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urban age

THE GLOBAL CITY MAGAZINE

The New Chinese Dream
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Travel Times To Work
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Volume 6, No. 4

Gambling on the City Economy

EDITOR'S NOTE

WHAT IS THE CITY IF NOT THE PEOPLE? Whether or not this pithy line was written by William Shakespeare, or by the many other claimants to his oeuvre, the phrase rightly places human achievement at the forefront of city endeavors. So when we talk of the city economy in our Special Report, that phrase should be redolent of the myriad efforts of all the people who make a city thrive. As our Guest Editor Nigel Harris has described it, the reinvention of the city economy begins with the decline of the industrial base in the 1970s: manufacturing jobs disappear; recession, decay and flight to the suburbs follow; stasis sets in. But then a degree of political and fiscal decentralization gives the city new powers to tax and spend. City coalitions emerge to promote the city package. Globalization spawns new service economies, and competition occurs between cities to attract investment and talent. Information becomes a key commodity. Quality of life issues dominate. The result is transformation and rejuvenation.

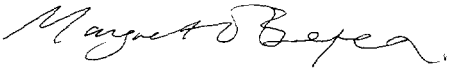
Elements of this story line will occur in every city determined to succeed in the 21st century. Successfully competing on the global stage requires cities to gather and analyze reliable information and to understand the extent of their economic assets.

The Chinese government is hoping that housing reform will have an anticipated US$100 billion ripple effect in the economy. Zhu Rongji, the Chinese prime minister, pledged to start the process of housing reform on July 1, 1998. It was hoped that freeing state enterprises from the burden of paying for housing would make them more competitive, and that liberating the worker from allocated housing would improve labor markets. Everybody would gain.

Ted Plafker reports from Beijing that the process has been slowed by the complexity of making tens of millions of Chinese into homeowners. There are shortfalls in available capital, nascent mortgage markets and mortgage insurance that need to be developed, and inheritance laws that must be written. But quite possibly the underlying economic assumptions that propelled the issue to the forefront may have to be reviewed. After all, housing is a social issue. Presumably the system will work more smoothly when it becomes clear to the Chinese homeowners what it is they are buying, how much it will cost and whether they can leave it to their children.

Waste pickers in Belo Horizonte in southeastern Brazil have organized themselves into an association, automated their factory and begun to celebrate their profession through dance and song. Their annual street parade is testament to an ability to sell their vision of work with honor and humor.

Read the article on Hydrabad from our Asia correspondent, Patralekha Chatterjee. The city is known as "Cyberbad." It is home to Microsoft's single international presence and to thousands of startup software companies. The issues she raises about the wisdom and sustainability of niche marketing a city are worth pondering.



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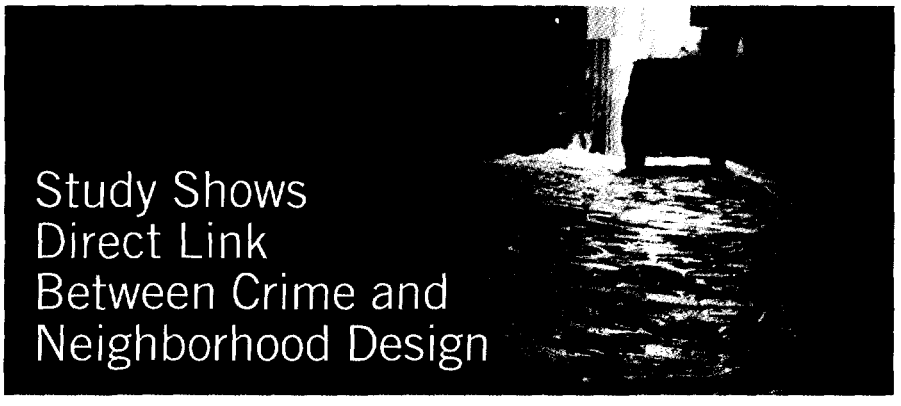


Study Shows Direct Link Between Crime and Neighborhood Design

THE DESIGN OF STREETS, buildings and houses may directly affect the level of crimes in a neighborhood—either making it easier for criminals to operate or discouraging them—according to a recent study in London. Although not conclusive, the study results challenge many of the assumptions that have guided housing design in recent decades.

The Space Syntax Laboratory at the University College, London, looked at spatial relationships of urban structures. Bill Hillier, a director of the laboratory, explained that the researchers were asking "why cities are, in the main, made up of linear spaces—streets, avenues, alleys, boulevards—linked into networks with buildings opening directly onto them from both sides, so that people going in and out of the buildings mingle with those who are passing through." One part of the answer, he said, "is that this is the safest way of doing things."

The technique looked at details of crimes, such as points of entry to dwellings, and compared different spatial design characteristics across a range of housing areas (such as the age of buildings, income levels of occupants, etc.). This allowed common design characteristics to be identified as influencing crime in their own right, regardless of other social and demographic characteristics.

A computer map of a selected city area was used to analyze the potential of streets to generate movement. Crimes in the area—burglary, for example—were superimposed so that patterns and relationships could be statistically correlated. The analysis showed that certain crimes tend to occur in specific types of locations, even if they are geographically separated.

The results indicate that areas with good linear visibility and good potential for movement are safer. It is less safe where space is broken up, with limited lines of sight and with limited potential for movement. According to Hillier, "We have to get rid of the idea that strangers equal danger. Our results show the opposite to be the case: people using a space are the main agent for policing that space safely—in general, criminals avoid the spaces where people will naturally tend to be."

Hillier noted that some popular designs such as the cul de sac, where houses face each other around a circular road, are assumed to be safer because strangers are assumed to be less likely to pass through them, or that people would be alerted if they did. There is also a belief, he said, that this works better if the neighbors know each other, so the fewer residents around the cul de sac, the better. The study results suggest that the opposite is true: the built-in advantage belongs to linear streets with housing on both sides. There are more houses, the lines of sight are better, people (and cars) are passing along the street, and the area behind the housing is naturally protected by other houses. The laboratory is now researching several different residential areas to see if the results differ.

Further information about this research can be found on the Internet at: http://www.spacesyntax.com

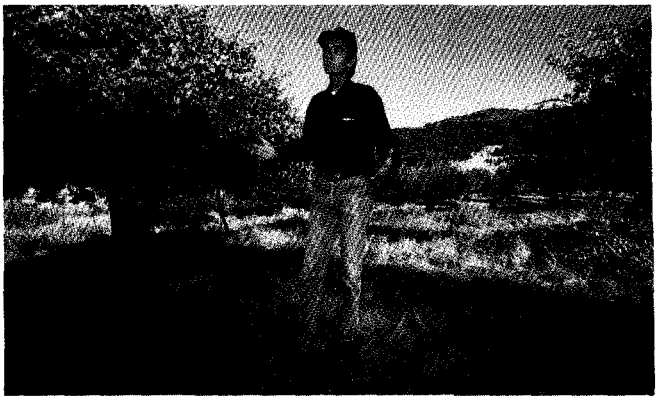
INDIA REPEALS URBAN LAND CEILING AND REGULATION ACT

SOCIALIST INDIA enacted the Urban Land Ceiling and Regulation Act (ULCRA) in 1976 with the idea of providing housing to the urban poor. Anyone who owned land in excess of government-prescribed limits had to hand it over to the state, which was to redistribute it to the poor. The law applied to all Indian cities with a population above 250,000. However, the effect was just the opposite of what was intended.

Those with excess land found innumerable loopholes. Landholders promptly went to court and got stay orders or found other ways of circumventing the act. In Mumbai alone, more than 300 cases related to ULCRA are pending in various courts. The constraints on the supply side pushed up land prices to a level that made it almost impossible for even the vast majority of middle-class Indians to own a decent house. Of the 221,000 hectares of land identified as surplus in various parts of the country, only 19,020 hectares have actually been physically acquired in the 23 years the act was in force.

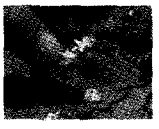
Early this year, the Indian government repealed the statute. The decision has been widely hailed, but procedural formalities remain. It will take a long time before the blocked land actually comes out in the market. Most importantly, the scrapping of the act will lead to more transparency in the entire system; this, in the long term, will ensure better disclosure laws for builders and developers. However, repealing ULCRA will not miraculously ease the country's housing crisis. The final impact has to be assessed in the context of other factors, such as the still-in-force Rent Control Act.

SAN DIEGO CREATES UNIQUE URBAN WILDLIFE PARK



Roger Sonnenberg, foreman of a San Diego County ranch, stands in his orchard, now part of an area proposed a major biological preserve.

THE WESTERN U.S. CITY OF SAN DIEGO, California, is a fertile area for developers. However, the picturesque and often expensive landscape is believed to harbor more endangered species than any other region in the nation. It has been the site of conflicts and detailed bargaining over federal and state laws designed to protect endangered species. Now, the city has adopted a unique conservation plan that could be a model for the rest of the country.



Under the sweeping new conservation plan, called the Multiple Species Conservation Program, decisions will no longer be made tract by tract, species by species. The plan designates 172,000 acres—900 square miles—of San Diego County as a major biological preserve. About 57,000 acres are within San Diego city limits. Marc Ebbin, of the U.S. Department of the Interior, told reporters that the plan is "not just for species that are heading towards trouble, but the whole range of species associated with a very, very unique ecosystem." It "also makes it very clear to landowners what they can and cannot develop."

Five years in the making, the program gives high value to grasslands—even when the grass species is not native—in order to preserve more of this habitat for birds of prey. The preserved area is home to 86 endangered or at-risk species, including the burrowing owl, the bald eagle, the San Diego homed lizard and the American badger.

Nearly half of the proposed preserve is on land already owned by federal, state or local governments. About 27,000 acres will have to be bought by the county for from US$131 million to $180 million over 30 years. Owners of private property in the reserve will be required to set aside 75 percent of their land permanently as a protected habitat. In return, they are permitted to develop the remaining 25 percent as they wish. Some 7,000 landowners will be affected.

"This is a model that ought to be examined and replicated all over the country," said U.S. Secretary of the Interior Bruce Babbitt after city council members unanimously approved the program.

San Diego Mayor Susan Golding said the program will protect endangered species while making it easier and less expensive for most property owners to develop their land. "Everybody wins," she said. "Property owners win who are outside the preserve because they'll have better use of their property and less frustration in developing. We win because the environment will be preserved in a way that we were not able to do before, and our children and our grandchildren win. And the property owners inside the preserve win because we've committed to buy any property that is sold at fair market values."

TOP: AP PHOTO BY LENNY IGNELZI; RIGHT: ANDRE BOLLUEVE

SURVEYS RANK UNEMPLOYMENT AS NUMBER ONE CONCERN FOR MAYORS

LISTENING TO MAYORS and their problems is the motivation behind an ongoing series of international written surveys sponsored by the United Nations Development Programme (UNDP). Conducted in 1994 and 1997, with another one slated for next year, the survey asks respondents to list, in order, the most pressing problems facing their cities.

First developed in preparation for the International Colloquium of Mayors held by the UNDP in 1994, the surveys attempt to address problems from the mayors' perspectives. One hundred and thirty-five mayors from every continent responded. With the second survey in 1997, that number increased to 151.

The short questionnaire was developed as an easy tool for a busy mayor. "It can be filled out in a couple of minutes," says Jonas Rabinovitch of UNDP, New York. In both years, the mayors, who responded in writing to faxed questions, ranked unemployment as their major concern. Insufficient solid waste disposal and inadequate housing stock ranked second and third in 1994 and second and fourth in 1997.

In 1994, almost half of the mayors from both developing and developed countries who answered the survey called unemployment a severe or very severe problem. In 1997, 70 percent of the responding mayors who ranked unemployment as a severe problem also ranked urban poverty as severe.

Surprisingly, one of the two least pressing problems of the 14 listed in the 1997 survey was urban violence/crime/personal safety, which ranked fourth among most severe problems in the 12 listed by the 1994 survey.

While recognizing the importance of regional variations, the UNDP surveys also reveal common challenges facing urban governments throughout the world. The problems focus on meeting basic needs such as income, sanitation and poverty alleviation. The need to produce jobs, however, is the concern that troubles mayors most. UA

The 1997 survey was conducted by the Office for Research and Training of the International Union of Local Authorities at the University of Delaware.

PORTO

WHERE THE PUBLIC CONTROLS THE PURSE STRINGS

The seemingly outlandish notion of allowing people to make the decisions of government has taken deep root in Porto Alegre, Brazil. During his administration, Tarso Genro, mayor of the city from 1993 to 1997, challenged the traditional relationship between the state and the public, providing the philosophical inspiration and practical impetus behind the process that is known as participatory budgeting. BY LUCY CONGER

In 1995, Brazil's minister of Public Administration, Luis Carlos Bresser Pereira, visited the city of Porto Alegre, in Rio Grande do Sul, Brazil's southernmost state. He toured a road improvement project along Avenida Protásio Alves in a fast-growing mixed neighborhood in the western part of the city. There, Bresser had a pleasant surprise. He found far more than a widened avenue and urban upgrading. He was greeted by the board of representatives of the Protásio Alves neighborhood, and the group gave the minister a full report on the project.

The community residents explained in detail how the project would unify the developed and well-serviced areas of the city with the neglected areas that lacked services. The residents informed Bresser of the costs and financing structure, and the role played by the avenue in upgrading the entire western district of the city. "The people were totally informed as to the value of the project, and its significance in transforming that region," Tarso Genro, mayor at the time, said in an interview.

This exchange may have been a novelty for Bresser, but it was rapidly becoming a commonplace for the residents of Porto Alegre, and particularly the residents of lower income neighborhoods in this city of 9.6 million. To hear Genro tell it, this encounter challenged the cabinet minister's vision of the relationship between government and the public.

The hallmark of Genro's administration was putting into practice the concept of citizen control, allowing the public to make the decisions of government. During his term Genro increased public control over municipal spending and also got local professional, business and advocacy groups to join community boards that set strategic, long-term policy directions for the city. "The only fundamental reform of the state is one which reforms the relationship between government and society ... the reform of state must take command of the administrative apparatus of government," says Genro. The goal of reform, he stresses, is to "combine representative democracy with control by society of public policy."

At the heart of his administration was the process dubbed "participatory budgeting," a program initiated in Porto Alegre by Genro's predecessor and colleague in the leftist *Partido dos Trabalhadores* (PT), Olívio Dutra, under whom he served as vice mayor from 1989 to 1992. The system flourished under Genro as the public gained more experience in its unaccustomed role as decision-maker and because key tax reforms strengthened municipal finances.

PARTICIPATORY BUDGETING starts from the ground up. In Porto Alegre, the city is divided into 16 regions or districts, each of which set up a popular council made up of representatives of community associations, mothers' clubs and other local groups. A city-wide organization of residents, the council of representatives, is formed with two representatives from each popular council who are elected in their district, Genro explained. Several city hall officials are assigned to act as permanent liaisons with these organizations.

The council of representatives sets the agenda for municipal spending because it puts together a list of priorities for public works. This is done in close coordination with delegates who each represent 30 residents and are elected by their neighbors. At the outset, the neighborhood delegates compile the list of demands for projects like building schools or health centers, putting in sewerage systems or paving streets. Then, these delegates and the council of representatives meet with city hall officials.

For example, a request to pave a street that runs in front of a school will get a higher weighting than a similar request for a street that has only a few homes. The weightings are based on what percentage of the population and area of the district lacks urban services, the total population of the district and the priority projects set by each of the councils of representatives. During Genro's administration, the public set different priorities each year; in 1995, for example, paving 23 kilometers of streets in slums was the top priority. This year, the priorities are sanitation, community paving and housing.

The final decisions on public spending are made in a three-way meeting that includes the officials from city hall, the council of representatives from the neighborhoods and the chamber of councilmen who win their posts in a city-wide election. In a typical budget cycle, some 1,500 requests are made for public works, and slightly over 200 projects can be financed, notes Genro.

ALEGRE

After the public works have been selected, the community representatives begin supervising the progress of each project and monitoring how the funds are spent. During Genro's administration, the public works that were completed with community supervision ranged from building housing in a slum, the widening of congested thoroughfares, building schools and sewers and expanding a water plant.

It took time and some rethinking of political philosophy to come up with a system of participation that has drawn at least 1,000 community groups and 1,200 delegates into public spending decisions. "This was very difficult to establish," says Cora Firpo, a pediatric cardiologist and longtime Porto Alegre resident. "People didn't know how to participate."

The triangular relationship between city hall, elected city councilmen and elected neighborhood representatives evolved out of an earlier romantic vision of Genro and his associates in the previous PT municipal government when he served as vice mayor. At first, these politicians thought the councils of representatives should make all decisions in a kind of "direct government by the people."

However, Genro soon saw this as anti-democratic because it reduced the importance of the municipal election. "We reformed our vision and adjusted it to a process of direct participation that re-legitimizes the electoral process and combines citizen participation with organizations of representative democracy such as political parties, the legislature and the executive," he explains.

The concepts of accountability and a public that takes hold of local affairs now run deep in Porto Alegre. As an outgrowth of the participatory budget, some residents formed a non-governmental organization called "Eyes on the Budget" with the purpose of monitoring the use of public funds and providing critiques of the budget process. The group publishes its findings in a monthly journal.

Genro takes heart from such movements. "This is public, non-state control of the state structure," he says with evident pleasure. Participatory budgeting is now in place in some 50 other Brazilian cities. According to Genro, the system soon will be implemented in Buenos Aires and Rosario, Argentina; and Montevideo, Uruguay.

Getting control of the purse strings signifies a giant step in citizen participation, but Genro's vision of participation goes beyond annual budget decisions. He set up thematic councils to debate and decide on long-term strategic plans for the city. Local organizations—including unions, environmental groups, business associations and student movements—form these councils. Working with municipal officials, they debate long-term goals and programs in key areas including health, housing, transportation, historic trusts and culture. The thematic councils set out broad policy directions that shape municipal development over several years, extending beyond the one-year public works projects. "This was a process of education for citizens about the future," says an advisor to the PT state governor.

