Remarks at the UCLA Global City-Regions Conference

by
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Thank you very much, Al, for that introduction.

Dean Nelson, distinguished guests, ladies and gentlemen:

I am not quite sure why I am the keynote speaker at a conference which addresses so many activities that affect developed countries, because I spend my time dealing with issues of global cities in the developing world. But because there is a significant relationship, I believe, between the developing and transition economies and between this city and cities like this in developed countries, perhaps it is interesting for you to have me talk for a few minutes about what it is that I see in terms of the expansion of our planet, and about the problems of cities in that part of the world where I work.

I should tell you I had this brought home to me very much after my last visit to Los Angeles. I came at the invitation of the Cardinal to take a look at the South-Central area of the city. I visited the St. Francis Cabrini Community Center, which deals with immigrants, which deals with the problems of poverty, which deals with the question of providing finance for opportunity. Shortly after that I went to Honduras, where I visited a center if thats what it could be called a sort of dilapidated house which was available to street kids. The kids came in every day, because they had nowhere to live; they left their glue and their weapons at the door; and there was Father Albert who looked after them. There was also a very tough-looking guy who was there to try to guide and assist them. And he spoke English. So I asked him, "Where did you learn English?" He said, "In South-Central." I said, "Do you know St. Francis Cabrini?" And he said, "Yes, but I didn't use it, so they arrested me and threw me out of the country." There he was, reformed, telling the kids that if they went down his path the chances were that they would end up in jail. He was telling them that they should not end up in South-Central Los Angeles to make trouble.

This curious nexus between my visit to Los Angeles and a visit to an environment in Honduras that catered to street kids brought home to me that geographic boundaries are no longer relevant. Indeed, as one looks at Los Angeles, one thinks in terms of immigration from the very countries that I go to. One is so conscious of this as one goes to South Central and one hears Spanish and one hears where everyone has come from. There is a direct and immediate linkage which is forged between development in developing countries and an impact on megacities like Los Angeles.
I mention this because the issues I deal with are the issues that the 5 billion people who live in developing and transition economies deal with. Quite recently our world reached its six billionth inhabitant. Of that six billion people, three billion live on under $2 a day; and 1.2 billion live on under $1 a day. In fact, people on welfare in the United States have incomes greater than 70 percent of the people in the world. So we have a somewhat different picture of development in our country than we see elsewhere.

And as one thinks of the next 25 years, as this conference will look forward to the 21st century, we see a movement from six billion people to eight billion people over that 25-year period. Ninety-eight percent of that increase will be in developing countries. Only 2 percent will be in developed countries. And that entire increase of two billion people in developing countries will be in cities and urban areas. This is a dramatic demographic shift and as a result we can surely expect a large increase in urban poverty, particularly in parts of Sub-Saharan Africa and East and South Asia.

This poses an absolutely fantastic challenge to the management of cities. It poses a challenge to the governments of the countries in which these cities are growing. It poses a huge challenge to those of us in the international community who want to try and assist in the fight against poverty, in the establishment of a sustainable environment, and in the development of a more just world. This issue of poverty is not just a moral and a social issue. It is surely a moral and a social issue, but it is more than that. It is the issue, really, of whether our kids are going to live in a world that is peaceful; whether our kids are going to live in a world where there is equity; and whether they will live in a world which will impact the developed countries by means of economics, of trade, of health, of crime, of drugs, of wars, because we are now clearly one huge global community.

Imagine my friend in Honduras just one example, which I found in the space of a few months. Everything links us together. To a very large extent and while the issue of rural poverty remains just as challenging, the issue of poverty is now focused on cities and on urban areas. That is why this conference is so important. It is important because the dimensions of management of global city units has become central to the issue of poverty eradication or reduction, and, in fact, central to the issue of peace. That is why this conference is so important.

But you cannot look at cities without thinking about the environment in which they operate. I was fascinated by the articulation of Mayor Riordan of the issues that face him in Los Angeles safety, health, nutrition, clean neighborhoods, streets without potholes, empowering neighborhoods, education, and so on. But what he did not have to address was the need in his city for a comprehensive legal system, a need here for the protection of property rights, a need here for honest judges, for financial supervision and control. He did not have to address whether a major issue in Los Angeles is corruption or that there are no or very few trained leaders. He did not have to address the lack of capacity of people for
government, or to work in civil society. But it is all these issues which are the major issues in the developing and transitional economies.

