

**GLOBAL CITIES OF THE SOUTH:
MEXICO CITY AND JOHANNESBURG IN AN ERA OF GLOBALISATION**

W. MICHAEL HAMILTON

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DR. SCARLETT CORNELISSEN
Supervisor

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DECLARATION

I, the undersigned, hereby declare that the work contained in this assignment is my own original work and that I have not previously in its entirety or in part submitted it at any university for a degree.

Signature

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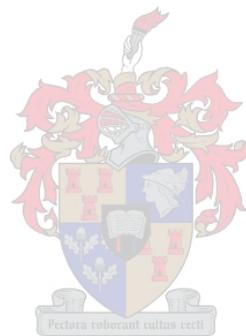


The global city discourse posits a new role for cities in light of increased economic integration and the rise of a global economy. Firms are increasingly investing capital in locations where profits are anticipated to be highest, creating a geographic dispersal of economic activity. As a result, the central command functions of firms – management, coordination, servicing, and financing of vast networks of operations – have become more complex and strategic. Firms thus outsource a portion of their central command functions to specialised service firms. Specialised service firms tend towards high levels of agglomeration and concentrate in a small number of locations, giving rise to command and control centres of the global economy or *global cities*.

Cities of the South are increasingly fulfilling global city functions, yet are generally approached through a developmentalist framework. The global city discourse places salience on specialised services and exhibits a Western bias. This study develops an alternative analytical framework that recognises an array of activities and processes, across three spheres of globalisation – markets, mafias, and movements – that contribute to the global connectivity of cities. In this way the role of cities of the South in the global economy is better understood. This study focuses on Mexico City and Johannesburg as global cities of the South. What the research uncovers is that these cities fulfil many global city functions and are amongst the best connected cities in their respective regions in terms of their ability to service global capital through growing specialised service sectors.

In this way Mexico City and Johannesburg emerge as global cities of the South that integrate large geographical areas, populations, and sub-global economies with the global economy. This study also illustrates that the way in which global cities are conceptualised limits the extent to which the concept can be applied in Southern context. Global cities of the South service far less global capital because of the nature of core/semi-periphery/periphery relations and underdevelopment, the role they fulfil in the global economy is, however, no less critical than that of global cities of the core. This study therefore proposes thinking of global cities as constituent units of a

global urban network, garnering certain power by occupying a particular niche constitutive of the whole network.



Volgens die wêreldstad-diskoers het stede 'n nuwe rol in die globale ekonomie. Die nastreef van groter winste lei daartoe dat maatskappye oor al meer diverse streke belê. Daarmee saam raak die belangrike beheerfunksies van maatskappye al meer kompleks. Maatskappye deleger beheerfunksies aan gespesialiseerde diensfirmas. Hierdie firmas neig om te konsentreer in 'n klein aantal geografiese areas, wat lei tot die ontstaan van globale beheersentra - sogenaamde wêreldstede.

Stede vanuit die Suide wat wel wêreldstadfunksies vervul word egter steeds vanuit 'n ontwikkelingsperspektief benader. Dus, vertoon die wêreldstad-diskoers 'n Westerse vooroordeel. Hierdie studie ontwikkel 'n analitiese raamwerk van 'n reeks aktiwiteite en prosesse, oor drie sferes van globalisering – markte, mafias en sosiale bewegings – wat bydra tot 'n erkenning van die globale inskakeling van stede. Hierdeur word die rol van stede in die Suide in die globale ekonomie beter verstaan. Die studie fokus op Meksiko stad en Johannesburg as globale stede van die Suide. Die studie toon aan dat hierdie stede verskeie wêreldstadfunksies vertolk en dat hulle van die mees ingeskakelde stede in hulle onderskeie streke is, in terme van hulle vermoë om bogenoemde beheerfunksies vir globale kapitaal te huisves.

In hierdie opsig staan Meksikostad en Johannesburg uit as globale stede van die Suide wat groot geografiese gebiede, bevolkings en sub-globale ekonomieë in die globale ekonomie integreer. Die studie toon ook aan dat die wyse waarop wêreldstede gekonseptualiseer word, die mate waartoe die konsep in die Suide toegepas kan word, beperk. Globale stede van die Suide hanteer baie minder globale kapitaal vanweë die aard van kern/semi periferie/periferie verhoudinge sowel as onderontwikkeling. Die rol wat hulle in die globale ekonomie vervul is egter geensins minder belangrik as daardie kern globale stede nie. Die studie stel dus voor dat globale stede beskou word as die samestellende eenhede van die globale stedelike netwerk, wat sekere magte bekom deur 'n spesifieke nis, samestellend van die totale netwerk, te beklee.

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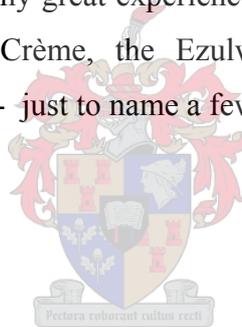


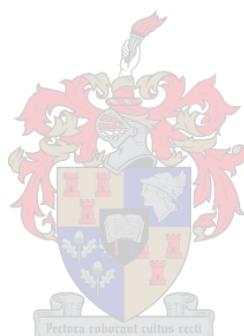
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LIST OF ABBREVIATIONS AND ACRONYMS

ACI	Airports Council International
AICM	Mexico City International Airport
Cd.	ciudad
CDE	Centre for Development and Enterprise
CIA	Central Intelligence Agency
CONAPO	Consejo Nacional de Población
DF	Federal District
FDI	foreign direct investment
FIFA	Fédération Internationale de Football
GACM	Grupo Aeroportuario de la Ciudad de México
GaWC	Globalisation and World Cities Study Group and Network
GDP	gross domestic product
GEDA	Gauteng Economic Development Agency
GGP	gross geographic product
GNP	gross national product
ILO	International Labour Organisation
IMF	International Monetary Fund
INEGI	Instituto Nacional de Estadística, Geografía y Informática
INFRAERO	Empresa Brasileira de Infra-Estrutura Aeroportuaria
ISS	Institute for Security Studies
JIA	Johannesburg International Airport
JSE	Johannesburg Securities Exchange
NGO	non-governmental organisation
PWV	Pretoria-Witswatersrand-Vereeniging Complex
SADC	Southern African Development Community
TNC	trans-national corporation
TSM	trans-national social movement
UNCTAD	United Nations Commission on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organisation
USGIWG	United States Government Interagency Working Group
WTO	World Trade Organisation
ZMCM	Zona Metropolitana de la Ciudad de México

CHAPTER ONE: BACKGROUND AND RATIONALE

1.1 BACKGROUND

Since the rise of the first cities in 4000 BCE, the lives and fortunes of cities have been shaped by the world economy. Offering a theoretical framework for understanding the current relationship between cities and the capitalist world economy is the global city discourse. As Brenner (1998: 4) notes, “[t]he central hypothesis of the most recent wave of [global] cities research... is that we are today witnessing another epochal transformation in the spatial organization of capitalism that has enabled cities to regain their primacy as the geo-economic engines of the world system”. This transformation, it is argued, started during the closing decades of the twentieth century and is in large part a result of the increasing importance of specialised services in the organisation of worldwide economic activity. Specialised services, or the “tertiary sector”, are at the core of all economic processes (manufacturing, agriculture, energy, services, etc.) and include, among others, advertising, consulting, design, finance, information gathering, insurance, legal services, management of information systems, marketing, public relations, real estate, research and development, and security services.

The importance of specialised services has dramatically increased as many industries have relocated to the semi-periphery and periphery in search of inexpensive labour and anticipated higher profits. Relocating operations has made the central command functions of firms more complex, which has, in turn, increased the demand for specialised producer services. The specialised services sector has thus come to dominate many national and urban economies (Brenner, 1998: 4), creating, it is posited, a *new* knowledge-based information economy (Castells, 1996: 66). Both global in scope and networked, the posited knowledge economy is characterised by a global space of flows – flows of capital, flows of information, flows of technology, flows of people, and flows of images, sounds, and symbols (Castells, 1996: 411; Short and Kim, 1999: 4). These flows have intensified worldwide integration, have minimised the constraints of distance, and have enabled the spatial dispersal of economic activity – phenomena that led many observers to proclaim the end of cities. Yet what the global city discourse argues is that the specialised services facilitating these flows tend towards high levels of agglomeration. Therefore, in tandem with the

geographic dispersal of economic activity, specialised services, physical infrastructure, and control operations have concentrated spatially, in major urban areas, renewing the importance of cities worldwide (Sassen, 2000a: 3).

As the preferred locations for specialised service firms, cities garner the power to service global capital. As such, it is argued that certain cities emerge as command and control centres – or *global cities* – from where the activities of global networks of firms are coordinated, innovated, and managed (Castells, 1996: 378). Global cities cover the spectrum of time zones, engage one another in fulfilling their functions, and are linked together via the global space of flows in a global urban network. Expansion of the global economy necessitates specialised services to manage new units joining the system and the conditions of their ever changing linkages (Daniels, 1993). The global urban network thus expands as new markets are incorporated in the global economy and new cities begin performing global city functions.

As the South¹ more deeply integrates with the global economy, specialised service firms are prompted to expand their geographic reach. Therefore, cities of the South are increasingly performing global city functions. Nonetheless, the global city discourse has largely neglected cities of the South. This can in part be attributed to a divide within urban studies between the global city and developmentalist discourses (Robinson, 2002: 531). Whereas the global city discourse focuses on specialised services and a city's ability to service global capital, the developmentalist discourse places salience upon the rapid growth of the South's urban centres and the plethora of problems that accompany rapid urbanisation – high rates of unemployment, urban poverty, insufficient housing, inadequate sanitation, inadequate or contaminated water supplies, serious air pollution, congested streets, overloaded public transportation systems, and municipal budget crises (Kasarda and Parnell, 1993: x). Hence these discourses have historically been associated with quite different groups of cities. Cities of the South do however function as important global hubs of finance, manufacturing, trade, and specialised services, creating a category of city that does not fit neatly within the scope of either discourse. Mexico City and Johannesburg are two such cities.

¹ The term “the South” is used here in a developmental rather than a geographical sense and refers, collectively, to the less developed states of the world, the majority of which are located in the southern hemisphere.

With nearly 18 million inhabitants², Mexico City faces many of the challenges associated with rapid urban growth but as Graizbord, *et al.* (2003: 515), contend, the city has unquestionably consolidated its position as a global city after two decades of increased integration with the rest of the world. With the demise of import substitution policies, Mexico City's economy transitioned from one based on manufacturing to one based on specialised services and the city emerged as a major global service centre in accountancy, advertising, banking, finance, and legal services. The city has become a gateway or "hinge" linking the Mexican and global economies (Parnreiter, 2002). Concerns and challenges remain despite this new role – Mexico City must deal with intensified social polarisation, poverty, and environmental concerns and does so within a context of underdevelopment.

Johannesburg is generally approached from a developmentalist point of view with an intense focus on the city's crime rates, inequality, unemployment, and insufficient housing. The city does face various developmental challenges, remains geographically isolated, and is dissimilar in many ways to global cities of the core but also stands out as one of Africa's most important economic hubs and a centre for specialised services. Moreover, the city is South Africa's largest³ and most powerful urban centre, serves as Africa's main transportation hub, houses one of the world's largest stock exchanges and since the fall of the apartheid regime, has expanded its role in the regional sub-Saharan African context by serving as a bridge to the global economy.

There are aspects of Mexico City and Johannesburg that lend themselves to global city inquiry and aspects that lend themselves to developmentalist inquiry. As a result of the divide within urban studies, cities are generally approached from either a global city point of view or a developmentalist point of view, with a focus on only certain aspects of the city - those aspects being ascribed to the whole city. This study offers an alternative analytical framework derived from global city theory for the study of cities of the South. Like the global city discourse, this study considers economic globalisation albeit with a less intense focus on the formal sector and specialised

² Mexico City is among the world's five most populated metropolitan regions with a population of 17,844,829 at the time of the 2000 Mexican census (INEGI, 2002).

³ With a population of 3,225,812 at the time of the 2001 census, Johannesburg is Africa's third largest city behind Cairo and Lagos (Statistics South Africa, 2001).

services. This study also considers informal economic activity, criminal activity, and other forms of globalisation from below, in addition to formal sector economic activity.

1.2 PROBLEM STATEMENT

Many observers argue that economic activity has come to be organised on a global scale, and as a result cities of the South are becoming increasingly important nodes in the global space of flows. Nonetheless, a lack of understanding persists within urban studies as it pertains to cities of the South, in part due to the divide within the field between the global city and developmentalist discourses. As Robinson (2002: 546) asserts, “[c]ategorizing cities and carving up the realm of urban studies has had substantial effects on how cities around the world are understood”.

New urban dynamics related to globalisation proceed apace in Mexico City and Johannesburg and these cities increasingly function as global cities. However, new elements in the urban landscape tend to be buried under the size of the population or the challenges of development. Mexico City and Johannesburg are largely approached through a developmentalist framework with a strong focus on poverty, unemployment, disease, crime, and pollution while globally oriented sectors go largely unrecognised. Approaching cities of the South through a global city framework poses other problems. At the core of the global city concept is a Western standard of city-ness – the concept has been extrapolated from the experiences of cities of the developed core. When the global city concept is applied to cities of the South the cities inevitably fall short of being recognised as global cities equal to their counterparts in the core because of underdevelopment. Full recognition of the growing convergence between cities of the periphery, semi-periphery, and core is thus impeded (Parnreiter, 2002) and the usefulness of the global city concept as an analytical tool for the study of cities of the South comes into question.

1.3 PURPOSE AND RATIONALE

This study is in large part a response to the lack of understanding that persists in regard to global cities of the South. The main contention is that cities of the South are increasingly functioning as global cities but because of their location in developing countries and the Western bias of the global city discourse, they are precluded from

global city inquiry. As such, cities of the South are relegated to developmentalist inquiry and full understanding of the extent and nature of their global connections is impeded. In other words the developmental challenges faced by cities of the South overshadow the ever-growing salience of these urban centres in the global economy. This study therefore explores the extent to which two cities of the South, Mexico City and Johannesburg, are global cities and identifies alternative sources of global connectivity that are not generally associated with the global city discourse.

This study develops a nuanced analytical framework that seeks to bridge the divide between and offers an alternative to the existing global city and developmentalist approaches. The work of Sassen (1991) and Van der Westhuizen (2002) underlie this alternative framework. Sassen (1991: 3) asserts that specialised services are critical in specifying global cities and because of the nature of these services, Sassen places an emphasis on linkages between global cities. The alternative framework outlined in this study considers specialised services but also identifies factors beyond the specialised services sector – alternative factors - that result in increased global connectivity. The focus is on linkages between cities as opposed to urban attributes. The choice of alternative factors stems from Van der Westhuizen's contention that globalisation operates in three distinct but interrelated spheres – markets, mafias, and movements. Whereas Sassen (1991) focuses on the markets sphere, this study expands the scope of analysis to include the mafias and movements sphere. Examples of mafias sphere and movements sphere activities include criminal activity, informal economic activity and the actions of diasporic communities, academics, and labour migrants.

Because cities of the South have weaker economies and are underdeveloped relative to cities of the core, the markets sphere fails in many instances to provide sufficient economic growth – a trend that is reflected in low living standards, low income per capita, and high unemployment. The mafias and movements spheres often fill the gap left by the weaker economy by offering a plethora of alternative opportunities and livelihoods, both licit and illicit. Many global linkages can be forged in these spheres but are neglected by the global city approach. As a result the global nature of cities of the South and the full extent of their global connectivity remain unrecognised and the

challenges of development persist as the main avenues of inquiry into cities of the South.

The choice of Mexico City and Johannesburg as case studies is based on this study's theoretical framework. The cities are vastly different in terms of size and cultural setting, but share a number of important characteristics in terms of their experiences within the global economy that make both credible candidates for global city status. Firstly, both cities are situated in semi-peripheral countries with economies that stand out as particularly large and dynamic in their respective regions. Mexico City and Johannesburg both generate a significant percentage of their respective country's economic output and both serve as points of articulation for their nations/regions with the global economy. Secondly, both cities have a similar historical experience as cities that were partially excluded from the global economy. Mexico City being partially excluded from the global economy until 1982 by means of Mexico's import substitution policies and Johannesburg being partially excluded until the early 1990s by means of sanctions against South Africa's apartheid government. Thirdly, both cities and the national economies of which they are a part have experienced large-scale deregulation and liberalisation in recent decades. Finally, both cities are seeking to increase their global competitiveness and the urban planning frameworks of both Mexico City and Johannesburg reference global city status as a desirable urban attribute.

1.4 RESEARCH QUESTIONS

With regard to the shortcomings of the global city and developmentalist discourses and the ramifications thereof, this study seeks to answer the following questions:

- To what extent are Mexico City and Johannesburg global cities? What features qualify these cities as global cities?
- How do Mexico City and Johannesburg differ from global cities in developed countries? What are the implications of these differences?
- What lessons do Mexico City and Johannesburg yield regarding urban development in a Southern context? What are the implications of these lessons for the global city concept and our understanding of global cities?

1.5 THEORETICAL FRAMEWORK

Marcuse and Van Kempen (2000: 5) assert, “the causes of changes within cities can to a large extent be traced back to developments that take place on higher spatial levels, regionally and even more critically nationally and globally”. In line with this, the global city discourse posits that global cities are largely the results of economic globalisation and the posited shift from manufacturing to specialised services⁴ that is said to have taken place in many developed economies and urban centres of the South. As Sassen (1999) summarises:

[The] new or sharply expanded role of a particular kind of city in the world economy since the early 1990s basically results from the intersection of two major processes. One is the sharp growth in the globalization of economic activity... The second is the growing service intensity in the organization of the economy, a process evident in all firms in all industrial sectors, from mining to finance.

The process of globalisation has been characterised by Held, *et al.* (1999: 2), as the “widening, deepening, and speeding up of worldwide connectedness in all aspects of contemporary social life”. Proponents of the globalisation discourse argue that production, consumption, and circulation (as well as components including capital, labour, raw materials, and markets) have come to be organised on a global scale, unifying the world’s multiple cultural systems into a single global economy (Castells, 1996: 66; Shannon, 1996: 24). It follows that many firms are increasingly operating trans-nationally, with productivity generated through, and competition played out in, a global web of business networks (Castells, 1996: 66).

The global economy concept is central to the global city discourse. As such, it is useful to examine the ways in which the *global economy* differs from the *international economy*. In the international economy economic processes are largely determined at the national level and international phenomena are viewed as outcomes that emerge from the distinct and differential performance of national economies (Hirst and Thompson, 1996: 10). The global economy by contrast is one in which distinct national economies are subsumed and articulated into the global system by international processes and transactions. In the global economy domestic policies,

⁴ Hall (1998: 18) has characterised the shift from manufacturing to specialised services as economic “*informationalisation*”. This term is utilised here when the use of a process noun is grammatically necessary or stylistically preferable.

both public and private, must routinely take account of the predominantly international determinants of their sphere of operations (Hirst and Thompson, 1996: 10). The trans-national corporation (TNC) emerges as a key stakeholder in the global economy – a TNC representing highly mobile capital, being without a specific national identification, with an internationalised management, and willing to locate and relocate anywhere to obtain either the most secure or highest returns (Hirst and Thompson, 1996: 11).

Increased foreign direct investment (FDI) is offered as evidence of the hyper-mobility of capital within the global economy. A significant increase in FDI has occurred in recent decades, fuelled by the transfer of manufacturing and service operations to the semi-periphery and periphery. Firms, it is argued, have relocated operations to locations where profits are expected to be highest entailing the geographic dispersal of economic activity. Globally dispersed operations make the central functions of firms – management, coordination, servicing, and financing of vast networks of operations – more complex and strategic (Sassen, 2001a: 82). Firms therefore outsource a portion of the central command functions needed to control, manage, and service their decentralised production systems to specialised service firms. Evidence points to the fact that specialised service firms tend towards high levels of agglomeration and concentrate in a small number of locations; giving rise to a new category of city – the *global city* (Sassen, 1991: 23). Serving as command and control centres in the global economy, the significance of global cities has been noted by Knox (1995: 7):

Without reifying cities themselves as actors, we can readily see that the distinctiveness of [global] cities is in their nexus of decision-making and interaction relating to economic, cultural, and political information. Their significance within a world economy that has been dramatically decentralized through the globalization of industry and the advent of telematics lies in their role as centres of authority, as places that are able to generate and disseminate discourses and collective beliefs, that are able to develop, test, and track innovations, and that offer 'sociable' settings for the gathering of high level information and for establishing coalitions and monitoring implicit contracts.

Economic globalisation lies at the heart of the global city concept. Globalisation is, however, not a singular process. It does not impact on all regions in the same manner nor is it the exclusive domain of large trans-national firms. The scope of global connections extends far beyond economic linkages to include technological, political,

legal, social, and cultural linkages, among others, that are forged by a plethora of global actors (Van Vliet, 2002: 32). Short (2004: 5) suggests that processes of political and cultural globalisation are also at work in the present era and Van der Westhuizen (2002: 69) recognises globalisation as operating in three distinct but interrelated spheres – markets, mafias, and movements. Moreover, this study argues the impact of globalisation on the South differs in comparison to the more developed core. This is largely because of underdevelopment and dependency, which colour the nature and type of global integration and connectivity in the South. It is thus necessary to consider all categories and spheres of globalisation in order to more fully grasp the global connectivity of cities of the South.

1.6 DEFINING KEY CONCEPTS AND URBAN UNITS

1.6.1 DEFINING KEY CONCEPTS: WORLD CITY AND GLOBAL CITY

The terms *world city* and *global city* are often used interchangeably but a distinction does exist between the two concepts. King (1990: 82) has argued that all cities are world cities – a strong argument if one accepts Short's (2004: 2) definition of world cities as those that are “linked, however loosely, to the global urban network of flows of people, goods, ideas, practices, and performances”. In *The World Cities* (1966) Hall more thoroughly defines his subject in terms of their multiple roles and in so doing imbues upon the world city a sense of it being a great centre of human social interaction over the course of history. In line with this, world cities are conceptualised as centres of business, finance, banking, and insurance; as centres of great political power and advanced professional activities; and as centres of conspicuous consumption, arts, culture, and entertainment (Hall, 1966:8; Hall, 1998: 17).

