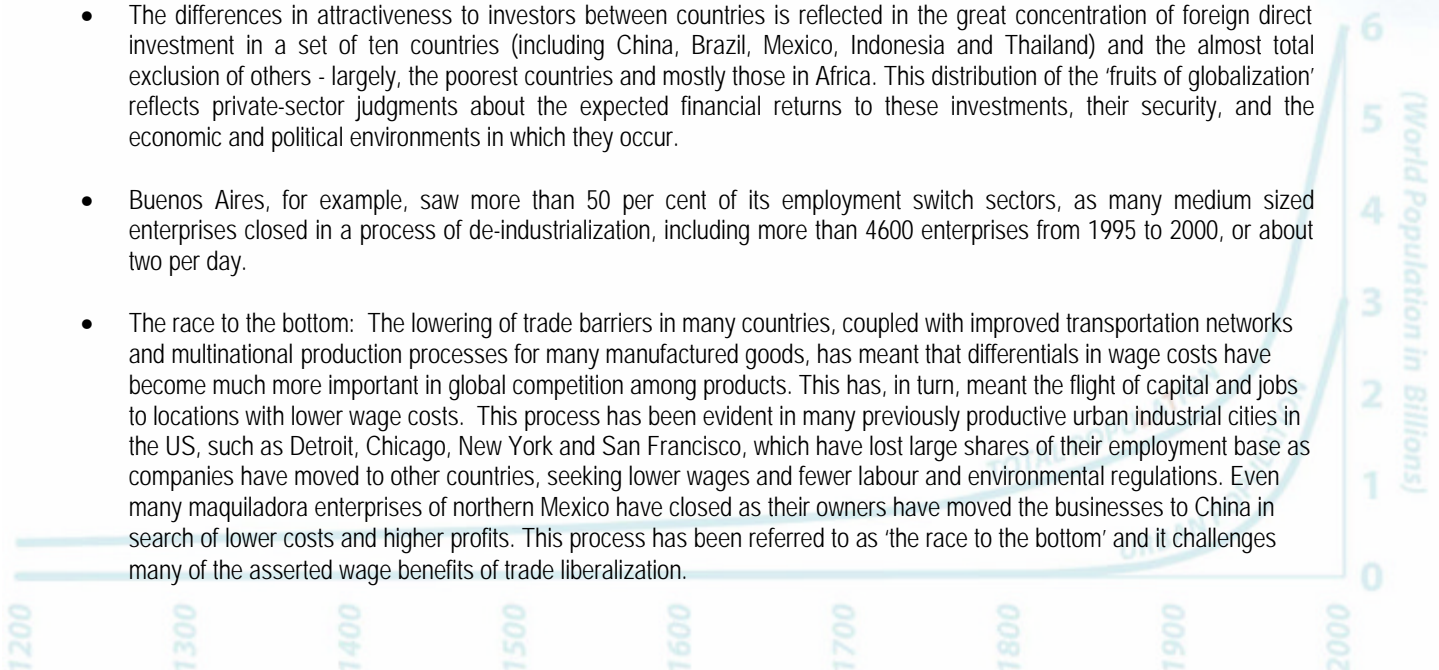


State of the World's Cities: General Overview

Urbanization & the Economic Contribution of Cities

- The world's urban population will grow from 2.86 billion in 2000 to 4.98 billion by 2030, of which high-income countries will account for only 28 million out of the expected increase of 2.12 billion. The world's annual urban growth rate is projected at 1.8 per cent in contrast to the rural growth rate of 0.1 per cent and about 60 per cent of the world's population will live in cities.
- Most importantly, urban growth in middle- and low-income countries accounts for about 2 billion of this increase, suggesting that urban growth on a weekly basis will be close to 1 million persons, or a city the size of Hanoi or Pittsburgh each week. Much of this growth will be in cities over 1 million persons. The report notes that by 2003, there were 39 cities over 5 million in population and 16 over 10 million.
- **Economic contribution of cities:** Urban-based economic activities account for more than 50 per cent of GDP in all countries, and up to 80 per cent in more urbanized countries in Latin America, or more in Europe. For example, the ten largest metropolitan areas in Mexico, accounting for one third of the country's population, generate 62 per cent of national value added.
- This disproportionate economic contribution of cities - indeed, their importance to the economy as a whole - is normally ignored or overlooked. This neglect is dangerous because, cities and towns are not only the loci of production, but they are also the loci of the most important impacts of globalization and, hence, the places of change and expectations for the future. Undervaluing urban areas can unwittingly place the economic and social futures of countries at risk.
- **The fruits of globalization:** Flows of capital, labour, technology and information have supported the growth of world trade from US\$579 billion in 1980 to US\$6.272 trillion in 2004, an increase of 11 times. Trade in goods has become an increasing share of the GDPs of national economies, rising from 32.5 per cent in 1990 to 40 per cent in 2001.
- The differences in attractiveness to investors between countries is reflected in the great concentration of foreign direct investment in a set of ten countries (including China, Brazil, Mexico, Indonesia and Thailand) and the almost total exclusion of others - largely, the poorest countries and mostly those in Africa. This distribution of the 'fruits of globalization' reflects private-sector judgments about the expected financial returns to these investments, their security, and the economic and political environments in which they occur.
- Buenos Aires, for example, saw more than 50 per cent of its employment switch sectors, as many medium sized enterprises closed in a process of de-industrialization, including more than 4600 enterprises from 1995 to 2000, or about two per day.
- The race to the bottom: The lowering of trade barriers in many countries, coupled with improved transportation networks and multinational production processes for many manufactured goods, has meant that differentials in wage costs have become much more important in global competition among products. This has, in turn, meant the flight of capital and jobs to locations with lower wage costs. This process has been evident in many previously productive urban industrial cities in the US, such as Detroit, Chicago, New York and San Francisco, which have lost large shares of their employment base as companies have moved to other countries, seeking lower wages and fewer labour and environmental regulations. Even many maquiladora enterprises of northern Mexico have closed as their owners have moved the businesses to China in search of lower costs and higher profits. This process has been referred to as 'the race to the bottom' and it challenges many of the asserted wage benefits of trade liberalization.



