing dominance of very large, internationally-minded firms.

Harding (1995) argues that the elites have gained acceptance in modern society. Firstly he argues that there is a reliance on elite leadership and domination although without believing it to be natural, just, efficient or satisfactory when measured against a range of criteria which might define a good society. Secondly the rule by the few might be favoured and major problems may only arise when elite are challenged or are not allowed to rule. Thirdly, elite rule may be viewed by society with trepidation, but may be generally accepted, with reluctance, as a necessary evil for the functioning of society.

The advocates of the elite theory frequently make reference to the fact that elites operate through coalitions, explaining why the private sector is invoked in urban development processes. For instance, urban renewal projects in the USA in the post-World War era were not always viable in and of themselves. The growth coalitions in the USA, in their quest for urban renewal were often aimed against the poor and the preservation of space that they have found most helpful for survival of sociable living. As a result, urban renewal often meant the disappearance of neighbourhoods, homes and jobs and was regarded as 'the scourge of progressive of urban planners' (Moffett and Freund, 2004, p. 136).

These coalitions tended to be dominated by business interests and had to rely on national political forces to provide catalytic influence at local level and hence programmes such as urban renewal tended to benefit a few (mainly the private sector) (Moffett and Freund, 2004; McCarthy and Pollock, 1997; Stoker and Stephen, 1993; Loftman and Nevin, 1995). The growth coalitions were also enticed by big concessions [e.g. tax incentives] to firms in order to boost investment and profit rates. This 'engendered the "private-public partnership" paradigm where the ability of the public sector to make conditions for the private sector has diminished dramatically and the role of the state has been "accepted" as being essentially facilitative only (Moffett and Freund, 2004, p. 137).

Some elite writers have applied the argument of growth coalitions to a city. Prominent among them is the influential Clarence Stone, whose work in Atlanta gave birth to what he is known as 'regime politics'. Stone (1989) argues that coalitions have made Atlanta efficient:

What makes governance in Atlanta effective is not the formal machinery of government, but rather the informal partnership between city hall and the downtown business elites. This informal partnership and the way it operates constitute the city's regime; it is the means through which major policy decisions are made (Stone, 1989, p. 3).

Stone further emphasized that in the absence of effective organization (which is common in areas affected by urban decline), elites are very likely to triumph over popular interests, even those marked by protest movement.

The work of Fainstein and Campbell (1997), also shows the application of the elite theory in their analysis of the role of politics and polity in urban redevelopment in the US and UK. They argue that the US and UK share 'a typical, though by no means uniform, history of urban redevelopment' (p. 11). Like Moffett and Freund (2004), they argue that in the US urban renewal was driven by business groups, usually in concert with political leaders, promoting their vision of the revitalized city, often forming organizations that provided governments with plans and technical. Consequently, business interests dominated the negotiations among government and community on the content of redevelopment. This was bolstered by elite and middle class consumers seeking a more exciting downtown and attractive, centrally located housing. Fainstein and Campbell (1997) acknowledge that 'neighbourhood and lower income have received some gains in some places from redevelopment. Generally, however, the urban poor, ethnic communities, and small businesses have suffered increased economic and locational marginalization as a consequence' (p. 11).

Criticism of the Elite Theory

The elite theory is often criticised for looking at the world as an entity defined by geographical boundaries of cities. Elite theorists' depiction of community was the people residing within such boundaries and those lying beyond those boundaries

offered little interest. According to Harding (1995) this may cause problems for analysis of power as it conflates geographical places with 'communities', and power over local government decisions with power per se. In so doing, advocates of elite theory implicitly imputed an unrealistically high degree of local autonomy where the powerful were assumed to be residing within the same boundaries. The problem with this is that it tended to ignore non-local influences on the extent and nature of power exercised by local people.

Yet, the elite theorists assumed external influences as both constant and therefore unproblematic or non-existent, or too difficult to cope with empirically (*ibid*). Factors such as non-local ownerships of productive assets, the capacity of higher levels of government to influence the local structures, processes and outcomes of local government decision making were largely ignored. Harding (1995) argues that any change in these factors can affect the level of local political and economic autonomy in that it can determine who controls resources and hence who holds power, what decisions local government are empowered to make, how they make them, what magnitude they have and therefore what importance they assume for other local interest groups.

