

## The 'World Class City' Concept: Its Repercussions on Urban Planning in South Asia

*Delivered by Arif Hasan*

12 October 2012, Kathmandu

The subject of the talk is the 'world-class city' concept and its repercussions on urban planning for cities in South Asia. But you know, you can change this to 'repercussions for cities all over the world'. Even in the First World, this concept has affected urbanisation, it has affected academic teaching, it has affected the policies of global institutions. So it would be interesting to just look back and see exactly where it comes from, and how the whole concept of the welfare state has been put aside.

The welfare-state model in Europe was borne out of an uneasy reconciliation between capitalism and its opponents. Its principles were adopted by most of the newly independent states of Asia, not only South Asia. They were adopted in the post-Second World War period, when these countries became independent. The ethos of the model survived, although the policies were failures; neither India, nor Pakistan, nor what today is Bangladesh, were able to pursue this model. This was, in my opinion, due to a lack of political will more than anything else, but perhaps also because of an absence of institutions and resources. But the ethos survived, and it did so because of the presence of a revolutionary China and militarily powerful Soviet Union in the United Nations.

In these circumstances, a global market economy was simply not possible. The collapse of the Soviet Union and the repercussions of the failure of the Cultural Revolution in China changed all this, and in political terms capitalism came to dominate the world. As result of this, today we are governed by three powerful global institutions. They determine our policies, they determine trade relations, and all these institutions are undemocratic in nature. One such institution is the United Nations; it is dominated by the five powers who won the Second World War – they have veto power in the Security Council. The second is Bretton Woods, whose institutions function on the principle of one-dollar-one-vote, so again, undemocratic. And the third is the WTO [World Trade Organisation], which was born as GATT [General Agreement on Tariffs and Trade] out of the green-room negotiations of the G-7 countries, again undemocratic.

Collectively, these organisations have promoted what has come to be known as the 'free market economy', the most important aspect of which is the freedom of capital to move across borders. This free market economy was supported through 'structural adjustment': countries that were heavily in debt had to undergo structural adjustment so that they could settle their balance-of-payment issues, repay their loans, and develop 'viable' economies. And to make structural adjustment possible, these countries agreed to remove subsidies on health, education and housing, increase taxation on utilities, sell their industrial and real estate assets to the private national or international corporate sector, and remove restrictions on imports and exports. This changed policy completely. This changed the world, as a matter of fact, which I will describe later on.

The resulting national economic crunch meant that poorer countries could not invest in, or in many cases even subsidise, infrastructure projects, meaning these had to be built by the international or national corporate sector through international tendering – again, a very big change. The build-operate-transfer and build-operate-own systems were invented so that this process could be carried through. Both the systems produced infrastructure at more than twice the earlier cost to national governments, and in addition the national governments had to give sovereign guarantees to their investors. Banks normally do not function like this, but this is the relationship between national governments and investors as you have it today. I think they have changed slightly now – you also have the concept of public-private partnership – but the public is so weak that the partnership does not really matter.

Now, whole new concepts have been developed to support the market economy and to promote it. Let us take a look at some of these concepts: ‘It is not the business of the state to do business’; ‘Cities are the engines of growth’; direct foreign investment; and the concept of linking economic well-being to GDP growth alone. These are all things that came after the 1990s.

In search of growth and direct foreign investment, Asian governments, and now South Asian governments, have invested in a big way in the creation of industrial zones and have accepted the concept of corporate farming. India is one of the giants; after it liberalised its economy in the mid-1990s, its growth has been 7 to 9 percent per year – it is phenomenal. But over the last decade, India has created approximately 500 special economic zones for attracting direct foreign investment, and also promoted corporate farming. And because of this, 400 million people will willingly or unwillingly be moved from rural to urban areas in India by 2015. These are estimates from the Indians themselves. This is twice the population of the United Kingdom, Germany and France put together. The crisis that this is going to create has also been elaborated on. I will not go into it, you can imagine it yourself. Also, to promote direct foreign investment, the three global institutions have promoted the decentralisation of governance systems, giving considerable power to local-level institutions. Increasingly this power is being used to access direct foreign investment, bypassing provincial and national governments.