- **The new poor:** As employment opportunities shift towards jobs requiring higher levels of education, the returns to education increase markedly and set apart those individuals with the requisite training and credentials. At the same time, those who are losing in relative terms find that their assets are also at risk: they may have to sell their houses and other assets during periods of economic stress. They experience both income and wealth effects that convert them into 'the new poor', with new insecurity and vulnerability in the face of economic changes.
- The middle class in some countries, such as in Argentina during the 2001-2002 crisis, or in the transition economies of Eastern Europe and the former Soviet Union, suddenly find themselves lacking the skills for the new economy and fighting for lower paying jobs in a severely constricted and competitive job market.
- **Cherry Picking and the privatization of public services:** The vigorous arrival of powerful, decisive and informed external private-sector companies in all parts of the world has added to the further weakening of public institutions. Companies arrive in cities, exploring the possibility of investing in a factory or shopping centre. They do not feel constrained by local building codes, zoning or environmental regulations. If their demands for tax holidays and other waivers of regulation are not accepted by local authorities, they simply move on to the next city. Local authorities, on the other hand, are desperate to attract private investment to create jobs and generate incomes in their cities. This produces an asymmetry in power and certainly in the negotiations.
- The privatization of public services in many countries also contributed to both the shrinking of effective government power during the 1990s as specific services and functions were 'outsourced' from government to private companies. This process also reduced revenue and sources of finance. As expected, the most attractive and potentially profitable services in cities were frequently bought by external private investors - a process known as 'cherry-picking' - leaving governments with already poorly performing services.
- Studies of intra-urban inequality during recent years show that the location of infrastructure investment is an important determinant in the quality of housing, education and other services. A study of infrastructure investment in Buenos Aires from 1991 to 1997 concluded that 11.5 per cent of the population received 68 per cent of investment, leading to the observation that the city is, in fact, five cities, each with different levels and quality of infrastructure and public services.
- **The weakening of public institutions:** The privatization of urban services, such as water supply, sanitation, waste collection, street maintenance and sometimes social services has meant that government has also lost the tools to guide development in newly urbanized areas and to rehabilitate areas needing revitalization. Mayors and city councils are forced to negotiate with private companies whose obligations are not only to provide services but also to provide high financial returns to stockholders in their country of origin. It should not be surprising that privatized companies do not want to invest their profits in extending services to unserved slum or squatter areas in Latin American cities. They would rather send the profits back to their stockholders in Spain or France.
- .All of these changes raise the issue of constantly redefining the 'public interest'. Who and what is the public? Is it local or does it include the connections to distant actors and locations, which also affect the city and have interests there? Who are the guardians of the public interest?