4.3.2 The Urban Regime Theory (URT)

The Urban Regime Theory (URT) perhaps holds even greater relevance for the process of urban regeneration than elite theory, especially where the process shows greater dependence on the private sector investments. This is a relatively new theoretical force when compared with, say Pluralism, Marxism or Elite Theory, but has become a strong force in understanding the variety of responses to urban change. The portals of the URT can be traced from the earlier work of neo-pluralist on changing dynamics of urban governance in the 1950s. For instance, Dahl and Lindblom (1953) began to examine the relationship between business and government.

In their latter work they acknowledged that business, because of resources it possessed, had a privileged position in such relationships. For instance Lindblom (1977) writes of the 'privileged position of business' (p. 34) – a statement which is often used as a starting point by regime theorists. According to him the political role of business is not merely an interest group role in such relationships. Rather its interest group activity is 'only a supplement to its privilege position' (Limblom, 1977, p. 193). Similarly Dahl acknowledged the political effects produced by corporate capitalism and concluded generally that 'capitalism is persistently at odds with values of equity, fairness, political equality among all citizens, and democracy' (Dahl, 1990, p. 83).

The regime theory formally came to the fore in the field of urban politics from the mid-1980s onwards (Harding, 2000a; Stoker, 1995). When the terms 'regime' first appeared in urban studies, it was used simply to describe 'the cycle of powerful elected officials and top administrators' in the US city government (Fainstein and Fainstein, 1987, p. 256). Since then, the concept of an urban regime expanded considerably (Elkin, 1987) and its popularity grew such that 'major urban journals are now filled with references to regimes' (Stoker, 1995, p. 62). The urban regime theory (URT) offered a conceptual framework which linked together many aspects of urban governance and 'effectively enjoined researchers to look for evidence of cross-sectoral and intergovernmental coalition-building for urban development and to assess its importance within the wider politics of localities' (Harding, 2000a, p. 58).

The regime theory posits that there can be more to the formulation of development strategies than the formal, bureaucratic processes adopted by individual public institutions. It encourages an inquest into public-private-partnership as both a process and an institution (Harding, 1997). It is a middle range theory that takes on board central tenets of capitalist liberal democracy, particularly the basic division of labour and the market (Harding, 2000a). It adopts a neo-pluralism position (Lindblom, 1977) and argues that, in liberal

democracies, government depends upon the market to satisfy human needs. It accepts the privileged position of business and is concerned about the limits to effective democratic politics. Consequently, the URT holds, business and business groups effectively shape the agenda and actions of government.

Elected leaders are also compelled to support other powerful interests, especially business community. This is because, the theory holds, productive assets lie substantially in private hands, therefore state managers lack authority over market decisions. To get business to perform social responsibilities such as provision of jobs, goods and services, the state must use inducements, not commands (Harding, 2000). The regime theory emphasizes the interdependence of governmental and non-governmental forces in meeting economic and social challenges and focuses attention upon the problem of cooperation and co-ordination between government and non-governmental actors (Harding, 2000a; Stoker, 1995).

Urban governance, regime theorists argue, is characterized by decentralization and shifting of responsibilities within the state, increased financial constraint and the development of privatized services using for-profit and non-profit organization (Stoker, 1995). The urban governments in turn work through and alongside other interests (e.g. private sector) in advancing a range of policy programmes such as economic development, human capital, crime prevention, environmental protection etc.

Therefore business, because of resources it possesses, is often invoked to help in solving urban problems, as Stone (1993) puts it: 'in order for a governing coalition to be viable, it must be able to mobilize resources commensurate with its main policy agenda' (Stone, 1993, p. 21). Harding (2000a) adds that governing coalitions 'bring together those who have access to, and can deliver, various resources, be they material, such as finance, personnel, and land and buildings, or intangibles, such as political, regulatory, and informational

resources' (p. 55). The regimes also operate in networks. The network approach sees effective action as flowing from the cooperative efforts of different interests and organizations. Cooperation is obtained, and sustained, through the establishment of relations promised on loyalty, trust, solidarity and mutual support rather than through hierarchy or bargaining (Harding, 2000a).