The *global city* concept differs from that of world city in three significant ways. Firstly, it introduces a far stronger emphasis on particular sectors of the global economy (specialised services) and therefore on questions of power (servicing global capital). Secondly, the global city concept, because of the nature of specialised services, has a much stronger emphasis on the networked economy. Lastly, it tends to have more of an emphasis on economic and social polarisation because the tertiary economic sector creates fewer middle wage jobs than the manufacturing sector does. This is unique from the world city concept which is more cognisant of other functions,

history, cultural influences, and national policies. Sassen (2001a: 79) coined the term global city in 1984 “knowingly doing so”, indicating “it was an attempt to name a difference: the specificity of the global as it gets structured in the contemporary period”. She notes that the obvious alternative, *world city*, has precisely the opposite attribute – it refers to a type of city that has existed for centuries.

In distinguishing between world and global cities, Sassen (2001a: 79) offers “it could be said that most of today’s major global cities are also world cities, but there may well be some global cities today that are not world cities in the full, rich sense of that term”. This becomes more likely as the global economy expands and new cities join the global urban network. Sassen points to Miami as a useful illustration. Miami began developing global city functions in the late 1980s and has since become a global point of articulation for the economies of the Caribbean and Latin America but lacks the historical significance and myriad other functions of a world city

1.6.2 DEFINING URBAN UNITS: MEXICO CITY AND JOHANNESBURG

Mexico City is one of the world’s largest urban agglomerations and like most of Latin America’s large metropolitan cities transcends more than one administrative jurisdiction (Ward, 1999). The Mexican Constitution states that the name Ciudad de México, or Mexico City, officially refers to the Distrito Federal (DF), or Federal District. The DF serves as the national capital of the United Mexican States and is a self-governing city-state administered by the Mexican Federal Government.

The term “Mexico City” is used here in a broader sense to refer to the entire metropolitan area or the “Zona Metropolitana de la Ciudad de México” (ZMCM). The ZMCM is formed by the sixteen *delegaciones* of the DF and 58 *municipios* in the surrounding State of Mexico and one community in the State of Hidalgo that have grown together with the DF. The extent to which the ZMCM extends beyond the DF is considerable. The urbanised area of Mexico City covers only the north of the DF, while the south of the DF is mainly rural and mountainous. In 1995, the DF covered less than one third of the city’s area and comprised just over 50 per cent of the metropolitan population (CONAPO, 1999; INEGI, 1996; Ward, 2004: 164).

Laying at the heart of a sprawling urban complex, it is also necessary to distinguish between the city of Johannesburg *per se* and its fast growing metropolitan region. Until 1994 the greater Johannesburg area was controlled by numerous racially based authorities and agencies including the old Johannesburg city council; the town councils of Sandton, Randburg, and Roodepoort; tricameral administrations in Lenasia and Eldorado Park; and local authorities in Alexandra, Orange Park, and Soweto. In 1995 control of these areas was transferred to a two-tiered system consisting of the Greater Johannesburg Metropolitan Council and four local councils.

The new system proved cumbersome and in 2000, numerous municipal councils in the Johannesburg area were amalgamated to reduce the number of local authorities. In line with the national Municipal Structures Act of 1998, a single administrative jurisdiction was established in the Johannesburg metropolitan area. During this process Johannesburg's boundaries were expanded to stretch from Orange Farm in the south, to Midrand in the north. In the east, the previously independent municipalities of Edenvale and Modderfontein were incorporated. Moreover, Soweto, a township established by South Africa's apartheid government in 1950, and home to nearly 900,000 people was also incorporated. This entire area constitutes the Johannesburg *unicity*, which is governed by a single council headed by an executive mayor (CDE, 2002: 12, 32-33; Crankshaw and Parnell, 2004: 348). The greater metropolitan region, formerly known as the "Pretoria-Witswatersrand-Vereeniging Complex" (PWV), encompasses Johannesburg and the neighbouring Tshwane and Ekurhuleni unities. As a reflection of its economic and political power, this region has been given the status of a province, "Gauteng", and is here referred to as such.

1.7 METHODOLOGY

This study focuses on two cities, Mexico City and Johannesburg and is a parallel study, looking at the relationship between the global economy and two different cities in different national contexts. A parallel study allows one to move beyond description and allows for some degree of generalisation – what is gleaned from case studies of Mexico City and Johannesburg can yield lessons on global cities and urban development in the larger Southern and global contexts.

As Mexico City and Johannesburg are generally excluded from global city inquiry and are rather studied from a developmentalist point of view, this study can be characterised as *explorative* in that it attempts to develop an initial, rough understanding of the global city concept as it pertains to the global South. This study develops a new analytical framework for the study of cities that draws upon the existing global city discourse and Van der Westhuizen's (2002) recognition of three distinct spheres of globalisation – markets, mafias, and movements. Concepts generally not associated with the global city discourse such as informal economic activity and criminal activity are introduced and tied to the existing discourse with an eye towards more fully understanding cities of the South and their roles in the global economy. In this way the global city discourse is deepened, a new league of city is opened up to global city inquiry, and a middle-of-the-road alternative to the existing global city and developmentalist discourses emerges – in this manner, this study can be said to be *conceptual*.

This study is *qualitative* in that it looks at the experiences of Mexico City and Johannesburg in the global economy and interprets those observations with the purpose of gaining a deeper understanding of the experiences of cities of the South in the global economy. This is in opposition to *quantitative* research, which concerns itself with subjects that exist in ranges of magnitude and can therefore be measured and analysed using mathematical models. This study relies primarily upon secondary literature. Resources used include published volumes, scholarly journals, government data sources, secondary data sources, and official government World Wide Web pages. Air transport data was collected by the author using official airport and airline World Wide Web pages. Despite the qualitative nature of this study, a quantitative instrument is developed and used in the analysis of consulate and trade promotion office data. The number of consulates and trade promotion offices in an urban area is quantified and compared to the number of consulates and trade promotion offices in a selected benchmark city to arrive at a quantified global connectivity index ranging from zero to 100 (see page 40).

1.8 DELIMITING AND LIMITING THE STUDY

This study focuses on two cities, Mexico City and Johannesburg, case studies of which form the basis of inquiry into how global cities of the South differ from global

cities of the core. This study does not seek to draw comparisons between Mexico City and Johannesburg. The global city concept underlies this study as opposed to the world city concept – the distinction between the two concepts making the global city concept more appropriate for an analysis focusing on cities of the global South. The world city concept focuses on cities that have served as centres of human social interaction over the *longue durée* of history and is concerned with urban attributes as opposed to linkages, creating a strong Western bias. It is, arguably, unlikely that *new* world cities will emerge. Although the global city concept is also inherently biased, its stronger emphasis on the global, networked economy; specialised services (which may, in theory, locate anywhere); and a city's ability to service global capital means it is more likely that *new* global cities will emerge as opposed to *new* world cities.

This study is further delimited by analysis of Mexico City being chronologically limited in scope to the period 1982 to the present – 1982 being the year in which Mexico ended its policies of import substitution and liberalised its economy. Analysis of Johannesburg is similarly chronologically limited in scope to the post-apartheid era beginning with the free multi-party elections of 1994. To summarise, this study looks at Mexico City since 1982, and Johannesburg since 1994, as potential global cities of the South.



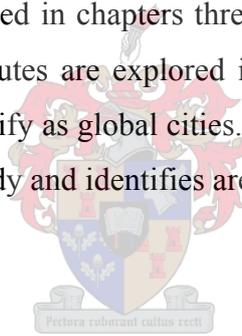
As this study is limited to only two case studies, any number of viable case studies is excluded. The theoretical rationale for selecting Mexico City and Johannesburg as the cases for this study is outlined in Section 1.3. Other cities of the South are credible candidates for inclusion in this study based on theoretical considerations but the selection of case studies was also affected by practical considerations. It was necessary, in order to have access to the most important resources and statistics, that the researcher be proficient in the national language of the country in which the city is located. As such, cities considered for this study were limited to those for which the majority of resources and statistics were available in English and Spanish.

Finally, this study is limited by the availability, nature, and quality of data relating to the social sciences. This study looks at phenomena including criminal activity and informal economic activity that are inherently difficult to measure. Data relating to these areas of inquiry and various other social phenomena are often aggregations or

estimations based upon studies and surveys of smaller samples. Estimations are used here to illustrate trends and the magnitude thereof but are not purported to be wholly accurate measures of reality.

1.9 ASSIGNMENT OUTLINE

This research assignment is presented in five chapters. Chapter one has outlined the study including its purpose, methodology, and the research questions it addresses. The study's theoretical framework has been sketched out and key concepts and units of analysis have been defined. Chapter two more thoroughly discusses the theoretical framework, beginning with a review of the world and global city discourses. The chapter also explores globalisation and informationalisation processes and the impacts thereof on cities of the South. Measures used to specify global cities are reviewed before this study's alternative analytical framework is presented. This study's alternative analytical framework is utilised in case studies of Mexico City and Johannesburg, which are presented in chapters three and four, respectively. Various global linkages and urban attributes are explored in order to establish the extent to which these particular cities qualify as global cities. Chapter five reflects on the main findings and outcomes of the study and identifies areas for possible future study.



CHAPTER TWO: CITIES IN AN ERA OF GLOBALISATION

2.1 INTRODUCTION

The relationship between cities and the global capitalist economy is the focus of this chapter. A thematic literature review exploring the changing nature of this relationship over the course of the twentieth century opens the chapter and is followed by an examination of the formative processes said to be behind global cities. Global cities, it is theorised, result from the intersection of two major processes – the sharp growth in the globalisation of economic activity, which is said to have raised the scale and complexity of transactions, and the apparent informationalisation of economies, which has led to a spatial concentration of specialised services in pre-eminent urban centres of the core and semi-periphery (Brenner, 1998: 5; Hall, 1998: 18; Sassen, 2001b: 392).

The literature review also looks at conceptions of power within the global city discourse, measurement methodologies used to specify global cities, and the specific impact globalisation has had upon nations and urban centres of the South. It is argued that the global city discourse, as it is formulated, is an inadequate analytical tool for the study of the South's global cities. Lastly, a framework of analysis for the study of global cities of the South is presented – cognisant of the particular ways in which globalisation impacts upon the South, this framework recognises alternative forms of global connectivity and the role of Southern cities in the global economy.

2.2 NINE DECADES OF CITIES IN A GLOBALISING WORLD

2.2.1 THE WORLD AND GLOBAL CITY CONCEPTS: EVOLVING OR JUST FUZZY?

After ninety years of research, the world and global city concepts remain fuzzy. This is the conclusion of Markusen (1999: 875) who counts the world and global city concepts among various “fuzzy concepts” within social science – a fuzzy concept being one that “posits an entity, phenomenon or process which possesses two or more alternative meanings and thus cannot be reliably identified or applied by different readers or scholars” (Markusen, 1999: 870). Markusen (1999: 876) calls the “world city” a “thrice-fuzzy” concept because, as she notes, *at least* three divergent conceptions exist. Markusen, however, fails to make a distinction between world and global cities, lumps both concepts together under the umbrella of world city, and does

not consider that conceptions of world and global city may have evolved over time to take account of technological advances, the changing nature of globalisation and their combined impact upon the structure of worldwide economic activity and, therefore, cities.

2.2.2 EARLY CONTRIBUTIONS

The world city concept predates the global city concept by nearly seven decades. Scottish town planner Patrick Geddes (1915) first introduced the world city concept in 1915 in a chapter on “world cities and city regions”. More than a half-century later Peter Hall (1966) reintroduced and expanded upon the concept in *The World Cities*. Hall’s conception of the world city reflects a state-bound conception of interurban networks, wherein the cosmopolitan nature of world cities is interpreted as an expression of their host states’ geopolitical power (Brenner, 1998: 4; Taylor, 1995: 48). His interest was not the global connectivity of a city but rather the traits that have distinguished world cities as great centres of human social interaction over the *longue durée* of history. With a focus on the “great” cities (London, Paris, Moscow, New York, Tokyo) and city-regions (Randstad-Holland, Rhine-Ruhr) that served as the main business and financial centres of the time, Hall conceptualised world cities in terms of their multiple roles. Beyond being financial and business centres, Hall saw world cities as centres of political power – hosting powerful national governments and international organisations, and attracting myriad ancillary agencies and organisations. Other roles included serving as centres of advanced professional activities, thus housing great hospitals, law courts, and world class universities and serving as prominent sites of research, innovation, and knowledge. Additionally, as centres of culture, recreation, and entertainment, Hall saw world cities as preferred locations for museums, opera houses, concert halls, theatres, luxury shops, and restaurants.

With the apparent shift from an international to a more global economy in the 1970s and 1980s came a distinct reinterpretation of cities wherein they came to be viewed as the products of social forces set in motion by capitalist relations of production rather than as a social ecology subject to natural forces inherent to the dynamics of population and space (Friedmann, 1986: 317). The result was that the study of cities began to be directly connected to the world economy and conceptions of world cities

increasingly centred on their roles as economic command and control centres. John Friedmann's and Goetz Wolff's (1982) article examining global economic trends and the process of world city formation reflects this transition. Their focus was on the globalisation and increased mobility of capital and the growing centrality of information to economic activity, in addition to the various activities typically located in world cities, such as corporate management, banking, finance, legal services, accounting, telecommunications, computing, research, and higher education.

2.2.3 SEMINAL WORKS

Although Friedmann and Wolff (1982) provided the impetus for further world and global city research by presenting a new heuristic for the study of cities, the bulk of research on world and global cities has drawn significantly upon two later, seminal works. The first of which, Friedmann's (1986) "world city hypothesis", is considered the "foundation article" of world and global city inquiry (Taylor and Walker, 2001: 23). Consisting of seven interrelated theses, the world city hypothesis borrows greatly from Immanuel Wallerstein's (1974, 1984) *World-System Theory*. World-System Theory views core-periphery relations as exploitive. With the periphery locked into unequal trade relations, exporting primary resources and low-level manufactured goods, countries of the core have effectively expropriated the capital surplus generated by peripheral nations. Core countries have thus modernised at the expense of the semi-periphery and periphery. Moreover, the relationship between regions remains relative – thus it is difficult for countries to progress from one category to the next.

The world city hypothesis retains the innately negative stance towards the semi-periphery and periphery as World-System Theory does, viewing the cities of these regions as "less than" or subordinate to those of the more developed core. Friedmann's focus is on the role of urban centres within a single (spatial) division of labour. His contention is that urban economies perform specialised roles reflective of core, semi-periphery, and periphery relations. Some cities may carry out headquarter functions, others financial transactions, while others articulate regional and/or national economies with the global economy (Friedmann, 1986: 318).

The “most important” cities, Friedmann (1986: 318) suggests, may carry out *all* world city functions simultaneously. Accordingly, Friedmann formulates a hierarchy of world cities, in which 30 urban centres are ranked and divided into primary and secondary world cities. A further distinction is made between core and semi-peripheral cities. São Paulo and Singapore were recognised as primary world cities, performing a range of world city functions, but are distinguished as primary *semi-peripheral* world cities. This is a useful distinction in that it allows for the recognition of the importance of cities of the South in worldwide economic activity despite the dissimilarity of such cities to cities of the core. Friedmann’s selection criteria included major financial, manufacturing, and transportation centre status; number of headquarters for trans-national firms; seats of international organisations, growth of the specialised services sector, and population size. Friedmann’s criteria expanded upon those of Hall by introducing the important role of the specialised services sector – a sector that would later be central to the global city concept.

Friedmann’s hierarchy is representative of the strong tendency within the world city discourse to attempt measures and rankings of individual positions of cities within the global economy. This has proven to be a highly problematic task and highlights one of the fundamental shortcomings of the discourse. Friedmann (1995: 25) contends “world cities can be arranged hierarchically, roughly in accord with the economic power they command”. Taylor (1997: 323) has however labelled the world city hierarchy, “the Achilles heel of research on world cities” noting, “the idea that the cities are arranged into a hierarchy has not been credibly advanced”.

Friedmann’s rankings lack evidential basis since they are based upon attribute data – observed and recorded urban characteristics. Attribute data fail to establish relations between units and therefore are an inadequate basis on which to formulate a hierarchy (Taylor, 1997: 325). Beaverstock, *et al.*, (2000: 47) have thus criticised Friedmann’s rankings for their basis in “casual empiricism”. This illustrates the fact that empirical studies of world cities are hampered by a dearth of appropriate data – a situation that has been called “the dirty little secret of world cities research” (Short, *et al.*, 1996: 698; Taylor, 1997: 323). Two inadequacies inherent to the production of data have frustrated the attempts of world city researchers to specify an urban hierarchy. Firstly, most available data are collected by states or international organisations on national

rather than urban scales. Secondly, it is difficult to find comparative data for cities around the world – available data usually measure a city’s attributes rather than its relations and linkages (Short, *et al.*, 1996: 698).

Saskia Sassen’s (1991) *The Global City* stands as the second influential foundation of global city inquiry. With an intense focus on New York, London, and Tokyo, Sassen sees global cities not just as important financial centres but as knowledge complexes where specialised services are developed and practised (Taylor and Walker, 2001: 23). To Sassen (2001b: 83) the specialised services sector is critical in specifying global cities. This is because headquarters enjoy more locational options as specialised services are increasingly outsourced. Specialised services become necessary as firms’ operations disperse geographically raising the complexity of central command functions. Sassen (1991: 3) therefore draws a direct link between economic globalisation and the emergence of global cities, concluding that global cities function in five significant ways:

- as centres of international trade and banking;
- as highly concentrated command points in the organisation of the world economy;
- as key locations for finance and specialised service firms, the leading economic sectors of the current era;
- as sites of production, including the production of innovations, in these leading sectors, and;
- as markets for the products and innovations produced.

The global city concept also has a strong emphasis on the networked economy because of the nature of specialised services. Sassen presents data on financial and investment transactions that point to the existence of a systemic relationship between the triad of global cities and in so doing adds credence to the posited global urban network. By offering substantial evidence for the interpretation of New York, London, and Tokyo as global cities, *The Global City* together with the “world city hypothesis” illustrate the twin limitations of the world and global city research agendas. Friedmann’s (1986) attempt at a global treatment of cities suffers from a lack of empirical evidence. Sassen (1991) on the other hand offers plenty of evidence for her interpretation of a global city triad but is roundly criticised for having little to

say about other cities. Taylor and Walker (2001: 23) have called this “the legacy of their foundation”, which “is to be either globally comprehensive and empirically challenged or empirically comprehensive and globally challenged”.

2.2.4 RECENT TRENDS

The increasing salience of globalisation within the global city discourse is reflected in more recent research, which has largely focused on the concept of a global urban network and the web of intercity linkages and relations that forms the backbone of this network. Central to this new vein of global city inquiry is the work of Manuel Castells (1989, 1996) and the *space of flows* theory. Castells conceptualises the global city not as a place but as a process by which advanced services, producer centres, and markets are connected in a global urban network on the basis of information flows. It is Castells’ contention that advances in information technology and a shift from manufacturing to specialised services ushered in a global information economy. A global space of flows – flows of capital, flows of information, flows of technology, flows of people, and flows of images, sounds, and symbols – characterises the dynamics and structure of this new economy. Castells’ (1996: 412) posited space of flows consists of three layers of material support.

The first layer of support defines an “economic region” in much the same way as railways did during the industrial manufacturing era and is constituted by a circuit of electronic impulses including telecommunications, computer processing, broadcasting systems, and high-speed transportation (Castells, 1996: 412). The second layer is made up of nodes and hubs, or global cities, disseminating and exchanging information flows. These are the specific places – with well defined social, cultural, physical, and functional characteristics – that are linked together by the electronic network. Conceptually, global cities are here seen as the products of what flows through them (capital, information, people, etc.) rather than by what is fixed within them (forms, functions) (Beaverstock, *et al.*, 2000: 46). Linked by what flows through them, global cities constitute a global urban network. Locations can be “switched off the network”, resulting in instant decline or can emerge as critical nodes when the global economy expands (Castells, 1996: 413). Specialised services are required to manage new units joining the global system and the web of ever-changing linkages that develops. As such, cities of the South emerge as important centres

where global city functions are performed (Castells, 1996: 379). For instance, as China increasingly reintegrates with the global economy, Shanghai is (re-)emerging as a centre for specialised services and an important node in the global space of flows (Wu and Yusuf, 2004: 35). Castells (1996: 380) notes the salience of cities of the South within the global urban network:

[T]he global city phenomenon cannot be reduced to a few urban cores at the top of the hierarchy. It is a process that connects advanced services, producer centers, and markets in a global network, with different intensity and a different scale depending upon the relative importance of the activities located in each area vis-à-vis the global network.

Castells' third layer refers to the spatial organisation of dominant managerial elites who conceive, decide upon, and implement the space of flows. Similarly, Sklair (1991) recognises a "trans-national capitalist class" and Friedmann and Wolff (1982) a "class of technocrats". This highly mobile, highly skilled class of professional, managerial and entrepreneurial elites is a critical input in the production of specialised services. The predominance of economic globalisation in defining global cities perpetuates a Western bias, limits the way in which cities of the developing world are understood and imagined, and overlooks numerous forms of global connectivity. It is thus critical that trans-national human flows beyond those related to the specialised services sector be considered if the full extent of the South's global connectivity is to be acknowledged. Hannerz (1996: 127-139) has identified three additional streams of trans-national human flows which constitute global cities: (1) a large number of low-waged immigrants filling unskilled and semi-skilled niches in the urban service economy; (2) "expressive specialists" who enliven the cultural and artistic scene; and (3) world tourists attracted by the cosmopolitan ambience in these cities.

