CITIES IN A GLOBALIZING WORLD

GLOBAL REPORT ON HUMAN SETTLEMENTS 2001

UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS
(HABITAT)

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United Nations Centre for Human Settlements (Habitat)

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United Nations Centre for Human Settlements (Habitat)
PO Box 30030, Nairobi, Kenya
Tel: +254 2 621 234
Fax: +254 2 624 266
http://www.unchs.org

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FOREWORD

The world has entered the urban millennium. Nearly half the world's people are now city dwellers, and the rapid increase in urban population is expected to continue, mainly in developing countries. This historic transition is being further propelled by the powerful forces of globalization. The central challenge for the international community is clear: to make both urbanization and globalization work for all people, instead of leaving billions behind or on the margins.

Although globalization certainly affects rural areas, the impact of global economic change is largely centred on cities. Globalization is changing the structure of employment; it is altering the demographic make-up of cities; and it is introducing a strong international context to local concerns. At the same time, cities and their surrounding regions are themselves shaping and promoting globalization by providing the infrastructure and labour upon which globalization depends, as well as the ideas and innovation that have always emerged from the intensity of urban life.

The benefits of globalization are being spread unevenly. Cities present some of the starkest of these contrasts: homeless people living in cardboard boxes, next to skyscrapers occupied by corporations whose budgets exceed those of many countries; growing gaps between the salaries offered by labour markets and the housing costs determined by urban land markets; enormous levels of consumption alongside great pyramids of waste that threaten the environment and human health; and hitherto unseen patterns of segregation, with pockets of wealth at the centre and vast enclaves of poverty on the periphery.

The combined processes of urbanization and globalization have thrust additional responsibilities on city governments. Public administration and economic development are linked more and more to global markets and investment, but this is also an opportunity: to entrench democracy at the local level and to build new partnerships with the private sector, citizens' groups and other cities confronting similar challenges. National governments, for their part, will continue to play a key role in the governance of cities, not only in terms of finance, but also in overall strategic planning and in crucial matters such as justice, equity and social cohesion.

Cities in a Globalizing World: Global Report on Human Settlements 2001 is a comprehensive review of conditions in the world's cities and the prospects for making them better, safer places to live in an age of globalization. I hope that it will provide all stakeholders – foremost among them the urban poor themselves – with reliable and timely information with which to set our policies right and get the machinery of urban life moving in a constructive direction. At the United Nations Millennium Summit in September 2000, world leaders pledged to achieve, by the year 2020, significant improvement in the lives of at least 100 million slum dwellers. As we strive to meet this target and to implement the Habitat Agenda adopted at the Istanbul conference in 1996, the United Nations system, including the United Nations Centre for Human Settlements (Habitat), will continue to place its unique services at the disposal of all the world's peoples.

Kofi A Annan
Secretary-General
United Nations

INTRODUCTION

The *Global Report on Human Settlements 2001* chronicles human settlement conditions and trends since the second United Nations Conference on Human Settlements (Habitat II) convened in Istanbul in June 1996, emphasizing both progress made in the past five years and the issues that continue to confront a changing world. In addressing these issues, the structure of the report follows the two main strategic themes of the Habitat Agenda adopted by Habitat II: adequate shelter for all and sustainable human settlements development in an urbanizing world.[1]

The previous edition of the *Global Report on Human Settlements*, written prior to the Habitat II conference, contributed to worldwide understanding of the human settlements issues that became the focus of the Habitat Agenda. The 1996 report, entitled *An Urbanizing World*, characterized cities around the world as places of opportunity and presented a view of cities as engines of growth.

Today, the trend of urbanization continues, although intertwined with globalization. Like urbanization, globalization brings opportunities as well as problems, and its impacts are increasingly being observed worldwide, most clearly in the cities. The challenge is to develop solutions to problems associated with globalization, while at the same time strengthening its positive aspects. Human settlements can play a significant role in this process by fostering good governance and effective partnerships.

Cities in a Globalizing World acknowledges the positive consequences of globalization: facilitated diffusion of knowledge; facilitated spread of norms of democratic governance, environmental justice and human rights; increased city-to-city exchanges of knowledge, experiences, best practices and lessons learned; and increased awareness in both citizens and city managers of the potentials of peer-to-peer learning. The report also draws attention to many urgent and unresolved problems.

In Africa, only one-third of all urban households is connected to potable water. In Latin America, urban poverty stands at 30 per cent. In Asia Pacific, a mere 38 per cent of urban households are connected to a sewerage system. In Europe, processes of social exclusion marginalize many low-income and minority households, while urban crime and the decline of peripheral housing estates undermine the social cohesion of many communities. In North America, problems of residential segregation, discrimination in housing markets and affordability persist, particularly in the larger cities, despite recent economic growth. Worldwide, hundreds of millions of people live under conditions of abject poverty or experience highly unequal access to resources.

Studies presented in this report indicate that, while some population groups have improved their housing conditions, a disproportionate share of the world population has seen its situation deteriorate further. In many countries, real incomes have fallen, the costs of living have gone up and the number of poor households has grown, particularly in urban areas. Sixty countries have become steadily poorer since 1980. Many studies portray increasing economic disparities between nations, cities, neighbourhoods and households, revealing strong increases in polarization and growing global inequality.

The growing demand for public services in many countries is increasingly being met by local authorities and, in some cases, by the private sector, as these entities take on responsibility for functions previously ascribed to national governments. Furthermore, as civil society becomes more organized, effective and politically active, municipal institutions are becoming more democratic and adopting more participatory local structures.

Local political coalitions, together with representative groups from civil society, are attempting to shape their cities and towns in ways that help to maximize the opportunities as well as to minimize the social and economic disadvantages associated with globalization. Whether this involves campaigns against crime or plans to improve the local environment in order to attract tourists, or whether it involves strategies to reduce local taxes or develop more comprehensive educational or health systems, municipal officials and their partners are increasingly responsive to the potential benefits of competitive strategies.

As a result, and as pointed out in this report, many cities have experienced a shift in the policies of urban government from managerialism to entrepreneurialism. This entrepreneurial attitude views the city as a product that needs to be marketed. The emphasis on marketing underpins the restructuring of cities so that they appeal to global investors. By the same token, cities that do not always have the resources to attract outside interest and investment may find themselves even more bereft and impoverished. Local capacity building is essential to reducing the risk of global polarization. In this

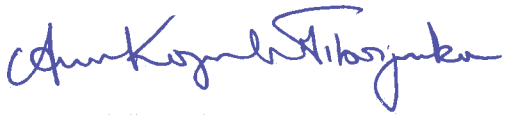
connection, it is encouraging that international cooperation in the form of city-to-city exchanges is rapidly growing in popularity. Public–private partnerships are also increasingly being broadened to include civil society groups and there is increasing evidence of the potential of community-based networks based on direct people-to-people interactions. The challenge at national and international levels is to create an enabling legal framework in which the various forms of community-to-community cooperation can be intensified and strengthened.

Considering the trends that are reshaping the world's urban structures, the report places emphasis on 'metropolization of the world economy'. It describes the archipelagic spatial structure of emerging global urban networks. Megacities, comprising urban cores and associated hinterlands, are theoretically able to address all kinds of technical problems, including urban service provision and environmental management. However, they are facing difficult governance challenges, owing to obsolete municipal political structures and inhabitants who are more and more concerned with only their immediate individual and local neighbourhood interests than with their common future as citizens of the same city.

Urban planners are inescapably caught up in this dynamic of the new urban political economy. Urban planning today is less codified and technical, and more innovative and entrepreneurial. It is also more participatory and concerned with projects rather than whole urban systems. Planning expertise is increasingly sought not only by states, but also by the corporate sector and civil society which seek to forge agreements through negotiation and mediation among contesting parties. Urban planning is no longer the prerogative of national and local governments, who previously claimed to possess privileged knowledge about the 'public interest'. As pointed out in the report, what is controversial is not urban planning per se, but how to reconcile its multiple goals of efficiency, equity and liveability.

Globalization not only increases competition but also fragmentation, with contradictory effects on cities. To compete effectively, cities must act as a collective unit. However, their growing social, political, economic and physical polarization hampers their capacity to build coalitions, mobilize resources and develop good governance structures. Given that metropolitan areas are the chief arenas for global competition, it is necessary to strengthen them by giving them greater authority and autonomy. However, the enabling and regulatory role of governments must be broader than just facilitating the functioning of markets. It must also include responsibility for social cohesion, equity and conflict resolution.

This report reflects the significance of human settlements for sustainable social and economic development in a globalizing world and focuses on key strategies to promote and facilitate the implementation of the Habitat Agenda, the main policy document and plan of action signed by 171 member states at Habitat II.



