



WorkingPapers

**Speculating on Change:
Four Paradoxes of Our Urban Future**

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ABSTRACT

The current global economic crisis demonstrates the growing inter-connectedness and its impacts on the economic welfare and political stability of both rich and poor countries—the impact of which are greater in cities. It is important to understand the role of cities in the world, both as sites for the most impacts of global change and as providing solutions to some of these problems. Today, the challenge of urban change has been transformed into the policy and institutional economic, geographic, sustainable, and political but in the end it is manifest in the streets. The world has become urban.

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The New School

Vera List Center for Art and Politics:

Inaugural Lecture

“Speculating on Change:

Four Paradoxes of Our Urban Future”

By

Michael Cohen¹

October 16, 2009

As we approach the end of the first decade in this new millennium, globalization continues to accelerate the flow of people, ideas, capital, and competition for control over human and natural resources. The current global economic crisis demonstrates the growing inter-connectedness of these flows and their impacts on the economic welfare and political stability of both rich and poor countries. The sites of impact of these processes are both urban and rural, but the intensity of impact and change is greater in cities, whether in unemployment in Buenos Aires or closed shops on 8th Street here in Greenwich Village.

Tonight I will present a perspective on why it is so important for us to understand the role of cities in the world, both as sites for the most impacts of global change, but also as providing solutions to some of these problems. I will also bring this analysis back home to the United States and apply some of this thinking to the current disappointments with the effects of the stimulus package.

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Historically the New School has devoted a lot of thinking to global and national problems. Today there is an intense, if dispersed conversation in the University going on about local issues, but local issues linked to the globalized world. This includes new thinking about sustainability and grounded practice at Parsons in the School of Constructed Environments led by new Dean Bill Morrish and also in Parsons at the School of Design Strategies led by Dean Miodrag Mitrosinovic. Many colleagues at Milano are actively focused on aspects of urban policy, including Dennis Derrick, Darrick Hamilton, and David Howell. Urban issues are the subjects of work on ethnographies by anthropologist Vyjayanthi Rao in the GPIA and the New School of Social Research, by historian Margarita Gutman examining the power of anticipation in framing the urban future, in the active geography focus in urban studies in Lang College, and in the understanding the role of urban culture by scholars such as Julia Foulkes from the New School for General Studies and our late colleague, Carol Breckinridge, formerly the editor of Public Culture, who sadly passed away last week.

The conversation is widening and deepening and I believe that collectively there are many interesting things to study, to teach, and to act upon in the real world. And within the university community itself, a lot of learning can take place from listening to each other as well.

Tonight I would like to contribute to that conversation from my perspective and experience in the world of policy and aid to cities in developing countries. I started in Africa more than 40 years ago and have worked throughout Asia and Latin America, focusing on housing and infrastructure projects, later broader municipal and economic policy. I remember when I excitedly explained to my grandmother in the late 1970s that I had been promoted in the World Bank. From working on housing now I would focus on pit latrines. I'm pleased to report that my perspective on these issues has broadened over time.

Today I am convinced that there are many lessons from this global experience which apply to rich countries as well. And in today's world of crisis this is more important than ever.

I am grateful to Carin Kuoni for this invitation to participate in this inaugural public conversation under the banner of "speculating on change." I would note that the Vera List

Center is the VLC for Art and Politics, but also, under Carin's wise leadership, perhaps also the Art of Politics, in its strategic and timely choice of topics for public debate.

Tonight I will suggest that to understand the changes which are coming, we need to understand four paradoxes about cities:

- The economic paradox of why cities are the sites of income and opportunity, while also the sites of growing poverty and inequality
- The geographic paradox of why cities are quintessentially "local" and specific to their geographic context, yet they are the sites of intensified impacts of global processes
- The political paradox of why urban populations are growing, if not the majority shares of national populations, yet do not receive the political attention they deserve and require, and this is a problem which has appeared dramatically in the context of the current economic crisis, and
- The sustainability paradox of cities being sites of pollution and contribution to greenhouse gases, but are also the sites of opportunity for policy reform and sustainable design of the material world

Each of these paradoxes implies governance challenges in administering increasingly complex urban areas, especially as many "mega-cities" now have populations that far surpass those of many countries. I am reminded of the time I was entering Heathrow Airport in London with my close friend who was a former minister of urban development in India. When the young immigration officer asked my friend what was his work, he replied: "urban management". The immigration officer replied, "Is that possible sir?"