2.3 CONCEPTIONS OF POWER WITHIN THE GLOBAL URBAN NETWORK

Power is one of the core concepts defining global cities. Global cities are set apart from other cities and defined by the functions they carry out – command and control functions that ascribe to this class of city certain power. How power is conceptualised has a direct impact upon how cities are understood and how global cities are specified.

To Friedmann (1986: 320) a particular city's power within the world system stems from a "stock of resources" that can be used instrumentally as "power over" others

(Taylor, *et. al.*, 2002: 231). Determining a city's stock of resources is essentially an exercise in measuring a city's attributes. Conceptualising power in this manner inherently creates a bias within the discourse and upholds the Western standard of "(global) city-ness" used to assess cities of the South. If a stock of resources is used to determine global city status and rank, cities of the South will most always fall short of being classed as first order world cities because of the South's underdevelopment. Alternatively, a "networked" conception of power – "power to" as opposed to "power over" – is possible. Sassen (1991, 2000a) and Castells (1996) who see global cities as products of a process and as components of a larger system utilise a networked conception of power in which a city's power stems from its ability within the global urban network to service global capital (hence the importance of the specialised services sector). Thus, power within the network is more diffuse as every node has a particular niche that is constitutive of the whole. Complementary relations are thus more important than competitive ones and every city, as a constituent part of the global urban network, embodies a certain power of position (Taylor, *et. al.*, 2002: 232).

A stronger focus on process and linkages as opposed to attributes and distinct categories (core, semi-periphery, periphery) allows one to examine how globalisation affects all cities, and offers a research agenda applicable to a wider range of cities (Marcuse and Van Kempen, 2000: xvii; Robinson, 2002: 539). Adopting a networked conception of power over the more biased attributional approach and recognising processes of globalisation from above and below, operating in all spheres, makes it possible to establish the global connectivity of cities of the South, which may lack the attributes or resources of core cities

2.4 SPECIFYING GLOBAL CITIES: A REVIEW OF MEASUREMENT METHODOLOGIES

Global cities lend themselves to two types of measurement. Firstly, their individual characteristics may be observed and recorded. Secondly, connections between them may be determined. These approaches – the attribute and relational approaches, respectively – produce very different sorts of data, appropriate to different types of analysis (Taylor, 1997: 325). As Taylor (1995: 325) notes, "attribute data allow for comparative analysis of objects, for instance, ranking objects from highest to lowest by a given characteristic" whereas "relational data allow for a network analysis of

objects, for instance, by creating a flow matrix between objects in terms of given connections”.

Friedmann’s (1986) world city hierarchy is representative of the attribute approach. Numerous other studies have favoured the use of relational data to establish intercity linkages. Witlox, *et al.*, (2004) have pioneered the use of air transport data to establish linkages between urban centres and to gain insight into the spatial structure of the global economy. In response to the dearth of appropriate data measuring linkages and relations of cities, Beaverstock, *et al.*, (2000) have proposed three novel approaches for measuring inter-city relations:

- content analysis of daily business news, as reported by a city’s newspapers, serving as a surrogate measure that reflects the importance of places as reflected in the number and size of news stories;
- postal questionnaires and interview surveys with individual specialised service firms to establish skilled inter-city migration, and;
- analysis of the structure of headquarters and branch office locations of specialised service firms, which reflects how firms have organised themselves spatially to meet the needs of globally oriented clients.

Researchers associated with the Globalisation and World Cities Study Group and Network (GaWC) at Loughborough University, including Beaverstock, *et al.*, (1999), and Taylor and Walker (2001), have compiled a comprehensive collection of global scale data on world and global cities with an eye to facilitating an ambitious research agenda. The method used by GaWC considers four specialised services sectors – accounting, advertising, banking/finance, and legal services – and the locational patterns of firms within these sectors. Information on the office locations of 74 specialised service firms in 263 cities was collected, the leading cities in each sector were identified, and cities were assigned a score of 3, 2, or 1 based upon their “importance” in a given sector with a maximum aggregate score of twelve (Taylor and Walker, 2001: 25). Using a threshold score of four to qualify, 142 cities appeared in the final rankings and 55 of those cities exceeded the minimum threshold score of four.

TABLE 2.1

GAWC ROSTER OF WORLD CITIES

Ordered in terms of world city-ness based upon level of advanced producer services.
Values range from 1 to 12.

A	Alpha world cities
12	London, New York, Paris, Tokyo
10	Chicago, Frankfurt, Hong Kong, Los Angeles, Milan, Singapore
B	Beta world cities
9	San Francisco, Sydney, Toronto, Zurich
8	Brussels, Madrid, Mexico City, São Paulo
7	Moscow, Seoul
C	Gamma world cities
6	Amsterdam, Boston, Caracas, Dallas, Düsseldorf, Geneva, Houston, Jakarta, Johannesburg, Melbourne, Osaka, Prague, Santiago, Taipei, Washington
5	Bangkok, Beijing, Rome, Stockholm, Warsaw
4	Atlanta, Barcelona, Berlin, Buenos Aires, Budapest, Copenhagen, Hamburg, Istanbul, Kuala Lumpur, Manila, Miami, Minneapolis, Montreal, Munich, Shanghai
D	Evidence of world city formation
	<i>Relatively strong evidence</i>
3	Athens, Auckland, Dublin, Helsinki, Luxembourg, Lyon, Mumbai, New Delhi, Philadelphia, Rio de Janeiro, Tel Aviv, Vienna
	<i>Some evidence</i>
2	Abu Dhabi, Almaty, Birmingham, Bogotá, Bratislava, Brisbane, Bucharest, Cairo, Cleveland, Cologne, Detroit, Dubai, Ho Chi Minh City, Kiev, Lima, Lisbon, Manchester, Montevideo, Oslo, Rotterdam, Riyadh, Seattle, Stuttgart, The Hague, Vancouver
	<i>Minimal evidence</i>
1	Adelaide, Antwerp, Arhus, Baltimore, Bangalore, Bologna, Brasilia, Calgary, Cape Town, Colombo, Columbus, Dresden, Edinburgh, Genoa, Glasgow, Gothenburg, Guangzhou, Hanoi, Kansas City, Leeds, Lille, Marseille, Richmond, St. Petersburg, Tashkent, Tehran, Tijuana, Turin, Utrecht, Wellington

Source: Beaverstock, et al. (1999: 456).

Mexico City emerges as a “beta” or secondary world city in the GaWC rankings while Johannesburg is classed as a “gamma” or tertiary world city (see Figure 2.1). Nonetheless, the methodology and data used by GaWC researchers reflects the Western bias inherent to the world and global city concepts. As Robinson (2002: 539) observes, the data compiled on specialised services sectors includes no Japanese banks and only American, Australian, British, and Canadian law firms. As such, this methodology overlooks non-Western service firms and potentially significant dimensions of globalisation (e.g. illicit trade, diaspora networks, remittances, etc.) and therefore fails to capture the global and/or regional significance of certain urban centres, particularly those of the South (Robinson, 2002: 539). The GaWC findings are empirically weak in that they are based on very narrow observations. The firms chosen for the analysis significantly influence the findings – choosing prominent firms of the South would yield findings suggesting cities of the South are better connected globally than cities of the core. Choosing *only* Western service firms

simply reinforces widely held notions that cities of the South are less connected and less significant nodes in the global economy.

In studying global cities, a hybrid approach is also conceivable. In considering the global connectivity of sub-Saharan African cities, Simon (1995: 139) takes a hybrid approach, utilising both attribute (number of secretariats of international organisations) and relational data (air traffic volumes). Similarly, this study takes a hybrid approach in its treatment of Mexico City and Johannesburg as global cities of the South.

2.5 GLOBALISATION, INFORMATIONALISATION, AND GLOBAL CITIES

The global cities discourse takes place within the wider discourse of globalisation and globalisation is particularly relevant to any treatment of global cities. It is widely professed that globalisation has expanded and intensified since the 1970s, becoming one of the core concepts defining the fortunes of cities (Newman and Thornley, 2005: 12). Globalisation can be thought of, broadly, as the “widening, deepening, and speeding up of worldwide connectedness in all aspects of contemporary social life” (Held, *et al.*, 1999: 2). Although intricately linked, a distinction can be made between cultural, political, and economic globalisation (Short, 2004: 5).

Increased global flows of people, goods, capital, information, and ideas underlie the concept of cultural globalisation. It is posited that traditionally place-bound cultural elements such as ethnicity, language, and religion have been deterritorialised and subsequently reterritorialised in different forms elsewhere (Short and Kim, 1999: 4). Examples of cultural globalisation include the popularity of Eastern practices such as yoga and acupuncture in the West; the global reach of Hollywood and Bollywood films; and the ubiquity of brands like McDonald’s, Sony, and Daimler-Chrysler. It is important to note that cultural globalisation is largely facilitated by improved telecommunications worldwide – but the penetration of global culture occurs at different places and at different rates because of unequal access to telecommunications (Graizbord, *et al.*, 2003: 504).

The concept of political or ideological globalisation is associated with global regimes such as trade, aid, security, human rights, the rule of law, environmental issues, and

the various global systems of regulation, monitoring, and control that have been put in place around them (Short, 2004: 5). Examples are as varied as the World Trade Organisation (WTO), the International Monetary Fund (IMF), the International Civil Aviation Organisation, and the International Federation of Red Cross and Red Crescent Societies. Processes of political globalisation are often interpreted as the imposition of Western hegemony and neo-liberal economics. Dependency theorists argue that through processes of political globalisation the socio-economic and political structures of developing countries are subordinated to foster the economic interests of core countries. Following from this is the assertion that to varying extents the structure of developing economies is shaped as much or more by the requirements of the external global economy as by their own domestic needs because of unequal political, military, and economic relationships between core, semi-periphery, and periphery (Irogbe, 2005: 42). It is held that processes of political globalisation and the institutions put in place around them exacerbate and perpetuate unequal relationships and contribute to the underdevelopment of the South. If one places salience upon cultural and political globalisation as opposed to economic globalisation in specifying global cities, a number of alternative global cities come into view:

- Nairobi, where a disproportionately large number of non-governmental organisation (NGO) secretariats are located (Simon, 1995: 137);
- Atlanta, Los Angeles, and Mumbai, as premier global media cities;
- Washington, as the seat of the IMF and World Bank, and;
- Jerusalem, Mecca, Rome, and Salt Lake City, as centres of world religions.

It is economic globalisation with which the global city concept is most concerned. The global city concept supposes a global rather than international economy and emphasises the salience of economic globalisation in bringing about a sharply expanded role for certain cities in the global economy. In a global economy, national economies are subsumed and articulated into the global system by international processes and transactions and the declining importance of borders between nation-states and differences between financial markets is implied (Hirst and Thompson, 1996: 10). Economic globalisation includes trends such as the globalisation of finance, the increasing salience of TNCs, global foreign direct investment, global specialisation in the location of production, globalisation of specialised services, and

global tourism – these same trends are oft cited as evidence that the worldwide economy has become global in nature (Graizbord, *et al.*, 2003: 504).

The most conspicuous amongst stakeholders, it is argued, in the process of economic globalisation is the trans-national firm. Since the 1960s the role of trans-national firms in global economic production has steadily increased (Van Vliet, 2002: 34) contributing greatly to production, consumption, and circulation (as well as components including capital, labour, raw materials, and markets) being organised on a global scale (Castells, 1996: 66). This has largely come about through the process of capital transfer from the developed core to areas of the South in search of lower wage labour and anticipated higher profits. Thus the operations of firms have become geographically dispersed – commodity and production chains have been lengthened to encompass operations that are spread around the globe. Measures of FDI are often pointed to as evidence of the geographic dispersal of economic activity. Sassen (2000a: 12) argues the globalisation of production and manufacturing is directly responsible for increased FDI flows and is particularly important in establishing FDI flows into developing countries. Therefore, the apparent hyper-mobility of capital, facilitated by advances in communication technology, is arguably one of the most striking features of economic globalisation (Sassen, 2000a: 2). Table 2.2 reflects the sharp growth in FDI flows that occurred between 1980 and 2000 and a recent resurgence of investment in Latin America and Africa.

A central tenet of the global city concept is that increased flows of FDI and the integration of geographically dispersed operations have served to make the central functions – management, coordination, servicing, and financing of a firm's network of operations – more complex and strategic (Sassen, 2001a: 82). This forms the basis for the assertion that informationalisation is transforming urban economies in both the developed and developing worlds. Informationalisation is said to occur as the central functions of firms become more and more complex through processes of economic globalisation and are thus increasingly outsourced – firms buy a portion of their central command functions from highly specialised service firms (Sassen, 2001a: 82). Central to the concept of the global city is the idea that specialised service firms engaged in functions related to complex, global markets are subject to agglomeration.

TABLE 2.2
INFLOWS AND OUTFLOWS OF FOREIGN DIRECT INVESTMENT (FDI), 1980 – 2004 (in US\$ millions and percentages)

Year	Developed Economies		Developing Economies		Developing Econ: Americas		Developing Econ: Africa		World Total	
	Inflows	Outflows	Inflows	Outflows	Inflows	Outflows	Inflows	Outflows	Inflows	Outflows
<i>Value (US\$ millions)</i>										
1980	46 629	50 407	8 455	3 336	7 494	1 174	400	1 089	55 108	53 743
1990	172 067	225 965	35 736	12 701	9 586	1 062	2 840	689	207 878	238 681
2000	1 134 293	1 092 747	253 179	143 226	97 523	60 581	9 627	1 573	1 396 539	1 239 149
2001	596 305	662 199	217 845	78 571	89 130	29 102	20 027	-2 557	825 925	743 465
2002	547 778	599 895	155 528	47 775	50 492	11 351	12 994	427	716 128	652 923
2003	442 157	577 323	166 337	29 016	46 908	10 562	18 005	1 215	632 599	616 923
2004	380 022	637 360	233 227	83 190	67 526	10 943	18 090	2 824	648 146	730 257
<i>Growth Rate (Percentage)</i>										
1980-1990	269.0	348.3	322.7	280.7	27.9	-9.5	610.0	-36.7	277.2	344.2
1990-2000	559.2	383.6	608.5	1027.7	917.3	5604.4	239.0	128.3	571.8	419.2
2001	-47.4	-39.4	-14.0	-45.1	-8.6	-52.0	108.0	-262.6	-40.9	-40.0
2002	-8.1	-9.4	-28.6	-39.2	-43.4	-61.0	-35.1	116.7	-13.3	-12.2
2003	-19.3	-3.8	6.9	-39.3	-7.1	-7.0	38.6	184.5	-11.7	-5.5
2004	-14.1	10.4	40.2	186.8	44.0	3.6	0.5	132.4	2.5	18.4

Source: UNCTAD Handbook of Statistics (2005).

As Sassen (2001a: 82) proposes:

[T]he complexity of the services they need to produce, the uncertainty of the markets they are involved with, either directly or through the headquarters for which they are producing the services, and the growing importance of speed in all these transactions, is a mix of conditions that constitutes a new agglomeration dynamic.

Proponents of the global city concept posit two phenomena are at work making global cities the preferred locations for advanced specialised service firms. Firstly, despite the apparent hyper-mobility of their outputs, specialised service firms remain place-bound because production processes require vast physical infrastructures, facilities, and professional expertise, which can be found in major cities (Sassen, 1999). Secondly, specialised service firms benefit from proximity to other specialised service firms. There are various reasons for this advanced by Sassen (2001b: 401):

- complex and innovative outputs often require multiple highly specialised inputs from several industries;
- economies occur in specialised service industries when firms locate close to others that produce key inputs or whose proximity makes joint service offerings possible;
- agglomeration stems from the needs and expectations of the people likely to be employed in these high-skilled industries – they tend to be attracted by the amenities and lifestyles offered by large urban centres, and;
- the acceleration of economic transactions and the premium placed on time make agglomeration an indispensable arrangement rather than a mere cost advantage.

The share of specialised services comprising a city's economy is then critical in specifying global cities and the number of headquarters for trans-national firms (an indicator of world city-ness) becomes less relevant. This is because trans-national firms, as they outsource more and more of the functions subject to agglomeration economies, are freer to locate their headquarters anywhere (Sassen, 2001a: 83). The role of specialised services and the (perceived) deindustrialisation of the core should not be overstated however. The specialised services sector is highly dependent upon a strong and vibrant manufacturing sector. It is the geographic dispersal of manufacturing operations that has fuelled the increased demand for tertiary services

and the manufacturing sector remains critical to many national economies even though it has ceased to be the dominant sector in many urban centres (Sassen, 2001b: 399).

Global cities can therefore be viewed as results of economic globalisation. However, one should not look at economic globalisation simply as a set of trends and processes resulting in increased trade and capital transfer. Whereas the global city discourse views economic globalisation as a set of processes and trends resulting in the integration of markets (measured in terms of trade and investment), competing views see economic globalisation more as a contested political project advanced by powerful social forces as opposed to some “thing” to be observed by scientific tools (Smith, 2001: 378). Chakravorty (2005: 29) closely links economic globalisation with political or ideological globalisation positing two elements or stages to economic globalisation – the ideological globalisation stage and the economic integration stage. The argument is that the integration of global markets or economic globalisation is a result of ideological globalisation – a set of political ideas underlying the spread of markets, trade, and democracy. Ideological globalisation is perhaps best enunciated by the tenets of the Washington Consensus, an ideological framework that includes support for markets and trade, democracy and decentralisation, and “good governance” based on inclusion, transparency, and social justice.

Chakravorty (2005:34) further argues that ideological globalisation seeks to influence conditions of local political economy and is pervasive, influencing policymakers and stakeholders worldwide. Firstly, trade and markets are espoused as being positive attributes – thus increased trade is encouraged and authorities are prompted to implement market-oriented reforms as it is widely asserted markets most efficiently allocate resources. Secondly, governments are encouraged to decentralise money and power to local bodies – the belief being that decentralisation promotes local decision-making and democratic processes. Thirdly, good governance is advocated as a means of cushioning the shocks of economic liberalism and as a means to tackle the problems of poverty and inequality. Proponents of such policies hold that their implementation results in greater economic integration, increased trade and investment, and ultimately economic development.

It is suggested economic globalisation, or the positive results of the proper implementation of market reforms, are far less pervasive, and have bypassed many countries (Chakravorty, 2005: 32). Stiglitz (2002: 53) asserts that many of these policies become ends in themselves and the promised economic benefits may never be realised. The introduction of a market economy in Russia and other economies transitioning from communism, for example, has not produced the prosperity these countries were told by the West it would but has rather brought about heightened poverty (Stiglitz, 2002: 6). Chakravorty (2005: 30) asserts globalisation is in this way associated with increased marginalisation of the South. Market liberalisation often ends in capital and skilled labour being attracted away from developing countries, very little new capital investment taking place in the South, and the growth of the core through the South being kept poor and dependent upon unequal trade. Furthermore, while the Washington consensus calls on countries of the South to eliminate barriers to trade, Western countries have maintained many trade barriers, depriving the South of desperately needed export income (Stiglitz, 2002: 6). The following section further examines the disparate ways in which globalisation impacts upon the South versus the more developed core by looking at the concepts of underdevelopment and dependency.

2.4 GLOBALISATION AND THE SOUTH

The process by which global cities come about has been theorised from the experience of a small number of Western cities – New York, London, and Tokyo, in particular. As the countries of the core are increasingly integrated economically (Mann, 2002), cities across the core are subjected to similar processes of globalisation. The theorised process of global city formation is thus applicable, to some degree, to a range of cities across the core, but fails to capture the divergent and dynamic processes of globalisation taking place in the South. In looking at the impact of globalisation on a range of cities – Sydney, Barcelona, Sioux Falls, Prague, and Havana – Short (2004: 32) illustrates this point.

Short (2004: 35) identifies Australia's reconnection with the global financial system and the growth of Sydney's specialised services sector as the main drivers behind the city's global city status. The city has become a major destination for foreign investment and the leading locational choice for headquarters of foreign banks, trans-

national firms, and high-tech companies in Australia. Barcelona's global city status stems from its position as the capital of Catalonia, a region of six million people accounting for 21 per cent of Spain's gross national product (GNP), a quarter of its exports, and a third of its foreign investment (Short, 2004: 36). Sioux Falls, the largest city in the American state of South Dakota, has positioned itself as the "global gateway" of the Great Plains region. Taking advantage of South Dakota's low tax rates, Sioux Falls has been designated as a U.S. port of entry and a free trade zone and is connected to the global economy through business networks and transactions at the port of entry and free trade zone (Short, 2004: 40). Each of these core cities is characterised as global or globalising on the basis of economic globalisation trends that can be identified in cities throughout the core.

The global city concept proves less useful for analysing the global connectivity of cities of the South such as Prague and Havana. Short (2003: 37, 45) rather points to each city's popularity as an international tourist destination; Prague's selection as the European City of Culture in 2000; and the naming of Old Havana, the city's colonial core, as a UNESCO World Heritage Site, to establish these centres as globalising cities. Short's (2003) difficulty establishing Prague and Havana as global or globalising cities on the basis of economic factors illustrates the limited applicability of the global city concept and the heterogeneity of globalisation trends and processes between and across regions.

Globalisation is not a singular process impacting upon all regions in the same manner. As Robinson (2002: 539) observes, "the particular 'global economy' which is being used as the ground and foundation for identifying both place in hierarchy and relevant social and economic processes, is only one of many forms of global and trans-national economic connection". Indeed, the global city discourse fails to recognise the different impact economic globalisation processes have on cities of the South and the myriad other forms of global connectivity in the South.

