Chapter 2
# The Global Development Context

Abstract Global development trends are substantially shaping today's cities. This chapter presents a brief overview about some of the most dominant development trends influencing the appearance of cities in the Global South and the way they are governed. To start with, the current prospects of population growth and urbanization are discussed as well as their temporal and spatial manifestation. This section is followed by a brief introduction of the on-going processes of democratization and decentralization. Devolution of power and responsibilities from national to local levels has become a dominant approach to satisfy local demands for more autonomy and participation in decision-making. The third section describes the framework conditions characterized by economic globalization and neoliberal policies in which all cities are embedded. The impacts and implications of these trends for urban areas in less-developed countries are discussed in a last section: increasing inequalities, exclusion of significant parts of society and poverty has created fragmented and spatially expanding cityscapes increasingly shaped by segregated spaces for the rich and the poor. These developments pose new challenges for the governance of cities, new obligations for local authorities, but also new possibilities.

Keywords Urban challenges · Urbanization · Decentralization · Neoliberalism · Fragmentation

2.1 Population Growth and Urbanization

One of the most significant global trends of the last century was population growth. While in 1950 only 2.5 billion people lived on our planet, this number has nearly tripled to more than seven billion people in 2015. According to the United Nations population prospects (UN-DESA 2015b) the world population will likely increase by another two billion until the year 2050. This demographic growth is unevenly distributed. Nearly the entire population growth is occurring in the less-developed regions, while the population of the developed regions is hardly changing (cf. Fig. 2.1).
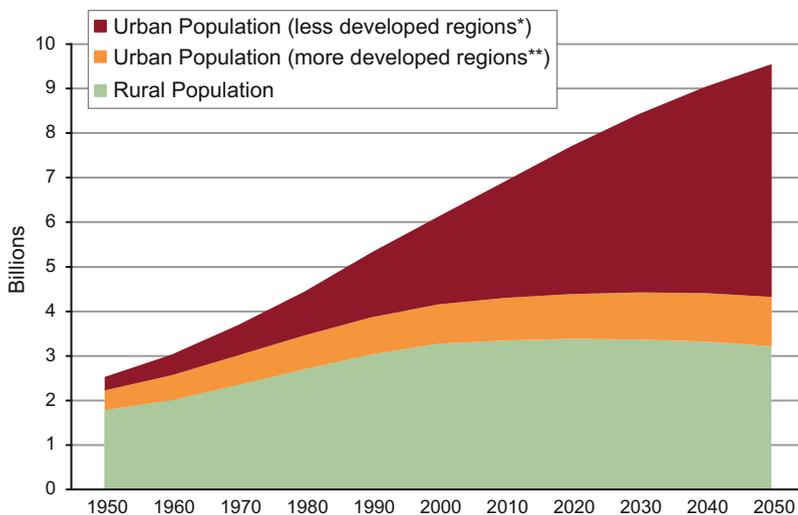
* Less developed regions: all regions of Africa, Africa, Asia (excluding Japan), Latin America, the Caribbean plus Micronesia and Polynesia
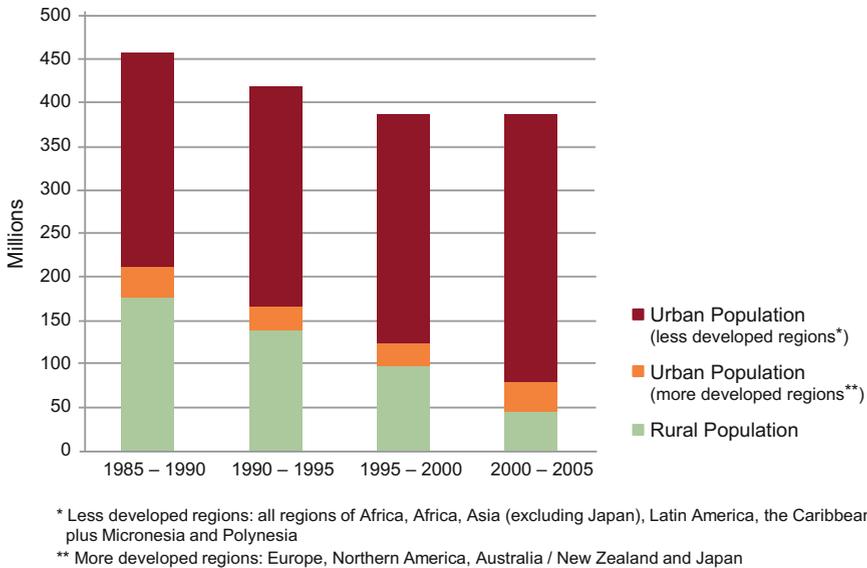
** More developed regions: Europe, Northern America, Australia / New Zealand and Japan

