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& STRUCTURAL
ADJUSTMENT

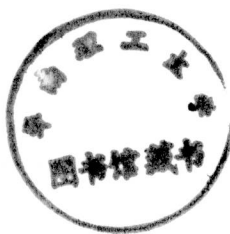

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Cities and structural adjustment

Nigel Harris & Ida Fabricius

University College London



E9761819



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First published in 1996 by UCL Press

UCL Press Limited
University College London
Gower Street
London WC1E 6BT

and
1900 Frost Road, Suite 101
Bristol
Pennsylvania 19007-1598

The name of University College London (UCL) is a registered trade mark used by UCL Press with the consent of the owner.

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library.

Library of Congress Cataloging-in-Publication Data are available

ISBNs: 1-85728-618-9 HB
1-85728-619-7 PB

Typeset in Zapf Elliptical.
Printed and bound by
Biddles Ltd, Guildford & King's Lynn, England.

Cities and structural adjustment

Foreword

It gave me great pleasure to welcome the Indian and foreign experts to a symposium in Mumbai (Bombay) in October 1995, and now to welcome the publication of the results of their discussions. India has, over the past few years, been undergoing a process of macroeconomic reform, and opening up to world markets, a process with profound implications for a city such as Mumbai. The contributions to the symposium on how cities have managed these changes elsewhere in the world are thus of particular importance to us in understanding what is happening and what may happen to the great cities of India, and how we, the public authorities, ought to react to these changes. In turn, from our experience in managing this giant city, we may have something to contribute to the deliberations. Out of this mutual pooling of experience, we can all gain a much clearer perception of the way forwards.

Mumbai was proud to host this event and is proud to support an initiative that will be, in part, one of the city's contributions to the second United Nations Conference on Human Settlements, the City Summit. The new world economic order is upon us and it obliges us to learn new lessons about the contribution our cities can make.

R. T. Kadam
Mayor of Bombay

Preface

This volume records the contributions made, and some of the city case studies presented, at an international symposium, held in Bombay in October 1995. The symposium was designed as a contribution to the discussions at the second United Nations Conference on Human Settlements (Habitat II or the City Summit) at Istanbul in June 1996. The symposium was initiated and organized by the Development Planning Unit (University College London) and Bombay First, with the active support of the Housing Development Finance Corporation and the British Council. The Mayor and City Corporation sponsored the occasion. The organizers of the symposium are very grateful for the financial and material support making the event possible given by the Overseas Development Administration, the management of the Leela Kempinski Hotel and Bombay First. None of the views expressed in the discussions or the papers can be construed as representing those of the ODA or any of the other organizations involved.

Nigel Harris & Ida Fabricius
Development Planning Unit, UCL

For the symposium, the DPU commissioned case studies of the experiences of the following cities in economies undergoing structural adjustment: Accra, Barcelona, Birmingham, Bogotá, Dortmund, Glasgow, Johannesburg, Kingston (Jamaica), Lille, London, Lyons, Milan, Monterrey, Rotterdam, Santiago de Chile, Sheffield and Turin. Not all case studies were ready in time for the symposium, and it was not possible to publish all those completed. Those published here (Chs 6–13) were included either because they adhere most closely to the original terms of reference or they reflect particular aspects of the diversity of experience. The range of the studies commissioned is still narrow, excluding North American cities, those of East Europe or Russia, East and Southeast Asia and much of Africa.

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Notes on contributors

Paulo, Swaziland and Indonesia and recently for the Rural Development Commission and the Department of the Environment in Britain. He has published widely on issues of industrial location and urban and regional economic development.

Inauguration of the symposium

The management of cities during structural adjustment

Anupan Dasgupta

Additional Municipal Commissioner

I have been working as one of the Municipal Commissioners of Greater Bombay Municipal City Corporation for the past two and a half years, and therefore what I am going to say must be qualified in two ways. First, it does not purport to reflect the political views of the corporation and, secondly, I speak as a practising administrator in the city government, without any claim to being as expert as the distinguished group here.

Bombay's overall position can very roughly be described by way of a strength and weakness analysis. It has a very large population and therefore a very large market. It has highly skilled manpower and, by Indian standards, well developed infrastructure facilities. For many decades, perhaps a century, it has been the premier financial and commercial centre of India, a fairly modern and progressive political and administrative centre and, by way of a natural endowment, as it were, a good harbour. These have contributed in various measures to the growth of Bombay to reach its present status as the premier city of India. In the context of globalization of the country's economy and the structural adjustment that India is undergoing at the moment, these are important plus points, but the story is not one of unmixed blessings. We are acutely aware, particularly in the city government, of the large number of problems that beset Bombay.