To better understand cities of the South it is important to first recognise that processes of globalisation are driven from above and below. Globalisation from above being those processes associated with neo-liberal economic policies and often interpreted as the imposition of the hegemony of American/Western institutions such as the WTO

and IMF (Smart and Smart, 2003: 266). With its roots in the experiences of only a small number of core cities, the global city concept is generally concerned with processes of globalisation driven from above. Many of the South's global connections are driven from below – globalisation from below being those processes that involve the actions of migrants; NGOs; informal cross-border traders; diasporas; religious and ethnic groups; academics; and trans-national social movements (Smart and Smart, 2003: 266; Van der Westhuizen, 2002: 172).

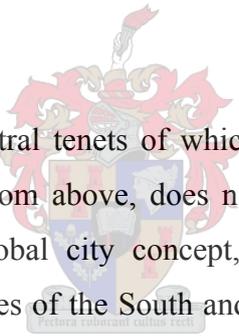
Van der Westhuizen (2002) offers an analytical framework for better understanding the impact of globalisation on the South that takes account of globalisation from above and below. Specifically, Van der Westhuizen (2002: 69) recognises globalisation as operating in three distinct but interrelated spheres – markets, mafias, and movements – markets referring to economic globalisation and the associated shift of power from states to markets; mafias referring to criminal activity and informal economic activity; and movements referring to various social groups and trans-national social movements. As Van der Westhuizen (2002: 169) summarises:

[G]lobalisation has had a very different impact upon states, civil societies and markets – both licit and illicit – in the South, compared with the developed North. For this purpose we need to think of globalisation as operating on three different but interacting spheres: markets, mafias, and movements... one cannot grasp the full impact of globalisation by focusing on one or two of the spheres.

Van der Westhuizen (2002: 169) further asserts one must consider the environment as a fourth and critically important sphere – the argument being that sustained and uncontrolled environmental degradation may “ultimately lead to the arrest, if not collapse, of globalisation”. Van der Westhuizen has characterised his framework as “rudimentary”. The framework could, therefore, be refined to distinguish other spheres of globalisation. The role of technology in facilitating processes of globalisation is acknowledged but one could perhaps imagine a distinct technologies sphere driven by advances in communications technologies. An arts and medias sphere could also be imagined characterised by the convergence of opinions and ideas spread via creative outlets such as television, film, literature, and music.

Van der Westhuizen's (2002) approach prompts one to examine the actors and decisions behind globalisation as opposed to simply looking at globalisation as

inevitable flows, trends and processes taking place independently of human action. In this way it becomes apparent that globalisation is a purposeful process that is variously embraced, resisted, subverted, and exploited by various stakeholders in myriad locations (Knox, 1996: 126; Yeoh, 1999: 609-611). Van der Westhuizen (2002: 169-173), by focusing on spheres of activity, prompts one to look at the actors associated with each sphere – among others, states, TNCs, and policy regimes in the markets sphere; criminals, vigilante movements, and those involved in informal economic activity in the mafias sphere; and various social groups and trans-national social movements in the movements sphere. As a point of comparison, Short (2004: 5) makes a distinction between economic, political, and cultural globalisation focusing on global trends and processes, which can be thought of as the aggregates of the actions of individual stakeholders. An advantage to the globalisation spheres approach is that one can more easily observe counter movements, opposition, and reactions to the dominant processes and trends – this is especially useful in analyses of the South.



The global city concept, the central tenets of which are predicated on processes of economic globalisation driven from above, does not take account of all spheres of globalisation. As such, the global city concept, as it stands, is an insufficient framework for understanding cities of the South and the positions they occupy in the global economy. Conversely, Van der Westhuizen's (2002: 169) framework takes account of a wider range of globalisation processes and the many types of connections placing cities of the South into the global space of flows – making it a particularly relevant foundation on which to build a framework of analysis for the study of global cities of the South.

In developing a framework of analysis for global cities of the South the context in which such cities exist must be taken account of. The context in which global cities are imagined to exist is traditionally one of increasing economic integration and globalisation to which the trans-national firm and its geographically dispersed operations are central. In the developed core, processes of economic globalisation and informationalisation have led to the emergence of global cities. To be sure, cities of the South have emerged as important centres for specialised services but because economic globalisation has proceeded apace with very different consequences for

economies of the South, global cities of the South emerge within a context of *underdevelopment* that influences the way in which they are approached and understood – underdevelopment being a situation characterised by persistent low levels of living standards, low income per capita, low rates of economic growth, poor health services, high death rates, high unemployment, and dependence on foreign economies (McGowan and Nel, 2002: 331). Specifically, cities of the South are approached through a developmental rather than a global city lens.

One reason for this is the ideological hegemony of liberal economic policy and globalisation. Thomas (1999: 6) suggests this ideology – that of dominant groups within the world system – is used to legitimate the marginalisation and neutralisation of competing visions and values, effectively narrowing the parameters of legitimate state activity. Liberal economics are espoused universally through ideological globalisation while local diversity is undermined. To that end cities of the South are measured, interpreted, and understood within a context that views Western knowledge, Western ideology, and Western understandings of events and processes as paramount and rejects alternative viewpoints, ideologies, and processes, out of hand, as inferior or inconsequential (Thomas, 1999: 9). As such, cities of the South are measured against and compared to cities of the core, but because of *underdevelopment* and *dependency* are not on the same footing, and fall short of being classed as global cities – as conceptualised by the Western dominated discourse.

Concepts of underdevelopment and dependency are perhaps best enunciated by the dependency discourse. It is theorised that the South is underdeveloped relative to the core, in part because of economic foundations laid during the colonial era. Within the discourse, it is said the economies of Africa, Asia, and Latin America became oriented to the export of primary products under the control of metropolitan capital during the colonial era. Furthermore, colonies were constituted as markets for imported manufactured goods from the same metropolitan powers (Irogbe, 2005: 43). Capital surplus was expropriated to the metropolitan powers, leaving colonies underdeveloped and dependent. Dos Santos (1970: 231) conceptualises dependence as “a situation in which the economy of certain countries is conditioned by the development and expression of another economy to which the former is subjected.” Dependence is thought to arise because of unequal political, military, and economic

relationships between dependent economies and dominant external economies, in which the structure of the former is shaped as much or more by the requirements of the external economy as by its own domestic needs (Irogbe, 2005: 42).

Many contend underdevelopment and dependency are exacerbated by processes of economic globalisation. Rhetoric associated with ideological globalisation impresses upon countries of the South a need to adopt a neo-liberal economic ideology to bring about economic growth and eventual development. It follows, within the dependency discourse, that governments of underdeveloped countries and their entrepreneurs have little or no control over international markets for the primary products and low level manufactures they export, the prices of which are steadily dropping and are quite often manipulated by trans-national firms and rich, powerful nations – barriers to trade left in place by these same nations further weaken the position of the South in the global economy (Irogbe, 2005: 58). State power appears to be further eroded as power shifts from states to markets through the implementation of neo-liberal economic reforms and what Irogbe (2005: 58) has called a “well-planned program of globalisation” promoted by the West in collaboration with intergovernmental bodies such as the World Bank, IMF, and WTO. The context in which cities of the South emerge and exist, one of underdevelopment and dependency, is therefore reinforced by various regulatory bodies and is difficult to escape or modify – a so-called “underdevelopment trap”.

Although the world system disadvantages the South, capitalism thrives on many levels and dynamic activity in all three spheres of globalisation is driving increased connectivity and integration. Urban centres of the South are thus more *global* and connected than the global city concept suggests. One must consider processes of globalisation from below in addition to globalisation from above, operating in all spheres of globalisation to fully grasp the extent of the South’s global connectivity.

2.7 AN ALTERNATIVE ANALYTICAL FRAMEWORK

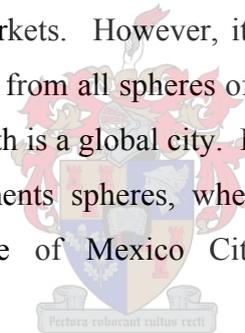
2.7.1 RATIONALE

The context of underdevelopment and dependency in which global cities of the South emerge and exist constitutes the rationale for the development of an alternative

analytical framework. More fully understanding the relationship between the global capitalist economy and cities like Mexico City and Johannesburg requires the use of a specifically tailored framework of analysis because:

- a divide within urban studies between the global city and developmentalist discourses means that only certain aspects of cities are focused on and ascribed to the whole city, limiting how these cities are understood;
- it is inappropriate and unfair to rank, compare, and analyse cities of the South using criteria and analytical frameworks extrapolated from the experiences of core cities – doing so constitutes a Western bias;
- the global city discourse overlooks or marginalises many forms of connectivity, particularly those driven from below, suggesting that cities of the South are less connected than they, in reality, are.

The global city discourse places salience upon the specialised services sector, economic globalisation, and markets. However, it is critical that researchers select indicators of global connectivity from **all spheres** of globalisation when exploring the extent to which a city of the South is a global city. Expanding the scope of analysis to include the mafias and movements spheres, where activity is likely driven from below, paints a fuller picture of Mexico City's and Johannesburg's global connections.



Van der Westhuizen's (2002) "markets, mafias, and movements" framework provides the model on which this study's analytical framework is based. In outlining his framework of analysis for better understanding globalisation and the South, Van der Westhuizen (2002: 169-174) associates certain actors with particular spheres. For example diasporas, religions, ethnic groups, academics, and TSMs are associated with the movements sphere. This should not however be interpreted as precluding these actors from operating in other spheres. For example, diasporic communities, most closely associated with the movements sphere, may be operating within that sphere by maintaining close cultural ties with their natal homeland. By being engaged in entrepreneurial activities in various locations around the globe, diasporic communities also contribute to the integration of markets, and may also be operating in the mafias sphere through monetary remittances executed outside of regulatory banking frameworks. The alternative framework developed here for the study of global cities

of the South presumes that global actors, at any given time, may be operating in multiple spheres of globalisation.

2.7.2 MARKETS SPHERE: GLOBAL CONNECTIONS

With the theorised rise of a global capitalist economy and the increasing predominance and imposition of liberal economic policies, power has shifted in some aspects from states to markets. As Van der Westhuizen (2002: 169) observes:

[i]n reaction, states have reshaped themselves: some policy sectors and ministries (such as finance, trade and industry, the central bank and even tourism) have become more important, spearheading the state's interaction with the global economy...

Consular and trade missions abroad are on the front lines of states' interaction with the global economy. Consular and trade missions differ from embassies in that they deal with issues *outside of inter-governmental diplomacy*, namely matters related to individuals and business. Consular and trade missions are therefore manifestations of economic globalisation whereas embassies are more reflective of political and diplomatic ties. The Vienna Convention on Consular Relations (1963) stipulates that:

Consular functions consist in: (a) protecting in the receiving State the interests of the sending State and of its nationals, both individuals and bodies corporate, within the limits permitted by international law, (b) furthering the development of commercial, economic, cultural and scientific relations between the sending State and the receiving State and otherwise promoting friendly relations between them in accordance with the provisions of the present Convention.

As such, a country may open multiple consular and trade missions in major economic centres to support economic interests. The locational pattern of a country's consular and trade missions is then reflective of its worldwide economic interests. In that same vein, the number of consular and trade missions located in a specific urban centre reflects that city's role within the global economy and its worldwide economic interests. Locational patterns of consular and trade missions constitute attribute data relevant to specifying global cities. It should be noted however that when dealing with national capitals like Mexico City, the number of consulates and trade offices located in the city may under-represent the city's global [economic] connectivity. This becomes likely, as countries that may have otherwise opened a consulate or trade mission in the capital city do not do so because of the presence of an embassy.

TABLE 2.3
SELECTED BENCHMARK CITY - CONSULATES AND TRADE PROMOTION OFFICES

NEW YORK	<i>Global Connectivity Index of 100</i>
Consulates General (85)	Afghanistan, Angola, Argentina, Australia, Austria, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belgium, Bolivia, Brazil, Canada, Chile, PR China, Colombia, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Finland, France, Germany, Ghana, Greece, Grenada, Guatemala, Guyana, Honduras, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Kenya, Korea (South), Lebanon, Liberia, Lithuania, Luxembourg, Malaysia, Mexico, Monaco, Morocco, Myanmar, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Russia, Saint Lucia, Saudi Arabia, Singapore, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Trinidad and Tobago, Turkey, Ukraine, United Kingdom, Uruguay, Uzbekistan, Venezuela
Consulates (8)	Estonia, Gabon, Haiti, Kazakh Republic, FYR Macedonia, Malta, Mongolia, Sri Lanka
Vice Consulates (2)	Bosnia and Herzegovina, Bulgaria
Honorary Consulates (5)	Central African Republic, DR Congo, Nicaragua, San Marino, Tunisia

Source: Department of State (United States)

This study uses New York, the global city status of which is well documented (Beaverstock, *et al.*, 1999; Sassen, 1991), as a benchmark against which to compare the global connectivity of other cities, as indicated by the presence of consulates and foreign trade offices. A score is arrived at by allocating three points to a city for each consulate general, consulate, vice consulate, and trade office and one point for each honorary consulate – the rationale behind the allocation of points being that the establishment of a permanent, official consulate or trade office is indicative of more significant relations and connectivity whereas the establishment of an honorary consulate is representative of emerging or casual, and less significant relations. In the event that a nation has both a consulate and a trade promotion office, points will not be allocated for each office. With 85 consulates general, eight consulates, two vice consulates, and five honorary consulates, New York receives a score of 290 or an index of 100¹.

Air transport linkages are another source of relational data establishing connections between cities and are an especially pertinent indicator of the international character

¹ The index score is calculated by dividing a city's score by 290 (the benchmark city's score) and multiplying the quotient by 100. For example, the index for a city with a score of 145 would be 50 [(145/290)(100) = 50].

of cities because of their relatively rapid ability to reply in terms of supply and demand (Cattan, 1995: 303). Air transport linkages are a direct reflection of trans-national human (professionals, tourists, immigrants) and material (manufactures, primary resources, agricultural products) flows, which constitute global cities and link them together into a global urban network (Castells, 1996; Hannerz, 1996; Sklair, 1991). Cohen (1997: 166) has proposed that, “all global cities are closely connected by air to other global cities” and suggests:

“[t]he easiest way to perceive this is to look at an airline map and study the thin filaments that arc across the globe. Suppose you overlay ten such maps of the leading carriers, you would then have an effective map of the global cities”.

Even so, Derudder and Witlox (2005) and Witlox, *et al.*, (2004) have recognised important limitations to the use of air transport data:

- the data exhibit a subtle bias towards inter-state as opposed to global flows that tends to undervalue relations between cities situated in large and/or significant countries. For example, domestic routes like New York to Los Angeles, Toronto to Vancouver, or Johannesburg to Cape Town may represent significant global flows but since both the origin and destination are in the same state these connections are neglected;
- data are often sourced from regional airline associations and therefore focus on specific world regions rather than the entire global economy;
- a lack of origin/destination data complicates analysis. Most data record individual legs of trips failing to differentiate trips that include stopovers, thus overestimating the importance of cities that function as airline hubs (i.e. Atlanta, Frankfurt).
- although tourist flows are one component of global city-ness, the use of air transport data in isolation exaggerates the role of cities that are popular holiday destinations such as Palma de Mallorca, Cancún, or Honolulu.

The locational patterns of consulates and trade promotion offices and air transport linkages are two forms of global connectivity within the markets sphere that this framework considers when specifying global cities. A further linkage considered is FDI flows. A number of urban attributes are also considered including

deindustrialisation trends, trends within the specialised services sector, and locational patterns of firms' headquarters.

2.7.3 MAFIAS SPHERE: GLOBAL CONNECTIONS

Two types of activity taking place in the mafias sphere – criminal and informal economic – are pertinent to an analysis of Mexico City and Johannesburg as global cities. Through such activity various trans-national and global links arise. Certain criminal and informal economic activities essentially constitute globalisation from below. Various aspects of criminal and informal economic activity have therefore been chosen as indicators of global connectivity. Organised crime, drug trafficking, money laundering, and terrorist networks have become a growing global presence. Characterised by Brennan-Galvin (2002: 125) as “the dark side of globalisation”, the global connections forged through criminal activity cannot be denied – drug cartels are perhaps the best example. Conceptualising global cities as cities that provide essential services to foreign markets and export “know-how” through communication networks, Gilbert (1998: 179) proposes that on a roster of global cities:

[T]he only [Latin American] cities that might justify inclusion are Cali and Medellín [Colombia], the centers of Latin America's only major trans-national corporations, the drug cartels. These are the only cities that have transferred their know-how to the developed world...

International criminals benefit from the same advances in transportation and technology as licit actors, enjoying unprecedented freedom of movement that makes it easier for them to cross borders and expand the range and scope of their operations. Nearly every major city in the developing world has seen an increase in international criminal activity as a result (Brennan-Galvin, 2002: 128). Cities function in three main ways for international criminal operations – (1) as source or transit zones for illegal contraband or produce; (2) as venues for money laundering or illicit financial transactions; and (3) as bases of operations (USGIWG, 2005). The scope and impact of international criminal activity is illustrated by the large amounts of money quickly moved from one jurisdiction to another, through the financial institutions of large cities in the developing world – *money laundering* in other words. It is estimated that money laundering accounts for between two and five per cent of world GDP – US\$800 billion at the low end and perhaps as high as US\$2 trillion (McDowell and Novis, 2001).

The informal economy concept describes “income-generating activities taking place outside a formal regulatory framework within which similar activities are in effect regulated” (Sassen, 2000b: 93). Implied in the use of the term “informal” is the existence of a “formal” norm against which activities of the former are compared. Activities taking place in the informal economy often mirror those taking place in the formal economy and the two are integrally linked through supply and customer networks (Devey, *et al.*, 2006: 227). Informal economies are distinct from informal sectors – the term *informal sector* referring more specifically to a range of subsistence activities of urban poor – although informal sector activities can be said to be a part of the informal economy (Devey, *et al.*, 2006: 226).

It is hypothesised that the size of informal economies is proportional to the relative weakness of states. Weak states will tend to have proportionately larger informal economies - for example the size of informal economies in the Philippines, Sri Lanka, and Malaysia is estimated to be 38 to 50 per cent of GNP while in Nigeria it constitutes as much as 68 to 76 per cent of GNP (Fleming, *et al.*, 2000; Van der Westhuizen, 2002: 171). Informal economies are then particularly relevant to analyses of cities of the developing South.

Informal economies have grown and expanded in recent decades to encompass the entire globe and have become deeply entrenched, integral components of the global economy, constituting sites of “robust economic growth” (Tabak, 2000:1). Informal economic activity can expand and grow in importance as globalisation and informationalisation continue apace in major urban centres. As informationalisation and globalisation lead to the decline of manufacturing sectors in urban centres, many firms cannot compete with cheap imports or cannot compete for space and other business needs with new high-profit specialised service firms, despite effective local demand. As Sassen (2000b: 97) observes, “[f]or these firms, escaping the regulatory apparatus of the formal economy enhances economic opportunities”. To an extent, growing informal economies can be attributed to formal economy firms “informalising” – a process that is increasingly blurring the borderline between formal and informal economies (Eapen, 2001: 2390). Operating outside of regulatory frameworks, does not however preclude informal economies from processes of globalisation. Sassen (cited in Butler, *et al.*, 2001: 260) suggests that small informal

enterprises are linked to global corporations by assisting them in maximising profits through the use of sweatshops and home-work thus connecting the most informal of labourers to processes of globalisation. Foote (cited in Butler, *et al.*, 2001: 260) acknowledges that the informal sector is too subjected to globalisation trends in that street vendors “represent but one link in a nationwide distribution chain of smuggled and stolen property”.

Moreover, specialised service industries generate employment in highly skilled sectors (accounting, legal services, etc.) and low wage sectors (cleaning and janitorial services, security, etc.) but generate very few middle wage jobs. As economic polarisation grows, informal economic activity balloons and labour market functions shift from a macroeconomic level to the household or community (Sassen, 2000b: 97). Analyses of global cities of the South should thus include an explorative review of criminal activity and the city’s range of informal economic activity so as to identify the extent and nature of global connections that exist in such sectors – including informal cross-border trade, small-business entrepreneur networks, and flows of knowledge, goods, and capital.

Activities in the mafias sphere are by definition illicit, unregulated, or both, thus hindering extensive observation and the gathering of accurate data. This hinders the identification of global linkages forged in this sphere – those that are identified must rely on estimations and aggregate data. Although less than ideal, an attributional approach uncovering the characteristics of actors and the nature of activities in this sphere provides a rudimentary understanding of how this sphere contributes to global connectivity and contributes to the overall understanding of global cities of the South.

2.7.4 MOVEMENTS SPHERE: GLOBAL CONNECTIONS

Processes of globalisation within the movements sphere are largely driven from below. As Van der Westhuizen (2002: 172) observes, “globalisation is a process driven not simply by firms, trans-national policy regimes and supra-territorial financial and other markets, but also by a variety of social groups, diasporas, religions, ethnic groups, academics and, most notably, by trans-national social movements (TSMs)” – these are the main actors in this sphere of globalisation. The extent and nature of trans-national social interaction is, then, an indicator of global

connectivity. Trans-national social interaction is facilitated, in much the same fashion as markets, by the weakening of the exclusive formal authority of states over national territory. Moreover, global cities have emerged as enabling environments for these activities. Cities and the networks that bind them together function as anchors and enablers of cross-border interaction (Sassen, 2002: 217). Particularly relevant to TSMs would be the telecommunications networks linking the world's cities, especially the Internet and World Wide Web, which facilitate the mobilisation of large numbers of individuals working towards a shared goal.