Anna Kajumulo Tibaijuka
Executive Director
United Nations Centre for Human Settlements (Habitat)

Note

1 Report of the United Nations Conference on Human Settlements (Habitat II) (Istanbul, 3–14 June 1996). A/CONF.165/14.

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It is highly appropriate that the preparation of a work concerned with globalization was itself predicated on the global mobilization of specialized expertise from multiple disciplines and professions. Input contributed by members of overlapping international networks, in a very short period of time, was only possible thanks to a combination of modern information and communication technologies and strong personal commitments to the goals of social equity and environmental sustainability in human settlement development that are the concern of this report.

Cities in a Globalizing World was prepared under the general guidance of Daniel Biau, Director of the Global Division of UNCHS (Habitat), and the supervision of Nefise Bazoglu and Jochen Eigen, Urban Secretariat Chiefs. The Policy Analysis and Reporting Unit, headed by Jay Moor, had primary responsibility for the production of the report, with Iouri Moisseev coordinating its preparation. Pietro Garau, Axumite Gebre-Egziabher, William Cobbett, Paul Taylor and Farouk Tebbal provided strategic advice for its development.

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LIST OF ACRONYMS AND ABBREVIATIONS

AHUR	Australian Housing and Urban Research Institute
ARI	acute respiratory infection
ASEAN	Association of Southeast Asian Nations
ASNM	Agency for the Sustainable Development of the North Milano Area
BANANA	build absolutely nothing anywhere near anyone
BITs	bilateral investment treaties
BOOT	build–own–operate–transfer
BOT	build–operate–transfer
CBD	central business district
CBO	community-based organization
CBO	Congressional Budget Office
CCTV	closed-circuit television
CEDAW	Convention on Elimination of All Forms of Discrimination Against Women
CEES	Central and Eastern European States
CEO	chief executive officer
CID	common interest development
CILP	community infrastructure lending programme
CIP	community infrastructure programme
CIS	Commonwealth of Independent States
COHRE	Centre on Housing Rights and Evictions (Switzerland)
CPER	Contrats de Plan Etat-Régions
CRED	Centre for Research on the Epidemiology of Disasters (Belgium)
CRPC	Commission on Real Property Claims
DAC	Development Assistance Committee (of the OECD)
DALY	disability adjusted life year
DESA	Department of Economic and Social Affairs (United Nations Population Division)
DESEPAZ	Programa Desarrollo, Salud y Paz (Colombia)
DFID	Department for International Development (UK)
DHS	demographic and health surveys
EBRD	European Bank for Reconstruction and Development
EDURB	Empresa de Desenvolvimento Urbano Lda (Angola)
END	European Nuclear Disarmament
EU	European Union
FAO	Food and Agriculture Organization
FDI	foreign direct investment
FEANTSA	European Federation of National Organizations Working with the Homeless (Belgium)
FID	International Federation for Information and Documentation
FINDETER	Financiera de Desarrollo Territorial (Colombia)
FIRE	fire, insurance and real estate
GARNET	Global Applied Research Network
GATT	General Agreement on Tariffs and Trade
GDI	Gender-related Development Index
GDP	gross domestic product

GEF	Global Environment Facility
GEM	Gender Empowerment Measure
GESI	Global Environmental Sanitation Initiative
GIWA	Global International Waters Assessment
GKSS	Textile Workers Struggle Committee (India)
GNP	gross national product
GPI	genuine progress indicator
GSS	Global Strategy for Shelter to the Year 2000
Habitat I	first United Nations Conference on Human Settlements (Vancouver, 1976)
Habitat II	second United Nations Conference on Human Settlements (Istanbul, 1996)
HDI	Human Development Index
HUDCO	Indian State Bank
ICDDR,B	International Centre for Diarrhoeal Disease Research, Bangladesh
ICLEI	International Council on Local Environmental Initiatives
ICMA	International City/County Management Association
ICPD	International Conference on Population and Development
ICTs	information and communication technologies
IDB	Inter-American Development Bank
IDP	internally displaced person
IDRC	International Development Research Centre
IEA	International Energy Agency
IFPRI	International Food Policy Research Institute (USA)
IHS	Institute for Housing and Urban Development Studies
IIED	International Institute for Environment and Development (UK)
ILO	International Labour Organization
IMF	International Monetary Fund
IMR	infant mortality rate
IRC	International Water and Sanitation Centre
IRS	Internal Revenue Service (US)
ISI	Institute of Scientific Information
ISI	International Statistical Institute (The Netherlands)
IUCN	World Conservation Union (formerly International Union for Conservation of Nature and Natural Resources)
IULA	International Union of Local Authorities (The Netherlands)
IWMI	International Water Management Institute
LGU	local government unit
LULUS	locally unwanted land uses
MBS	mortgage-backed security
MDF	Municipal Development Fund (Colombia)
MDHC	Mersey Docks and Harbour Company
MDP	Municipal Development Plan (Philippines)
MHT	Mahila Housing SEWA Trust (India)
MIC	municipal international cooperation
MIG	mortgage indemnity guarantee (UK)
MKSS	Worker and Farmer Power Organization (India)
MOSOP	Movement for the Survival of the Ogoni People
MSC	Multimedia Super Corridor
MOUSE	Making Opportunities for Upgrading Schools & Education (USA)
NATO	North Atlantic Treaty Organization
NDC	New Deal for Communities (UK)
NGO	non-governmental organization
NIMBY	not in my back yard
NIMTOO	not in my term of office
NSDF	National Slum Dwellers' Federation
NUREC	Network on Urban Research in the European Union
OCLC	Online Computer Library Center
ODA	Overseas Development Agency
OECD	Organisation for Economic Co-operation and Development
OFDA	Office of US Foreign Disaster Assistance (USA)

OFWAT	Office of Water (UK)
OPEC	Organization of Petroleum Exporting Countries
PPP	purchasing power parity
PROWWESS	Promotion of the Role of Women in Water and Environmental Sanitation
SAP	structural adjustment programme
SDI	Slum/Shack Dwellers International
SDI	spatial data infrastructure
SEWA	Self-employed Women's Association
SOEs	state-owned enterprises
SPARC	Society for the Promotion of Area Resources Centres (India)
SRB	Single Regeneration Budget (UK programme)
TB	tuberculosis
TI	Transparency International
TIAU	Taller de Investigación y Acción Urbana (Argentina)
TNCs	transnational corporations
TOADS	temporarily obsolete and derelict sites
UCDO	Urban Community Development Office (Thailand)
UI	Unemployment Insurance
UNCED	United Nations Conference on Environment and Development
UNCHS	United Nations Centre for Human Settlements (Habitat)
UNDP	United Nations Development Programme
UNECLA	United Nations Economic Committee on Latin America
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations International Children's Fund
UNICRI	United Nations Interregional Crime and Justice Research Institute
UNIFEM	United Nations Development Fund for Women
UNON	United Nations Office at Nairobi
UNSD	United Nations Statistical Division
USAID	United States Agency for International Development
VDPA	Vienna Declaration and Programme of Action
WEDC	Water Engineering Development Centre (UK)
WMO	World Meteorological Organization
WSS	water supply and sanitation
WSSCC	Water Supply and Sanitation Collaborative Council
WTO	World Trade Organization
WUA	Water User Association
YUVA	Youth for Unity and Voluntary Action (India)

KEY ISSUES AND MESSAGES

To portray human settlements conditions and development trends is a challenging task for the Global Report series. *Cities in a Globalizing World* looks at the liveability of human settlements and their development prospects in the context of globalization. To encourage understanding of the dynamic nature of liveability, the following episode is presented.

On 11 July 2000, the collapse of a rubbish dump in Payatas, Manila, killed 218 people living in shanties at the bottom of the site and left another 300 people missing under the rotting garbage. The tragedy of their burial underneath the trash of a world city, off its edge and in the darkness of night, symbolizes the invisible, daily plight of innumerable poor people in today's globalizing world.

On 27 August 2000, the Housing Secretary of the Philippines and experts and slum dwellers from India, Indonesia and Sri Lanka joined 7000 residents from the Payatas dump site community for a week of meetings and activities, during which community leaders proposed plans for resettlement and showcased self-built model houses with details on construction costs and site plans. The successful gathering celebrated the competence and capabilities of the poor, evidenced the potential of international networks and demonstrated the enabling role of globalization-from-below.

The preceding episode captures in a microcosm several key findings of this report. First, and most obviously, the landslide, triggered by heavy rains, is an example of the death and devastation brought about by natural and human-made disasters. Those most affected are often the poor who live on steep hillsides, in low-lying riverbeds or other hazardous areas. Chapter 15 documents for the first time the enormous human impacts of such calamities across the world and reviews mitigating strategies and post-disaster reconstruction approaches.