We have just completed a remarkable study in which we interviewed 60,000 people in 60 countries, all of them living on under a dollar a day. I quote just one of them: "I dont know who to trust, the police or the criminals. We work and hide indoors, our public safety is ourselves." Of the 60,000 people that we interviewed, when they talked about what it is like to be poor, they talked about the issue of lacking any voice whatsoever. They talked about a total distrust of government. They talked about enmity toward the police. Women talked about the fear they feel in their daily lives. The view of poor people in developing and transition economies is somewhat different than it is in L.A. or in any other developed country. And the challenges are greater, because in the developed world, the population in the next 25 years will grow by 2 percent. Cities in developing countries will double in size. And they do not have the infrastructure. Streets without potholes are not an issue when you do not have streets. These are issues at the core of the 5 billion, soon to be 6 billion, people in the developing and transition economies. And that is part of our world. That is not an optional extra. It is something that we need to deal with now.

As you know, I have had the opportunity in my time to lead a fairly elite existence, in terms of my interests in the arts and culture and so on. I also took a great interest in the environment and in issues of poverty. It is only when you go and visit these countries and you go into the slums and the villages, which I have had the privilege of doing, that you get a sense of the people you have to deal with and the issues that you face. And the first and most important thing that you learn is that the best people you meet are in the slums and villages. These are people who are basic in their ideas. They have a very clear idea of what they want. They are entrepreneurial. They do not want charity, they want a chance. They want an opportunity to transform their lives. Empowerment is the key, but without help they cannot do it themselves. Because the infrastructures do not exist, and in the wake of no governance, or in many cases limited governance, in the wake of no legal system, an ineffective or oppressive police system, of dishonest judges, of the cancer of corruption which is the thing that all 60,000 people mentioned because corruption affects the poor more than it does rich people or the middle class in the wake of all of these issues, the poor need help to articulate their world. These are the frontal issues that we need to attack in that world of which I speak.

And one of the ways that they can be attacked and dealt with is with better governance and assisting the management of cities and urban conglomerations. We are moving now in the work that we do from nation-state lending, to provincial and state lending, to city and urban lending. It is a function of size, and it is a function of practicality. And if you are trying to really give to the people, it is just impossible to do it at the top only. And so it is just a practical matter. The support and encouragement of managements of cities is absolutely central to the whole issue of national development.
If you are trying to encourage investment in a country and people come into a city and get a picture of the city as a place where you cannot walk outside because someone will knock you on the head or the place looks dreadful, or you are shaken down as you come into the city itself, or as you look out your hotel window you see slums, or you are accosted by poor people, you get an impression of the country that is hard to remove when you are talking about encouraging new investment. But it is more than just the image. The cities can be and are the engines of growth. They are the places for opportunity. And so it becomes an absolutely central purpose of the Bank to try and work with governments to support their efforts in terms of city and urban development.

I had the pleasure of visiting Johannesburg last week, where I saw my friend, the administrator Ketso Gordhan, who is here with us tonight. We went together to the township of Alexandria. This is a township where he has done a lot of work to try and restore that part of the city from which many of the leaders of South Africa have emerged. It is a township with great pride. A township into which, however, many people have flooded from other countries, and where there is enormous pressure in terms of poor people coming into the city. But in Johannesburg, he and his colleagues have decided that what they need to do is to have a comprehensive approach to the development of the city. They are looking not just at handouts, not just at the issue of having to provide services to people in poverty. They recognize that the only way you can deal with issues of urban development is on a comprehensive basis. Their plans are quite remarkable. And they are looking on experience from the outside. And they are looking at these townships and the issues of poverty in a way that is optimistic. They are looking to enfranchise the people. The issue there is not looking at poor with pity but as part of the solution.