Fig. 2.1 Global population development 1950–2050 and share of urban and rural population (based on data from UN-DESA 2014)

Furthermore, as illustrated in Fig. 2.1, population growth increasingly happens in urban areas (= *urbanization*). The world's share of people living in urban areas (= *urbanization degree*) has steadily climbed from only 29.4% in 1950 over 37.9% in 1975 and 46.7% in 2000 to 50% sometime during the year 2008. In that year, for the first time in human history, more people lived in urban than in rural areas. Today the urban population is clearly growing, reaching 3.9 billion people living in cities and 3.3 billion in rural areas in the year 2015. This trend is expected to continue: the global urbanization degree is predicted to rise over 60% until the year 2030, meaning 1.5 billion additional citizens in the next 20 years (UN-DESA 2015a).

Looking at absolute numbers, global population growth has decreased slowly over the last few decades (cf. Fig. 2.2). However, in the same time period urban population growth has intensified, while rural growth has significantly declined. Between 2000 and 2005 the share of urban growth was above 88%, stressing the dominance of urbanization processes. The number of the world's rural population stagnates and will reach its tipping point around the year 2020 with approximately 3.4 billion people. Thereafter the absolute number of rural inhabitants will decline, and global population growth will be absorbed solely by cities.

Similar to population growth also urbanization degrees are unevenly distributed. Most developed nations and also the Latin American countries already show high urbanization degrees ranging from 70 to 80%, but the less developed regions, partic-

* Less developed regions: all regions of Africa, Africa, Asia (excluding Japan), Latin America, the Caribbean
  plus Micronesia and Polynesia

** More developed regions: Europe, Northern America, Australia / New Zealand and Japan

Fig. 2.2 Global population growth 1985–2005, summed up for five year periods (based on data
from UN-DESA 2014)

ularly the African and Asian countries, have lower values around 40% (Bähr 2005:
35–38). These degrees, however, are slowly catching up to those of more developed
regions and the predicted urban growth of 1.5 billion new citizens will almost
completely happen in those two continents (cf. Fig. 2.2).

However, these numbers must be treated carefully as counting the world's urban
population poses a specific challenge. Most countries use different schemes for clas-
sifying urban areas which can result in unreliable data (for details cf. Box 2.1).
Similarly, the term urbanization must be handled with care. It can take on different
qualitative and quantitative meanings describing it as phenomenon or process (for
details cf. Box 2.2). In this study the term is used to describe the demographic process
of a growing urban population. Both aspects must be kept in mind, when dealing
with urbanization and working with population data.

Box 2.1: Statistical Issues—What is Urban?
There is a consensus that urbanization is a general process and phenomenon
that affects all countries, but there is no common understanding of its meaning.
Two issues are important: first, according to the UN, urbanized regions are
those areas where people do not work in the agricultural sector. Depending on
each country this definition is interpreted differently, resulting in many heter-
ogeneous opinions on the categorization of 'the urban' and 'the rural'. Second,

for statistical purposes cities and towns are defined by their population size. Also this definition is subject to a country-based differentiation. While in Ethiopia a settlement with more than 2000 inhabitants already counts as a city, an urban area in Senegal is statistically relevant not until it reaches 10,000 inhabitants (Scholz 2006: 38). These contrasting definitions and interpretations must be kept in mind when addressing any statistical issue concerning urban population data.