At another level, the collapse of the Payatas garbage heap acutely illustrates what may happen when consumption patterns, made possible by globalization, produce waste that accumulates in unmanageable volumes to threaten environmental and human health. The scavenger families eked out a living from recycling the final discards of a global consumer culture. They dwelled daily amid fumes from synthetic decomposition whose toxicity prompted the cessation of emergency aid operations out of concern for the health of the rescue workers. This report stresses the importance of balancing the goals of globalization. It recognizes the importance of economic growth, but emphasizes that such growth must be guided by criteria of social justice and environmental sustainability.

Finally and perhaps most importantly, the Payatas experience illustrates the positive power of people living in poverty who adopt approaches that go beyond a confrontational face-off and who use astute initiatives to construct collaborative partnerships as a means to improve their living conditions. The disaster received much attention on television and in the printed media around the world. The initial response involved emergency aid and rescue actions. As bulldozers removed mangled corpses, shock and compassion for the survivors prevailed. However, soon after, official reaction declared the victims guilty. The Payatas residents countered this criminalization of their poverty with recriminations against the responsible authorities. Some survivors filed a US$22 million class-action suit against the local government and private waste contractors for gross negligence and flagrant violation of environmental laws, zoning and health regulations. More noteworthy and unusual, however, was the proactive response of other residents. Rather than getting trapped in a spiralling war of attrition, the families used insights about how poor communities can make choices. They strategically timed their invitation to the Housing Secretary to coincide with the ceremony for the prestigious Magsaysay award for International Understanding to Jockin Arputham, a founder and president of Slum/Shack Dwellers International. With the support of international networks, the slum dwellers created evidence of their own abilities, winning not only financial support but also earning official recognition as a legitimate partner in the joint development of long-term policy options.

This report highlights the vital contributions that people living in poverty can make to improve their situation. It acknowledges that lack of resources, insufficient institutional capacity and persistent corruption often greatly circumscribe the problem-solving abilities of governments. Parts V and VI underscore that, in light of these limitations, it is crucial that appropriate frameworks and strategies for cooperation are developed among governments, civil society and the private sector.

The Payatas episode illustrates the complexity of the message of this report. It is a message about poverty and prosperity – and the differences between them. It conveys despair about wasted and lost lives, but it also brings hope and raises expectations for the future.

When looking at human settlements around the world today, one can observe gains in wealth, made possible by globalization, in such forms as newly constructed luxury apartments, fashionable shopping malls, gleaming office towers, trendy restaurants, stylish department stores, modern airports and high-tech parks. On the other hand, various alarming trends must be of serious concern: in large regions, the number of poor people has increased and existing inequalities are getting worse. The negative effects of spatial segregation and social exclusion are becoming more and more evident. What are the implications of these contrasting developments for the planning, development and management of human settlements?

There is increasing evidence that present human settlements policies and programmes in many countries do not effectively address urgent problems of access to adequate housing, infrastructure and basic services, as documented in the chapters that follow. There is also greater recognition that many current developments are not only harmful to the poor but also detrimental to general economic growth and political health in the long run as well. The world cannot continue with 'business as usual' if it is to be successful in tackling the urban challenges of the new millennium. Support is growing for new approaches that hold more hope for the future. In particular, this report calls for better appreciation of policies that support the poor and help to develop their unrealized human capital potential, with benefits for the *whole* of society. The question then becomes, which strategies hold most promise?

This report examines this question within the context of globalization. It starts with the observation that globalization has brought valuable benefits, but that these benefits have been unevenly distributed. It stresses that this uneven distribution of benefits (and costs) is not coincidental but a function of the dominant logic that drives current globalization processes: the logic of market mechanisms, facilitated by advances in information and communication technologies and liberalization policies. Market mechanisms can be effective for some purposes and are often viewed as the best way to promote economic growth. However, market mechanisms do not perform well in several important respects. For example, markets do not respond well when household incomes are too low to translate need into effective demand or for providing universal access to public goods. Markets also tend to externalize costs to people living elsewhere or in future times, and they are ill suited to strengthen societal integration or to steer development according to a long-term vision.

This report develops the argument that globalization must serve other goals besides economic growth, particularly when this growth benefits some a great deal more than others. These other goals derive from the normative platforms that emerged from the plans of action formulated at the United Nations conferences of the 1990s, discussed in Chapter 3. They predicate provision of basic needs less on ability-to-pay and more on human rights. First and foremost, they accentuate social justice and strengthen support for sustainable development.

Human settlements are important in the realization of these goals in that they link economic globalization to human development. Cities can modulate the impacts of globalization and channel its associated processes to support development scenarios evolving from local democratic practices. They can play key roles in supporting a globalization-from-below to counterbalance present top-down processes. As constraints of geographical distance are becoming *less* important, the specific features of human settlements are becoming *more* important in the locational decision-making of businesses and households. This creates opportunities for local development choices. Rather than being at the mercy of global capital, cities can take advantage of their unique qualities as they seek to attract investment and develop employment markets. Therefore, far from exerting a deterministic, homogenizing effect, globalization can allow for local differentiation.

The capacity of cities to play a part in their own development, to exercise a degree of choice, makes them increasingly strategic sites for contesting alternative claims by stakeholders pursuing different and sometimes conflicting goals. In order to advance local urban agendas that give higher priority to social justice and environmental sustainability, urban policies should support the transition of cities' function as 'engines of growth' to their new important role as 'agents of change'. These changes require new political strategies for urban liveability and new forms of governance. Globalization has created new conditions for decision-making: interdependent, complex, loosely linked actors and institutions that may have shared purposes but no shared authority. Such governance requires that actors seeking mutual gains find ways to coordinate their efforts.

What is envisioned is not a precipitous transformation, but a slow, long-term process of incremental, cumulative changes that will increase the capabilities of citizens to address the problems they face. It is a process that involves a reconstituting of the relationships between the public and private sectors and civil society: the formation of broad-based cooperative partnerships. It is important that such partnerships are not restricted to ad hoc arrangements, set up just to realize a particular project, but are, instead, oriented to create lasting capacity for development.

It is also crucial that such partnerships include the poor as equal participants. This goal of inclusive capacity building can be assisted by the horizontal, community-based exchange of information, experience and support through transnational networks, as in the case of the Payatas community described above. The key roles played by women must be recognized, as women work to improve living conditions not just for themselves, but also for their families and communities. Finally, equitable ways to allocate funds that enable poor local communities to develop their own options have to be found.

From this background, several key points come to the fore, identified in the following summary and presented in greater detail in this report:

The Uneven Distribution of the Benefits and Costs of Globalization

Without question, globalization has stimulated overall economic growth. However, the benefits and costs of this growth have been spread unevenly. In many countries, real incomes have fallen, the costs of living have gone up and the number of poor households has grown, especially in cities. Inequalities are getting worse, and high inequality sustains poverty, as smaller shares of total income reach those at the bottom. Inequality weakens the impact of growth on fighting poverty. Indeed, research shows that decreasing inequality can have as much impact on reducing poverty as increasing economic growth. The challenge is to share the fruits of globalization more equally.

The Unbalanced Nature of Globalization

Advances in modern information and communication technologies (ICTs) have facilitated the opening of global markets. Market-led processes are geared to economic growth, and accumulation of wealth has dominated globalization. However, ICTs should also serve goals of social justice and environmental sustainability. This requires the strengthening of appropriate governance and planning mechanisms. The challenge is to balance the goals of globalization and to blend the roles of government, private sector and civil society in cooperative arrangements.

Human Settlements Link Economic Globalization to Human Development

Globalization increases competition between, as well as fragmentation within, cities, with contradictory effects. Growing fragmentation hampers the capacity to build coalitions, mobilize resources and develop sufficient governance structures. Urban government has shifted from a managerial approach to entrepreneurialism that treats the city as a product to be marketed. This marketing approach, and the emphasis on restructuring the city so that it appeals to global business, has led to the dominance of economic interests in urban planning. The challenge is to develop enabling strategies that are not narrowly restricted to the economic functioning of markets, but that also include support for the exercise of citizenship – of 'the rights to the city', including the realization of housing rights.

Decentralization and the Growing Role of Local Government

Decisions regarding development and management of infrastructure and services should rest with the level of government closest to the community that is able to deliver these services in a cost-effective and equitable way while minimizing the externalization of environmental costs. The extent of decentralization depends on the ability of central governments to devise appropriate regulatory frameworks for central–local relations and their willingness to provide local authorities with assets and intergovernmental transfers. Metropolitan areas are de facto pivotal arenas in today's processes of global competition. This requires that they be strengthened by giving them more political legitimacy, responsibilities and resources.

Need for New Cooperative Frameworks

Governments have important roles, but limited abilities to address urgent challenges of shelter, infrastructure and services. They need to develop broad-based cooperative partnerships with the private sector and civil society. Integrated implementation of the Habitat Agenda adopted by the second United Nations Conference on Human Settlements (Habitat II) also requires effective, institutionalized coordination within the United Nations system. Further, it is necessary to strengthen the capacity of local governments and low-income communities to participate as equal partners in human settlements development. In addition, aside from the usual top-down decision-making, horizontal linkages through municipal international cooperation and community-based networks need to be reinforced. In these arrangements, people in poverty and women must be empowered to play key roles. In the end, the bottom line is a point that bears repeating: people living in poverty represent unrealized human capital potential, and the eradication of their poverty will bring benefits to the *whole* of society.

