EMERGING APPROACHES TO URBAN GOVERNANCE AND POLITICS

The rapid growth of urban poverty and deepening inequalities in cities are the chief concerns permeating this report. Market mechanisms are ill-suited to redress these problems without effective regulation. Effective regulation requires good governance. Solutions to today's urban problems, therefore, call for good urban governance and appropriate political strategies, whether the issues concern infrastructure, housing, service provision, environmental quality or violence. Under globalization, urban governance faces new challenges and opportunities.

Contemporary governance involves multiple stakeholders, interdependent resources and actions, shared purposes and blurred boundaries between the public and private, formal and informal, state and civil society sectors, greater need for coordination, negotiation and building consensus. Consequently, three key tasks involve coordination, steering and integration of diverse and sometimes conflicting interests. To these ends, governance arrangements draw on market-based strategies arising from the private sector, hierarchical strategies articulated by the public sector and networking strategies emerging from the public sector.

Many national governments have devolved responsibilities that they had traditionally assumed to lower levels of government, while seeking to enhance the competitiveness of cities. The increased competition that characterizes globalization is accompanied by urban fragmentation, producing two conflicting trends: to compete effectively, cities must act as a collective unit; however, growing social exclusion, spatial segregation and economic polarization are divisive and hamper the ability of cities to build coalitions, mobilize resources and develop good governance.

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, conflict resolution and support for citizenship in the sense of rights to the city.

The success of initiatives and reforms in government at the subnational level is closely linked to the ways and extent that national systems embrace and incorporate democratic processes. In this connection, it is important that a government grants its citizens political rights by permitting them to form political parties that represent a significant range of voter choice and whose leaders can openly and safely compete for, and be elected to, positions of authority in government. It is also important that governments uphold their citizens' civil liberties by respecting and protecting their religious, ethnic, economic, linguistic, gender, family and other rights, including personal freedoms and freedoms of the press, belief and association. The vital

importance of these links between good governance and democratic practices is well-illustrated by recent experience in Latin America, reviewed in Chapter 4, but of broader interest to developments elsewhere as well.

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. Far from exerting a deterministic, homogenizing effect, globalization processes allow for local differentiation. The outcomes of these processes reflect the claims that different interests make on urban places and the power they can wield to advance those claims. 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.

The withdrawal of the state and limitations on institutional demand making have combined to create new spaces for political contestation. This development signals emerging opportunities for civil society to engage government and the private sector in new forms of cooperation that enable the low-income communities to participate as empowered partners. More broadly, this development is about authentic citizenship, meaning the rights and responsibilities of the urban citizenry.

Low-income communities, taking advantage of modern communications technologies and less bound by local constraints, have begun to reconstitute themselves as overlapping, sometimes transnational networks with shared interests. The unlocking of their unrealized potential through participation in shared governance is essential to improving urban liveability for *all* people.

4

THE CHANGING CONTEXT AND DIRECTIONS OF URBAN GOVERNANCE[1]

The *Human Development Report 1999* concerned itself with the uneven outcomes of globalization. It urged careful attention to appropriate governance to eliminate poverty and reduce the inequality associated with processes attendant to globalization.[2] Human settlements, and cities in particular, are important nodes in the new forms of governance that are currently emerging. These forms of governance are being developed in the context of globalization processes that create new conditions under which decisions must be made; interdependent, complex, loosely linked actors and institutions with shared purposes but no shared authority. This requires that actors seeking mutual gains find ways to coordinate their efforts.

To this end, this chapter first describes the key tasks of governance and the repertoire of basic governance strategies. This discussion stresses that the different strategies serve different goals. It points to the need for blending the supplemental roles of the public and private sectors, as well as civil society, in broad-based partnerships to build the capacity required to address today's urgent urban problems. (Chapter 14 further develops the theme of capacity building and forming partnerships.) The discussion then shifts focus to the paradox, associated with globalization, that cities are increasingly operating as territorial units in competitive processes (and are encouraged to do so by current development dogma), while at the same time cities are becoming more and more fragmented: socially, economically, physically and politically. Cities thus face two contrary developments whose management requires effective governance. Against this background, this chapter describes four newly emerging forms of government and offers six recommendations for policies that enable local areas to capitalize on their special strengths. The concluding section argues that the success of initiatives and reforms in government and governance at the subnational level is closely linked to the ways and extent that national systems embrace and incorporate democratic processes. In this regard, it examines the recent experience of Latin America with a view to the lessons it may hold for other parts of the world.

The Repertoire of Governance Strategies[3]

Today, governance involves multiple stakeholders, interdependent resources and actions, shared purposes and blurred boundaries between the public and private, formal and informal, state and civil society sectors, greater need for coordination, negotiation and building consensus.[4] It must address three key tasks:

1 *Coordinating* a more complex and fragmented government landscape.
2 *Steering* interdependent activities through new bargaining systems and institutions such as public–private partnerships or regional confederations in order to achieve desired outcomes – specifically, public goods – by bringing the necessary actors to the table and then moderating differences and negotiating cooperation.
3 *Integrating* and managing diverse networks rather than focusing primarily on internal affairs.

Governance processes address three key tasks:
1 Coordinating
2 Steering
3 Integrating

To this end, the repertoire of strategies for distributing the costs and benefits of making and carrying out decisions includes *markets*, *hierarchies* and *networks*.[5] These three strategies have typically been associated with, respectively, the private sector, the public sector and civil society.

In a global context, none of these strategies can be presumed to be privileged or outdated; all three are viable governance strategies, depending on the shared problems and purposes at stake. In different ways, they reduce the costs of making decisions while increasing the capacity to act. The question of *'how'* governance is exercised is crucial:[6] the choice of governance strategies influences who is likely to be included or excluded. Thus it should be asked: Under what conditions do different governance strategies work effectively and for which purposes?

The repertoire of governance strategies includes *markets*, *hierarchies* and *networks*

Markets

Markets use price competition as a central coordinating mechanism. Under many conditions, this is an effective means of coordinating decisions if not generating cooperation. But in a globalizing context of interdependence,

relying on market mechanisms controlled by the private sector is often inadequate. As argued in the Prologue of this report, governance through market strategies tends to lead to short-term and ad hoc responses rather than the long-term strategic guidance necessary when dealing with multiple stakeholders, public goods, tangled networks and the need for negotiated decisions.

Governance strategies relying on market mechanisms to coordinate multiple, interdependent interests and resources and shared purposes ultimately fail to address critical governance tasks of steering and integration. In particular, they fail to integrate 'at-risk' groups into global society and to draw on their human capital potential. For markets to be more effective under the new global conditions, they need more responsive institutional structures in which to operate. The regulation of market conditions becomes a crucial task.

> **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**

Hierarchies

Hierarchies rely on rule setting, norms and institutional design to ensure cooperation and to coordinate decisions. The capacity to create hierarchical strategies rests in the public sector even though the governance arrangements created by these strategies need not be limited to public actions. They provide the traditions, norms and practices that shape or constrain policy alternatives. Bureaucratic hierarchies are familiar mechanisms for coordinating through administrative practices that balance competing values of efficiency and equity.

Hierarchical, top-down governance strategies continue to be important in a global era. For example, the use of rules and creation of new rule-setting bodies at different regional and transnational scales, such as international agreements on ocean resources or bi-national environmental commissions in North America, internalizes the costs associated with making decisions under contemporary conditions. Similarly, decentralization policies and 'direct democracy' provisions require formal government changes that create new sub-authorities and allow for referenda and initiative procedures. Although governance through hierarchy retains a significant role in a global era, it is criticized for lacking flexibility and adaptability.

Networks

Networks use informal coalitions, trust, reciprocity and mutual adjustment to produce cooperation and coordinate decisions. These processes are rooted in civil society although they are shaped as well by public and private sector configurations. Historically, these processes were labelled as 'community' and were presumed to be defined and circumscribed by territorial boundaries. In a global era,

modern information and communication technologies facilitate the formation of coalitions and networks from the bottom up, forming non-territorial communities centred on shared problems and purposes. It is such networks, rather than governments or markets, that increasingly link global and local processes.

The Globalization Paradox

Globalization is changing the scale of international regulation, not only at the global level, but also at the subnational level. A few decades ago, before globalization accelerated and intensified, the nation state was the main pilot of societal change. Today, its place at the centre of society is being challenged by several developments. First, increasing globalization sets the regulation level of society at various scales, the state or national one being only one among others. Second, decentralization is pulling the regulation level downwards (to regional, municipal and intra-municipal levels). Third, regionalization at the sub-world level is pulling regulation upwards; the growing importance of the European Union is a good example of this phenomenon.

In that context,[7] cities are emerging as new territories of regulation, that is, as territories relevant to address crucial issues, notably the increasing territorial competition that globalization entails.[8] However, to regulate does not mean to govern.[9] Cities are at the forefront of competitive processes whose successful management requires an effective capacity to govern a territory. Cities must work as collective actors; that is, they must mobilize their economic, social and political resources in order to develop their assets and to reduce their weaknesses; what is commonly described as building coalitions and regimes.[10]

> **Globalization increases competition as well as fragmentation, with contradictory effects on cities. To compete effectively, cities must act as a collective unit. However, their growing fragmentation hampers their capacity to build coalitions, mobilize resources and develop good governance structures**

However, several studies[11] have cast doubt on the capacity of cities to function as collective actors. This scepticism is based on evidence that urban territories are becoming more and more heterogeneous, as a result of the growing social and economic differentiation of urban society.[12] This phenomenon is better indicated by the expression 'fragmented city'.[13]

To begin with, social fragmentation is increasing. This is readily demonstrated by the growing socio-spatial inequalities in urban areas. Also politically, the fragmentation of power is growing. Many countries are witnessing the breaking up of traditional political parties into a greater number. Moreover, political parties seem to be less and less capable of acting as mediators between civil society and the political powers that be. Where political parties do serve as channels of mediation, they do so in ways that are more sectoral, more issue-oriented and more linked to specific segments of society (eg related to gender, ethnicity, religion, etc).

Institutional organization is also becoming more fragmented and more complex. Almost everywhere the number of local authorities and ad-hoc bodies in functional metropolitan areas is increasing. The issue of territorial solidarity, previously largely taken care of by the state, is seriously challenged by local structures as shown by the difficulties of establishing cooperation at the area-wide level and the desire for local communities to secede. In many nations and cities, the declining role of the state in its traditional areas of responsibility has increased the importance of NGOs and the voluntary sector, but in the process there has been a dramatic increase in the fragmentation of the capacity for collective action.

There is also a trend of economic fragmentation. The traditional structures of representation of economic interests (chambers of commerce, local business associations, etc) are being contested because they do not represent the emerging economic interests such as the small- and medium-sized firms and those of the 'new economy'. Further, they are usually organized in ways that are less and less effective in territorial competition. Therefore, while some traditional bodies are being reformed (like the chambers of commerce in Italy or in France), new associations of business are created, adding to the already complex systems through which economic interests represent themselves.