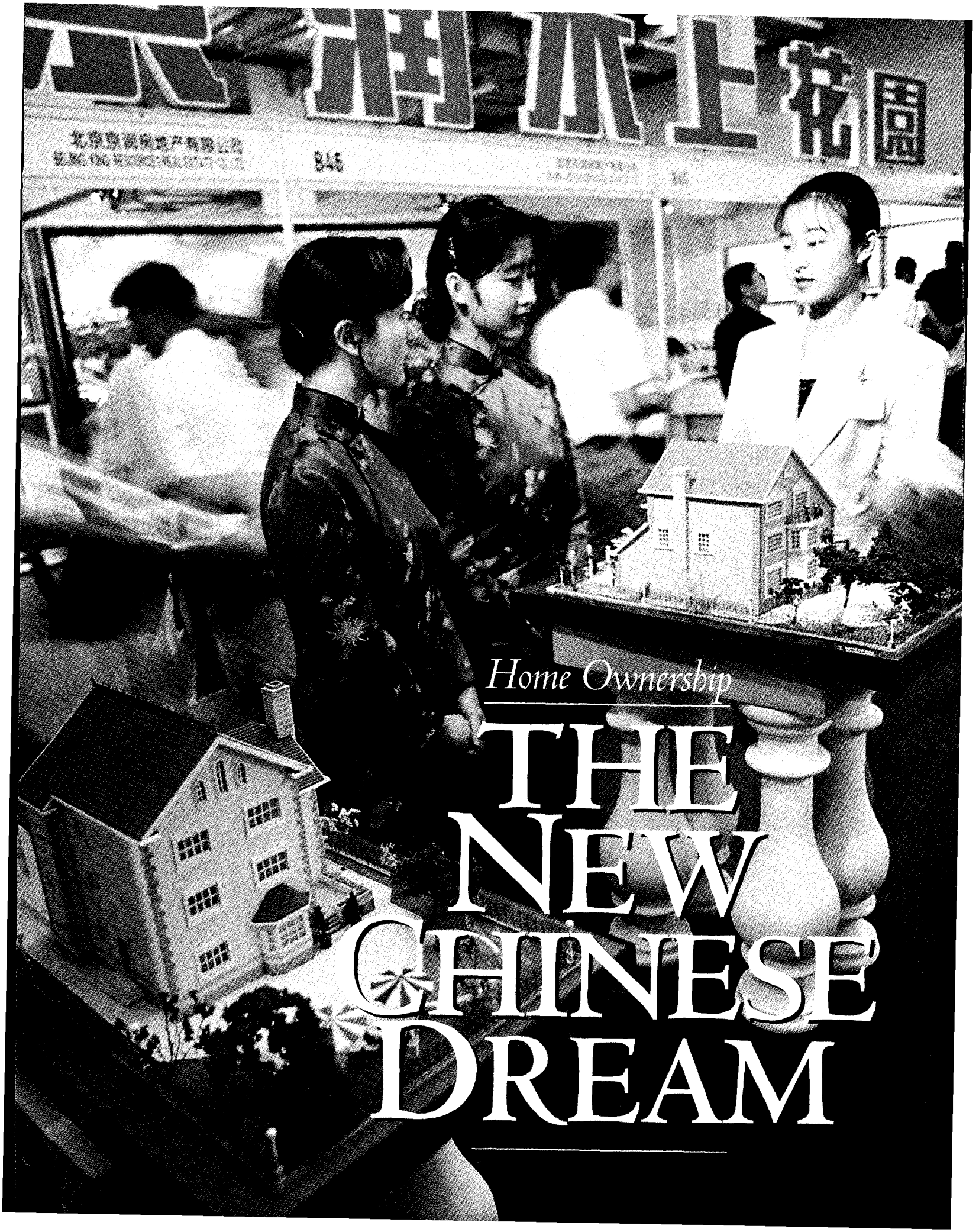
At the end of his term in 1997, Genro could boast a popularity rating of 75 percent and turned over a solvent township to his successor, Raul Pont, the third consecutive PT party mayor of Porto Alegre. An opinion survey about participatory budgeting found that 85 percent of city residents either had been active in the budget process or considered it positive. Even so, Genro admits that he has his critics. Some condemn his policies for getting in the way of the free functioning of institutions; others criticize him for his acceptance of what they consider the "bourgeois institutions of representative democracy."

Critics aside, the success of the participatory budgeting process can now be quantified. Porto Alegre is, according to one goverment official, the Brazilian state capital with the highest quality of life indices. In the future, whether in or out of office, Genro can be expected to find ways to advance his vision of "making the state public." UA

TARSO GENRO

Brazil, 1948
Partner, Genro, Camargo, Coelho and Maineri law firm, specializing in labor law. Writes political columns for Brazil's leading national papers, *Folha de Sao Paulo*, *Estado de Sao Paulo* and *Zero Hora*.
National leader of Brazil's labor party, Partido dos Trabalhadores
Vice mayor of Porto Alegre, Brazil
Mayor of Porto Alegre
To tackle rising unemployment and further democratize the mass media.

LUCY CONGER *reports on Latin American economic and financial topics from Mexico for* Institutional Investor, U.S. News and World Report *and* Gazeta Mercantil Latino Americano.



Home Ownership

THE NEW CHINESE DREAM

CHINA'S PRIME MINISTER Zhu Rongji made a lot of promises when he took office last March, and the one that earned the loudest applause was his pledge to reform the nation's housing system. China's rickety, decades-old state-run welfare housing scheme would be replaced with a market-oriented, cash-based system, clearing the way for tens of millions of Chinese to become proud homeowners. In cities across China, ordinary citizens dared to hope they might soon escape from their cramped and shabby quarters. Developers, mainly Chinese but some foreign ones as well, started to contemplate the potential of a huge and newly liberalized residential real estate industry. Economists, meanwhile, saw housing reform as the closest thing there was to a magic bullet for solving some of China's thorniest problems.

Included among such economists was Yukon Huang, the World Bank's chief representative in Beijing. Housing reform, Huang said two months after Zhu's elevation to prime minister, could serve as a "self-sustaining" or "self-generating" reform. "It changes all sorts of things in the economy by itself, so the government doesn't have to do anything else...it triggers reforms in almost every segment of the economy," Huang said. Housing reform might prove politically charged and difficult to execute, he cautioned, but it would eventually spawn an impressive cascade of other economic benefits. Freed from the burden of paying for all their workers' housing, Huang said, state enterprises would become more efficient and thus more competitive. With workers no longer tied to their allocated housing, labor would flow to where it was most needed and would be best rewarded. Entirely new housing-related industries and service sectors would arise. Urban land use patterns would be rationalized, and debt equity markets would develop.

CLEARING THE WAY *for tens of millions of Chinese to become proud homeowners is no easy task. Developing mortgage markets, improving the housing stock and controlling prices have cooled the initial optimism and delayed the program's implementation. But successes in such cities as Yantai and Guangzhou show that the process is working.* BY TED PLAFKER

And it would all start on July 1, 1998, the target date Zhu's government set for the formal end of welfare housing. Companies and institutions would no longer distribute free or nearly free housing to workers. Instead, employees would be made to either buy their houses outright or pay for huge rent increases as rates were brought into line with market value.

Some of this is beginning to happen, and some of it may yet come to pass. But due to shortfalls in available capital, administrative expertise and—in some cases—sheer political will, China's housing reform program is not advancing nearly as fast as had been hoped or promised. The starting date was pushed back to January 1, 1999, but that date has come and gone too, with hardly any fanfare. The process continues but, clearly, shifting the basis on which hundreds of millions of urban residents acquire their housing is not something that can be done overnight. According to Dr. Deng Qing, chief analyst in Beijing with the Chinese Ministry of Construction's Real Estate Development Group Company, a main reason for the disappointing results is that housing reform was launched with too many divergent objectives.

"What is the real goal of the policy? Is it to make housing a driving force of the economy, or is it to make it possible for people to have better houses? And what do you do when these two goals come into conflict? Which one will be more important?" Deng asked. "If you want to meet the first requirement and provide economic stimulus, then just put all housing out onto the market. You will not have any way to promote fair or rational housing distribution, but for macroeconomic purposes, you can argue that this is what should be done," he said.

WHILE THERE ARE MANY OPINIONS about how China should now order its housing reform priorities, there is near total consensus on the need to scrap the old system. It is difficult indeed to elicit, from either Chinese officials or typical urban dwellers, anything approaching a kind word for the outgoing welfare housing system. It is worth noting, however, that the old system did, for about three decades, succeed in one of its major objectives: from the founding of the People's Republic of China in 1949, it served as a pillar of the country's strict personnel management regime. Keeping workers tied to their employers through housing was key to sustaining the state's dominant role in the lives of individuals; that, in turn, was crucial to the operation of China's centrally planned economy.

Over the last 20 years, however, the system failed to produce enough housing for China's rising urban populations. Urban per capita living space stood at 4.5 square meters in the early 1950s but fell by the late 1970s to a mere 3.6 square meters. Inadequate quantity was matched by poor quality, as might be expected in a system where both tenants and owners found themselves party to captive rental relationships. Neither side had incentives to invest in improvements or maintenance, and few investments were made. While apartments themselves were sparsely decorated and maintained to a low standard of livability, common spaces such as stairwells and entryways were downright dingy. These were often poorly lit (if at all) filthy and barely passable, so packed full were they with things like bicycles, scrap wood or stacks of winter cabbage.

For employers, meanwhile, the burden of providing housing for their workforces grew as time went on. Not only did the families of active workers need housing, but so too did retired workers and their dependents. As long as the state subsidized the enterprises and their ever-larger housing bills—which routinely exceeded 30 percent of enterprises' total costs—the system managed to creak along.

BUT SINCE THE EARLY 1980s, when Chinese policies began giving firms more responsibility for their own bottom lines, strains on the housing system have increased. It was then that the government began contemplating serious reforms. Deng Xiaoping, who eventually emerged as China's top leader after the death in 1976 of Mao Zedong, said as early as 1980 that urban residents

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should be encouraged to buy their apartments, and in 1984 he laid out a reform plan. But it was short on details and also met resistance from other leaders who feared it might undermine the government's personnel management system. Discussion of housing reform ebbed and flowed through the rest of the 1980s, but little concrete work was done in the central government.

A few local governments, however, managed to make significant strides on their own. Yantai, a medium-sized city in coastal Shandong Province, and Guangzhou, a large city in southern Guangdong Province, were early pioneers in implementing reforms; they remain at the head of the reform pack today. In 1985, Yantai's mayor, Yu Zhengsheng, established China's first bank dedicated to housing finance. Last March, when Zhu became premier, Yu was elevated to minister of Construction and tasked with leading the nationwide reform drive.

Guangzhou also got an early start on home financing schemes and now is taking the lead in creating a secondary home market. Regulations elsewhere in China remain vague as to homeowners' rights to resell their property, but in February Guangzhou established detailed procedures, and city officials believe 330,000 homeowners will take advantage of them.

THOUGH THE LOGIC BEHIND housing reform came into focus gradually, the immediate stimulus behind Zhu Rongji's grand promises of March 1998 came about more suddenly. The financial crisis that struck other Asian economies in the summer of 1997 was lapping at China's shores. China's vital export manufacturing sector was suddenly vulnerable to cut-rate competition from other Asian producers with sharply devalued currencies. China's domestic demand, meanwhile, also turned sluggish, threatening to dampen the rapid GDP growth China perpetually needs to keep unemployment under control.

Housing, then, to the rescue. Zhu boldly predicted that a reformed housing sector would become a brand-new engine of growth for the Chinese economy. It would pull idle savings back into the economy, to be spent on job-generating activities like the building, supplying and furnishing of new homes.

To some extent it has. Among the most notable indicators of the stimulus effect are the Ikea home supply warehouse stores that have opened in Shanghai and Beijing. Local industry sources say there are now 40,000 interior decorating companies in China employing 2.6 million people. Annual expenditures on home furnishing and remodeling rise 30 percent annually and reached 95 billion yuan last year.

FOR A SENSE OF LIFE under four decades of welfare housing, and of what the transition to a new system has been like, consider the housing history of Jia Aimei, who moved to Beijing from her native Shanghai in the mid-1950s. She and her husband, both academics at government research institutions, got their first home in 1958 through his employer. Located in western Beijing's Muxudi district, it was a single, unheated room. Neighbors in the courtyard shared a common kitchen. Running water came from an outdoor faucet that froze during winter; the only toilet was a public one used by dozens of families. In 1962, the couple got lucky, moving into a home that should have gone to someone more senior. It had two heated rooms, with a toilet and shower attached. "We were not really entitled to such a nice place but we had kids, a boy and a girl, and they were supposed to have separate rooms. So, it came to us," Jia recalls. In 1972, her house became even more attractive when the neighborhood, called Xisi, became one of the earliest in Beijing to install natural gas lines, providing cleaner, more convenient fuel for cooking and heating.

Her family stayed there until 1979 and then moved to an apartment building near Qianmen, in the heart of Beijing. With 57 square meters of usable area, the flat was far larger than average; rent, meanwhile, was what Jia terms a "symbolic" payment of 5 yuan (US$0.60 at today's exchange rates) per month. When she and her husband moved out in 1997, monthly rent had risen only to 27 yuan ($3.26). Their new house boasts 123 usable square meters in a clean, new, sunlit low-rise. It has three bedrooms, a modern kitchen and two

MORTGAGE LENDING TIGHTENING UP

With the average Chinese home costing ten times more than the average Chinese urban income, there is a vast potential market for mortgage lending. But the mortgage sector, much like housing reform itself, is not yet developing fast enough to meet expectations.

In an effort to give its highly touted housing reforms a boost, the central government last May ordered China's commercial banks to channel at least 15 percent of their lending into residential housing projects.

Much of that cash was in the form of mortgage lending to individual homeowners. The China Construction Bank (CCB) alone issued 34.1 billion yuan (US$4.1 billion) in mortgages in 1998. China's very first mortgage loan was made in Guangdong in 1985, and that province has led the pack ever since. Last year the provincial branch of CCB, based in the city of Guangzhou, issued 7.6 billion yuan in mortgages, nearly a quarter of CCB's nationwide total. And yet, while mortgages account for 40 percent of total lending in Hong Kong, the proportion is only 6.7 percent in the adjacent mainland city of Shenzhen. Outside of Guangdong, mortgage lending is a relatively new concept, and fixed rate loans are the industry norm. Banks are reluctant to risk being locked into an unfavorable rate over a long term. Nor are banks yet experienced in repossessing and liquidating property from defaulters.

These factors combine to make banks far too conservative in their lending criteria. The nation's miniscule mortgage default ratio of 0.01 percent, according to an economist at a Western embassy in Beijing, "means Chinese banks are not doing what they're supposed to, which is get the cash out there so people can buy their homes."

According to the Ministry of Construction's Deng Qing, mortgage lending this year will likely be even tighter unless Chinese insurance companies are willing to back up mortgage loans. Companies last year stopped insuring mortgage loans, claiming excessive risk, but industry regulators have hinted that loan insurance will resume this year. Even so, CCB has announced plans to issue as little as 20 billion yuan in mortgages this year.

bathrooms, one with a bathtub. Best of all, Jia and her husband now own it. Like millions of others in China, Jia and her husband were asked by their employer to decide by January 1st whether to buy or to rent at a much higher rate. Unlike many others, their decision was not so hard to make, because their combined work service and seniority entitled them to a huge discount.

The pricing formula started with a base price of 1,450 yuan ($175) per square meter, and then made adjustments for the building's age, location and condition. That calculated price was then discounted 0.9 percentage points for each year of the couple's 70 years of combined work service seniority. The bottom line on all the calculations meant that for about $10,000 total, the couple could take ownership. The down payment was less than $4,000, and payment of the balance could be stretched out for as long as nine years.

Had they continued renting, they were told, their monthly payment would rise more than three-fold from the previous rate of 195 yuan per month. In addition, they would have to begin paying maintenance fees themselves. "Buying seemed to make the most sense for us, but policies can always change so much that it is hard to know what will work out for the best," Jia explains.

FOR FAMILIES LACKING such substantial seniority discounts, additional doubts make a decision to buy feel even riskier. "One of the big reasons housing reform has not gone anywhere is because people still have no way of knowing what, exactly, it is they are being told to buy," notes a Western diplomat who has studied housing reform. "Can they resell their house, or rent it out or pass it on to their kids? A lot of times, the officials themselves don't know the answers to these questions. So how are consumers supposed to have any confidence that this huge investment they are being asked to make will be protected?" The lack of confidence led to a glut in all but the lowest cost housing. Although China spent $20.5 billion initiating 212 million square meters worth of new housing construction in 1998, it sold only 84 million square meters in the first 11 months of the year. Officials acknowledge that a majority of buyers purchased homes in which they had already lived for many years, and so the anticipated boost in living standards has not yet materialized. According to the results of a survey conducted by the China Social Investigation Firm early this year, 22.6 percent of urban homeowners were "very dissatisfied" with their apartments. Nearly half said the quality was poor, and more than half complained of poor service by property management companies.

Neither have government economists been satisfied with the first year of housing reform's results. In spite of all the building, housing was only responsible for something between 0.5 and 0.9 percent of China's 1998 GDP. The main problem, according to Gong Weike of the State Information Center, has been the huge gap between high housing prices and low wages. The gap is not likely to be bridged in 1999 either, he told *China's Business Weekly* newspaper. Salary increases would be too inflationary to implement. And land transfer fees, a main component in the cost of housing, cannot be lowered because they are too important as a source of government revenue.