Well, I believe that it has to be possible. With the GDP of Sao Paulo bigger than the total of many of the neighboring Latin American countries put together and New York City the 12th largest economy in the world today, we must find ways to manage cities and urban issues which respond to our many problems.

Both large and smaller cities are expected to grow faster than their national counterparts. This also holds true for urban economies, as urban productivity is growing faster and disproportionately than rural economies, thus creating additional sustainability and governance conundrums for national and local government.

Before examining these paradoxes, I would like to argue that in historical terms and from a policy perspective, the urbanization process is both inevitable and desirable. This is well-captured in the following observation by the late John Kenneth Galbraith:

“So, in the end, almost everyone goes to the city. Whatever the beginning, it is to this that the industrial civilization comes.....The extent of urbanization measures that development.

“Since it is there that people live, the problems of the industrial civilization are seen as the problems of the city. What should be blamed on expanding income and output, the changing composition of product, higher and different consumption, the modern role of unions, the unwillingness of people to starve gets blamed instead on the way the city is governed.”²

If urbanization is at once almost pre-destined, a destination of opportunity and hope, world wide experience shows that it is also the locus of problems: economic, social, and political. This combination of freedom and constraint, accompanied by hope and despair, necessarily are also the origins of social and political harmony and conflict. This mix was captured in part by Percy Bysshe Shelley, when he wrote in 1820, “Hell is a city much like London.”³

Today, the challenge of urban change has been transformed into the policy and institutional paradoxes of inequitable growth, dis-equilibrium, limits to sustainability, and ultimately political instability, but in the end it is manifest in the streets where people bumping into each other can go unnoticed or can become the match to start the fires of social conflict.

² John Kenneth Galbraith, The Age of Uncertainty, (Boston: Houghton Mifflin Company, 1977).

³ Cited in Michael Spence, Patricia Clarke Annez, and Robert Buckley, eds. Urbanization and Growth, (Washington: Commission on Growth and Development, 2008), p.3.

Let me turn to the four paradoxes:

The Economic Paradox:

First I will address the economic paradox of why cities are the sites of income and opportunity, while also the sites of growing poverty and inequality.

Cities offer the potential of economic opportunity. They are the locus of productivity, value creation, and income generation. Historically as an increasing share of the total population of a country's population lives in urban areas, GDP increases.⁴ This is more than an accidental correlation, but is rather a clear relationship between the efficiencies and productivity of agglomeration economies and location.

Agglomeration when accompanied by growing density and proximity allows the reduction of costs of production of goods and services and growing consumption by an ever-wealthier urban labor force. The process of value creation itself is a quintessential process of bringing factors of production together in time and space. The historical productivity of the garment district 20 blocks from here is an example of the value of people working close together. If they need a button or a zipper, they can find it down the hall or next door.

Economies of scale generate higher productivity. For example, studies in Brazil show that productivity increased roughly 1 percent for every 10 percent increase in the number of workers employed in an industry or in a city. This is a very large increase. Growing from a city of 1,000 workers to one with 10,000 workers, productivity would increase by a factor of 90.⁵

Over time, economic growth at the aggregate level is closely associated with the urban percentage of total population. Historically, "it is extremely rare to achieve per capita incomes

⁴ World Bank, Reshaping Economic Geography, World Development Report 2009, (Washington: The World Bank, 2009).

⁵ Work of Vernon Henderson in Brazil in 1986 cited in Spence, Annez, and Buckley, op.cit., p.15.

about US\$10,000 (in purchasing power parity terms) before half of the population lives in the cities.”⁶ All high-income countries are 70-80 percent urbanized.⁷

The other important, and rarely recognized fact, is that all countries now generate more than half of their GDP in urban-based economic activities.⁸ In 109 countries with populations over one million, both urbanization and per capita income growth rose between 1960 and 2003; in the majority of these countries, income per capita grew more rapidly than urbanization.⁹

Projections for future economic growth in all countries demonstrate that the trend towards greater concentration of economic activity will occur in urban areas of all sizes.