The regime formation is often justified by those on the political Right who criticize local authorities as slow to act, bureaucratic and lacking in entrepreneurial dynamism whilst those on the Left see them as legitimate agencies who are increasingly undermined by central government restriction and growing corporate power (Raco, 2003). Many studies applied the regime theory analysis, including local ones. A study conducted by Mike Raco (2003) on urban regeneration in one of England's fastest growing town, Reading in Berkshire in 1990s and 2000s focusing on the dynamics of urban governance in that town, depicts the application of the regime theory. Raco argues that 'local politics has become dominated by public sector agencies intent on promoting particular forms of middle class, consumption-based regeneration in an effort to take advantage of service-led investment opportunities and Reading's location in the broader South-east/UK economy' (p. 38) and 'regeneration agencies with opportunities to influence and shape regeneration agendas and programmes in a variety of ways' (p. 37).

Similarly, Beall *et al* (2002), who drew analysis from the formation of the urban regeneration partnerships formation in the City of Johannesburg, argue that these partnerships are dominated by the private sector which both leads and take decision. Urban regeneration projects, they contend, 'remain dominated by powerful interests, and the benefits rarely spread beyond the precinct. As a result, while the city has been able to engage successfully in circumscribed projects with coalitions of interest linked to formal business in Johannesburg, its efforts at residential urban regeneration have been less impressive' (p. 128).

Criticism of the Urban Regime Theory

The Regime theory has been criticized for privileging agency over structure (Raco, 2003). This is problematic in a sense that it tends to focus on horizontal modes of coordination between agencies. Although this has certain degree of significance, Raco argues 'it is often vertical relations of power and responsibility that underpin the development of local agendas' (p. 41). The regime approach has been also criticized as ethnocentric in that it assumes not just liberal democracy, but the particular institutional, economic and social forms it takes, particularly in the US (Harding, 2000a).

It is also considered to be methodologically underspecified (arguably due to its recent history). A research on 'informal arrangements' and coalition-building is inherently tricky but the regime literature, whilst emphasizing such phenomena, is criticized for offering few guidelines to empirical researchers' (Harding, 2000a, p. 58). Although regime theory has been criticised, it has made a significant contribution to urban studies and has gained resonance among respected writers in urban politics and power relations. This theory is considered particularly relevant in the analysis of urban regeneration in Johannesburg where political and business coalitions have been found to be active (Lipietz, 2003, Tomlinson *et al*, 2003b; Beall *et al*, 2002; Bremner, 2000).

4.3.3 The Growth Machines Thesis: Elite and Regime Theories in application

The Growth Machines thesis developed in the 1980s and attempted to expand the elite theory beyond the community power debate. The growth machines school took into account aspects of urban change by examining the actions of, and interrelationships between the main human agents that produced them. Along with regime theory, the growth machine model represented a systematic attempt to develop a political economy of 'place' and represented the application of both regime and elite theory at a city scale (Harding, 2000b; 1995).

It is a refined version of the elite theory but focuses on the broad field of urban development, in line with the regime theory, and not just on what affects local government decisions in the field (Harding, 1995). The growth machine thesis emphasizes the role of individual and interest groups and challenges the structuralist accounts that made it seem that human actions were immaterial to urban change. Proponents of the growth machine thesis emphasize the power of business community and argue that 'the activism of entrepreneurs is, and always has been, a critical force in shaping the urban system' (Logan and Molotch, 1987, p. 52).

Logan and Molotch (1987) further borrowed from classical Marxism in distinguishing between use-values and exchange-values with regard to immovable property. These writers argue that most people value their land or buildings for day-to-day uses they get from them but only a small groups of owners are mainly interested in making financial gain from their assets. They call this latter group 'rentiers' (or collectively growth machines). The 'rentiers' are those individuals who constantly strive to maximize the value of their assets by intensifying the uses they are put to or developing higher-value uses, in order to increase rents they can charge for using them. They lie at the core of the urban development process.

