

THE CITIES, THE STATE AND THE MARKETS: IN SEARCH OF SUSTAINABILITY

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Summary

This chapter discusses the issue of sustainability in its particular relationships with the urban environment. In the urban context the interactions between man and environment are magnified by the demographic concentration and by the complexity and diversity of the specific goals that motivate different social groups and individuals to use the common resources in a particular form. It is understood that urban environment and its sustainability are directly connected to the complex of political forces that effectively decide what is going to be used in benefit of whom in that context. To develop this

subject the chapter first identifies the basic links between development strategies and urban policies. Secondly identifies the particular urban policy, urban form and use of natural resources evolved from each development strategy. Then explore the economic role of cities in a changing world economy in order to come to urban policies and environmental sustainability analyzed on the grounds of some particular interactions, with final emphasis on the case of urban networked services. And finally the chapter deals with the prospect of changes on both development policies and urban policies, on the grounds of an apparent reshaping on the relative importance of national planning on economic growth, after the recognition that the very orthodox economic *laissez faire* of the adjustment strategy actually caused more problems than solutions.

1. Introduction

This chapter discusses the issue of sustainability in its particular relationships with the urban environment. In principle the urban environment should not be seen as an insulated entity, different from the broad concept of the environment. However, the spatial concentration of artificial structures and the intensive use of the natural resources existing on the proximity of urban concentrations render the urban environment a particular component of the environment as a whole. In the urban context the interactions between man and environment are magnified by the demographic concentration and by the complexity and diversity of the specific goals that motivate different social groups and individuals to use the common resources in a particular form. Basically, the use of the urban environment is aimed at either supporting the development of economic production or fulfilling the needs of groups and individuals in their daily life, the latter generally being referred to as social reproduction.

The decision of using a scarce resource for economic production or social reproduction represents a first level of duality in urban policy that becomes more and more complex when we consider which particular social groups benefit from what. The economic production will be centered in some particular segments of activities that exclude others, and the amenities associated with social reproduction will also be more accessible for some than for others. In a few words, urban environment and its sustainability are directly connected to the complex of political forces that effectively decide what is going to be used to whose benefit. This has to do not only with the people living in a particular city, but also with the role this city assumes in a broader regional or national context, thus involving interests beyond the internal contradictions of local people.

To explain how these processes evolve and what policies have been undertaken to address them, this chapter has been organized into five sections. Initially, the basic links are identified between development strategies and urban policies. These links are not always clear, but they do exist. In section 2 of this chapter it is shown that, for each broad development policy, particular approaches to urban policy have evolved, with peculiar outcomes in terms of urban structuring, urban form and use of natural resources. The main broad strategies and corresponding urban development approaches here considered are the modernization strategy, the basic needs strategy, and the structural adjustment.

Section 3 of this chapter explores the economic role of the cities in a changing world economy. One of the most important features of the economic adjustment approach associated with the opening of national economies, at least in the early years following the Washington Consensus, was the idea of a dramatic shrinkage in the role of the national states and a growing role of localities as privileged units of economic development in a global economy. This resulted in an unprecedented emphasis on the so-called urban productivity, whose limits are shown in that section. The economic functionality of the urban productivity approach has proved to be questionable from the standpoint of sustainable economic growth, since many of the apparent successes of the competition between localities in the same country actually resulted from the mere transfer of economic vitality from other localities, the consolidated growth on a national or regional basis being much lower than the successful cases alone.

In section 4, urban policies and environmental sustainability are analyzed on the grounds of some particular interactions, with final emphasis on the case of urban networked services. Initially considered are the complexity of the environment and the limits of the citywide management, apart from the very economic limits stressed in the preceding section. It is shown that local governments, albeit keeping an important role in guaranteeing the direct and immediate measures aimed at urban sustainability, are not accountable for the sustainable development process as a whole, since environmental issues involve processes that largely exceed local jurisdictions. The larger share of demand side management on decentralized and privatized sectoral policies, that has been associated with the neoliberal approach to urban management, does not render these policies automatically more democratic.

The demand side in unequal societies keeps the same structural asymmetries that have always characterized the concentration of power on the supply side. The networked services play an important role in connecting the urban and the environmental logic, since these services in practice constitute the most important tangible vectors for dispatching capacities of common resources over the urban territory, with the potential to create privileged and excluded areas within the same urban complex. It is shown in subsection 4.3 that the issue of regulation of public services is much more than an economic question, involving the institutional means by which society may control the location of the main concentrations of services capacities.

Finally, in section 5 this paper deals with the prospects of change in both development and urban policies, on the grounds of an apparent reshaping on the relative importance of national planning on economic growth, after the recognition that the very orthodox economic *laissez faire* of the adjustment strategy actually caused more problems than solutions.