In consequence, cities face a paradox. On one hand, they must act as a collective unit since they are more than before confronted with competition and less able to rely on higher levels of government to assist them in that process. On the other hand, they are encountering increasing difficulties in mobilizing their resources, which hampers their capacity to build the necessary coalitions of actors or structures of governance. This is all the more damaging in places where changes are dramatic and require more control, more anticipation and greater decision-making capacity, as is the case in many metropolitan areas of the developing countries.

Emerging Elements of Governance

Among the various changes that have occurred in the last decade to address the 'globalization paradox', we can identify four emerging elements of governance:

1   Decentralization and formal government reforms.
2   Participation of civil society.
3   Multi-level governance.
4   Process-oriented and territorially based policies.

Some of these elements are not new or innovative, such as decentralization or metropolitan government reform, but their rationale differs from earlier periods.[14] These emerging elements of governance do not necessarily replace more traditional arrangements (eg top-down, hierarchical schemes with a strong presence of the state). Their relative importance in decision-making processes also varies greatly among countries.

Decentralization and formal government reform at the area-wide level

Decentralization is devolution of power – responsibilities, resources and legitimacy – to subnational levels, ranging from regional bodies to intra-municipal structures.[15] One major reason for decentralization is so-called 'governing failures',[16] meaning that the state is no longer able to diagnose and solve problems so that these problems and issues are better dealt with at the local level. In some countries, decentralization is viewed negatively as a way for the state to shift away the responsibility for developing solutions to intractable problems, typically without a corresponding transfer of resources required to address the issues. Decentralization trends now occur in most countries, including regionalization in the UK (eg devolution given to Scotland and Wales and creation of regional development agencies in England), Italy and Spain (the so-called regionalist states of Europe), the strengthening of municipalities in many Latin American and some African countries (eg South Africa) and the establishment of intra-municipal levels of government like the neighbourhood councils in Amsterdam and Bologna. Chapter 13 reviews recent developments regarding decentralization more specifically in relation to urban infrastructure management capacity. The draft World Charter of Local Government, discussed in Chapter 14, is an initiative to develop and gain acceptance of a constitutionally anchored framework for local self-government on the basis of internationally recognized principles.

There have also been attempts at formal government reforms at the metropolitan level. The general purpose of these reforms has been to create new governmental structures with area-wide responsibilities in strategic planning, economic development, management of services (notably networks like public transport, water systems, etc) and, more recently, the environment. The rationale for these reforms has changed since the 1970s. The logic of functionalism remains; that is, for instance, the metropolis is still considered to be a relevant functional territory for infrastructure building and the provision of urban services. However, additional rationales, like the necessity to develop and implement policies regarding environmental protection, social inclusion and the fight against violence, are now the dominant reasons for creating these new entities. Examples of such reforms abound. They range from the creation of strong local government units, such as the new Greater London Authority, the Verband Regio Stuttgart and Metro Toronto, to less powerful authorities like the recent metropolitan structures in South Africa.[17] The process is still unfolding in many places in Europe (eg Italy, The Netherlands) and Latin America (eg Bolivia, Venezuela).[18]

New governmental forums can increase the voices of marginalized groups, particularly where ethnic minorities are geographically concentrated. Implementation of the Popular Participation Law in Bolivia, for example, created municipal councils where Quechua and Aymara representatives now play a role in allocating resources

Box 4.1 The Digital City: an electronic forum for citizen interaction

Amsterdam's Digital City (http://www.dds.nl) was launched in January 1994 to place information about the city and its services within direct reach of the people, to stimulate political discussion among citizens and to explore the possibilities and limitations of a local virtual community.

Amsterdam has a strong tradition of community activism. In the early 1990s, the municipal government was troubled by signs of increasing political apathy and cynicism among the city's voters. On the eve of local elections in 1994, the Amsterdam City Hall decided to support the Digital City as a 10-week social experiment to stimulate the interest and involvement of citizens in local public affairs. Within a week, the network's 20 phone lines were overloaded around the clock and the new 'city' had more than 3500 'residents' and thousands more visits by 'tourists'.

Five years later, the Digital City is a growing network of small virtual communities with more than 100,000 regular participants and tens of thousands of tourists. The project, which has received no public funding since 1995, has influenced the extension of not-for-profit internet access throughout The Netherlands, has been replicated by other cities throughout the country, and has spawned many imitators in cities across Europe.

The Digital City is constructed in the image of a real city with 'squares' corresponding to different themes or areas of interest (the environment, government, art, sports, Europe, alternative lifestyles, women's issues, music, etc). Each square offers space for a fixed number of 'buildings' which can be rented by businesses, nonprofit organizations or other information providers. The squares also feature billboards (advertisements), cafés (chat rooms and specialized discussion groups), kiosks (collections of on-line newspapers and magazines related to the square's theme) and side roads (related links).

Although most of the Digital City's contents are in Dutch, anyone is welcome to visit. Each resident has a free email account, the right to participate in discussion groups and space to create a 'home', or personal Web page. The homes are situated in residential areas between the squares and may not be used for commercial purposes.

The 'city' metaphor reinforces the idea of the Digital City as a public domain, a forum where citizens can meet and express themselves freely. This metaphor was also chosen to make the Digital City easier to navigate: citizens intuitively grasp that they must stop in at the post office to send and receive (electronic) mail or visit the City Hall for information on political affairs. Although the Digital City does not correspond to the layout of the real Amsterdam, its structure lets it easily accommodate all aspects of life there. A digital bike path was added so that biking enthusiasts can meet and exchange information, reviews of newly released films can be found at the cinema square and a cemetery has even been added for the commemoration of loved ones.

Despite the project's autonomy from political influence, the 'city' metaphor also makes explicit the political dimension that its founders have wanted for the project from the start. The government neighbourhood is one of the Digital City's most popular areas, and visitors there can read the fine print of proposed laws and upcoming referenda, email city officials directly and argue with their elected representatives on the issues of the day. Subjects such as a controversial plan to extend Schipol Airport, upkeep of the city's parks, whether to ban cars from the city centre, the proposed conversion of Amsterdam from city to province and other local political issues have been debated. Politicians frequently participate in more structured discussion formats as well.

The Digital City has become a true city, dynamic and creative, where houses, buildings and squares are constructed, demolished or abandoned every day. And it is this organic quality that distinguishes Amsterdam's Digital City from many of its counterparts elsewhere. Digital city projects in the United States, for example, tend to be more rigidly structured and primarily serve as clearinghouses of information for the city and its service providers. The organizers of Amsterdam's Digital City see their project more as an 'open city' than as an organized virtual community. In the Digital City, residents are not passive consumers of information and services but interacting and participating citizens. The successful Clean Clothes campaign against the local sale of clothes produced by child labour in Asia is one example of how ordinary citizens in Amsterdam have been able to use the format provided by the Digital City to inform their fellow citizens and bring about change on both local and global levels.

The political results of the Digital City are, however, still far from the electronic democracy for which its founders were hoping. The real influence of virtual debates on traditional politics has been minimal. Most visitors are young, well-educated and highly computer-literate, a profile which corresponds to only a relatively small segment of society. Although the project's direct political impact is not yet what its planners envisioned, the Digital City has helped bring Dutch citizens on-line, enabled them to find other citizens with similar interests or concerns and provided them with a format for exchanging information and taking action.

Source: adapted from Del Vecchio, 1999.

Strategies creating new governmental forums can increase the voices of marginalized groups, particularly where ethnic minorities are geographically concentrated. Implementation of the Popular Participation Law in Bolivia, for example, created municipal councils where Quechua and Aymara representatives now play a role in allocating resources.[19] In 1993, India passed a Constitutional Amendment reserving seats for women in local government. But even supporters agree that more women in government may not be enough. Mandating representation of women in new governmental forums appears to increase their inclusion but not necessarily their voice: despite mandated representation, empowerment of women is often constrained by traditional gender relations.[20]

Despite mandated representation, empowerment of women is often constrained by traditional gender relations

Civil society participation in policy making

Civil society participation infuses policy making with greater legitimacy and helps to compensate for failures of central governments to provide basic infrastructure and services

Participation by civil society may be direct (eg through the electoral process) or indirect (notably through the participation of community-based organizations in policy making). In most countries and cities there is growing support for greater involvement of civil society. There are several reasons. First, as in the case of decentralization, there are governing failures at the national and local levels. Resident participation is necessary to elaborate and implement policies in ways that are more responsive to local problems and needs. In this regard, the internet can facilitate citizen involvement in local public affairs (eg see Box 4.1) and help

inform voters (eg see Box 4.2). In addition, civil society participation helps to legitimize local policy structures of government and consequently would make public policies more efficient, especially in cities where people have had to organize because of the inability of public institutions to provide basic services like water and sewers (see, for example, Box 10.4 on Dar es Salaam).[21]

There are numerous examples of civil society participation. In more developed countries, most government programmes to fight social exclusion and induce economic development now require the involvement of communities, such as the Single Regeneration Budget (SRB) and the New Deal for Communities (NDC) programmes in the UK, and most of the Policy for Cities programmes in France. In the developing world, the involvement of civil society is more significant since governing failures are more frequent and salient. Therefore, community participation often occurs in planning (eg the Rebuilding and Development Programme in Cape Town), water production (eg Haiti and Yaounde), environmental issues (eg implementation of Local Action Agenda 21 programmes in Uganda and Bolivia)[22] or budget setting (eg Porto Alegre). Chapter 14 brings out the importance of civil society capacity building to enable effective participation by community-based groups in development initiatives.

Multi-level governance and partnerships

Multi-level governance is a commonly used term to describe a whole set of joint practices: partnership, contractualization, institutional forms of negotiation procedures, co-funding, etc. They may involve public institutions as well as private entities at various levels. In some countries (eg France and Italy) multi-level governance is mostly restricted to public institutions, while in others (eg UK and India) the voluntary sector, NGOs and the private sector are frequently included.

Where multi-level governance is limited to public institutions, the origin of this restriction derives from historical traditions in these countries, according to which central and local government are considered to be the only actors able to represent the general interest and act on its behalf. The emerging need to involve various levels of government in policy making is explained by the increasing overlapping of responsibilities among these levels of government. Further, there is a need for co-financing services, projects and programmes, related to decentralization and the implementation of a matching fund system in, for example, the US, and in Europe related to the increasing importance of the European Union.[23] Good examples of this type of multi-level governance are the Italian *accordi di programma*, which involve the state, the regions, the provinces, the municipalities and their relevant public companies, and the French 'Contrats de Plan Etat-Régions' (Programme Agreements between the State and the Regions), which involve the EU, the state, the regions, *départements* and municipalities in the field of territorial development at the regional and metropolitan levels (see Boxes 4.3 and 4.4).