The growth of urban areas is not, however, only an economic phenomenon. As cities have generated higher incomes, they have also become the preferred destinations of migrants. Studies of migration have demonstrated that rural to urban migrants move largely in pursuit of higher wages and not the other features of urban life.¹⁰ In 1970 about half of urban growth in developing countries could be attributed to migration, the other half to natural increase. By 1990, that ratio had shifted towards 70 percent from natural increase and 30 percent from migration.¹¹

The areas where migration was still important included Africa, South Asia, and China. In most countries of Latin America, the Middle East, and East Asia, the large population shifts to urban areas have already occurred, reflecting the prospects of higher urban wages and the

⁶ Commission on Growth and Development, The Growth Report: Strategies for Sustained Growth and Inclusive Development, (Washington: The Commission on Growth and Development, 2008), pp.57-58.

⁷ Spence, Annez, and Buckley, op.cit. p.x.

⁸ Michael A. Cohen, Urban Policy and Economic Development: An Agenda for the 1990s, (Washington: The World Bank, 1991).

⁹ Spence, Annez, and Buckley, p.7.

¹⁰ John Harris and Michael Todaro, “Migration, Unemployment & Development: A Two-Sector Analysis”, American Economic Review, March 1970; 60(1): 126-42.

¹¹ Samuel Preston, “Urban Growth in Developing Countries: A Demographic Reappraisal”, Population and Development Review, 1 Volume 5, No.2, 1990, pp. 195-215.

pressures of agricultural production forcing rural inhabitants off the land.¹² This migration is also international.

I remember a GPIA student taking me into the home of an elderly woman in a poor neighborhood of Dakar, Senegal, where the woman's wall was decorated by eight handbags: a Gucci, Prada, etc, copies of which were being sold on the streets of Rome by her son.

In the aggregate, urban areas in developing countries are expected to grow by some two billion additional residents from 2000 to 2025, or about 70 million a year, equivalent to a Pittsburgh or Hanoi every week. In East Asia alone, this growth is expected to be 450 million people in the next two decades, equivalent to a Paris every month.¹³ China itself has more than two dozen cities of over one million people.

These projections by the United Nations in 2000 were reviewed in detail by a 2003 US National Academy of Sciences Panel on Urban Demographic Dynamics which concluded in a published volume that the projections were reasonable and not exaggerated estimates of a major change in the distribution of the world's population.¹⁴ Indeed, in 2008, the world's total population became more than half urban.

While growing numbers of people come to cities, are born in cities, and generally live at higher income levels than in rural areas, the fact remains that this massive demographic transformation is also reflected in what has been called "the urbanization of poverty."¹⁵ Increasing numbers of the world's urban population live in slums.

This number was estimated at 924 million in 2003 by the Millennium Development Project, with the expectation that most of the projected 2 billion additional urban residents would live in poor housing conditions, lacking clean water supply and sanitation as well as other

¹² George Beier, Anthony Churchill, Michael Cohen, and Bertrand Renaud, "The Task Ahead for Cities in Developing Countries: 1975-2000", World Development, 1976.

¹³ Reshaping Economic Geography, op.cit. p.3.

¹⁴ US National Academy of Sciences, Cities Transformed: Demographic Change and its Implications in the Developing World, (Washington: National Academy of Sciences, 2003).

¹⁵ See, for example, George Martine, Gordon McGranahan, Mark Montgomery, and Rogelio Fernandez-Castilla, eds., The New Global Frontier: Urbanization, Poverty, and Environment in the 21st Century, (Sterling, Virginia: Earthscan, 2008).

needed infrastructure services such as drainage, solid waste collection, and electricity.¹⁶ To this are added significant deficits in essential social services such as schools and clinics.

Poor living conditions also contribute to lowering the productivity of the urban labor force. Poor sanitary conditions create health problems which reduce physical strength and the number of days earning wages, however low they may be. High density settlements with large numbers of unemployed youth are frequently the sites of violence and despair. Often these slums are located on dangerous sites, highly vulnerable to flooding and other natural disasters.

Indeed, as I will discuss later, slums themselves become the loci of cumulative vulnerabilities which make it difficult for even educated youth to overcome their living environments.¹⁷ Such cumulative disadvantages thus seed despair which becomes anger and leads to violence.

