

KEY ISSUES AND MESSAGES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Uneven Distribution of the Benefits and Costs of Globalization

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

The Unbalanced Nature of Globalization

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

Human Settlements Link Economic Globalization to Human Development

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

Decentralization and the Growing Role of Local Government

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

Need for New Cooperative Frameworks

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

Strengthening the Policy Development Process

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

New Forms of Governance and Political Strategies for Urban Liveability

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