In many countries and cities, multi-level governance also includes non-public actors. Often the private sector is

involved because of privatization policies (for example, the water systems in many African countries). Community-based organizations may be involved because of their legitimacy in representing people and because of their knowledge of local problems. NGOs can also play an important role because of their knowledge of programme management or an implicit transfer of responsibilities from the state. Multi-level governance is very often the result of practical situations but is increasingly considered as a new way of policy making. The UK experience of public–private partnership is probably the most extreme example of partnerships becoming new institutions,[24] with many urban and regional policies now carried out by public–private–voluntary sector partnerships (eg the new Regional Development Agencies; see also Box 2.3 on London).[25] But the same logic is also being applied in developing countries such as the Philippines (eg the Urban Basic Services Programme of Cebu City)[26] and India (eg the Slum Networking Project of Ahmedabad),[27] among others. Partnerships are more fully discussed in Chapter 14.

Decision-making structures

The emerging polycentric governance forms, with multiple actors, need to establish legitimacy for their policies through new processes for building consensus according to appropriate procedures

Today's governance takes place in a more polycentric system of actors in which the state is less dominant than before. The multiplicity of actors complicates policy making since no single actor is legitimate enough to direct societal change. Consensus is no longer a given by virtue of

The ASNM was created in 1996 to produce sustained development in an area of industrial decline in Northern Italy. To that end, the Agency created a development forum from the members of ASNM (four municipalities, the Province of Milan, the Lombardy Region, the Chamber of Commerce and the industrial companies owning the area's brownfield sites) and parts of civil society (various associations of firms, unions and co-ops). Despite some significant success for the ASNM, notably in professional training and in the development of an economy centred on SME in the 'new economy' sectors, the development forum never took off. Two major reasons have been put forward to explain this failure:

1   Civil society was not very interested in ASNM problems; although ASNM had excellent access to resources in the Milano area, it dealt with firms and employees on issues that concerned the whole metropolitan area, rather than just the ASNM area. Consequently, civil society members did not participate actively in the forum.
2   The private sector was too fragmented for ASNM to develop a dialogue with it. There was no clear interlocutor representing the private sector; instead, there were various leaders, representing different and sometimes competing interests. Without a common voice on behalf of the private sector, it was difficult to evolve a coherent economic development strategy.

The ASNM example holds two lessons. First, participants of civil society should represent organizations that identify with a particular area, although they may not have many resources, rather than organizations that, although rich in resources, see their interests elsewhere. Second, it is important to have an effective structure of interlocutors; in their absence, development agencies should develop such a structure.

legitimacy granted to the state's action, but must be socially constructed. This requires alliances, coalitions and compromises. It also requires negotiation, debates and discussion, which, in turn, requires appropriate procedures. It is a new way of achieving decisions in which policy content is, at least in part, a function of the decision-making process itself.

These new forms of collective action cannot take place at the central level anymore. Territorial regulation has replaced national regulation because of the limited ability of the state to solve problems and address issues at lower levels and because of the increasing integration of diverse elements that efficient public policies require. This is a major reason for the development of so-called area-based initiatives.

This development is well illustrated by most European Union programmes regarding territories in general and metropolitan areas in particular. The objective of 'Territorial Pacts', for instance, is to produce territorial development. In order to get funding, national and local actors must work together and produce a set of priorities and specific actions arrived at after a long process of negotiation and debate. The same operational logic exists in the Rebuilding and Development (RDP) programme of Cape Town,[28] in some social programmes in Latin America[29] and in spatially smaller programmes in various Western countries (eg the US, UK and France) where urban areas are divided according to specific funding procedures and socio-economic features.

Lessons and Analyses

Globalization is often seen as a one-way process, homogenizing people's way of life, their problems, as well as appropriate 'remedies' such as deregulation, privatization and decentralization. However, there is now growing acknowledgement that the specific territorial characteristics of each region and country are important. There is no single functional response to globalization because, for example, the national and local political history and culture help to shape public–private relationships and decision-making processes. Therefore, globalization should also be analysed as a heterogenizing process, especially since territorial competition accentuates the differences between locales. It is possible to base several recommendations for strengthening urban governance on the recognition that it is important to enhance the particular development advantages and assets that are local to a given area.

Formal public institutions are crucial actors in urban governance

Public institutions must remain responsible for issues that concern society as a whole

Despite some failures of governmental initiatives and policies, despite the difficulties of metropolitan government reforms and despite the slowness of area-wide authority building, public institutions must remain the central element in the governance of cities. In many developing countries, and to a degree in some developed countries, public institutions have explicitly or implicitly transferred several of their responsibilities to civil society, especially to NGOs in sectors such as education, health and welfare. Deregulation and privatization policies have given more importance to the private sector in urban governance. However, civil society cannot deal with several vital issues that are essential responsibilities of legitimate, public (ie democratically elected) institutions. The setting up of long-term urban agendas, strategic planning, sustainable development, social cohesion and so on, are issues and actions that concern the future of societies and metropolitan areas. As such they must be the subject of debates and decisions made by entities representing the population as a whole: that is, public institutions whose legitimacy derives from a territorially based population.

Only governments have the legitimacy and capability to steer and integrate the activities of multiple stakeholders by acting beyond single purposes. Steering entails bringing the necessary actors to the table and then moderating differences and negotiating cooperation. Integrating tasks includes managing diverse interests to ensure that wider public goals are met by putting more narrowly defined interests in a larger context. Priorities set by new decentralized units, for example, may compete with those in other areas or conflict with national goals. Achieving leverage over a complex, fragmented system with expertise in the small units involves a process of setting and implementing appropriate norms.[30]

New key role for the state in urban governance

Notwithstanding observations about the so-called 'hollowing out of the state', central government remains an important, even essential actor in the governance of cities. It still holds crucial powers, not only in terms of economic and financial resources but also in terms of normative legitimacy. By tradition, it still generates the cognitive framework for most local collective action and policy making. Of course, this presence of the state varies greatly from one country to the other, between strong states and weak states, unitary and federal states; in some developing countries, the state may seem almost nonexistent. Also, in many situations, the state is fragmented, especially in the policy sector, and unable to speak with a single voice. None the less, it would be misleading to assert the demise of the role of the state in urban governance.

Globalization, however, does imply a change in the role of the state.[31] Even in countries where the state is still strong, as in France and the UK, it no longer has the political and economic resources needed to carry out its traditional functions of societal governance on its own. In the 1980s, the Thatcher government in the UK described its changed role by applying to itself the label of 'enabling authority'; other countries have used similar expressions like 'facilitating authority' or 'animating state'. Whatever the terms employed, the idea remains the same: the new role for the state has become to create frameworks and to facilitate collective action, rather than to intervene directly.

> **The enabling role of national governments must be broader than the facilitating of market functioning and include responsibility for social cohesion, equity, conflict resolution and support for the exercise of citizenship – of 'rights to the city'**

It does not diminish the significance of recent decentralization policies to point out that local actions can rarely solve major urban problems. The state must retain a major role, giving coherence to local actions and mediating between local actors and between supra-national and subnational levels, thus giving a much broader meaning to 'enabling' than merely facilitating market functioning.[32] The state has a legitimate intervention role, first, in matters of national interest and, second, in local matters when they affect wider interests or when local actors prove too incapable or dysfunctional.

Partnerships cannot be a comprehensive form of urban governance

> **Partnerships can be effective to help address urban management problems, but they are inappropriate for addressing issues whose resolution requires democratic decision-making**

Partnerships, whatever their forms and their membership, cannot be full-fledged solutions to the governance problems of urban areas. Too often, their action is piecemeal and

contributes further to the already existing fragmentation of the territory, either because they focus on a specific area, or because they concentrate on a single policy sector, or both. They cannot effectively assume responsibility for the tasks that fall within the purview of public institutions (see above). There are several reasons for this. The partnerships are often short-lived and have a fluctuating membership. Private enterprises frequently opt out of participation.[33] Civil society is often not a stable partner, with changing representation through community-based organizations that tend to represent particular interests and lack the knowledge, skills, or motivation to view the city as a single collective entity. Partnerships also pose a problem of democracy since they are very often characterized by a lack of accountability and oversight by the population itself or by elected officials.[34] In short, partnerships are useful and necessary, but they are more appropriate for solving management problems (in urban services for instance) than for addressing issues that require democratic decision-making.

Area-based policies and actions are not a panacea

Area-based approaches seem the logical solution when the state can no longer deal with issues on a comprehensive basis. However, this newly popular form of territorial policy can have negative impacts on urban governance. First, as noted, it worsens existing fragmentation because it typically operates on the basis of discrimination according to the distinguishing characteristics of different areas, such as their ethnic, social, cultural or economic composition, rather than what they share in common. Second, area-based approaches may stigmatize a neighbourhood and its residents.

Area-based policies do have obvious positive aspects as they focus on the specific local manifestation of problems. However, to address these problems effectively, they must also connect to a comprehensive development strategy at the metropolitan level.[35] The specific form for such strategic vertical integration will necessarily vary from country to country and there exists no magic formula that can apply universally.

Political leadership is a key element of governance

The mere presence of governance is certainly not an automatic cure-all to redress problems arising from globalization. Some metropolitan areas function more ably as collective actors than others. One key element is political leadership. It is essential because governance is not a process free of conflict. Globalization changes political power arrangements. It supports the emergence of new political elites whose strategies and norms are different from the traditional elites.[36] These new political elites rely less on clientelism and party politics. Rather, their legitimacy derives more from their capacity to act, than their allegiance to a traditional ideology or political constituency. Globalization represents an opportunity for these emerging elites: first, because it opens the political system to new actors and, therefore, challenges the incum-

bent elite; second, because it brings with it a change in the issues to be addressed and in the ways of addressing them.

It is the responsibility of the state and also international organizations to support these emerging urban elites because this strengthening is a condition for effectively addressing the new challenges that globalization produces. However, this support must be cautious (see below) and based on the development of structures and procedures to ensure local democracy because the accountability of these new political elites cannot be taken for granted.[37]

The political strengthening of metropolitan areas

Globalization has increased the role of metropolitan areas by placing them at the forefront of territorial competition. They have become an essential place for the regulation of relations between the local and the global. This makes it necessary and legitimate to strengthen them politically,[38] granting them the responsibilities, resources and political legitimacy they require to function as strong governmental units.

> 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

This strengthening of the economic and political roles of metropolitan areas and emerging political elites, discussed above, raises questions concerning power relationships at the subnational level: that is, regions versus metropolitan areas. In this regard, when providing political legitimacy and allocating national resources, the state (and supranational entities) must avoid creating imbalances. To this end, multi-level governance can serve as a useful framework for articulating all levels of government in subsidiary ways, as illustrated by the 'Contrats de Plan Etat-Régions' in France (see Box 4.4).

