

Habitat III: Making the Argument More Compelling

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Implementing the Habitat Agenda:

Exploring lessons-learned and expectations for Habitat III

A Policy Dialogue and Learning event for the
Cities Alliance Joint Work Programme Habitat III co-organised with the
Global Taskforce

New York, May 26, 2014

The Structure of the Talk

Three main parts:

- Some evidence of the declining interest in urban affairs;
- Suggest why that this reduced interest impedes the ability to deal with major issues of our time – climate change, economic growth and equity;
- Some ideas on the role Habitat III could play in changing this situation.

The Main Conclusions

- Many of the main issues mentioned above were dealt with in the 2013 Social Development Solutions Network paper.
- But, that framing of the argument has not worked and is even less likely to work now. A reframing of the argument on behalf of cities is essential.

But first some brief historical context

Habitat I, 1976

A year in which....

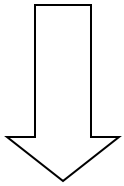
Habitat I, 1976 ➡ context

Chairman Mao died
and soon after the
**“Chinese Growth
Miracle”** began



Habitat I, 1976 ➡ context

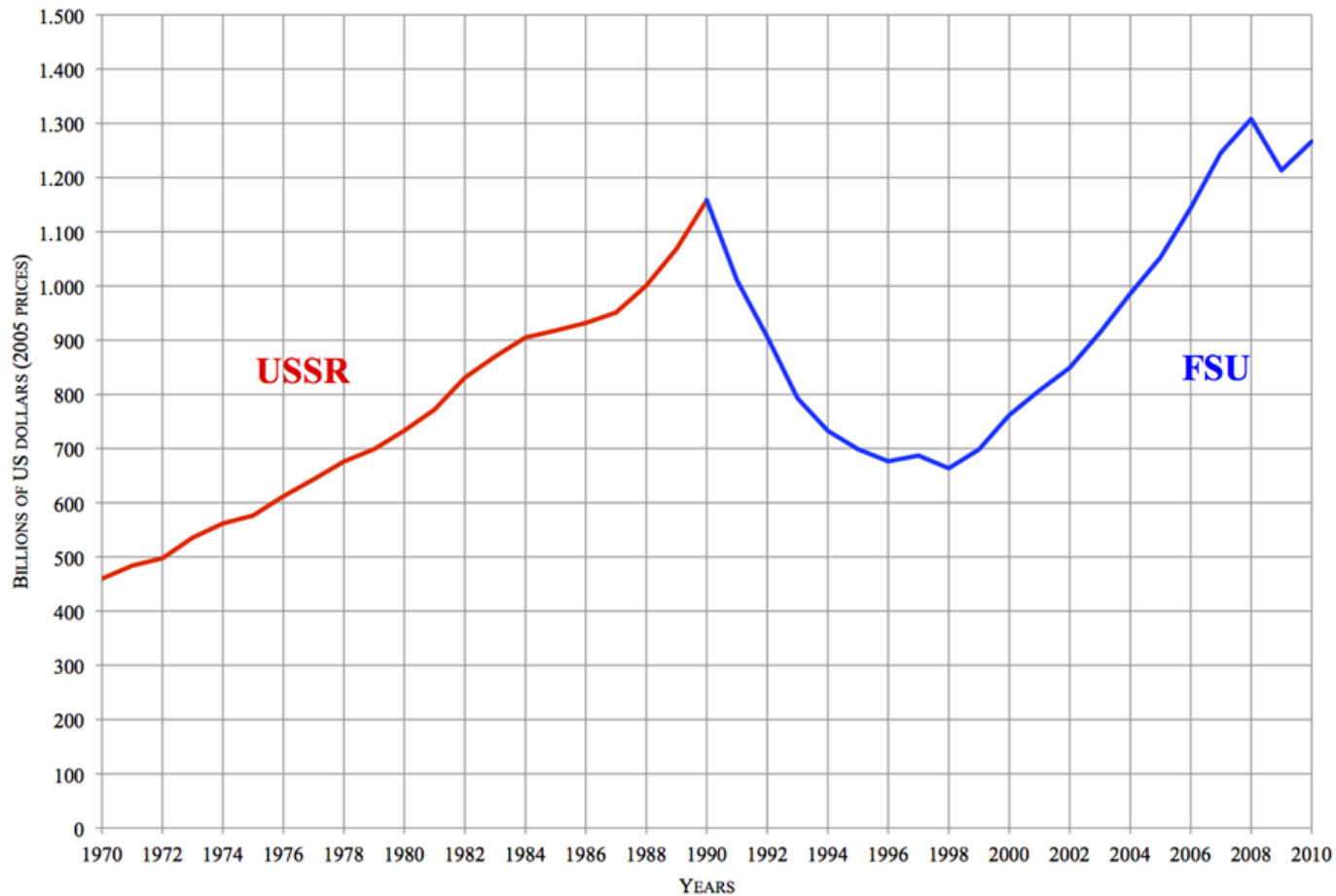
**India had a Temporary
Brush with Dictatorship**



“The Emergency” made
minor crimes – like
unticketed train rides –
punishable by sterilization.