We have had this local, highly decentralised government now for ten years in Pakistan, and we ask two questions. First, does decentralisation give city governments more power and resources and thus the capacity to act? And the answer is yes, it does, without doubt. The second question is, if city government does get more capacity to act, will this actually bring benefits to urban-poor groups? The answer is no, it will not, and numerous examples all over the world will show you this. There are other problems with local government reforms that have been pushed through in many countries.

Between elected representatives and the people, you need a buffer that makes the elected representatives accountable and their dealings transparent. There are two ways of achieving this. One is through institutions of participatory democracy, which we do not have in South Asia and will take a long time to develop, and secondly through an empowered bureaucracy. Where these are missing, as in our case, the elected representatives support their constituency, their clan, their

ethnicity, as a result of which the city bifurcates and the institutions of governance become weak. This is what has happened in our case. So today in Karachi, if you want your child admitted to a school, if you want to have a friend released from police custody, if you want a job, you don't go through the normal process, you go to your ethnic organisation. Now this is a very serious division, and on a smaller scale but increasingly it is also happening in Mumbai.

The other impact of these reforms has been on property markets, and this has reshaped the politics of land development. Most larger cities used to have big underground economies in foreign exchange, gold, and in goods that had high duties on them, and this economy was supported by rogue elements in the police and customs. With liberalisation of the economy, this underground economy could not function because these restrictions were removed, but the gangs still existed, the money existed, the connections existed, so they shifted to land. And by shifting to land, they became free from police and customs controls. Now they required political support, the support of the politicians and political parties.

In Karachi, they shifted to land in a very big way. In Mumbai, they also shifted to films, as I think anyone who follows Indian cinema would know: many of the films that were complete failures were funded by this shift from contraband goods to the film industry. Now this process has increased conflicts over the land issue. Increasingly porous borders and the availability of capital has completely skewed the land markets in many of the larger South Asian cities: Mumbai, Delhi, Karachi, Lahore and Dhaka. In all these cities, the battle for control of land has led to violence.

The state – which is the politicians – in almost all cases has responded to these market pressures by making land available for development through land-use conservations, new development schemes, and the bulldozing of informal settlements. NGOs and CBOs [Community-Based Organisations] who have challenged this process have faced major constraints. One is an unsympathetic media – individual journalists in Karachi and Mumbai have been very supportive of this struggle against land mafias, but the media owners, due to the enormous funds they receive from real estate advertisements, have not. I can give you so many examples of struggles in Karachi, where journalists have been willing to lay down their lives for equity, but their media channels were not willing to support this process at all.

Poverty in those countries without the means to respond positively to the free market has increased, along with the rich-poor divide. The most damaging aspect of this divide is promoted by the privatisation of education. This is the introduction of two systems of education – private for the rich, public for the poor – and it has very serious long-term repercussions. One of the big changes I see in Kathmandu is that at every corner there is an advertisement for a private school. It is the same in my country as well.

Safety nets have been provided by the international financial institutions to deal with this crisis, but the safety nets are on far too small a scale to make a difference, and they have come with very heavy loans. And there are figures to show how, increasingly, aside from a few giants, the countries that underwent structural adjustment have become even more indebted than before. The other factor is

that most loans go back to pay for technical assistance – not most, that’s an exaggeration, though most of them in the case of some countries like Cambodia. But overall, about 38 percent of loans go back for technical assistance, and a lot more goes back to the contractors who undertake very major construction projects.

A number of organisations have been formed to monitor these loans in India, in Pakistan, and in other countries as well. Many of these new projects have, in the words of their own funders, been failures. Safety nets have been promoted increasingly through the funding of NGOs, and this has changed NGO culture and the manner in which NGOs function. Until the early 1990s one could say that NGOs were part of a larger social movement in many of these countries. Today they are not. They are now projects, they have donors, they have their constituency, and increasingly their staff is being replaced by professionals. The old altruistic thinking that went with this work is more or less dead.

