Developing social equality and economic transparency for future cities

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Research seminar series: research context

A report from the Government Equalities Office found that wealth inequality in the UK has increased since the 1980s (Hills, et al., 2010) while a report by the Economic Commission for Latin America, revealed that the region is the most unequal in the world (González and Martner, 2012). Inequality materialises in the consumer society but is more evident when it affects human needs, such as food and shelter. In the UK, increase wealth and international migration has affected land prices, putting a strain in the affordability of housing (Nygaard, 2010). In Lat. Am., rural to urban migration and a housing deficit of 50 million units has also affected the market (UN-Habitat, 2011). The city is indeed triumphal for a few: while London is one of the world’s playgrounds for the global elite (Glaser, 2011), Mexico City is home to Carlos Slim, the richest man on earth (Harvey, 2012). In comparing urban environments in the UK and Lat. Am. there are the obvious differences not only in geographical scale and volume of human traffic, but also the intensity of the urban struggle as at the bottom of the pyramid the battle for Lat. Ams. is many times for survival (Tironi, 2009). Notwithstanding, the resulting urban inequality manifest with striking similarities in both contexts. Compare the London riots in the summer of 2011 with those in Buenos Aires during the summer of 2012 or those currently taking place in Brazil and Chile.

Unlike the UK social and economic issues in Lat. Am. have long suffered from poor institutions and weak governments (Montaner, 2002). In addition, an inefficient tax collection system poses an insurmountable barrier for local governments to develop a welfare system (Benardi et. al., 2007). According to the International Labour Organisation (ILO) there are 127 million people working in the informal sector in Lat. Am. This is nearly 50% of the population with no job security an no taxation. In addition to this large sector, colonial style clientelism and elitism means that most rich families manage to receive tax exemptions from government officials. This places the burden in the poorest sector of the population as value added tax is the main source of government income (Harvey, 2012). Policymakers, academics and experts are increasingly concerned over the widening gap between Lat. Am. countries and developed economies such as the UK. Some claim that globalisation is mostly to blame (Chomsky, 2010) while others maintain that the problem of inequality is not related to recent changes in globalisation but rather rooted in the regions’ own missed opportunities and wrong turnings in history (Fukuyama, 2008). The main question for Fukuyama
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is why other countries in East Asia (Taiwan/South Korea) are closing the gap with the developed world and Lat. Am. cannot? Responding to this question Fukuyama mentions, among other factors, the neglect of economic inequality that so far many governments in the region have shown, and lack of property rights. The later, he claims, hinders long term investment; the very basis of urban development and economic growth.

Peruvian economist Hernando de Soto also argues that lack of property rights affects Lat. Am’s poor as they are unable to use their property as collateral and become entrepreneurs (2001). His views have been challenged by academics (Samuelson, 2001; Gilbert, 2002; Frankema, 2006) but followed and praised by politicians (Clift, 2003). Following de Soto, many cities have taken a proactive attitude towards regularising land titles for squatters. The Municipality of São Paulo, for example, holds the view that regulating land rights to the poor will also help the environment as urban services (sewage, waste collection, water, etc.) can be brought into informal developments. Their view is that the investment in infrastructure is recovered by the payment of services by the beneficiaries (Boldarini, 2008, Sehab, 2011).

So while academic debate dwells over the benefit of globalisation in Lat. Am. (Chomsky and Fukuyama), or over the benefits of regularisation of informal settlements (de Soto and Gilbert), the reality is that Lat. American governments are immersed in the task of bulldozing informal developments (along with their communities) and replacing them with new housing blocks that are not often of best or even adequate standard (Murray, 2013). Some argue the time for debate is over and what is needed is action to solve the problem, as a practitioner recently put it in an urban design workshop in Rio de Janeiro: “you cannot change the tyre while riding the bike” (quoted in Nicholson, 2013). In other words, while the argument unfolds, urban development in the region will keep expanding.

This is inevitable, cities produce 50% of gross domestic product that manifests in increasing competition to attract development and RE investment (World Bank, 2013). Still, parallel growth in inequality suggests that this expansion is not benefiting all citizens (Lima, 2006). Urban sprawl has been directly related to social fragmentation as well as to environmental disasters, and yet urban planning systems in Lat. Am. have not responded to this combined problem (Romero and Ordenes, 2004). Furthermore, there is a lack of relation between planning, regional geographies, climates and cultural habits which is directly affecting urban air quality (Romero et al, 1999). The main question is how to solve these problems? Are methodologies used in the developed world transferable to areas of rapid urbanisation (Jenks and Bugess, 2000, de la Torre et. al, 2009)? There are several who outline the difficulties in adapting advanced methods to the region. For example social fragmentation manifests not only in the development of gated neighbourhoods but also in the widespread use of private cars (Onursal and Gautam, 1997). So how to curb the carbon emission and bring sustainable transport without addressing this refusal to mingle with others?
Another matter is whether Lat. Am. has the technology to develop greener urban environments, some claim this is unrealistic (Lankao, 2007). Furthermore, what financial mechanisms emerging markets have to adopt strategies employed in the developed world (Satterthwaite, 2007)? In this context how can Lat. Am. cities secure the provision of social housing with an inefficient tax collection that historically constrained the welfare system (Montaner, 2002, Bird, 2003, Benardi et. al., 2007, Harvey, 2012)? There are also critical questions regarding the implementation of sustainable planning systems and the lack of power of local authorities over certain elites (Bulkely and Betsill, 2005). Equally, in a divided society the politics of planning encounter daily confrontations from lower income sectors that see no benefit in strong neoliberal approaches that aim at attracting private and foreign investment (Burgess et al. 1997).

The proposed seminar series will address these questions. Simultaneously it will engage users (governments, policymakers and practitioners) in finding relevant sustainable drivers that can be used to design practical tools to best guide ongoing urban transformations and keep economic growth. In the past, the so called import substitution industrialisation, which was supposed to help the region closing the developing gap, generated a culture of poor quality products and bad service for consumers (Macario, 1964). The necessity to keep riding the bicycle to reach a forecasted GDP should not be this time an excuse to deliver poor quality urban environments. The research seminars will therefore evaluate current theories of sustainable development in planning policy, architecture, housing and real estate valuations and investment, to evaluate their adaptability to Lat. Am.

The interaction with the UK, a country that despite its own mistakes and shortcomings has a wider experience in developing design quality indicators, affordable housing, securing property rights and implementing more sophisticated and transparent mechanisms for long term real estate investment, will be beneficial to Lat. Am. Simultaneously it will encourage UK academics and practitioners to evaluate their own system by receiving comments and criticism from a region that experiences higher levels of urban inequality and can therefore better explain its dangers. It is timely and necessary for the UK and for Lat. Am to change or patch the urban development wheel while at the same time keep exploring new ways of addressing economic and social inequality, whatever the intensity or degree of the problem that each region faces at home.
Bibliography


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