IT IS SUCH SEEMINGLY intractable problems as these that lead Yukon Huang to compare China's reform enterprise to a waterbed: "Whenever you push down in one spot, you make waves somewhere else." But progress is already evident in many areas and some problems are on the way to being solved—if not quite on Zhu's ambitious time table. The growing mortgage market, for example, will bring more of the missing capital into the mix.

Perhaps most important of all, Chinese officials are avidly reviewing the experiences of other countries to learn about housing policies and market mechanisms. In the words of the Western diplomat, "These guys are in Housing for Beginners, but they know that and they are studying hard."

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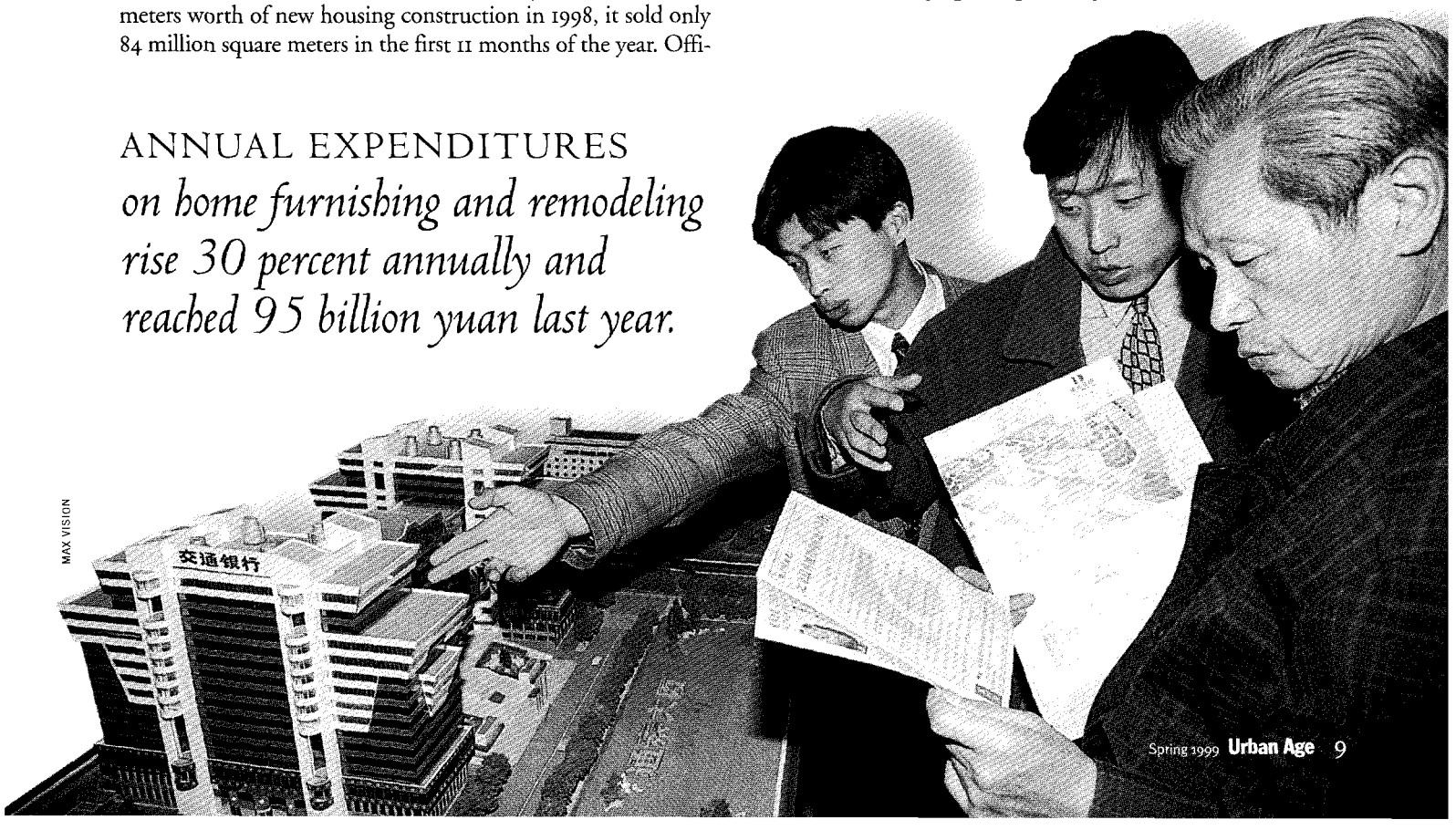
ANNUAL EXPENDITURES
on home furnishing and remodeling rise 30 percent annually and reached 95 billion yuan last year.



MAX VISION

RICHES IN RAGS

Professional scavengers have never been popular among local authorities in Belo Horizonte, a city located in southeastern Brazil. But for many, recycling materials from waste heaps near homes, offices and shops is a livelihood. Now, an annual parade is held to help change people's perceptions of street scavengers and waste. **by Gabriela Boyer**

MARIA DAS GRAÇAS MARÇAL spent her childhood as a waste picker in Belo Horizonte. She recalls the hostility of police and pedestrians. Since then, things have changed. In 1990 she helped form the Street Scavengers' Association (ASMARE) which oversaw the construction of a large warehouse where waste pickers could sort through their materials and keep them for market. In December 1992, the government and the association signed an agreement to guarantee funds for its maintenance. Storage space was later expanded, and ASMARE equipped workers with carts to facilitate waste collection and developed training workshops.

WASTE PICKERS USE THE ASSEMBLY LINE TO SORT THROUGH MATERIALS.

The waste pickers are now earning a more regular income. Revenue is distributed proportionately according to how much each waste picker collects and sells. Each "associate" receives a 20 percent productivity incentive at the end of every month based on his or her monthly production, and surplus revenues are distributed annually.

The occupation still carries a huge health risk; disease is common. A recent international workshop on waste disposal sponsored by multilateral and bilateral organizations held in Belo Horizonte determined that much more research is needed on waste picking activities. There is a serious lack of information about health conditions, income levels, involvement of children and the actual number of waste pickers.

Since 1994, the association has held the annual street scavengers carnival parade where scavengers and street sweepers dress in colorful, recyclable materials. Its purpose is to change people's traditional perception of waste—from something that is useless to something that is valuable. "It also gives these people an opportunity to socialize amongst themselves and with the partners involved in the program," says Sonia Maria Dias, a parade organizer.

The program has given a sense of hope to the local people who now take pride in what was once deemed a dirty and useless occupation. They feel empowered and recognize the importance of their work, both as a means to make a living and an opportunity to draw people's attention to their environment.

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LARS MIKKEL

THE CITY ECONOMY

Cities recognize the potential and pitfalls of operating in a new global political and economic context. Even a cursory examination finds city economies caught up in the surging waves of globalization (with its emphasis on competition, on-time delivery and seamless standards), a nearly overwhelming force that obliges national governments to open their economies, liberalize their rules and regulations, and pass down much of their political and fiscal power to cities.

Now, cities no longer seek shelter under the financial wings of national economies and central government policies. They are accruing taxing and spending powers—responsibilities monopolized in the past by national governments—and putting themselves into direct competition with other cities, even those in other countries. Bogota becomes a rival of Caracas, Lima of Mexico City, Mumbai with Singapore and Colombo. **They strive to outdo each other in products and services, and they strut their stuff to attract and capture foreign capital.**

This process changes what cities must do to succeed and prosper; they have to worry about structural changes in their economies, ensure that they have enough income to provide services, give their citizens the means to secure a decent living and minimize the problems of poverty. To do this requires a new way of managing the business fundamentals of running a city: **the right information (in the guise of accurate and timely data) is the precondition for managing the increasingly complex municipal system.** Information also becomes a crucial tool for citizen participation in municipal affairs, for transparency and for full accountability in the conduct of a municipality's operations.

What also changes is the political form in which the city is managed—management and planning are now about the politics of creating consensus. Witness the emerging coalitions for city management that now include all the players: government, business, NGOs, trade unions, universities, etc. **Consensual planning is in; the old master plan is out.**

The 21st century city is no longer a manufacturing entrepôt. It functions in an emerging service economy, whose strengths and exports lie in transport, finance, technology, culture, commerce and trade—in short, people businesses. Quality of life thus becomes preeminent. Just as the success of a city depends on the quality of its citizens' work, the ability to compete effectively depends on its agenda for improving the conditions of overall urban life. **An ability to excel at this quality of life issue will, ultimately, distinguish successful cities from those that merely survive.**

THE DEVASTATION FOR CITIES

WITH THE FIRST GREAT POSTWAR RECESSION in the early 1970s, an economic hurricane struck the older heavy industrial cities of Europe and North America. Pittsburgh, Glasgow, the cities of the Ruhr and northeastern France—the places that produced the steel, the ships, the coal and the heavy capital equipment—collapsed. The boom cities of the postwar period, the Detroits and Birminghams that made cars and consumer durables, seemed to have escaped. But at the end of the 1970s, they too were felled by a second recession. These cities spent much of the 1980s trying to recover but not all have succeeded, even today. Meanwhile, the manufacturing industry was slowly seeping away from cities in developing countries, moving north from Mexico City, east from Mumbai. In some cases, the flight was accelerated by structural adjustment programs in the 1980s; witness the deindustrialization of Accra. Thus, after a century and a half in which the very basis of the city seemed to be manufacturing, the two were being divorced, leaving behind derelict industrial areas, pools of high unemployment and the misery of those who had lost their livelihood and pride.

Detroit, USA

THE EXPLOSIVE GROWTH of Detroit in the first half of the 20th century can be measured using almost any indicator of urban change: by the scale and pace of demographic growth in the first four decades of the century, with the population of the central city reaching approximately 1.9 million by 1955; by the amount of downtown commercial development built in the 1920s and 1930s; by the glittering success of the city's manufacturing economy, most notably the automobile industry; and by the attendant attraction of labor into the city. By the mid-20th century, Detroit was a strong, confident, well-organized city of nearly 2 million people, one of the leading urban engines for sustained regional and national economic growth.

Yet, like so many U.S. cities that experienced the excesses of rapid industrialization, Detroit suffered an equally precipitous decline, beginning in the 1950s and accelerating through the next three decades. This reversal can be measured in terms of a marked fall in the residential population, with the central city recording a 35 percent drop in population between 1960 and 1990. Even more striking was the loss of jobs in the city. The decline in all sectors resulted in the loss of almost 300,000 jobs between 1960 and 1990. Moreover, these three decades saw the collapse of the city's central retailing functions. These and other factors resulted in a persistently weak commercial real estate market; a retreat to the suburbs of religious, cultural and recreational institutions; and a crumbling tax base—all leading to the deterioration of many public and community facilities and the demise of public services. Most visibly, this decline resulted in the hollowing out and physical deterioration of many city neighborhoods.

Despite the weakness of the city's economy and the persistent loss of employment during the 1970s and 1980s, the city administration, led by five-time mayor Coleman A. Young, consistently pursued large-scale, high-image downtown projects, making use of whatever public and private funds were available at the time. This strategy was only partially successful, with some of the developments, like the construction of a massive office complex on the Detroit River (the infamous Renaissance Center) having the unintended consequence of further weakening the office market in the rest of downtown.

Ruhr, Germany

AT THE BEGINNING of the 19th century, the Ruhr area (the Ruhrgebiet) of Germany, which includes the principal cities of Essen, Dortmund, Bochum, Gelsenkirchen and Duisberg, grew rapidly mainly due to the development of the coal, iron, steel and, later, chemical industries. Its development was driven by massive locally based industrial corporations such as Krupps and Thyssen. From this period until the end of the Second World War, the Ruhr was the industrial heartland and armaments center of Germany.

In the 1960s and 1970s, even when it was becoming readily apparent that the coal and steel economy was in terminal decline due to increased foreign competition, decrease in demand and the

CAMILO J. VERGARA

rise of service industries, national economic policy remained committed to high levels of investment in this area. One reason was to avoid the social ruptures and unrest that contributed to the rise of Nazism. The other was to maintain consensus among the trade unions and the industrial sector. Such was the dominance of these primary industries that no universities existed in the region until the late 1960s. Later a concerted effort was made to open five university centers—these have subsequently become engines of the region's recent restructuring drive.

The Ruhr reached its peak in the 1960s and has subsequently experienced a decline in population of about 10 percent as the industrial base has been dismantled. Over 600,000 jobs have been lost, and an unemployment rate of 13 percent is currently among the highest in Germany.

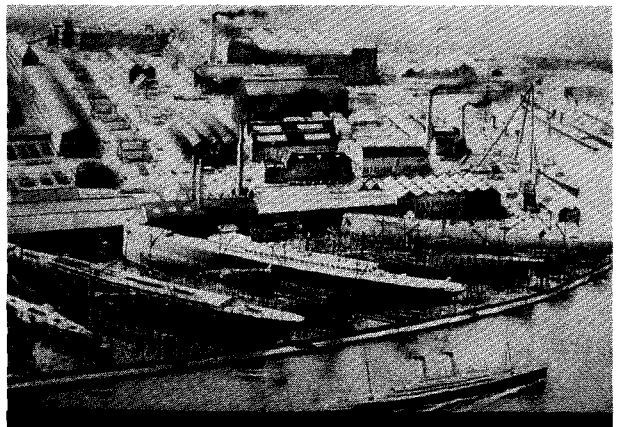
Glasgow, Scotland

IT IS NOW A CENTURY since the city's Victorian golden age. Glasgow's success was built on the innovation and enterprise of engineers striving for speed and efficiency in the application of steam power. At its height, Scotland's biggest city dominated the UK's shipbuilding and locomotive engineering industries. On the eve of the First World War, with the city's population at over 1.2 million, shipbuilders on the River Clyde which runs through the city's heart turned out a fifth of the world's shipping output.

The industrial base that made Glasgow the Second City of the Empire has now largely withered away. For a city so dependent on capital industries, severe cycles of boom and bust were not unusual, but after the Second World War a more persistent decline began in the shipbuilding industry. Many reasons have been suggested: the drop in demand once the early postwar boom was over; the rise of foreign competition; a serious lack of investment in shipyards to match the much larger, more modern yards of competitors; and, perhaps, a dearth of the entrepreneurial vision and innovation that had helped create the original shipbuilding cluster. As shipbuilding declined, what had once been a strength of that cluster—the close-knit supply chain of engineering, steel and fitting out companies—turned into a weakness as many of these companies found themselves overdependent on their local shipbuilding customers.

In the 1950s, Glasgow supported over 250,000 manufacturing jobs, making up 46 percent of total employment. Putting aside changes in administrative boundaries, Glasgow's remaining shipbuilders and engineers now employ just over 30,000, less than 10 percent of the workforce. Over 10 percent of its land has been left derelict. Unemployment rates of over 10 percent are common in old industrial areas and peripheral public housing estates.

GLASGOW DEVELOPMENT AGENCY



The shipbuilding industry in Glasgow, above, now employs less than 10 percent of the workforce. Opposite: from 1960 to 1990, Detroit's residential population fell by 35 percent.

Mumbai, India

INDIA'S FIRST COTTON MILL was established in Bombay in 1854 and the city, now renamed Mumbai, was once defined by its vigorous textile industry. In 1980, Mumbai had over 50 mills employing nearly 300,000 workers. But today Mumbai presents a dramatically different picture, as the textile industry is no longer a major employment generator and most of the textile mills in Mumbai are in decline or closed. The city has ceased to be a manufacturing hub. As India faces a new millennium, Mumbai, its commercial capital, is positioning itself as an international financial hub.

The change illustrates a basic paradigm shift in the Indian labor market. Between 1976 and 1991, 133,000 jobs were lost in the traditional textile industry in Mumbai. The crisis in the textile industry began in 1982, when Datta Samant, a local trade union leader, led Bombay's 300,000-odd textile workers into an indefinite strike. It was the biggest ever industrial action of its kind in the world. The strike eventually did not succeed; many mills were closed down. The number of workers started to decline, and today there are fewer than 45,000 mill employees. The decline of Mumbai's textile industry is symptomatic of the death of manufacturing in the metropolis. According to a study of Mumbai by YUVA, a Mumbai-based NGO, and the Social Science Centre at St. Xavier's College, "The share of the secondary sector in employment was around 45 percent up to 1981. It declined to 41 percent in 1991, when the last national census was held in India. The decline of manufacturing has coincided with a sharp spurt in the services sector. A parallel trend is the growth of the informal sector."

Many banks and financial institutions have opened new branches in Mumbai in the past few years; on the whole, however, the number of jobs in the formal sector is not growing. Many of those who worked earlier in textile mills are now working as security guards in the city's upscale residential apartments which have been developed in the old mill areas.

Interestingly enough, the biggest asset of the Mumbai textile mills is the land, conservatively estimated at Rs 200 billion. Several revival packages for the sick textile mills have been proposed. A committee headed by Mumbai architect Charles Correa felt that, with the land utilized for residential apartments, offices, clean industries and other commercial purposes, many thousands of additional jobs could be created for the mill workers. However, the sale of land occupied by the mills continues to be a political hot potato, and progress has been tardy.

Contributors: ROBIN BOYLE, *Detroit;* CHARLES LANDRY, *Ruhr;* STUART PATRICK, *Glasgow;* PATRALEKHA CHATTERJEE, *Mumbai.*

WHATEVER HAPPENED TO PORTS?

WHEN COASTAL CITIES were dominated by the handling of sea cargo and passengers, ports were home to a vast army of men who handled the cargo at the dock side and an equally vast army of merchant seamen who rested in the city between voyages. They are all gone now—the tightly packed working-class housing, the bars and cheap hotels—leaving some cities almost ghost towns. The numbers of workers have shrunk drastically, and the tiny number left handling cargo and ships don't work in cities but at brand-new field container ports, some of which are almost completely automated. What have been left behind in this shift are the unemployed and great concentrations of poverty and dereliction, which, in some cases, have proved obstinately resistant to rehabilitation.

