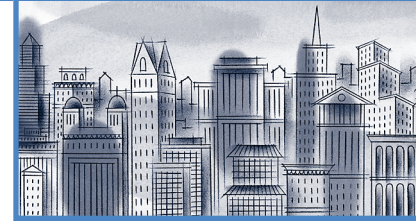


URBAN UPDATE

COMPARATIVE URBAN STUDIES PROJECT POLICY BRIEF



Reframing Urban Assistance: Scale, Ambition, and Possibility

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A Personal Prologue

*In the early 1990s, Annick Osmont, a French anthropologist, wrote a book entitled *La Banque Mondiale et des Villes*.¹ She analyzed the design and impact of World Bank–assisted projects in several West African countries—Burkina Faso, Côte d’Ivoire, Mali, and Senega—all of which I had worked with. She concluded that the World Bank’s macroeconomic adjustment policies had had a greater impact on the cities and urban populations in those countries than the urban slum upgrading projects financed by the Bank. When I first read this book, I was angry and convinced she was wrong. How could she be so dismissive of the “good intentions and work” that those projects represented? Five years later, I agreed.*

Setting the Problem

Despite the growing importance of cities for a host of crucial issues—the future of national economies, demographic profiles, global and national cultures, and political life—international assistance to cities remains modest in scale and impact. Total urban assistance to developing countries from 1970 to 2000 amounted to about \$60 billion, or \$2 billion a year. These resources were divided into projects and subprojects that affected roughly 11,000 cities and towns in the developing world.² Although these numbers appear large at first glance, they are small—only about \$30 per capita—in relation to the 2 billion urban dwellers in developing countries. Indeed, the modest amount of international assistance to

cities is reflected in the contrast between global projections and the Millennium Goals endorsed by heads of state at the United Nations in 2000.

Although about 2 billion additional urban dwellers are expected in the cities of developing countries by 2025,³ the UN Millennium Goal is to improve the living conditions of 100 million urban slum dwellers by 2020, or a modest 5 percent of the total new demand for urban services.⁴ Phrased differently, even with the concerted effort announced by the Cities Alliance—a consortium of multilateral and bilateral international aid organizations formed during the past few years to provide basic urban services on a larger scale—it is *highly likely that more people will lack services by the end of this period than do presently.*

Another approach to this problem has been in the focus on building the capacity of international, national, and local institutions to manage cities and provide needed services. During the past decade—from the height of preparations for the UN Habitat II Conference in Istanbul to the present—there have been myriad conferences and initiatives in the name of capacity building, that is, teaching people to fish rather than giving them fish. Yet an analysis of capacity-building efforts within the urban assistance programs of multilateral and bilateral aid institutions suggests that, rhetoric aside, most of them have actually not devoted more than 10 percent of their aid to this objective (see table 1). This is disappointing, but is also a significant indicator of the priorities and modalities of these institutions as they approach cities. The fundamental similarity



between the programs of the respective donor agencies leads to the conclusion that “if your only tool is a hammer, every problem is a nail.”

This contradiction between the scale and impact of assistance and the size of the global development challenge to be addressed suggests that *assistance to cities must have other, broader, and deeper justifications than simply providing basic services to slum dwellers*. The “place” or priority of cities and towns in national economic and social development strategies must be reframed, with new justifications and importance.⁵

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During the 1970s, urban assistance began as support for low-cost housing solutions accompanied by basic infrastructure—sites and services and slum upgrading.⁶ Aid agencies in effect entered the city “through the house and the bathroom.” In the 1980s, a new emphasis was added, a shift toward strengthening the capacity of local institutions, primarily municipalities, as assistance was provided to improve “urban management.” In the 1990s, new emphases went in two directions: first, on enhancing the contribution of cities to national economic and social development;⁷ and later on, encouraging the development and efficient functioning of markets.⁸ An assessment of current aid policy documents and Web sites suggests that present emphases seem to be rooted in the Millennium Goals and City Development Strategies as proposed by the Cities Alliance (see table 1).