Logan and Molotch (1997)²² state that a growth machine tries to legitimize the gains of its members and disarm critics by espousing an ideology of 'value-free development' which claims economic growth is good for all. Public policy thus should serve private interests and governments have an important role, but one that should focus on facilitation of private capital accumulation via the free market (Squires, 1997). The 'rentiers' often do not occupy the properties they own, rather but, as property speculators, they tend to let them to tenants. However

²² This article is a reprinted, summarized and moderately revised version of John Logan's and Harvey Molotch's (1987) earlier book: *Urban Fortunes: The Political Economy of Place* (1987), appearing, as an article, in a book edited by Susan Fainstein and Scott Campbell (1997) *Urban Theory*, Blackwell Publishers

Logan and Molotch (1987) explain the impact of large-scale absence of landlordism on neighbourhoods:

The people who own and control the ghetto, through their market holding or their bureaucratic positions, live elsewhere and thus have little stake in enhancing the use values of residents (Logan and Molotch, 1987, p. 132).

What is important is that growth machines do not always embrace all interests, especially those of community. Local governments on the other hand are strong supporters, although not members, of growth machines because they are 'primarily concerned with increasing growth' (Logan and Molotch's, 1987, p. 53). Growth is portrayed as a boon that 'strengthens the local tax base, creates jobs, provides resources to solve existing social problems, meet housing needs caused by natural population growth and allows the market to serve public tastes in housing, neighbourhoods, and commercial development' (Logan and Molotch, 1997, p. 318).

The growth machine thesis, like regime and elite theory, holds that the decision making system works to the advantage of the most powerful and the detriment of the least powerful, re-emphasizing concurrence of the growth machines thesis with the pyramid structure of society of the elite theory. The systematic tendency of favouring enhancement of exchange-values over use-values in urban areas means that: In many cases, probably in most, additional local growth under current arrangements is a transfer of wealth and life chances from general public to the rentier groups and their associates (Logan and Molotch: 1987, 53).

However, the growth machine thesis contends that growth is not good for all. Its costs fall disproportionately on low income communities and marginal local businesses which, in the former case, can rarely compete with new residents and commuters who take over employment opportunities that come with new developments. In this context, the intense inter-urban competition for development encouraged by growth machines therefore offers questionable net benefit at a local, regional or national scale.

The growth machine thesis has, however, been criticized for being too simplistic and for making sweeping statements by analysts such as Clarke (1990); Cox and Mair (1988). While it has considerable strength, it has 'limited conceptualization of the local state' (Clarke, 1990, p. 191) and its view of the economic development process is narrow. The growth machine thesis has also been criticized on the economic development front for assuming that urban development does not benefit local areas and citizens. This can be attributed to the fact that growing property speculation, often on an international scale, inevitably dictates that fewer assets are locally-owned (Harding, 1995).

The argument that growth results in a disproportionate spread of cost on low income communities has also been criticized because the needs of corporate investors – indeed of any business in the information age – are not for low-cost sites. Locational costs are affected by many other factors such as the availability of local skills, relations between employers and unions/workforces, appropriate local networks of suppliers and business services, access to modern technology, the proximity of supportive higher education institutions and so on (Harding, 1995).

4.4 THEORIES ON CRIME

4.4.1 Classical and contemporary theories on crime

Classical urban theories have their origins in the 19th century and developed as a response to the urbanization trends associated with the Industrial Revolution which was characterized by a shift from rural to urban living (Hoyt, 2005). These theories postulate that while urban living has advantages, it also has many disadvantages. Urban living may be associated, on the positive front, with exposure to diverse cultures and a wide variety of consumer choices for housing, education, and shopping. Urban areas also contain other social amenities such as entertainment, parks, outdoor living and spontaneous inter-personal interactions.

However, on the negative side, sociologists and scholars such as Emile Durkheim (1991 *cited in* Emirbayer, 2003) and Ferdinand Tönnies (2002) argue that there are more disadvantages in urban living. These scholars argue that urban living prevents a common morality, weakens social bonds among people and isolates individuals from society. For instance Tönnies (2002) defines the rural-urban migration by contrasting two distinct forms of social organization or community and society. He uses this typology to argue that the ties that hold rural communities together were radically different, and more desirable, than their urban counterparts (*see also* Hoyt, 2005).