The Soviet Economy was Still Strong



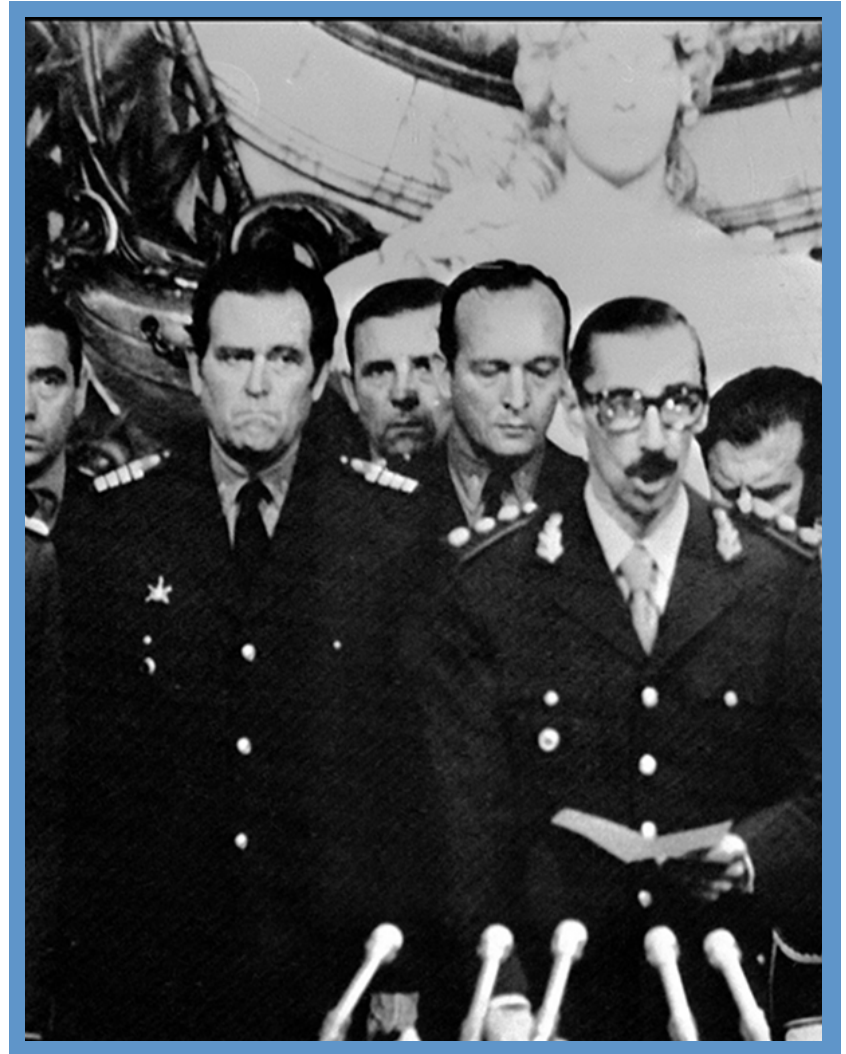
Habitat I, 1976 ➡ context

...and the Cold War
Embraced the Major
Powers



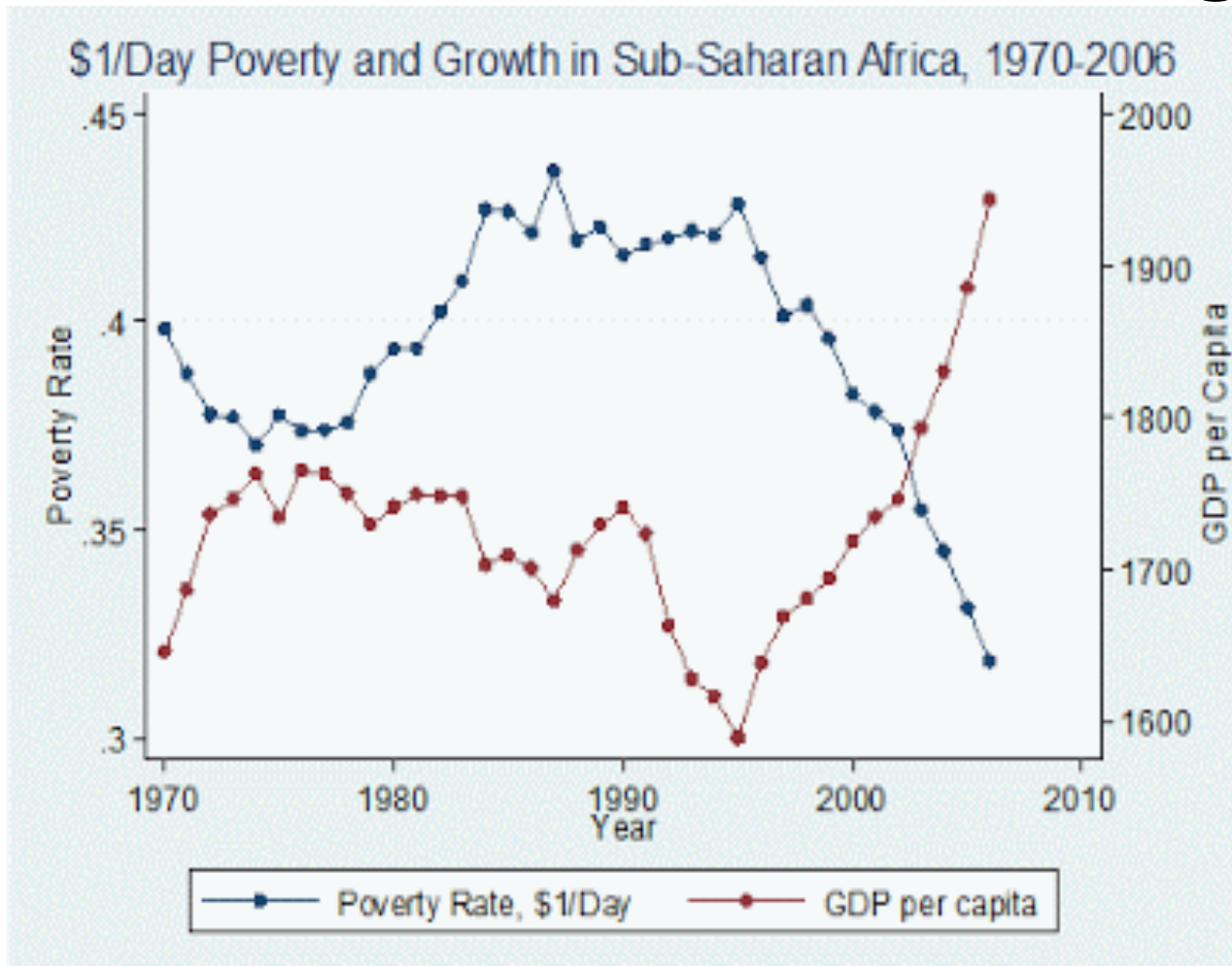
Habitat I, 1976 ➡ context

The Generals Ruled in Latin America, as well as Southern Europe.

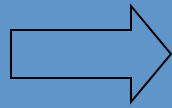


Habitat I, 1976 \Rightarrow context

African Growth Was Strong



Habitat I, 1976
Policy

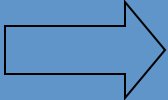


World's Worst Urban
Policy



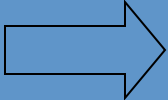
Habitat I, 1976 ➡ Pol Pot and Cambodia's
De-Urbanization, 2 million died



Habitat I, 1976  Technology

Finally, in terms of technology

- The Internet had not yet been invented;
- Modern microfinance in nascent stages;
- Understanding of how to target assistance on the needy was almost non-existent.