2.1.1   Reasons for Urbanization

Even if the population data are unsatisfying, it cannot be denied that an enormous population growth is happening in the cities of the Global South which is unprecedented in its size. It outreaches the growth of European cities in the nineteenth century and also the growth of classical immigration countries during their fastest rates. Bähr (2005: 40–43) sees the reason for this fact in the different course taken by the demographic transition[1] in today's development countries compared with that of the industrialized countries in the nineteenth century. The spread between birth rate and mortality rate in the third world is much wider, resulting in a much higher population surplus in both the urban and the rural areas. As a consequence, third world cities do not only face their own natural population growth, but also high migration gains from rural areas.

With the exception of most Chinese cities where jobs are provided by industrialization similar to the historic development in most European cities, urbanization of most other third world cities has taken a different path: people move to the cities without any job opportunities. Urbanization happens not due to fine opportunities the cities can provide (pull factors of the cities), but more because people lost their jobs in rural areas and see no other choice (push factors in rural areas). Davis (2006: 16–23) argues that the neoliberal agenda of the IMF has facilitated this process since the 1980s. By an increasing capitalization and mechanization of the agricultural sector combined with deregulation and privatization policies, a huge amount of labour force was set free. Facing unemployment and deprived of the basis of their livelihood, these people have limited options. Frequently they choose to migrate to the cities.

Beyond that, massive growth of third world cities could have begun much earlier if it would not have been diminished by a bundle of repressive measures implemented by colonial governments. Prior to independence—in many cases not achieved until the 1950s—developing countries were often ruled with an iron fist by their colonial

[1]Demographic transition means the slow change from a regime with high birth- and mortality rates to a regime with low birth- and mortality rates. As the mortality rate is falling first and the birth rate is coming down much slower, the population is strongly growing during the transition.

masters. Human rights abuses were common and strong migration controls were in place. After independence, the dam formed by repressive law controlling the people's movement broke to pieces, opening the way to the urban centres for many rural migrants (Davis 2006: 54–66).

Even if the development of cities cannot be generalized, as many aspects, at all dimensions can have significant impacts, the reasons presented explain some of the common facets in the history of growing third world cities: in the first part of the twentieth century population growth was slow due to repressive measures of colonial governments, after independence it became massive, mostly due to the effects of demographic transition, and finally it was again accelerated by neoliberal politics at the end of the twentieth century.

Box 2.2: Defining Urbanization
Urbanization has many meanings: looking at it in a quantitative way, it can be seen as a demographic condition meaning the share of urban population of the total population. This is also called the *urbanization degree.* On the other hand, the term is also used to describe the demographic process meaning the growth of the urban population in a city or region. Considering the term as a qualitative process it can be used to describe the dissemination of the urban life style (Bähr 2005; Fassmann 2004: 49–50).

2.1.2 Effects of Urbanization

Everywhere in the world cities expand spatially, swallowing smaller towns and villages and forming whole city regions and urban corridors. More and more people move to urban fringe areas, blurring the boundaries between urban and rural. Divergent processes have led to the same result: extensive urban landscapes. In the Global North, the development was driven by suburbanization processes which are comparably limited in scale and driven by the upper class. They dream the idea of a better live in 'the garden city' and move to 'satellite' and dormitory cities in the urban periphery. The same result—vast urban landscapes—is also visible in developing countries although different processes and actors are responsible for this formation: the development is driven on the one hand by the profit-seeking interests of private developers but also by the poor who do not dream of a garden city but build squatter and slum settlements as their only option to satisfy their need for shelter (Bähr 2005: 50–54).