- **The Geographic Paradox:**

A second paradox is that cities are quintessentially “local” and specific to their geographic context, yet they are the sites of intensified impacts of global processes. Even without the volatility of the global economy, changing national economic trends, and shifting national macro-economic policies, cities are complicated loci of changing behaviors and political pressures. When global economic processes are added to this mix, and then further altered by national policies intended to mitigate negative impacts, the situation becomes even more complicated.

¹⁶ UN Habitat, The Challenge of Slums, Global Report on Human Settlements 2003, (Sterling, Virginia: Earthscan, 2003) and Millennium Project; A Home in The City: Task Force Report on Improving the Lives of Slum Dwellers, (Sterling, Virginia: Earthscan, 2005).

¹⁷ UN Habitat, Enhancing Urban Safety and Security, Global Report on Human Settlements 2007, (Sterling, Virginia: Earthscan, 2007).

Several years ago I was in a taxi in Buenos Aires and we passed an accident in the street. The cab driver looked around at me and said, “Globalization.” I was surprised and asked for an explanation. He replied, “Under globalization we are all nervous and here in Buenos Aires we take this out on the streets, in our driving.” Well I don’t think the global explains traffic accidents, but it does help us to understand many other so-called local phenomena.

For example, the current global economic crisis of 2008-2009 is generating many diverse impacts in cities, as the demand for exports declines, jobs are lost, incomes forfeited, public revenues disappear, and local economies contract.

These situations were well-recorded in the Asian financial crisis of 1997 or in Argentina after the crisis of 2001-2002, yet in these cases, it is often local solutions which provide the way out of crises. In these cases, urban economic multipliers subsequently were activated through changes in relative prices which stimulated new demands for goods and services in urban markets. This new demand in turn generated new employment, for example in Argentina the unemployment rate dropped from over 30 percent to 7 percent from 2002 to 2007.¹⁸ This process was described by the World Bank in 2006 as a “demand-led recovery.”¹⁹ Demand in this sense was internal demand and not the global demand for commodities.

This process of urban economic contraction is very painful and also very visible. As public and private spending declines, the vendors at street corners and many purveyors of services simply lose the demand for their services. This has occurred even here in Greenwich Village. As sales decline, so do tax revenues which finance public expenditures for maintenance of public order and urban security by police.

The rapid decline of sales of consumer durables such as cars in Brazil can easily be seen in large-scale layoffs of workers in automobile factories – or in the closure of Circuit City stores throughout the United States. The process of contracting urban multipliers is visible at a smaller, neighborhood scale, but its effects are deep and wide, including increasing crime rates, protests by labor unions and citizen groups, and a growing politicization of youth who are

¹⁸ Michael A. Cohen, [Argentina: Recovery and Growth in a Time of Default](#), (forthcoming, 2010).

¹⁹ World Bank, [Argentina: Country Assistance Strategy: 2006-2008](#), (Washington: The World Bank, 2006).

unable to find jobs. The period of 2002-2003 saw more than 13,000 demonstrations in Argentina over jobs, food, energy prices, and a sense that the national government could no longer solve urgent problems.

Studies of Latin American economies in the 1990s showed that when economic growth occurred the urban poor benefited. But when recession hit, the poor fell further than the rich and they stayed down for a longer time.²⁰ This is also reported now in the US as people who lose their jobs can expect to be out of work for a longer period than in earlier times.

Cities can thus be expected to continue to feel the impact of the global economic crisis in the next few years, with the crisis leaving deep footprints on the urban social fabric and the physical conditions of urban areas.

Within the public sector, beyond the obvious need for expenditures to maintain security and fight crime, deferred maintenance of urban infrastructure, low levels of public investment, and the lack of credit are all particularly problematic at a time when urban populations are expected to grow by some 2 billion people. These shortages of funds have serious effects on the quantity and quality of public goods in cities. Both the reduced level and the changing composition of public expenditures have been observed within regions and for the world as a whole.²¹

Two primary conclusions can be drawn from the previous discussion. First, urban areas are clearly the sites of economic and social opportunity. Yet the combination of rapid demographic growth, growing demand for essential urban infrastructure and social services, and inadequate resources to deliver these services creates severe challenges for urban governance. Local governments are increasingly unable to satisfy the scale and composition of demands coming from urban civil society.