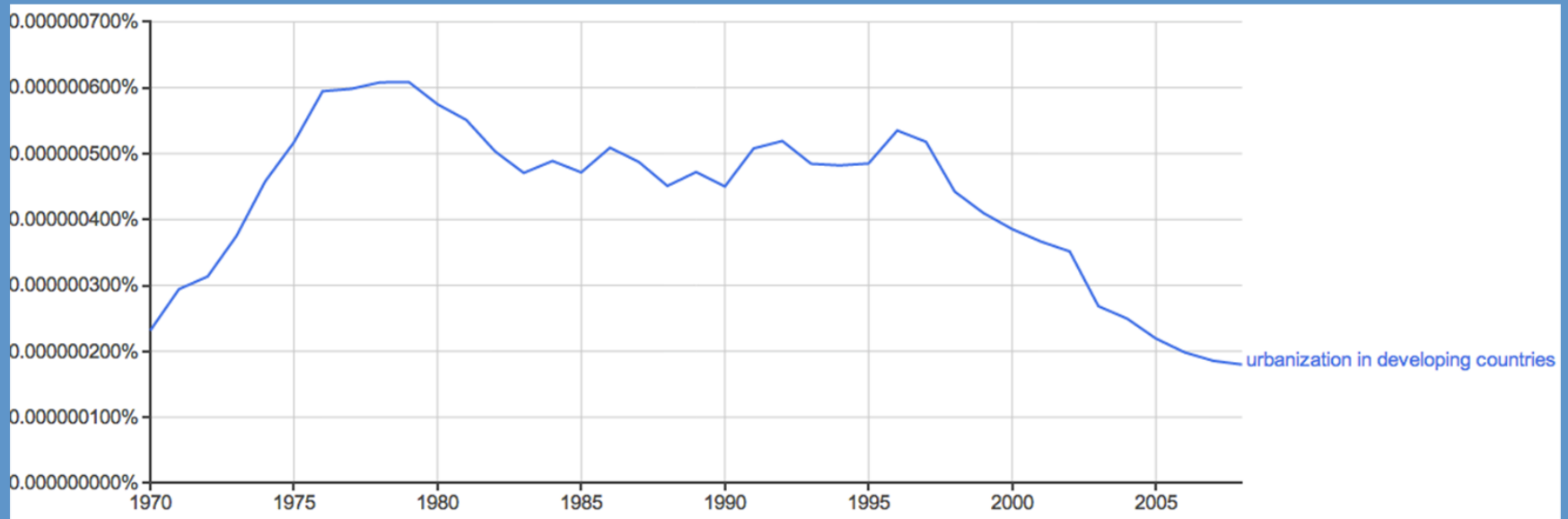
Habitat I, 1976  What Happened?

The Results of Habitat I

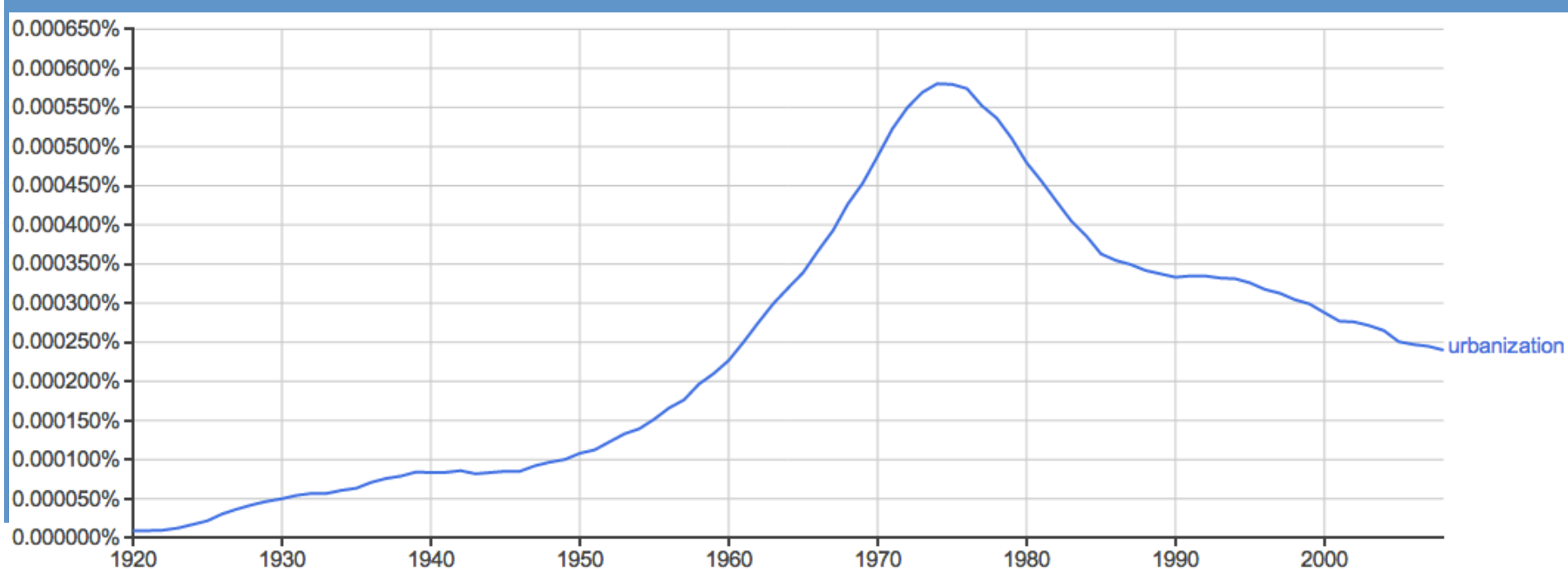
Established UN Habitat;

Helped to Begin a Dialogue on Urban Issues. In fact, world interest in urban issues peaked following Habitat I.

But, then Interest in an Urban Agenda Seemed to Decline



Interest in Urbanization More Generally Had an Even Shaper Decline



Why the Seeming Decline in Interest is Urbanization?