Durkheim (1991 *cited in* Emirbayer, 2003) on the other hand goes further to identify changes in social bonds among people as the main difference between rural and urban life. He argues that an industrialized society negatively affects human behavior because it encourages social differentiation that ultimately disrupts social solidarity. The work of Hoyt (2005) supports this argument. Citing the work of proponents like Louis Wirth (1938), Hoyt points out to social and psychological consequences of urban living. She argues that city dwellers react to their large, dense, and varied environments by altering their personality. Rather than experiencing a sense of belonging to a group or community, they experience superficial and transitory contacts. This leads to a state of anomie that is characterized by a feeling of isolation and indifference.

Also citing the work of Clifford Shaw and Henry McKay (1942), Hoyt argues that some neighbourhoods are unable to effectively control crime because of the presence of certain neighbourhood factors such as social disorganization tradition. This explains the spatial variation in crime rates in urban areas, that is, as social disorganization increases, so does crime. Over the past six decades, the social disorganization theory has been extended through the emergence of related theories such as “defensible space” (Newman, 1972), “Broken Windows” (Wilson and Kelling, 1982, *cited in* Ward, 2006 and Murray, 1995) and “routine activities” (Hoyt, 2005). For example, in his book, *Defensible space: people and*

design in the violent city, Oscar Newman (1972) postulates what he calls “defensible space” theory in which he argues that a properly designed environment can increase social cohesion among residents, and in turn, these relationships will increase informal surveillance mechanisms and reduce crime. Newman argues that ‘the problem of crime facing urban America will not be answered through increased police force or firepower’ (p. 1).

Newman goes further to argue that this model should be implemented (designed) by grouping dwelling units to reinforce associations of mutual benefit and by improving observability of places. The work of Jane Jacobs (1961) also reflects on ideas that were first mooted by Newman. In *The Death and Life of Great American Cities* Jane Jacobs (1961) argues that crime in urban residential areas can be reduced if these areas can be less anonymous and less isolated and if buildings can be oriented such that neighbours can see what is going on. That is because citizens are “natural proprietors of the street”, whose presence in public spaces increase the “number of effective eyes on the street” (Jacobs, 1961, p. 35).

These theoretical strands have come to inform a number of crime prevention measures. For instance, the introduction of additional street lighting can decrease crime by making public spaces more physically accessible and visible to the public. Similarly, routine patrols such as those carried out by security guards employed by City Improvement Districts (CIDs) are regarded as important in that, in line with Jacobs and Newman’s argument, security guards are likely to observe and report criminal activities (Hoyt, 2005; 2003). In fact, as stated, CIDs perform other functions such as physical layout of benches, street lighting, shop façade, maintenance and shape the ‘feel’ of an area. In this regard the philosophy of CIDs embodies the writing and widely accepted beliefs of both Jane Jacobs (1961) and Oscar Newman (1972), who concurred that ‘the supervision of public space deters criminal activity and the physical design of public space affects criminal activity’ (Hoyt, 2004, p. 368).

On the other hand the “broken windows” theory posits that criminals will seek out an area where signs of neglect are prevalent and pedestrians appear unattached and fearful (Hoyt, 2005). It posits that crime tends to be higher in distressed environments and that as physical and social incivility increase, informal social control weakens and fear increases. Vacant buildings, contaminated alleys and streets, and broken windows are, according to this theory, evidence of social disorder, diminishing social control and neglect:

The Broken Windows theory described by James Q. Wilson draws an association between disorder and crime. “If a broken window is unrepaired, all the windows will soon be broken. Broken windows are a signal that no one cares”. The theory suggests that the appearance of physical environment is not only a consequence of neglect but also a signal to others that behaviours that are usually prohibited are tolerated (Cohen *et al*, 2000, p. 230).