Strengthening the Policy Development Process

Effective policies require careful monitoring and evaluation. Information and communication technologies facilitate the dissemination of such information through urban observatories and best practices databases. However, no matter how good the practices are, they can never be more than a reflection of what is possible under the current circumstances. Therefore, assessments of best practices against criteria derived from normative goals with measurable benchmarks are needed. Such information must be collected at the individual and local level to capture differences by gender, locality and other relevant dimensions. The transferability of approaches that work requires policy makers to distinguish between technical description of successful prototypes diffused through simple replication, on the one hand, and more analytical lesson-drawing based on prospective evaluations of differences in political, economic and cultural contexts, on the other.

New Forms of Governance and Political Strategies for Urban Liveability

Governance strategies relying on market mechanisms to coordinate multiple, interdependent interests and shared resources and purposes ultimately fail to address critical governance tasks of steering and integration. The complementarity of civil society and government is at the core of good governance. Urban liveability depends on the state's capacity to perform as a public institution and deliver the collective goods and services that cities and communities need, but it depends in equal measure on the extent to which communities and civil society groups can build ties with people and agencies within the state who share the same agenda. Non-governmental organizations (NGOs) without a community base lack legitimacy, and communities that lack external ties are politically weak and parochial. Further, state agencies rely on political pressure from communities to enact legislation and implement policies. The challenge is to adopt approaches for working in interconnected, complementary ways in all aspects of human settlements development.

HUMAN SETTLEMENTS IN A GLOBALIZING WORLD

In 1996, the United Nations Centre for Human Settlements (Habitat) produced its second Global Report on Human Settlements, characterizing cities around the world as places of opportunity. Aptly titled *An Urbanizing World*, it presented a view of cities as engines of growth. The report identified problems associated with urbanization but it also revealed cities as holding the potential for solving these problems.[1]

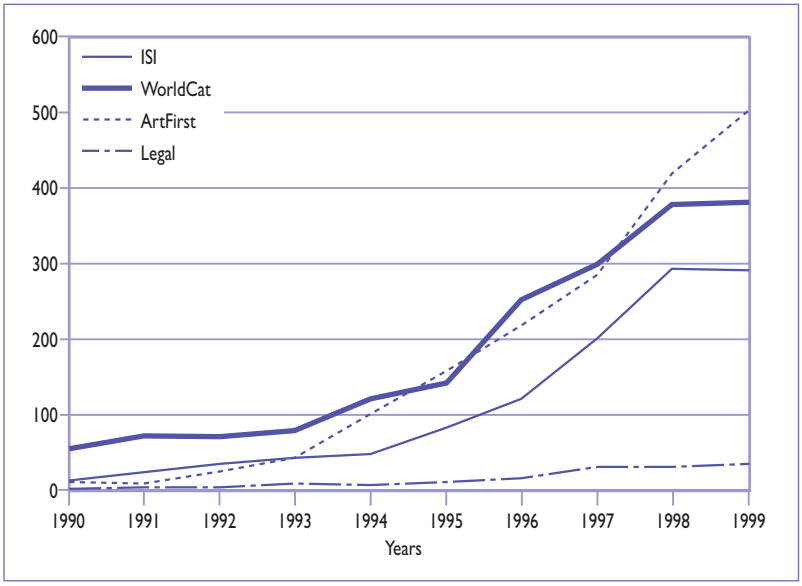
Today, the trend of urbanization continues[2] but, more so than five years ago, it is intertwined with globalization, a process whose salience is reflected in recent international events and publications, including the *Human Development Report 1999*[3] of the United Nations Development Programme (UNDP) and the World Bank's *World Development Report 1999/2000*.[4] An inventory of research literature since 1990 reveals an exponential growth of publications dealing with globalization. Figure I.1 illustrates this sharp rise during the last decade, showing a manifold increase.

In addition to the overall strong upward trend, it is noteworthy that the growth rate of publications on legal aspects of globalization is lagging behind that of publications on the subject in other fields (Figure I.1). The reason may be that the tradition of law tends to be reactive – rather than proactive – based on precedents which take time to establish. At any rate, the striking disparity is suggestive of an asynchronous and imbalanced relationship between the ongoing globalization of commerce and the delayed development of normative frameworks to guide its direction, generating pressing challenges with which *Cities in a Globalizing World* concerns itself.

Like urbanization, globalization brings opportunities as well as problems, both most clearly seen in cities. The challenge is to develop solutions to the problems associated with globalization, while at the same time realizing its positive prospects.[6] Human settlements can play a key role in this regard. Through good governance and effective partnerships, they can help eliminate poverty and reduce inequality. Their challenge is to function not only as engines of economic growth, but also as agents of social justice.

Figure I.1

Frequency of 'globalization' in publication titles, 1990–1999[5]



A Globalizing World

Globalization is not a new phenomenon. The Silk Road is but one example of an early economic and cultural linking of diverse societies across large distances.[7]

Globalization is not a new phenomenon. However, what is new is the *speed*, the *scale*, the *scope* and the *complexity* of global connections today.

However, global connections today differ in at least four important ways. First, they function at much greater *speed* than ever before. Improved technologies enable much faster transportation of people and goods and the instantaneous transmission of information. Second, globalization operates on a much larger *scale*, leaving few people unaffected and making its influence felt in even the most remote places. Third, the *scope* of global connections is much broader and has multiple dimensions – economic, technological, political, legal, social and cultural, among others – each of which has multiple facets.[8] Linkages have proliferated to involve multiple, interdependent flows of a greater variety of goods, services, people, capital, information and diseases. Significant in this expanded scope is the growing globalization of human rights and the rule of law, which may conflict with established commercial routines and political practices. Fourth, the dynamic and often unmediated interactions among numerous global actors create a new level of *complexity* for the relationships between policy and practice.

It is important to acknowledge the positive consequences of globalization. Indeed, it would be short-sighted to ignore these benefits. Globalization has facilitated, for example, the diffusion of medical advances that have

reduced mortality rates[9] and agricultural technologies that have boosted food production.[10] Globalization has also enabled the spread of norms of democratic governance,[11] environmental justice and human rights, helping to provide criteria against which the actions, policies and legislation of governments can be judged.[12] These valuable outcomes must be recognized and further encouraged.

The world welcomes these successes of globalization, but many urgent problems remain unresolved. In Africa, only one-third of all urban households are connected to potable water.[13] In Latin America, urban poverty stood at 30 per cent in 1997, and the estimated quantitative housing deficit for 19 countries with available data totalled more than 17 million units.[14] In Asia Pacific, a mere 38 per cent of urban households are connected to a sewerage system.[15] In Europe, processes of social exclusion marginalize many low-income and minority households,[16] while urban crime and the decline of peripheral housing estates undermine many communities.[17] In the United States, problems of residential segregation, discrimination in housing markets, and affordability persist, particularly in large cities.[18] Worldwide, innumerable people live under conditions of abject poverty or experience very unequal access to resources.

> ***'The central challenge we face today is to ensure that globalization becomes a positive force for all the world's people, instead of leaving billions of them behind in squalor'*** **– Kofi Annan, *We the Peoples* (2000) p 6**

It is clear that benefits attributed to globalization have not accrued to everyone alike. Indeed, studies indicate that, while the conditions of many have improved, others have seen their situation deteriorate. In many countries, real incomes have fallen, the costs of living have gone up and the number of poor households has grown, especially in cities. Sixty countries have been getting steadily poorer since 1980.[19] Many studies report increasing economic disparities between nations, cities, neighbourhoods and households.[20] The evidence reveals strong polarization, with inequalities getting worse.

> **The world welcomes the successes of globalization, but, at the same time, important challenges remain. Pressing problems of poverty, inequity and polarization urgently demand action**

This focus on social justice in an increasingly market-oriented world is consistent with Article 11 of the International Covenant on Economic, Social and Cultural Rights,[21] which 'recognizes the right of everyone to an adequate standard of living, including adequate food, clothing and housing, and to the continuous improvement of living conditions.'[22]

> **The international community has universally recognized the right to an adequate standard of living, including housing, and the fundamental obligation of governments in the provision of shelter and the improvement of homes and neighbourhoods**

It is also in accordance with the Istanbul Declaration on Human Settlements,[23] in which States announce that they will:

> *'intensify (their) efforts to eradicate poverty and discrimination, to promote and protect all human rights and fundamental freedoms for all, and to provide for basic needs, such as education, nutrition and life-span health care services, and, especially, adequate shelter for all'*

while committing themselves to the objectives, principles and recommendations contained in the Habitat Agenda[24] and pledging to attain its goals of adequate shelter for all and sustainable human settlement development in a urbanizing world.[25]

Globalization and Human Settlements

In recent years, several publications[26] and public discourses[27] have focused attention on various questions of globalization and development. These reviews and discussions have mainly dealt with aspects of *macroeconomic* development and *human* development. The development of *human settlements* has received much less attention. This is unfortunate because the outcomes of economic and human development are strongly linked to conditions and processes in human settlements.[28]

The processes of globalization have a distinct spatial specificity. Their outcomes also show particular geographic patterns. Although globalization certainly affects rural areas,[29] global forces are centred in cities. It is in cities where global operations are centralized and where one can see most clearly the phenomena associated with their activities: changes in the structure of employment, the formation of powerful partnerships, the development of monumental real estate, the emergence of new forms of local governance, the effects of organized crime, the expansion of corruption, the fragmentation of informal networks and the spatial isolation and social exclusion of certain population groups.