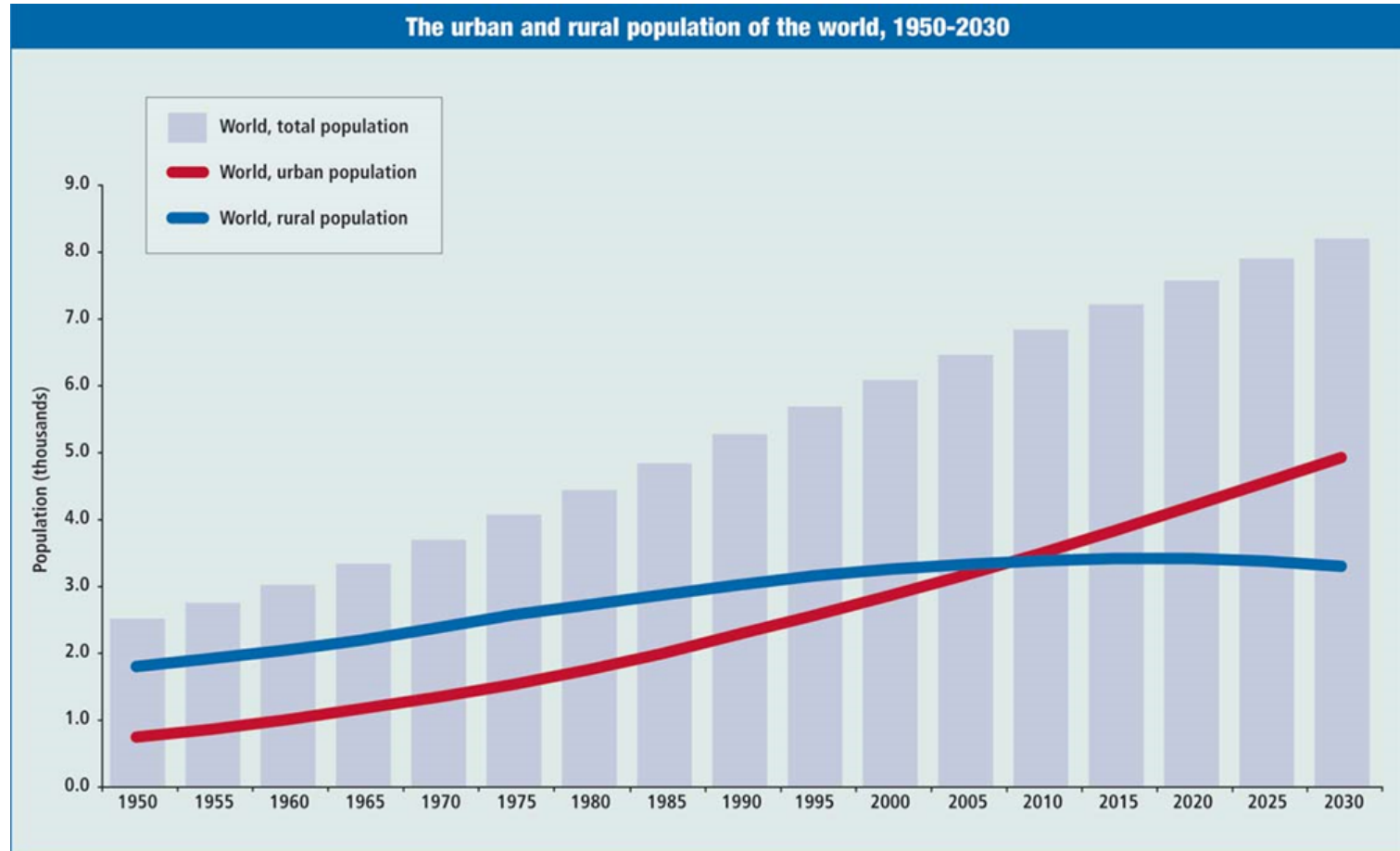
Two Conjectures:

- Perhaps because the process of urbanization is almost complete; or
- Perhaps competing concerns came to the fore.

Urbanization: Is it Almost Over?

- On the one hand, yes. By 2075 it will be over. The share of population in cities will stabilize.
- But, on the other hand, these last two generations of urbanization will be of incredible dimension.

Urbanization Trends



Urbanization Trends

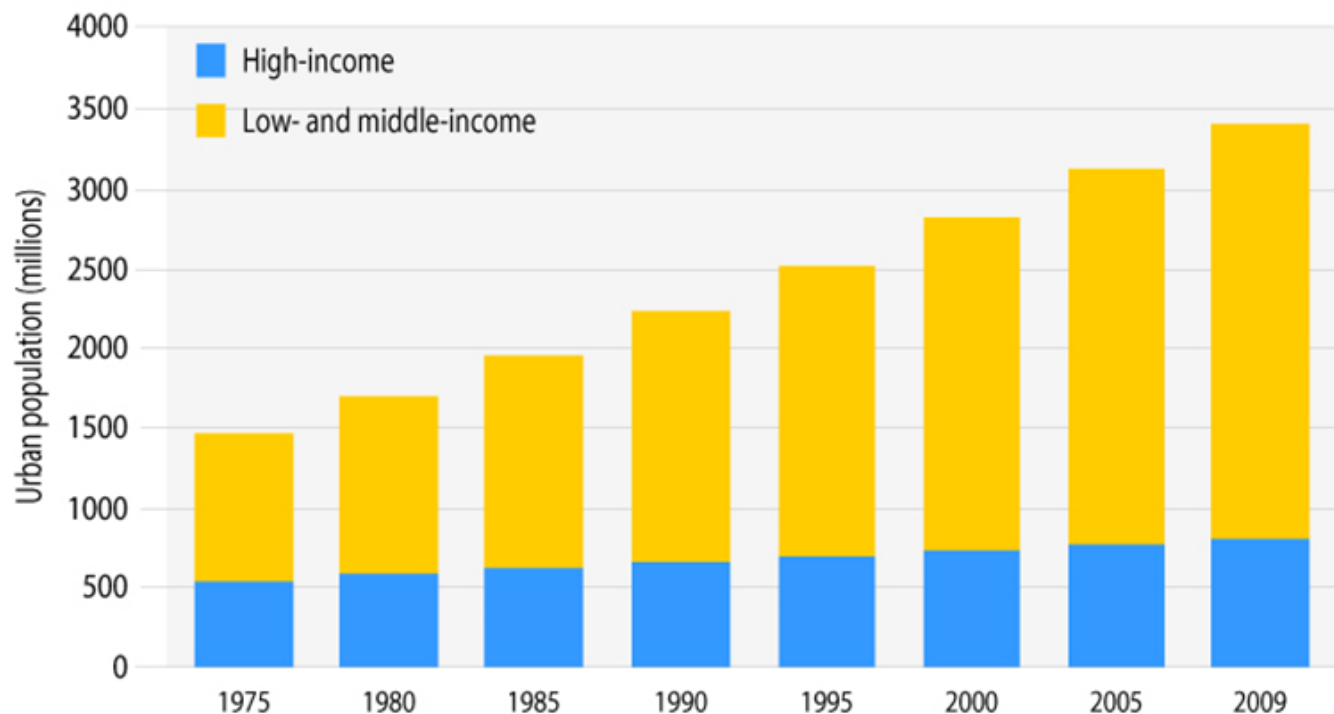
The next 3 billion people on earth will live not
only in cities...

But in the cities of the Global South



World Health
Organization

Urban population in low-
and middle-income countries, 1975–2009



Source: UN Population Division. World Population Prospects the 2008 revision. New York, 2009.

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Even if urbanization trends are unprecedented

The process is, nevertheless, almost over.

- Urbanization will take about nine generations to complete;
- We are half way through the seventh of these generations;
- What kind of world will the soon to be a non-urbanizing be, one that did most of its growth in this last period?