The Democratic Challenge: Insights from Latin America[39]

Chapter 1 situated current trends in poverty and inequality in the context of globalization. Solutions to these problems require good governance and good governance is inextricably linked to human settlements.[40] It is important to recognize that the success of initiatives and reforms in government and governance at the subnational level is closely linked to the ways and extent that national systems embrace and incorporate democratic processes. In this connection, it is important that a government grants its citizens political rights by permitting them to form political parties that represent a significant range of voter choice and whose leaders can openly and safely compete for and be elected to positions of authority in government. It is also important that governments uphold their citizens' civil liberties by respecting and protecting their religious, ethnic, economic, linguistic, gender, family and other rights, including personal freedoms and freedoms of the press, belief and association.[41] The vital importance of the links between good governance and democratic practices is well illustrated by developments in Latin America, where effective political rights are more widespread today than at any time in its history. With few notable exceptions, national governments are chosen through relatively free, fair and competitive elections. Moreover, as attested by the short-lived (lasting just a few hours) military coup in Ecuador in January 2000, and the failed attempt by Peruvian President Alberto Fujimori to win the first round of presidential elections through undemocratic means in April 2000 (and his subsequent flight and resignation in November 2000), efforts to subvert democratic electoral processes are likely to be met by significant national and international pressure. This reflects the fact that current democratic regimes are the result of political struggles involving considerable levels of popular mobilization and organization during the 1970s and 1980s.[42] Not surprisingly, regional public opinion surveys have found that political democracy enjoys an unprecedented level of legitimacy.[43]

> It is important to recognize that the success of initiatives and reforms in government and governance at the subnational level is closely linked to the ways and extent that national systems embrace and incorporate democratic processes

Despite these undeniably positive trends, recent research shows that the region's democratic regimes will remain fragile unless political inclusion is broadened and reinforced by efforts to address other forms of exclusion that still predominate throughout Latin America.[44] This reflects the particular kind of democracy that has emerged in the region: *neopluralist democracy*.[45] Notwithstanding its own particularities, the present situation in Latin America is also of broader interest, considering the oft-assumed (causal) relationship between open economic systems and open political systems. A careful examination of developments in Latin America suggests that this relationship is not a simple one.

Neopluralist democracy

> **Neopluralism revolves around the belief that the best balance of interests and values within a given polity is produced by competition among individuals in the rational pursuit of their self-interest. Ultimate political authority is decided on through a free market of votes. But once elected, officials have few checks on their power and frequently bypass representative democratic institutions**

Neopluralism is a market-centred pattern of political incorporation. It has replaced the state-centred pattern of incorporation associated with corporatism and the developmentalist state that dominated Latin America through the 1970s, and is closely associated with current market-based economic policies emphasizing free trade, open markets and a minimal role for the state in both the economy and society. The pluralist aspect of neopluralism revolves around 'the belief that the best balance of interests and values within a given polity is produced by some form (however limited) of free competition among individuals in the rational pursuit of their self-interest'.[46] What distinguishes neopluralism from the more traditional pluralist model[47] is its marked authoritarian bent. Ultimate political authority is essentially decided on through a free market of votes. But once elected, officials have few checks on their power and frequently bypass representative democratic institutions.[48] Moreover, a variety of unelected (and unaccountable) power holders, particularly the military, exercise control over key state decisions.[49]

> **Three aspects of Latin America's neopluralist democracy highlight the nature of the region's democratic challenge:**
> 1 **economic insecurity**
> 2 **crime rates and the dominant responses to them**
> 3 **fragmentation of civil society**

Three aspects of Latin America's neopluralist democracy highlight the nature of the region's democratic challenge. The first is increased economic insecurity. This is a direct result of neopluralism's reliance on the market for determining the best allocation of resources and opportunities for all members of society. Labour codes throughout the region have been modified to generally make it easier for firms to hire temporary workers and fire current employees. Governments increasingly informalize themselves vis-à-vis their own laws in their quest for even more foreign investment by creating special production zones that exempt foreign firms from labour legislation and taxation policies applicable in the rest of the nation.[50] Where remaining workers' rights are not taken away outright, their systematic violation is often ignored.

Labour movements, the principal representatives of the lower classes in Latin America, have been weakened throughout the region. Workers in the informal sector and most free trade zones are only rarely organized.[51] Declining union membership and organizational fragmentation have

combined to reduce the collective bargaining power of organized labour, independently of legal changes designed to have a similar effect.[52] Increasingly, organized labour has become a narrowly self-interested actor, competing with other groups in civil society in the pursuit of the particularistic interests of its reduced membership. Labour leaders have often bargained with elected governments over concessions to preserve their own individual status and institutional position in exchange for labour's acquiescence to legislative changes curtailing organized labour's effective power.[53] This has further weakened organized labour and contributed to a growing distance between the union rank-and-file and their leaders.

The consequences of this have been significant. Latin American economies grew approximately 15 per cent in the first half of the 1990s, yet unemployment also rose and real wages fell. This is in part because 90 per cent of all new jobs created in the 1990s were in the informal sector.[54] Poverty levels have remained steady at approximately 35 per cent of the population, or roughly 150 million people. Moreover, economic inequality has remained stagnant after sharply increasing during the 1980s, making Latin America the most unequal region in the world.[55]

> **'An educated electorate is a powerful electorate ... An informed citizenry is the greatest defender of freedom ... An enlightened government is a democratizing government' – Kofi Annan, Address to the World Bank conference 'Global Knowledge '97', Toronto, 22 June 1997**

All of these are reflected in the region's problematic educational system.[56] Teachers and administrators remain largely unaccountable to the communities they serve. Educational systems have become skewed in favour of imposing uniformity and rewarding mediocrity rather than encouraging innovation. In many countries, more than 90 per cent of total educational budgets goes towards salaries, reflecting the continued strength (and self-serving nature) of many teachers' unions. The result is generally poor quality education at a relatively high cost. The poor quality of education, in turn, makes it a less attractive alternative to entering the labour market for young people from low-income families. While school attendance during the early years of schooling is comparable to other regions in the world, Latin America stands out due to its high and more rapid dropout rates among the poor. This creates highly stratified educational systems which 'do not constitute a mechanism for social mobility, or for reducing income differences, as is true in other areas of the world'.[57]

Rising crime rates and the predominant responses to them are a second aspect of neopluralism threatening existing democratic regimes. Crime rates, in part fed by growing economic insecurity, have risen substantially in almost every country in the region.[58] To deal with rising crime rates, the poor are often targeted by police efforts to control crime in what amounts to criminalizing poverty.[59] Despite recent transitions to democracy and a substantial reduction in the systematic violation of human rights by the state (with the

exceptions of Peru and Colombia due to ongoing civil wars), the overall level of state violence has generally not declined. Instead, it has undergone a qualitative change, as it is no longer directed against the political opposition, but the poor. In some cases, the criminalization of poverty is even formalized to law.[60] For example, the dramatic rise in the crime rate after the transition to democracy in El Salvador led to the passage of the Emergency Law Against Delinquency (Ley de la Emergencia Contra la Delincuencia) and the Law for Social Defence (Ley para la Defensa Social) on 19 March 1996. The laws, portions of which were eventually declared unconstitutional, stipulated that individuals were to be considered potential criminals subject to imprisonment and the loss of basic rights simply because of their appearance. The unemployed, the poor, young people or simply people who dressed differently were targeted by laws that ignored the equally serious (but largely white-collar) problems of organized crime and official corruption.[61] Yet because the poor are also the principal victims of crime, these laws enjoyed overwhelming popular support.

Repressive responses to crime often receive widespread support among the poor.[62] This is in part due to the fact that the poor remain the principal victims of crime. It is also due to a very low level of public confidence in legal institutions. This lack of confidence reflects not only the continued distrust of state institutions caused by high levels of abuse under authoritarian regimes, but also the fact that such practices often do not end with the transition to democracy. People become accustomed to pursuing extra-legal remedies for their grievances and are reluctant to cooperate with law enforcement agencies. This lack of cooperation leaves few alternatives to applying more violence because effective law enforcement and crime prevention are dependent on community involvement. Yet repressive police measures ultimately do little to improve the image of law enforcement agencies, threatening to create a vicious circle.

The criminalization of poverty and resort to repressive police methods also reflect the widespread marketization of the rule of law. Basic civil rights are in effect allocated according to people's 'buying power'. Although equal protection under the law exists on paper, the poor cannot access it because of their limited economic resources. The state is incapable (because of corruption and its own lack of resources) of filling the void. Instead, legal systems serve to further reinforce structural problems of inequality and social exclusion.[63] At the same time, there is an increasing privatization of law enforcement throughout the region as the relatively well-off purchase personal security by contracting private police forces. For those who lack the economic resources to hire armed guards or pay corrupt judges and police, taking justice into one's own hands in the form of vigilantism or 'popular justice' is a growing phenomenon.[64]

Third, neopluralist democracy has contributed to the fragmentation and atomization of civil society. Popular sector organizations often remain small and dependent on external (state and/or non-governmental agencies) largesse. Their efficacy thus remains severely circumscribed. This fragmen-tation reflects a variety of factors associated with neopluralism, including the demobilization of popular sector organizational activities during democratic transitions.[65] Efforts to reform both the state and society to conform more closely to market principles have often exacerbated this problem. Social welfare reforms, for example, emphasize helping people to participate in the market by targeting those most in need for assistance until they can resolve their situation through participation in the labour market. This can generate political apathy as people's efforts increasingly are devoted to finding even low paying jobs, and they have less time and perceived need to become politically active. State agencies frequently play popular organizations off against one another in a competitive scramble for limited resources, particularly when social welfare budgets remain tight, in order to curtail government spending.[66] Decentralization of social welfare services can further fragment social movements, restricting popular sector organizational activity to narrowly circumscribed communities.

Recent public opinion polls show that only 27 per cent of Latin Americans have confidence in existing democratic institutions

Together, these various aspects of neopluralism contribute to a very low level of citizen satisfaction with how their democratic regimes actually function. For example, recent public opinion polls show that only 27 per cent of Latin Americans have confidence in existing democratic institutions.[67] Apart from voting, which on average 53 per cent of respondents felt allowed them to influence political outcomes, the majority of Latin Americans had little sense of political efficacy according to *Latino barómetro* survey data from 17 countries in the region collected in 1996.[68] Only 43 per cent of respondents felt that the political tendency with which they most identified was as likely as other tendencies to assume power. Even more serious, an average of just 14 per cent of respondents felt that politicians offered solutions to their problems. These statistics reflect widespread perceptions of exclusion from political power and alienation from formal politics. Political elites seem disconnected from society.