The same process has affected and is affecting ports in developing countries. The number of workers still employed is often enormous and concentrated in the heart of the city: look, for example, at Karachi, Mumbai, Santos and Lagos. But to maintain the competitiveness of their exports and to thrive in this automated future, these ports would do well to heed the social and economic consequences of history's disasters.

Making Indian Ports More Efficient

INDIA'S 6,000 KILOMETERS OF COASTLINE are serviced by 153 ports. Of these, 11 have a special status as major ports under the auspices of the federal government. The remaining 142 are the states' responsibility.

India's total port throughput was 257 million tons in 1996/97 with 227 million, or 89 percent, going through the 11 major ports. The 1997/98 provisional traffic figures indicate a 12 percent increase in activity for the major ports, which will result in overall Indian port traffic of around 288 million tons.

Proposed port capacity assessments based on current operating practices will result in a global level of 217 million tons for the 11 major ports—i.e., an apparent utilization rate of 105 percent. However, a review of present operational performance of major Indian ports suggests that significant productivity gains could be achieved by attempting to come closer to average world standards on cargo handling operations.

Without being exhaustive, a brief look at Indian container operations over the past few years in ports handling significant container traffic reveals the following:

- Throughput performance—on average Mumbai handles 220 twenty foot equivalent units (TEUs) or containers per day and Chennai 310 TEUs. This is against 1,300 TEUs handled per day in Bangkok/Laem Chabang and 1,400 in Columbo.
- Container handling costs—total costs of moving a container through a terminal are on average 70 to 80 percent higher than those in Japan and the United States, where labor costs are, however, much higher.
- Port congestion—low handling productivity rates mean ships spend a long time at berth; The Shipping Corporation of India reports that its ships spend 52 percent of their time in port. As a consequence, ship turnaround time in Indian ports is between five to six days, compared to a day or less in other ports in the region. In addition, waiting times to get alongside the berth are also becoming quite significant (five to six days in Chennai in October 1998).

Independent analysis suggests that implementation of rational management and working practices should increase Indian ports' overall capacity by about 35 percent. However, the present traffic growth trend—around 6 percent, and close to 18 percent for containers—means that even if this objective is achieved in the coming years, significant capacity expansion would still be needed, albeit at a more reasonable pace than under present conditions.

Developing new facilities away from the crowded city centers is part of the strategy to improve the efficiency of port operations: Jawaharlal Nehru Port in Mumbai and Haldia in Calcutta are examples of such moves. Devising acceptable ways to trim down the labor force to adequate levels is another challenge. Typically, new facilities will not carry the labor liabilities attached to existing main ports, making them more attractive to private developers. Redirecting and redesigning old facilities for urban development purposes may be a way to provide some alternative employment opportunities.

LARGEST PORTS	TOTAL CARGO TRAFFIC
	000 tons (total cargo loaded and discharged)
Rotterdam	290,000
Chiba	173,688
Kobe	170,970
Houston	128,820
Hong Kong	127,175
Nagoya	124,500
Yokohama	108,100
Antwerp	108,073
Kawasaki	100,694
Long Beach	87,065
Marseilles	86,599
Bergen	78,726
Hamburg	72,189

(Economist World in Figures, 1998)

Regulatory Pressures

OVER THE LAST 20 YEARS, coastal city ports all around the world have had to cope with many changes affecting their physical structure and economic base. Some of theses changes have been immutable, such as changes affecting ship size or the introduction of new shipping technology such as containerization.

Other changes have been a result of outport development at new locations, often due to problems at the original city locations such as the lack of deep water, insufficient land for expansion or access difficulties through urban areas. Such problems in London and Calcutta have given rise to the outport developments of Tilbury and Haldia. Coastal city ports are also now facing competition from independent new non-urban ports, e.g., Mumbai from Jawaharlal Nehru Port, and Karachi from Port Qasim. Ports globally have also had to deal with the economic effects of increasing institutional pressures, such as regulatory changes; and myriad social pressures involving the unions, unemployment and re-employment issues.

The role and scope of ports are often dependent on national government policy objectives and priorities. In Indonesia, for example, the protection of national flag shipping led to regulations requiring direct deep-sea shipment from Indonesian ports. Indonesian ports and exports were adversely affected by less frequent, slower direct shipping services—particularly when compared to the efficient transhipping services offered through Singapore. As a result, a new, non-restrictive policy was introduced in Indonesia in 1985 to improve efficiency.

Policies supporting national flag shipping can also adversely affect hub port shipping activity, as happened in Colombo where restrictions applied on the ability of foreign flag shipping lines to load national as opposed to transshipment cargo. Liberalization took place in 1990 to make Sri Lankan exports more competitive; in practice, this change also stimulated Colombo's hub port container trade.

Free port designation may of course engender significant additional economic activity, as at Jebel Ali, Dubai, where transshipment trade has been encouraged, and the duty-free holding of goods for ultimate regional distribution/sale, and (if permitted) duty-free processing and manufacture occurs.

The social impacts of ports are well illustrated by the British experience of the abolition of the National Dock Labour Scheme (NDLS). The NDLS was founded in 1947. The ports it applied to then handled almost all British non-oil foreign trade. It was run by the National Dock Labour Board (NDLB), where the board had equal port employer and dockworker representations. In scheme ports, only NDLB-registered dockworkers (RDW) could legally carry out cargo handling. The NDLB controlled RDW numbers and recruitment, and was responsible for discipline.

The NDLS was characterized by very poor industrial relations. This made for very difficult rationalization of dockworker numbers and patterns of work, gave rise to major operational inflexibilities and was a serious management burden. Ports not coming under the scheme were greatly preferred by users. Such non-scheme ports accounted for a very small part of UK non-oil foreign trade in 1947, and were just under 30 percent in 1987, a very substantial growth.

The scheme's problems led to its abolition in July 1989, with positive consequences for the former scheme ports including improved operational flexibility, performance and reliability; and a new found profitability, which made them (or other organizations) willing to invest in new developments.

Abolition also had a socioeconomic impact. One study indicates that 79 percent of former RDWs became redundant in July 1989: 19 percent of these RDWs wished to remain active, but were unable to find new work; 25 percent re-entered the ports industry; and 55 percent found employment elsewhere in the economy.

Another study considered the overall employment impact of a port (Liverpool) before and after abolition of the NDLS. Comparing 1976 and 1991, port and port-related employment only fell from just over 18,000 to 15,000-17,000 (excluding construction industry employment). This is a remarkably small fall, bearing in mind a reduction of over 6,000 dockworkers, and probably also a fall in the number of non-dockworker port employees.

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The Challenge for the New Urban Age: The Management of Cities

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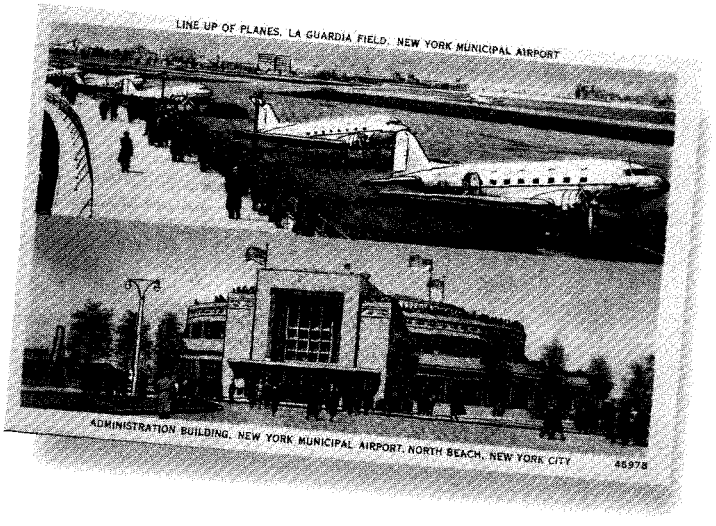
FLYING INTO THE SUN

A HIGH-PERFORMANCE international airport is vital for the economic development of any metropolitan region that wishes to remain competitive in this age of globalization. Airports generate employment and wealth. They act as economic lightning rods. Rapidly expanding airports mean larger local payrolls, greater economic opportunity and stronger links with other markets.



FROM 1960 TO 1995, global economic growth increased at an average annual rate of 3.7 percent in real terms. Air transport over the same period averaged much greater growth—11.1 percent annually for cargo and 8.9 percent for passengers.

For every million passengers who pass through an airport, between 1,000 and 1,500 jobs are generated. Generally, over half of those jobs depend on the airline companies. Paris-Charles De Gaulle employs more than 50,000 staff. At Melbourne, the airport is the largest employer in the Northwest metropolitan region, employing 10,000 people.

Studies also estimate that each airport job results in between one and three other jobs in the regional economy. At Barcelona, it is estimated that airport activity generates 70,000 jobs and US$1.5 billion in trade, directly or indirectly, within the region. In Sydney, the impact is calculated at 100,000 jobs and $4 billion per annum for the state of New South Wales; in Melbourne, it is $1.2 billion for the economy of the state of Victoria.

Within a 10-kilometer radius of an airport, one may find tertiary activities for which airport proximity is of vital importance. For example, hotels, exhibition halls, businesses and conference centers are attracted to the surrounding area because of superior services on the grounds that support the airport. Travelers also make use of facilities and services near airports. The managing authorities of these airports, furthermore, often develop concessions for commercial activities, such as in Tokyo, or tertiary real estate programs such as have been implemented at the Paris-Charles De Gaulle, Munich and Helsinki airports.

DESPITE THE STRONG ECONOMIC BENEFITS that airports bring, the concomitant increase in air traffic, noise and environmental pollution often results in a diminished tolerance toward airport development. Planning and negotiation procedures are becoming more lengthy. Airport development and financing have met increasingly strong opposition in many cities, resulting in long, complex procedures. In some cases, such as Tokyo-Narita, public opposition to airport construction can lead to violent confrontations with police. The new Munich airport took 30 years to become a reality, making the eight years needed to realize the new Kuala Lumpur airport seem quite short by contrast.

During the past decade, national governments' investments in airport infrastructure have been reduced. This trend is balanced in part by increasing privatization of facilities. Most airports are still under state management, but there is a growing tendency to look to private firms for airport management, as in Melbourne and Glasgow. In Munich, Milan, Montreal and Toronto, private management is tied to public or institutional shareholders.

As growth in air transport and ridership continues, many of today's airports are either filled to capacity or on their way to becoming so, and must operate under difficult technical conditions. The airports at Barcelona, Guangzhou, Jakarta, Manila, Sydney and Tokyo are among the world's most pressured facilities.

Airport capacity must be constantly adapted if the facilities are to cope successfully with increasing air traffic. But the constraints are heavy: high realization costs and a general state of crisis in public investment contribute to difficulty in obtaining financing; environmental constraints, particularly noise pollution, make it difficult to get projects accepted; and there is difficulty in gauging and planning projects that call for very long-term scheduling but correspond to a demand for air transport that is highly sensitive to the current economic situation, as evidenced by the crisis in Asia.

RECENT RECOMMENDATIONS by the Metropolis Commission based in Paris include a vision of the need for airport authorities and metropolitan regions to act in concert. Metropolitan areas are aware of the need to define airport development within the framework of an overall strategy of regional

growth. City governments can act as prime partners to airport authorities because:

- The metropolitan region assumes the role of an investor in providing infrastructure for the land servicing of airports. It may define the physical structure of the airport as a sector in its overall layout.
- Metropolitan area governments usually control the allocation of public land. Locally, they may take action to protect the airport from peripheral settlement, something that could be a hindrance to their smooth functioning. Area governments also play a key role in attracting international firms to sites near the airport, which in turn enhances the airport's image and strengthens its competitive position. Madrid is an example of how this has benefited both the city and the airport.
- Airport development helps metropolitan areas develop specific policies concerning tourism, business activities and foreign investment. By developing strategic approaches in public-private partnerships, and by optimizing the impact of airport activity on the regional economy, airport development can enhance regional metropolitan development. Even very technical decisions such as the allocation of slots—an important tool to attract air services—can have a significant effect on a regional economy.
- Airport authorities may play a decisive role in mediation with local communities to promote policies that protect the environment or set up contracts with suppliers. In Manchester, a legal agreement regarding environmental objectives was signed in 1994 between the airport and metropolitan authorities.

REGIONAL AND METROPOLITAN authorities need to work in partnership to promote overall approaches to airport development in a sustainable development perspective, incorporating technical, environmental, economic, social and political factors.

Regional and metropolitan authorities have a particular responsibility for boosting and coordinating airport policies to promote the assets of their region without, of course, encroaching on the national government's responsibility to invest in and promote air transport.

Metropolitan authorities are responsible to citizens for the economic, social and environmental impacts of airport development. Even when problems do not necessarily fall within the competence of local authorities, voters turn to them, which means that some of the political weight of decisions comes to bear.

Of the different forces concerned, regional or metropolitan authorities seem to be in the best position to form effective partnerships and promote airport activity and economic profitability, while at the same time making the endeavor acceptable to local interests. UA

This article was adapted from Commission 1: Planning and Management of Development. Airports With Their Surrounding Zones as Catalysts of Metropolitan Development, *Metropolis, Paris, 1999; and* Outlook for Air Transport to the Year 2005, *International Civil Aviation Authority, Montreal, 1997.*

BUSIEST AIRPORTS	PASSENGERS (IN 000s)
Chicago (O'Hare)	67,253
Atlanta	57,735
Dallas	56,491
London (Heathrow)	54,453
Los Angeles	53,909
Tokyo	45,823
Frankfurt	38,180
San Francisco	36,263
Miami	33,236
Denver	31,037

BUSIEST INT'L AIRPORTS	PASSENGERS (IN 000s)
London (Heathrow)	46,806
Frankfurt	30,257
Hong Kong	27,424
Paris	25,534
Amsterdam	24,710
Singapore	21,743
Tokyo	21,488
London (Gatwick)	20,600
New York (Kennedy)	17,051
Bangkok	15,119

(Economist World in Figures, 1998)

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A CITY OF TRADERS

TRADE IS THE BIGGEST EMPLOYER of workers in cities in developing countries—from the hundreds of thousands employed in wholesale markets, trucking and warehousing, to the armies of brokers, merchants and clerks, and all the thousands running shops and delivering goods. Imagine Vietnamese villagers arriving at dawn on rickshaws carrying cabbages, boys in Cairo balancing trays with 500 pancakes on them while they cycle between fast cars, and the women on the street corner selling toasted corn in Caracas. Not only is trade one of the largest employers, it is one of the oldest things cities do, critical for daily existence.

Mexico City's Fight Against Hawkers

MEXICO CITY has a centuries-old problem with street vendors. One reminder of that can be found right off the *Zócalo*, Mexico City's main square, where a small metal plaque reads, "It is forbidden to set up market in the street." The historic plaque dates back to 1740. Since then, city officials have been trying to eradicate this phenomenon, which has become a social and political issue constantly testing the strength of the current administration in the Mexican capital.

Street vendors create unfair competition for hundreds of shopkeepers who pay taxes and are legally established downtown. But, according to economist Jonathan Heath, the primary reason for the vendors' existence is "the excessive amount of regulations and licenses that make it difficult to operate within the formal economy." Political analysts say the vendors constitute a "safety valve" for what otherwise would be massive unemployment.

Armando Araujo, head of the National Confederation of Trade Chambers, estimates that the vendors—often referred to as the "informal economy"—make up at least 35 percent of Mexico's total economy, nationwide. Though there are no accurate figures, officials say the number of street merchants in Mexico City could be as high as 250,000.

In 1997, city residents elected their mayor for the first time. Cuauhtemoc Cardenas, of the leftist opposition, won the race. In the 15 months since he took office, the mayor has placed a high priority on dealing with the situation. Mexico City has an ordinance that regulates sidewalk vending in the capital, and Cardenas says the vendors must abide by it. "The law must be respected," he says. In consequence, he has adopted a different tactic from that of past administrations. Negotiations with the hawkers, which had always been conducted in a centralized manner by the Institutional Revolutionary Party (PRI), have now been delegated to each of the 16 political precincts that make up the Mexican capital.

Margarita Alvarez, the general secretary of informal labor in Cardenas administration, is involved in the ongoing negotiations with the street vendors. "Decentralization has made it easier to control the hawkers," she says. "Officials get to know the vendors in their area, where they're located, what their needs are." Where they can, within their budget constraints, city officials are providing alternatives. "Some people ask for training for a certain kind of job or to set up a small business. If we can, we help," says Alvarez.

But she points to what she considers is Cardenas's toughest challenge: "We are trying to dismantle the corporatist structure that prevailed in the past under the PRI." City officials have stopped giving permits to the organizations representing some of the hawkers which the PRI promoted and tolerated in exchange for their vote at the polls. "Instead, every trader must now, individually, get his own permit."

As a result, some areas throughout the city that were previously invaded by the vendors have been cleared. But Alvarez recognizes that the problem is enormous and cannot be eradicated overnight. In the downtown area, scuffles between vendors and the police continue to occur. "I cannot say we've managed to resolve a problem that's been there for decades, but slowly, we're seeing an increasing awareness among the vendors," she says.

Beijing Markets Offer a Better Life

AS XIN PEIYOU SEES THINGS, he has moved up a few links on the food chain. Eight years ago he moved from his village in Henan province to Beijing, and went from growing grain in the fields to selling fruit in an urban free market.

"Sure there are hassles for me here, but no matter what, it is still better than working the land," says Xin, 31, proprietor of a well-stocked fruit stall in the Tuanjiehu Market in eastern Beijing.

Arrayed before him on a winter afternoon are fruits not only from around China but from around the world. His strawberries

Xin Peiyou works 14 hours a day selling fruit in a Beijing market.

TED PLAFKER

and kiwis are from Sichuan. Japanese Fuji apples, Colombian bananas and grapes from the United States come in via ship or air to the wholesalers who sell to him. His watermelons, from Hainan Island, are first shipped to the mainland and then sent north by train. His pears, from the nearby province of Hebei, arrive on the diesel-belching trucks that are allowed to enter Beijing only at night.