Given the history of shifting justifications and very different views of the meaning of “urban,” even by the same institutions and professionals, this paper poses the question: *What are the broader justifications for urban assistance within contemporary evolving global political and economic contexts and the changing forms of urban life?* Indeed, how are urban phenomena related to the most challenging and controversial debates of the day? I would suggest that it would be productive to examine *six important debates* from the perspective of the city in order to identify issues that might be germane to an agenda for future urban assistance:

- The future of neoliberal frameworks for economic and social development
- The scale of projected demographic growth
- The role of networks in affecting the evolution of civil society
- The conflicts between global and local cultures
- How development assistance might reduce poverty and inequality
- The need to articulate values

The City and the Neoliberal Framework

The current heated debate between developing countries and the institutions defending the “post”-Washington Consensus—the International Monetary Fund, World Bank, World Trade Organization, and many other donors—suggests profoundly differing views of the world at this time. The marginal changes between the old and the new “orthodoxy” are disappointing to policymakers, politicians, activists, and analysts in many developing countries.⁹ The post-Washington Consensus’s continued emphasis on “outward orientation” seems to place countries at continuing risk in the face of the volatility of world markets. In this scenario, the city is an entrepôt for trade and a center for the financial markets. In a sense, all cities are being encouraged to aspire to becoming “global cities” in Saskia Sassen’s terms, albeit at different scales.¹⁰

This policy position is contradictory, because, on one hand, the international institutions recognize, at least on paper, that cities generate more than half of gross domestic product in all developing countries and up to 80 percent in the more urbanized countries of Latin America. This would logically suggest that the economic futures of countries are closely tied to urban physical and spatial environments. Yet there is little apparent institutional intention to protect or cushion cities from external shocks. This policy orientation, moreover, also ignores the city as the site in which the economic multipliers of internal domestic markets operate. More than 30 years after the publication of Michael Lipton’s influential book, *Why the Poor Stay Poor: Urban Bias in Developing Countries*,¹¹ there are still policy analysts trying to justify creating “level playing fields” and shifting rural-urban terms of trade toward rural production by reducing urban subsidies in the name of equity and produc-



tivity. This policy objective might have had some validity 30 years ago but is hardly defensible today, unless nostalgia is a justifiable criterion for national economic development policies.

Higher levels of urban incomes and productivity are the results of economies of scale and of location and cannot be attributed to subsidized levels of public expenditure. Those who believe that public expenditures are the critical factors in economic growth fail to understand the significance of internal markets.¹² Other financial flows may be quantitatively much larger than public expenditures in some, though not all, developing countries. In most cities, most financial transactions do not originate in the public sector. For example, in no country other than China has more than 15 percent of the housing stock been financed by public funds.

This warning implies that *cities require what might be termed “Neo-Keynesian policies,” expansionary economic policies that stimulate and sustain urban demand and, hence, create urban employment and generate incomes.* Both public and private expenditures have important roles to play in this process. Sustaining continued economic expansion is even more

important due to continued urban demographic growth. This advice is well understood in the North—indeed, all governments in Europe and North America follow this policy direction, regardless of which party is in the White House. Yet as Joseph Stiglitz points out, the International Monetary Fund offers the opposite advice to countries of the South, through repeated insistence on restraining public expenditures to manage the fiscal deficit as the key indicator of macroeconomic performance.¹³

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The issue for the debate on urban assistance, therefore, is *how to support urban economic policies to stimulate and sustain the economic multipliers needed to generate employment and incomes.* Although a traditional response to this question has been to finance urban infrastructure, it is apparent that infrastruc-

The **COMPARATIVE URBAN STUDIES PROJECT** (CUSP) of the Woodrow Wilson Center was established in 1991 in an effort to bring together U.S. policymakers and urban researchers in a substantive discussion about how to build the viable urban governance structures and strong democratic civic culture that are essential for sustaining cities. Research priorities for CUSP include urban health, poverty alleviation, youth populations and conflict, and immigrant communities in cities.

This publication is made possible through support provided by the Urban Programs Team of the Office of Poverty Reduction in the Bureau of Economic Growth, Agriculture and Trade, U.S. Agency for International Development under the terms of the Cooperative Agreement No. GEW-A-00-02-00023-00. The opinions expressed herein are those of the authors and do not necessarily reflect the views of the U.S. Agency for International Development or the Woodrow Wilson Center.

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For more information about the Comparative Urban Studies Project, please go to the CUSP website: <http://www.wilsoncenter.org/cusp>.



Table 1. A Comparative Analysis of Urban Development Policies of Selected International Donor Organizations