I mentioned population as a very important economic advantage, providing a very large market. It also constitutes a major problem in as much as roughly 50 per cent of the population lives in squatter colonies, or "slums". The infrastructure facilities, which were developed with much foresight and considerable investment 50–100 years ago, are gradually becoming inadequate and do not keep pace or bear the strain imposed by this growing pop-

ulation. Because Bombay has always been a premier city, offering important opportunities, it has attracted many people from practically all parts of the country, and this has resulted in haphazard growth of the city in slums. Not only that, but it has had a set of difficult implications for the economic, social and political life of the city. It is with this mixed bag of endowments and problems that we have entered the phase of globalization of the country's economy.

I will, as I said at the beginning, try to present to you a picture from below, from the bottom of the ladder as it were, in terms of what it looks like in the city government. The structure of government in India is essentially three tier: the Union government, the state government and the local government. It is the local government, the city government, that is responsible for providing the various civic services (the infrastructure) that normally keep the city going.

Bombay city government is one of the oldest in India. The Act that established the corporation dates back to 1888. It has, of course, undergone many amendments to keep pace with the changing needs over time, but at any given time the city government (I guess like city governments in other countries) is governed by a statute that cannot be altered or amended without the express approval of the state legislature. This ensures a degree of continuity and stability in the government, as well as in the instruments of government in the city. But from a different angle, it imposes severe constraints in terms of flexibility. What is already written in the Act cannot be changed by anyone within the city government. It has to be done by a group of people sitting outside. This is an important fact that must be considered when we discuss various strategies in the sessions to come.

The second aspect is that there is a politically elected element in this government, and it is large. We have as many as 221 Municipal Corporatists, who, together, constitute the Municipal Corporation. The Corporation is then subdivided for the purposes of day-to-day activities into separate committees.

Finally, there is a large administrative workforce, headed by the Municipal Commissioner. So this particular structure also has its advantages and disadvantages in terms of the ability of the city government to respond to situations or problems, and to innovate or stay on course.

The third important aspect is the factor of public participation. It might sound a little odd that we have an elected body consisting of as many as 220 people, but we specifically raise the question of public participation. It is important because of two recent developments (or rather one recent development with two aspects). The 74th Amendment to the Indian Constitution made it mandatory that, apart from the general body of the Corporation, or any administrative body like ours, there has to be ward-level committees of municipal councillors who will have a wide range of quasi-administrative and quasi-deliberative functions and powers. The second important aspect is that, for the first time perhaps, there is a recognition that, apart from the

organized forms of public participation, there is room (and indeed need) for participation by non-governmental organizations (NGOs).

These are not the issues before this symposium; it is more about globalization. But one of the major concerns should be to examine how the process of globalization is likely to affect the life, the economy, and the style of functioning of various units of government in the context of a city like Bombay.

Globalization, the history of globalization, or structural adjustment across the globe, has been well documented. Unfortunately, I have not had time to go through the material, but the shared wisdom is that cities around the world have undergone a metamorphosis because of the forces released by the process of globalization at different times. Cities have responded differently, although there are certain common strategies, but the responses have been appropriate to local circumstances and geographical locations. In the context of opening up the economy of a country, it is necessary to see what the process amounts to from the point of view of a city such as Bombay and from the perspective of a "bottom-up" approach.

The responses of various cities to these changing scenarios are often characterized by innovation. Those cities that have been able to innovate successfully have been better able to address the issues and problems and get on top of them. This process of innovation calls for a flexible structure. How far is it possible for an organization such as the Municipal Corporation of Greater Bombay to be flexible in its approaches, when it is the creature of a statute that runs to over 500 sections and 20 schedules, listing in great detail what is to be done or not done under given sets of circumstances?

Every city government has broadly two groups of functions or responsibilities. One is regulatory and the other is developmental in character, to meet the need for utilities. Now, is the same form of city government responsive for both types of functions? In other words, is the same corporate structure the best instrument on one hand for handling the problems of traffic offences, of this or that breach of the norms, and on the other for undertaking to manage and operate installations such as water supply and sewerage, which have to be run on a commercial basis so that they generate enough surpluses not only for upkeep, but for future growth and development?