His selection of fruits changes with the seasons, and includes more domestic produce during summer and autumn. But one thing that does not change is his work schedule. He is ready for business by seven each morning and stays open until nine at night.

With all that, however, he manages only to sustain himself, his wife and his two-year-old son, Xin Jingkai. "Who can save money these days? By the time I pay for my permits and my fruit, I barely have enough to get by," he says.

He pays 1,000 yuan (US$120) each month to the neighborhood street committee for permission to run his stall. Another 400 yuan per year goes to the city government for the non-permanent resident card he needs to stay in the capital legally. Without going into great detail, he adds that police and other officials also pester vendors like him with sundry fees and fines.

He has no firm plans, except to stay in Beijing and away from farming for as long as possible. "I still have family in Henan who could use my help in the fields, but if I can manage to support my family this way, I will stay here. I don't want my son to have to work the land," he said.

The Savvy Market Shopper in Cairo

EACH MORNING, the markets of Cairo attract millions of customers. Shoppers include housewives, tradesmen, brokers, government personnel and even businessmen. The type of markets in the city vary just as do the types of people who frequent them. There are public markets that sell everything from sewing needles to high-tech equipment, and there are specialized markets that sell clothes or shoes. Some markets are permanent markets and have occupied specific streets as far back as the earliest centuries of the city; others are temporary and are set up in different areas. Those that operate on certain days of the week are named the Friday or the Monday market.

Hana Mohammed strolls the El Ghoreya Market looking for household bargains.

HASSAM ABD RABOH

Navigating the market requires a certain expertise that inhabitants adopt after many years of shopping, bargaining and trading. This activity is usually undertaken by the women, since they manage the household expenses and buy the products, usually for the least expensive prices.

A typical consumer at the El Ghoreya Market, one of Cairo's largest, is Hana Mohammed, 25, a housewife who is married to a government employee. She has a diploma in commerce and two children, Mona, 7, and Ahmed, 5.

Her home is about 20 minutes by bus from the El Ghoreya Market. She prefers to shop at this market because it enables her to minimize the costs of transportation to and from the market.

UA: When did you first start coming to the market?

HANA MOHAMMED: When I was young, my mother and aunts used to go to the Ghoreya Market regularly to buy clothes, house utilities and fabrics. When I got married, my mother purchased my trousseau from the market because it is inexpensive and the quality is good. Since I now live in the same area, going to the market has become a regular activity.

UA: How often do you go to the market ?

HM: I go about twice a month to buy clothes, kitchen utensils and shoes. Sometimes I go to the market not for anything specific, but just to look at the different items on display and to break the routine of the day.

UA: Do you shop with your friends?

HM: I prefer to shop alone, because sometimes I want to buy products that are very cheap and I feel embarrassed to do so in front of my friends.

UA: Do you deal with specific merchants in the market?

HM: The market has hundreds of shops as well as street vendors. Over time, I have discovered some merchants that sell exceptionally good products, whether in quality or in price. I usually head directly to them. However, this does not prevent me from taking a look at any other good products which I happen to come across. The merchant gets to know his customers well, but our relationship never turns into a friendship—it remains strictly business.

UA: What do you think of the quality of the products in the market and their prices?

HM: The market is packed with products that are exported from Southeast Asian countries such as Taiwan, China, Malaysia and Singapore. These products are of higher quality than the local products, and the prices are cheaper than those sold in the fancy shops. This is because the latter is taxed several times, whereas the sales vendors don't pay these taxes. In addition, many merchants don't mind if you pay them in monthly installments and with very little interest. As a guarantee, they get your identity card and electricity receipt.

UA: How do you evaluate the services that the government provides the market?

HM: The market suffers from a lack of essential services such as security, cleanliness and bathrooms. Moreover, there is very little monitoring over the quality of the food and beverages. I think that the government can, with a little bit of organization, make shopping a more enjoyable experience.

Contributors: ANDREA DRABROWSKI, *Mexico City*; TED PLAFKER, *Beijing*; HOSSAM ABD RABOH, *Cairo*.

TRADING SERVICES NOT GOODS

THE EMERGING ECONOMIC BASIS of the post-industrial city, already apparent in developing countries, is based on tradable services rather than manufacturing. These cover everything from computer software to commodity trading and sports. For the cities that nearly died, services saved them.

An Information-Based Economy

SINCE THE 1950S, Bangalore, the capital city of India's Karnataka State, has invested heavily in the state-owned industrial sectors of machine tools, electronics and telecommunications. Companies such as the Indian Telephone Industries, Hindustan Machine Tools and Bharat Electronics offered world-class training programs and a job for life.

In the 1970s, the private sector started to tap into this pool of technicians and skilled engineers, all well-trained at the city's many research institutions and factories. Both private and public sector industries increasingly subcontracted the manufacture of electronic components to small workshops set up by engineers or skilled workers formerly employed by the larger state-run factories who took advantage of various tax incentives to start small industries of their own. As a result, by the 1980s Bangalore had become the country's premier center for the manufacturing of electronic hardware.

In the early 1990s, however, growth of the kind of engineering and manufacturing firms that were Bangalore's mainstay slowed. Soon they were displaced by firms that used newer technologies, such as computer and software companies, telecommunications networking firms and specialized high-tech firms.

These changes coincided with the national government's announcement of its New Economic Policy, a sweeping program to open the Indian economy up to foreign investment and imports, and to do away with licenses and controls. This initiative not only brought in new multinational companies, it also brought a chance for many Indian high-tech professionals to return home to either start their own operations or to represent overseas computer companies.

When the Indian computer and services sector began to grow, Bangalore's public and private sector employees were among the few Indian professionals with extensive software and hardware experience, proving a ready source of expertise. Falling prices in computing, information processing and telecommunications, and an increase in computing power, increased the demand for software professionals and for different types of computer software. These falling prices also lowered the entry barriers to many aspiring software and information technology professionals, enabling them to set up independent companies.

The increasing expertise and competitiveness of Indian software engineers prompted a large number of firms all over the world to outsource software development to India. With the largest concentration of high-tech firms, and comparatively better living conditions than most other Indian cities, Bangalore had the ability to attract and retain both global and local software firms and professionals. In the 1990s, Bangalore reinvented itself, using the software industry to effectively demonstrate how a city in an emerging economy can retool, shifting from a reliance on manufacturing that was its mainstay for four decades to one based on information services.

WTO Includes Services in Listing

THE WORLD TRADE ORGANISATION (WTO) is the only multilateral body dealing with the rules of trade between nations. Trade is not only restricted to goods. Services such as telephone calls and freight insurance can also be sold internationally. When the WTO took over the General Agreement on Tariffs and Trade, it also took on new agreements relating to services, investment, intellectual property and technical barriers to trade. The General Agreement on Trade in Services is the first ever set of multilateral, legally enforceable rules covering international trade in services. These include:

- cross-border supply—services supplied from one country to another such as international phone calls,
- consumption abroad—consumers or firms making use of a service in another country such as tourism,
- commercial presence—a foreign company setting up subsidiaries or branches to provide services in another country such as foreign banks, and
- presence of natural persons—individuals traveling from their own country to supply services in another such as actors or nurses.

Exports of merchandise and commercial services both reached new record levels, at US$5.3 trillion and $1.3 trillion, respectively, in 1997. Among the three broad sectors of commercial services, the growth of transportation stagnated, travel services grew slowly and other commercial services recorded an above average rate of export growth.

The World Trade Organisation's definition of services covers a variety of businesses from communication, postal and courier services to construction, insurance and finance. Also listed are legal, accounting, management consulting, advertising and public opinion polling; research and development; architectural and engineering services; agricultural, mining and on-site processing; and personal, cultural and recreational services.

E in the Sea of Commerce

THE FISH MARKET is shifting from its historic location inside sprawling warehouses, on docksides and in the city center to new premises on-line. Neal Workman is one of the pioneers of this change. An information-age entrepreneur from Portland, Maine, he got his start in the fishing industry selling credit information on non-paying restauranteurs to fish wholesalers.

"Credit information is a valuable commodity; it takes the risk out of people's business" says Workman, who now publishes the credit histories of 50,000 restaurants and food companies for wholesale fish traders in the United States and Canada.

Workman understood that speed and efficiency were the key variables in an industry exposed to imperfect information and unpredictability. In 1985 Workman set up SeaFax with a four-member staff, delivering credit information to clients via fax. Within four years, the number of employees had grown to 35 and full-scale credit reports were being issued in hard-copy directories and CD-ROMs.

As information technology communications eclipsed fax machines, Workman designed "Go-Fish," a Web site linking buyers and sellers in the seafood industry. "It's an on-line version of the farmers' market" says Workman. "It delivers market quotes on the cost of anything from haddock and shrimp to tiger fish and orange roughy via the Internet from computers as far away and disparate as Bangkok, Miami and Bombay." Go-Fish does not yet provide on-line buying. "They see what's available and then they get to haggle over the price on the phone," says Workman. However, a site where exchange is carried out over the Internet itself is nearing completion. "That way a shrimp pond in Thailand that wants to sell to Wal-Mart can make the deal exclusively through Go-Fish."

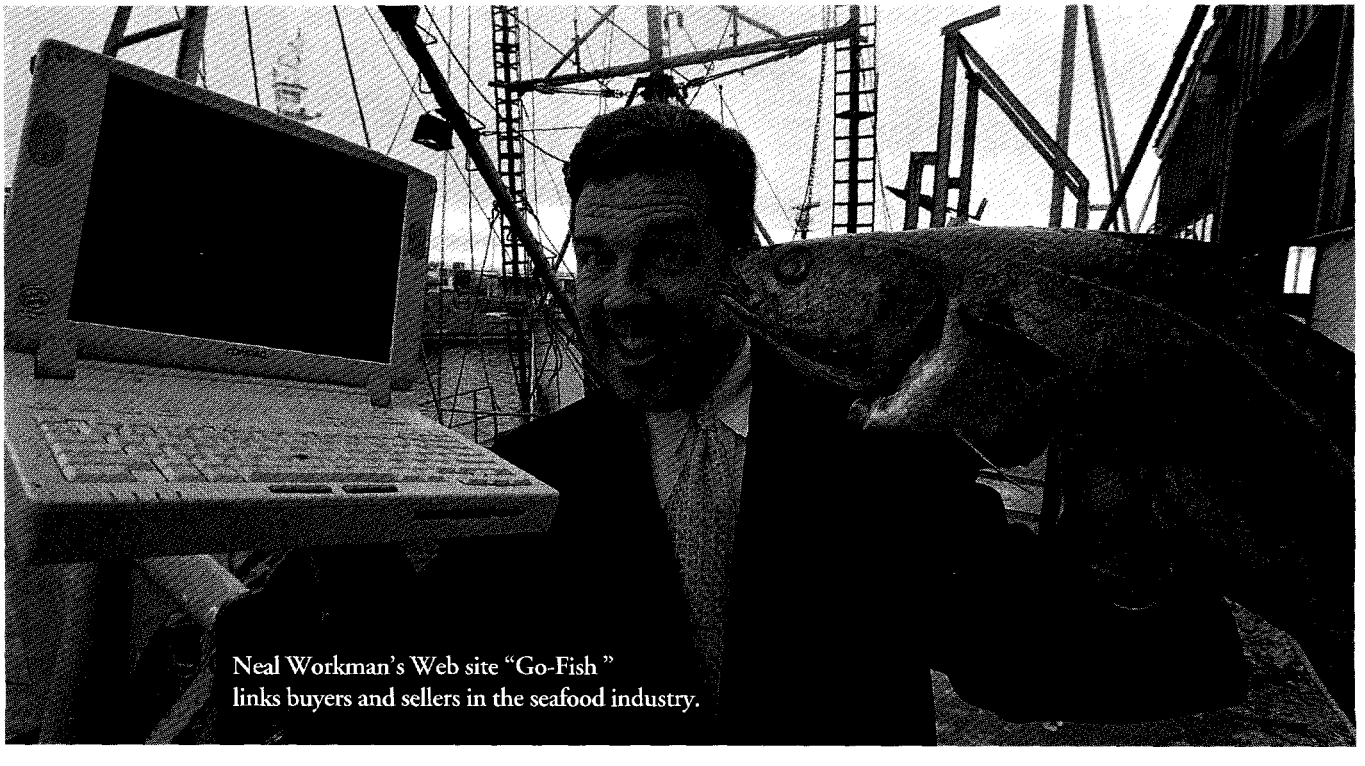
SeaFax has followed Go-Fish onto the Web, now providing on-line risk evaluations in addition to its core products. Users pay an annual subscription fee that ranges from US$3-6,000 for access to credit information and a 24-hour news service about suppliers and restaurants.

E-commerce is not the only factor that has helped the productivity of the seafood market—improved refrigeration and low-cost bulk air transport have also reduced the distances between the consumers and producers in the seafood market. That increased proximity gives consumers uniform quality at prices that reflect actual market conditions.

For Workman, the coupling of the fishing net and the Internet is a natural progression. "I've always thought of fisherman as pioneers and explorers. Fish is the last food hunted. Likewise, I see the pioneering effects of new technology; it makes sense to me that these fishermen are eager to try new things. They're good about moving forward."

Workman sees massive opportunities in perishables, and now wants Go-Fish to go flora. Like seafood, the flower trade is an industry subject to many unknowns—it's a global, fragmented market relying on imperfect information. "In Ecuador, they are not getting the full value for their flowers—it's a market ripe for efficiency and timeliness. It costs 29 cents to grow a rose in Quito but they cost US$3.70 on main street—they decline rapidly in value, so the faster you get it to the buyer the better off you are."

Contributors: SAMPATH SRINIVAS, *Bangalore; and* Urban Age *staff*.



Neal Workman's Web site "Go-Fish" links buyers and sellers in the seafood industry.

HERB SWANSON

THERE IS LIFE AFTER DEATH

CITIES ARE GIVING UP on manufacturing and returning to their ancient economic roots—trade, commerce, finance, transport. The services they now provide include data processing and software programing, hospital and clinical services, top-level schools and universities, and professional cultural and sports events. Such grand plans can only succeed in cities where streets are free of garbage, water is drinkable, food is safe, the air is generally clean and quiet, and the risk of being mugged is low. Improving the quality of life is not just a pleasant option for hard-pressed citizens, it is the economic precondition of any successful metropolis.

Detroit, USA

Mayor Dennis Archer has seen widely fluctuating fortunes for his policies and his city over the past five years. His administration benefits from a regional economy where unemployment is below the national average, but unemployment in the city remains stubbornly high (around 8 percent) and the economic outlook for the city is uncertain. In response, the city is vigorously pursuing a strategy of diversifying the downtown area. With funding help from the state, it is constructing three gambling casinos and two sports arenas, one for baseball and one for football.

Detroit mayor Dennis Archer at the opening of a new retail development.

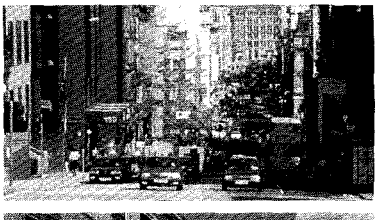
Archer talks of "building a world-class city," citing 82 development projects amounting to US$2.195 billion of investment in the city since he took office in 1994. Some of the projects have been in the pipeline for decades; all vary in scale and impact, from a coffee shop to a large hospital. Other projects are uncertain, especially residential developments that have not received the necessary city permits.

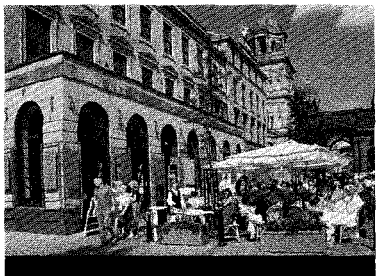
Archer has encountered difficulty changing the efficiency and effectiveness of city departments. He was elected on a platform of improving neighborhoods, speeding the delivery of city services and creating a "one-stop permit shop" to assist businesses. His ability to improve services has been slowed by the resilience of the inherited bureaucracy and by a series of public relations blunders—including being widely blamed for the city's poor handling of a major snowstorm that hit during the 1999 International Auto Show.

Glasgow, Scotland

Glasgow has been transformed from the most concentrated center of manufacturing in Europe to a city with one of the highest concentrations of service industries.

After an especially dramatic decline in the early 1980s, the city's industrial leaders emphasized opportunities in the service sector. The Victorian grid city center, still largely intact, was cleaned of decades of industrial grime. Investment was aimed at new projects—a national exhibition and conference center, an international concert hall, hotels, several museums and art galleries—and cultural events were promoted. The national Garden Festival attracted over 4 million visitors in 1988. A year-long festival of the arts celebrated Glasgow's designation as the European Capital of Culture for 1990. This year, Glasgow was designated the United Kingdom's City of Architecture & Design, another year-long festival. Over the next three years, Glasgow will open a new £71 million science center, aimed at becoming Scotland's second largest visitor attraction (after Edinburgh Castle); a modernized national soccer stadium to sit alongside those of its two biggest clubs, Rangers and Celtic; and the largest retail development in the country at the Buchanan Galleries.





