



**Global Platform for the Right to the City**  
Plataforma Global por el Derecho a la Ciudad  
Plataforma Global pelo Direito à Cidade

# **HABITAT III**

## **Policy Papers Frameworks**

### **Review and Comments**

February 2016

#### **7.- URBAN ECONOMIC DEVELOPMENT STRATEGIES**

## **Overview**

1. By advocating for competitive cities, that paper strongly contradicts Policy Papers 1 and 8. Although the focus of this paper is based on employment, it demonstrates a strong tendency to consider local government as investments enablers instead of being responsible for the general interest. The paper does not have a critical analysis of the results and impacts of the "competitive cities" model that had lead urban development patterns during the last 20 years.

2. There is no critical view either on growth. Growth seems to be the unique condition to create jobs. There is no reference to sustainability and social inclusion that must be the sine qua none condition to face climate change and to achieve social inclusion. The paper does not refer to other forms of economy such as solidarity- based economy, or plural economy that combines business sector together with solidarity economy, contributive economy, circular economy...

3. There is also a lack of proportion/coherence between the challenges and the priorities/proposals for implementation – in particular those related with the "informal economy" (it is recognized as a huge proportion of the economy and labour but then there are minimal measures to understand, promote and support it in an adequate way).

4. The paper is based on a classical (liberal) economic theory, lacking a political economy perspective and a critical approach. Most of the analysis and consequent proposals are around "enabling markets to work" and creating employment -so, basically, more of the same recipe that IMF and WB have been promoting over decades with the results that we all know.

5. In general terms, this PPF does not include a review of the Issue Papers (several others did); and no mention to the Habitat II commitments nor to the relevant international instruments on just economic development and human rights (some others did).

## **Challenges**

6. The paper framework does not mention enough the challenges of the recession and stagnation of growth at international level forecast by ILO in the coming years. Automatization of work is also a big threat for the labor market – in terms of unemployment and of contributive social protection - that is not mentioned in the document.

7. The question of financialization of economy and its growing incapacity to share profits through employment is either referred as a challenge in the document.

8. The challenge of climate change is not addressed in a substantial way. Mitigation measures call for a deep change in production and consumption models that are never referred in the document. The term of transition is not developed as a way to build a sustainable economic development strategy.

9. The paper do not address the issue of work precariousness and the problem of social protection. The paper infra-valorizes social and labour rights, speaks about cost-adjusted

labour skills and do not reflect the structural inability of business sector to fulfil full employment.

10. Controversial affirmation: "In developing regions... unemployment rates are relative low and not growing significantly"? The definition of formal employment is not certainly coupled with long-term contracts anymore.

11. Some % and characteristics about informality are mentioned but more in depth analysis missing, including contribution to local and national economic wealth, different population sectors involved, etc.

12. The critique to the land market seems absolutely incomplete, technocratic and naive - there is no single mention about speculation, land-grabbing, dispossession and privatization.

13. Strong focus on the need of infrastructure, utilities and public services but with no mention to the fair distribution of urbanization burdens and benefits and plus value capture, among other right to the city planning and fiscal instruments.

14. No mention to spatial segregation/spatial injustice either when analyzing urban sprawl and inefficient land use.

15. Need to include lack of access to other fundamental services, facilities and opportunities, and not just transportation.

16. No mention either to the "well planned and formal urban sprawl"! (according to data, most cities have grown more than twice the population over the last decades - there were some mentions to that in the issue papers).

17. "Most jobs are created by firms and individuals" - according to the data we know, 9 out of 10 jobs in the formal market are created by individuals.

## **Priorities**

18. The main priority in terms of economic development should be to ensure the inhabitants' well-being, relying on endogenous and sustainable local assets and resources, without seeking to attract international investments first.

19. The paper states that the main "foci" for the report are "to generate more jobs and work opportunities in a city; to enhance existing jobs and livelihoods; and to ensure that all citizens (including low-income, low-skill, informal workers and in-migrants) have access to income earning opportunities". The scope should not be reduced to cities; the proposals in the rest of the report are mostly addressing the first point and not so much/or not at all the other two.

20. The papers assumes that productivity improvement = wage growth - no single mention in to the actually growing disconnection between minimum wages and general prices increases + inflation + devaluation policies affecting the purchasing power of the salary.

21. We agree that "the principal role of public policy is to support the development of human potential" (and, it should be added, to guarantee human dignity, wellbeing, human rights); but we also believe that it should regulate and control, and not just "compensate for market failures".

22. The recommendation for high density development and mixed land uses should be complemented with concrete and mandatory measures to prevent additional speculation, segregation and gentrification processes.

23. Regarding the macro-economic policies, the paper totally omits to mention the standing Habitat II commitment to "maintaining just macroeconomic policies" (paras. 40a, 62, 65, 67b, 115, 186d, 189b and 201b).

24. Housing policies: no mention about the empty stock and over-production tendency (alarming in many countries, including Mexico, Spain, etc. - more generally speaking, broad numbers in big cities show that the available stock is more than enough to house all the people).

25. The infrastructure and services should pursue the broader goal to overcome segregation and generate spatial, economic, social, political and cultural inclusion.

26. No mention to privatization of services and the corresponding obligations of states. (See General Comment No. 15, paras. 43, 44.).

27. Regarding urban finance, the paper makes a "strong case for taxation of land values" but with no mention to the right to the city principles and instruments (see Policy Paper 1).

28. The mention to "tripartite partnerships" (local government, private sector and communities of the urban poor") for effective slum upgrading can in some cases hide labour exploitation - who benefits from it? It should not be confused with self-help, self-management, non-profit processes (social production of habitat), where the communities have the decision-making power and manage the resources.

29. In terms of land use planning, the paper includes another controversial phrase: "The role of urban strategies and plans should be supportive, rather than directive, of private investment." How would it then be articulated with a rational use of land policy according to people's needs and rights? and with the general public interest?

30. On the section about business support initiatives, a stronger commitment about recognizing and supporting the "informal" sector (that, according to the data they mention at the beginning, represents the 50% or more of the economy in many countries) is needed. The paper should include the recommendation to support and protect the livelihoods of the working poor, and not just its "recognition and integration".

31. The issues and values at stake are not only "urban" governance, as if the principles and functions of concentrated populations are distinct from other contexts. The premise is wrong and inoperable in practice to delink "urban" governance from the wider territory and governance, in general.

32. The “accountability” factor is important, but principles otherwise omit the representability of governance, especially at local level, and the engagement of the residents, as well as the public duty to prioritize those in greatest need. The paper does not acknowledge the important distinction between local authorities and local governments. It does not recognize the duty of local governments to refrain from some of the most notorious violations by local authorities/governments: forced evictions, corruption in land deals and procurement, cronyism, authoritarianism, etc.

## **Implementation**

33. This part calls for higher taxes on property and lower tax on business activities. That seems to be an unfair measure that would create disadvantages for the household. A financial system that is based on land tenure and not on plus-values and benefits, do not capture the wealth where it is really created.

34. The indicators included say nothing about the need of measuring the impact/contribution of the social production of habitat, the informal sector, the social and solidarity economy, the economy of care, etc.

35. Also missing is the need to develop mapping tools related to indicators as part of the follow-up and monitoring process of any public policy.