The need for inclusion

Latin America in many ways faces an opportunity that is historically unique: the unprecedented importance of democratic elections throughout the region offers the possibility that structural problems of socio-economic exclusion can be addressed. At the same time, this 'opportunity' carries a real danger: if democratic governments prove incapable and/or unwilling to address the principal concerns of their citizens, democracy itself risks becoming irrelevant as people search for ways to create better lives for themselves.[69] If democratic institutions can effectively address the increasingly obvious limits of neopluralist democracy, a type of democracy that is more faithful to its own underlying normative justification may be able to consolidate itself in a region long known for often violent

authoritarian rule. But if today's democratic institutions fail, Latin America may again fall into a spiral of social polarization and violence.

To realize its democratic potential, Latin America needs to become more inclusive, allowing the electoral process to define fiscal responsibilities in social terms.
Policies to this end will require:
- **effective law enforcement and judicial processes, especially legal reform**
- **compliance of work environments with international labour laws**
- **strengthening of social safety nets**
- **support for educational reform**

To realize its potential, Latin America will need to become more inclusive. While such a development inevitably will require some redistribution of national resources towards disadvantaged groups, it is not a question of returning to the overly intrusive developmentalist states of the past, with their fiscal and monetary excesses. In contrast, what such social change would entail is a reinterpretation of the so-called 'Washington Consensus' to encompass *socially defined* fiscal and monetary responsibility as determined through democratic electoral processes.[70]

As part of this process of change, state policies should be directed towards four priority areas:

1   The investment of more resources in *effective law enforcement and judicial processes, particularly legal reform*. The criminalization of poverty and marketization of the rule of law must be reversed. Only through the effective enforcement of civil rights can electoral democracy realize its potential to empower disadvantaged groups. Moreover, it is essential for the effective regulation of markets,[71] and is perhaps the most effective way to regulate workplace environments in order to minimize abuses in Latin America.[72]

2   The *regulation of workplace environments* can also be strengthened through effective compliance with labour market norms embodied in various International Labour Organization (ILO) conventions. Critics of 'globalization' all too often neglect the positive aspects of international structures for addressing employment concerns in developing countries. Enforcement of existing ILO norms regarding, for example, workplace environments and collective bargaining rights can help to empower workers. The ILO can also provide a forum for expanding the collective rights of workers, helping to compensate for the inherent advantages enjoyed by business interests in the international economy.

3   *Social safety nets need to be strengthened* in order to cushion workers from the inevitable periodic economic dislocations that flexible labour markets and expanded exposure to international trade entail.[73] This should include unemployment insurance. Just as Chile provided a model for many of the market-based social policies currently favoured by policy makers, its current unemployment insurance project, to be funded by employee and employer contributions, may provide a model.

4   Finally, *education reform* must be viewed as the principal long-term basis for greater inclusion. Additional resources in many cases will be less important than ensuring that existing resources are used more effectively. To achieve this, educational reforms should focus on increasing the accountability of teachers and local school administrators to parents and local communities who have an interest in ensuring that children are well educated.[74] Bolivia's current programme of educational reform, emphasizing increased community involvement and introducing a multi-ethnic dimension to the curriculum, offers a particularly useful model for improving educational quality and reducing class dropout rates.[75]

Beyond these basic policy priorities, what is perhaps most important is the need to recapture the momentum of mobilization that began during transitions. This involves taking advantage of the potential of existing democratic institutions to empower civil society by providing institutional mechanisms to pursue the expansion of basic rights and government accountability. It is a challenge to adapt the organizational experiences developed in many countries as part of the struggle against authoritarian rule to a democratic context, where there is no dictator to mobilize against and other socio-economic trends make organizing more problematic. The organizational capacity of disadvantaged segments of Latin American societies needs to be strengthened in order to overcome civil society's atomization.

As a starting point, the possibility of utilizing the national and international human rights apparatus that emerged during the period of authoritarian rule to help to secure effective civil rights and build stronger civil societies under democratic rule should be explored. 'Human rights' might even be best understood as citizenship rights in a democratic context. Past efforts to curtail state political repression could be redirected towards curbing police and judicial abuse. The expertise gained in organizing the myriad of human rights groups under dictatorships similarly could be applied to help distinct groups within civil society to organize themselves so that they can begin to define and defend their interests through democratic institutions.

The state has an important role to play here, too. One obvious role is in providing material and technical assistance to emerging groups within civil society. Only the state has the necessary resources to enable society's disadvantaged to participate effectively. What is often needed, aside from political will, is the necessary imagination to devise strategies by which the state can play the same kind of role in Latin America that it has historically played in the West in helping to build civil society's organizational capacity.[76] A less obvious role for the state is in identity affirmation, particu-

larly to counter the largely negative images of disadvantaged groups in the mass media. Efforts need to be undertaken systematically at the grassroots level to begin to empower people by helping them to be proud of who they are regardless of their social class, gender, ethnicity, religion and so on. Studies have demonstrated the success that such efforts can have in overcoming people's symbolic exclusion.[77]

The challenge facing Latin America is clearly a large one, with very high stakes for all concerned. Yet the opportunity provided by existing political rights and the organizational experiences gained through the political struggles to achieve those rights mean that it is by no means an impossible or utopian challenge. Moreover, although the

specifics differ from place to place and there are no easy formulas, it is a challenge faced by all nations seeking to strengthen their democratic processes by making them more inclusive of population groups that frequently are marginal to political and economic decision-making.

> Although the specifics differ from place to place and there are no easy formulas, the challenge facing Latin America is shared by all societies seeking to strengthen their democratic processes by making them more inclusive of population groups that are marginal to political and economic decision-making

Notes

1 Unless indicated otherwise, this chapter draws in the main from 'Urban governance in the context of globalization: a comparative analysis', a background paper prepared by Christian Lefevre, University of Paris 8, France.

2 UNDP, 1999. The UNDP has defined governance as 'the exercise of political, economic and administrative authority in the management of a country's affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences', while:

'Urban governance is the sum of the many ways individuals and institutions, public and private, plan and manage the common affairs of the city. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action can be taken. It includes formal institutions as well as informal arrangements and the social capital of citizens'. (UNDP, 1997, pp 2–3)

Chapter 17 sets out the norms guiding the Global Campaign for Urban Governance initiated by UNCHS (Habitat).

3 The following section draws on 'Newly emerging forms of governance in an era of globalization', a background paper prepared by Susan Clarke, University of Colorado.

4 See Stoker 1998, pp 17, 22; Rhodes, 1996; Jessop, 1998; Rosenau, 1992;

5 Cox, 1997.

6 DiGaetano and Klemanski, 1999.

7 Cox, 1995; Harding and Le Galès, 1997.

8 Gordon and Cheshire, 1996.

9 Governing stresses political aspects of collective action having to do with the direction and goals of societal development, whereas regulation deals more with management of the processes needed to attain those goals. See Warin, 1993.

10 Molotch, 1993; Harding, 1997a.

11 Savitch and Thomas, 1991, for the United States; Jouve and Lefèvre, forthcoming, for Europe; Prévôt-Schapira, 1999, for Latin America.

12 Rodriguez and Winchester, 1996.

13 Prévôt-Schapira, 1996; May et al, 1998.

14 Lefèvre, 1998a, b.

15 Decentralization is thus different from 'deconcentration', which is the transfer of responsibilities within the state apparatus from the central (national) to local levels, a trend also seen in various countries (UK, France, Ghana, Bulgaria).

16 Mayntz, 1993.

17 N Dewar, 1999.

18 UTUI, 1999.

19 Blair, 2000.

20 Blair, 2000. See also an excellent report by Razavi (2000).

21 Ministry of Cooperation and Development, 1998.

22 Wacker et al, 1999.

23 For example, the European Union 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. The probability of success in obtaining assistance from EU sources is usually greater when applicants form effective partnerships.

24 Harding, 1997a.

25 Department of the Environment, Transport and the Regions, 1998.

26 Etemadi, 2000.

27 Dutta, 2000.

28 N Dewar, 1999.

29 Prévôt-Schapira, 1996.

30 Rhodes, 1996, p 664.

31 Wright and Cassese, 1997.

32 Cochrane, 1993.

33 Hirschmann (1970) has termed this 'exit' behaviour.

34 Guy Peters, 1997.

35 See Pastor Jr et al, 2000, for recent case studies in support of this point.

36 Jouve and Lefèvre, forthcoming.

37 Lefèvre, 1998b.

38 Lefèvre, 1998b.

39 The following section is based on 'Latin America's democratic challenge', a background paper prepared by Philip Oxhorn, McGill University.

40 See Chapter 17 for extensive discussion of ways to strengthen new forms of governance, including the UNCHS (Habitat) Global Campaign for Urban Governance. Chapter 14 reviews the proposed draft of the World Charter of Local Government and the Epilogue discusses political strategies for urban liveability. The *Human Development Report 1999* similarly emphasizes the importance of governance to spread the benefits of globalization more equally (UNDP, 1999).

41 See Karatnycky, 2000.

42 O'Donnell et al, 1986; Diamond et al, 1999; Foweraker and Landman, 1997; Eckstein, 1989; Oxhorn, 1995.

43 Lagos, 1997.

44 Oxhorn and Ducatenzeiler, 1998; Agüero and Stark, 1998; Chalmers et al, 1997.

45 Oxhorn, 1998.

46 Oxhorn, 1998, p 201.

47 See Dahl, 1961.

48 Weffort, 1998; O'Donnell, 1994.

49 McSherry, 1999.

50 Portes, 1994, p 168.

51 OIT, 1996.

52 OIT, 1993.

53 Zapata, 1998; Murillo, 1997.

54 Vilas, 1999, p 15.

55 Karl, 2000; Lora and Londoño, 1998.

56 Inter-American Development Bank, 1998.

57 Ibid, p 49.

58 Neild, 1999; NACLA, 1996.

59 Méndez et al, 1999; Neild, 1999; McSherry, 1999.

60 Oxhorn, 1997.

61 Proceso, 16, p 702 (27 March 1996).

62 Neild, 1999; Méndez, 1999.

63 Pinheiro, 1999.

64 Neild, 1999.

65 Oxhorn, 1998.

66 Piester, 1997; Gay, 1990; Cardoso, 1992.

67 New York Times, 25 March 1998, A7.

68 Lagos, 1997.

69 Garretón, 1999.

70 Williamson, 1990.

71 Marshall, 1950.

72 Portes, 1994.

73 Graham, 1994.

74 Inter-American Development Bank, 1998.

75 Contreras, 1998.

76 Walzer, 1999; Cohen and Rogers, 1995; Schmitter, 1995.

77 Fleury, 1998.

5

POLITICS OF THE GLOBAL CITY: CLAIMING RIGHTS TO URBAN SPACES[1]

Each phase in the long history of the world economy raises specific questions about the particular conditions that make it possible. One of the key features of the current phase is the ascendance of information technologies, the associated increase in the mobility and liquidity of capital, and the resulting decline in the capacities of nation states to regulate key sectors of their economies. This is well illustrated by the case of leading information industries, finance and advanced corporate services; these industries tend to have a space economy that is transnational and to have outputs that are hypermobile, moving instantaneously around the globe.