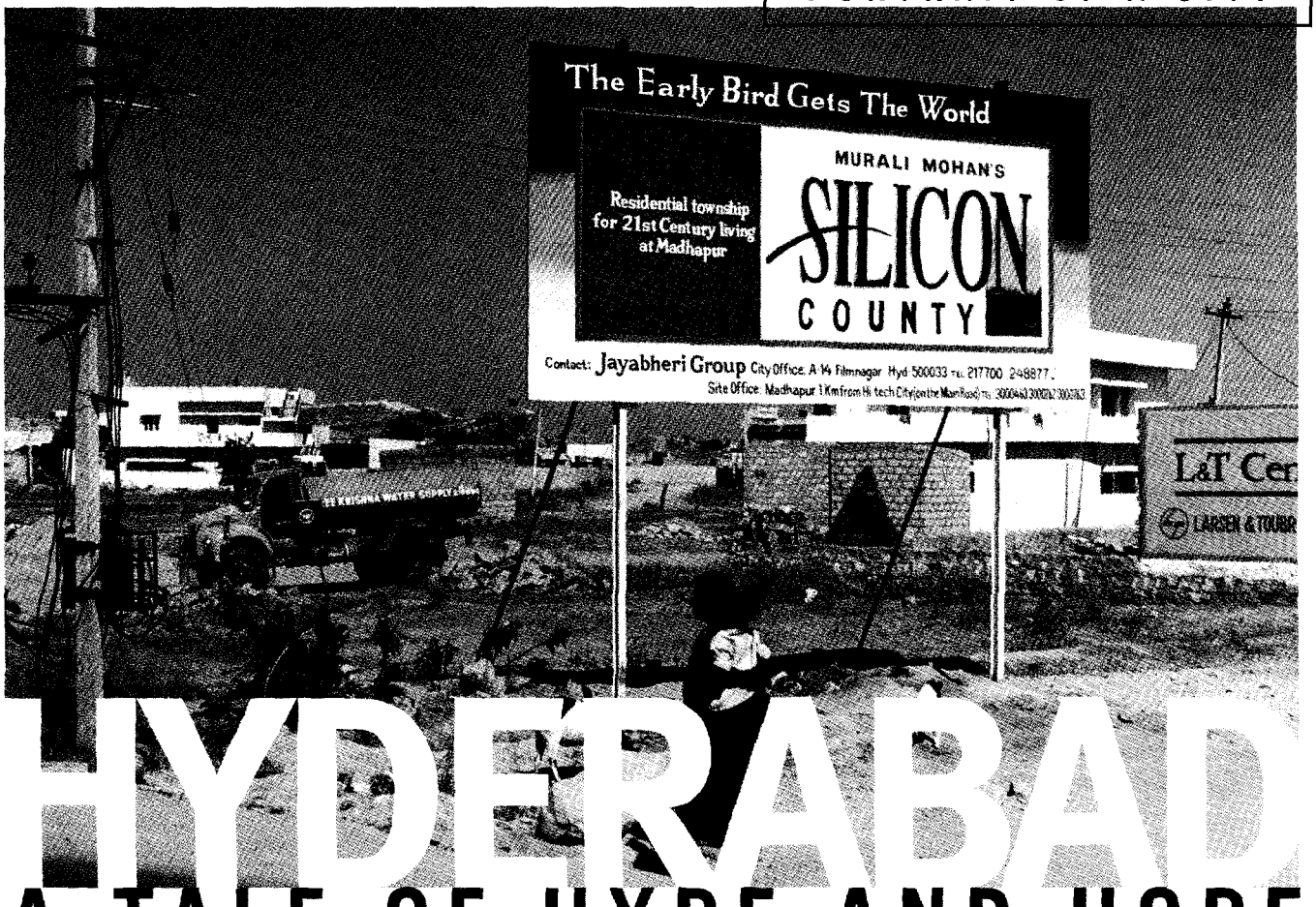
Glasgow's transformation is based on culture, education and the new service industries.

The city's tourism figures have shot up, making it the third most popular tourism destination in the United Kingdom. The film industry is growing, software has created 2,000 new jobs, and, since 1993, Glasgow's overall employment has been rising faster than most other cities in the United Kingdom.

City leaders, working together in a formal Glasgow Alliance, see prospects in exploiting research from the city's three universities. Biosciences and optoelectronics are two of the most promising disciplines. Developing more diverse housing stock is aimed at bringing people back into the central city. All these are signs that, while there is much yet to be done to overcome the damage done by the city's rapid restructuring, there is a strong will to do the job.

Contributors: ROBIN BOYLE, *Detroit; and* STUART PATRICK, *Glasgow.*

FAR LEFT: MAYOR'S OFFICE; OTHERS: GLASGOW DEVELOPMENT AGENCY



PHOTOGRAPHS BY PATRALEKHA CHATTERJEE

HYDERABAD
A TALE OF HYPE AND HOPE

This Indian city was once known as a training ground for mathematicians who often traveled abroad to use their skills. Now, political leaders are keeping them home by creating jobs in what is designed to be a world-class software development center. **BY PATRALEKHA CHATTERJEE**

Hyderabad—a small city in southern India that the media likes to call "Cyberabad" because of its software development activities—is well on its way to becoming the country's second major equivalent to Silicon Valley. The capital of Andhra Pradesh, one of India's poorest states, Hyderabad boasts an office complex on its outskirts called Hi-Tec City, a 400-hectare film and TV studio complex, and an aggressive growth plan. Having already attracted the only Microsoft research center located outside the United States, the city is in the midst of a construction boom that is easily the biggest in India. The goal is to create a world-class knowledge hub and tourist destination.

Until recently famed mostly for its mosques, minarets, pearl bazaar and cuisine, Hyderabad is fast emerging as a hot investment destination, especially for information technology (IT) companies. Software exports grew from Rs 41.5 million (US$1 million) in 1992-93 to Rs. 2.84 billion ($67.5 million) by 1997-98. In addition to the Microsoft office, companies such as Oracle, Baan, IBM and Metamor have set up large offices. Roads are being widened and fly-overs built. Land prices are spiraling. Everywhere one sees new shopping complexes, apartment blocks, hotels and specialty hospitals. The inauguration last November of the state-of-the-art Hi-Tec (an acronym for Hyderabad Information Technology Engineering Consultancy) City was the focus of international attention. Still, for the present, Hyderabad is not yet hip. The city does not have a night life, nor an international airport. Negotiating traffic snarls requires patience and ingenuity. But the hype and hope generated by new-look Hyderabad ensure a steady stream of visitors: journalists, businessmen, hoteliers and artists.

The state's chief minister, Chandrababu Naidu, is the man behind the dream. Since taking office in 1995, Naidu has been "changing the mind-set," of the state's residents. "For 50 years," he says, "We have traveled in one direction. Suddenly, we want to go in another direction. I am charting a new path. Naturally there will be problems."

There are also advantages. "Many of the federal government's training and research centers are located in Hyderabad. By integrating all this, I want to turn Hyderabad into a knowledge hub. It is becoming the country's medical capital. So many corporate hospitals are located here. I want to make Hyderabad a financial and investment center. With liberalization and insurance reforms, I am confident that international insurance companies will start their operations here. Ultimately, I want to make Hyderabad a transit hub between Europe and China. That is why we are building an international airport."

The seeds for this transformation were sown many years earlier. Andhra Pradesh has a strong tradition of mathematics teaching, and some of the country's top statisticians, mathematicians and engineers have come from among the region's ethnic-linguistic group known as Telugus. They were among the first to adapt to computers, which helped create a huge pool of cheap talent for the software industry.

Many were attracted to opportunities in the United States, where they subsequently became the largest single linguistic group among Indian IT professionals. The strong links of entrepreneurship, IT expertise and U.S. experience provided a springboard for Telugu-speaking computer professionals who returned to India, although many went to Banglaore because Hyderabad was not yet regarded as an IT destination. Naidu changed all that by focussing on infrastructure. He helped improve telecommunications infrastructure and pursued expatriate Telugus to come to Hyderabad. This attracted the U.S. companies, too. Finally, Naidu surrounded himself with a cadre of IT-savvy aides, who have made a mission out of selling Hyderabad as an IT center.

The dream has percolated through the city. Inside the state secretariat, cell-phone-wielding officials spell out the game plan for Hyderabad. Across the road, the sign atop a showroom selling men's clothing is a neon-lit Internet address. The local papers are filled with advertisements for computer classes. Everyone wants a piece of the enticing IT pie.

Hi-Tec City lies at the core of Naidu's strategy. Eventually, it will be a 64-hectare complex of high-quality office space, with telecommunication links and recreational facilities. The government will have to spend little. It is a joint venture, with a private partner holding 89 percent of the equity. About 71 percent of the available office space has been booked. "For the last five years, the IT industry in Hyderabad has doubled every year, so the requirement of space, manpower and other critical infrastructure is also growing," notes R. Chandrashekhar, a key adviser to Naidu.

The city is in the midst of a **construction boom** that is easily the biggest in India.

Further south, Bangalore contributed nearly Rs 20 billion (US $ 476 million) to India's software exports last year. Hyderabad hopes to upstage Bangalore as India's info-tech capital by offering a more investor-friendly atmosphere and a better quality of life. Currently, it provides a single-window clearance facility for all software export units. Companies locating themselves in Hyderabad are exempt from stamp duty, registration fees and clearance from the pollution control board. All software products get sales tax exemptions.

But just how much of an impact can IT have in a city where, according to an independent survey, only 0.4 percent of homes had computers and only 14.5 percent had telephones in 1997? Naidu and his team acknowledge that IT will not be a cure-all, but insist that it can be a key instrument for greater efficiency and growth. One tangible benefit: registration of property transactions has been computerized, so what used to take weeks now takes minutes. The planners hope this is the kind of benefit that

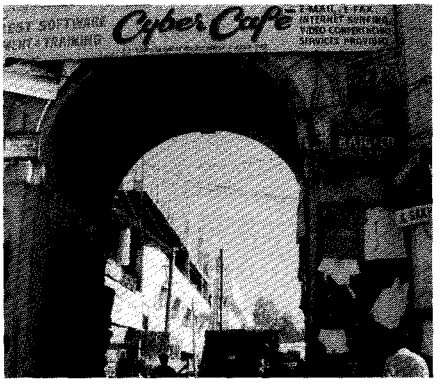
From Minarets to Microsoft

As historical Hyderabad dresses itself up to become a software center, entrepreneurs are popping out of every nook and cranny.

In the heart of the old city stands Interbest Software and Development Centre, the Moslem quarter's only cyber cafe. The owner is 39-year-old Syed Salabath Ali Nazareth. The neighborhood is a maze of narrow lanes, crammed with glistening bangle shops, veiled women in black and men wearing traditional lace caps. An odd locale for an Internet kiosk? Nazareth does not think so.

"Every family in the old city has someone working in the Middle East as a cook, mechanic, mason or technician. There is a huge potential here. Many of the men and women you see on the streets come to my Internet cafe to send an e-mail to a relative living overseas. It is so much cheaper than a long distance call," explains Nazareth.

Until last year, Nazareth earned his living doing bulk typing jobs. In October 1997, he got an Internet account. An idea germinated, and he started offering e-mail services from one corner of his ground-floor office. Within two months, there was a steady clientele. "Then I decided to open the cyber cafe. I could not find office space in the neighborhood, so I requested my landlord to construct a first floor. I paid



a deposit, and then I negotiated with two expatriate Indians for seed money for my new business. They sent me Rs 500,000 (US$11,764). I cobbled together loans from a bank and private financiers. That, along with my personal savings, came to a total of Rs 120,000 ($28,235)."

Nazareth realized he could not survive solely on the cyber cafe, so he started offering computer classes. He put up 50 banners throughout the old city and ran advertisements on the local cable TV network. Today, he has 15 computers. There are 120 pupils attending his computer classes and 200 cyber cafe members. Many students are school and college dropouts who firmly believe that becoming computer savvy is the passport to a better life—and possibly to a job abroad.

Eighty of the cyber cafe members are women. Not every member is computer literate. Some give their message orally or bring typewritten sheets which are then keyed in.

Nazareth charges an annual membership fee at Rs 100 (less than $3). A member spends about Rs 10 to send an e-mail and Rs 5 to receive one. Nazareth is not making profits yet, but he believes the cash registers will be ringing very soon.

will bring a demand for IT from the people.

Right now, as investments pour in, the construction boom is the most visible symbol of a growing economy. "Some neighborhoods like Begumpet have shown a five-fold increase in the last five to six years," says Captain K. Kishan, chairman of the Andhra Pradesh chapter of the Builder's Association of India. Currently, a lot of the development is financed by loans and grants from international donor agencies such as the World Bank.

To meet maintenance costs and generate funds for the future, Naidu and his team will rely more on public-private partnerships. Two years ago, for instance, the city decided to privatize garbage collection. The municipal sweepers' union put up strong resistance, but, after working with all parties involved, the bureaucrats stuck to their plans.

The other area with a visible efficiency gain is water supply, where efforts are being made to run it on market principles. In 1995, the Hyderabad Metropolitan Water Supply and Sewerage Board found that 35-40 percent of the water in the system that serves Hyderabad and its twin city, Secunderabad, was being lost. Galvanized iron pipes were replaced with polyethylene and bulk flow meters were installed. Nearly 100,000 illegal connections were disconnected, and billing was computerized. In the last few months, there has been a revenue increase of Rs 10 million ($238,000).

As the city undergoes such massive changes, there are more than a few dissenting voices. Captain J. Rama Rao, president of the Society for Preservation of Environment and Quality of Life in Andhra Pradesh, a local NGO, is one who warns of the long-term consequences. "Hyderabad's phenomenal growth has put pressure on government land, burial grounds, parks. Middle-class people have been recklessly extending their houses. Many lakes have been drained and used for constructing buildings in the last 10 years. Almost half of the 170 lakes in the city have been lost."

The rising number of vehicles on Hyderabad's roads has increased air pollution. And a steady influx of migrants from poorer parts of the state has led to the growth of 800 slums. If the shanties do not look as bad as they do in many other Indian cities such as Mumbai or Calcutta, it may be because the British Overseas Aid Agency has been working at slum upgrading in Hyderabad for more than a decade.

There is also the question of whether the momentum of change will last if the 49-year-old Naidu leaves office. Hyderabad has not had a municipal election for many years. Handpicked bureaucrats are running the show, and efficiently. But their fortunes, and those of Hyderabad, are linked to Naidu. State elections are slated later this year. If the Naidu government is not voted back to power, the pace of implementation is likely to be affected.

Meanwhile, Naidu and his team say they are working to address questions of growth and to create a broad constituency for his reform package. If they are successful, Hyderabad will show that a lot can be done even in a poor state, if there is political will.

PATRALEKHA CHATTERJEE, *Asia correspondent for* Urban Age, *is a New Delhi-based journalist who specializes in development issues.*

MEASURES OF TRAVEL TIME IN CITIES

TRAVEL TIMES AND COSTS and how difficult it is for people to get to and from work often play a key role in whether a city is able to attract businesses. Reducing travel times has become a major consideration for transport planners in rapidly growing megacities such as metro Manila, Lagos and Jakarta, where commuters spend, on average, more than an hour getting to work.

In a recent survey, travel times were analyzed in relation to indicators such as the percentage of work trips that involved private cars, public transport, motorcycles and non-motorized modes. Also factored in were automobile ownership ratios, per capita expenditures on roads and city densities. Where no comprehensive transport surveys were available, estimates were used. Times for each mode were weighted and averaged using the percentage of work trips for each mode. Train and bus times include average walking and waiting times, and car times include parking and walking to the workplace.

Travel times in cities do not appear to be directly related to developmental levels. While the average travel time to work is 28 minutes in developed cities, it is only slightly longer—39 minutes—in medium developed countries and 34 minutes in the lowest developmental categories. Another ranking, using the UNCHS City Development Index, also shows little variation among the countries surveyed, and somewhat shorter travel times in developed cities. This means that long travel times—one of the main areas of transport dysfunction—are likely to appear in both developed and developing cities, depending on a variety of factors.

Travel times in Africa appear to be longest. This can be explained by the highest use of non-motorized transport—45 percent of work trips are made on foot or by bicycle—the lowest ratio of car ownership—around 30 persons per car—and a very low per capita expenditure on road infrastructures. In industrialized countries, 55 percent of commuters travel by private cars and 24 percent by public transport. Commuters in transitional cities use a developed public transport system for 63 percent of work trips.

Density and city size generally influence the use of cars for work trips; cities with lower densities use cars more often. In low-density American cities where commuting distances are generally longer, travel times are, paradoxically, generally lower. Des Moines, Iowa, for instance, enjoys a high car ownership ratio, one of the lowest urban densities and a short average travel time of 16 minutes.

In large cities, distances make travel by foot and bicycle less practical. Widely spread-out cities also often find public transport systems more costly to develop, so the use of private cars increases. Conversely, a 10 percent increase in density implies a 0.67 percent decrease in the use of cars. This does not necessarily imply an increase in travel times, however. Densely populated cities that have invested in efficient public transportation systems or that have controlled their mixes of traffic types have reduced their average travel times, often significantly.