Comments are offered on the new political framework that may emerge from the new trends of the public administration reform supported by the main international agencies, showing the functionality of social equitability to economic development. Far from a mere compensation of alleged distortions of a presumably sound but unequal economic development formula, social equitability has more and more been recognized as a precondition to sustainable growth. These are the grounds to a possible next step in urban policy strategy, committed to the basic principles of sustainability.

2. Development Strategies and Urban Policies: Basic Links

In order to enter into a debate on the current situation with regards to sustainability and urban development, it is necessary to take a brief look at the theoretical framework dealing with the relationship between development strategies and urbanization. It necessitates the discussion of theories on inequality and the different roles of the actors in the global and national arenas, as well as those of public and social actors in confronting them. This approach is necessary in order to explore main concepts, which underpin the relationship between globalization and the local forces affecting the organization of space in developing countries. What seems to be clear is that globalization is not purely an inevitable economic state, but that it is part of a broader process that affects human conditions in terms of demography, poverty, employment, culture, endemic illness, drugs commerce, environment and other factors. It is also clear that this process involves a number of conflicts and contradictory interpretations. There is little doubt, however, that globalization has numerous implications for the organization of space and urban development. The following periodization has been used by Burgess & Carmona in the analysis of development strategies and urban policies.

2.1. The Modernization Strategy (1950-1970)

The modernization strategy was the dominant development paradigm in developing countries in the immediate post war period in a context when manufacturing and raw material extraction were subject to international trade regimes that contributed to building the global interstate system, and national states adjusted national development policies to support this type of economic system. The different economic, cultural and political variants of Modernization all shared the same argument that the transition from the “traditional/agriculture” to “modern urban / industrial societies” could be achieved through emulating “western” patterns of development. In Latin America, South and South East Asia, and in some countries in the Middle East and North Africa, modernization strategies were focused on import-substitution industrialization models. In the modernization models, agriculture was assigned a secondary role to an expanding urban/industrial sector which was identified as the “leading dynamic sector”. An explicit attack on the problems of poverty, unemployment and income inequality was deemed unnecessary, given the fact that the experience of developed countries had already demonstrated the ability to increase employment and income opportunities.

Cultural modernization theories of the time identified the social, cultural and institutional transformations required for modernization to proceed. Modernization would be facilitated through technology transfer, the development of modern market conditions and the westernization of social and cultural institutions.

The modernization strategy had a profound effect on the formulation of urban planning in developing countries. Some scholars argued that the relationship between industrialization and urbanization, revealed in the historical trajectories of the developed countries, would be repeated in developing countries. This relationship was one where a pool of rural surplus labor generated by the capitalist development of agriculture found employment in the growing urban manufacturing sector. Policies to stimulate migration

included: different urban and rural wage rates; urban bias in public investments in urban goods and services and the substantial subsidization of urban food, transport and fuel prices.

2.2. The Modernist Urban Development Strategies

Modernist urban development strategies started to be introduced into developing countries after the Athens Charter and the International Congress of Modern Architecture (CIAM) in 1928. The creation of new urban zones, new settlements or the redevelopment of dysfunctional urban areas would be undertaken through a holistic pre-conceived plan, ruled by aesthetic and theoretical principles which answered to existing material needs. The new ideas abandoned the compact monocentric structure and grid layout that were considered as the principal cause of urban chaos and monotony, in favor of an urban structure and morphology which responded to the particularities of the site, the local topography and the landscape. Four functional criteria were to be used as the key guidelines for city ordering: housing, work, leisure and circulation. Functional urbanism was to introduce a new urban order, harmonizing densities and services, providing a solution to vehicular traffic congestion and modifying the speculative character of land subdivision.

Modernist principles regarded vehicular circulation as being a major element in structuring element of urban design plans. They enhanced privatized transport and road systems, and variable zonal densities, which they saw as the best way to achieve the vehicular mobility necessary for the rational and functional efficiency of the city. The optimal planning and location of work and residential functions were also seen as fundamental to ordering the city, and were regarded as important in avoiding speculation. Designs and plans had to embody the need to reduce commuting times between places of work and places of residence; industrial zones should be established in distinct locations and separated from housing by green areas; and business centers and commercial activities should be located on major circulation intersections in ways that would enhance a polynuclear form of the city.