Diasporic communities constitute one form of trans-national social interaction. Conceptions of diasporas vary greatly, however all diasporic communities share certain attributes – all are settled outside of their natal territories, retain strong ties to their natal territories, accept an inescapable link with their past migration history, and a sense of co-ethnicity with others of a similar background (Cohen, 1997: ix). Diasporic communities forge various global connections whether economic, such as traders placing orders with friends or family in the natal territory, or social, such as a niece or nephew staying with aunts and uncles while acquiring their education or vocational training abroad (Cohen, 1997: 160). The combined effect of global connectivity forged by diasporic communities can be significant. Consider for example the case of China (Cohen, 1997: 161; Seagrave, 1995: 282):

[S]ince 1979 China has received \$60 billion in foreign investments and about the same in loans, and the overseas Chinese were responsible for a staggering 80 per cent of the total sums involved... Members of the Chinese diaspora took the opportunity to reconnect with their villages and ancestral homes through the influential guanxi – elaborated networks of relatives, friends and associates. Legitimate enterprises, the drugs trade and special economic zones – where capitalist relations prevailed – were established on a massive scale. At the disposal of the 55 million overseas Chinese (Hong Kong and Taiwan included) was \$450 billion, a sum 25 per cent larger than mainland China's own GNP.

The intense connectivity of global cities advantages diasporas and they are often concentrated in such cities and profit from the cosmopolitan character of global cities (Cohen, 1997: 176). Moreover, their language skills, familiarity with other cultures, and contacts in other countries, make many members of diasporas highly competitive in the international labour, service and capital markets (Cohen, 1997: 169). The

usefulness of diasporas as an indicator of global connectivity stems from the likelihood that they are present in most large cities around the globe.

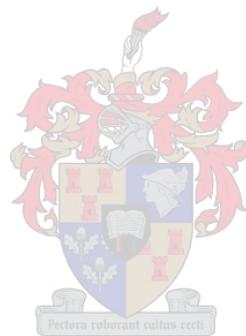
Other pertinent indicators in this sphere can be identified and may differ from city to city because of unique attributes specific to an urban area. For example, cities that function as centres of education with a large number of technical schools, colleges, and universities are likely connected globally through a trans-national network of academics and students. Of particular relevance to global cities of the South is labour migration. Stark (1991) conceptualises labour migration as a tool that households use to overcome market failures. By sending a family member to work away from home, a household makes an investment that is recovered when the migrant's remittances arrive. Global cities are generally areas of net immigration, receiving rural and foreign migrants in search of economic opportunities afforded by the urban economy – migrant's remittances thus become a source of global connectivity. Remittances are the most visible evidence and measures of ties connecting migrants with their societies of origin (Nyberg Sorensen, 2004: 3).

Increasing numbers of illegal immigrants and remittances transacted outside of the formal banking sector complicate data collection and the identification of global linkages in this sector. Nonetheless, population and immigration data coupled with credible estimates on illegal immigration and remittances do make possible a rudimentary understanding of the ways in which these movements contribute to global interconnectedness. Further facilitating this aim is the tracking of migrant's remittances by central banks.

2.8 CONCLUSION

This chapter has reviewed the main arguments of the global city discourse; has looked at globalisation and informationalisation trends; and has unpacked the very different ways in which globalisation impacts upon the South as opposed to the more developed core. More specifically the concepts of underdevelopment and dependency were explored. Finally, an alternative analytical framework for the study of global cities of the South was developed. This framework is applied in case studies of Mexico City and Johannesburg in chapters three and four.

It is hoped that this framework will better our understanding of a variety of urban processes taking place in the South. Incorporation of the global city concept assists in furthering our understanding of deindustrialisation and informationalisation processes and the impact thereof on cities of the South. Many parts of the globe are yet to benefit from economic globalisation – a number of creative solutions have emerged in response. Livelihoods are earned through informal economic activity, labour migration, and criminal activity, among others, in regions where markets have failed to provide adequate opportunities. It is hoped the framework used here will establish what types of global connections are forged through these activities with an eye to understanding the implications of such connections. Ultimately, this framework seeks to diminish the impact of the Western bias of the global city discourse by illustrating that cities of the South are globally connected in a variety of ways – albeit different connections from those seen in the core.



CHAPTER THREE: CIUDAD DE MÉXICO, MEXICO'S GLOBAL GATEWAY

3.1 INTRODUCING MEXICO CITY

Ciudad de México, or Mexico City, is located in Mexico's central plateau highlands region known as the Valley of Mexico on the former site of the Aztec capital of Tenochtitlán and its twin city of Tlatelolco. Built on an island in Lake Texcoco, Tenochtitlán was founded in 1325 and at its height was one of the largest cities in the world with a population of 250 000. Spanish conquistador Hernán Cortés arrived at the city in 1519. After a 79 day siege that destroyed much of the Aztec city, Cortés conquered the city for Spain in 1521 and founded the municipality of Mexico City. These events in the city's early history are today reflected in the city's distinctive *mestizo* culture, with its blending of Nahautl and Spanish heritages. From 1525 the city served as the capital of New Spain and continued on as the capital of Mexico after independence in 1821. In 1824, the Mexican government established the Distrito Federal – a self-governing city state that serves as the seat of the Mexican Federal Government and lies at the heart of the Mexico City metropolitan area.

Today Mexico City is home to nearly 18 million people and has emerged as one of the most important financial, economic, educational, cultural, and tourist centres of the world. The city has hosted a number of international spectacles including the 1968 Olympic Games and the 1970 and 1986 FIFA World Cup events. The city is not immune from the challenges of development however, including traffic congestion, poverty, environmental degradation, and crime. Nonetheless, Mexico City generates a quarter of Mexico's US\$768,4 billion GDP (Gobierno del Distrito Federal, 2006), making the city the world's thirty-third largest economy, immediately behind Finland and ahead of Portugal, Argentina, and Hong Kong (IMF, 2006). A symbol of Mexico City's economic strength is the 55 storey *Torre Mayor*. This landmark, sheathed in blue-green glass, rises 225 metres, making it Latin America's tallest skyscraper.

Mexico City's emergence as a global city in recent decades is directly related to events that took place on national and global levels. Problems with Mexico's import substitution regime began to surface in the 1970s but because of the Mexican oil boom and the availability of cheap credit, the country was able to stave off economic collapse. But as the terms of trade for oil worsened and U.S. interest rates spiked in

the early 1980s, Mexico found it increasingly difficult to service its foreign debt. Indebtedness was so high that bankruptcy came in 1982, marking the end of import substitution and the beginning of an era of economic reform that transformed Mexico from a country with an extremely closed economy to one characterised as a “textbook case of neo-liberal economic reform” (Andreas, 1999: 128).

Mexico’s market oriented reforms had a significant impact on the national economy and brought about a radically new role for the capital city. Exports increased fivefold between 1982 and 1999; US\$160 billion flowed into Mexico as FDI and portfolio investment between 1989 and 1998 (Parnreiter, 2002); and Mexico City emerged as a nascent global city. The city saw a dramatic decline of the manufacturing sector and transitioned to being a centre for specialised services – controlling and coordinating trans-national capital and global finance.

The factors leading to Mexico’s transition to an open economy are indicative of a state of underdevelopment and dependency. External factors and global trends contributed greatly to Mexico’s debt crisis and forced the opening of the economy to global markets and are in large part responsible for the global character of Mexico City. Parnreiter (2002) argues that a “structural crisis of the world system” made investment in the core industries of the developed world less profitable during the 1970s. As a result, overabundant capital was channelled to the developing world as credit and indebtedness grew with well-known consequences. The highly indebted countries of the South would eventually be forced to abandon import substitution for economic neo-liberalism as servicing debt became increasingly challenging under autarkic development schemes. We see then how the context of underdevelopment and dependency in which Mexico City remains today, catalysed and shaped the city’s integration with the global economy.

3.2 MARKETS SPHERE

Mexico City has historically been a prime location for all types of economic activity and was the centre for coordination, decision-making, and most economic development efforts by the Mexican government during the import substitution era (Graizbord, *et al.*, 2003: 501). Thus, the reorientation of Mexico’s economy to the global marketplace had a significant impact on the city. Trends in Mexico City’s

urban economy in the 1980s closely mirror those seen in urban economies of the core – trends said to be responsible for the emergence of global cities, namely globalisation and informationalisation.

With principal markets located abroad and advances in transportation and communications technologies, there remained little incentive for firms to remain in the capital with its significantly higher land, labour, and transportation costs. Large manufacturing firms relocated *en masse* to the northern border region and to the so-called “crown-cities” of the Valley of Mexico - Toluca, Cuernavaca, Pachuca, Puebla, and Tlaxcala – and many smaller local firms, unable to compete under conditions of free trade, were forced to informalise or close down (Parnreiter, 2002; Pradilla Cobos, 1997). Mexico City’s share in the national GDP decreased from 36 per cent to 32 per cent in only five years (1980 to 1985) due mainly to declines in the manufacturing sector. Industrial output shrank in absolute terms, by 5,8 per cent annually, during the same period and Mexico City’s share in national manufacturing output fell from 48,6 per cent to 32,1 per cent (Parnreiter, 2002).

The economic downturn of the 1980s was followed by a period of recovery in the 1990s that stemmed largely from two main trends. Firstly, the manufacturing sector recovered, enjoying annual growth rates of nearly three per cent in the 1990s. The downward trend in production was stopped and the Federal District’s share of total national manufacturing output remained about 20 per cent throughout the decade – a figure much lower than in the 1970s, however (Parnreiter, 2002).

Secondly, tremendous growth occurred in the specialised services sector, which emerged as the most important sector both in terms of GDP and employment. This is one of the most important urban trends specifying global cities – to Sassen (2001b: 83) global cities are seen as knowledge complexes where specialised services are developed and practised. Thus the informationalisation of Mexico City’s urban economy establishes the city as an emerging global city. As informationalisation proceeded apace, the most significant growth was in the transportation; communications; finance; insurance; and real estate sub-sectors, which all grew by more than three per cent annually from 1993 to 1997. The salience of the specialised services sector in Mexico City is further illustrated by the fact that employment in real

estate, financial, and professional services grew by 60 per cent between 1990 and 1997 – specialised producer services grew to account for nearly nine per cent of the city’s total formal employment (INEGI, various years). Of the half-million people working in Mexico’s specialised services sector, nearly 50 per cent are employed in Mexico City, clearly illustrating that activities related to economic globalisation are concentrated in the capital city (Parnreiter, 2000).

The role of Mexico City’s specialised services sector in the globalisation of the city cannot be overstated. It is the web of intercity linkages, relations, and information flows between global cities that partially constitutes them as such and links them together in a global urban network. It is Castells’ (1996: 412) who conceptualises global cities not as places but as processes by which advanced services, producer centres, and markets are connected in a global urban network on the basis of information flows. Relations between global specialised service firms are an integral, constitutive element of the global urban network.

In a study by Beaverstock, *et al.*, (1999) in which the locational patterns of 69 firms in four key service sectors – accounting, advertising, banking/finance, and legal services – are evaluated to establish global connectivity, Mexico City emerges as a “major global service centre” in all four sectors making it Latin America’s most connected city. São Paulo ranks as a major service centre in only three sectors – advertising, banking, and legal services – and Buenos Aires as a major service centre in banking only. The data further reinforce Mexico City’s status as a global city and illustrate the extent to which the city is embedded in the global urban network. In the finance/banking sector, there is a 93 per cent probability that a global firm located in London has a direct link to a branch office in Mexico City – only two cities show a higher probability of direct linkage to London - New York and Tokyo. In fact the dense concentration of banking and financial agencies – 1 280 in the Federal District alone – reflects the global nature of Mexico City and its central position in the global finance/banking sector (Gobierno del Distrito Federal, 2005). In advertising, the probability of a global firm located in London being linked to a Mexico City branch is 82 per cent, and in legal services, five per cent. When connections with London across all four sectors are averaged, Mexico City ranks fifteenth with a level of

connectivity on par with São Paulo, Chicago, San Francisco, Washington, D.C., Düsseldorf, and Amsterdam (Beaverstock, *et al.*, 2003).

The number of corporate headquarters located in an urban centre as a means of specifying global cities has declined in importance within the global city discourse because headquarters enjoy more locational choices as producer services are increasingly outsourced to specialised service firms. Nonetheless, Sassen (1991: 3) asserts global cities function as highly concentrated command points in the organisation of the world economy – a function that is related to corporate headquarter functions. Mexico City is the preferred location for a majority of national and international corporations operating in Mexico (Graizbord, *et al.*, 2003: 504). Of the 500 top Mexican corporations, which produced US\$3,4 billion in 2001, more than two thirds are headquartered in Mexico City (Graizbord, *et al.*, 2003:506). Furthermore, the bigger the firm in terms of sales and the stronger the links to the global economy in terms of exports and imports and participation of foreign capital, the higher the probability that the company is headquartered in Mexico City – of the 500 top corporations 39,4 per cent of those dominated by national capital have their main office in Mexico City whereas 58,3 of those dominated by foreign capital have their headquarters in the city. Of the top 300 firms in terms of imports and exports, over 50 per cent are headquartered in Mexico City. As Parnreiter (2000) observes;

[The] specific character of main offices in the Federal District points to a close link of the city's economy to the global economy. Data suggest that companies which were able to adapt to the world market show a preference to locate in the Federal District. In other words; Mexico City is the place where the "global player" among Mexican companies – and trans-national companies settled in Mexico – tend to have their headquarters. Consequently, the Federal District assumes world city functions in the sense that from there the Mexican economy (or at least parts of it) become globalized.

Mexico City further functions as a global city in that it serves as a centre of international trade and banking. Of the nearly US\$80 billion flowing into Mexico as FDI between 1989 and 1998, 58,6 per cent was realised in the Federal District with an additional five per cent invested in the State of Mexico (in which more than half of the ZMCM lies). Although statistics are unavailable, it is likely that most foreign portfolio investment (over US\$80 billion between 1989 and 1996) is concentrated on the Federal District as well (Parnreiter, 2000). This is because all major banks have

their main office and accountancy in the capital and Mexico City is home to Mexico's main stock exchange, the Bolsa Mexicana de Valores. Amongst emerging markets, Mexico ranks third behind China and Brazil in terms of foreign capital investment, a fact that reaffirms the importance of the Bolsa Mexicana de Valores in the global marketplace and its status as Latin America's second largest stock exchange.

Using the presence of consulates and trade offices as an indicator of global connectivity, Mexico City emerges as one of Latin America's most globally connected cities. Mexico City hosts 15 consulates general, one consulate, 12 honorary consulates, and 18 trade promotion and commercial offices (Ministry of Foreign Affairs, 2006). When compared to New York, Mexico City's connectivity index is 41,4. Stated differently, in terms of consulates and trade promotion offices, Mexico City's level of global connectivity is 41,4 per cent that of New York. Mexico's second city, Guadalajara, has a connectivity index of 17,2 while Monterrey, with its fast growing technology sector, has a connectivity index of 19,3. The global connectivity of Mexico City is, therefore, more than twice that of Mexico's other main cities. The data indicate, however, that Mexico City's global connectivity (as indicated by consulates and trade offices) lags behind that of Latin America's other global city, São Paulo (see Alves, 2004; Beaverstock, *et al.*, 1999; Kowarick and Companario, 1986; Tolosa, 2003). With 43 consulates general, two consulates, 44 honorary consulates and one trade promotion office (Ministry of External Relations, Brazil, 2006), São Paulo's connectivity is 62,7 per cent that of New York's. It is important to note once again, that the global connectivity of Mexico City may be underrepresented by the number of consulates and trade promotion offices in that, as the national capital, the Federal District also houses foreign embassies in Mexico, the presence of which may deter the establishment of a separate consulate or trade office. Indeed, of the 70 foreign countries with embassies in Mexico City, 30 have established a separate consulate or trade office. When one expands one's scope of analysis to consider the presence of embassies in Mexico City the city's global connectivity (as indicated by embassies, consulates and trade offices) soars to 83,4 per cent that of New York¹.

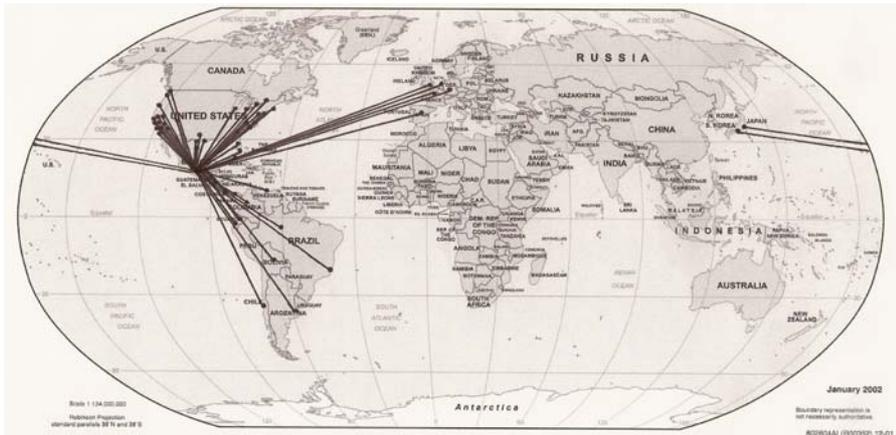
¹ In this calculation, three points were allocated for each embassy present in the city. Additional points were not allocated for foreign countries with both an embassy and a consulate or trade office in Mexico City. As New York is not a national capital, no embassies are located in the city.

TABLE 3.1
SELECTED LATIN AMERICAN CITIES - CONSULATES AND TRADE PROMOTION OFFICES

MEXICO CITY		<i>Global connectivity index of 41.4</i>
Consulates General (15)	Argentina, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Egypt, El Salvador, France, Guatemala, Nicaragua, Peru, Russia, Spain, United States	
Consulate (1)	Panama	
Honorary Consulates (18)	Botswana, Croatia, Estonia, Ethiopia, Gambia, Iceland, Ireland, Jordan, Latvia, Lithuania, Luxembourg, Madagascar, Malta, Monaco, Mongolia, Nepal, Senegal, Singapore	
Trade Promotion and Commercial Offices (18)	Argentina, Austria, Belgium (Brussels and Walloon Trade Office), Brazil, Canada, PR China, Colombia, Cuba, France, Guatemala, Italy, Japan, Portugal, Russia, Spain, Sweden, Thailand, Uruguay	
SÃO PAULO		<i>Global connectivity index of 62.7</i>
Consulates General (43)	Argentina, Armenia, Australia, Austria, Belgium, Bolivia, Canada, Colombia, Cuba, Czech Republic, Denmark, Dominican Republic, France, Germany, Greece, Hungary, India, Ireland, Israel, Japan, Korea (South), Lebanon, Mexico, New Zealand, Netherlands, Panama, Paraguay, PR China, Peru, Philippines, Poland, Portugal, Romania, Russia, South Africa, Spain, Switzerland, Syria, United Kingdom, United States, Uruguay, Venezuela	
Consulates (2)	Ecuador, Nicaragua	
Honorary Consulates (44)	Bangladesh, Benin, Burkina Faso, Cape Verde, Chile, Costa Rica, Croatia, Cyprus, Finland, Gabon, Gambia, Ghana, Guatemala, Haiti, Honduras, Indonesia, Iceland, Ivory Coast, Jordan, Latvia, Lesotho, Liberia, Lithuania, Luxembourg, Malawi, Mali, Malta, Monaco, Mongolia, Morocco, Mozambique, Norway, Oman, San Marino, Senegal, Singapore, Slovakia, Slovenia, Sweden, Suriname, Thailand, Togo, Trinidad and Tobago, Tunisia	
Trade Promotion and Commercial Office (1)	Chile	
GUADALAJARA		<i>Global connectivity index of 17.2</i>
Consulates General (2)	Spain, United States	
Consulates (0)		
Honorary Consulates (32)	Austria, Belgium, Chile, Colombia, Cyprus, Czech Republic, Denmark, Dominican Republic, Ecuador, El Salvador, Finland, France, Germany, Guatemala, Hungary, India, Italy, Korea (South), Lebanon, Norway, Netherlands, Peru, Philippines, Poland, Romania, Slovakia, South Africa, Sweden, Switzerland, Tunisia, United Kingdom, Uruguay	
Trade Promotion and Commercial Offices (4)	Canada, Honduras, Nicaragua, Panama	
MONTERREY		<i>Global connectivity index of 19.3</i>
Consulates General (5)	Canada, Cuba, El Salvador, Spain, United States	
Consulate (1)	United Kingdom	
Honorary Consulates (38)	Australia, Austria, Belgium, Belize, Chile, Cyprus, Czech Republic, Denmark, Dominican Republic, Ecuador, Finland, Germany, Greece, Guatemala, Honduras, Hungary, India, Indonesia, Israel, Italy, Japan, Malaysia, Nicaragua, Norway, Netherlands, Panama, Peru, Philippines, Poland, Portugal, Romania, Serbia and Montenegro, South Africa, Sweden, Switzerland, Thailand, Uruguay, Venezuela	

Sources: Ministry of Foreign Affairs (Mexico) and Ministry of External Relations (Brazil).