Improved Urban Indicators

The World Bank and the Global Urban Observatory of UNCHS (Habitat) are launching an international project to improve the quality of information used in making and carrying out policies for urban development. The aim is to strengthen national and local capacity to collect, evaluate and disseminate urban indicators data that can be used for policy objectives. Indicators are effective benchmarking tools for local and institutional urban policy-makers, since they allow immediate cross-city and cross-regional comparisons. One critical objective is to foster subnational authorities' ownership of the data collection and monitoring processes. This will be achieved through a set of additional indicators that are specific to subregions or cities. The Indicators Programme is seeking members for this global network who will contribute to, and benefit from, each others' experience, expertise, working methods and best practices in gathering, managing, analyzing and disseminating urban information. For more information about this project, send an e-mail to: guo@unchs.org

CHRISTINE AUCLAIR *is an advisor to the Urban Indicators Programme, UNCHS (Habitat), in Nairobi, Kenya. E-mail: christine.auclair @unchs.org; Web site: http://www.UrbanObservatory.org*

TRAVEL TIME IN CITIES, AND OTHER INDICATORS

CITY	Travel time (min.)	Work trips: private car (%)	Work trips: public trans. (%) (a)	Work trips: motorcycle (%)	Work trips: foot, bike (%)	Car ownership (cars/1000 pop.) (b)	Road expenditures ($/capita) (c)	Net density (per sq hectare)
Metro Manila, Philippines	120.00	15.0	40.0	10.0	5.0	94.00	nav	147.8
Lagos, Nigeria	85.00	18.5	53.8	5.2	19.4	4.30	.04	193.8
Jakarta, Indonesia	82.00	7.6	37.6	10.6	0.0	68.00	11.56	nav
Tbilisi, Georgia	70.00	2.2	97.5	.00	0.3	71.00	.73	215.9
Cairo, Egypt	59.50	9.9	58.2	0.6	11.5	59.10	5.70	660.2
Rio de Janeiro, Brazil	51.00	11.5	66.5	0.2	21.0	177.00	51.02	136.3
La Habana, Cuba	41.50	6.5	58.1	0.0	30.0	32.00	nav	nav
New York, USA	36.50	32.5	51.4	0.1	11.0	232.00	123.22	72.0
Paris, France	35.00	55.0	40.0	3.0	nav	426.00	248.00	109.0
Curitiba, Brazil	30.00	13.6	71.8	0.0	11.3	286.00	27.00	216.8
Melbourne, Australia	25.00	78.0	16.0	1.0	5.0	500.00	182.00	66.8
Lucknow, India	23.00	5.8	0.8	16.0	52.3	129.70	3.37	nav
Dubai, U.A. Emirates	17.50	52.5	7.4	0.0	nav	162.00	214.00	160.5
Des Moines, USA	16.40	90.0	nav	nav	nav	657.00	104.04	13.4
Kober, Slovenia	15.00	71.9	7.6	1.4	18.7	443.0	37.73	45.7
Tumkur, India	8.00	0.8	20.5	18.2	53.6	84.80	1.90	198.6

a- Work trips by public transports are the percentage of trips to work made by bus or minibus, train or tram. Buses or minibuses refer to road vehicles other than cars taking passengers on a fare-paying basis. Other means of transport such as taxi, ferry, rickshaw or animal are not included.

b- Defined as the ratio of automobiles to 1000 population. Automobiles in this case are taken to include all private motorized vehicles exclusively used for personal transport (including sedans used for business).

c- Defined as the per-capita expenditure in US dollars on roads (three year average). Expenditure includes capital and maintenance expenditure on all roads in the urban area, averaged in constant value terms over three years. Where some roads are built or managed by non-city authorities (i.e., national or state) the amount spent in the urban area is estimated.

d- Cities have been ranked using the Human Development Index of their country.

Source: UNCHS (Habitat) Global Urban Indicators Database, 1996

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The Economic Development Institute of the World Bank is organizing a core course to expose city managers, planners, and local-level policymakers to a broad set of complex urban issues and the tools with which to address them. At this time, the course is targeted to Latin America and the Caribbean.

The course comprises ten modules:

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- ❑ City strategy, corporate vision, and governance
- ❑ Private sector involvement in the provision of public services
- ❑ Urban environment and sustainable development
- ❑ Urban transport and metropolitan development
- ❑ Closing the loop: Next steps

The program will be conducted in English and participants should have a very good command of the language. Future courses will be conducted in the respective language of the region. Participants will be selected based on expertise and insight into their various urban challenges.

For more information, please contact Claudia Conti via email at cconti@worldbank.org or via fax at +1-202-334-8350.

LETTERS

Editor:

TRULY ENJOYED your Future of Water edition. Urban agriculture's transformation of wastewater into food is a critical element in our future urban world's water management strategy. I write to present what I intend to be an amplification of Mayor Nat Nuno-Amartiefio's points concerning his education in food.

The mayor urges that: "Despite their vast differences, cities and agricultural areas need to gain greater understanding of each other," and "central authorities ... [need to] take steps to provide better infrastructure for supplying food."

Support for the Accra food markets can probably best be provided by a two-pronged approach:

- Increase food production within the Accra metropolitan area, close to the markets.
- Improve infrastructure for the shipment of food to Accra and other Ghana cities between urban areas and from rural to urban areas.

Two characteristics of greater Accra make urban agriculture particularly efficient:

- There are substantial land areas that are poorly suited to the construction of buildings.
- The city generates large amounts of wastewater and organic solid waste that are good inputs to agricultural production, and this waste is currently a high-cost problem.

The article talked about "encroaching on surrounding farmlands." Accra does not need to do this; it can incorporate the food industry, including fruit, vegetables, fish and poultry, into the metropolis.

JAC SMIT
President, Urban Agricultural Network
Washington, DC

Editor:

WE WERE PLEASED to see the attention given the subject of waterfront redevelopment in the Winter 1999 issue. This is important recognition of a topic of significance to many cities. Baltimore's Inner Harbor project, however, was not "spearheaded" by the Rouse Company. The waterfront master plan was done in 1964; the redevelopment came to life during the tall ships celebration of 1976; the Rouse Harbor Place project came in 1980. Harbor Place has been called "the cherry atop the cake that took 25 years to bake." No, the Inner Harbor has not solved the socioeconomic problems associated with deindustrialization in Baltimore and elsewhere—nor has anybody suggested it could.

Likewise, the story of Providence, Rhode Island, is much more compelling than the Waterfire installation, as notable as it is. It is a heroic tale, involving reconfiguration of a major road, moving two rivers, "daylighting" the Providence River and constructing a beautiful walkway/park, all of which took years to accomplish.

Outstanding projects around the world reflect the sophistication and diversity of what's happening on urban waterfronts today—ranging from worker housing on the docks of South Africa to grassroots citizen efforts in Reno, Nevada, a residential project on Seattle's waterfront and a community education facility for disadvantaged youth in Baltimore.

The picture is much more encouraging for cities everywhere than your "myth." The subject of waterfront redevelopment is profound, complex and diverse. We encourage you to return to the subject one day.

ANN BREEN AND DICK RIGBY
Co-Directors, The Waterfront Center
Washington, DC

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The Institute for Housing and Urban Development Studies (IHS) is an independent international institute offering post-graduate education, research and advisory services in the fields of Housing, Urban Management and Urban Environmental Management.

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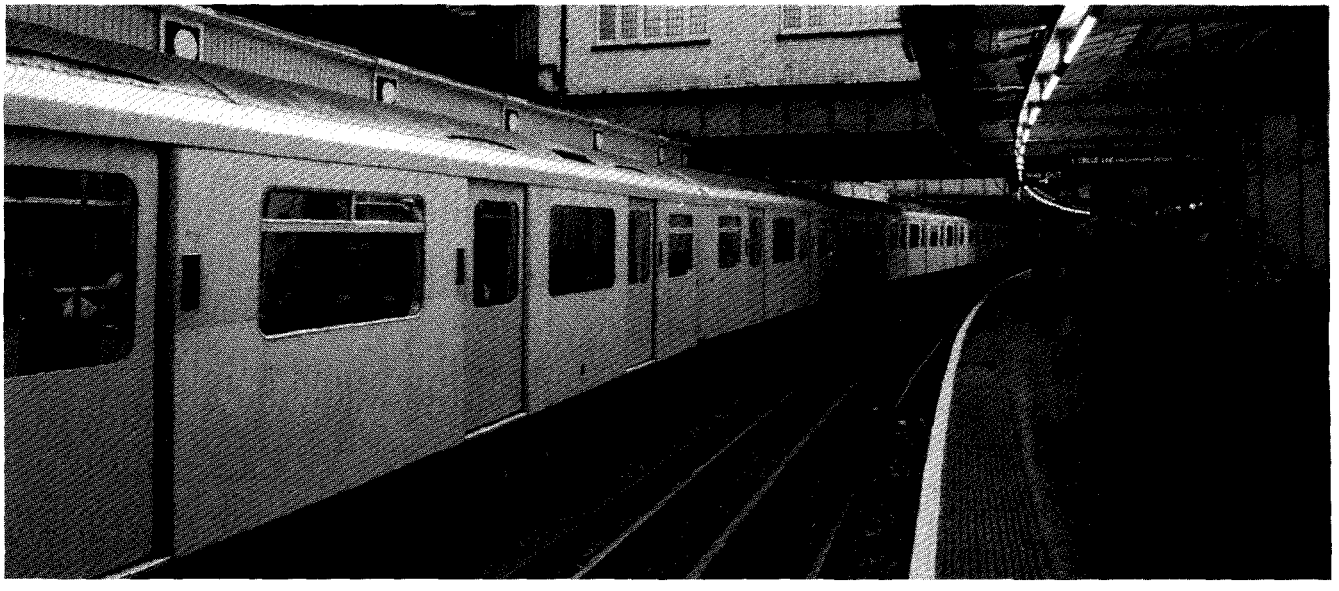

The Four World Cities Transport Study

Edited by Caralampo Focas. London Research Centre, London, UK, 1998.
Reviewed by Jerry Lebo

LONDON, PARIS, NEW YORK AND TOKYO all share reputations as successful cities, with enviable reputations in art, fashion and fine dining. But they also share a much less enviable common thread in their histories, as examples of rapid, sometimes poorly planned, urban growth. Just as they typify the best that city life has to offer, they also embody some of the worst symptoms of modern urban life—sprawl, congestion and declining environmental quality. These problems, exacerbated by the phenomenon of urbanization in areas surrounding the historic central city, have had a sobering effect on city planners. As often as not, they find themselves patching problems in one part of the city only to worsen symptoms elsewhere.

Much of the long-term success of these cities hinges on something most people take for granted—modern and efficient transport systems—the life's blood of the modern urban environment. This, at least in part, is the argument underlying the recent comparative study from the London Research Centre that looks at the challenges these four cities face in maintaining sustainable patterns of growth into the new millennium. The aptly named Four Cities Transport Study begins with the premise that any long-term solution to maintaining urban "quality of life" requires a thorough understanding of the role of transport.

A comparative study is always interesting, at least for the curious at heart. For instance, this compendium offers surprising answers to even the most morbid transport interests. For example, in which city are you most likely to be killed riding a bicycle (Tokyo) or as a pedestrian (New York)? Or the more mundane—where are you most likely to have to wait for a metro train during peak use (Paris) or a regional train at rush hour (London)? Or the personal—in which city center are you most likely to own a private car (New York) or most likely to make a motorized journey by bus (surprisingly, also New York). But once curiosities are satisfied, the story told by the study is difficult to decipher. This is because, first, because simply presenting comparative statistics cannot do justice to the subtle interplay of urban growth, transport and land use planning. In addition, the lack of significant analysis throughout the study is at odds with the complex statistical comparison undertaken. Readers are left to draw their own conclusions to an otherwise well-done enumerative analysis.

That is not to say that even experienced professionals will not find something of interest in the Four Cities Transport Study. For instance, an entire chapter is devoted to the relationship between demographics, employment and car ownership. But beyond the addition of more descriptive information concerning the reasons for observed changes in age and sex demographics and travel demand, there is little of a conclusive nature to justify more careful scrutiny.

On the other hand, the easy-to-read and strongly visual presentation of the document makes many of the more obvious omissions of content nearly forgivable. In addition, as a reference and overview document of transport issues facing rapidly growing cities, the study would be an invaluable part of any urban transport reference library. However, for those seeking policy or prescription cures—although the bibliography may be a useful point of departure for research—there will be little to capture the imagination.

Not having taken the study to its full conclusions is unfortunate. First, because rapid urbanization and rising incomes in many of the world's developing cities have created a strong demand for practical solutions based on the experience of others. Second, by wasting the valuable underlying lessons from the cities that were studied, many of these developing cities may yet be doomed to repeat them.

JERRY LEBO *is a transport specialist with the World Bank.*

Environment and Urbanization

Revisiting the theme of sustainable cities seven years after the Earth Summit

This is a four-page summary of the most recent issue of the journal *Environment and Urbanization* which is on the theme of "Sustainable cities revisited." This is a follow-up to a previous issue on sustainable cities prepared for the United Nations Earth Summit published in 1992 (Vol.4, No.2). It includes key points from the editorial, summaries of the papers that were published (with policy implications highlighted) and details of how to order copies of the original or order individual papers through e-mail. This summary was prepared with help from the staff of *Urban Age* and with support from the UK Department for International Development.

Recent Innovations

THE LAST FEW YEARS have brought many examples of innovative local environmental action plans for cities. Many of them are linked to Agenda 21, the document agreed at the United Nations Earth Summit in Rio de Janeiro in 1992, and are called Local Agenda 21s. Their contribution to improving the local environment and achieving development objectives is illustrated in the papers on:

- the Local Agenda 21s developed in Manizales (Colombia) and Chimbote (Peru);
- the "Cities for Life" forum in Peru which has been supporting the development of Local Agenda 21s in many Peruvian urban centres; and
- the measures taken to "localize" Agenda 21 in Nakuru (Kenya), Essaouira (Morocco) and Vinh City (Vietnam).

But how representative are these examples of other Local Agenda 21s? How many of the urban centres in Africa, Asia and Latin America with Local Agenda 21s have met the requirement laid down in Agenda 21 that their governments engage in a broad consultative process with their populations? How many have the capacity to work with community based organizations and other "stake holders" in developing real responses to the environmental problems they face? Examples of good practice can encourage others to take action but concentrating only on the more successful case studies can obscure the local, national and international factors which so constrain good practice in most urban centres. There are also many initiatives which seek to meet

the needs of low-income communities whilst addressing environmental goals ...

OTHER PAPERS in this issue of *Environment and Urbanization* concentrate on other aspects of sustainable development:

- the need for governments and international agencies to allow low-income groups to develop their own organizations and their capacity to manage their solutions—as in the papers on improving public transport in Mumbai (formerly Bombay); on developing more participatory urban management for health in Dakar; and on developing a federation of waste pickers in Quezon City (the Philippines);
- the management of wastes in ways that combine social and ecological goals (as in the discussion of waste management in Quezon City and in Cotonou, Benin); and
- how cities transform the environments of their surrounds, with a case study of Bamenda (Cameroon); and how, in Mexico City, suburban and peri-urban agriculture has changed over time and adapted to changing demands from urban populations.

Most of the papers consider how environmental conditions can be improved for urban populations—what is often called the "brown" agenda—while the papers on Bamenda and Mexico City also consider what is often termed the "green" agenda, that is, how urban development impacts on the local ecosystems and global cycles. It is often difficult to reconcile these two agendas within city policies and plans. However, various Local Agenda 21s demonstrate that the two can be addressed together — for instance, the development of eco-parks in Manizales with their strong environmental education component; the movement to protect the wetlands in Chimbote; and the measures being taken in Essaouira to better protect the fragile ecosystem of lagoons and dune forest onto which the city's physical expansion is impinging. The papers on Chimbote and Manizales also stress the extent to which effective Local Agenda 21s need populations that are well-informed on environmental issues. This must include an understanding of the ecological disruption that urban development can bring and the measures needed to limit this.

Underpinning these movements is the development of an accurate conceptual understanding. Other papers in this issue consider:

- how best to understand and operationalize the concept of sustainability and identify what it is that should be sustained;
- how to avoid simplistic and often inaccurate assumptions about links between environmental degradation and population growth that end up being anti-women and anti-poor.

Papers on Local Agenda 21s

AGENDA 21: **a Form of Joint Urban Management in Manizales** by Luz Stella Velasquez describes how an innovative "bioplan" was developed for the city and describes the activities of the different groups that contributed to its development. The bioplan became integrated into the municipal development plan and municipal budget. A comprehensive, decentralized monitoring system was developed to track progress in social conditions, community involvement, natural resource use, energy efficiency and waste management with considerable community involvement in the development of the indicators and their measurement and interpretation. "Environmental traffic lights" were developed to show how well each of the municipality's 11 *comunas* were doing. The author sets the innovations in the city within the broader national context of the new constitution and other political, legislative and fiscal changes in Colombia which have encouraged local authorities to develop local environmental agendas. **The indicators that Manizales has developed and the process by which these are generated**

will be of interest to any other city seeking to develop appropriate local indicators of sustainability.

Chimbote's Local Agenda 21 by Maria Elena Foronda describes the struggle to stop the industrial contamination of the city, to defend important environmental resources (one of the few parks in the city was under threat) and to seek an improved quality of life. The author describes how a coalition of 42 organizations (ADECOMAPS) began as an ecological movement for the protection and conservation of the park and then broadened its work to develop a Local Agenda 21. This coalition is formed by grassroots organizations, NGOs, universities, professional training institutions, politicians and government bodies.

The paper by Raf Tuts describes programmes to ***Localize Agenda 21*** in three small cities in Kenya, Morocco and Vietnam. These sought to improve the quality of life through enhancing the local capacity for urban planning and management. The author describes the two methodological cornerstones—the strategic structure planning approach and the capacity-building approach—and how these were applied in Nakuru, Vinh City and Essaouira. He also describes the successes and constraints which limited or slowed down the process and what lessons this experience has for other Local Agenda 21s.

The paper entitled **Let us build cities for life: the National Campaign of Local Agenda 21s in Peru** by Liliana Miranda and Michaela Hordijk describes a national movement to support the development and implementation of Local Agenda 21s in urban centres throughout Peru. The authors describe the origins and early development of the "Cities for Life" Forum as it brought together 41 institutions in 18 cities, also its strategies and work to date—including the constant interchange of ideas between cities. The paper also describes how the Forum developed beyond what was initially a conventional technical assistance project into a network whose members support each other in their work. **This paper will be of particular interest to any government agency or NGO seeking to support the development of Local Agenda 21s in different cities.**

Seeking Pro-Poor Solutions

THE NEED FOR MORE participatory (and less "anti-poor") approaches by government and international agencies is the central theme of the paper on **Avoiding anti-poor solutions to Mumbai's transport problems** by Sheela Patel and Kalpana Sharma. The authors explain how large numbers of poor households have built homes alongside the railway tracks in Mumbai (formerly Bombay), some of them within one metre of the passing trains. The railway authorities realized that they could greatly increase transport efficiency, without substantial new investment, by increasing the speed of the trains. However, this required people to move away from the tracks. The authors describe how community organizations representing the inhabitants of these settlements, and supportive Indian NGOs, showed how resettlement is possible and how solutions can be developed that benefit everyone. But to do so requires more patience, flexibility and commitment by external agencies working with the inhabitants of low-income communities.