<i>Organization</i>	<i>Urban Development Policy</i>	<i>Definition of Capacity Building</i>	<i>How Capacity Building Is Done</i>	<i>Investment in Capacity Building</i>
Cities Alliance	Based on two programs: City Development Strategies, which links local stakeholders to define, analyze, and establish priorities for action and investment; and City-Wide and Nation-Wide Slum Upgrading, which improves the living condition of at least 100 million dwellers by 2020	Increase the capacity of all levels of government to reflect the priorities of communities, to encourage and guide local development and forge partnerships among the private, public, voluntary, and community sectors	Through decentralization, partnership and international cooperation, and participatory urban management	Total approved grants as of January, 2003: \$33,407,078 Capacity building is 14 percent of total (estimated)
UN Habitat	The Global Campaign on Urban Governance aims to support the implementation of “sustainable human settlements development in an urbanizing world.” The campaign’s goal is to contribute to the eradication of poverty through improved urban governance. There is a growing consensus that the quality of urban governance is the single most important factor for the eradication of poverty and for prosperous cities	Assign revenues and expenditures to ensure that local governments have the revenues with which to finance local expenditures; improve the transfer system; and introduce transparent and reliable reporting systems		Not found
World Bank Urban Development	Based on the following programs: City Development Strategies; Disaster Management Facility; Housing and Land Group; Local Economic Development; Municipal Finance; Urban Strategies; Urban Services to the Poor; Urban Poverty; and Urban Waste Management	Improve local statistical systems and services; identify, formulate, and implement projects; improve institutional capabilities; formulate development strategies; promote technology transfer; and promote public finance reforms	Through decentralization; participation of civil society in public decision making; accountable public administration and financial management; and by building partnerships between the private and public sectors	Total budget for 2002: \$102 billion Urban development is 14 percent of total
Asian Development Bank	The primary objective is to reduce poverty in the Asia-Pacific region by promoting good governance, sustained and pro-poor economic growth; and social development, including human development and improvement in the status of women	Process by which individuals, groups, organizations, and societies enhance their abilities to identify and meet development challenges in a sustainable manner	Through partnership and development cooperation; and through local participation and ownership	Total loans approved for 2002: \$5.7 billion Technical assistance is 3 percent of total.
Canadian International Development Agency		Decentralization of the financial and administrative systems; decentralization of public services; strengthening of local autonomy, particularly, of the public services management; and development of local ownership	Through decentralization, international cooperation and reorganization of public responsibilities	Total official development assistance (ODA) for 2002–3: \$1.8 billion Good governance is 13 percent of total
Ministère des Affaires Étrangères, France	The strategic objective is “to promote the emergence of viable local economic centers by supporting the integration of rural activities with the external market and financial investments.”			Total ODA for 1990–94: \$1,838,239 (estimated) Capacity building was an 11 percent of total (estimated)



<p>Ministry of Foreign Affairs, Netherlands</p>	<p>The principal objective of the General Direction for International Cooperation is sustainable poverty reduction</p>	<p>Institutional development is about counterbalancing power structures with a strong and active civil society; and about how to maintain a focus on poverty in all matters of public finance in a participatory way</p>	<p>Through local ownership, civic participation, development coherence, etc.</p>	<p>Total ODA for 2002: \$4 billion, or 0.8 percent of GNP (UN requires 0.7 percent)</p>
<p>Japan International Cooperation Agency</p>	<p>To reduce poverty and support socioeconomic development by fostering technical cooperation</p>	<p>Transfer of technology and knowledge that can serve the socioeconomic development of developing countries; carries out a variety of support for nation building in developing countries through technical cooperation</p>	<p>Through technical cooperation programs based on democratization, civil society participation, upgrading of financial public systems, etc.</p>	<p>Total ODA for 2003: \$5 billion Capacity building is 9 percent of total (estimated)</p>
<p>GTZ, Germany</p>	<p>Focuses on transforming economic structures, providing public services through both public and private sources, integrating multicultural populations socially and politically, and curbing natural resources consumption</p>	<p>Enhance the capabilities of the people, organizations, and institutional structures in the partner countries; transfer knowledge and skills and mobilizing and improve the conditions for their use; and strength the individual initiative of the people so that they can improve their living conditions through their own efforts</p>	<p>Decentralization and local governance; anticorruption empowerment; fiscal decentralization; civil society and political participation; etc.</p>	<p>Total ODA for 2002: \$4.6 billion, or 0.3 percent of GNP (UN requires 0.7 percent) Technical cooperation is 15 percent of total (estimated)</p>
<p>Department for International Development, United Kingdom</p>	<p>Endorses UN Millennium Declaration including the specific targets dealing with urban poverty: achieve by 2020 a significant improvement in the lives of at least 100 million slum dwellers as proposed by the Cities Without Slums initiative; and progress toward adequate shelter for all with secure tenure and access to essential services in every community by 2015</p>	<p>Endorses seven key governance capabilities: operate open political systems; influence government policy and practice; provide macroeconomic stability and facilitate private-sector investment and trade; implement pro-poor policy and raise, allocate, and account for public resources accordingly; guarantee the equitable and universal provision of effective basic services; manage national and personal security; and combat corruption</p>	<p>Through political participation; decentralization to lead to more responsive and pro-poor government; strong central government with a commitment to pro-poor policy and to financial, macroeconomic and administrative regulation; and a commitment among the public, private and civil sectors</p>	<p>Total ODA for 2002–3: \$5.6 billion (estimated) Capacity building is 3 percent of total (estimated), expected to account for 0.40 percent of GNP for 2005–6 (UN requires 0.7 percent)</p>
<p>Swedish International Development Cooperation Agency</p>	<p>Urban policy aims to combat poverty and promote cities' economic growth; to improve health; and to create a cleaner environment, a greater degree of democracy, and more influence and better living conditions for women</p>	<p>Strengthen values, e.g., demands for accountability, participation, openness, and equal rights and value of all people; strengthen political institutions, processes, and public administration</p>	<p>Total ODA: \$1.4 billion (estimated)</p>	<p>Good governance is 15 percent of total</p>