Another issue is the promotion of local initiative if the major problems facing the city are to be effectively handled. One of the syndromes of developing societies is over-dependence on organized government. Globalization and the forces that globalization unleashes run in a quite different direction. There is much talk about what private participation can do in, say, infrastructure projects. But it is not simply infrastructure that makes a large city tick. More essential is how the services and facilities are run and maintained. If garbage collection is a major problem, can people do something themselves? How can they constitute themselves into local groups that will assist the municipal machinery in efficient collection and disposal of garbage? These are issues that are important even in a complete market economy.

In the twenty-first century, Bombay will be part of an age of information technologies, and services will be the mainstay of Bombay's economy (or, for that matter, any city's economy) instead of traditional manufacturing. But is it possible for us to attain that status while we persist with our usual forms of city government?

Nasser Munjee

HDFC and Bombay First

It was Nigel Harris who, three years ago, sparked off a great debate on Bombay. His whirlwind tour of the city and his lecture at the Bombay Municipal Commission generated much interest, and the British Council organized a series of seminars stimulated by that debate on various aspects of Bombay – housing, telecommunications, transport. As a result of these seminars, the seeds of the idea of Bombay First were sown. We have taken it a little further now by actually establishing it, using the concept of London First (the concept, not the details) to create an institutional forum to start thinking about, and systematically investigating, some of the key issues that this city faces.

It is important in this part of the world because Asia is changing so dramatically. I was at a seminar in Vienna two weeks ago on cities and structural change. I learned that Hong Kong is investing nearly US\$25 billion in its new airport and infrastructure services, which could change the face of that city. The people concerned understand the importance of the connectedness of Hong Kong to the rest of the world. In shipping, Hong Kong handles 11 million containers each year. Six berths are added to the port every six months. When I asked the chairman of Bombay Port Trust how long it takes to add a berth to our new port, he said about six years. That is the relative pace of change we seem to have here. China is setting up, or is thinking of setting up, very efficient ports (14 new cities on the eastern seaboard) to enhance its connectedness, and three new ports around Hong Kong. Now, that is the pace of change.

Last October, Jordan and Israel signed a peace agreement, and now a new city is being planned on the Gulf of Aquaba, jointly, as a commercial port city. Beirut is now emerging from the ashes, and in the next five years, if there is a sustained peace, Beirut will compete very dramatically as a financial centre for that part of the world. Shanghai is changing day by day and, when China takes over Hong Kong in 1997, there will have to be two major financial centres operating. And when one thinks of Bombay and its tremendous potential advantages as a port city, a financial centre, a commercial centre and an entertainment centre, it has so many economic strengths that we need to ask the question: who is going to think about its future, draw up the strategies and give it a sense of direction? And then who is going to implement these ideas? What is the mechanism, the governing system, to see that things actually happen?

We are in a city that is basically frozen because of our land laws, rent control laws, development control rules and zoning regulations. There is a development control rule saying that you cannot build a single square foot of office space on the island city of Bombay while India is going through a dramatic economic reform. Real estate prices, as a consequence, have risen from US\$200 per square foot, in 1991, to US\$1200 per square foot today, i.e. in the past five years of economic reform. As a result, office space for rental or purchase has become more expensive than Tokyo, more expensive than Hong Kong, and we do not have the competitive advantages of Tokyo or Hong Kong. These are scarcity rents that have been driven up because the city is frozen. We have not taken a view as to how we are going to adapt to this future. We are still stuck in the old philosophical paradigm of decongestion. We must unfreeze our cities.

So we face various problems, and I do not pretend that Bombay First is going to solve them, but it will create the basic paradigm for thought and public debate. We will not produce solutions but stimulate informed public debate and, if we can create informed public debate, play a major role. This seminar is just the beginning. I am grateful to Nigel for coming to Bombay and having this meeting here. We are going to listen to you very attentively, and we hope that as a result of this we will have many new ideas at the end of the day.

Coming away from Vienna, one of the things that you hear happening throughout cities in Europe (perhaps we hear it a little here too) is that planners now are the instruments of citizens. Citizen participation, people's participation in their own cities as far as the environment and services are concerned, is extremely important. That participative process must be permitted through the mechanism of local government, private partnerships, non-governmental organization partnerships and new institutional forms that will need to emerge.

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