All of the above has had a profound effect on the shape of the politics of our cities. The shape they are taking is the result of a powerful nexus of developers and investors, many of dubious origins, together with compromised government institutions and bureaucrats and politicians seeking global capital for shaping their cities in the image of the West, an image that is promoted implicitly or explicitly by global institutions. To support this paradigm, which I call the ‘new liberal urban development paradigm’, the concept of the ‘world-class’ or ‘global’ city has been promoted. It is a very powerful concept, and has almost universally been accepted by national government policy makers, the newly emerging middle classes, and by academia, especially in the West. Karachi, Mumbai and Delhi all want to be world-class cities, according to their own literature. Mumbai aspires to be like Shanghai, Karachi wants to be like Dubai, although the contexts are totally different.

The world-class city has been defined beautifully and sympathetically by a very prominent academic from Bangladesh, Mahabubur Rahman. Among other things, according to the world-class city agenda, the city should have iconic architecture by which it should be recognised, such as the highest building or fountain in the world. In Karachi, the Japan International Co-operation Agency (JICA) team told our city government that if you have the highest fountain in the world it will be the symbol of Karachi and it will attract investment, so we tried to build the highest fountain in the world. Unfortunately it turned out to be the second highest. It has done us no good, except that it was very expensive to run, and so instead of running it seven days per week, it now functions two days a week.

Also, the city should be branded for particular cultural, industrial or other happenings, like Istanbul is for Formula 1 racing. It should be an international event city, hosting Olympics sports, fairs and other events that bring business and direct foreign investment. It should have high-rise apartments as opposed to upgraded settlements and low-rise neighbourhoods. It should cater to tourism, even if this is at the expense of local commerce. It should have malls as opposed to traditional markets. And, for solving its increasing traffic problems, it should build flyovers, underpasses and

expressways rather than restrict the production and purchase of automobiles and manage traffic better. Today you can get any amount of loans for automobiles, no problem.

In order to access direct investment, investment-friendly infrastructure has to be developed and the image of the world-class city established. For establishing the image, poverty is pushed out of the city to the periphery, and already poor-unfriendly bylaws – which are anti-street, anti-pedestrian, anti-mixed land use, anti-dissolved space – are made even more unfriendly by permitting environmentally and socially unfriendly land-use conversions. You know why Bangkok floods, why Karachi floods, why Mumbai floods? It is not because of climate change. These are port cities, and they flood simply because their drainage outflows have been taken over by real estate development. This would not have been possible two decades ago, but it is possible today because of decentralisation, new concepts, the power of real estate developers and the global corporate sector.

The three most important repercussions of this agenda are: that global capital increasingly determines the physical and social form of the city – that's number one. Number two, that land use is determined by land value alone, and not by environmental or social considerations as it used to be. And three, projects have replaced planning.

Now, regarding high-rise developments. We have done many studies on this, as have our colleagues in other Asian cities. The reason governments opt for high-rises is because they say they can achieve higher densities at lower costs, but this is completely incorrect. We have carried out detailed studies to show that you can achieve the same densities with ground-plus-three-storey constructions. When we look at high-rise construction and evaluate it, we find that people do not want to live there. Number one, it is very expensive – on average USD 5400 – for a small apartment, about 400 square feet. Number two is the high cost of maintenance of the communal facilities. Number three, flat owners cannot carry out any economic activity in those apartments. For example, we came across people who were vendors who used to prepare the items they vended in their homes, but they could not do this anymore in high-rises. Women who sold fish could not prepare fish in their homes. Motor mechanics who used to operate on the streets could not do so anymore.