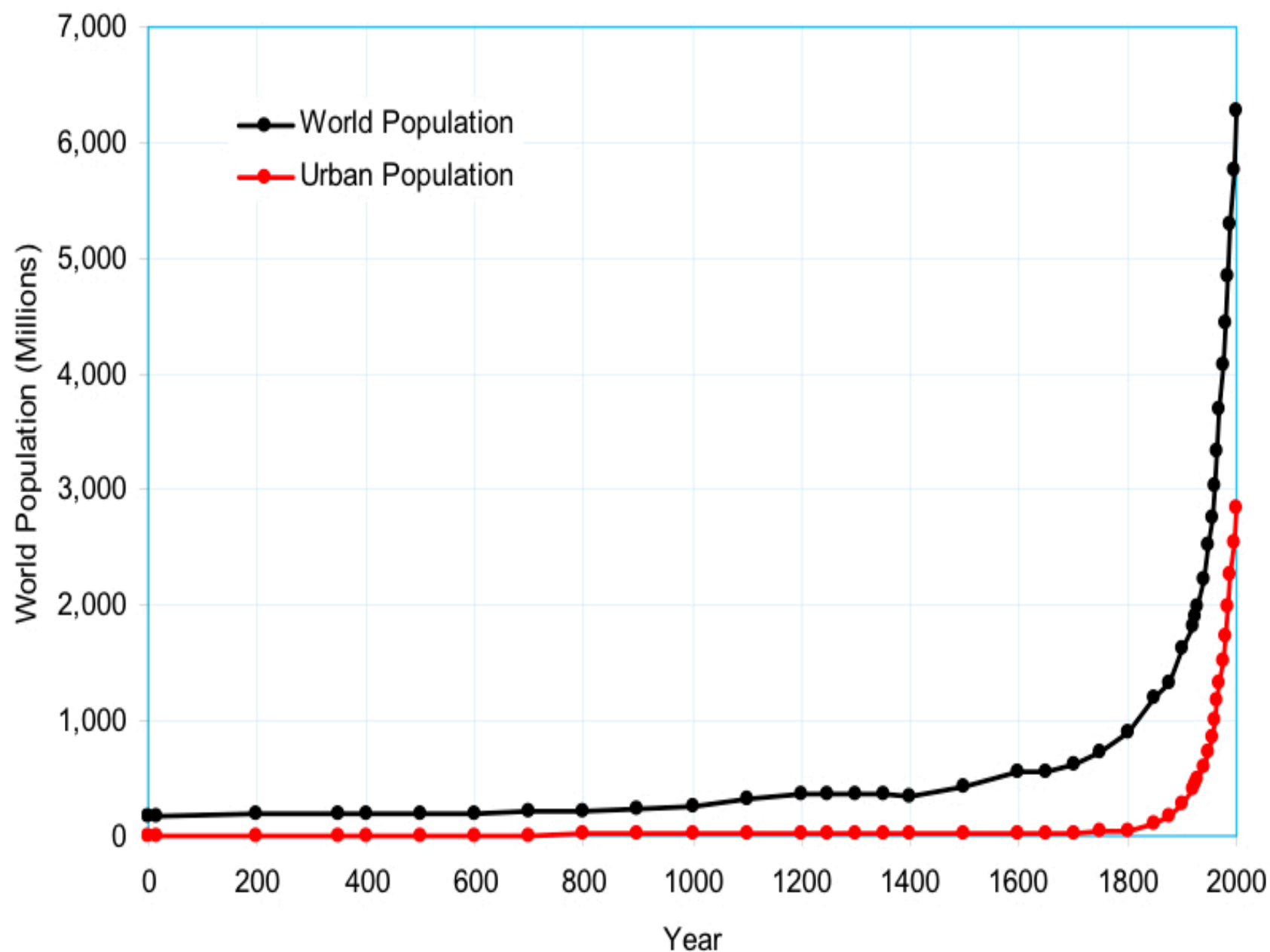


Figure 6.3: World population and urban population growth in the first two millennia A.D.

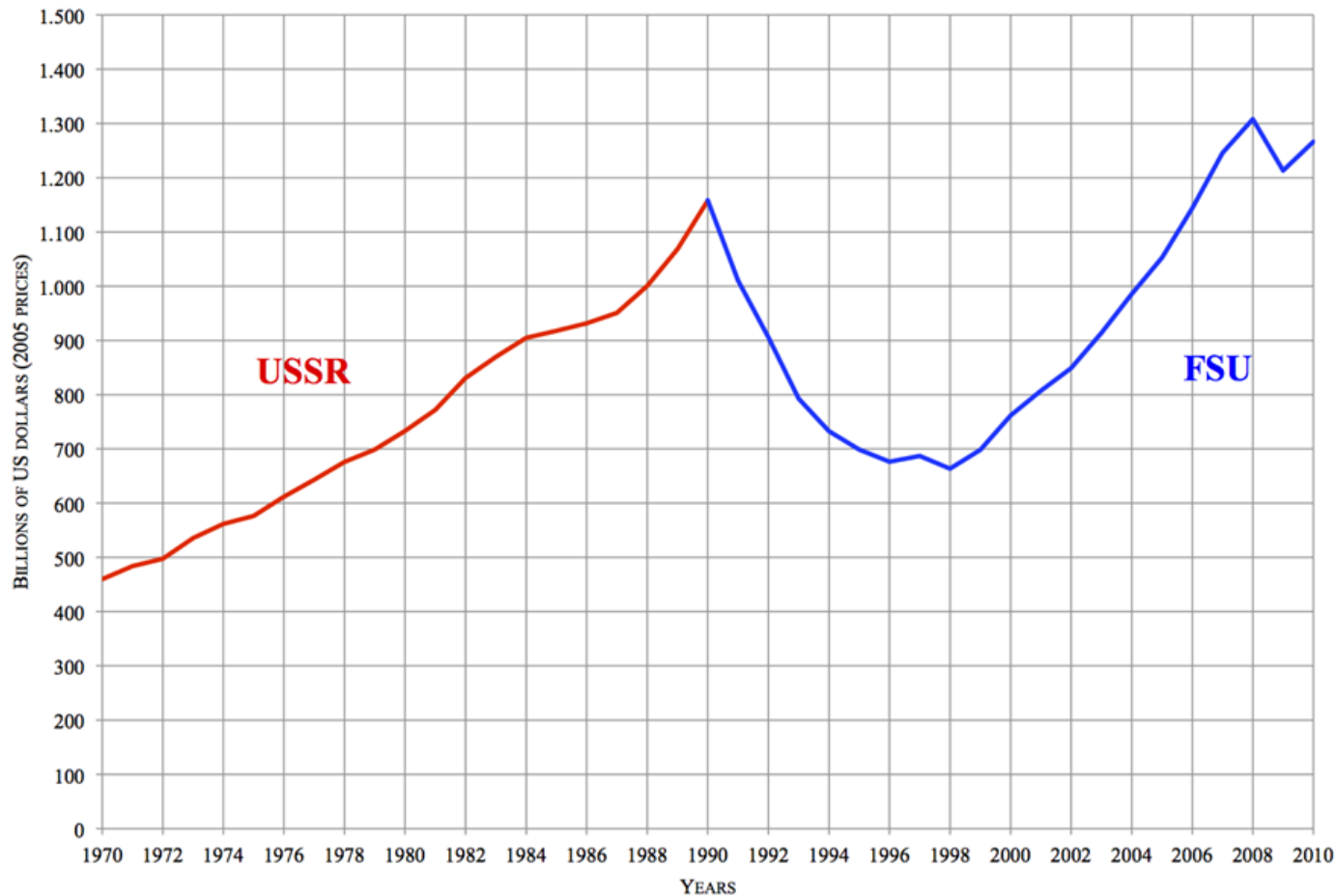
Why the Seeming Decline in Interest is the Urbanization?