Every day, 170,000 people move to the urban areas of the Global South requiring 30,000–40,000 new housing units. Pressure is put on all dimensions of cities: the housing market cannot meet the demand, infrastructure and services are overstrained and the labour market is unable to provide enough jobs for the new residents. City

governments frequently lack the training and capacities to steer rapid urban growth, and most of the poor have no other option than to move to the cities' existing slum- and squatter settlements to find accommodation. These settlements grow rapidly and in many cities in developing countries more than half of the urban population is currently living in such inadequate housing conditions (UN-Habitat 2002a).

> The most significant result of rapid urbanization, particularly in developing countries, has been growth of urban slums and informal settlements. These settlements are fast becoming the most visible expression of poverty worldwide, the expressions of an in-creasing urban-ization of poverty (UN-Habitat 2002b: 11).

This development is happening in all types of cities of the Global South regardless their size: in the megacities known and famous for their marginal settlements, but also in the smaller cities which got not much attention yet. There is evidence that development in the latter is likely to gain momentum and over three quarters of the global population growth is projected for these smaller cities (Davis 2006: 12).

2.2   Democratization and Decentralization

2.2.1   Democratization

A second trend visible in the global development context is democratization and decentralization. Since the 1980s, the triumphal march of democracy which began at the end of world war two has quickened and swept through many countries of the world. Generally, there is consensus that democratization means the process of introducing representative democracy at national and regional levels, but there is no common understanding what this really means (Atkinson 2004: 26–29). Democracy itself is a much disputed concept and so is its implementation. Some countries considering themselves as democratic would never accept individual rights or the freedom of press. However, even if patronage systems and vote buying are still persistent in many countries, evidence can be found that democratization opens up opportunities for previously marginalized groups. Their voice is now more often recognized and participation in decision-making processes is no longer out of reach. At least they have now a choice of representatives who will make the decisions affecting them. These emerging possibilities of participation introduced by a repre-sentative democracy are probably the most significant aspects of change which affect increasingly the mode of urban governance (Devas 2004: 27–35).

2.2.2   Decentralization

Implementation of democracy on local levels of government is often followed by another complex process: decentralization. Regional and local communities, who

have often experienced the failure and inability of the centralized government to address their needs, begin to claim the right of having a voice in their development. By the means of newly established local councils or associations, they begin increasingly to articulate their demands and ask for more autonomy. Confronted with these claims, national governments usually do either suppress the tendency or try to appease the local society by yielding some of the state power to local authorities. This process of giving up certain functions and responsibilities to lower tiers of government is referred to as 'decentralization' (cf. Box 2.3 for other explanation attempts).

Box 2.3: Decentralization—Explanation Attempts

Decentralization is a complex process that concerns redistribution of power and resources from central control to regional, municipal and community levels (Atkinson 2004: 27).
Decentralization entails fundamental changes to the structure of intergovernmental relations, involving a shift away from vertical hierarchies to a differentiation of roles and the reallocation of functions among actors operating in the same sector or territory (UN-Habitat 2001: 146).

The concept of decentralization is not new. During colonial rule, for example, it was a commonly used mean of exerting control. In Indonesia, the Dutch government tried to stifle any occurring resistance or demand for independence by transferring some power to regional governments. In this way, things could often be calmed down in the long run. This strategy, also known as 'divide and rule', was similarly used by other colonial powers in their empires, e.g. the English in India (Devas 2004: 27–35).

Nowadays the decentralization of responsibilities and empowerment of local authorities has become a widely acknowledged concept of urban governance. It is seen as a development path which helps to reduce disparities in regions and provides more flexibility to respond to different local problems. Regional governance can be improved by more autonomy and increased accountability of the local authorities. Furthermore, it is seen as a good way to empower people and their communities (UN-Habitat 2001: 46).