²⁰ Samuel Morley, "Poverty during Recovery and Reform in Latin America: 1985-1995", (Washington: Inter-American Development Bank, 1998).

²¹ See Economic Commission for Latin America, Report of January 29, 2009, and The World Bank, "Swimming Against the Tide: How Developing Countries are Coping with the Global Crisis", Background paper prepared by World Bank staff for the G20 Finance Ministers and Central Bank Governors Meeting, Horsham, UK, March 13-14, 2009.

It is thus not surprising that the fundamental issues of urban life, from housing to water to waste removal to basic health care and education have all become increasingly politicized and create opportunities for conflict.

At the same time, prospects for decent wages and incomes diminish in overcrowded urban economies where the labor force is inadequately trained, is frequently sick, unprotected by any form of social security or pension system, and is vulnerable to the volatility of global and national economic forces. Jobs and incomes are precarious. Growing shares of urban populations are poor, with 60 percent of the Mumbai population living in slums and almost all African cities currently have similar percentages of their populations living without adequate water supply and housing.

Each of these dimensions of urban life has become a source of vulnerability, for individuals, families, and urban communities. The dimensions lie on top of each, as layers of vulnerability, creating cumulative disadvantages and risks. These economic vulnerabilities are also congruent with social and political vulnerabilities. Together they pose daily threats to urban governance as well as social and political order.

The Political Paradox:

A third paradox is why, if urban populations are growing, if not the majority shares of national populations, do they not receive the political attention they deserve and require?

This phenomenon appears most recently in the response of governments and the international community to the current global crisis. Policy makers and designers of stimulus packages of public investment and tax relief seem to have largely ignored two fundamental aspects of the crisis: first, where are the areas of greatest impact of economic contraction, and where might demand be stimulated so as to generate most rapidly the largest possible multipliers.

The global response to this crisis over the last year can be characterized as multi-frontal, with many types of measures enacted to protect banking systems and the supply of credit. But

the primary measure seems to have been a set of Keynesian measures now known as “stimulus packages,” whether under capitalism or market socialism, whether in the United Kingdom or China, Brazil or Indonesia. These packages of massive public spending and other measures of tax relief and targeted assistance have been widely regarded as the most effective way to stimulate demand and thereby facilitate the resumption of consumption, investment, and growth of employment. This approach was endorsed by the G-20 heads of state meeting in London in April 2009 and was later celebrated by the same group in Pittsburgh in late September 2009 as having contributed to “bringing the world economy back from the brink.”

While many of the consequences of the crisis still remain acute and in some cases appear chronic for developing countries and particular regions within countries, there is little systematic evidence on the role that the planned stimulus packages have played in either reducing the rate of economic contraction or in some cases the resumption of growth. The September 10, 2009 report of the US Council of Economic Advisors on the Economic Impact of the Recovery Package argues that the contraction of the United States economy slowed down in the second and third quarters of 2009 and that in general, across a sample of countries, those countries with larger stimulus packages have grown at a faster rate.²² The Report states that three types of spending in the U.S., in the form of state fiscal relief, assistance to people most affected by the crisis, and tax cuts and other payments, amounting to US\$151 billion of the total package of US\$787 billion, have contributed to job growth as well as GDP growth on the order of two-to-three percent for the second quarter and above three percent for the third quarter of 2009. The Report uses a counterfactual analysis to assess the GDP growth of countries, asserting that if no stimulus packages had been adopted, conditions would have been much worse. The authors conclude that these measures have made a significant difference. This upbeat message, however, preceded the unemployment rates announced in early October 2009 which showed unemployment close to 10 percent.

Just this morning The New York Times reported that, while 61% of New Jersey citizens continue to support President Obama, 68% have felt no impact of the stimulus packages in

²² Executive Office of the President, Council of Economic Advisors, Economic Impact of the American Recovery and Reinvestment Act of 2009, First Quarterly Report, September 10, 2009.

their local economy. 37% believe that in the long term there will be a positive impact.²³ The newspaper reports, “Economic issues have New Jerseyans near despair.” Also, the Times reports today that the US Government web-site, Recovery.org shows that the job program of the stimulus packages misses the states which need it the most, for example reporting that Colorado with an unemployment rate of 7.3% created 4,700 jobs while Michigan, with 15.2 % unemployed, received only 400 jobs.²⁴