> **Human settlements form an important link in processes of globalization and their economic implications for human development**

The characteristics of cities and their surrounding regions, in turn, help shape globalization; for example, by providing a suitable labour force, making available the required physical and technological infrastructure, creating a stable and accommodating regulatory environment, offering the bundle of necessary support services, contributing financial incentives and possessing the institutional capacity without which globalization cannot occur.[30]

Thus, urban settlements mediate the reciprocal relationships between globalization, on the one hand, and economic and human development, on the other.

Making Choices: Globalization as a Purposeful Process

> *'We know that the global dilemma of squalor amid splendour is a creature of human agency, and that it can be reversed by human agency'* – **Kofi Annan, Address to the World Bank Conference on 'Global Knowledge '97', Toronto, 22 June 1997**

Transportation and communication technologies are often seen as the driving forces behind globalization.[31] These technologies, however, are neutral tools that merely make globalization possible and that may be used to various ends.[32] Purposeful actors produce globalization as they develop and exploit technologies to their advantage. Among these actors, transnational corporations (TNCs) have been dominant. Motives of private gain have propelled their actions. Their chief purpose has been to maximize profit. Policies favouring market expansion have supported this purpose. Usually referred to as the neo-liberal platform, these include Structural Adjustment Programmes (SAPs) of the International Monetary Fund (IMF)[33] and World Bank, international financial rules of the IMF, trade rules of the General Agreement on Trade and Tariffs (GATT) and more recently the World Trade Organization (WTO),[34] and investment rules under Bilateral Investment Treaties (BITs).[35]

To date, objectives of economic growth have dominated the policy agenda. However, for development to be successful, economic growth must be pursued in the context of social justice and environmental sustainability.[36]

This sets up a conflict between the economic and social components of globalization and a dialectic on what the normative goals of globalization ought to be. There is little that is neutral about the content on either side as each seeks advantage by diminishing the effective power of the other.[37] The normative goals of globalization deserve and demand deliberate choices, informed by careful study of facts guided by agreed upon principles and standards of human living. The argument made in this report is that globalization strategies, which, up to now, have been dominated by economic interests, must give priority to the well-being and quality of life of the billions of people who are suffering increased hardship as a result of policies that have promoted, first and foremost, the global expansion of markets.

Need for New Institutional Arrangements

During the era of industrialization, the introduction of new manufacturing technologies affected the physical, economic and social characteristics of human settlements. The beneficiaries were first of all the capitalist investors and owners of the means of production, seeking the accumulation of wealth. Millions of workers and their families provided the labour that produced this wealth. They lived in rapidly growing cities under abominable conditions that have been well documented.[38] Mobilization of various interest groups led to new roles for national and local governments, which assumed responsibilities for ensuring the public welfare; for example, by requiring a minimum living wage, proscribing the use of child labour, creating universal access to potable water, greatly improved provisions for sanitation (drains, sewers, garbage collection), basic health care and elementary education.

Similarly, during the present time of globalization, the widespread application of newly emerging transportation and communication technologies is reshaping the physical, economic and social fabric of cities everywhere. The benefits and costs of these changes are unevenly distributed. Homeless people are living in cardboard boxes next to gleaming skyscrapers occupied by corporations whose budgets exceed those of many developing countries. Just as in centuries past, industrialization brought in its wake advances and problems whose resolution demanded new institutional arrangements, so also does globalization at present.

Just as in centuries past, industrialization brought in its wake advances and problems whose resolution demanded new institutional arrangements, so also does globalization at present

The Role of Government

As global forces have increasingly asserted themselves, particularly in the form of TNCs, the sovereignty of national governments has declined. The gap in serving the public interest is being more and more taken up by local authorities and, paradoxically, by the private sector as these entities become responsible for functions previously ascribed to national governments. This 'hollowing out of the state' (upwards, sideways and downwards) can be observed, in various forms and to different degrees, in many countries around the world. However, this development does not render national governments impotent or irrelevant. In contrast, as shown in this report, important responsibilities remain and new roles are presenting themselves.[39]

These new roles must be given form under difficult circumstances. Not only do national governments face critical domestic issues, they are also constrained by major international interests that favour solutions thought to result from the workings of market mechanisms. The World Bank and the International Monetary Fund,[40] among others, have argued that the task of national governments should be to remove barriers that prevent the smooth functioning of markets. From their perspective, competition between cities and regions is something positive, leading to economic growth, which, in turn, is seen as the solution to poverty. According to this viewpoint, governments should eliminate regulations that hamper market dynamics and play an active role in 'levelling the playing field.'[41]

However, research reported in Chapter 1 shows that reducing inequality can have as much impact on reducing

poverty as does increasing economic growth. Moreover, evidence, presented in this report and elsewhere, indicates that the notion of completely free markets is a myth. In reality, governments always shape market dynamics and outcomes; for example, through tariffs on trade, quotas for immigration, licensing requirements, taxation of income and property, anti-trust legislation and regulation of the supply of credit. An especially conspicuous contradiction is the renewed drive for stricter border controls to keep out immigrants and refugees, while at the same time lifting restrictions to create border-free economic zones.[42] Government intervention is often required to ensure that the strong centripetal tendencies of unregulated markets do not result in oligopoly or even monopoly that would adversely affect the leading indicators of market effectiveness: price and quality. These interventions reflect the influences of contending interest groups on policy,[43] and they produce outcomes that benefit some a great deal more than others.

Nor are 'open' markets a panacea. Indeed, there is growing recognition that opening new regions for expanding markets often creates or reinforces patterns of uneven development, as investors prefer some locations to others.[44] Acknowledging these concerns, the European Union, for example, created the European Regional Development Fund to promote infrastructure projects that enhance the productive capacity and strengthen the economy of disadvantaged regions. It also established the European Social Fund in support of vocational guidance and skill-improvement programmes to help young people and the long-term unemployed gain access to (better) jobs.[45] Debate exists about the adequacy of these initiatives, but research shows that different public policies can produce different living conditions in countries with similar experiences of globalization and technological change. It is clear that there will be a continuing need for strong government involvement.[46] This government role is shifting from that of provider to that of enabler, with an emphasis on the ability to act as a regulator, catalyst and partner. Markets, moreover, are not inclusive. Households with low incomes often cannot translate their needs into an effective market demand. It is not evident how profit-seeking suppliers can guarantee access to entitlements and assistance programmes without which such households are left to the mercy of market forces, unable to meet their basic needs for shelter, health care and food.

Markets also fail to generate solutions to serious environmental degradation, especially when powerful producers and consumers exploit distant natural resources. Economic calculations do not usually include the disruptions of ecosystems whose implications are far into the future or whose costs are borne by others rather than the profit makers.[47] Markets need to be regulated in ways that internalize such externalities and balance short-term private discount rates with long-term societal ones.[48]

The connection between the logic of the market and the logic of liveability is anything but automatic. The markets that shape cities are first of all markets for land, and land is a finite commodity.[49] More land cannot be produced in a particular place in response to increased demand. When demand for land exceeds supply, price increases are the likely result. Projection of a demand trend into a future without countervailing regulatory pressure results in the speculative valuation of land. A growing proportion of urban dwellers face an impossible disjunction between the wages generated by city labour markets and the housing costs generated by the market for urban land. At the same time, 'marketable' uses for land, like housing for affluent individuals and commercial space for corporations, drive out non-marketable uses, like parks and green space, making the city as a whole less liveable.[50]

'Glocalization', the Rise of Civil Society and the Changing Nature of Urban Planning