ture is a necessary but not a sufficient condition for continued economic activity. Local economic development strategies must be cross-sectoral or intersectoral, putting in place the incentives and conditions needed to create productive capacity

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and then finding ways to distribute and sell good and services. Urban economic development should not be understood solely as investment, which is frequently the case, but rather as active continuous engagement in building and reinforcing linkages and markets.

The Increasing Weight of Urban Demographic Growth

A second issue for consideration in the urban aid debate comes from the impact of projected future urban demographic growth. The urgent need and justification for continued urban economic development is obvious, given the projections of future demographic growth. Either cities and towns will generate more income or they will become impoverished. This argument, however, is even more important given the growing process of social and economic differentiation already under way in cities and towns around the world. As the recent report by the U.S. National Academy of Sciences explains, there will be increasing numbers of youth and the elderly in the cities of developing countries during the next two generations. Growing numbers in these demographic categories and growing social and economic differences within cities underline the need for a wider spectrum of social policies to respond to the needs of the elderly, youth, and other groups with particularly acute needs.¹⁴

This process of differentiation suggests that much more work should be devoted to how urban social policies and programs can support the integration of various demographic groups into urban societies. Proactive social problem solving or conflict resolution may be an important new part of

urban management. The role of offices such as ombudsman or *defensoria del pueblo* may become much more important in guiding such efforts. These challenges would include the management of ethnic relations, such as between Chinese and Malays in Malaysia, or religious differences, such as between Christians and Moslems in Nigeria. Conflict management would include attention to gangs, drugs, neighborhood associations, and the myriad problems of neighborhoods within cities. The recent Brazilian film *City of God* vividly illustrates these problems. What might have previously been understood as problems at the neighborhood level now take on city-level significance—witness recent developments in Rio de Janeiro.

The Role of Networks in Civil Society

A third area related to the aid debate is relationships between networks and civil society. We all believe we understand the meaning of networks. Yet a critical assessment of networks might suggest some fruitful perspectives on urban aid. In the beginning of his recent book *The Internet Galaxy*, Manuel Castells tells us that the Internet is the fabric of our lives and that “the network is the message.”¹⁵ However, he goes on to remind us that

[networks] have had considerable difficulty in coordinating functions, in focusing resources on specific goals, and in accomplishing a given task, beyond a certain size and complexity of the network. ...¹⁶

This situation has changed with “the globalization of capital, production, and trade; with the demands of society in which the values of individual freedom and open communication became paramount, and . . . [by] advances in computers and telecommunications”¹⁷ Yet Castells’s warnings about networks deserve attention, because we cannot analytically and practically replace civil society by some hypothesized or alleged efficiency or effectiveness of networks. Processes of representation, problem identification, debate, decision making, implementation, and subsequent evaluation of the impact of public policies are not easily replaceable by a simplified and politically neutral notion of communication and action through networks.



For example, a recent book by Albert-Lazslo Barabasi, *Linked: The New Science of Networks*,¹⁸ suggests that the expansion of networks means that early nodes have more time than latecomers to acquire links. This means that growth offers a clear advantage to the senior nodes, making them the richest in links. The principle of the “rich get richer” reflects the power relationships in real networks and social relations. The challenge of inclusion of poorer nodes or cities is thus very important if network formation is to be something different than one more mode of differential power and control. To ignore the differential power of nodes within a network is to misunderstand the limitations of the networks themselves. Phrased more directly: Networks also reflect existing power relations and hierarchies, as well as their differential access to information, resources, and opportunities. To assert that networks, therefore, are necessarily facilitators of democratic civil society is to ignore some of their most important features.

I believe that this observation is important because, to the extent that urban assistance tends to operate through networks and/or be legitimized by networks, these processes are not necessarily legitimizing in their own right but rather reflect preexisting power relations.¹⁹ In this sense, they also establish ground rules and determine what ideas and questions are credible and legitimate.

It is interesting to think back to the 1990s from this perspective. That decade saw major achievements in building international urban partnerships and organizations among cities. By the end of the 1990s, one important perspective on globalization was the assertion that previously independent jurisdictions were now “networked.”