The other factor is that this huge push to acquire land and develop real estate, most of it in port cities, is focused around beaches, condominiums and tourist resorts, which pushes out fishing communities and deprives them of livelihood. We have terrifying figures for this. In the case of scenic spots, you have the takeover of land with the support of the politicians, and without any resettlement options. The number of evictees as a result of such real estate development is increasing phenomenally. In 2004, in seven countries including three South Asian ones, around 300,000 people were evicted from their homes. In 2005, 2 million were dislocated. In 2010, the number reached 3.8 million. These people are thrown out of the city. Malls, elite projects and tourist facilities replaced their homes. As a result of this shift, they become poorer. They lose their age-old communities, women cannot work due to long new commutes, while men incur the costs of commuting to and from work. The family unit suffers because the man is not there – he goes out

early in the morning, comes home very late at night. Children's education is disrupted. It is rather cynical, but in the Philippines they have decided that no bulldozing of settlements is going to take place right before the final examinations of the students. Being pushed out of the city also means that people are far removed from centres of recreation, health and entertainment. They become poorer as a result, and the rich-poor divide of the city increases.

My teacher always used to say that the informal settlements on the fringes of Karachi are volcanoes about to erupt – he was right, they erupted. We have argued with city planners and politicians and asked, since there is land in the city, why can't we house them here? And the answer was that they will not be able to pay for the land, which was incorrect. Over a 15-year period, they could pay for the land. Their other concern was that, if we house them there, local land values would fall, which was unacceptable. Now this is what I call an anti-poor bias in planning and policy, and this bias is very deep.

Let me give you some figures. Apartments cost on average USD 5400, upgrading of existing settlements costs USD 300 per unit. With these figures no poor family in South Asia can afford an apartment or even a loan for purchasing one. It is simply not possible. The other issue is that world-class cities have no place in them for informal businesses and hawkers. They have been evicting hawkers in a big way. By evicting hawkers, you also evict the poor because the hawkers, the poor and the commuters all go together. This process of gentrifying space has been done in Karachi, and we have seen how the poor simply disappeared. So we fought against this, and we have got some of these spaces back. But it is not enough to just get them back. Bylaws and zoning regulations which make it compulsory for projects to accommodate hawkers and informal businesses in a dignified way are required.

The other issue I would like to raise is traffic. Why do we have so much traffic? Well, the free market economy led to considerable liquidity in banks and leasing companies. This has been used for providing loans for the purchase of cars. And so it is easier to get a car loan than a loan for a house – for this you have to be loan-worthy. But for the car, you can just go ahead and get it. Many billion dollars of loans have been given for the purchase of cars in South Asia. Karachi, in 2006/07, gave loans for the purchase of 506 cars every day for a total of USD 1.8 billion. In Delhi there were over 1200 cars registered every day, and in Bangkok this number was over 1700. In order to accommodate these cars there began a huge process of building expensive expressways, underpasses and ring roads.

When we saw this figure, USD 1.8 billion, both I and a colleague of mine became very worried. How can we spend so much money on cars? We went to see the state bank governor and we asked him, 'Can't we use this money for housing?' He was very excited. He said, 'Yes, yes, of course, you can.' So he suggested we see the prime minister, which my colleague did. The prime minister was also very excited. He said that all the bank heads will have a meeting and discuss this as a priority. So 18 bank heads were invited. And they said, 'Sorry, we have never dealt with the poor, we do not know them, we do not know if they will return this money or not.' They also reasoned that cars loan are only for seven-years maximum, while for housing we would need 15, and so they refused. When I was

leaving, one of the bank heads told me, “You do not understand. The banking industry, the car industry and the oil industry, they go together. You have to grasp this. You are just wasting your time.” And so that was the end of our attempt to try and use this money for housing.

Many cities have invested large sums of money in mass transit and rail systems. But these are expensive to build and they are small in scale, and as such do not cater to large populations, although they are very useful. In Delhi, the metro cover 4.8 percent of the total number of trips generated. In Bangkok, it's 3.2 percent. Light elevated rail costs between USD 25 million to 40 million per kilometre; rapid bus transit systems, on the other hand cost around USD 2.5 million per kilometre, which is why they are becoming popular. And since there are no major subsidies available, and this money has to be recovered somehow, fares for these systems are extremely expensive – they are about three to four times more expensive than standard bus fares. However, the advantage of rail systems is that they can last 50 years, while bus systems need overhauling every six or seven years. Transport in South Asia is very uncomfortable, and light rail is insufficient and expensive, and so the people are buying motorbikes, which apart from capital expense are cheap to use and also flexible.