The master images in the currently dominant account of economic globalization emphasize precisely these aspects: hypermobility, global communications, the neutralization of place and distance. There is a tendency in that account to take the existence of a global economic system as a given, a function of the power of transnational corporations and global communications. But the capabilities for global operation, coordination and control contained in the new information technologies and in the power of transnational corporations need to be *produced*. By focusing on the production of these capabilities we add a neglected dimension to the familiar issue of the power of large corporations and the new technologies. The emphasis shifts to the *practices* that constitute what we call economic globalization and global control: the work of producing and reproducing the organization and management of a global production system and a global marketplace for finance, both under conditions of economic concentration.

A focus on practices draws the categories of place and production process into the analysis of economic globalization. These are two categories easily overlooked in accounts centred on the hypermobility of capital and the power of transnationals. Developing categories such as place and production process does not negate the centrality of hypermobility and power. Rather, it brings to the fore the fact that many of the resources necessary for global economic activities are not hypermobile and are deeply embedded in place.

Further, by emphasizing that global processes are at least partly embedded in national territories, such a focus introduces new variables into current conceptions about economic globalization and the shrinking regulatory role of the state. That is to say, the space economy for major new transnational economic processes diverges in significant

ways from the global/national duality presupposed in much analysis of the global economy. The duality of national versus global suggests two mutually exclusive spaces: where one begins, the other ends. This is fundamentally incorrect.

By necessity, the global materializes in specific places and institutional arrangements, a good number of which, if not most, are located in urban territories. 'Glocalization' is a term commonly used to describe the hybrid economic, political and cultural structures and processes associated with the growing interdependence of local and global dimensions.[2] This condition, in turn, creates the possibility of a new type of politics of the global: a grassroots politics that localizes in the network of global cities. Recapturing the geography of places involved in globalization allows us to recapture people, workers, communities and, more specifically, the many different work cultures, besides the corporate culture, involved in the work of globalization. The global city is a nexus where these various trends come together and produce new types of politics.

An important background condition that strengthens the possibility of these new types of politics and political actors is that globalization has had the effect of unbundling some of the components of power of the nation state. This in turn has created voids/openings where these other types of actors can emerge.

> **By necessity the global materializes in specific places and institutional arrangements, a good number of which, if not most, are located in urban places. This condition creates the possibility of a new type of politics: a grassroots politics that localizes in a network of global cities**

Nation States and New Political Actors

One of the impacts of globalization on state sovereignty has been to create operational and conceptual openings for other actors and subjects. Various, as yet very minor, developments signal that the state is no longer the exclusive subject for international law or the only actor in international relations. Other actors who become subjects of adjudication in human rights decisions are increasingly emerging as subjects of international law and actors in international relations. These non-state actors can gain

visibility as individuals and as collectivities, and come out of the invisibility of aggregate membership in a nation-state exclusively represented by the sovereign. More generally, the ascendance of a large variety of non-state actors in the international arena signals the expansion of an international civil society.

> **The ascendance of a large variety of non-state actors in the international arena signals the expansion of an international civil society**

There is an incipient unbundling of the exclusive authority over territory and people we have long associated with the nation state. The most strategic instance of this unbundling is probably the global city, which operates as a partly de-nationalized platform for global capital and, at the same time, is emerging as a key site for the most astounding mix of people from all over the world, including immigrants, refugees and minorities.

There are two strategic dynamics here: (a) the incipient de-nationalizing of specific types of national settings, particularly global cities; and (b) the formation of conceptual and operational openings for actors other than the nation state in cross-border political dynamics: in particular, the new global corporate actors and those collectivities whose experience of membership has not been subsumed fully under nationhood in its modern conception, eg minorities, immigrants, first-nation people and many women.[3]

The national as container of social process and power is cracked.[4] This cracked casing opens up possibilities for a geography of politics that links subnational spaces. The large city of today emerges as a strategic site for these new types of operations. It is one of the nexus where the formation of new claims materializes.

One question this engenders is how and whether we are seeing the formation of a new type of transnational politics that localizes in these cities. One instance of this is the variety of networks around women's and immigrant issues now operating across borders. For example, the Asian Coalition for Housing Rights,[5] started by under-privileged women in slums fighting for housing, has gone beyond Asia and incorporates a growing number of cities, including cities in Latin America and South Africa.[6]

Recovering Place

Including cities in the analysis of economic globalization is not without consequences. Economic globalization has mostly been conceptualized in terms of the national–global duality where the latter gains at the expense of the former. And it has largely been conceptualized in terms of the internationalization of capital and then only the upper circuits of capital. Introducing cities in this analysis allows us to reconceptualize processes of economic globalization as concrete economic complexes situated in specific places. Place is typically seen as neutralized by the capacity for global communications and control. Also, a focus on cities decomposes the nation state into a variety of subnational components, some profoundly articulated with the global

economy and others not. It signals the declining significance of the national economy as a unitary category in the global economy.

> **Recovering 'place' in our analysis of globalization allows us to see the multiplicity of economies and work cultures in which the global information economy is embedded**

Why does it matter to recover place in analyses of the global economy, particularly place as constituted in major cities? Because it allows the recovery of the concrete, localized processes through which globalization exists and to argue that much of the multiculturalism in large cities is as much a part of globalization as is international finance. Further, focusing on cities allows the specification of a geography of strategic places at the global scale, places bound to each other by the dynamics of economic globalization. This is a new geography of centrality. Is there a transnational politics embedded in this centrality of place and in the new geography of strategic places that cuts across national borders and the old North–South divide?

In so far as economic analysis of the global city recovers the broad array of jobs and work cultures that are part of the global economy (though typically not marked as such), it allows us to examine also the possibility of a new politics of traditionally disadvantaged actors operating in this new transnational economic geography. This is a politics that arises out of actual participation as workers in the global economy, but under conditions of disadvantage and lack of recognition.

> **The centrality of spatial location in global processes produces openings for the formation of new, transnational economic and political claims to cities. These claims are made by interests representing global capital, using cities as an organizational commodity, but also by disadvantaged local population groups who need cities as a place to live**

The centrality of spatial location in a context of global processes makes possible a transnational economic and political opening for the formation of new claims and hence for the constitution of entitlements, notably rights to place. At the limit, this could be an opening for new forms of 'citizenship'. The city has indeed emerged as a site for new claims: by global capital which uses the city as an 'organizational commodity', but also by disadvantaged sectors of the urban population, whose presence is frequently as international as that of capital. The de-nationalizing of urban space and the formation of new claims by transnational actors, raise the question, Whose city is it?

This is a type of political opening that contains unifying capacities across national boundaries and sharpening conflicts within such boundaries. Global capital and the new migrant workforce are two major instances of transnationalized actors that have unifying properties internally and find themselves in contestation with each other inside global cities. Global cities are the sites for the over-valoriza-

tion of corporate capital and the devalorization of disadvantaged workers.

The leading sectors of corporate capital are now global in their organization and operations. And many of the disadvantaged workers in global cities are those whose sense of membership is not necessarily adequately captured in terms of the national, and indeed often evince cross-border solidarities around issues of substance. Both types of actors find in the global city a strategic site for their economic and political operations.

Immigration, for instance, is one major process through which a new transnational political economy is being constituted, one which is largely embedded in major cities, in so far as most immigrants, whether in the US, Japan or Western Europe are concentrated in major cities. It is one of the constitutive processes of globalization today, even though not recognized or represented as such in mainstream accounts of the global economy.[7] The ascendance of international human rights illustrates some of the actual dynamics through which this operational and conceptual opening can be instituted.[8] International human rights, while rooted in the founding documents of nation-states, are today a force that can undermine the exclusive authority of the state over its nationals and entitles individuals to make claims on grounds that are not derived from the authority of the state.[9]

A New Geography of Centrality and Marginality

The global economy can be seen as materializing in a worldwide grid of strategic places, uppermost among which are major international business and financial centres

The global economy can then be seen as materializing in a worldwide grid of strategic places, uppermost among which are major international business and financial centres.[10] This global grid can be seen as constituting a new economic geography of centrality, one that cuts across national boundaries and across the old North-South divide. It has emerged as a parallel political geography, a transnational space for the formation of new claims by global capital.

This new economic geography of centrality partly reproduces existing inequalities but also is the outcome of a dynamic specific to the current forms of economic growth. It assumes many forms and operates in many terrains, from the distribution of telecommunications facilities to the structure of the economy and of employment. Global cities are sites for immense concentrations of economic power and command centres in a global economy, while cities that were once major manufacturing centres have suffered inordinate declines.

The most powerful of these new geographies of centrality at the inter-urban level binds the major international financial and business centres: New York, London, Tokyo, Paris, Frankfurt, Zurich, Amsterdam, Los Angeles, Sydney and Hong Kong, among others. But this geography now also includes cities such as São Paulo, Buenos Aires, Mumbai, Bangkok and Mexico City.[11] The intensity of transactions among these cities – particularly through the financial markets, in services and investment – has increased sharply, and so have the orders of magnitude involved. At the same time, there has been a sharpening inequality in the concentration of strategic resources and activities between each of these cities and others in the same country.

The growth of global markets for finance and specialized services, the need for transnational servicing networks due to sharp increases in international investment, the reduced role of the government in the regulation of international economic activity and the corresponding ascendance of other institutional arenas, notably global markets and corporate headquarters: all point to the existence of transnational economic processes with multiple locations in more than one country.

Alongside these new global and regional hierarchies of cities is a vast territory that has become increasingly peripheral, increasingly excluded from the major economic processes that fuel economic growth in the new global economy. A multiplicity of formerly important manufacturing centres and port cities have lost functions and are in decline, not only in the less developed countries but also in the most advanced economies. This is yet another meaning of economic globalization.

Also within global cities we see a new geography of centrality and marginality.[12] The downtown areas of cities and key nodes in metropolitan areas receive massive investments in real estate and telecommunications while low-income city areas and the older suburbs are starved for resources.[13] Financial services produce superprofits while industrial services barely survive. These trends are evident, with different levels of intensity, in a growing number of major cities in the developed world and increasingly in some of the developing countries that have been integrated into the global financial markets.[14]

The new urban economy is problematic. This is perhaps particularly evident in global cities and their regional counterparts. It sets in motion a whole series of new dynamics of inequality. The new growth sectors – specialized services and finance – contain capabilities for profit making vastly superior to those of more traditional economic sectors. Many of the latter remain essential to the operation of the urban economy and the daily needs of residents, but their survival is threatened in a situation where finance and specialized services can earn superprofits and bid up prices.[15] Polarization in the profit-making capabilities of different sectors of the economy has always existed. But what is happening today takes place on another order of magnitude and is engendering massive distortions in the operations of various markets, from housing to labour.