Critical voices on the concept argue that decentralization has not necessarily only advantages. In economic terms, it remains unclear if locally made decisions are more efficient than the ones made on a national level. While on the one hand, decisions made in situ are clearly better suited to local conditions, on the other hand a national approach is necessary to pursue policies which promote economies of scale. Furthermore, decentralization could also foster unintended processes, such as the fragmentation of the nation state or increasing inequalities of different regions. In order to counteract such tendencies, a regulatory framework (e.g. revenue sharing) as a supporting measure is necessary. Finally, the capabilities of local authorities facing

enhanced functions and responsibilities are often overstrained which can lead to inadequate accountability and increased corruption (Kearns and Paddison 2000: 846).

Summarizing, it can be said that decentralization can provide many gains for local communities. In particular, the process can bring decision-making closer to the citizens by opening up opportunities for citizens—also for marginalized people—to achieve more influence in urban policies. Therefore, decentralization efforts are strongly promoted by UN-Habitat since this agency considers actions of local authorities as fundamental to the development of adequate shelter provision, particularly for low-income groups. All activities of municipal governments and also the housing policy are determined to a large extent by the leadership role of local authorities. UN-Habitat argues in multiple publications (UN-Habitat 2002a, 2008, 2009, 2016) that city governments must be equipped with all necessary tools and powers including their own revenue funds to enable them to find comprehensive strategies for addressing the housing problems in their cities.

2.3 Globalization and Neoliberalism

As a development framework, globalization and with it economic liberalization has influenced most aspects of the described processes of urbanization, democratization and decentralization. There are many definitions and interpretations of what globalization is or could mean, but a common understanding does not exist. An example for an interpretation is given by Westendorff (2004: 203–209):

> Globalization is among other things, a process of increasing interaction and inter-change of persons and resources across national boundaries. It is not a new phenome-non, but appears to have quickened remarkably over the last five decades, as the pace of scientific and technological change shrunk the importance of borders and distance of economic, social and political life (Westendorff 2004: 196).

Meanwhile all corners of the world and in particular urban areas are increasingly integrated in the global economy and in the global division of labour. Over the last few years this so-called economic globalization has gained momentum and the international economic ties have become more important at the expenses of national economic dependences (Kraas 2003: 196–197). At the same time, the outcomes for developing countries remain unclear. There are two contrary positions: One the one hand, globalization offers benefits and possibilities for all and in particular for the countries of the Global South, on the other hand it also causes widespread poverty, increasing inequalities and social exclusion. Therefore, globalization is a deeply contradictory, heterogenic and restructuring process (Scholz 2002: 6) enforced and strengthened by neoliberal politics.[2]

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[2]The terms 'neoliberal politics' and 'neoliberal agenda' are used in this study as a description for a bundle of economic measures promoting liberalization, free trade and open markets.

2.3.1   Neoliberalism

Since the 1970s, powerful organizations, primarily the IMF and the World Bank (WB), but also the Organization for Cooperation and Development (OECD) and the World Trade Organization (WTO) have promoted the dissemination of neoliberal politics. As the main concept for achieving development these organizations see liberal economic growth as the mechanism to reach it (Atkinson 2004: 26–29). Driven by the notion that free enterprise and free trade would lead to perfect economic conditions creating opportunities and wealth for all, a bundle of economic measures is propagated and strongly supported. During the 1990s, these measures were summarized under the term *Washington Consensus* (see Box 2.4) and include, among others, policies of liberalization, deregulation and privatization.

   The mentioned organizations agreed that this approach is the panacea to cure economic failure. Economic liberalization basically means the reduction of trade barriers and the opening-up of national economies to attract foreign investments. In order to enhance the effectiveness of national and local authorities and to create an 'enabling environment' for private enterprises, liberal politics are accompanied by policies of deregulation. These policies mean the reduction of state interventions in economic affairs and also the diminishing of laws and rules regulating the economy. Most economists agree that under a theoretically perfect environment[3] and without any interventions, unrestricted market mechanisms would cause economic development. In the same way, it is argued that the privatization of state-owned enterprises which usually have a poor economic performance would lead to an increased efficiency and thus to reduced government expenses (Harvey 2007b).