A recent analysis of spatial development patterns in Pacific Asia concludes that a strategy towards more resilient economies calls for policies that *localize* the potential for development across *national* space rather than global regions.[51] Just as national governments are not impotent onlookers on the global stage, but active participants with continuing responsibilities, so also can local governments play important roles. In fact, there is an inverse relationship between the significance of *distance* and the significance of *place*. As the constraints of geographical distance are becoming less important, the specific features of particular locales are becoming *more* important in the locational decision-making of businesses and households. Locational features impose certain restrictions but they also provide opportunities for local development choices that can be 'marketed'. Globalization necessarily materializes in specific institutional arrangements in specific places, many of which are in cities. 'Glocalization' is a term used to describe the dialectic interdependence of the local and global dimensions of economic, political and cultural processes. Local development is tightly linked to global forces, but not determined by machinations of international capital.[52] Therefore, far from exerting a deterministic, homogenizing effect, globalization processes allow for local differentiation. As will be argued later in this report, the outcomes of these processes reflect the claims that different interests make on urban places – more *or* less effectively. These interests include representatives of global capital that use cities as an organizational commodity to maximize profit, but they also include disadvantaged local population groups who need the city as a place to live. Cities are increasingly strategic sites in the realization of these claims. Against this background, the emergence of new forms of governance and the formation of civil society organizations in the interstices of existing arrangements reflect a 'globalization-from-below' whose articulation happens in transnational networks across urban nodes.[53]

The emergence of a new localism under globalization can be seen in three important ways.[54] First, we can observe a growing significance of organized civil society,

particularly in countries of the developing world, but also in the north.[55] Civil society organizations and social movements emerged as central actors in Latin America during the 1960s and 1970s, when more direct forms of institutional demand making were not available. They left in their wake a strong NGO network that is increasingly working with municipal governments to improve services and participatory structures for the relatively disadvantaged majority. In the north, new attention to the local arises, to a considerable extent, from growing concerns about environmental risk and the consequences of uncontrolled urban development.[56] In Africa, where civil society and associational life has been slower to develop, with some exceptions, global forces have created an informal sector that fosters non-state initiatives at the local level in which women play prominent roles.

Second, as civil society becomes more organized and effective, municipal institutions have been democratizing. There is some connection between these trends in that more active civil society both requires, and responds to more participatory local structures. Local elections with a choice among multiple parties have become increasingly common in Latin America, and in parts of Africa, South Asia and Southeast Asia. In many cases – such as South Africa, India and Brazil – this expansion of local democratic government has been reinforced by constitutional reforms. Although the full evidence is not yet in, there are encouraging signs that municipal performance is improving in response to democratization.[57]

Given an emerging civil society and democratic municipal institutions, a third element of 'the growing importance of the local' has to do with how communities make choices. Local political coalitions together with important groups from civil society are attempting to shape their cities and towns in ways that maximize what they consider the opportunities to be gained from globalization. Whether this involves campaigns against crime or plans to improve the local environment in order to attract tourists; or whether it involves strategies to reduce local taxes or develop a more comprehensive educational system in order to attract outside investment; in either case, municipal officials and their partners are increasingly alert to the potential benefits of competitive strategies.

As a result, in many cities there has been a shift in the policies of urban government from managerialism to entrepreneurialism. This entrepreneurial attitude views the city as a product that needs to be marketed. The emphasis on marketing underpins the restructuring of cities so that they appeal to global investors and favours the dominance of economic interests in urban planning. The particular historical character of a city tends to be subordinated in the quest for an international image, with local identity becoming a public relations artefact designed to aid marketing (see Chapter 2).

By the same token, cities that do not have the resources to attract outside interest and investment may find themselves even more bereft and impoverished. Local capacity building is essential to reduce the potential for such polarization. In this connection, it is encouraging that international cooperation in the form of city-to-city exchanges is growing in popularity. Public–private partnerships are also being broadened to include civil society groups and there is increasing evidence of the potential of community-based networks based on direct people-to-people interactions. Decentralized cooperation further supports local choices in urban development. These developments are reviewed in Chapter 14.

Globalization not only increases competition but also fragmentation, with contradictory effects on cities. To compete effectively, cities must act as collective units. However, their growing social, political, economic and physical fragmentation hampers their capacity to build coalitions, mobilize resources and develop sufficient governance structures. Given that metropolitan areas are the chief arenas for global competition, it is necessary to strengthen them by giving them greater authority and autonomy in resource allocation. However, the enabling role of governments must be broader than facilitating the functioning of markets and also includes responsibility for social cohesion, equity and conflict resolution.

The term 'metropolization of the world economy' has been used to describe the archipelagic spatial structure of emerging global urban networks.[58] Megacities, comprising urban cores and associated hinterlands, are theoretically able to address all kinds of technical problems, including urban service provision and environmental management. However, they are facing difficult governance challenges, owing to obsolete systems tailored to traditional cities and inhabitants who are more concerned with their immediate individual and local neighbourhood interests than with their common future as citizens of the same city.[59]

Urban planners are inescapably caught up in this dynamic. The new planning is less codified and technical, more innovative and entrepreneurial. It is also more participatory and concerned with projects rather than whole urban systems. Planning expertise is increasingly sought not only by the state, but also by the corporate sector and civil society. Planners seek to forge agreements through negotiation and mediation among contesting parties. Planning is no longer lodged solely in urban government as a font of privileged knowledge about 'the public interest'. What is controversial is not urban planning per se, but its *goal*: whether it should be directed chiefly at efficiency, reinforcing the current distribution of wealth and power, or whether it should play a distributive role to help create minimum standards of urban liveability.[60]

As planning becomes more difficult to define as a state-based process of intervention, it finds expression in a greater diversity of forms, including the advocacy for and mobilization of community-based groups that seek to assert their rights to the city.[61] This development places marginality at centre stage. It stresses a notion of urban poverty that goes beyond monetary standards and consumption for basic needs. It offers insights from within households to show how poverty is a form of vulnerability and lack of power that is multidimensional and, further, how efforts at redress by households are not typically anti-systemic but oriented towards gaining benefits from more favourable

inclusion in ongoing urban development processes.[62] These insights also provide a better understanding of the gendered nature of poverty and the important roles of women in attempts to eradicate it.[63]

Figure I.2 is a visual summary of how societal sectors interface at different scales vis-à-vis a range of issues. It indicates how actors in the public and private sectors as well as civil society, at all levels, may play a role in relevant approaches to those human settlement concerns that urgently demand attention. Foremost among these problems is the rapid growth of urban poverty and polarization. The challenges presented by these trends exceed the capabilities of governments. They require the formation of partnerships with the private sector as well as civil society. If such partnerships are to be effective, people living in poverty, and women among them in particular, must be empowered to deploy their unrealized potential as equal participants in the development of solutions to the problems that they experience first hand. It is clear, then, that appropriate capacity building and cooperative governing are vital elements of strategies to improve urban liveability for *all* people.

Whatever its merits as a representation of the multiple facets of human settlements development policies, Figure I.2 cannot capture the complex dynamics of real-world interactions, nor the distribution of resources and the real costs and benefits experienced by people. It is precisely these aspects that this report takes up.

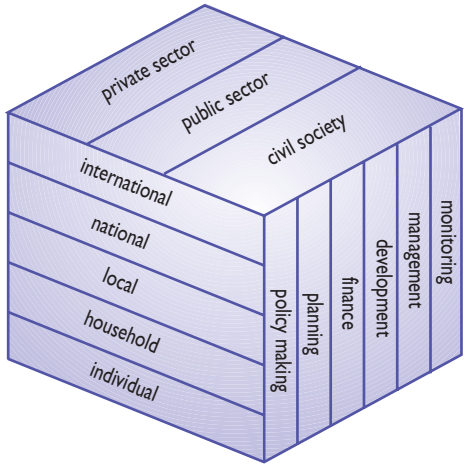


Figure I.2
Interfaces of societal sectors

Purpose of this Report

The purpose of this report is to review human settlement trends in the context of globalization; to analyse their implications for poverty, inequity and polarization; and to develop recommendations for planning, development and management policies and practices in support of those most at risk

Against this background, one aim of this report is to examine conditions and recent trends in human settlements around the world. In doing so, it concerns itself particularly with implications of globalization for poverty (the inability to maintain a minimum standard of living), inequity (poverty amid affluence and the unequal access to redress) and polarization (inequities becoming worse). It also makes recommendations from a perspective of advocacy on behalf of those at greatest risk: typically the poor, women, children, the elderly, the disabled, refugees, immigrants and minority groups. Although it is critical to give special consideration to these population groups, it is equally important not to restrict the focus to their particular characteristics which would have the effect of reifying them as *a priori* 'vulnerable categories'. Their vulnerability is not a given. It does not exist in a vacuum. This makes it essential to adopt contextual perspectives that direct attention to the factors that put these groups at risk. Without such perspectives, efforts will be misdirected at symptoms, rather than aimed at root causes.