This sort of local leadership is truly inspiring and it was these sorts of examples that drove the World Bank and the United Nations to join forces to assist developing cities meet their urban challenges. So it was fitting that in May, Ketso helped the Bank and the United Nations Center for Human Settlements launch the Cities Alliance, a global coalition of cities and their development partners. This Alliance aims to do two main things: to help the process through which city dwellers themselves can participate in defining their vision for their city and to commit to nation and city-wide programs of slum regeneration which will help the urban poor get their share of the economic promise of cities. The challenge for the Alliance is enormous but the urban poor must be the business of every one of us if we are to achieve successful, sustainable cities.

What we have to do in all our efforts is to transform our thinking about poverty, about slums and misery, to think in terms of the people who live within them so we can help empower them and make them part of the solution. And it is abundantly clear on all the evidence of all the work that we have done and that other institutions have done, that empowerment, accountability and responsibility within poverty areas is the way we can make the lives of the people better. I can give you dozens of examples. In fact, Akin Mabogunje, who is with us here tonight, and I on that same trip had the opportunity of visiting the slum areas of Lagos where we helped put in some drainage in the market district. It is a
place that is unlike anything in Los Angeles, but it is vibrant. It is thriving. We got rid of the excess water, and you have a humming marketplace, of course run by women, traders, savers, entrepreneurs. It gives you faith in the ability of people to lift themselves out if they can get a bit of help and guidance, for example, on the legal system that can give them access to property rights. So what we need to be thinking about for those cities is a coalition for change. Accountable to the governments and representatives of those cities, a coalition of private sector, civil society and international institutions can come together to support those cities in an orderly and organized way, in much the way that Johannesburg is proceeding.

All of us have had experience of success stories in slum regeneration, whether it is in Rio, or in Jakarta or in Kampala. We in the Bank have had the privilege of taking five million people out of poverty in Indonesia, in urban slums. We have worked with millions of people in Brazil. I have been to these areas, and their stories make you want to weep. I remember in 1997 when I was in the favelas of Rio. We had put in a program of water and sewerage and I went in to meet the women. As often happens, if you have been in these places, they want to show you the toilet. So they take you to it and they flush it. Because that is something that allows them to live a more civilized life. The water and sewerage is put in privately. It is self-supporting. And it saves the women from walking down the hill for two hours a day with these ox-like things over their shoulders with water buckets on the ends, walking up the hill. All this I saw, and thought, how remarkable it is. Then I went for a drink with all the women. One of them came up to me and shook a piece of paper in my face, which was her water bill. She showed me that she had paid five reals, or whatever the number was, for that month. Then others came up. And then the mayor of Rio told me, "Jim, they're not showing you this to show you that they've paid. This is the first time in their lives that they have had a piece of paper with their name on it. They are now recognized, they're now part of society." By bringing in infrastructure, by giving them a chance and by giving them recognition, you unleash a force of people who are now transforming that city and their environment.

I say this to you because it is not magic, it is trusting people. It is trying to come together with government, civil society and the private sector to put in infrastructure and to try and come up with programs that provide the poor infrastructure and financial facilities and opportunities for jobs, legal systems, and protection from police, and justice systems. If you can do that, the challenge of the next two billion people becomes manageable.

Our responsibility at this conference, from developed and developing countries, is to forge the alliance that will allow us to work together to give opportunities to people in poverty. We should do it for moral reasons, we should do it for reasons of equity and justice, and we should also do it for reasons of self-interest. Because we cannot withstand the tide over the next 25 years of an increase of two billion people, who will flood into the cities and will increase the world poverty rate from 1.2 billion to 1.8 billion, and increase the numbers of people living on $2 a day from three billion to four billion.
The front lines are in the cities. That is the place we have to fight the poverty issues. Because that also has an impact on rural areas. It has an impact on the security of countries, and on peace. And it has an impact on South-Central Los Angeles in terms of the number of people who are coming here.

I am really grateful to have had the opportunity to do address you tonight. Because I believe the challenge in developing and transition economies is not just an issue for people who work in the World Bank and in other institutions. The fight against poverty in the megacities is a fight for everyone. It is truly the fight for peace and stability on our planet and it is a fight that I hope you can address in meetings you have in the coming days.

Thank you.