FIGURE 3.1
INTERNATIONAL AIR SERVICE – DESTINATIONS SERVED FROM MEXICO CITY



Amsterdam, Netherlands	Las Vegas, NV, USA	Portland, OR, USA
Atlanta, GA, USA	Lima, Peru	Quito, Ecuador
Baltimore, MD, USA	London, United Kingdom	Sacramento, CA, USA
Bogotá, Colombia	Los Angeles, CA, USA	San Antonio, TX, USA
Boston, MA, USA	Madrid, Spain	San Diego, CA, USA
Buenos Aires, Argentina	Manaus, Brazil	San Francisco, CA, USA
Caracas, Venezuela	McAllen, TX, USA	San Jose, CA, USA
Charlotte, NC, USA	Miami, FL, USA	San José, Costa Rica
Chicago, IL, USA	Montréal, Canada	San Salvador, El Salvador
Dallas/Ft. Worth, TX, USA	Nagoya, Japan	Santa Cruz, Bolivia
Denver, CO, USA	Newark, NJ, USA	Santiago, Chile
Detroit, MI, USA	New York, NY, USA	São Paulo, Brazil
Frankfurt, Germany	Oakland, CA, USA	Seattle, WA, USA
Fresno, CA, USA	Ontario, CA, USA	Tokyo, Japan
Guatemala, Guatemala	Orlando, FL, USA	Toronto, Canada
Guayaquil, Ecuador	Panama City, Panama	Vancouver, Canada
Havana, Cuba	Paris, France	Washington, DC, USA
Houston, TX, USA	Phoenix, AZ, USA	

Regularly scheduled non-stop and direct air services as of December 2005. Various sources,

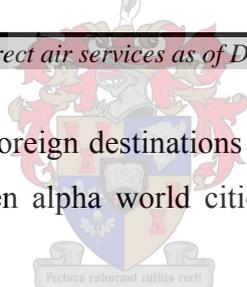
Yet another form of global connectivity is the air transport linkages that reinforce Mexico City's role as a global city and establish it as an important transportation centre. Mexico City International Airport (AICM) is Latin America's busiest airfield with a total of 24 115 552 passengers and 332 623 takeoffs and landings in 2005. The city is Mexico's national air transport hub with over 15 million domestic passengers annually and is the country's main point of entry for air passengers with over eight million international passengers per year (GACM, 2006). The city is linked by non-

TABLE 3.2
DOMESTIC AIR SERVICE – DESTINATIONS SERVED FROM MEXICO CITY

Acapulco, Guerrero	La Paz, Baja California Sur	Puebla, Puebla
Aguascalientes, Aguascalientes	Lázaro Cárdenas, Michoacán	Puerta Vallarta, Jalisco
Campeche, Campeche	León, Guanajuato	Querétaro, Querétaro
Cancún, Quintana Roo	Loreto, Baja California Sur	Reynosa, Tamaulipas
Cd. del Carmen, Campeche	Los Cabos, Baja California Sur	Salina Cruz, Oaxaca
Cd. Juárez, Chihuahua	Los Mochis, Sinaloa	Saltillo, Coahuila
Cd. Obregón, Hermosillo	Manzanillo, Colima	San Luis Potosí, San Luis Potosí
Cd. Victoria, Tamaulipas	Matamoros, Tamaulipas	Tampico, Tamaulipas
Chihuahua, Chihuahua	Mazatlán, Sinaloa	Tepic, Nayarit
Colima, Colima	Mérida, Yucatán	Tijuana, Baja California
Culiacán, Sinaloa	Mexicali, Baja California	Torreón, Coahuila
Durango, Durango	Minatitlán, Veracruz	Tuxtla Gutiérrez, Chiapas
Guadalajara, Jalisco	Monterrey, Monterrey	Uruapán, Michoacán
Hermosillo, Sonora	Morelia, Michoacán	Veracruz, Veracruz
Huatulco, Oaxaca	Nuevo Laredo, Tamaulipas	Villahermosa, Tabasco
Ixtapa/Zihuatenejo, Guerrero	Oaxaca, Oaxaca	Zacatecas, Zacatecas
Jalapa, Veracruz	Poza Rica, Veracruz	

Regularly scheduled non-stop and direct air services as of December 2005. Various sources.

stop or direct² air service to 53 foreign destinations and 55 domestic destinations and is linked directly to seven of ten alpha world cities as determined by GaWC (see Table 2.1).



The data illustrate the remarkable extent to which the United States dominates Mexico City's web of global air linkages (Parnreiter, 2002) – an unsurprising fact considering the strong economic and cultural links between the two nations. Twenty-eight of the international destinations served from Mexico City are in the United States and 26 per cent of international passengers at AICM arrived from and departed for the United States. Los Angeles ranks as the single most important international destination, with more air passenger travel between Mexico City and Los Angeles than between Mexico City and all European or Latin American cities (Parnreiter, 2002). Next after Los Angeles are Houston, Dallas-Fort Worth, Miami, New York, and Chicago. Madrid, as the main European destination only ranks seventh overall with Europe

² Direct air service is that whereby passengers travel from origin to destination with one stop en route and no change of aircraft. For example South African Airways direct service from New York to Johannesburg that stops en route for refuelling in Dakar, Senegal.

accounting for nine per cent of international passengers at AICM. Air connections to Latin America are steadily growing and with fifteen destinations ranks as the second most connected region. Latin America accounts for 9,2 per cent of international passengers at AICM and San José - the top ranked Latin American destination - does not rank in the top ten destinations. Domestically, the main air transport linkages are those that connect Mexico City with Guadalajara, Monterrey, and Tijuana – these cities accounting for 23 per cent of domestic passengers at AICM (Witlox, *et al.*, 2004).

Mexico City compares favourably with Latin America's other global city, São Paulo, in terms of air transport linkages. São Paulo is served by two airports, Governador André Franco Montoro International Airport and Congonhas International Airport, with a combined total of 24 million passengers annually (INFRAERO, 2006). São Paulo is linked by air to 54 domestic cities and 35 foreign destinations and is linked to eight of ten alpha world cities as determined by GaWC (see Table 2.1). It is only in terms of cargo that São Paulo's airports significantly out rank Mexico City. With 475 182 tonnes in 2005, São Paulo Montoro International Airport ranked thirty-sixth in the world in terms of cargo whereas Mexico City International Airport ranked forty-third with 380 397 tonnes of cargo annually. In terms of cargo originating in Mexico City the United States again dominates, receiving 55 per cent with Los Angeles, New York, and Miami being the most important destinations. Twenty-two per cent of cargo originating in Mexico City is destined for Europe with Paris and Frankfurt ranking as the main destinations. Miami is the most important city of origin for cargo arriving in Mexico City followed by Paris, Amsterdam, and Los Angeles (Parnreiter, 2002).

3.3 MAFIAS SPHERE

Activities occurring in the mafias sphere are to an extent responses to shortcomings of neo-liberal economic policies. When market reforms fail to bring about anticipated economic growth, a number of individuals pursue livelihoods in informal economies. Similarly, criminal activity benefits from the same advances in transportation and communications, and increased integration as licit economic activity does. Identifying global connections in this sphere is a difficult task because activity in this sphere is by definition illicit, unregulated, or both. One area of particular interest in

this sphere is the informal economy, which in Mexico City is particularly large, robust and influential - it is estimated that Mexico's informal economy accounts for 33,2 per cent of GDP (Schneider, 2005: 121). The size, vibrancy, and significance of informal economies in global cities of the South is one factor that distinguishes these cities from their developed world counterparts despite informalisation becoming a trend in cities of the developed world. The significance of Mexico City's informal economy is in part the result of the economic reforms undertaken in the 1980s. Indeed, many of the same elements responsible for the global city status of Mexico City have led to increased informalisation and the ever increasing salience of the informal economy.

The new role assumed by Mexico City as Mexico transitioned to an open economy impacted significantly upon the city's social arrangements. The deeper integration of Mexico City into the global economy and the growing centrality of specialised services in the urban economy have exacerbated impoverishment and social polarisation (Parnreiter, 2000). Growth of the services sector reinforces class and income inequality by creating high wage and low wage jobs but very few middle wage jobs. Employment is generated for highly qualified professionals in the specialised services sub-sector and for those working in ancillary service industries that pay, at best, subsistence wages, such as secretarial, janitorial, and food service positions (Roberts, 2005: 114). As a result many individuals turn to the informal economy for employment or entrepreneurial opportunities, thus contributing to its increasing growth and importance. Additionally, changes in the structure of the city's manufacturing sector further reinforced impoverishment and growth of the informal economy. As Sassen (2000b: 97) observes, downgrading of the manufacturing sector occurs when firms are forced to compete with cheap imports and the profit-making capacities of manufacturing become more modest than those of leading sectors such as telecommunications or specialised services.

Downgrading of the manufacturing sector can induce informalisation of economic activity. Informalisation occurs when firms come under increased pressure from cheap imports and competition for space and other business needs with new high-profit firms in the specialised services sector. Forced to reorganise the production and distribution of goods and services, many firms escape the regulatory apparatus of the formal economy for the enhanced economic opportunities offered by the informal

economy (Sassen, 2000b: 97). The demise of Mexico's import substitution regime enhanced the global character of Mexico City but also brought about the downgrading and informalisation of the city's manufacturing sector, the elimination of middle wage manufacturing jobs, and increased polarisation.

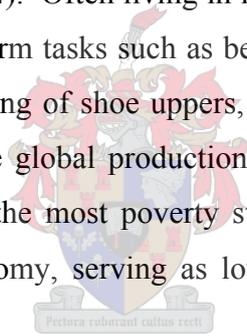
Mexico's informal economy consists of an estimated six to eight million workers that constitute 40 to 50 per cent of the total workforce and generate 33,2 per cent of the gross domestic product (Butler, *et al.*, 2001: 279; Schneider, 2005: 121). Of the total informal labour force in Mexico, 22 per cent is concentrated in Mexico City (Secretary of Labour and Social Security, 1995). Three main groups constitute Mexico City's informal economy – *tianguis*, *vendedores ambulantes*, and *marias* (Foote, 1997). *Tianguis*, or street vendors, are highly organised, generally operate in different locations on different days but return to the same spot in a particular location with little conflict with others who might want the same spot. They may also pay taxes, receive governmental recognition, and may have management. *Vendedores ambulantes* are involved in small scale manufacturing activities and commercial and service industries. *Marias* are the most visible sector of the informal economy. These are the women and few men who sell dolls, native artefacts, small food items, and other goods ranging from chewing gum to stereos on the streets. Some estimates put the number of *marias* in Mexico City at nearly one million (Foote, 1997).

To think of *tianguis*, *vendedores ambulantes*, and *marias* simply as disconnected, localised, informal labourers is incorrect. A plethora of global connections exists within the informal economy of Mexico City ranging from *marias* selling imported toys, shoes, and clothing to *tianguis* hawking locally produced curios and artefacts to international tourists to *vendedores ambulantes* which are playing an increasingly important role in global production chains as home-workers. In today's global economy, international supply chains are becoming more and more complicated with vast chains of contractors, sub-contractors, agents and intermediaries, in many different countries, coming between the initial manufacturers of goods and the retail companies that sell the final products. Increasingly, small-scale, informal producers working from home – home-workers - are becoming involved in these complicated supply chains (Freeman, 2003: 43).

The International Labour Organisation (ILO) (cited in Freeman, 2003: 43) defines home-work as:

Work carried out by a person... in his or her own home or in other premises of his or her own choice, other than the workplace of the employer; for remuneration; which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used, unless this person has a degree of economic independence necessary to be considered an independent worker under national laws, regulations or court decisions (ILO 1996).

Industrial capitalism has become increasingly globalised since the late twentieth century, and home-working has dramatically increased to become a key element of capitalist production (Freeman, 2003:43). In the developing nations of the South, 20 to 25 per cent of the non-agricultural labour force likely consists of home-workers, with clothing and footwear sectors being the main sources of employment (Charmes, 2000; Freeman, 2003: 43). In Mexico, home-workers account for 30 to 40 per cent of all clothing workers (Huws, 1994). Often living in informal settlements around major cities, these home-workers perform tasks such as beading, embroidery, machine- and hand-sewing of garments, stitching of shoe uppers, and affixing of soles onto shoes, and are thus critical links in the global production chains of clothing and footwear manufacturers. As such, even the most poverty stricken areas of Mexico City are integrated with the global economy, serving as low-wage production sites for low level manufactures.



When identifying global connections forged in the mafias sphere, illegal criminal activity must also be considered as a potential source of global connections. Cities function in three main ways for international criminal operations – (1) as source or transit zones for illegal contraband or produce; (2) as venues for money laundering or illicit financial transactions; and (3) as bases of operations (USGIWG, 2005). This is of particular relevance in Latin America. Indeed, it has been argued that Latin America's only major trans-national corporations are the Colombian drug cartels (Andreas, 1999; Gilbert, 1998; Shelley, 1990). As Andreas (1999) notes:

[I]n a highly competitive global marketplace dominated by multinational corporations from the industrialized world, sophisticated criminal organizations specializing in drug trafficking stand out as the developing world's most successful multinationals.

As such, it is not unreasonable to regard the drug trade as a major source of global connections, particularly in Mexico City – a central transportation hub and Latin America’s most important banking and finance centre.

The free-market reforms undertaken by the Mexican government in the 1980s are, again, of critical importance – free-market reforms such as deregulation, privatisation, and trade liberalisation have all served to facilitate and encourage drug production, trafficking, and money laundering in Mexico. Mexico has “long played a role in the drug trade, but the level of involvement has expanded considerably in the last decade” such that “few countries match Mexico’s importance in the drug trade” (Andreas, 1999: 128-129). Consider that up to 70 per cent of the cocaine bound for the United States enters through Mexico, and Mexico supplies 20 to 30 per cent of heroin consumed in the United States and up to 80 per cent of imported marijuana (Andreas, 1999: 128). The trafficking of drugs into the United States has benefited tremendously from Mexico’s economic reforms and the country’s integration with the United States. It is likely then that Mexico City, as Mexico’s main transportation hub, plays a central role in the trafficking of drugs from South America northward to the United States.

Most data pertaining to drug production and trafficking are gathered on a national rather than metropolitan or urban scale, thus it is difficult to specify exactly what role Mexico City plays in the drug trade and the type and extent of global connections forged. As Latin America’s pre-eminent banking and finance centre (Beaverstock, *et al.*, 1999), it is likely that Mexico City plays a pivotal role in the laundering of money associated with the drug trade. Circumstantial evidence supports this claim.

The US State Department notes that “Mexico’s banking and financial sector lacks adequate controls on money laundering and has become one of the most important money laundering centres in the Western Hemisphere” (Andreas, 1999: 131). It is estimated that Mexico earns over US\$7 billion annually from the drug trade and traffickers in the country accumulated US\$30 billion in 1994. This makes the drug trade one of the leading generators of foreign exchange for Mexico and it has been said that “a sudden drying up of drug money from the Mexican banking system would have severe economic consequences” (Andreas, 1999: 129). One manner in which

drug traffickers have laundered and invested their proceeds is through the purchase of privatised businesses. This was especially true in the 1980s, during the first wave of privatisation, when the drug trade bought the equity and debt issued to finance the sale of former state-run enterprises, particularly the commercial banks and large commercial enterprises (Andreas, 1999: 131), the majority of which were located in Mexico City.

3.4 MOVEMENTS SPHERE

Global connectivity in the movements sphere is driven from below by social groups, diasporas, religions, ethnic groups, academics and TSMs, making it particularly difficult to identify and study. One avenue of inquiry, especially relevant to global cities of the South, is labour migration. Mexico City has traditionally been Mexico's most important destination for internal migrants with its robust agglomeration economy attracting the better educated from the country's other cities, towns, and rural areas (Connolly, 1999: 57). Today, there are two sides to the coin, in regards to migration and Mexico City. Mexico City is an area of net international emigration yet attracts 42,6 per cent of all internal Mexican migrants (Parnreiter, 2002). Moreover, the city is administratively divided into two separate political entities - the migration profiles of which could not be more disparate (Connolly, 1999: 59).

The city centre, located in the Federal District, is an area of net emigration, whose total population growth is scarcely 0,2 per cent annually (Connolly, 1999: 61). Increasing real estate prices in the Federal District means that renting in outlying areas or building housing in the city's ever-expanding informal settlements are the only options for lower income families. Furthermore, pollution, crime, and traffic means that professionals are drawn away from the city centre to suburban neighbourhoods and security complexes (Connolly, 1999: 59). The result is that half of Mexico City's population and most of the city's growth is accommodated outside of the Federal District in those municipalities in the State of Mexico that have grown together with the ZMCM (Connolly, 1999: 61).

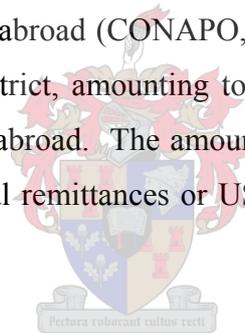
The State of Mexico ranks fourth amongst Mexican states in terms of net migration (Parnreiter, 2002) and the whole of Mexico City is an important destination for migrants. With a foreign born population of more than 8 million, Mexico City is the

main destination for legal immigrants to Mexico. Europeans comprise the bulk of the city's immigrant community with a population of over 5 million - Spaniards being the single largest nationality with 2,5 million. The city also has a community of nearly 2 million legal immigrants from Latin America and the Caribbean. Other large immigrant communities include an estimated 600 000 East Asians, 500 000 Americans, and a significant Lebanese community (Gobierno del Distrito Federal, 2006).

Increasingly, the city's newcomers are poorer and less educated individuals and families attracted by the economic opportunities the city provides. With the strongest economy in Latin America, Mexico has become a main destination for undocumented labour migrants from its poorer neighbours. The number of undocumented immigrants detained in the country has increased 40 per cent from 2000 to 2004, with an estimated 215 000 deportations in 2005. Another 10 089 foreigners were turned away at the nation's airports and border crossings in 2004, with Mexico City and Cancun being the main points of entry for those arriving by air (Hawley, 2005). Ninety per cent of illegal immigrants come from just three countries – Guatemala, Honduras, and Nicaragua – the majority of which cross over Mexico's 1000 kilometre border with Guatemala (The Economist, 2004). Illegal immigrants crossing Mexico's southern border are generally bound for Mexico City, hidden away on the daily freight trains bound for the city (The Economist, 2005). Although for many, Mexico City is simply a temporary stop en route to the United States, others remain in Mexico, taking low-paying jobs, often directly replacing Mexicans who have left for the United States.

Mexico City is not only globally connected through the actions of foreign immigrants resident in the city but also by the actions of Mexicans living abroad. A staggering number of Mexicans live and work abroad, especially in the United States. In 2004, the population of Mexican born immigrants living in the United States was 10 230 089 (CONAPO, 2006). Between 375 000 and 475 000 Mexicans immigrate, both legally and illegally, to the United States annually and the Mexican government estimates that mass immigration to the United States will continue with 3,5 to 5 million people immigrating per decade until at least 2030 (Center for Immigration Studies, 2002).

The flow of labour migrants between Mexico and the United States is the largest in the world (Sana and Massey, 2005: 518) and migrant remittances have surpassed foreign tourism as Mexico's second largest source of foreign income after oil exports – in 2003 migrant workers sent US\$13,4 billion home to Mexico (Banco de México, 2006). Migration to the United States is most prevalent in western Mexico, but migrants' ties to Mexico City are well established. In 2003, the number of Mexican migrants living in the United States born in the Federal District was 413 395 with an additional 586 196 born in the State of Mexico. Taking into account immigration and emigration, the total net international migration in 2003 for the Federal District is negative 15 597 and for the State of Mexico, negative 35 469, indicating that international emigration from Mexico City exceeds international immigration to the city (CONAPO, 2006). One of the most obvious forms of trans-border connections created by labour migrants is remittances – 1,72 per cent of Federal District households and 2,11 per cent of households in the State of Mexico receive remittances from a family member working abroad (CONAPO, 2006). In 2003, US\$850 million was remitted to the Federal District, amounting to 6,3 per cent of total remittances from Mexican migrant workers abroad. The amount remitted to the State of Mexico amounted to 7,8 per cent of total remittances or US\$1,04 billion (Banco de México, 2006).



The actions and movements of international students and academics are an additional source of connectivity in the movements sphere. Mexico City is home to a number of universities including the Universidad Nacional Autónoma de México (UNAM), which is widely regarded as Latin America's best university and the sole most important university in the Spanish-speaking world. UNAM also has three foreign campuses – San Antonio, Texas and Chicago, Illinois in the United States and Hull, Quebec in Canada. Numerous foreign universities also have a presence in Mexico City including the University of California, which has established an office to serve the expanding academic, research and public service mission of the university.

Despite this academic landscape, neither Mexico City nor Mexico attract a significant number of international students and academics - a mere 1,892 foreign students studied full time in Mexico in 2005 (UNESCO, 2006). However, the number of Mexican students studying abroad in 2005 totalled 21 661 (UNESCO, 2006).

Mexican students abroad are a source of connectivity between Mexico and the receiving states – the top five of which are the United States, the United Kingdom, France, Germany, and Spain.

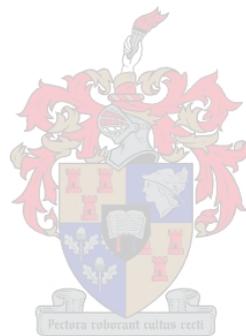
3.5 CONCLUSION

Since Mexico's neo-liberal economic reforms of the 1980s, Mexico City has experienced a dramatic decline in the manufacturing sector and has transitioned to being a centre for specialised services – controlling and coordinating trans-national capital and global finance. In this way we see that urban processes at work in the core – deindustrialisation and informationalisation – are also occurring in cities of the South. Mexico City is also faced with a variety of challenges indicative of underdevelopment. The city thus mirrors the divide within urban studies with the specialised services sector – a factor used to specify global cities – and other sectors, including the informal economy, that are more associated with the developmentalist approach.

The global city concept emerges as a useful tool recognising emergent urban processes in cities of the South. At the same time, however, the global city concept narrowly focuses on the specialised services sector neglecting the myriad other ways in which Mexico City is globally connected. An approach blending together elements of the global city and developmentalist approaches yields a richer analysis of Mexico City. This study's alternative analytical framework, looking at three distinct spheres of globalisation, has melded together elements of each discourse. Nonetheless, it is difficult to firmly state whether or not Mexico City is a global city.

Global cities are specified by their ability to service global capital. This case study has shown that Mexico City with its specialised services sector and status as Mexico's main banking centre serviced much of the FDI entering the country and is home to the headquarters of a majority of Mexican firms and trans-national firms operating in Mexico. In this way Mexico City plays a significant role in the global economy integrating Mexico's US\$1,07 billion (GDP) economy and 107 million people with the global economy. The city is further integrated by the actions of Mexican labour migrants, international drug cartels, and various other stakeholders. Mexico City thus

serves as a bridge integrating Mexico with the global economy and is therefore a small constituent part of the global economy qualifying as a global city of the South.