The paper by the Vincentian Missionaries on **The Payatas Environmental Development Programme** describes the development of a federation of waste pickers who live close to a major solid waste dump in Quezon City (the Philippines). A long-term environmental development programme is building on the existing activities of waste-picking households and is integrated with housing, health and other social initiatives. The Federation has also increased the scavengers' capacity to negotiate with local authorities and other government agencies. **This paper will interest agencies seeking to combine improved waste management with better conditions and livelihoods for waste pickers.**

Reducing Cities' Ecological Footprints

THE OCTOBER 1992 ISSUE of *Environment and Urbanization* (on Sustainable Cities) included a paper by William Rees on "Ecological footprints and appropriated carrying-capacity: what urban economics leaves out".

This stimulated considerable interest in better understanding and acting on the ecological impacts that human activities within cities have beyond their boundaries. The paper by H. Losada and others on **Urban agriculture in the metropolitan zone of Mexico City** is unusual in the detail and scope of its description of how urban, suburban and peri-urban agriculture has changed over time, including how it has adapted to changing demands from urban populations. Governments can realize many ecological and employment advantages by adopting new approaches to managing urban expansion that recognize and support the role of urban agriculture.

Acho-Chi's paper describes in some detail the ecological impacts of unplanned urban expansion on land surface change in and around the city of Bamenda, Cameroon and the underlying causes.

Broader Issues

PETER MARCUSE'S PAPER, on **Sustainability is not enough**, critically reviews the way in which the term "sustainability" has been added to the goals of so many programmes. In so-doing, he suggests that "sustainability" should not be considered as a goal for a housing or urban programme—many bad programmes are sustainable—but, rather, as a constraint whose absence may limit the usefulness of a good programme. This paper also points out that stressing "sustainability" can simply encourage the sustaining of an unjust status quo and that the attempt to suggest that everyone has common interests in "sustainable urban development" masks very real conflicts of interest.

Ir Houinsou Dedehouanou describes the difficulties of **Coping with house waste management** in Cotonou (Benin). Problems arise both from the economic crisis and from the difficulties that government agencies have in providing the framework for greater community and private sector involvement.

The paper by El Housseynou Ly and others on **The applicability of the healthy cities movement in Dakar** reveals the difficulties encountered by local government practice in Dakar in supporting more participatory urban management.

Betsy Hartmann's paper on Population, environment and security considers another important but often neglected subject, the extent to which faulty or distorted diagnoses of "environmental problems" by powerful interests in the world's wealthiest countries mis-represent environmental problems in Africa, Asia and Latin America. This paper points to the frequency with which authors claim that internal conflict in these regions is often the result of population pressures and resource scarcities. This literature fails to consider the underlying (generally economic and political) causes of poverty and environmental degradation, including the role of international companies, development assistance agencies and western governments. From such mis-representation, ill-conceived responses so often develop—including, as her paper describes, entirely inappropriate roles for the military in search of a new role after the end of the "Cold War", and regressive and inaccurate views of the needs, priorities and abilities of women and "peasant" farmers.

Ordering the Originals

THIS ISSUE OF *Environment and Urbanization* on **Sustainable cities revisited** (Vol.10, No.2, October 1998) (which also includes papers on changes in the management of urban services in Buenos Aires over the last 100 years, and on street homelessness in Johannesburg) is available from IIED, 3 Endsleigh Street, London WC1H ODD, UK; price UK£ 12 or US$ 21. Add 20 percent postage (for UK orders), 25 per cent (for Europe) and 40 per cent (all other places). Orders can also be faxed to (44) 171 388 2826 or e-mailed to bookshop@iied.org. Payment can be made by dollar cheques drawn on U.S. banks, sterling cheques drawn on U.K. banks, Eurocheques and Visa, Mastercard or Switch cards.

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Master of Development Planning. Contact: Mano Kumarasuriyar, Director, Development Planning Program, Department of Geographical Sciences and Planning, University of Queensland, Brisbane, Australia. Tel: 61-7-3365-4120; fax: 61-7-3365- 6899; e-mail: m.kumarasuriyar@mailbox.uq.edu.au; Web site: http://www.geosp.uq.edu.au/dpp/content/htm

Master of Science in **Urban Environmental Management.** The Centre for the Urban Environment. Contact: F. van Wilgenburg, Head Marketing Bureau, Institute for Housing and Urban Development Studies, Box 1935, 3000 BX Rotterdam, The Netherlands. Tel: 31-10-402-1544; fax: 31-10-404-5671; e-mail: f.wilgenburg@ihs.nl; Web site: http://www.ihs.nl

On-line resources

Urban Conservation is highlighted in **the Human Settlements Development Programme** of the Asian Institute of Technology, Bangkok, http://www.hsd.ait.ac.th

The Society of Writers on Environment and Development, http://www.swed.org.eg

Concept 5 is an exploration of Japan and the city of Tokyo. Through original visual images and writings on life in Japan, explore the five concepts—architecture, culture, urban living, technology, observation—to experience the dynamism of this city. http://www.concept-5.com

As jurisdictions across the United States and around the world strive to deliver public services more efficiently and effectively, the **Western New York Regional Information Network** at http://www.rin.buffalo.edu gives users an overview of some of the newest innovations in service delivery. Innovation in Governance is a resource on best practices, policies, research and technologies of governance.

The Creative Town Initiative, Huddersfield, UK, can be viewed at: http://www.creativetown.com

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Print resources

Cities on the Rebound: A Vision for Urban America. William Hudnut, Urban Land Institute, Washington, DC, 1998.

Creating Globally Competitive Communities: A Local Leadership Guide to Economic Growth and Quality of Life with High-Performance, Export-Driven Manufacturing. David Bowes, Partners for Livable Communities and the Manufacturing Institute, Washington, DC, 1997.

Institutional Development: A Third World City Management Perspective. Ronald McGill, St. Martin's Press, USA, 1997.

International Manual of Planning Practice in 61 Countries. Adriana Dal Cin and Derek Lyddon, eds, International Society of City and Regional Planners, The Hague, The Netherlands, 1998.

Making Cities Livable. Suzanne H. Crowhurst Lennard et al., eds., CA, USA, 1998.

The Forgotten Child. How Cities Fail Our Children. Henry L. Lennard and Suzanne H. Crowhurst Lennard, CA, USA, 1998.

The Four World Cities Transport Study. Caralampo Focas, ed., London Research Centre, London, 1998.

Urban Infrastructure Finance. Royston A.C. Brockman and Allen Williams, Asian Development Bank, Manila, 1996.

Ville a vendre—Voie liberale et privatisation de secteur de l'habitat a Chennai (Inde). Christine Auclair, French Institute of Pondicherry, Department of Social Sciences, Paris, 1998.

Urban organizations

CityNet, the Regional Network of Local Authorities for the Management of Human Settlements, is a network of local authorities, NGOs , national level organizations and development authorities that implement programs for technical exchange and transfers of expertise to cities in Asia and the Pacific. Web site: http://www2.itjit.ne.jp/~citynet

Partners for Livable Communities is a nonprofit organization working to improve the livability of communities by promoting quality of life, economic development and social equity. Partners generates civic improvement through technical assistance, leadership training, workshops, research and publications. Tel: 202-887-5990; fax: 202-466-4845; e-mail: partners@livable.com

World Academy for Local Government and Democracy (WALD) aims to provide a venue for bringing together theory and practice in diverse urban issues, local government, human rights and democracy. WALD Yerebatan Cad. No. 2 34400 Sultanahmet, Istanbul, Turkey. Tel: 90-212-512-6269; fax: 90-212-519-0060; e-mail: waldaca@ibm.net; Web site: http://www.waldacademy.org

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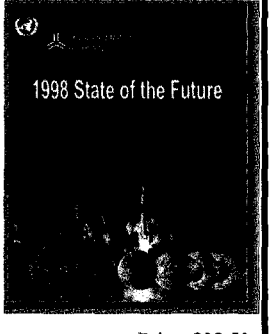

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SURFERS PARADISE, AUSTRALIA—April 21-23, 1999. **Developing an Environmental Accounting Standard for Local Governments**. Fourth International Expert Seminar on Environmental Management Instruments. Contact: Conference Logistics, Box 505 CURTIN ACT 2605. Tel: 61-2-6281-6624; fax: 61-2-6285-1336; e-mail: conference@conlog.com.au

WASHINGTON, DC—May 19-21, 1999. **World Competitive Cities Congress.** Contact: Malcolm Locke, Director, Secretariat. Tel: 212-869-7567 ext. 20; fax: 781-869-7414; e-mail: m.locke@worldcongress.com; Web site: http://www.worldcongress.com

ISTANBUL— May 27-29, 1999. **Global Flows/Local Fissures: Urban Antagonisms Revisited**. Contact: Guldem Baykal, e-mail: waldaca@ibm.net; Web site: http://www.waldacademy.org

WASHINGTON, DC—May 27-28, 1999. **Managing Local Government and Community Roads.** Contact: Violeta Wagner, tel: 202-473-9011; e-mail: vwagner@worldbank.org

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GELSENKIRCHEN, GERMANY—September 17-20, 1999. **The Future of Industrial Regions—Regional Strategies and Local Action Towards Sustainability**. Contact: International Society of City and Regional Planners, Mauritskade 23, NL/2514 HD Den Haag. Tel: 31-70-346-2654; fax: 31-70-361-7909;e-mail:isocarp@bart.nl; Web site: http://www.soc.titech.ac.jp/isocarp

CAMBRIDGE, UK—September 27-29, 1999. **The European Transport Conference**. Contact: Sally Scarlett, PTRC Education and Research Services Ltd., Glenthorne House, Hammersmith Grove, London W6 OLG. Tel: 44-181-741-1516; fax: 44-181-741-5993; e-mail: info@aetransport.demon.co.uk; Web site: http://www.aetransport.demon.co.uk

HARVARD, BOSTON—October 7-9, 1999. **Waterfronts in Post Industrial Cities**. A conference of the Mayors Institute for City Design. Contact: Richard Marshall, Harvard Graduate School of Design, 48 Quincy Street, Cambridge, MA 02138. E-mail: marshall@gsd.harvard.edu; tel: 617-495-7610; fax: 617-496-1292

Educational programs

FREIBURG, GERMANY—May 15-22, 1999. **EcoInstruments: Environmental Management and Financial Instruments for Local Policy**. Contact: ICLEI European Secretariat Andrea Burzacchini, Eschholzstr, 86 D-79115 Freiburg Germany. Tel: 49-761-368-920; fax: 49-761-36260; e-mail: ecoinstruments@iclei.org; Web site: http://www.iclei.org/ecoinstruments

NEW ORLEANS—May 24-June 4, 1999. **International Program for Port Planning and Management**. Contact: Timothy E. Joder, AICP, Director, IPPPM. Tel: 504-280-6519; fax: 504-280-6272; e-mail: ppsur@uno.edu

BOSTON—June 27-July 17, 1999. **Program on Fiscal Decentralization and Financial Management of Regional and Local Governments**. Harvard Institute for International Development. Contact: Roy Kelly, Director; tel: 617-496-2431; fax: 617-495-9786; e-mail: pfd@hiid.harvard.edu

LOS ANGELES—July 12-23, 1999. **Urban Management Course for Planning and Development Practitioners.** Contact: Anna Sai, School of Policy, Planning and Development, University of Southern California, Los Angeles, CA 90089-0042. Tel: 213-743-2701; fax: 213-743-2476; e-mail: pracinst@usc.edu; Web site: http://www.usc.edu/sppd/pracinst UA

Dutch Habitat Platform

TOWARD SUSTAINABLE HUMAN SETTLEMENTS

Stichting Habitat Platform

Living in the city can be pleasant, but the quality of life is not always optimal. For example, houses are clustered too closely together with little in the way of green spaces between them. People do not feel safe on their own streets. Living conditions are poor and facilities few and far between. Unemployment is high. The population continues to increase and the growth in traffic leads to air pollution. The water isn't safe to drink. These problems occur all over the world.

In the coming issues of *Urban Age*, the Dutch Habitat Platform will give information on Habitat and the implementation of the Habitat Agenda. This issue gives a short introduction on Habitat, its organisation and the Habitat Agenda.

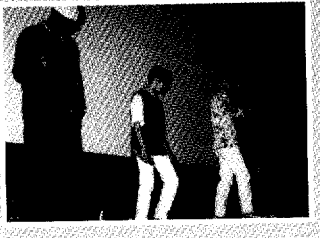
In order to address these problems, the Second UN Conference on Human Settlements (HABITAT II) took place in Istanbul in 1996. The outcome was the Habitat Agenda, which has two central objectives:

- To ensure adequate housing for all
- To promote sustainable human settlements

Many of the countries that participated in the Conference have taken steps to achieve these aims. The Netherlands is one of them, and an important measure has been the establishment of the Habitat Platform. The Platform was set up and is funded by the Ministry of Foreign Affairs and the Ministry of Housing, Spatial Planning and the Environment. It directs its activities towards both the public and private sectors.

The task laid upon participating countries by HABITAT II is not an easy one. Complex problems and an extremely wide variety of people and organisations are involved. The basic premise underlying the Habitat Agenda is, however, that initiatives must wherever possible come from the people themselves, at the local level. That is why it is important for the Habitat Agenda to be translated into local Habitat Agendas focusing on activities in a particular municipality or even district.

Working toward a sustainable living environment means much more than producing good housing. It embraces concern for local surroundings, efforts to counter decay and vandalism, job creation and better education and training opportunities, health and safety issues and preserving our cultural heritage. An integral approach to the problems at issue is hereby important. This means that problems must be seen in relation to each other: so housing must be tackled together with employment, education and improving safety on the streets. This interrelation should be reflected in the various projects, so that their common endeavours lead to better results.



World Habitat Day 1998 in The Netherlands was about Safer cities. Younger people passed their message by means of a rap, and presented their views to the chair of the Dutch Habitat Platform.

The Role of the Habitat Platform

There are activities and projects going on everywhere that can be roughly classified under the heading of "working towards a sustainable living environment." But it is essential that these initiatives are properly coordinated and produce tangible results for broad sections of the population. Where possible, the knowledge and experience gained in one successful project must be passed on for the benefit of others. This is one of the most important tasks of the Habitat Platform.

In its activities the Habitat Platform tries to identify subjects which require special attention. Housing and living conditions of elderly of ethnic minority groups is an example. In order to address this issue, the Habitat Platform is organising a seminar in June this year. Another example is the development of methods of stimulating consultation between residents and neighbourhood organizations and local authorities.

Finally, the Habitat Platform has an important role to play in increasing public awareness of the global human settlements issue. One way it does this is by organising an annual World Habitat Day in the first week of October. Greater awareness must also result in the application of the principles of the Habitat Agenda in the various forms of international municipal cooperation, both by private organisations and public bodies. In addition, the Platform plays a coordinating role in the cooperation with certain target cities in the South. At present, the most important is East London in South Africa.

Board, Secretariat and Habitat Council

The board of the Dutch Habitat Platform consists of seven members. The board and the secretariat of the Habitat Platform are advised by a Council comprising representatives from a large number of public and private organisations in the Netherlands, all involved in one way or another with Habitat issues.

The members of the Habitat Council and the organisations they represent form the support base for the implementation of the Habitat Agenda. They advise on the drafting of the Platform's annual work plan. Moreover, they are important partners in the implementation of the Agenda. The members of the Habitat Council and the organisations and people they represent are involved in many of the Platform's activities.

For more information, please contact the secretariat of the Habitat Platform:

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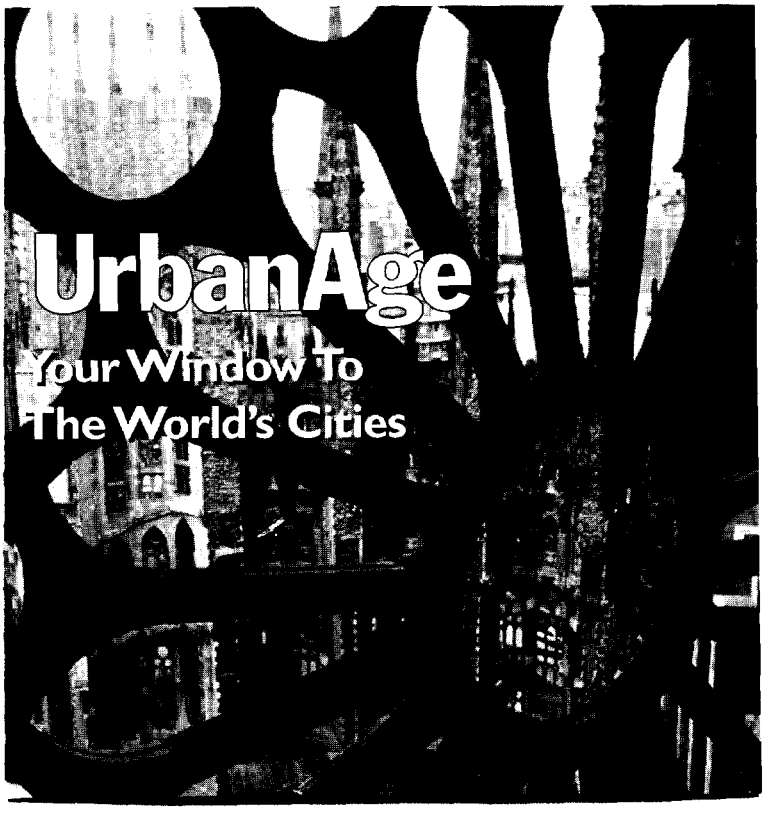

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