- Perhaps the seeming decline in interest has nothing to do with urban trends and more to do with world-wide trends?
- To consider this, put **Habitat II into context**

Habitat II, 1996

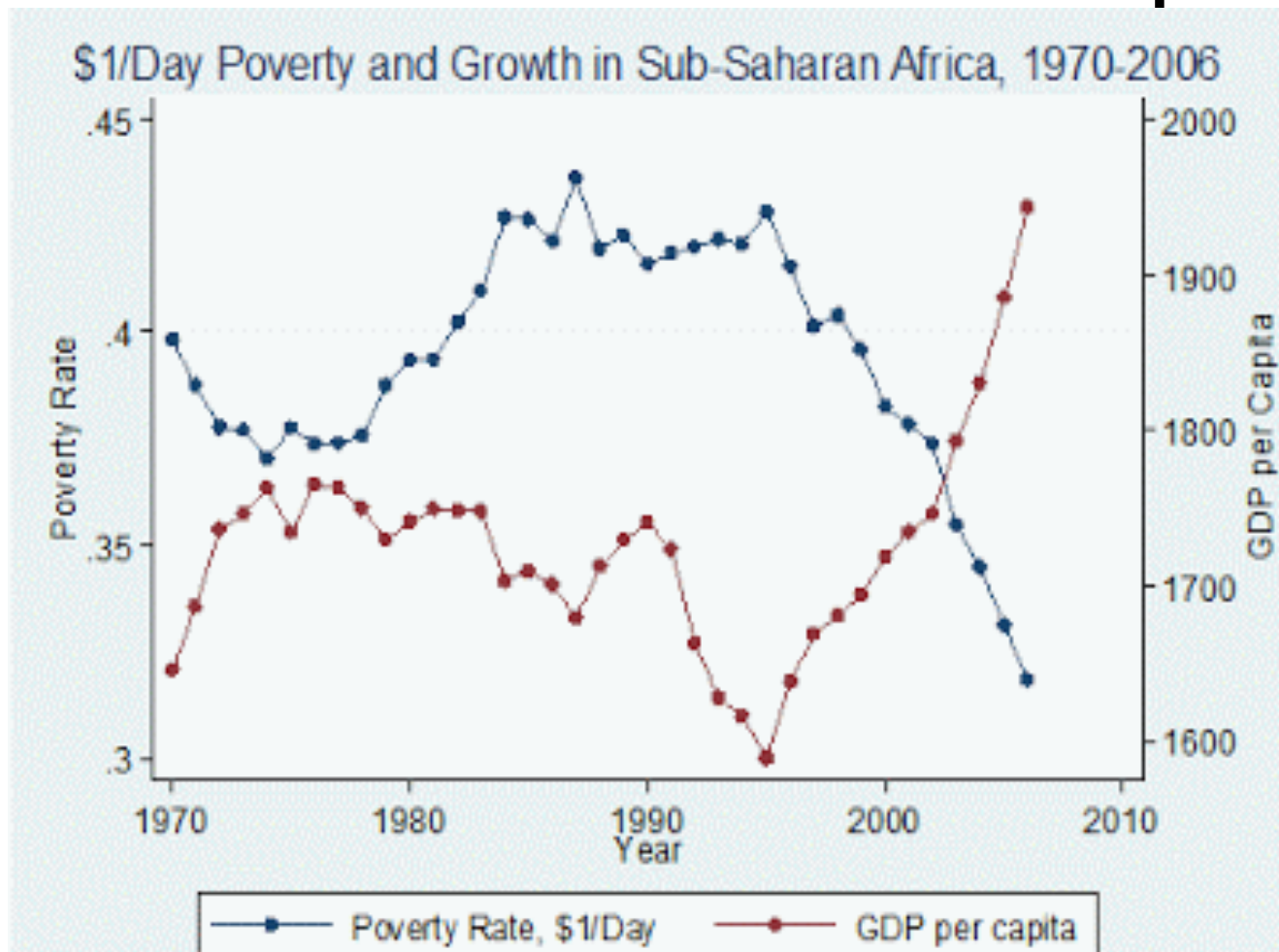
- Established the Habitat Agenda;
- Began the bi-annual conferences known as the World Urban Forum;
- It was also a year in which....