CHAPTER FOUR: JOHANNESBURG, HUB OF AFRICA

4.1 INTRODUCING JOHANNESBURG

Rogerson (2004a: 15) observes that “often Johannesburg is likened to the New York of Africa, dominating the continent in terms of the scale and sophistication of its stock market, financial services, corporate vibrancy, media, and culture”. The city has long been a node in the global economy, particularly in the mining sector but since South Africa’s 1994 transition to democracy the city has played an increasingly prominent role in the global economy and has established itself as a critical link between the global economy and sub-Saharan Africa. The city can be described as a “hub” – a centre of activity and interest or a focal point. In economic terms, Johannesburg is South Africa’s most powerful urban centre and is a hub of trans-national corporate governance on the African continent. Furthermore, the city has a strong specialised services sector, making it one of only a few African cities capable of servicing global capital (CDE, 2002: 9). With a modern transportation infrastructure, Johannesburg has emerged as the region’s transportation hub; is southern Africa’s main shopping hub; and is a prominent destination for migrants from throughout Africa. South Africa’s apartheid history and Africa’s relative economic weakness in the global economy have served to limit Johannesburg’s role in the global economy. The city however exhibits many global city attributes and is experiencing many of the same trends seen in global cities of the core.

Johannesburg is situated in South Africa’s dry eastern plateau, or Highveld, on a ridge known as the Witwatersrand, at an elevation of 1753 metres. Situated neither on the coast nor near a waterway, Johannesburg owes its existence to the discovery of the massive gold deposits of the mineral rich Witwatersrand. It has been observed that “there are relatively few large cities in the world that can trace their economic foundations primarily to natural resource endowments – particularly mineral deposits – in the way that Johannesburg can” (CDE, 2002: 15). The Highveld region has for 100 000 years been inhabited - first by San hunter-gatherers and later by Bantu-speaking Iron Age peoples who migrated into the area around 1060 AD. Significant European settlement only began in the 1880s after the discovery of gold, which triggered a gold rush attracting settlers from other regions of South Africa, the United

Kingdom, continental Europe, and North America; and the founding of the city of Johannesburg in 1886.

Mining remained the mainstay of the regional economy for decades – Johannesburg has since experienced a transition to an economy based on manufacturing including a post-World War II economic boom that lasted until the 1970s. Subsequent decline of the manufacturing sector has been accompanied by rapid growth in the specialised services sector particularly financial services, insurance, and real estate (Beall, *et al.*, 2002: 32). In this regard Johannesburg follows the pattern of advanced industrial economies, and not that of developing countries. In comparison, many cities of the South saw increased employment in the manufacturing sector from the 1970s onward.

Today, Johannesburg is arguably the economic hub of the African continent with a gross geographic product (GGP) of ZAR117 billion amounting to 16 per cent of South Africa's GDP and 10 per cent of GDP in the Southern African Development Community (Rogerson, 2004a: 15). Johannesburg's emergence as a global city and regional economic hub is directly related to the end of apartheid and South Africa's 1994 transition to democracy. International sanctions imposed upon South Africa in response to the nation's oppressive policy of apartheid effectively barred South African cities from fulfilling any significant role in the global economy. Sanctions began in 1963 with the UN Security Council establishing a voluntary arms embargo and were gradually strengthened over the next three decades. The United States and United Kingdom favoured constructive engagement with South Africa but by 1989 had adopted economic sanctions and promoted a negotiated settlement with the African National Congress and the end of apartheid policies. Significant divestment occurred, South African sports teams were barred from international competition and South African culture and tourism were boycotted.

Since the lifting of international sanctions FDI flows into South Africa have increased dramatically and as Beavon (1998: 352) notes it is Johannesburg that "reflects most sharply South Africa's re-engagement with the rest of the world in a period of globalisation". Between 1989 and 1994 FDI flows into South Africa averaged a mere US\$60 million per annum. In comparison inward flowing FDI averaged US\$1,47 billion per annum for the decade ending in 2004. Inward flowing FDI peaked at

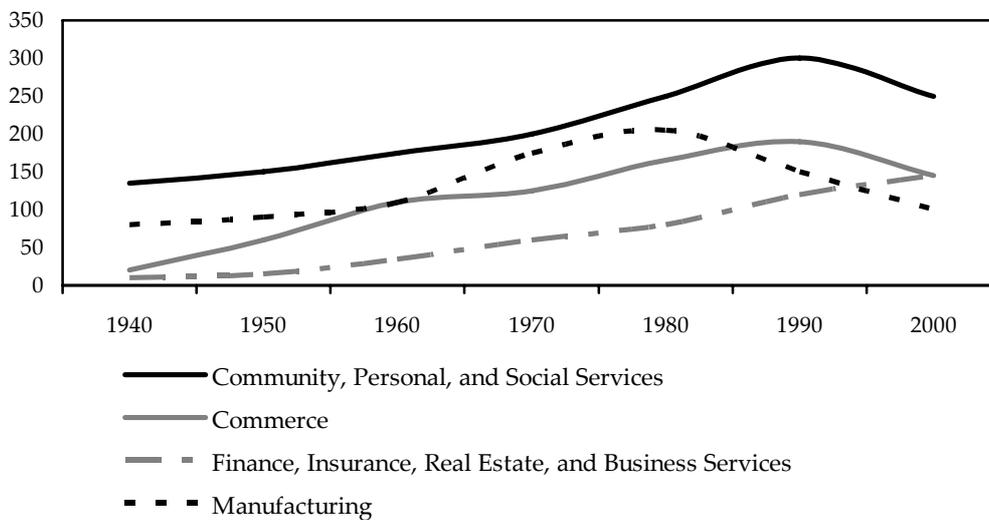
US\$6,79 billion in 2001 and amounted to US\$585 million in 2004 (UNCTAD, 2005). South African sports teams have returned to international competition and Johannesburg has hosted the 1995 Rugby World Cup final, the 2003 Cricket World Cup final, and will host the 2010 FIFA World Cup final. The city has also been opened up to international tourism flows including business tourism – hosting various conferences, meetings, and exhibitions including the 2002 World Summit on Sustainable Development (Rogerson, 2004a: 15).

4.2 MARKETS SPHERE

Johannesburg's economy since World War II has followed the pattern of advanced industrialised economies, transitioning first to manufacturing and subsequently to specialised services (Beall, *et al.*, 2002: 32). Mining and manufacturing, as drivers of the urban economy, have been supplanted by specialised services and Johannesburg has emerged as Africa's focus city for banking, finance, insurance, accounting, advertising, and various other business services (Rogerson, 2004a: 15). Mining dominated the city's economy for nearly seventy years and the mines' demand for heavy equipment and complex machinery led to the establishment of manufacturing and engineering sectors. The services sector has however provided the majority of employment opportunities in Johannesburg since as early as 1950 (CDE, 2002: 15). By 1951 less than one third of the region's labour force was engaged in mining and the manufacturing sector employed 131 131 individuals. The services sector employed 272 368 individuals – more than the mining and manufacturing sectors combined. By 1970, the services sector was well established as the main source of jobs in Johannesburg, employing 422 029 persons versus 230 466 in the manufacturing sector, and just 35 958 in the mining sector (Fair and Muller, 1981).

Restructuring of the urban economy continues today with growth in the services sector and continued deindustrialisation. Data indicate that the manufacturing sector has declined more rapidly since 1980 – for the period 1996 to 1999, there was a 7,9 per cent fall in employment in the manufacturing sector (Rogerson, 2004a: 15). Conversely, employment in the tertiary sector has expanded rapidly since 1980, fuelled by strong growth in the finance and business services, trade, insurance, and real estate sub-sectors (Beall, *et al.*, 2002: 35). The sub-sector of finance and business services has emerged as the most important, employing 22,6 per cent of the city's

FIGURE 4.1
JOHANNESBURG: SECONDARY AND TERTIARY SECTOR EMPLOYMENT, 1946 - 1996
 thousands



Source: Beall, et al., 2002: 34-35.

labour force and generating 31,7 per cent of GGP. The retail and wholesale trade sub-sector follows, being responsible for 18,7 per cent of total employment and 20,7 per cent of GGP (CDE, 2002: 20).

The specialised services sector is central to the global city concept and the main factor used to specify global cities. Moreover, Sassen (1991: 3) concludes that global cities function in five significant ways, all of which are directly related to the specialised services sector. The increasing prominence of specialised services in Johannesburg’s urban economy has allowed the city to emerge as a command and control centre servicing global capital on the African continent. The locational patterns of global specialised service firms provide evidence of this role and reflect Johannesburg’s position in the global urban network. Beaverstock, et al., (1999) and GaWC have evaluated the locational patterns of 69 firms in four service sectors – accountancy, advertising, banking/finance, and legal services – to establish the global connectivity of major urban centres.

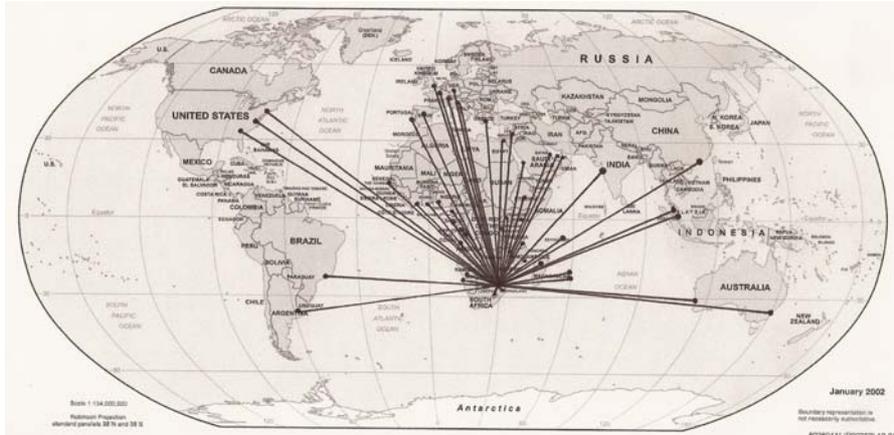
In this study, Johannesburg ranks as a tertiary or “gamma” world city emerging as a “major global service centre” in accountancy, and banking/finance and as a “minor global service centre” in advertising. The city does not rank as a global service centre

in legal services. In the advertising and finance/banking sectors there is a 64 per cent probability that a global firm located in London has a direct link to a branch office in Johannesburg. In legal services the probability of a direct linkage between London and Johannesburg offices is three per cent. The probability of a connection between London and Johannesburg, averaged across all four sub-sectors, is 36 per cent – a level of connectivity equal to those of Bangkok and Montréal. Cape Town and Cairo are the only other African cities to emerge as global services centres in the GaWC study – Cape Town as a “minor global service centre” in advertising and Cairo as a “minor global service centre” in finance/banking (Beaverstock, *et al.*, 2003).

Johannesburg also stands as South Africa’s main hub of corporate governance and Rogerson (2004a: 15) contends the city is firmly established as the decision making and financial control capital of South and Southern Africa. The city houses 74 per cent of all national corporate headquarters, including those of all major banks. The Johannesburg region is also home to an estimated 40 per cent of accountancy firms in South Africa (CDE, 2002: 14) and the Johannesburg metropolitan area is home to the regional headquarters of over 70 foreign banks (GEDA, 2006). The Johannesburg Securities Exchange (JSE) is another important link contributing to the city’s global connectivity. With a market capitalisation of US\$182,6 billion in 2003, the JSE is Africa’s largest stock exchange – roughly the same size as exchanges in Athens, Brussels, and Singapore (CDE, 2002). In this way Johannesburg serves as a concentrated command point in the organisation of the world economy and a point of articulation for the African continent.

Johannesburg’s role as the main transportation hub of southern Africa is an additional source of global connectivity. Johannesburg International Airport (JIA) was built in the 1950s and by the 1960s had become the main point of entry into South Africa. JIA is Africa’s busiest airport with a total of 14 555 364 passengers and 185 753 takeoffs and landings for the period April 2004 to March 2005 (ACSA, 2006). Johannesburg remains South Africa’s main point of entry with 6 642 171 international passengers for the period April 2004 to March 2005. The airport handled 7 863 700 domestic passengers during the same period (ACSA, 2006).

FIGURE 4.2
INTERNATIONAL AIR SERVICE – DESTINATIONS SERVED FROM JOHANNESBURG



Abidjan, Côte d'Ivoire	Frankfurt, Germany	Maputo, Mozambique
Abu Dhabi, UAE	Gaborone, Botswana	Maseru, Lesotho
Accra, Ghana	Harare, Zimbabwe	Mauritius
Addis Ababa, Ethiopia	Hong Kong, China	Milan, Italy
Amsterdam, Netherlands	Jeddah, Saudi Arabia	Mumbai, India
Antananarivo, Madagascar	Kigali, Rwanda	Nairobi, Kenya
Athens, Greece	Kinshasa, DR Congo	Ndola, DR Congo
Atlanta, GA, USA	Kuala Lumpur, Malaysia	New York, NY, USA
Beira, Mozambique	Lagos, Nigeria	Paris, France
Blantyre, Malawi	Libreville, Gabon	Perth, Australia
Brazzaville, Congo	Lilongwe, Malawi	São Paulo, Brazil
Buenos Aires, Argentina	Lisbon, Portugal	Singapore
Bulawayo, Zimbabwe	Livingstone, Zambia	St. Denis, Réunion
Cairo, Egypt	London, United Kingdom	Sydney, Australia
Dakar, Senegal	Luanda, Angola	Tel Aviv, Israel
Dar es Salaam, Tanzania	Lubumbashi, DR Congo	Victoria Falls, Zimbabwe
Doha, Qatar	Lusaka, Zambia	Walvis Bay, Namibia
Douala, Cameroon	Madrid, Spain	Washington, DC, USA
Dubai, United Arab Emirates	Mahé, Seychelles	Windhoek, Namibia
Entebbe, Uganda	Manzini, Swaziland	Zurich, Switzerland

Regularly scheduled non-stop and direct air services as of December 2005. Various sources.

Johannesburg is linked by non-stop or direct air service to 60 foreign destinations and 18 domestic destinations and is linked directly to seven of ten alpha world cities as determined by GaWC (see table 2.1). Analysis of travel within and between world regions indicates that intra-regional traffic within sub-Saharan Africa accounts for 39,5 per cent of all air passenger flows in the region (Witlox, *et al.*, 2004). The region also dominates in terms of destinations served from Johannesburg – 34 destinations in

TABLE 4.1
DOMESTIC AIR SERVICE – DESTINATIONS SERVED FROM JOHANNESBURG

Bloemfontein, Free State	Kimberly, Northern Cape	Polokwane, Limpopo
Cape Town, Western Cape	Margate, KwaZulu-Natal	Port Elizabeth, Eastern Cape
Durban, KwaZulu-Natal	Mmabatho, North West Province	Richards Bay, KwaZulu-Natal
East London, Eastern Cape	Nelspruit, Mpumalanga	Umtata, Eastern Cape
George, Western Cape	Phalaborwa, Limpopo	Upington, Northern Cape
Hoedspruit, Limpopo	Pietermaritzburg, KwaZulu-Natal	

Regularly scheduled non-stop and direct air services as of December 2005. Various sources

sub-Saharan Africa are served non-stop or direct from the city. Cape Town is the most important destination from Johannesburg with 1 406 897 passengers in 2001 making it the sixth busiest air route in the world. Durban, Harare, Port Louis, and Windhoek round out the top five sub-Saharan African destinations served from Johannesburg (Witlox, *et al.*, 2004).

Travel to Europe from sub-Saharan Africa accounts for 39,1 per cent of all air passenger flows in the region or 4 052 149 passengers in 2001 (Witlox, *et al.*, 2004). Nine European destinations – Amsterdam, Athens, Frankfurt, Lisbon, London, Madrid, Milan, Paris, and Zurich – are served non-stop or direct from Johannesburg with London being the most important destination by far. North America accounts for 8,3 per cent of inter-regional travel from sub-Saharan Africa with two airlines – South African Airways and Delta Air Lines – serving Atlanta, New York, and Washington from Johannesburg. JIA significantly outranks Africa’s second busiest airfield, Cairo International Airport in Egypt, in terms of passenger traffic, cargo, and takeoffs and landings. In 2004, 9 534 069 passengers passed through Cairo International Airport and the airport had 94 921 takeoffs and landings. In terms of cargo, Cairo International Airport handled 218 606 tonnes in 2004 as compared to 262 523 tonnes handled at JIA (ACI-Africa, 2006).

In terms of the second alternative indicator of global city status in the markets sphere chosen for this study – the locational patterns of consulates and trade promotion offices abroad – Johannesburg emerges as one of Africa’s most globally connected cities. Johannesburg hosts 18 consulates general, one consulate, 17 honorary

TABLE 4.2
SELECTED AFRICAN CITIES - CONSULATES AND TRADE PROMOTION OFFICES

JOHANNESBURG		<i>Global connectivity index of 46.2</i>
Consulates General (18)	Angola, Belgium, Botswana, PR China, France, Greece, India, Italy, Lesotho, Madagascar, Malawi, Mozambique, Nigeria, Portugal, Seychelles, Switzerland, United States, Zimbabwe	
Consulate (1)	Swaziland	
Honorary Consulates (17)	Albania, Austria, Costa Rica, Denmark, Finland, Grenada, Guatemala, Guinea-Bissau, Guyana, Latvia, Lithuania, Luxembourg, Malta, Norway, Senegal, Spain, Trinidad and Tobago	
Trade Promotion and Commercial Offices (19)	Australia, Austria, Belgium, Belgium (Brussels and Walloon Trade Office) Canada, Chile, Finland, Indonesia, Malaysia, Norway, Pakistan, Philippines, Poland, Portugal, Spain, Sweden, Tunisia, United Kingdom, United States	
Other (1)	Taipei Liaison Office	
CAIRO		<i>Global connectivity index of 16.9</i>
Consulates (8)	France, Greece, Hungary, India, Italy, Libya, Russia, South Africa	
Honorary Consulates (4)	Iceland, Latvia, Maldives, São Tomé and Príncipe,	
Trade Promotion and Commercial Offices (19)	Austria, Finland, France, Hungary, Italy, Liberia, Poland, Russia, South Africa, Spain, Thailand, Vietnam	
CAPE TOWN		<i>Global connectivity index of 38.6</i>
Consulates General (25)	Angola, Austria, Belgium, Botswana, Canada, Chile, PR China, Czech Republic, Finland, Germany, Hungary, India, Indonesia, Italy, Madagascar, Netherlands, Portugal, Romania, Russia, Spain, Switzerland, United Kingdom, United States, Uruguay	
Consulate (6)	Brazil, France, Greece, Japan, Mozambique, Zimbabwe	
Honorary Consulates (19)	Colombia, Denmark, Estonia, Guatemala, Korea (South), Lebanon, Lithuania, Malta, Mexico, Monaco, New Zealand, Norway, Philippines, São Tomé and Príncipe, Serbia and Montenegro, Sri Lanka, Sweden, Tunisia, Turkey	
DURBAN		<i>Global connectivity index of 13.8</i>
Consulates General (4)	PR China, India, Lesotho, United States	
Consulate (3)	Greece, Italy, Mozambique	
Honorary Consulates (19)	Austria, Belgium, Canada, Chile, Denmark, France, Germany, Hungary, Korea (South), Madagascar, Mauritius, Netherlands, Norway, Panama, Portugal, Spain, Sweden, Switzerland, Uruguay	

Sources: Department of Foreign Affairs (South Africa) and Ministry of Foreign Affairs (Egypt).

consulates, 19 trade promotion and commercial offices, and Taiwan's Taipei Liaison Office (Department of Foreign Affairs, 2005). When compared to New York, Johannesburg's connectivity index is 46,2. Such a high level of connectivity as indicated by consulates and trade promotion offices is particularly impressive when one considers that South Africa's administrative capital, Pretoria, is located within the Johannesburg metropolitan area. Foreign embassies in South Africa are located in Pretoria – the presence of embassies, which are reflective of political and diplomatic ties, may in many cases preclude the establishment of consulates and trade promotion

offices, which deal with matters related to individuals and business. The establishment of consulates and trade promotion offices in Johannesburg, in close proximity to embassies in Pretoria, illustrates the salience of the city of Johannesburg in the global economy.

Cape Town, South Africa's second largest city has a level of global connectivity, in terms of consulates and trade promotion offices, that is 38,6 per cent that of New York. The high number – 31 in total - of consulates general and consulates in Cape Town is due in part to the city's status as South Africa's legislative capital. Durban, South Africa's third city, has a connectivity index of 13,8 percent. The data collected on the locational patterns of consulates and trade promotion offices, reinforce Johannesburg's position as Africa's most globally connected city. Cairo, which is often cited in the world and global city discourses as a possible contender for global city status (see Beaverstock, *et al.*, 1999; Abu-Lughod, 2004) has a connectivity index of just 16,9 – a level of connectivity that is only 36,6 percent that of Johannesburg and 43,8 percent that of Cape Town. However, as in the case of Mexico City, Cairo as a national capital may have a reduced number of consulates and trade promotion offices because of the presence of foreign embassies in the city.

4.3 MAFIAS SPHERE

The mafias sphere is a potential source of global connectivity, particularly in weaker states of the South. Two aspects of the mafias sphere that are of particular interest in the case of Johannesburg are trans-border/global criminal networks and the city's informal economy. Johannesburg has a reputation for violent crime and the city is often characterised as a “fearful city” or “crime capital”. Illegal criminal activity must be considered as a potential source of global connections. Criminal networks benefit from and utilise many of the same urban attributes as licit actors including transportation infrastructure and banking and financial services.