The dynamic of valorization is increasing the distance between the valorized, indeed overvalorized, sectors of the economy and devalorized sectors, even when the latter are part of leading global industries. This devalorization of growing sectors of the economy has been

embedded in a massive demographic transition towards a growing presence of migrants in the urban workforce.[16]

Large cities in the more highly developed regions of the world are the terrain where a multiplicity of globalization processes assume concrete, localized forms. A focus on cities allows us to capture, further, not only the upper but also the lower circuits of globalization. These localized forms are, in good part, what globalization is about. Cities with growing shares of disadvantaged populations can be seen as strategic sites for conflicts and contradictions associated with the internationalization of capital.

'Glocalization': The Localization of the Global

Economic globalization needs to be understood in its multiple localizations. The global city can be seen as a dominant instantiation of such multiple localizations, creating a strategic terrain for local and global stakeholders, all claiming rights to the city

Economic globalization, then, needs to be understood also in its multiple localizations, rather than only in terms of the broad, overarching macro-level processes that dominate the mainstream account. Further, we need to see that many of these localizations do not generally get coded as having anything to do with the global economy. The global city can be seen as one strategic example of such multiple localizations.

Many of these localizations are embedded in the demographic transition evident in such cities, where a majority of resident workers today are immigrants and women, often women of colour. These cities are seeing an expansion of low-wage jobs that do not fit the master images about globalization, yet are part of it. Their embeddedness in the demographic transition evident in all these cities, and their consequent invisibility, contribute to the devalorization of these types of workers and work cultures and to the 'legitimacy' of that devalorization.

This can be read as a rupture of the traditional dynamic whereby membership in leading economic sectors contributes conditions towards the formation of a labour aristocracy; a process long evident in Western industrialized economies. 'Women and immigrants' come to replace the Fordist/family wage category of 'women and children'.[17] One of the localizations of the dynamics of globalization is the process of economic restructuring in global cities. The associated socio-economic polarization has generated a large growth in the demand for low-wage workers and for jobs that offer few advancement possibilities. This, amid an explosion in the wealth and power concentrated in these cities; that is to say, in conditions where there is also a visible expansion in high-income jobs and high-priced urban space.

'Women and immigrants' emerge as the labour supply that facilitates the imposition of low wages and powerlessness under conditions of high demand for those workers and the location of those jobs in high-growth sectors. It breaks the historic nexus that would have led to

empowering workers and legitimates this break culturally.

Informalization, which is another form of localization that is rarely associated with globalization, re-introduces the community and the household as an important economic element in global cities. Informalization in this setting is the low-cost (and often feminized) equivalent of deregulation at the top of the system. As with deregulation (eg as in financial deregulation), informalization introduces flexibility, reduces the 'burdens' of regulation and lowers costs, in this case especially the costs of labour. Informalization in major cities of highly developed countries – whether New York, London, Paris or Berlin – can be seen as a downgrading and devaluing of a variety of activities for which there is an effective demand in these cities. There is enormous competition in informal sectors given low entry costs and the ability to produce and distribute goods and services at a lower cost and with greater flexibility. Immigrants and women are important actors in the new informal economies of these cities. They absorb the costs of informalizing these activities.[18]

Going informal is one way of producing and distributing goods and services at a lower cost and with greater flexibility. This further devalues these types of activities. Immigrants and women are important actors in the new informal economies of these cities. They absorb the costs of informalizing these activities

The reconfiguration of economic spaces associated with globalization in major cities has had different impacts on women and men, on male-typed and female-typed work cultures and on male- and female-centred forms of power and empowerment. The restructuring of the labour market brings with it a shift of labour market functions to the household or community. Women and households emerge as actors that should be part of the theorization of the particular forms that these elements in labour market dynamics assume today.

These transformations contain possibilities, even if limited, for women's autonomy and empowerment. For instance, we might ask whether the growth of informalization in advanced urban economies reconfigures some types of economic relations between men and women. With informalization, the neighbourhood and the household re-emerge as sites for economic activity. This condition has its own dynamic possibilities for women. Economic downgrading through informalization creates 'opportunities' for low-income women entrepreneurs and workers, and therewith reconfigures some of the work and household hierarchies in which women find themselves. This becomes particularly clear in the case of immigrant women who come from countries with rather traditional male-centred cultures.[19]

Recent studies show that immigrant women's regular wage work and improved access to other public realms has an impact on their gender relations. Women gain greater personal autonomy and independence while men lose ground. Women gain more control over budgeting and other domestic decisions, and greater leverage in requesting

help from men in domestic chores. Also, their access to public services and other public resources gives them a chance to become incorporated in the mainstream society; they are often the ones in the household who mediate in this process. It is likely that some women benefit more than others from these circumstances; we need more research to establish the impact of class, education and income on these gendered outcomes. Besides the relatively greater empowerment of women in the household associated with waged employment, there is a second important outcome: their greater participation in the public sphere and their possible emergence as public actors.

There are two arenas where immigrant women are especially active: institutions for public and private assistance, and the immigrant/ethnic community. The incorporation of women in the migration process strengthens the settlement likelihood and contributes to greater immigrant participation in their communities and with the state. For instance, one study found that immigrant women come to assume more active public and social roles which further reinforces their status in the household and the settlement process.[20] Women are more active in community building and community activism and they are positioned differently from men regarding the broader economy and the state. They are the ones that are likely to have to handle the legal vulnerability of their families in the process of seeking public and social services for them. This greater participation by women suggests the possibility that they may emerge as more forceful and visible actors and make their role in the labour market more visible as well.

On the one hand, the women in global cities described above constitute an invisible and disempowered class of workers in the service of the strategic sectors constituting the global economy. This invisibility keeps them from emerging as whatever would be the contemporary equivalent of the 'labour aristocracy' of earlier forms of economic organization, when a low-wage worker position in leading sectors had the effect of empowering that worker, that is, the possibility of unionizing.[21] On the other hand, the access to (albeit low) wages and salaries, the growing feminization of the job supply and the growing feminization of business opportunities brought about with informalization, do alter the gender hierarchies in which they find themselves. Another important localization of the dynamics of globalization is that of the new professional women stratum.

A Space of Power

What makes the localization of these processes strategic and potentially constitutive of a new kind of transnational politics, even though they involve powerless and often invisible workers, is that these same cities are also the strategic sites for the valorization of the new forms of global corporate capital.

Global cities are centres for the *servicing* and *financing* of international trade, investment and headquarter operations. The multiplicity of specialized activities present in global cities are crucial in the (over)valorization of leading sectors of capital today. And in this sense they are strategic

production sites for today's leading economic sectors. This function is reflected in the ascendance of these activities in their economies. What is most important about the shift to services is not merely the growth in service jobs, but the growing service intensity in the organization of advanced economies: firms in all industries, from mining to wholesale, buy more accounting, legal, advertising, financial, economic forecasting services today than they did 20 years ago. Whether at the global or regional level, urban centres – central cities, edge cities – are adequate and often the best production sites for such specialized services. When it comes to the production of services for the leading globalized sectors, the advantages of location in cities are particularly strong.

The rapid growth and concentration of such services in cities signals that the latter have re-emerged as significant 'production' sites after losing this role in the period when mass manufacturing was the dominant sector of the economy. Under mass manufacturing and Fordism, the strategic spaces of the economy were the large-scale integrated factory and the government through its Fordist/Keynesian functions.

> **The rapid growth and concentration of global production services in cities signals that the latter have re-emerged as significant 'production' sites after losing this role in the period when mass manufacturing was the dominant sector of the economy**

Further, the vast new economic topography that is being implemented through electronic space is one fragment of an even more vast economic chain that is in good part embedded in non-electronic spaces.[22] There is no fully dematerialized firm or industry. Even the most advanced information industries, such as finance, are installed only partly in electronic space, as are industries that produce digital products, such as software designers. The growing digitization of economic activities has not eliminated the need for the physical accommodation of major international business and financial centres and all the material resources they concentrate, from state-of-the-art telematics infrastructure to brain talent.[23]

> **The growing digitization of economic activities has not eliminated the need for the physical accommodation of major international business and financial centres and all the material resources they concentrate, from state-of-the-art telematics infrastructure to brain talent**

It is precisely because of the territorial dispersal facilitated by telecommunication advances that agglomeration of centralizing activities has expanded immensely. This is not a mere continuation of old patterns of agglomeration but, one could posit, a new logic for agglomeration. Many of the leading sectors in the economy operate globally, in uncertain markets, under conditions of rapid change in other countries (eg deregulation and privatization), and are subject to enormous speculative pressures. What glues

these conditions together into a new logic for spatial agglomeration is the added pressure of speed.

A focus on the work behind command functions, on the actual *production process* in the finance and services complex, and on global market *places* has the effect of incorporating the material facilities underlying globalization and the whole infrastructure of jobs typically not marked as belonging to the corporate sector of the economy. An economic configuration very different from that suggested by the concept 'information economy' emerges. We recover the material conditions, production sites and place-bound-edness that are also part of globalization and the information economy.

Making Claims on the City

The shrinking of distance and of time that character-izes globalization finds one of its most extreme expressions in the formation of new, electronically based communities of shared interests – individuals and organizations from all around the globe interact-ing in real time

These processes signal that there has been a change in the linkages that bind people and places and in the correspon-ding formation of claims on the city.[24] Today the articulation of territory and people is being constituted in a radically different way from past periods at least in one regard, and that is the speed with which that articulation can change. One consequence of this speed is the expansion of the space within which actual and possible linkages can happen.[25] The shrinking of distance and of time that characterizes the current era finds one of its most extreme forms in electronically based communities of individuals or organizations from all around the globe interacting in simultaneous real time, as is possible through the internet and kindred electronic networks.

Another radical form assumed today by the linkage of people to territory is the loosening of traditional sources of identity, such as the nation or the village. This unmoor-ing in the process of identity formation engenders new notions of community of membership and of entitlement.[26]

The global grid of cities is both place-centred in that it is embedded in particular and strategic sites; and it is transterritorial because it connects sites that are not geographically proximate yet intensely connected to each other

The space constituted by the global grid of cities, a space with new economic and political potentialities, is perhaps one of the most strategic spaces for the formation of transnational identities and communities. This is a space that is both place-centred, in that it is embedded in particu-lar and strategic sites, and is transterritorial because it connects sites that are not geographically proximate yet intensely connected to each other. It is not only the trans-migration of capital that takes place in this global grid, but also that of people, both rich (ie the new transnational

professional workforce) and poor (ie most migrant workers); and it is a space for the transmigration of cultural forms, for the reterritorialization of 'local' subcultures. An important question is whether it is also a space for a new politics, one going beyond the politics of culture and identity, though likely to be partly embedded in these.