Despite studies across various countries which arrive at positive assessments of the stimulus packages, like the US Government reports, an important issue remains as to the actual cost effectiveness of these packages, particularly in light of their scale, opportunity cost, externalities, and implications for future indebtedness. Clearly in some cases the stimulus packages have not met policy-makers’ expectations, in others they have faced institutional problems, and in some countries other factors beyond their control affected key exports, trade, and domestic production and employment. In most cases, the timing and scale of “recovery” has been somewhat of a mystery, as estimates of multipliers have proven to be highly speculative. The Financial Times reports this morning that almost one third of the 5,230 contractors who have received Federal contracts have not yet started their work and that the average contract has generated just 6 jobs up to now.²⁵

My conclusion is that recovery, like beauty, seems to lie in the eye of the beholder.

The lack of clear evidence is reflected in an elaborate and non-stop stream of judgments, with some officials in OECD countries identifying “green shoots” of recovery, and then later ruefully denying them, to images of “hope is on the way,” or to use of the image “the long climb” by The Economist.²⁶ All of this highlights the prescient claims of Joseph Stiglitz and Paul Krugman in late 2008 and early 2009 that the US stimulus package under discussion at the time

²³ “New Jersey Has Little Faith in its Candidates, Poll Shows.” The New York Times, October 16, 2009, p.1 and pp.21-22.

²⁴ Michael Cooper and Ron Nixon, “Job Program Found to Miss Many States That Need It Most”, The New York Times, October 16, 2009, p.A17.

²⁵ Sarah O’Connor, “Stimulus sustains 30,000 US jobs”, The Financial Times, October 16, 2009, p.3.

²⁶ The Economist, “Special Report on the World Economy,” October 3, 2009.

was probably too small to make a significant difference, too late to forestall damage to the economy and to avert the worst effects on the unemployed, and overall, badly designed.

So what does all of this mean? My conclusion is that the stimulus packages have in many countries proposed and undertaken spending in a less than an optimum targeted fashion, ignoring the urban configurations of national and local economies and therefore also ignoring how agglomeration economies might be affected by increased levels of public expenditures. In so doing they forget what the World Bank's 2009 World Development Report asserted: "Place is the most important correlate of a person's welfare."²⁷

None of the economic evidence presented earlier about the share of GDP coming from cities or the significance of cities in the economic futures of countries is even mentioned in the daily coverage of the crisis by the international economic press, whether The Financial Times or The Economist, as well as the Leaders' Statement: The Pittsburgh Summit. There are no references at all to the sites of the crisis which seems to exist only on balance sheets or national accounts, but do not appear in the material world. Lacking such specificity, it is evident that the stimulus packages have had serious flaws in design.

The question then to be posed is why? Perhaps the answer lies in the power of rural constituencies which have strong representation in Congress, for example, where the leading senators in the United States involved in the health care debate come from states which together represent less than 6 percent of the United States' population. Today's Times reports that while no Republicans in the House of Representatives voted for the stimulus package, the five congressional districts which have received the most money from federal stimulus contracts are represented by Republicans. Another explanation might be that in many countries funds are distributed to states and provinces which also tend to have strong rural interests which weaken the demands of urban areas. These explanations have some truth in them, but this seems too easy.

²⁷ World Bank, Reshaping Economic Geography, World Development Report 2009, (Washington: World Bank, 2009).

I would like to suggest that the answer also is found in the complicated structures and problems of urban policy and governance.

All of the above problems which I have mentioned this evening exist within urban contexts of weak institutions and scarce capacity to address them. Three broad categories of issues should be highlighted: the promise of decentralization, the challenge of metropolitan growth, and weak urban financial capacity. Taken together, they constitute an urgent and heavy agenda for urban institutional reform and capacity-building.

1. The Promise of Decentralization

A major trend accompanying urbanization in all countries over the past two generations has been the impulse to decentralize government, bringing it closer to the sites of real problems in the expectation that proximity will allow local knowledge and capacity to be marshaled in problem-solving. This impulse follows on the “de-concentration” of colonial administration after World War II and the gradual “devolution” of power and authority to local levels. In the European Union this was labeled as “subsidiarity” in the 1990s, meaning that problem-solving capacity should be closest to the level where actual problems existed.