However, we also learned in this period that linkages and connections could create new forms of vulnerability.

These forms of vulnerability ultimately caught up with Argentina, which eventually collapsed under the weight of growing debt, arising in part due to climbing global interest rates and ridiculous marketwide assessments of country risk, such as one period when Argentina’s country risk was higher than Nigeria’s—an obvious absurdity. Neighboring Brazil was much larger and more independent than Argentina and was able to mitigate such effects, to some extent.²⁰ One conclusion from this experience is that *there are major*

asymmetries of power and weakness within networks of nations and cities.

This leads me to question the “Hypothesis of Urban Convergence” that I presented in 1995, when I argued that cities in the North and South were experiencing a common set of conditions: unemployment, infrastructure deterioration, environmental decline, budget crises, and collapsing social cohesion.²¹ Although the presence of mayors and urban officials from many cities at the same meetings was a cause for some celebration of growing communications and “network building” in the 1990s, their differences should also not be underestimated. Cities and their representatives came to the table with vastly different resources, opportunities, and constraints.

This process of differentiation suggests that much more work should be devoted to how urban social policies and programs can support the integration of various demographic groups into urban societies.

Members of networks perhaps need to be sure that their networks do not have too many weak links. If one fails, they can all be at risk—witness the impact of computer viruses, the contagion of financial crises in Asia or Latin America, the spread of HIV/AIDS along transport routes in Southern Africa, or severe acute respiratory syndrome (SARS) in East Asia. This also suggests reasons why it may not be so desirable for networks to always be so inclusive, and deliberately so. Going back to Castells, though the network may be the message, it may also be the message of negative consequences. This suggests that those providing urban assistance must work harder to define and articulate objectives with regard to civil society and the networking of cities.

The Conflict between Global and Local Cultures

One of the perceived consequences of the impact of global economic forces through networks in the 1980s and 1990s was the so-called homogenization of cities, to which I referred above in noting the debate over the convergence or divergence of



cities within rich and poor countries.²² The hypothesis of urban convergence argued that both rich and poor cities were facing a series of shared challenges, including decaying infrastructure, deteriorating environment, fiscal crises, growing unemployment, and social differentiation. There was thus some “convergence in their urban conditions.” This argument would have been ridiculous a generation earlier, when developing countries were mostly rural and poor. Yet by 1994, visitors from São Paulo to the World Cup in Los Angeles felt at home because they recognized the urban problems that had led to large-scale urban riots in Los Angeles in 1992.

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However, at the time of Habitat II in Istanbul, many of my colleagues from developing countries energetically argued against this hypothesis. They believed that the forces of globalization were actually marginalizing or excluding some regions and cities, particularly those in Africa. They argued that urban conditions were becoming more different than similar and that convergence was not taking place. This position was certainly supported by the economic data. For example, the concentration of foreign direct investment in developing countries by the mid-1990s, according to World Bank statistics at the time, indicated that only 20 countries had access to private capital markets while another 100 countries had no access at all.²³ This is reflected in the distribution of corporate economic power today, with Latin America accounting for only 3 of the largest 500 corporations in the world and Africa none. It is now commonplace to say that trends toward convergence—as an indicator of economic progress during the post-World War II period—were redirected by the strong economic forces at the global level.

We know now that the 1990s were a period of growing disparities between rich and poor countries, within countries, and, for our purposes, within cities. It is important to note, moreover,

that these differences were not just the result of exogenous forces but also reflected local policies.²⁴ Inequality reflected the footprints of both global economic forces and local policies. Local authorities did not challenge these conclusions; rather, such patterns were political and economic legacies of a century of urban growth.

An interesting characterization of these differences was suggested by Pablo Ciccolella in Buenos Aires when he noted that there are three types of mobility. First, some people drive their cars on highways, talk on their cell phones, and race to their online installations. A second group rides public buses and has no access to networks or computers. A third group does not leave their neighborhoods at all and is most certainly not online.²⁵ Such differences are often congruent with other sociocultural differences. When you arrive at Los Angeles International Airport, you are greeted by a signing proclaiming “Los Angeles: A World of Differences.”