A city is both a territory and an attitude, and this attitude is culture.

- Even during the 19th century, cities at the centre of media, financial and manufacturing networks, such as New York, London and Paris, were pre-eminent sites of cultural innovation. From fine arts to fashions, the confluence of cultural production and consumption in these cities magnified their importance and spread their reputation throughout the world.
- Today, innovations travel at much greater speed. Globalization brings Senegalese to Atlanta, where they find work as taxi drivers; Pakistanis become greengrocers in Rotterdam; and the Dutch become flower-growing company managers in Nairobi. But current trends suggest that if one of the great strengths of cities is their openness to the economic functions that strangers fulfill, their great weakness is a slowness to absorb them in the micropolitics of everyday life, in both public spaces and private institutions.

-
- The standardization of urban culture is significantly reinforced by the increasing multicultural nature of cities, which is itself a direct result of international migration. The principal outcome of this has been the emergence of what may be called urban ethnic spaces within cities, often in the form of ethnic ghettos, but also in the form of culturally distinct non-residential spaces, such as shops and restaurants. This, of course, has given rise to some fundamental challenges about how to manage multicultural cities.
- Although most cities have been officially multicultural since the current era of transnational migration began during the 1980s, they do not fully understand how to integrate ethnic 'minorities' without fear of losing their historic cultural identity. In fact, despite cities' presumed air of tolerance and real social diversity, they have always been flashpoints of ethnic hostility. The density of different minority populations makes it easy to target their homes and shops for persecution.
- Although immigrants and ethnic minorities achieve recognition for infusing new music and foods within urban culture, employers, the police and the broader public are often all too ready to turn against them.
- In the era of globalization and multi-cultural cities, public institutions need to train their personnel to be better informed, better connected and more forward looking in their work. This means having the capacity to recognize and interpret the patterns of change, economic transactions and new livelihoods that are developing around them. Investing in training may be more important than investing in the extension of new infrastructure or other services.
- This is one area in which international networks of cities and the urban professions can play an invaluable role in disseminating best practice, experiences and the many debates about these issues. Knowing that there is not only one solution to a problem can be very helpful in an isolated community. The growth of the international organizations of cities has played an important role but could become more important in the future. This is likely to be facilitated by the increasing cooperation of such organizations, evidenced by the recent formation (by International Union of Local Authorities (IULA), United Towns Organization (UTO) and Metrolopolis) of the United Cities and Local Authorities, which has proceeded to launch the Global Observatory on Local Democracy (GOLD).

TABLE 1.2 Population size and growth, urban and rural

	Mid-year population size (millions)				Population growth rate (per cent)		
	1950	1975	2000	2030	1960-1975	1975-2000	2000-2030
Urban							
World total	751	1543	2862	4081	2.9	2.4	1.8
High-income countries	358	562	697	825	1.8	0.8	0.6
Middle- and low-income countries	392	981	2165	4156	3.7	3.2	2.2
Rural							
World total	1768	2523	3195	3289	1.4	0.8	0.1
High-income countries	218	767	164	139	-0.6	-0.07	-0.8
Middle- and low-income countries	1550	2336	3031	3151	1.6	1.8	0.2

Note: High-income countries have gross national income per capita of US\$2766 or more based on World Bank estimates.
Source: National Research Council, 2013, p.65.