This technical and administrative trend also was supported by the political reforms which supported greater democracy, local representation, and local control over urban affairs. The 1990s, particularly after the end of the Cold War and the collapse of the Soviet Union, saw an enormous multiplication of local governments within a broad trend of decentralization.²⁸ While this process raised local expectations, it proved to be problematic in many regards. First, having the authority to address local problems did not mean that newly-born local institutions had either the resources or the technical capacity to do so. In fact, because public responsibility has been politically assigned to the local level, this has become a reason for national authorities to ignore them.

This has given rise to the common problem of “unfunded mandates”, well-known in developed countries, which also became common in most developing countries undertaking

²⁸ Campbell, [op.cit.](#), [op.cit.](#) and others.

decentralization of public authority and responsibility. This became particularly acute during periods of macro-economic adjustment where national public expenditures were cut and frequently transfers from national to sub-national governments were neither large enough to fund services at necessary levels nor sufficiently predictable to allow for orderly administration.²⁹ Active citizen protests have occurred in countries such as Zambia, Ecuador, and Philippines against the reduction of public expenditures for health services, education, and water supply.³⁰

Decentralization also did not necessarily deliver promised democracy. Studies of local elites in various countries showed that local power structures dominated many of these local governments, where, in some cases even former military rulers at the national level became all-powerful local mayors or governors, for example in Argentina, Guatemala, and Thailand. Discovery of this situation has led to “push back” in some instances and recovery of local democracy, but these experiences suggest that a decentralized “form of government” does not equate to “democratic government.”

Overall, the promise of decentralization is important at many levels, but the legal and institutional reforms which have created decentralized urban government are only necessary but not sufficient conditions for its success. Similarly, there is an important distinction between democracy and “good government.”³¹ While democracy is clearly desirable, it is not necessarily the same as good government in the sense of being effective in solving problems. This is clear at the urban level where institutional performance is manifest on a daily basis.

2. Metropolitan Growth

A second problematic area is the weakness of metropolitan government in most developing countries. While hundreds if not thousands of municipalities have expanded beyond their original boundaries and become “metropolitan areas,” many fewer have established

²⁹ Richard M. Bird, Intergovernmental Fiscal Relations in Latin America: Policy Designs and Policy Outcomes, (Washington: Inter-American Development Bank, 2001).

³⁰ Caroline O.N. Moser, Confronting Crisis: A Comparative Study of Household Responses to Poverty and Vulnerability in Four Urban Communities, (Washington: World Bank, 1996).

³¹ Judith Tender, Good Government in the Tropics, (Baltimore: Johns Hopkins University Press, 1997).

effective metropolitan institutions to govern and to provide services for metropolitan populations. I described this in 2004 as the “metropolitan impulse,” a desire to create metropolitan institutional forms, even if they proved considerably weaker than their advocates had hoped.³² In most cities in developing countries, however, metropolitan government does not work. It’s too complicated and underfunded.

Spatial studies in 2005 showed that the spatial expansion of urban areas around the world was much greater than previously thought.³³ Urban densities were actually declining as many urban areas continued to expand into adjacent land, whether it had been used for agricultural purposes or not. With the heavy urban demographic pressures cited earlier – with two billion additional urban dwellers expected by 2025 – this urban spatial expansion was not unexpected. But what it has highlighted is the need for more attention to metropolitan governance.³⁴

3. Weak Institutional and Financial Capacity

A third issue is that most local governments also lack the financial base for both capital and recurrent expenditures. In most developing countries there are few local tax bases which generate significant revenue.

It is not surprising, therefore, that municipal governments tend to be poor and unable to provide basic services, including operation and maintenance of basic infrastructure such as roads or drainage. Estimates in some West African cities of per capita municipal expenditures are as low as a few dollars. As a result of this situation, most municipal governments also lack the technical capacity to perform these functions. Their personnel are underpaid and poorly trained.

³² Michael Cohen, Chapter 3, in UN Habitat, State of the World’s Cities Report 2004, (Sterling, Virginia: Earthscan, 2004).

³³ Shlomo Angel, “Measuring Global Sprawl: The Spatial Structure of the Planet’s Urban Landscape”, June 2006.