The key point here is that differences in incomes and/or material conditions were also reflected in cultural differences and were articulated in cultural terms. Global cultural influences flowed into localities in many forms, and they were adopted and adapted in local dialects, visual forms, clothing, and behavior, to name a few areas. Moreover, processes of adaptation involved not only resistance against McDonald’s but, more important, also the assertion of national and local identities.²⁶

The role of local culture, and cultural heritage, in the debate on cities is important and deserves consideration in the aid debate as well. If we understand past urban investment in infrastructure, museums, public space, and other facilities as part of a wider definition of urban cultural heritage, we need to reconsider how that *patrimonio* can be valued and utilized as an economic, cultural, and social resource as well. This is far beyond the common argument about tourism, but it involves a serious examination of the flow of benefits that urban areas can receive from earlier investments. In this sense, cultural benefits can be viewed in much the same way as we recognize the need to maintain urban infrastructure to assure that benefits continue to flow and do not stop because of a lack of maintenance.



How Urban Development Assistance Can Reduce Poverty and Inequality

With growing criticism of official institutions and their unfulfilled promises to reduce world poverty, it is also necessary to ask how urban assistance can be justified in relation to this objective. Poverty has been urbanized in most countries, with rural poverty still significant, but proportionately less weighty than earlier in history. The issue of generating incomes and employment was mentioned above. Here I would like to focus on the question of relative poverty or inequality. *It is interesting to see how intraurban inequality continues to be ignored by most economists as an important aspect of human welfare.* The high correlation in most cities between various forms of urban deprivation—whether income, water supply and sanitation, housing conditions, educational levels, nutrition, health status, or environmental quality—*strongly confirms the importance of place in patterns of distribution of real income.* Arguments about the importance of human capital investment, mostly education, as the greatest predictor of individual and household income levels are only partial. Education may be a necessary but not a sufficient condition of employment or health.

Therefore, the debate over urban aid must continue to focus on the importance of place and the opportunity that creating “good places” provides. The historian Thomas Bender has argued that urban development

find[s] realization in a place, in a specific spatial context in which . . . social processes and institutions intersect with the lives of the city’s most vulnerable citizens. And it is in a place that over time and in the present those social burdens cumulate. We need to understand those places and make them better for, more than anything else, *city-making is place-making.*²⁷

In this sense, reducing poverty and inequality does not occur in abstraction but is concrete and grounded in real places.

It is also worth pointing out that these issues do not only belong to developing countries. A recent article on New York by Jack Newfield in *The Nation* brings this issue home. New York has a gross domestic product of about \$400 billion, making it

the world’s thirteenth largest economy, and by population, larger than all but forty-eight countries. New York is widely perceived in the world as a rich place, the center of power and wealth. Yet the situation of New York also has another side that Newfield describes in the article, which is titled “How the Other Half *Still* Lives: In the Shadow of Wealth, New York’s Poor Increase.”²⁸ Using the well-known title of Jacob Riis’s important study of New York at the turn of the twentieth century, Newfield focuses first on the “invisibility of the poor,” a theme that was famously cited as well by Michael Harrington in the late 1950s in his classic work on poverty *The Other America*. He remarks that the “expansion of inequality took place without ever becoming a noticeable issue in American politics.” He refers to President George W. Bush’s cuts for social services for poor people and tax cuts for rich people as “class-warfare policy of shooting the wounded and looting the amputees.”

Newfield’s update on New York includes the following facts (as of January 1, 2003):

- Unemployment in New York was 8.4 percent, highest in 5 years and highest of any large U.S. city.
- A total of 1.6 million New Yorkers (20.2 percent of the population) lived below the federal poverty line.
- Another 13 percent lived barely above it.
- Blacks and Latinos accounted for 61.2 percent of the jobless.
- There were 38,000 homeless in the city.
- Soup kitchens fed 1 million people a day, but in 2001 they turned away 350,000 New Yorkers, including 85,000 children, because there was not enough food.
- A total of 800,000 people were entitled to receive federal food stamps but were cheated out of them by the policies and procedures instituted by the mayor, Rudy Giuliani.
- The poor worked in “McJobs”—at \$5.15 an hour or for \$10,700 a year, which was not enough to survive.
- There were 600,000 low-wage workers, of whom 56 percent had no health insurance for their families and 52 percent had no pension.

As we consider these figures and compare them with the situations in other places, we should



remember that cities are shaped by much more than economic processes alone. Bill Morrish captured this point recently in New York, when he argued that cities evolve and transform themselves by capturing and synthesizing a dialectic process between “urbanization,” by which he means urban growth fueled by economic and social factors, and “urbanism,” as “cities create and get created by particular kinds of people and social transactions.”²⁹ The factors fueling urbanization are those we frequently describe as “global,” while the particularity of urbanism is the unique mix of people, landscapes, and activities found in each place. It is also the values we assign to them, as is suggested by Lucy Lippard in her book *The Lure of the Local*.³⁰

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This truly “urban” perspective on the issues of poverty and inequality must be valued and not dismissed as insufficiently “policy oriented” or “economic.” As was illustrated by the contrast between the Millennium Goals and the scale of projected urban demographic growth, the “policymakers” do not seem to have a satisfactory formulation of the problem. Although the custodians of aid may face the difficulties of allocating resources across sectors, they absolutely fail to mobilize sufficient ambition to address the urban problem.