Habitat II, 1996 The Soviet Union Disintegrated

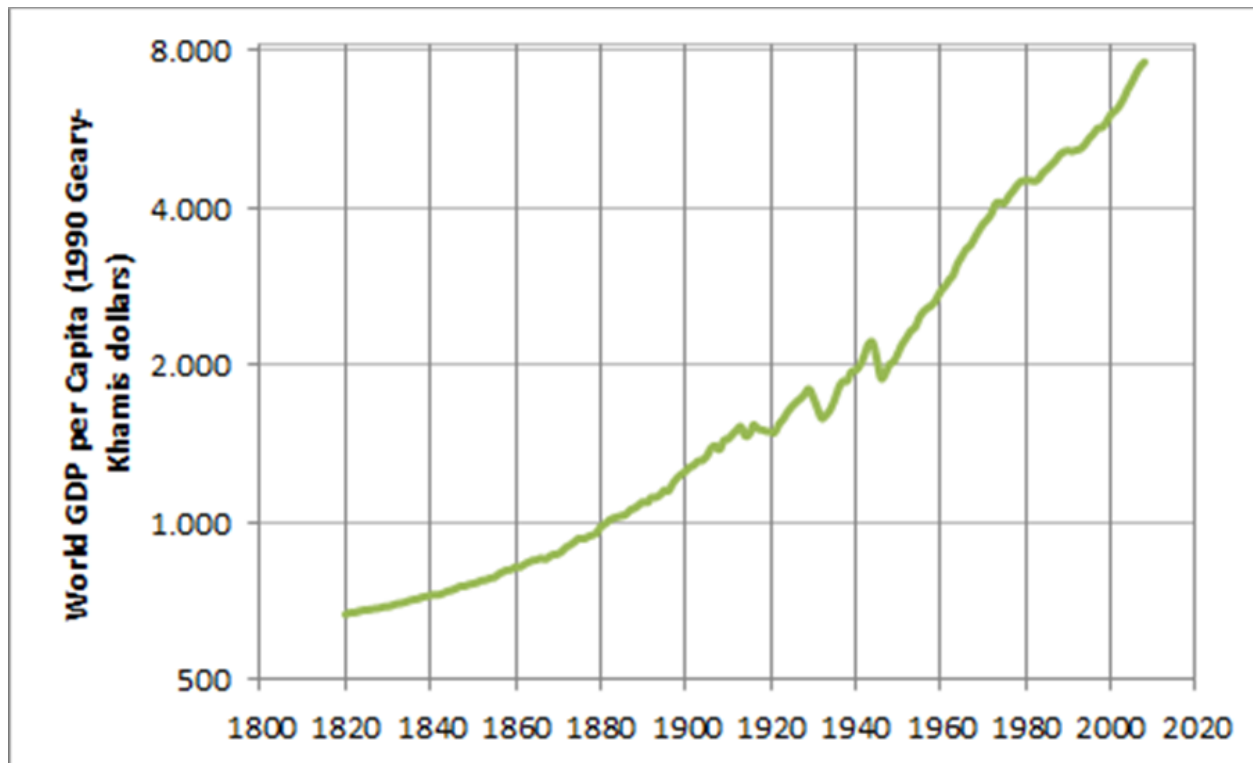


Habitat II, 1996 \Rightarrow context

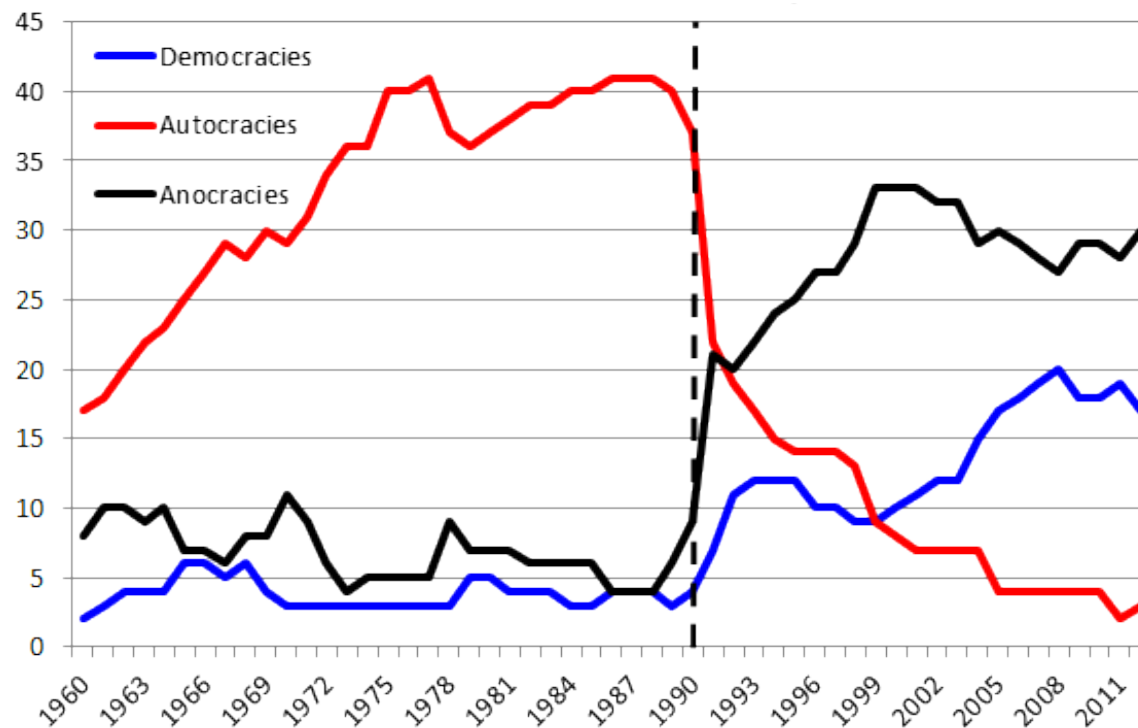
African Growth Was Collapsing



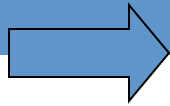
Habitat II, 1996  But, world economic growth was strong



Habitat II, 1996 Democratic governance spread



Habitat II, 1996

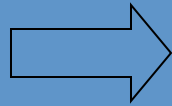


Larger Concerns

In such an epoch Macro and Global Issues Prevailed

- The Washington Consensus governed policy and focused on macroeconomic conditions;
- The emergence of an IPCC agenda led to shifting priorities;
- Finally, an OECD strategy paper led to the development of the Millennium Development Goals.

Habitat II, 1996
Innovation

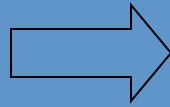


Technology and
Innovation

Finally, On the Innovation Front

- The internet was starting to emerge. There were 45 million users of the Internet, most of them in the U.S.;
- Modern Microfinance was just beginning, and Slum Dwellers International was just beginning.

Habitat II, 1996



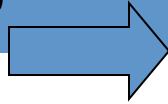
Perhaps Urban was Less Important?

- In short, external events may have made urbanization issues seem less important than they were 20 years earlier;
- Many of the changes in the world were the sorts of events that come along once in a century;
- The question is what is the environment for urban issues today?

Habitat III, 2016

What then is the Policy Context for
Habitat III?

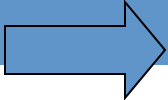
Habitat III, 2016



Anticipating the event...

So far 2014 is a Year in which...

- The IPCC confirmed that the adverse effects of **climate change** are already present and intensifying;
- Thomas Piketty's book *Capital in the Twenty-First Century* revolutionized how we think about income **inequality**;
- Concern that Economic **Growth**, as we know it, was over.

Habitat III, 2016  context

It is also a time which still bears the costs of the Great Recession of 2008-9

- **Austerity, the Euro Crisis**

As well as the aftermath of the Arab Spring

- **Is decentralized, democratic governance still growing?**

Habitat III in this policy context

- In many respects, urban concerns are not new. All of them were identified by the 2013 Social Development Solutions Network;
- Indeed, they are concerns that have been extensively discussed since Habitat II, but, for whatever reason, without much world attention.

Habitat III

What Can Habitat III do to Change the Seeming
Continuous Decline in Urban Issues?

Habitat III's Role in Demonstrating the Importance of Cities

To do so requires a change in mindset:

The traditional claims that increasing the poor's "right to the city" will produce well-functioning cities are not enough.

Habitat III's Role in Demonstrating the Importance of Cities

- Not only cities are swimming against the economic tide, governments are reluctant to provide more resources for them to manage.
- But motivating a change in view requires a shift from distributional pleas such as the “right to the city” to a recognition that well-functioning cities are among the best public investments available.

Habitat III's Role in Demonstrating the Importance of Cities

The obvious question is what is the evidence of this claim?

Evidence of the Urban Problem, I.

- Piketty's (2014) path-breaking work says a great deal about the distribution of wealth.
- Importantly, it also implies that cities will increasingly be much less affordable places where wealth is much more concentrated.