Notes

1 See UNCHS (Habitiat), 1996. For an earlier view of cities as engines of growth, see Klaassen et al, 1989.

2 Brockerhoff, 1999 reviews projected and actual urban growth rates in the developing countries since 1970. His analysis indicates a slow down of the anticipated urban transition. In the oft-cited case of Mexico City, based on simple extrapolation of a population increase from 5.4 million in 1960 to 13 million in 1980, the United Nations predicted a population of 31.3 million in 2000, whereas the actual number in that year was only about 18 million. Brockerhoff's review indicates that observed trends warranting downward adjustments of urban growth rates are not limited to a few large cities, but are widespread in the developing world. These changed trends reflect the effects of relatively weak expansion of urban industries and price shifts unfavourable to manufactured goods, population ageing and migratory patterns.

3 UNDP, 1999.

4 World Bank, 1999a.

5 Data for Figure 1.1 come from the following sources; ISI: Web of Science, Social and Behavioral Sciences, Institute of Scientific Information (ISI) (www.isinet.com/); WorldCat: over 42 million cataloging records created by libraries around the world in 400 languages (available through Online Computer Library Center (OCLC) (www.oclc.org/oclc/menu/home1.htm), used by over 36,000 libraries in 74 countries); ArtFirst: articles found in the table of contents of nearly 12,500 journals covering science, technology, medicine, social science, business, the humanities and popular culture (source: OCLC); and Legal: articles from legal journals, yearbooks, institutes, bar association organs, law reviews and government publications originating in the United States, Canada, Great Britain, Ireland, Australia and New Zealand (source: OCLC).

6 Commenting on 'The Urban Revolution', Klaus Töpfer has described cities as 'home to a wealth of cultural diversity, political dynamism, immensely productive, creative and innovative', while, at the same time, noting that cities are 'breeding grounds of poverty, violence, pollution, and congestion' which 'for many millions of people, [have] become a nightmare',

thus creating a 'tale of two cities' (Töpfer, 1999).

7 See, for example, Foltz, 2000; Laut, 1990; Liu, 1998. The Silk Road is an interesting historical precursor of modern globalization; it has recently been used as the name for a proposed money system with low-cost electronic communication protocols, enabling small transactions, without a central bank, in an open system that supports network resource management, routing, interconnection with the internet and other information services, across trust boundaries with competing providers for all services (Hardy and Tribble, 1995). The Australian Department of Foreign Affairs and Trade similarly referred to the Silk Road in its recent report on facilitation of international trade through effective use of the internet (Australia, 1999); cf Bloor, 2000. For historical perspectives on economic globalization, see Henderson, 1999 and Chase-Dunn et al, 2000.

8 For example, economic globalization can include growth of international trade as well as increases in foreign investment. Likewise, political globalization can be seen in greater cross-border cooperation between national governments, but also in the 'twinning' of municipal governments (see Chapter 14) and in the rise of international networking of non-governmental organizations (NGOs) and civil society groups.

9 Especially important have been the benefits of antibiotics and vaccination. The best-known example is perhaps the eradication of the often fatal smallpox disease. Unfortunately, these gains stand along with setbacks resulting from new diseases, notably HIV/AIDS, which are taking their toll while patent protections limit the accessibility of medication on the basis of ability-to-pay, recently announced price cuts notwithstanding. For a recent examination of the link between globalization, urbanization and the spread of infectious disease, see Pirages and Runci, 2000. See also Lee and Dodgson, 2000 for a historical examination of cholera pandemics as a function of globalization. Aside from the spread of medication, noteworthy as well is the global work of organizations such as the 1999 Nobel Peace Prize-winning Médecins Sans Frontiers (www.msf.org/), an independent humanitarian medical aid agency, founded in 1971 with a commitment to providing medical aid wherever it is needed, regardless of race, religion, politics or sex and raising awareness of the plight of the people in need.

10 A recent example is the development of high-yield, mosaic-disease-resistant cassava, the food staple of large numbers of households in East Africa. Optimism about these advances is tempered by concerns about unpredictable consequences of genetically engineered food products for environmental and human health.

11 According to the Institute for Democracy and Electoral Assistance (www.int-idea.se/index.htm), since the fall of the Berlin Wall, more than 50 countries around the world organized elections for the first time in their existence. See Karatnycky, 2000, for a historical review; cf Franck, 1992. The Press Freedom Survey 2000 (www.freedomhouse.org/pfs2000/) offers an assessment of recent changes in restrictions placed on printed and electronic media.

12 Hulchanski and Leckie (2000) provide a comprehensive chronology of United Nations activity concerning the human right to adequate housing. The Centre on Housing Rights and Evictions (COHRE) (www.cohre.org/), established in 1994 as a non-profit foundation, offers an informative web site with links to international organizations and data bases on economic, cultural and human rights; see also the web site for the Asian Coalition for Housing Rights (www.achr.net/). Castells (1996) has identified the growth of a diversified, worldwide women's movement as one of the most important grassroots developments under globalization. In this regard, see also Moghadam, 2000. For an excellent internet gateway to human rights, see www.hri.ca/. Adeola (2000) provides a discussion of a specific recent example of international environmental justice and human rights issues, highlighted by the Movement for the Survival of the Ogoni People (MOSOP) in Nigeria. See also Brooks, 2000, on the U'Wa people of the Colombian Andes, who have been fighting oil-drilling on their land by Occidental Petroleum.

13 UNCHS (Habitat), 1998.

14 See MacDonald and Simioni, 1999.

15 See note 13 supra.

16 European Commission, 2000 provides an in-depth study of social exclusion in ten urban neighbourhoods in eight countries. See also Lawless et al, 1998; Madanipour et al, 1998. For social exclusion specifically in relation to housing, see, for example, Marsh and Mullins, 1998; McGregor and McConnachie, 1995; Ratcliffe, 1998; Somerville, 1998; Taylor, 1998.

17 Power (1997; 1999) provides a wide-ranging examination of 20 crisis estates in Britain, Denmark, France, Germany and Ireland. Krantz et al (1999) oriented a similar study to the social and physical dimensions of housing projects on the periphery of cities in Britain, Denmark, France, The Netherlands and Sweden. Hall (1997) offers a comprehensive review and analysis of regeneration policies for problematic outlying British housing estates.

18 For segregation, see, for example, Goering et al, 1997; Carter et al, 1998; Briggs et al, 1999. Schwemm (1990) and Yinger (1995) offer excellent coverage of fair housing and discrimination. See also the special issue of Cityscape; *Journal of Policy Development and Research* (1999) 4(3), commemorating the 30th anniversary of the Fair Housing Act. Treatment of affordability questions can be found in, for example, Joint Center for Housing Studies, 2000 and the *Journal of Affordable Housing and Community Development*.

19 See UNDP, 1999.

20 Chapter 1 of this report provides fuller discussion of trends in inequality.

21 Adopted and opened for signature, ratification and accession by General Assembly resolution 2200A (XXI) of 16 December 1966; entry into force: 3 January 1976, in accordance with article 27. Ratified by 142 states as of 15 May 2000. See www.unhchr.ch/html/menu3/b/a_cescr.htm.

22 This was a reaffirmation of article 25(1) of the Universal Declaration of Human Rights adopted in 1948.

23 See www.unchs.org/unchs/english/hagenda/ist-dec.htm.

24 See www.unchs.org/unchs/english/hagenda/haghome.htm.

25 The Habitat Agenda is discussed in Chapter 3 of this report, which also examines related policy platforms that have resulted from other United Nations summits. Chapter 16 reviews the human right to housing.

26 See, for example, Axtmann, 1998; Cosgrove-Sacks, 1999; Schuurman, 2000; Simmons, 1999; UNDP, 1999; World Bank, 1999a.

27 In the Spring of 2000, a six-week long internet-based discussion (www.worldbank.org/devforum/forum_poverty.html) of the pre-publication draft of the 1999/2000 World Development Report, 'Attacking Poverty,' (World Bank, 1999a) (www.worldbank.org/html/extpb/wdr99.htm) attracted more than 1500 subscribers and participants from many countries, who frequently commented on aspects of globalization. A subsequent electronic forum on 'Globalization and Poverty', (www.worldbank.org/devforum/forum_globalization.html) held in May 2000, under the joint auspices of the World Bank (www.worldbank.org) and the Panos Institute (www.oneworld.org/panos/home/homepage.html), involved over 4200 participants from more than 120 countries, an estimated 30 per cent of them from the developing world. As well, the UK Department for International Development (DFID), jointly with OneWorld, conducted in Spring, 2000, an electronic consultation (www.oneworld.net/consultation/dfid/) to obtain feedback on the draft of a White Paper on the changes resulting from globalization and the opportunities and challenges this presents for faster progress in reducing poverty and promoting sustainable development in the poorest countries. This six-week forum solicited input from NGOs, academics, DFID staff, development workers, ICT and knowledge specialists, media and interested members of the public, in particular on information and communication technologies.

28 For example, see Burgers, 1996, for a study showing how national welfare state arrangements and specific urban histories are important mediating variables in the particular local outcomes of international economic restructuring.