Values

The question of values can be addressed from two distinct perspectives related to the reframing of urban assistance. First, and perhaps the easiest, is how urban experience helps to remind us of the professional and social values that should underlie urban assistance. A second perspective concerns which values should provide the basis for local urban governance within a global environment of increased concerns over American unilateralism, terrorism, and instability.

On the first perspective on values, it is useful to recall a distinction I suggested about a decade ago: We need to think beyond the *virtual city* to what I called *the city of virtue*.³¹ In contrast to the focus on the impact of computers and information technology on behaviors in cities, I suggest we need to focus more on what values should underlie urban governance. We need to reaffirm the importance of cities as political spaces in which “virtue” can be expressed—in other words, where socially accepted values are norms for behavior, not exceptions.

More than a decade ago, Richard Sennett reminded us that the Greeks believed that our conscience resides in our eye. Only when we are visually stimulated is our conscience provoked.³² It is unlikely that the computer screen will provide this stimulus. Rather, when we touch our reality in physical terms, on the street, in the neighborhood, at the human scale, we can really appreciate the value of the many dimensions of local reality. The meaning of virtue, therefore, is locally defined, and the values that should motivate urban governance need to be established and affirmed at the local level. These values could include, among others, representation, democratic inclusion, respect for diversity, assurance of the right to participate in local decision making, accountability of public institutions, and rights for free expression and cultural identities.

A second dimension of the issue of values concerns the present global environment of unilateralism of the United States in global affairs. Michael Hardt and Antonio Negri argue in their book *Empire* that, in the face of unrealizable democracy within the globalized economy and policy, “counterpower” is needed to resist hegemony and to achieve some level of democratic representation.³³ They write of the need to build counterpower within this “democracy of the multitude.” The value of local democracy is important to assure *local* governance of *local* communities. But it is also important in helping localities exercise their voices in articulating their own demands. If we tried to categorize those demands, most of them would likely be addressing local concerns.

The interdependence of the political and the economic at the local level should not be underestimated. A recent book by Mike Wallace, *New York, New Deal*,³⁴ argues for a comprehensive approach to urban transformation. Wallace appeals



to the historical memory of New Yorkers as well as to their belief that progress is achievable. This activist and value-based response to the events of September 11, 2001, by a Pulitzer Prize-winning urban historian is very much based on the articulation of strong values to guide urban decision makers as they look toward the future.

Toward a Conclusion: The Quest for Relevance and Possibility

This paper started by identifying contradictions between the scale of needs for urban services and the scale of urban assistance. *The process of reframing urban assistance and posing the six questions listed above is above all a quest for relevance and possibility.* Urban assistance needs to be understood and evaluated in terms of the broader issues facing the developing world. Its financial scale, roughly \$2 billion a year for 130 countries, is about 10 percent of the present budget for reconstruction of the 16 acres at Ground Zero in New York. *This enormous gap between need and ambition is itself the primary issue that needs attention if urban assistance is to be relevant and significant in the contemporary world.* If urban assistance is to be seriously considered as an important tool in promoting economic and social progress in developing countries, I suggest that these contradictions need to be made explicit to avoid both raising unrealistic expectations and allowing urban aid to fall within the realm of technocratic debate. The obvious strategic question, therefore, is *how to build political support to address the urban challenges facing the world during the next few decades.*

Here the political assertion that—in the words of the Foro Social in Porto Alegre—“Another World is Possible” must be treated much more seriously than some fringe slogan. The pace and sensitivity of world events during the past few years to the decisions and actions of political leaders, new knowledge, and new expressions of fears and hopes, suggest that indeed change is possible. If one stands back and assesses the impact of George W. Bush’s administration, the events of September 11, 2001, the collapse of Argentina and its first steps toward reactivation in 2003, the advent of SARS, and the growing global awareness of local events throughout the world, to mention a few surprising effects, it is difficult to argue that change is not possible.

Obviously, some directions of change are less probable than others. But is it unreasonable to ask what kinds of urban events would convince world leaders that the conditions of their cities are matters of national security and high priority?