Evidence of the Urban Problem, II.

- Conditions in many cities have already deteriorated, and this is before the coming demographic deluge;
- Urban Africa, for example, has seen no improvement in access to sanitation despite a 50 percent increase in per capita income.

Evidence of the Urban Problem, III

- This year Cities Alliance and United Cities and Local Governments of Africa have produced a rating system for local governments in Africa;
- The ratings are low, and most observers would argue that their improvement over time, like the lack of sanitation, has been even lower.

In sum, even simple innovations are lacking in many cities



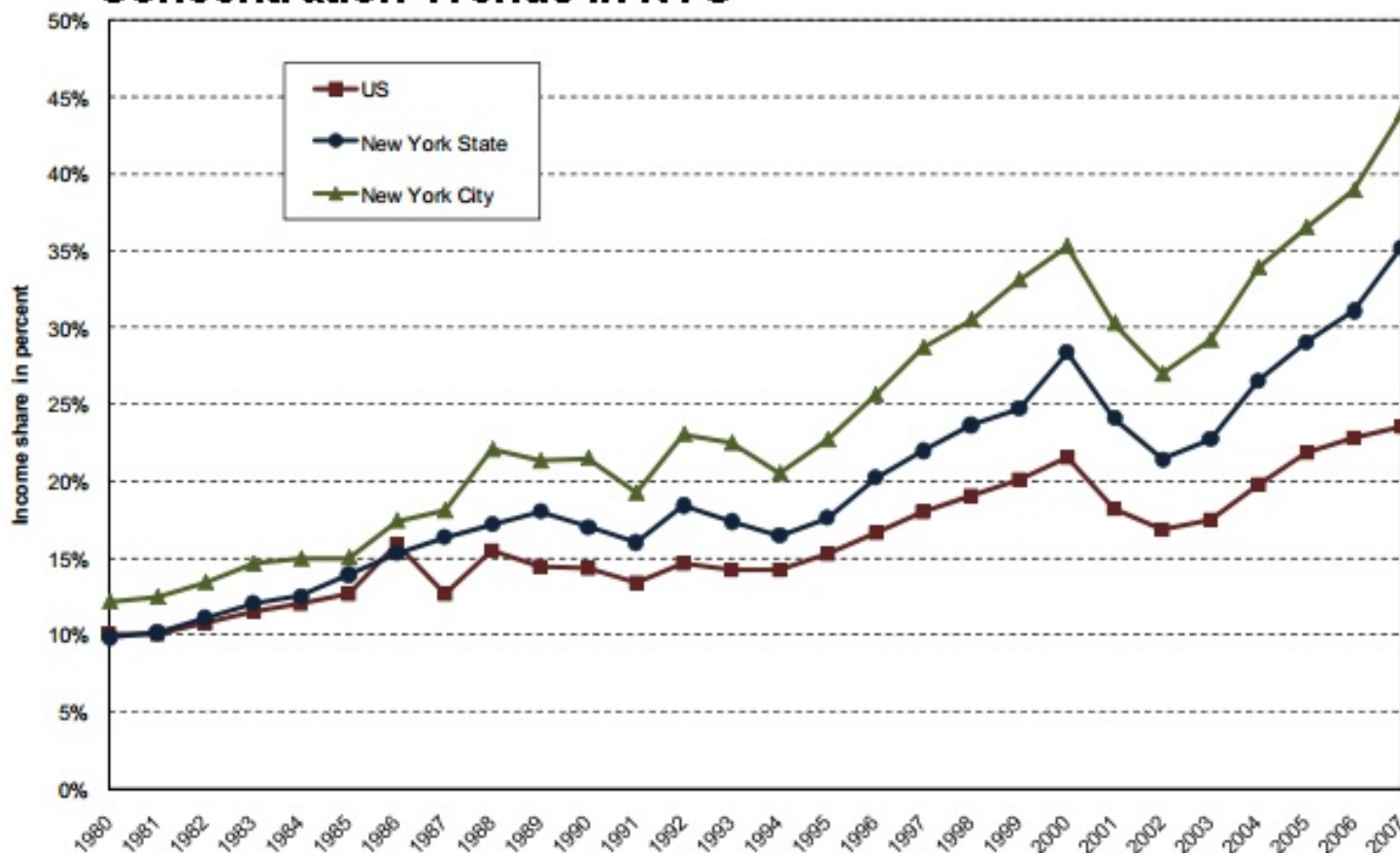
Despite Instruments Lack of Innovation

- There are now more than 2.5 billion users of the internet, social networks are now in place and have performed effectively when funded;
- Microfinance has blossomed and much more effective poverty targeting – like the Brazilian Bolsa Familia -- is widespread

But, other trends are less benign

- Piketty implies that city problems are already compounded by increasing inequality and housing affordability;
- For example, consider how well the top 1 percent of the income distribution do in NYC:

Fiscal Policy Institute's analysis of Income Concentration Trends in NYC



Source: Piketty & Saez's analysis of the US top 1% income share (<http://www.econ.berkeley.edu/~saez/index.html>); FPI analysis of NYS and NYC personal income data from the Department of Taxation and Finance.

New York through Piketty's Prism

- Rent burdens have skyrocketed;
- Homelessness increasing as poor cannot pay even minimum rents;
- Vacancies are very low and crowding is increasing.

Changing the Mindset is Essential

- The data on New York City are by no means unique. These trends characterize most large cities in the world;
- When cities have increasingly concentrated wealth it becomes more difficult to provide basic services to all but the wealthy. Cities will increasingly be under stress and filled with gated communities.

Nor are External Conditions Benign

- The post Great Recession world has revealed fiscally strapped governments which are much less interested in redistributing to the poor “the right to the city.”
- The post-Arab Spring world has revealed central governments which are much less interested in devolving power to lower levels of government.

Changing Mindsets on Cities is Essential

- If the performance of cities in the global south deteriorates so too will their growth;
- The risk of the urban poor being victims of Climate Change will increase, as will the inability to deal with GHG emissions;
- Cities throughout the global south will be filled with slums and social unrest.

Changing the Mindset is Essential

- Slums are the most obvious manifestation of dysfunctional cities;
- But, the larger issue is most cities have neither the resources nor the autonomy to be able to govern in an increasingly hostile environment;
- Communities must be empowered, but so too must cities be able to manage large scale infrastructure systems.

Changing the Mindset is Essential

Unless Slogans like “the right to the city” detail specific policies, they will be dismissed by fiscally-pressed Finance Ministers who are already cutting back on government expenditures.

Changing the Mindset is Essential

- The argument for better-functioning cities is that the tools are now in place, and using them will yield extraordinarily high rates of return. Cities are investments not consumption.
- Moreover, the costs of not making these investments – given urbanization and youth employment needs -- has the potential for catastrophe.