Yet another way of thinking about the political implications of this strategic transnational space is the notion of the formation of new claims on that space. Has economic globalization at least partly shaped the formation of claims?[27] There are indeed major new actors making claims on these cities, notably foreign firms who have been increasingly entitled to do business through progressive deregulation of national economies, and the consequent large increase in international businesspeople. These new city users have profoundly marked the urban landscape. Their claim to the city is not contested, even though the costs and benefits to cities have barely been examined. These claims contribute to the incipient de-nationalization dynamics discussed in the previous section which, though institutional, tend to have spatial outcomes disproportion-ately concentrated in global cities.

City users have made an often immense claim on the city and have reconstituted strategic spaces of the city in their image: there is a *de facto* claim to the city, a claim never made problematic. They contribute to change the social morphology of the city and to constitute the metrop-olis of second generation, the city of late modernism. The new city of 'city users' is a fragile one, whose survival and successes are centred on an economy of high productivity, advanced technologies and intensified exchanges.[28]

On the one hand, this raises a question of what the city *is* for international businesspeople: it is a city whose space consists of airports, top-level business districts, top-of-the-line hotels and restaurants, a sort of urban glamour zone. On the other hand, there is the difficult task of estab-lishing whether a city that functions as an international business centre does in fact recover the costs involved in being such a centre: including the maintenance of a state-of-the-art business district and all it requires, from advanced communications facilities to top-level security and 'world-class culture'.

Perhaps at the other extreme of conventional repre-sentations are those who use urban political violence to make their claims on the city, claims that lack the *de facto* legitimacy enjoyed by the new 'city users'. These actors are struggling for recognition, entitlement and to claim their rights to the city.

There are two aspects in this formation of new claims that have implications for the new transnational politics. One is the sharp and perhaps sharpening differences in the representation of these claims by different sectors, notably international business and the vast popula-tion of low-income 'others'.[29] The second aspect is the increasingly transnational element in both types of claims and claimants. It signals a politics of contestation embed-ded in specific places – global cities – but transnational in character. At its most extreme, this divergence assumes the form of: (a) an overvalorized corporate centre occupying a smaller terrain with sharper edges than, for example, in the

post-war era characterized by a large middle class; and (b) a sharp devalorization of what is outside the centre, which comes to be read as marginal or even criminal (cf the criminalization of being homeless in a number of large cities).

There is something to be captured here: a distinction between powerlessness and a condition of being an actor even though lacking power. In the context of a strategic space such as the global city, the types of disadvantaged people described here are not simply marginal; they acquire presence in a broader political process that escapes the boundaries of the formal polity. This presence signals the possibility of politics. What this politics will be will depend on the specific projects and practices of various communities. In so far as the sense of membership of these communities is not subsumed under the national, it may well signal the possibility of a transnational politics centred in concrete localities.

Global capital has made claims on nation states and these have responded through the production of new forms of legality.[30] The new geography of global economic processes, the strategic territory for economic globalization, has to be produced; it is created both in terms of the practices of corporate actors and the requisite infrastructure, and in terms of the work of the state in producing or legitimating new legal regimes. These claims are very often over the city's land, resources and policies. Disadvantaged sectors which have gained presence are also making claims, but these lack the legitimacy attached to the claims of global capital.

There are two distinct issues here. One is the formation of new legal regimes that negotiate between national sovereignty and the transnational practices of corporate economic actors. The second issue is the particular content of this new regime, one that often contributes to strengthen the advantages of certain types of economic actors and to weaken those of others.[31] There is a larger theoretical and political question underlying some of these issues which has to do with which actors gain legitimacy and which ones lose legitimacy.

A Politics of Places and Cross-border Networks

Globalization is a contradictory process; it is characterized by contestation, internal differentiation and continuous border crossings. The global city is emblematic of this condition. Global cities concentrate a disproportionate share of global corporate power and are one of the key sites for its overvalorization. But they also concentrate a disproportionate share of the disadvantaged and are one of the key sites for their devalorization. This joint presence happens in a context where: (a) the globalization of the economy has grown sharply and cities have become increasingly strategic for global capital; and (b) marginalized people have found their voice and are making claims on the city as well. This joint presence is further brought into focus by the sharpening of the distance between the two. The centre now concentrates immense power, a power that rests on the capability for global control and the capability to produce superprofits. And marginality, notwithstanding

little economic and political power, has become an increasingly strong presence through the new politics of culture and identity, and an emergent transnational politics embedded in the new geography of economic globalization. Both actors, increasingly transnational and in contestation, find in the city the strategic terrain for their operations.

Cities are very complex and multifaceted. They are sites for extreme exploitation of masses of people; but they are also sites for new types of politics, new ways in which the powerless can engage power in a way they may not be able to in rural areas or in small towns. And they are also sites where the many different cultures of resistance, subversion and contestation of power can become present to each other, aware of each other, in a way they cannot on a plantation or in a small town where the diversity and critical mass are lacking. Cities have become international spaces for a diversity of actors and subjects. They have, of course, always been so, though perhaps differently and a bit less than today. Cities are new frontier zones where actors from many different types of struggles and national origins can come together.

Cities are a space for a far more concrete politics than that of the nation state. Cities make possible the formation of informal political subjects: various types of activists around the rights of the homeless, the rights of immigrants, the rights of lesbians and gays; direct action politics against capital; squatters; anarchists; anti-racism and police brutality struggles; and others. The protests against the WTO in Seattle in 1999 illustrate how mobilization can happen because at some point the global economy must materialize in specific places: it becomes a concrete event in the form of 132 trade ministers in a city. Similar mobilization occurred with the IMF/World Bank meetings in Washington, DC in 2000.

Cities are a key site for the feminization of survival, profit making and the development of a new type of grassroots politics around global issues. Nowhere are there such vast concentrations of women in the strategic economic sectors at the top of the system and in the infrastructure of low-wage jobs, and nowhere do the conditions of trafficking in women materialize so clearly as a mechanism for illegal profit as in these cities. The strategic nature of all these dynamics and the vast concentrations of women from different countries and socio-economic backgrounds, signals the possibility of a variety of concrete politics of resistance, contestation and implementation by women. Because these cities have women from so many different countries, one effect could be to strengthen the formation of existing coalitions, while also leading to new cross-border networks. The cross-border network of global cities is a space where we are seeing the formation of counter-geographies of globalization that contest the dominant economic forms the global economy has assumed.

Cities are strategic sites and will become even more so – sites for global interests seeking to maximize profit, but they are also sites where local grassroots and civil society develop new claims and assert their rights to liveable urban places

Cities are strategic sites and will become even more so – sites for global interests that seek to maximize profits, but they are also sites where local grassroots and civil society develop new claims and assert their rights to liveable urban places. They are about a new type of politics that has to do with engaging the global in the localized site that is the city. It is here that diverse interests coalesce around and contest goals of economic growth, social justice and environmental sustainability.

Notes

1   This chapter is drawn from 'Politics of the global city: claiming rights to urban spaces', a background paper prepared by Saskia Sassen, University of Chicago.

2   See, for example, Robertson, 1994; Swyngedouw, 1997; 'National Governments, Cities and Society: The Habitat Conference II, Istambul (sic) 1996'. European Union National Committees Meeting, Madrid, November 1995 (available at http://habitat.aq.upm.es/rech/a004.html); Shelton, 1996; Brenner, 1998. Glocalization takes on special significance given the growing salience of the principle of subsidiarity under current decentralization processes (see Chapters 4, 13 and 17) and the importance of supporting participation by civil society (see Chapter 14).

3   These two arguments are developed at length in in Sassen, 1996 and 1998b.

4   Taylor, 1995; Shachar, 1990; Sassen, 1996; Allen, 1999 in Allen et al, 1999.

5   See http://www.achr.net/.

6   Face to Face 2000, see http://www.achr.net/; Copjec and Sorkin, 1999.

7   For a full examination of these issues, see Sassen, 1998a, Part One.

8   Jacobson, 1996.

9   See also Franck, 1992.

10   Abu-Lughod, 1999; Knox and Taylor, 1995; Friedmann, 1995; Smith and Kim, 1999; Stren, 1996; Sassen, 2000a.

11   Sassen, 2000b.

12   Fainstein et al, 1993; Kloosterman, 1996; Sassen, 2000a; McDowell, 1997; Allen, 1999 in Allen et al, 1999.

13   See, eg *Journal of Urban Technology* 1995.

14   Cohen et al, 1996; Sassen, 2000b.

15   Sassen has shown how these new inequalities in profit-making capacities of economic sectors, earnings capacities of households and prices in upscale and downscale markets have contributed to the formation of informal economies in major cities of highly developed countries (see Sassen, 1998a). These informal economies negotiate between these new economic trends and regulatory frameworks that were engendered in response to older economic conditions.

16   See also Peraldi and Perrin, 1996; McDowell, 1997; Eade, 1996.

17   Sassen, 1998a, Chapter 5. This newer case brings out the economic significance of these types of actors more brutally than did the Fordist contract, which veiled or softened the significance through the provision of the family wage.

18   See Sassen, 1998a, Chapter 8; Tabak and Chrichlow, 2000.

19   The downside of this situation is also readily seen in insecure and unfavourable conditions of employment. See, for example, Perrons, 2000 (see Background Papers) and Chang, 2000.

20   Hondagneu-Sotelo, 1994.

21   See Sassen, 2000c, Chapter 9; McDowell, 1997; Eade, 1996.

22   See Sassen, 2000c, Chapter 9; McDowell, 1997; Eade, 1996.

23   Castells, 1996; Graham and Marvin, 1996; Sassen, 1998a, Chapter 9; Sassen, 2000b. Telematics and globalization have emerged as fundamental forces reshaping the organization of economic space. This reshaping ranges from the spatial virtualization of a growing number of economic activities to the reconfiguration of the geography of the built environment for economic activity. Whether in electronic space or in the geography of the built environment, this reshaping involves organizational and structural changes.

24   Copjec and Sorkin, 2000; Clark and Hoffman-Martinot, 1998.

25   Martinotti, 1993; *Futur Anterieur*, 1995; Rotzer, 1995; Bonilla et al, 1998.

26   Sassen, 1998a, Chapter 1; Suro, 1998; Eade, 1996.

27   For a different combination of these elements see Dunn, 1994; *Wissenschaftsforum*, 1995.

28   Martinotti, 1993.

29   King, 1995.

30   Sassen, 1996, Chapter 2.

31   There are many issues here, from the question of the legitimacy of the right to economic survival, to the question of human rights and the question of the representativity of the state. See, for instance, discussions as diverse as Cohen et al, 1996; Franck, 1992; Jacobson, 1996; Reisman, 1990. See also Sassen, 1996, Chapters 2 and 3, for a fuller discussion of these issues.