South Africa's transition from an authoritarian state under apartheid to a constitutional democracy also opened up the country to international organised crime. Under apartheid the expansion of international links by South African criminal organisations and the entry of international crime syndicates into South Africa were hampered by the authoritarian nature of the government, thus the country remained largely isolated

from developments in international organised crime. However, as South Africa has re-engaged with the world community, international tourism and trade have expanded and the country has become more accessible to international criminals (Gastrow, 1999). Cities function in three main ways for international criminal operations – (1) as source or transit zones for illegal contraband or produce; (2) as venues for money laundering or illicit financial transactions; and (3) as bases of operations (USGIWG, 2005). Johannesburg, with its status as the region's main transportation and business hub; its modern infrastructure; sophisticated banking sector; and advanced telecommunications is an especially attractive location for international criminal activity.

In its capacity as a major transportation hub, Johannesburg has emerged as a transit hub for international drug trafficking. Between 1997 and 1999 alone, freight containers containing 39 000 kilograms of compressed cannabis, 4 300 kilograms of cocaine, and nearly 2,9 million mandrax tablets were intercepted in Johannesburg with origins as diverse as Armenia, China, Colombia, and Singapore (Gastrow, 1999). Johannesburg has also emerged as a centre of activity for international organised crime syndicates operating in South Africa. Nigerian crime syndicates first established themselves in the Gauteng area in the 1980s and have come to dominate the illicit drug trade in South Africa. An estimated 45 000 to 100 000 Nigerians live in South Africa, yet in 1997 only 700 were legally registered with the Nigerian High Commission (Gastrow, 1999). Nigerian crime syndicates maintain close contacts in South America, Europe, and Japan and use Johannesburg as the main point of entry for cocaine entering South Africa from South America. Johannesburg also serves as the main point of exit for South African cannabis being exported to Europe (Gastrow, 1999).

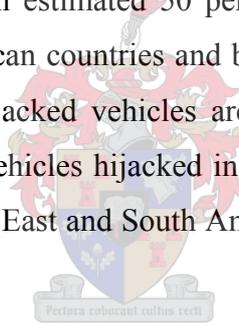
The Gauteng area, particularly Johannesburg and Pretoria, has also become a hub of activity for Chinese triad organisations operating in South Africa, overtaking Cape Town as the main base of operations for such groups. Chinese organised crime syndicates in South Africa are mainly involved in the illegal harvesting and trade of abalone and trafficking of mandrax produced in China and shipped to South Africa – freight containers containing over one million mandrax tablets each have been intercepted in both Johannesburg and Durban (Gastrow, 1999). Other international

criminal syndicates operating in Johannesburg include Indian and Pakistani groups involved in the smuggling of contraband goods, narcotics, and illegal immigrants and Portuguese organised crime syndicates involved in truck-hijacking and the smuggling of stolen diamonds and gold.

The hijacking of vehicles constitutes a significant proportion of criminal activity in Johannesburg and is an integral component of organised criminal activity. As Gastrow (1999) reports:

Some crime categories that are typically the domain of organised criminal groups, such as the hijacking of cars and trucks, have shown a significant increase during the past three years. It is common cause that cars stolen and hijacked in South Africa are standard currency in neighbouring states, as well as within South Africa, in exchange for narcotics, illicit weapons, and other contraband.

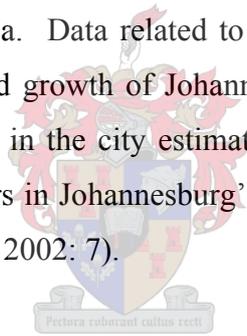
For the period April 2003 to March 2004, 3480 car- and truck-hijackings were reported in Johannesburg and an estimated 50 per cent are smuggled across South Africa's border to southern African countries and beyond (Department of Safety and Security, 2005; ISS 2001). Hijacked vehicles are thus a link in a chain of illicit activity that spans the globe. Vehicles hijacked in Johannesburg can be bartered for narcotics smuggled from the Far East and South America or illicit weapons bound for central and West Africa.



South Africa's vibrant informal economy falls within the mafias sphere because of its unregulated nature. The informal economy in South Africa generates an estimated 29,5 per cent of GDP (Schneider, 2005: 119) and is especially relevant in cities like Johannesburg that have particularly high rates of unemployment. Unemployment levels have worsened as the city's economic base has transitioned from mining to manufacturing to services. It is argued that Johannesburg's informal urban economy has emerged out of the progressive failures of the formal economy to generate sufficient employment opportunities for an expanding number of work-seekers in Johannesburg. The city's increasingly knowledge based economy and the city's growing specialised services sector employ far fewer low skill workers than do primary and secondary sectors. Thus a large percentage of the city's population is unable to gain formal sector employment. The unemployment rate in the city was estimated to be 30 per cent in 2002 or 392 777 individuals (CDE, 2002: 14). Many of

these individuals turn to the informal economy as an arena in which to pursue employment and entrepreneurial opportunities. Nationally, very limited growth in employment in the formal sector occurred for the period 1997 to 2003 yet employment in the informal economy more than doubled from 965 669 in 1997 to nearly 1,9 million in 2003 (Devey, *et al.*, 2006: 230). The main reasons for turning to informal work stem from economic necessity rather than choice and include retrenchment, lack of skills, and poverty (Motala, 2002: 8).

Employment in South Africa's informal economy is concentrated in trade with just under half of all informal workers located in this sector (Devey, *et al.*, 2006: 233). A wide range of activities constitute Johannesburg's informal economy including street trading, backyard manufacturing, informal transport, and an array of informal service activities (Rogerson, 2004a: 16). Street traders are the most visible manifestation of the informal economy and comprise a significant proportion of the total number of informal workers in South Africa. Data related to the informal economy has many inconsistencies but indicate rapid growth of Johannesburg's informal economy with the number of informal workers in the city estimated at 161 000 (Rogerson, 2004a: 16). The number of street traders in Johannesburg's central business district alone is between 3000 and 7000 (Motala, 2002: 7).



It is well established that South Africa's informal and formal economies are well integrated. Many of the goods produced in South Africa's informal economy are produced from materials sourced from the formal economy and are often sold and distributed by formal sector retailers. This is especially the case in the clothing and footwear sectors. Similarly, much of the formal agriculture sector's output is sold by informal traders. The informal economy is also integrated regionally and globally. A dearth of appropriate data exists making it difficult to establish the exact nature of global connections forged by actors in Johannesburg's informal economy. Nonetheless, street vendors sell an array of products ranging from clothing, footwear, and house wares produced overseas by large trans-national firms to locally grown produce and foodstuffs. Migrants from the whole of Africa, who view Johannesburg as a city of opportunity, often turn to the informal economy for subsistence. Finally, the informal economy is regionally connected through a web of regional informal

cross-border trade. Johannesburg's prominent role in cross-border trade between South Africa and Mozambique is explored in Section 4.4.

4.4 MOVEMENTS SPHERE

Global connectivity in the movements sphere is driven from below by social groups, diasporas, religions, ethnic groups, academics and TSMs. Two social groups active in the Johannesburg area, which forge global and regional trans-border connections, are informal cross-border traders and entrepreneur networks. Johannesburg, as southern Africa's pre-eminent shopping centre, serves as a conduit connecting small entrepreneurs from throughout southern Africa with the global economy. Johannesburg's high level of global connectivity means the city can offer to entrepreneurs a range of services and globally sourced goods that are unavailable in less connected locales.

Informal cross-border trade between South Africa and Mozambique or more specifically between Johannesburg and Maputo is a prime example of this. Informal cross-border trade, despite its informal nature, is somewhat regulated by customs and visa requirements and is therefore categorised as movements sphere activity. Mozambique is South Africa's second largest export market in Africa and its sixth most important source of imports from Africa. Trade between the two nations has flourished since the end of Mozambique's 16 year civil war in 1992. With real GDP growth of 7 per cent in 2005, the Mozambican economy is growing at a quick pace, and trade with South Africa has risen accordingly, fuelled by demand for inputs to supply the expanding economy and the demand for consumer goods in the face of increased consumer spending (CIA, 2006; Peberdy, 2000: 363). South Africa is one of Mozambique's main trading partners, receiving 12,2 per cent of its exports and supplying 40,4 per cent of its imports (CIA, 2006).

Formal sector trade between South Africa and Mozambique is dominated by minerals; prepared foodstuffs and tobacco; machinery and electronic appliances; planes, vehicles, and car parts; metals; chemicals; meat products; and vegetables and fruit. With the exceptions of minerals, metals, and chemicals informal cross-border trade between the two countries is dominated by these same goods plus household goods and furniture (Peberdy, 2000: 363). Informal cross-border trade between the two

countries is largely the domain of Mozambican entrepreneurs who travel to South Africa to source goods. Mozambican traders generally travel to South Africa, staying one to three days, to shop for and source goods that are sold in Mozambique to formal sector shops and restaurants, in wholesale and retail markets, on the streets and to individuals. Informal cross-border trade is dominated by goods being transported from South Africa to Mozambique but Mozambican goods are also taken to South Africa and are sold in formal and informal retail sectors (Peberdy, 2000: 367).

Johannesburg is the main destination for Mozambican traders – in a study of 131 Mozambican and South African cross-border traders, 53,4 percent cited Johannesburg as their preferred destination followed by Durban, the preferred destination of 23,7 per cent of traders (Peberdy, 2000: 370). The role played by informal cross-border traders in Maputo's retail sector is significant. A survey of 40 small formal sector retail outlets in the Mozambican capital revealed that 23,4 per cent sourced goods from informal cross-border traders and an additional 68,4 per cent reported that they themselves travel to South Africa to buy goods for their shops (Peberdy, 2000: 371). The extent to which global linkages are forged by cross-border traders is minimal in the context of Johannesburg. But Johannesburg serves as a hinge linking Mozambique with the global economy and plays a vital role in the globalisation of the city of Maputo. In other words, the global connectivity of Maputo is to an extent reliant upon the global connectivity of Johannesburg.

Migration is one of the finest examples of globalisation from below and creates a number of global connections. Johannesburg as Africa's most globally connected city and main economic hub attracts a large number of migrants seeking political freedom and economic opportunity. Johannesburg is viewed throughout Africa as a place of opportunity and it is ambitious people from all over the continent that constitute the bulk of migration to the city. Gauteng receives half of all migrants to South Africa including a large percentage of the one million Zimbabweans living in the country and is home to an estimated 100 000 undocumented African immigrants (CDE, 2002: 14; Pérouse de Montclos, 2005: 13). Migration to Johannesburg is so significant that it accounts for a much greater share of projected total population growth than natural increase (CDE, 2002: 14).

To gain perspective on the geographical pattern of linkages forged by migrants in the Johannesburg area it is useful to identify the regional origins of migrants. Sixty-five percent - 305 500 individuals - of Gauteng's foreign born population originates from the 13 other nations of the SADC¹. Gauteng's European born population numbers 113 500, while 21 400 residents were born in non-SADC African states and another 20 000 in Asia. A total of 5900 residents in the province migrated from South America, 4200 from North America and just 2000 from Australia and New Zealand (Statistics SA, 2001). Most migrants in the city of Johannesburg view their time in the city as temporary and maintain close ties with their countries of origin. Many individuals migrating to Johannesburg in search of economic opportunities turn to the informal sector, opening small retail shops, motor-car repair garages, restaurants, nightclubs, and import/export businesses. In a survey of migrant business owners in Johannesburg it was found that 60 percent operated businesses in their countries of origin and maintain strong international familial and business links, particularly to West Africa, North America, and Europe (Rogerson, 2002: 2). One of the most visible forms of migrant connections is remittances and it is estimated that a quarter of residences in Gauteng are sending remittances – either intra-nationally to other regions of South Africa or internationally (Cross, 2003).

International students and academics are another source of connectivity in the movements sphere. This is especially so in South Africa where a large number of foreign students study at the nation's universities, technical, vocational and secondary schools. Nearly 50 000 foreign students studied full time in South Africa in 2005 and 5619 South African students studied abroad full time with the United States, United Kingdom, Australia, Cuba, and Germany being the main receiving states (UNESCO, 2006). The Johannesburg area is home to numerous universities, colleges, and technical schools. The area's roster of academic institutions is a potential source of global connections as these institutions are essentially exporting a service.

4.5 CONCLUSION

Johannesburg has been overwhelmingly approached through the developmentalist framework. Studies that reference Johannesburg as a “world city” or “global city”

¹ Fourteen member states comprise the SADC. They are Angola; Botswana; DR Congo; Lesotho; Madagascar; Malawi; Mauritius; Mozambique; Namibia; South Africa; Swaziland; Tanzania; Zambia; and Zimbabwe.

inevitably focus on developmental issues such as rapid urbanisation, social polarisation, and inadequate housing. What has emerged from this study, by applying the global city concept to Johannesburg, is that the city exhibits a number of attributes and qualities attributed to global cities – especially emerging processes of deindustrialisation and informationalisation. Trends in the city's economy closely mirror those of advanced industrialised economies in that Johannesburg has witnessed a transition from primary sector production (mining) to manufacturing to specialised services. Specialised services have become central to Johannesburg's economy and the city has become Africa's main centre for accountancy, banking and finance.

Processes of global city formation are at work in Johannesburg at a level of intensity that is not seen anywhere else in Africa. Johannesburg can, therefore, be thought of as a global city because it is Africa's most globalised city. Africa is largely marginalised within the global economy and contributes only a small percentage of global output. Yet, the extent to which Africa is integrated with the global economy is largely organised and controlled in Johannesburg – Johannesburg coordinates the bulk of global capital operating in Africa serving as a critical link between the economies of sub-Saharan Africa and the global economy. As Africa grows economically and integrates further with the global economy, the role of Johannesburg within the global economy is likely to expand and Johannesburg is likely to remain Africa's most globally connected city.

CHAPTER FIVE: FINDINGS AND CONCLUSIONS

5.1 FINDINGS AND CONCLUSIONS

This study has argued that a divide exists within urban studies between the global city and developmentalist discourses that creates a lack of understanding within urban studies as it pertains to cities of the South. Each discourse focuses on only certain aspects of a city, ascribing them to the whole city. As a result cities of the South are generally approached through a developmentalist framework with new elements in the urban landscape, such as globalisation and informationalisation trends, being buried under the population size or issues associated with underdevelopment. This study has aimed to analyse Mexico City and Johannesburg in a manner that addresses the present shortcomings of the global city and developmentalist discourses.

This study utilised an analytical framework that recognises globalisation as operating in three distinct but interrelated spheres – markets, mafias, and movements. Links to the global economy forged in each sphere were addressed with the aim of better understanding the roles of Mexico City and Johannesburg in the global economy. What emerges is that Mexico City and Johannesburg are amongst the best connected cities in their respective regions in terms of their ability to attract and service global capital with dynamic urban economies and growing specialised services sectors. It is this combination of global linkages and urban attributes that allow Mexico City and Johannesburg to function as global cities.

Sassen (1991: 3) has concluded that global cities function in five significant ways:

- as centres of international trade and banking;
- as highly concentrated command points in the organisation of the world economy;
- as key locations for finance and specialised service firms, the leading economic sectors of the current era;
- as sites of production, including the production of innovations, in these leading sectors, and;
- as markets for the products and innovations produced.

Mexico City, since Mexico's economic reforms of the 1980s, and Johannesburg, since South Africa's 1994 transition to democracy, are playing increasingly significant roles in the organisation of global economic activity. Mexico City has emerged as a major global service centre in accountancy, advertising, banking/finance, and legal services (Beaverstock, *et al.*, 1999), is globally connected through a web of business links, migrants, and criminal activity, and serves as a global gateway integrating Mexico's national economy with the global economy. Johannesburg has become Africa's most globally connected city serving as a major global service centre in accountancy and banking/finance, is the continent's main transportation hub, and has emerged as sub-Saharan Africa's main marketplace for globally sourced goods.

Mexico City and Johannesburg fulfil each of the five main global city functions yet are not universally regarded as global cities. This brings into question the ways in which the global city concept should be applied and the ways in which global cities are specified. The global city concept places a strong focus on the role of specialised services. It is theorised that globalisation has led to an increased demand for specialised services and that specialised service firms tend towards agglomeration – thus cities emerge as command and control centres of the global economy. The concept is oft used as a means to order or rank cities based on their ability to service global capital – an ability that is directly related to the size and strength of a city's specialised services sector. Such rankings serve to reinforce widely held beliefs that because cities of the South are less developed they are less significant in the global economy than their counterparts in the core.

Rankings of position, the relative strength or weakness of cities, and the specification of global cities within the global economy cannot be based on a concept that has such a narrow and concentrated focus. The global city concept focuses on little more than a city's specialised services sector and overlooks myriad other global connections that exist in the markets, mafias, and movements spheres. This study has identified international criminal networks, labour migration, and informal economies as possible arenas for the forging of global connections. The usefulness of the global city concept thus stems from its ability to recognise and explain processes of globalisation and informationalisation in an urban context, both in the core and the South. The concept's usefulness, as it regards cities of the South specifically, is that it recognises

these processes as taking place in the South whereas the developmentalist discourse does not adequately account for such emergent processes.

The global city concept then is a useful but highly specialised tool – useful for understanding urban processes of deindustrialisation and informationalisation. The intense focus on specialised services however limits what the theory can yield beyond insight into these trends. In the case of cities of the South, including Mexico City and Johannesburg, an intense focus on the specialised services sector serves to reinforce widely held beliefs that these cities are less significant than cities of the core. Mexico City and Johannesburg are nonetheless experiencing processes of deindustrialisation and informationalisation similar to cities of the core. These processes began earlier in the core, so as both processes proceed apace in the core and in the South, the relative rankings in a hierarchy of global cities are unlikely to change – cities of the South will remain underdeveloped and less significant (as measured by specialised services) than cities of the core.

This makes it difficult to wholly assert that Mexico City and Johannesburg are global cities because they are dissimilar in many ways to global cities of the core, in part because of underdevelopment. Mexico City and Johannesburg could be classified as *emerging* global cities – a term that recognises both underdevelopment and emergent processes associated with global cities. A number of problems arise with the term *emerging* global city however. The presence of deindustrialisation, informationalisation, and intense growth in the specialised services sector in the urban centres of the South are suggestive of a transition to global city status. Such a characterisation is problematic because there is no established minimum standard for a global city – the point at which an emerging global city becomes a global city has not been established.

A better solution may be the incorporation of concepts associated with World-System Theory, which can be used to modify how the term “global city” is conceptualised thus making its application in a Southern context more appropriate. World-System Theory posits a single spatial division of labour within a global economy with a hierarchy of occupational tasks – core countries carrying out high technology, capital intensive production and peripheral countries carrying out low technology, labour

intensive production. A group of semi-peripheral countries also exists exhibiting qualities of both the core and periphery – semi-peripheral production exhibits both high technology and labour intensive production and the semi-periphery at once is dominated by the core and in turn dominates the periphery.

Capital is concentrated in the core, thus global cities of the core service a greater amount of global capital and are ranked higher than cities of the South in global city rankings. In analysing Mexico City and Johannesburg it becomes apparent that these cities receive disproportionate amounts of FDI to their respective regions and are the prominent specialised services centres in their respective regions. These cities are also well integrated regionally and globally through intricate webs of connections forged by myriad actors. What emerges from these conclusions is a slightly new way of conceptualising global cities. Global cities can be thought of as command and control centres, fulfilling the five global city functions recognised by Sassen (1991: 3), for different tiers of the global economy. Global cities of the core coordinate economic globalisation of the core while global cities of the South coordinate economic globalisation of the semi-periphery and periphery.

Global cities can then be thought of as points of articulation or concentrated linkages between the various tiers of the global economy. Although global cities of the South service far less global capital because of underdevelopment and the nature of core/semi-periphery/periphery relations, their significance is no less than that of core global cities. Each tier of the global economy relies on the others and is constitutive of the whole. Similarly, global cities of the South coordinate with other global cities in the core to integrate large geographic areas and significant populations with the global economy – therefore global cities of the South and global cities of the core rely on one another to fulfil their functions, making each a critical component in the organisation of worldwide economic activity. Thus power is more diffuse amongst global cities with each city occupying a particular niche that is constitutive of the whole global urban network. As Taylor, *et al.*, (2002: 232) has posited, complementary relations become more important as each city embodies a power of position and is a constituent part of the global urban network that relies on coordination with other units to fulfil its functions. For example the globalisation of Beira, the second largest city in Mozambique, may be coordinated through Maputo,

the capital of Mozambique; Johannesburg; Lisbon, the capital and main city of Portugal, former coloniser of Mozambique; London; Tokyo; and New York – with each city in the chain of global linkages being no less critical than the others.

Friedmann's (1986) early rankings of world cities in "The World City Hypothesis" recognised cities as primary or secondary world cities and further distinguished between core and semi-peripheral world cities. Use of the term *semi-peripheral global city* overcomes some of the concerns raised here regarding the application of the global city concept in a Southern context. To conclude that Mexico City and Johannesburg are semi-peripheral global cities acknowledges the critical role these cities play in the organisation of the global economy while also recognising their status as cities of the South and all the developmental challenges that entails – in other words Mexico City and Johannesburg are *global cities of the South*.

5.2 AREAS FOR FUTURE STUDY

There are a number of areas for future study which arise from the delimitations, limitations, and findings of this study. Firstly, this study has focused on two cities of the South, to the exclusion of many potential global cities that warrant further study. A number of cities of the South warrant global city inquiry including São Paulo and Santiago in Latin America; Cairo in Africa; and Mumbai, Bangkok, and Shanghai in Asia. This study has also taken a rather broad approach looking at global connectivity in three spheres of globalisation. Further, more detailed analysis of global connections in each sphere is needed. This is particularly true of the mafias and movements spheres. This study has looked at a number of urban attributes in the mafias and movements spheres but a need to uncover greater statistical evidence for linkages in these spheres exists. This is however difficult because of the nature of activities in these spheres and a dearth of data relating to activities in these spheres. Finally, this study has focused on the presence of urban processes associated with cities of the core in cities of the South – a study investigating processes such as economic informalisation and growing polarisation in cities of the core is another area for possible future study. For example Sassen (1998) observes the growth of informal economic activity in the large cities of the core.

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