The “broken windows” theory, assumes a trade-off between breakdown of social civility and crime. It argues that as physical and social incivility increase, informal social control weakens and the fear of crime increases. As fear increases, the chances of criminal invasion increase, as does disorder that leads to an increase in serious crimes (Ward, 2006). Therefore the “broken windows” theory contends that signs of neglect and decay, prevalent in areas of urban decline, invite crime. The theory also holds that smaller crimes lead to larger, more serious crimes, and as such should be targeted as means of improving physical environment (*ibid*).

The analysis of “broken windows” theory has been extended to other academic fields and applied in studies in public health. One is the study conducted by Deborah Cohen *et al* (1999) examining association of neighbourhood conditions with high-risk sexual behaviour as well as relationship between community disorder and gonorrhoea rates in New Orleans neighbourhoods. The study found that deteriorating neighbourhoods have an influential and/or causal role in high-risk behaviours or are a marker for a risk factor for gonorrhoea. This suggests that neglected and decaying areas are prone not only to social disorder and crime but are also breeding nests for other illicit activities and high-risk sexual behaviours.

It is for these reasons that the “broken windows” theory claims that the presence of the police is important in increasing visibility, enhancing informal social control, lessening fear, and deterring crime. Practices such as “zero-tolerance” policing and other measures targeting small crimes and installation of CCTV cameras are all informed by this theory. In other words, focused and targeted police in areas of neglect is likely to deter criminal activities such as drug use, illegal dumping, and vandalism. This approach entails the adoption of a hard-line stance to criminal activity by police. This may include: 1) effective police visibility; 2) accurate and timely intelligence; 3) rapid deployment of police and resources; 4) effective tactics; and 6) unremitting follow-ups (Braga, 2001; Greene, 1999). It puts major emphasis on improving the quality of life for residents, cracking down hard on the most visible symbols of disorder.

The may encompass “hot spot” policing. This refers to place-oriented crime prevention strategies that focus on areas where the pattern of crime occurs frequently and repetitively (Braga, 2001). The underlying rationale behind this approach is that crime does not occur evenly across the urban landscape, but rather its distribution tends to reveal that crime concentrates in relatively small, secluded areas, known as “hot spots”. “Hot spot” policing may entail well-planned crackdown, directed and systematic patrols, proactive arrests and problem solving. A number of researchers have argued that crime problems can be reduced more effectively if police can focus in these deviant places with the aim of eliminating them (Hoyle, 2004; Braga, 2001).

An example is a study conducted by Braga (2001) which systematically reviewed various research studies and empirical evidence on the effects of focused police enforcement interventions at crime hot spots in numerous American cities. The study compared places that received the focus police interventions to those that experienced routine levels of traditional police services. The results of the systematic review supported the assertion that focusing police efforts at crime “hot spots” can be used to good effect in preventing crime, as the author puts it:

‘...the result of this study can be broadly taken to support the position that focused police enforcement efforts can be effective in reducing crime at hot spots’ (Braga, 2001, p. 118).

Similarly, the “routine activities” theory contends that the presence of informal, yet capable, guardians contributes to the collective supervision of public spaces and pressures offenders to evaluate potential victims more carefully (Hoyt, 2005). Activities such as patrols undertaken by CIDs are informed by this theory as CIDs provide supervision and are believed to be effective in reducing crime (Hoyt, 2005; 2004). In addition, the work of CIDs is to keep streets and building façade clean. This has a positive impact in that criminals will sense that the space is safer and people’s outdoor experience will be improved as they are less fearful. This work of CIDs is also supported by the “broken windows” theory which states that well-kept places tend to be less vulnerable to crime.

4.5 THEORY ON INVESTMENT AND RISK MANAGEMENT

4.5.1 Insight of Modern Portfolio Theory (MPT)

The Modern Portfolio Theory (MPT) is borrowed from the economic disciplines and is often used in areas such as equity trading and money markets. However, its principles also hold in the urban regeneration context. The MPT is premised on the trade-off between return and risk and, using a paradoxical thesis, it postulates that in any asset class or investment portfolio, higher returns are always accompanied by higher risks (Litterman, 2003; Adair *et al*, 2003). Put the other way round, the argument goes: if creating wealth is the object of making investment, then risk is the energy that in the long run drives returns. Risks themselves, the MTP holds, cannot be avoided and wealth creation depends on being prepared and willing to take risks. However, in order to reduce overall portfolio risk, the MPT points to requirement of diversifying and spreading of investments across less correlated assets.