I think the next decade is going to be the motorbike decade. In 2006, Karachi had 400,000 motorbikes. Today we have 1.2 million. I keep asking our planners – if everyone has a motorbike, then why on earth do you want such a sophisticated mass transit system? I asked the price of motorbikes in Nepal this morning and they are very expensive, NPR 150,000 [approx. USD 1600] or something like that. Buying them is expensive but running them is cheap, and they have flexibility: you can go anywhere, you change the seat to make it a longer and you can put your whole family on it. For motorbikes, you need new zoning regulations, parking spaces and safety measures. We are at present doing a study comparing the increased use of motorbikes all over South and South East Asia.

The once poor-friendly cities of South Asia have become poor-unfriendly, both for the migrants, who are increasingly agricultural refugees, and for communities who have lived in them for decades. Here I would like to talk about land prices, and I will talk about my city, which by the way is one of the most poor-friendly cities in South Asia because we have had so much anarchy that the poor have benefitted. It seems the more rules and regulations you have, the more structured politics is, the poorer people get and the more they suffer, because most of these rules and regulations are made by those who do not know the poor and have a strong anti-poor bias. To give you some idea, in 1991, one square metre of land on the periphery of Karachi cost 1.7 times the daily wage of an unskilled labourer for a year. Today, it is about 40 times this cost, so it is not affordable. The result is densification of existing settlements, and that densification is so horrific that you can have eight to ten people staying in one room. When we surveyed some apartment complexes in 1978, there were five people per apartment. Today there are 15 or 16 people per apartment in the same apartment complexes. Although these densifying settlements have improved in terms of literacy, sanitation and water supply, space for sleeping and toilets is a very big issue. Newly married couples have enormous problems, the family fragments when the father sleeps in the park outside because there is no space inside to sleep. Also, to make apartments affordable, they

are becoming smaller and smaller. So the question arises: what is the proper size of an apartment for a family? Are we going to create vertical slums to replace the horizontal ones?

When the Karachi master plan was being made, I was on one of the committees. We told the planners, 'Let us get rid of this idea of a world-class city, let us have as our vision a pedestrian- and commuter-friendly city.' And they said, 'You think anyone is going to give us any money for such a vision? World-class cities have all these other attributes for which money will be available.' We have fought and won many battles, but always around projects. The battles have been won simply because of the creation of a network of NGOs, CBOs, academics, concerned citizens and the elite of the city, including ex-judges of the Supreme Court. But every time, the real success has come from the proletariat – the Fisherfolk Forum, for instance, in the example of the beach. In the case of Dharavi [in Mumbai] also, the real success in changing the monstrous plan that had emerged out of an international tender came simply because the National Slum Dwellers Federation took a stand.

As an architect, I have often thought why it is that people who have been my students go and design all these horrible things. Something is wrong with the education system. Why do these idealistic lawyers who in their youth fought against inequity go and become attorney generals of military governments? I think there is something wrong with academic training, and something wrong with the way bureaucrats are trained. In Pakistan, I have proposed an oath for architects and planners, like the Hippocratic oath for doctors. I took such an oath in 1983 when I first realised how the environment and poor communities were being destroyed by architects, and I will repeat the oath that I took in 1983. It went like this: "I will not do projects that will irreparably damage the ecology and environment of the area in which they are located. I will not do projects that increase poverty, dislocate people, and destroy the tangible and intangible cultural heritage of the communities that live in the city. I will not do projects that destroy multi-class public space and violate building bylaws and zoning regulations. And I will always object to insensitive projects that do all these, provided I can offer viable alternatives." I have kept my promise, except that I have violated bylaws and zoning regulations – I can admit to that. But I think if twenty other architects of my generation had taken a similar oath in 1983, we would have a very different Karachi today.

So I will end here. Thank you very much again.

*This lecture was organised in collaboration with Himal Southasian.*