³⁴ Eduardo Rojas, Governing the Metropolis: Principles and Cases, (Cambridge: Harvard University Press and the Inter-American Development Bank, 2008), K.C. Sivaramakrishnan and Leslie Green, Metropolitan Government in Asia, (New York and Washington: Oxford University Press and the Economic Development Institute of the World Bank), Mila Freire and Richard Stren, eds. The Challenge of Urban Government: Policies and Practices, (Washington: World Bank Institute, 2001).

Cities therefore are spaces of institutional weakness. Urban areas both concentrate and amplify these impacts and hence substantially increase vulnerability. Efforts to reduce vulnerability and to mitigate impacts, therefore, must also address the mechanisms which amplify and increase vulnerability itself.

A key step in understanding this dynamic is to identify what might be termed “the geography of risk.” Risk obviously is not evenly distributed across geography and population. Rather, it is distributed differentially in relation to key characteristics and relationships. For example, as suggested above, risk is more geographically concentrated with higher concentrations of people but also in relation to the institutions which are responsible for maintaining public safety and order.

The political problem, therefore, is how to govern and manage cities through solving problems and mediating conflicts. This continues to be a difficult problem to solve. Here in New York we are weeks away from an election in which arguably the most successful mayor in decades is asking voters to keep him in office even if that violates a basic tenet of democracy such as term limits.

The Sustainability Paradox

A final and fourth paradox is one of sustainability. In a real sense, it is the sum of the three previous paradoxes, but with a particular challenge.

“Sustainable design is development which honors nature, conserves resources, and provides community services and infrastructure without necessary duplication and without limiting the resources available to future generations”. Cecil Steward ³⁵

In 1987 the Brundtland Commission on Environment and Development introduced into the global political and economic arena the powerful idea that sustainable development meant a pattern of development which did not leave successive generations with fewer or lesser

³⁵ Cecil Steward, Joslyn Institute for Sustainable Communities, website: www.ecosphere.com.

quality natural resources. All forms of development were to be judged on the basis of a triad of criteria: economic, social, and ecological.

These criteria formed the basis of what was later termed a “triple bottom line.” Sustainable urbanization would therefore also require that city building should enrich, rather than deplete local and global economies, the environment, and society. These three perspectives on sustainability were illustrated in the form of a triangle as the foundation upon which planning, management, and governance would support sustainable urbanization.

As Bill Morrish has observed, this triangle can also be seen as a prism, a unique lens that projects the light of everyday life into a new spectrum of opportunities and questions. This new view might reduce expensive duplication and save resources. Sustainability not only sets a standard for managing urban resources at multiple scales, from city to household, but it also requires bringing in new partners and materials to the urban planning table to enrich our assets, expand resources, and identify options.

Sustainability moves nature and ecological and habitat processes to the foreground, not only in response to their rapid degradation, but as essential partners in the process in city building.

While this shift to the foreground is long overdue in many contexts, it should not be interpreted to mean that ecological processes have priority over the social and economic parts of the triad. Interdependence should replace dominance in the quest for balance in policy terms and in results on the ground. Replacing one skewed outcome with another is not a step forward. Rather a serious effort must be made to understand linkages and forms of interdependence in order to invent new policies and operational approaches to urban problems.

Sustainability essentially involves reinventing urban planning.

Given the new imperatives and demands upon policy and practice, it is not surprising that the urban planning profession is in the midst of a fundamental reinvention by different

public/private sector authorities, disciplines, constituencies, and professional actors. Last week the School of Constructed Environment at Parsons and the GPIA jointly sponsored a talk by Christine Platt, a South African urban planner and the President of the Commonwealth Institute of Planners, who spoke about this reinvention process. Separately and together they are working to develop more highly contextualized information, new communication tools, inclusive methods for modeling outcomes, and different ways of generating solutions that support the poorest city residents and work with ecological systems.

Towards a Conclusion

The four paradoxes suggest that speculating about our urban future is complicated, with many possible outcomes. The essence of the city is differences: how they come to be, how they interact, how they are represented, and how they are mediated. The four paradoxes suggest that our capacity to understand and to work with differences, instead of fearing them or seeking to label them in exclusionary ways, will determine our fate.

The world has become urban. It is our world. There is an old African proverb: Those who have arrived have a long way to go.

Good luck.