TABLE 1.1 Economic importance of selected cities in proportion to their population

Urban area, country	Current city size (000,000)	(A) Population percentage of national total	(B) GDP* percentage of national total	Ratio (B/A)
São Paulo, Brazil	17.9	8.6	36.1	4.20
Buenos Aires, Argentina	13.0	35.0	53.8	1.51
Santiago de Chile, Chile	5.5	35.6	47.4	1.33
Lima, Peru	7.9	28.1	43.1	1.53
Quayiquil, Ecuador	2.3	13.1	20.1	2.30
México, Mexico	18.7	14.2	33.8	2.37
All Cities, Mexico-		60.1	76.7	1.28
San Salvador, El Salvador	1.4	35.6	44.1	1.21
Casablanca, Morocco	3.6	12.1	26.1	2.07
Abidjan, Côte d'Ivoire	3.3	16.1	33.1	1.83
Nairobi, Kenya	2.6	5.2	20.1	3.87
All Cities, Kenya		18.9	30.3	1.55
Karachi, Pakistan	17.1	6.1	16.1	2.64
All Cities, India		12.9	36.8	1.96
Shanghai, China	12.8	1.2	12.5	10.42
Manila, Philippines	16.4	12.1	26.1	2.07
Bangkok, Thailand	6.5	10.9	37.4	3.43
Moscow, Russia	16.5	5.6	10.8	1.88
All Cities, Turkey		47.1	70.1	1.49

Note: City size data are for the year 2003. *A and B' column data recorded for years within the range of 1975-1995.
Source: UN Population Division, 2003; Fiesco and Forbes, 2005.

This is a UN-HABITAT Feature/Backgrounder, please feel free to publish or quote from this article provided UN-HABITAT Features is given credit. Suitable photographs are available on our website. For further information, please contact: Mr. Sharad Shankardass, Spokesperson, Ms. Zahra Hassan, Press & Media Liaison, Press & Media Relations Unit, Tel: 254 20 623153/623151/623136, Fax: 254 20 624060, E mail: habitat.press@unhabitat.org, Website: www.unhabitat.org

SOWC/04/RB/Overview

- A high 62 per cent of women said that their sexual abuser had abused before and 66 per cent of women said that their abuser had abused someone else physically.
- A large majority of victims said that other people were present at the time of their emotional (79 per cent) or physical (76 per cent) abuse, including their own children and family members. Despite this, only 43 per cent of victims reported their physical abuse to police and even fewer (21 per cent) reported sexual abuse.
- A conference entitled Sustainable Safety: Municipalities at the Crossroads, held in Durban, South Africa, in November 2003 and attended by over 300 participants representing local authorities, federal government officials, police, United Nations and other international agencies, NGOs, business circles and community organizations, highlighted this new policy direction in improving community safety. The conference declaration urged the tackling of root causes of problems rather than simply reacting to delinquency, violence and insecurity after the fact.
- Five hundred million small arms produced by 300 manufacturers in 74 countries are believed to be in circulation in the world either legally or outside of regulatory state controls. Despite this, international trade in small arms is currently highly unregulated. 40 per cent of the international flow of small arms is attributed to illicit trafficking.

Governance & transparency

- Transparency International, in releasing its 2003 global Corruption Perceptions Index, pointed out that corruption was pervasive in 12 countries, 4 of which are in Africa. Of countries in the top half of the index of 133 countries, only four (all in southern Africa) were in Africa. Twenty other African countries are in the bottom half of the index. No African country showed significant improvement, while one declined appreciably.
- In spite of the above, the picture in sub-Saharan Africa is not altogether bleak. Southern Africa has a number of states that continue their commitment to better governance. Anti-corruption treaties or conventions at the Southern Africa level and, indeed, at the pan-African level, also constitute potential for optimism. The formation of the African Parliamentarian Network against Corruption (APNAC) in 1999 in Kampala should also be mentioned. The APNAC chapter in Kenya was a player in the 2001 battle to block a weak anti-corruption bill.

This is a UN-HABITAT Feature/Backgrounder, please feel free to publish or quote from this article provided UN-HABITAT Features is given credit. Suitable photographs are available on our website. For further information, please contact: Mr. Sharad Shankardass, Spokesperson, Ms. Zahra Hassan, Press & Media Liaison, Press & Media Relations Unit, Tel: 254 20 623153/623151/623136, Fax: 254 20 624060, E mail: habitat.press@unhabitat.org, Website: www.unhabitat.org