Notes

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1. Annick Osmont, *La Banque Mondiale et des Villes* (Paris: Editions Karthala, 1990).
2. These are the author’s estimates, based on data from the Development Assistance Committee of the Organization for Economic Cooperation and Development.
3. See National Academy of Sciences, *Cities Transformed: Demographic Change and its Implications in the Developing World* (Washington, D.C.: National Academy of Sciences, 2003).
4. The Millennium Goals were adopted at the Millennium Summit at the United Nations in 2000.
5. The notion of “reframing” comes from the late Don Schon, professor of urban education at the Massachusetts Institute of Technology, and particularly from his book *The Reflective Practitioner* (New York: Basic Books, 1983).
6. Michael Cohen, *Learning by Doing: World Bank Lending for Urban Development: 1972–1982* (Washington, D.C.: World Bank, 1983).
7. Michael Cohen, *Urban Policy and Economic Development: An Agenda for the 1990s* (Washington, D.C.: World Bank, 1991).
8. See, e.g., Stephen Mayo and Shlomo Angel, *Housing Policy Paper* (Washington: World Bank, 1994).
9. Pedro-Pablo Kuczynski and John Williamson, eds., *After the Washington Consensus: Restarting Growth and Reform in Latin America* (Washington, D.C.: Institute for International Economics, 2003).
10. Saskia Sassen, *The Global City*, 2nd ed. (Princeton, N.J.: Princeton University Press, 2002).
11. Michael Lipton, *Why the Poor Stay Poor: Urban Bias in Developing Countries* (Cambridge, Mass.: Harvard University Press, 1974).
12. Jeff Madrick, *Why Economies Grow* (New York: Basic Books, 2003).
13. Joseph Stiglitz, “The Lessons of Argentina for Development in Latin America,” in *Argentina in Collapse: The Americas Debate*, ed. Michael Cohen and Margarita Gutman (Buenos Aires: New School University, 2002), 151–70.
14. National Academy of Sciences, *Cities Transformed*.



15. Manuel Castells, *The Internet Galaxy: Reflections of the Internet, Business, and Society* (New York: Oxford University Press, 2002), 1.
16. Castells, *Internet Galaxy*, 2.
17. Castells, *Internet Galaxy*, 2.
18. Albert-Lazslo Barabasi, *Linked: The New Science of Networks* (Cambridge, Mass.: Perseus Books, 2002), 87–88.
19. I am reminded of my own experience representing the World Bank at international “committee” meetings, where I “presumed,” I hope not too overtly, that the financial power of the World Bank somehow gave my position and arguments a disproportionate weight. Why—if the World Bank was lending \$2 billion a year for urban projects—should I have to listen attentively to the opinions of other “lesser” donors, even though we were all supposedly part of the same “network”?
20. See Cohen and Gutman, *Argentina in Collapse*.
21. Michael Cohen, “The Hypothesis of Urban Convergence,” in *Preparing the Urban Future: Global Pressure and Local Forces*, ed. Michael Cohen, Blair A. Ruble, Joseph S. Tulchin, and Allison Garland (Washington, D.C.: Woodrow Wilson Center Press, 1996).
22. Cohen, “Hypothesis of Urban Convergence.”
23. World Bank, *Global Economic Prospects and the Developing Countries* (Washington, D.C.: World Bank, 1996).
24. Michael Cohen, “The Five Cities of Buenos Aires,” in *The Encyclopedia of Sustainable Development*, ed. Saskia Sassen (Paris: UNESCO, 2003).
25. Pablo Ciccolella, “Globalización y dualización en la region metropolitana de Buenos Aires: Grandes inversiones y reestructuración socioterritorial en los años noventa” [Globalization and Dualism in the Metropolitan Region of Buenos Aires: Investment and Territorial Restructuring in the 90s], *Eure: Revista Latinoamericana de Estudios Urbano Regionales* 25, no.76 (December 1999): 5–27.
26. Many books have been written about this process, but Manuel Castells’s trilogy on the information society is one of the best. Manuel Castells, *The Information Society*, (London: Blackwell, 1994)
27. Thomas Bender, “Urban History and the Urban Future,” in *Medio Ambiente y Urbanizacion*, no. 55 (Buenos Aires: International Institute for Environment and Development–America Latina, 2000).
28. Jack Newfield, “How the Other Half Still Lives: In the Shadow of Wealth, New York’s Poor Increase,” *The Nation*, March 17, 2003, 11–17.
29. William Morrish, “Anticipating 2051, The Next Ground,” a talk at New School University, New York, March 11, 2003.
30. Lucy Lippard, *The Lure of the Local* (New York: New Press, 1997).
31. Michael Cohen, “From the Virtual City to the City of Virtue,” *International Journal for Traditional Habitats*, 1994
32. Richard Sennett, *The Conscience of the Eye* (New York: Alfred A. Knopf, 1990).
33. Michael Hardt and Antonio Negri, *Empire* (Cambridge, Mass.: Harvard University Press, 1999).
34. Mike Wallace, *New York, New Deal* (New York: Bell and Weiland, 2002).

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