The modernist planning approach to new housing and slum clearance stressed the need for a new urban order. The household was to become the basic element of a cellular urbanism: households would group themselves into “Unites d'habitation” which would be structured as part of a hierarchy of larger spatial and social units, each of which would be provided with the service functions appropriate to its scale and function. Current patterns of land subdivision and speculation must be replaced by a system of land allocation that was responsive to users' needs and which recognized the interests of both individual owners and the community in sharing the fruits of collective and personal endeavors in urban development.

The sixties witnessed the revival of regional planning and of balance systems of cities for achieving steady national development. There was also the introduction of computerized systems analysis into urban planning practice in cities in many developing countries. New models sought to identify optimal patterns of development. Spatial interaction transport models were devised to correct the growing diseconomies produced by transport congestion. These models allowed the prediction of the volume

of movement of goods and population in metropolitan regions. Spatial interaction models for land uses, and particularly for residential functions, were utilized in the planning and design of the metro in Santiago, Caracas, Rio de Janeiro, Buenos Aires, Sao Paulo and in Mexico City.

The most successful application of the systems approach to integrate land uses, transport systems and traffic flows was Curitiba's "Integrated Transport System", the principles of which were highly influential in the formulation of Integrated Development Plans and Structure Plans in the seventies and eighties. In the same period, information systems were also introduced into the building sector in order to optimize its performance.

Urban renewal activities during this period relied on a particular combination of subsidies, tax and credit incentives and regulatory controls that were characteristic of the Keynesian concept of planning for social welfare goals and support for the private sector. During the sixties a number of developing countries organized their housing and urban development policies around complex financial and institutional arrangements. Long-term financing relied on a dual system of voluntary and compulsory savings, and the management of these savings and loans implied incisive modernization of the entire financial systems of a country. Proponents of this approach argued that the effects of growing inflation—associated with economic growth through the emerging industrialization process—would be counteracted by attaching monetary values of assets and liabilities to official indexes, and each voluntary savings account would be guaranteed by the government up to a certain amount. It was projected that the repayment of loans, on average, would cover the total financial costs of the system, thus guaranteeing its financial sustainability with no systematic allocation of public money towards subsidizing it. In practice, however, public money proved to be crucial to the maintenance of the housing financial systems, since the repayment of mortgages and the flows of voluntary savings were not sufficient to cover the full costs involved. Under different political systems, the state-managed financial systems for housing and urban development associated with modernist urban strategies showed, on the one hand, not to be self-supporting if exclusively based on the capabilities of the people to pay the full costs of provision, and, on the other, to be unreliable in terms of stable state subsidization, since the state itself could not afford a systematic allocation of public funds, in whatever form, for that purpose.

By the early seventies, modernization strategies were clearly running into trouble. Despite relatively high GNP growth rates that exceeded population growth rates and a significant increase in the contribution of manufacturing to GDP, the promised benefits of urbanization and industrialization had failed to materialize for a large proportion of the population. The rise in per capita GDP concealed the fact that in many cases there was deterioration in living conditions, lower employment opportunities and an increase in income inequalities. The failure of the capital-intensive modern industrial sector to generate sufficient jobs became obvious by the early seventies, as did the fact that industrialization and urbanization had led to a worsening of income distribution. This deterioration was particularly notable for those countries with the highest GNP growth rates. With rising unemployment levels coupled to a highly skewed pattern of income distribution and dependency rates (generally over 50% of the population), the

proportion of the total population living in conditions of absolute or relative poverty increased substantially.

The urban policies associated with modernization strategies ran into similar difficulties. Modernization strategies led to a substantial increase in urbanization rates during these decades, often doubling the rate of natural increase of the national population in Latin America and parts of Asia. Given the social and political strains, pressures on public expenditure and growing urban and environmental diseconomies, the continued application of policies that encouraged rural to urban migration and urban rather than rural development was challenged. Urban growth rates exceeded the rate of urban job creation and the absorption capacity of both industrial and service sectors. By the late sixties it was also clear that conventional housing solutions to the housing problem were failing: output remained limited; there was a continued proliferation of slums and shantytowns and an inexorable growth in housing deficits.

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Biographical Sketches

Marisa Carmona was educated in Chile. She acquired practical experience in policy making, planning and building when she was head of the office for Human Settlements in the Ministry of Housing in Chile. Since 1974 she has been teaching at the Delft University of Technology and has gained experience in project formulation and project assessment, especially concerned with land, housing and infrastructure in Africa and Latin America. Her doctoral research dealt with a Decision Support System for Urban Restructuring in the framework of the sustainable city approach. She is Associated Professor at the Faculty of Architecture Delft, and coordinate the Studio Globalisation and the International Research Network IBIS “Globalisation, Urban Form and Governance”. She is member of the Advisory Board of the United Nations/Habitat: Global Research Network in Human Settlements.

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