29 For example, Structural Adjustment Policies have led to the growing of exportable products to substitute for subsistence farming, as in Ghana where cocoa has taken the place of plantain on a large portion of available arable land. Consequently, food now accounts for one-third of its imports, which has not helped that country's farmers (for a grassroots generated, sustainable alternative to help address problems related to imposed cocoa cultivation, found widely in West Africa, see work by the Lend-a-Hand-Foundation in Cameroon (www.lend-a-hand.org/index.htm). Globalization has also affected

peri-urban development; see, for example, Briggs and Mwamfupe, 2000, for a case study of an African city (Dar es Salaam). Losada et al (1998) review a Latin American city (Mexico City). Box 2.6 describes recent developments in the peri-urban zone of an Asian city, Manila. As another example of how globalization influences rural areas, modern information and communication technologies are increasingly harnessed in agricultural production and marketing (O'Meara, 2000). Farmers in Sri Lanka are using the internet to get information about produce prices in Colombo to negotiate better rates with brokers, increasing their income by as much as 50 per cent. In Papua New Guinea, the internet is being used to disseminate the knowledge of village elders, who can forecast storms weeks in advance by observing physical changes in plants and animals. In Africa, the internet is helping to avert famine by making farmers aware of the state of crops throughout particular regions or countries (Schenker, 1999). In Pondicherry, India, project staff of the Swaminathan Foundation distribute highly practical information in the local language (Tamil) through a village computer network, from the visiting dates of mobile medical clinics to warnings about wave height and wind direction for fishers in the Bay of Bengal, downloaded from a US Navy site (Dugger, 2000).

30 Although the focus in this report is primarily on cities, it is important to bear in mind that the rural–urban distinction is a fuzzy one and that there exist numerous economic, social and environmental connections; for example, through food production, migratory flows, kinship networks, wage remittances, production externalities, media and institutional infrastructure. Globalization tends to reinforce this functional integration, further illustrating earlier notions of the rural–urban continuum (Dewey, 1960; Duncan, 1957; Pahl, 1966) and the 'urban field' (Friedmann and Miller, 1965). The extent and the ways that globalization operates through a *hierarchical* urban pattern remains a largely empirical question (see, eg Douglass, 2000).

31 See for example UNDP, 1999, Chapter 2.

32 Globalization is *not* an autonomous process. It does *not* mechanistically 'run its course', as some have written. The literature is replete with obfuscatory phrasing, denoting globalization as an independent variable and obscuring the significance of human agency. The following passage is characteristic:

'Imagine a wondrous new machine … a machine that reaps as is destroys. It is huge and mobile, something like the machines of modern agriculture, but vastly more complicated and powerful. Think of this awesome machine running over open terrain and ignoring familiar boundaries. It plows across fields and fencerows with fierce momentum that is exhilarating to behold and also frightening. As it goes, the machine throws off enormous mows of wealth and bounty while it leaves behind great furrows of wreckage … no one is at the wheel. In fact, this machine has no wheel, nor any internal governor to control the speed and direction. It is sustained by its own forward motion … and it is accelerating.' (Greider, 1997, p 11).

Most misleading is wording that inverts causality – for example, 'globalization unleashes forces' – found among proponents as well as detractors of globalization.

33 See www.imf.org/

34 See www.wto.org/

35 Barry Coates, Director of the World Development Movement. May 1, 2000. 'Globalisation, Development and Poverty: What Do We Know?' Introduction to the on-line debate on Globalization and Poverty organized by the Panos Institute and the World Bank Institute.

36 See Sen, 1999 and Evans et al, 2001 for compelling reasoning in support of this argument. Relatedly, in a historical examination of worldwide trade patterns, Chase-Dunn et al, 2000 have argued that 'economic globalization creates a demand for political globalization because markets are unable to resolve the problems of distributive justice and uneven development that they create', leading to a consideration of the role of hegemonic legitimacy (p 93). Fortunately, there is nothing deterministic about the ideological content of globalization or the aspiration(s) it serves. In principle, the same technologies TNCs use to further their private interests can also be used to advance public welfare. This point is eloquently argued by Falk, 1999. For a similar view, see Dirlik, 1998; Marris, 1998.

37 The proposed Multilateral Agreement on Investment (MAI), for example, seeks to override social and environmental regulatory mechanisms where they may become barriers to commerce. For an analysis of the campaign against the MAI, including the role of the internet in mobilizing global opposition, see Wood, 2000.

38 See, for example, Booth, 1892; Engels, 1872; Riis, 1891; Veiller, 1910.

39 This is recognized even by proponents of classical liberalism, who see a minimalist role for national governments, upholding property and contract rules to provide a framework within which private actors interact freely on the basis of a decentralized world price mechanism (Sally, 2000).

40 See www.imf.org/.

41 See World Bank, 1999a.

42 See, for example, Sassen, 1999.

43 For example, labour unions seek protection against unfettered global competition that may threaten existing wage levels and global corporations lobby to prevent rival companies from cutting into their profit margins, while environmental interest groups press for regulations to safeguard natural ecosystems.

44 See Hudson and Williams, 1999, for a well-documented treatment of uneven development in the European Union and a persuasive case for the continuing relevance of national governments. See also Rodriguez-Pose, 1999. In a recent examination of the relationship between European economic integration and urban inequalities in Western Europe, McCarthy (2000) concludes that the prospects for reducing the already high income inequalities between cities by means of economic growth are not promising because many situational characteristics that are important for urban competitiveness and growth cannot be improved through the policy efforts of poorer local and national governments alone and the level of EU-funding is insufficient.

45 See Chapman and Murie, 1996; European Commission, 2000.

46 Further, while research has found a correlation between open markets and economic growth, the causality of this relationship has not been established. Successful economies may open themselves up to external trade, but open economies are not necessarily successful. Indeed, some of the better-performing countries have imposed their own terms on their participation in globalization processes (eg China, Singapore, South Korea).

47 For a good discussion of these points, see Hardoy, Mitlin and Satterthwaite (2001), especially Chapters 5 and 8. See also Haughton, 1999, for a discussion of principles and policy approaches in support of environmental justice and the sustainable development of cities, and Wirth, 2000.

48 For a fuller discussion of this point, see Evans et al, 2001, Chapter 1.

49 See Polanyi, 1957.

50 This, in turn, may force those seeking an affordable place to live and work to 'sprawl' into peripheral areas where land is generally cheaper.

51 See Douglass, forthcoming.

52 See Douglass, 1998.

53 See, for example, Cheru, 2000; Friedmann, 1998; Evans, 2000; Pile and Keith, 1997.

54 The following paragraphs draw on 'Urban Governance And Politics In A Global Context: The Growing Importance Of The Local', a paper by Richard Stren, University of Toronto, November 1998.

55 This is particularly seen through the environmental, women and human rights movements.

56 For example, it is at the local level that anxieties over unregulated toxic emissions are confronted by community groups attempting to influence municipal by-laws and regulations. This is the case in the developing as well as the more developed economies. See, eg Douglass and Friedmann, 1998; and Evans et al, 2001. In the US, Good Neighbor Agreements (GNAs) have emerged as a non-litigious method of dispute resolution among companies, their workers, environmentalists and local communities in the face of declining governmental power and rising corporate power. Facilitated by Right-to-Know legislation and databases (see www.rtk.net/), dozens of GNAs have been proposed and signed. For an analysis of the establishment of an enforceable, legally binding agreement that holds a transnational corporation accountable to a local community, see Pellow, 2000. Urban sprawl has also become a divisive issue in many local communities, producing a spate of citizen initiatives and counter-reactions by developers and builders. See, for example, the web site of the Sierra Club (www.sierraclub.org/sprawl/) and the Initiative and Referendum Institute (www.ballotwatch.org/).

57 Chapter 4 reviews newly emerging approaches to metropolitan government and the

challenges of democratization. Chapter 13 focuses on decentralized provision and management of urban infrastructure and services.

58 Veltz, 1996.

59 Barcelo, 1999.

60 Social welfare systems came about as attempts to address poverty through compensatory systems of distribution tied closely to employment status. They are based on *individual* rights and take no account of community. Planning has become identified with place-based advocacy. See Marris, 1998.

61 See Douglass and Friedmann, 1998.

62 See Douglass, 1998.

63 On aspects of method and measurement, see, for example, Razavi, 1999a; Ruspini, 1999. The UNCHS (Habitat) has an ongoing Women and Habitat Programme, which recently published a synthesis of individual country reports from Africa, Latin America and Asia on women's situation in human settlements development; see Miraftab, 2000. On women's roles in urban governance and democratization, see Razavi, 2000; Beal, 1996. On gendered impacts of globalization on employment, population policy and exclusion, see Perrons, 1999; Pathak, 1995; Kuumba, 1999; Gray and Kevane, 1999. FEANTSA (Brussels, 2000) produced a series of country reports detailing homelessness among women in the European Union.