When applied in the urban regeneration context, this MPT argument points that while the private sector may see urban regeneration as risky investment (Adair *et al*, 2000; McGreal *et al*, 2002), it may be a minefield of opportunities and lack of investment in this environment may be tantamount to missed opportunities (Adair *et al*, 2003). Urban regeneration is often characterized by fragile property markets, deteriorating stock and poor market information. In these areas, weak levels of market transparency tend to lead to incorrect perception and resultant mispricing or under-pricing of assets (Adair *et al*, 2003). However, the modern portfolio theory analysis maintains that the lack of investment in urban regeneration effectively translates to missed opportunities.

Studies have supported the thesis of realizing high returns from high risk environments such as urban regeneration. For instance, a study by Adair *et al* (2003) which measured investment performance returns for urban regeneration properties relative to national and local benchmarks of non-regeneration properties in various cities in UK found that while urban regeneration is generally regarded as high risk investment, urban regeneration properties yielded returns that exceed non-regeneration portfolios and other national benchmarks. This suggests the veracity of modern portfolio theory of high-risk-high-return dichotomy, as Adair *et al*, (2003) conclude:

.... the new evidence stemming from analysis in this paper is that investment returns for urban regeneration property are outperforming national and local benchmarks on a long-term performance basis. The enhanced levels of investment returns conflict with often held perceptions of weak performance within these locations (p. 384).

Criticism of the Modern Portfolio Theory

While the veracity of the MPT is supported by empirical evidence, the high risk high return argument is likely to hold in environments where reliable information about the market is available from which potential portfolio performance can be projected. While the MPT states that 'in order to be successful, investor must understand and be comfortable with taking risks' (Litterman, 2003, p. 7), the usual lack of pertinent market information on regeneration environments about

the potential performance of the regeneration portfolio can prove problematic (Adair *et al*, 2003; 2000).

Worse still, the Modern Portfolio Theory posits that ‘investor tolerance of taking risk is limited’...and ‘risk quantifies the likelihood and size of potential losses, and losses are painful’ (Litterman, 2003, p. 8). If a loss [risk] is perceived to potentially have too great an impact on an investor’s net worth, then the thought of loss may reduce the investor’s appetite to take risks. The depressed and derelict nature of urban regeneration environments, which the market views with scepticism, may not provide sufficient incentives to encourage private investment on the basis of an intuitive high return expectation.

4.6 CONCLUSION

This chapter has discussed the theoretical strands that are considered relevant to the notion of urban regeneration. It has highlighted some of the theoretical underpinnings of the notion of urban regeneration as well its shortcomings from a theoretical perspective. While urban regeneration, according to the competitive cities concept and World Cities Theory, is part of multiple strategies that attempt improve the attractiveness of cities thereby increasing their competitiveness, there are challenges to seeking to enhance urban regeneration through enticing private sector investment. One key challenge is to ensure widespread benefits to urban communities of practices informed by such theoretical underpinnings.

The elite and regime theories and growth machines thesis argue that such widespread benefits are unlikely to occur because such practices are decided upon by a few powerful individuals who work in coalitions to determine the future of cities. These include political and business elites who shape the urban agenda. Classical and contemporary urban theories on crime provide a plausible link between urban development and crime. On the other hand crime prevention measures implemented in Johannesburg tend to be informed, at least in part, by some of these theories. Finally the Modern Portfolio Theory suggests private



sector investment and involvement in urban regeneration can be related to the notion of risk taking and risk diversification. While investing in urban regeneration is generally perceived to be risky (McGreal *et al*, 2003; Adair *et al*, 2000; Adair *et al*, 1999), the Modern Portfolio Theory postulates that investing in this area is important if higher returns are to be realized. It is against the above theoretical background that this study will evaluate urban regeneration strategy employed in the Johannesburg Inner City.