   Neoliberal politics are aiming at the creation of a global free market and the establishment of a good environment for investments. It has become an ideology, a path leading to economic growth, a formula for ubiquitous wealth and an opportunity for third world countries to catch-up with more developed regions (Harvey 2007a).

> **Box 2.4: Washington Consensus**
> The term Washington Consensus is in itself controversial discussed. John Williamson coined the term in 1989 by creating a list of ten policies as a common set of issues to be discussed at a conference in Washington. These ten policies were in his opinion the lowest common denominator of political advice given by the Bretton Woods institutions to Latin American countries. Among others they were fiscal discipline, trade liberalization, privatization and deregulation. There are many interpretations of the term: One understanding is that of a comprehensive economic and neoliberal agenda which has lead the developing countries to crisis and misery. Often the term is also used synonymous with neoliberalism (Williamson 2004).

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[3]Economic conditions where people act according to the principle of *homo oeconomicus*.

2.3.2   Structural Adjustments

Neoliberal politics have been strongly promoted by international organizations, especially IMF and WB, pushing for the so-called 'structural adjustment programmes' (SAPs). The objectives were to realize an idealized form of economic openness by opening up the national market, reducing the state share in all economic activities and by privatizing the public sector (Atkinson 2004: 26–29).

In the late 1970s, IMF and WB began to introduce SAPs: credit schemes for developing countries were successive extended, enhancing the influence of these organizations. The funds however, were only lent to the bank's conditions in conformity to the neoliberal agenda. For the receiving countries this implied the constraint to introduce austerity, deregulation and privatization programmes. Economic growth and a more efficient administration were the promised outcomes, but most of the times the expectations were not met. Instead, foreign debts were increasingly accumulated. As the repaying mechanism had priority over other needs, governments had to look for other means to find the necessary money. Often they saw no other options than to reduce their public spending and to carry out further privatizations of state-owned enterprises. In some cases, even essential services like water or electricity supply were privatized—a process which often had fatal effects in particular for the poor. However, due to financial needs many less-developed countries were forced to introduce these SAPs during the 1980s and 1990s. As a result, these decades are characterized by an increasing state retreat from more and more essential responsibilities (Davis 2006: 160–165).

During the 1990s, the world economy indeed underwent an accelerated globalization with more and more economies being integrated, an increasing suspension of custom duties and subsidies as well as boosting trade and investment. Yet, it became also increasingly clear that the outcomes of the structural adjustment policy are not as good as expected. It was found that even in cases where the economic outputs were positive the remove of government responsibility for key areas had mostly resulted in a rise of poverty (Atkinson 2004: 26–29). Davis (2006: 183) stated that neoliberal politics and in particular the SAPs have not lead to a reduction of poverty. Quite the contrary, they have contributed to increasing inequalities and poverty visible most of all in a constant rise in numbers of marginalized people working in the informal sector and living under insufficient conditions.

2.3.3   Effects on Cities

The impacts of neoliberal policies and globalization on cities are complex and influenced by many factors—depending on their level of integration in global networks, national and local policies and also the local economy. Relevant effects are, among others, the steadily deteriorating financial situation of cities and the ever fiercer interurban competition (Brenner and Theodore 2002: 267). Both aspects have signif-

icant implications for the cities' housing policy and especially for the way how to deal with marginalized people. A general consequence of this development is the reduction of funds available for the improvements of housing conditions.

By introducing policies of structural adjustment an improvement of the cities' poor financial situation was expected. However, this has not happened due to different reasons: the liberalization of trade, one of the ultimate goals of neoliberal policies, has brought only small or even negative returns for the economies of cities in the Global South, because competition got fiercer and markets of developed nations remained closed in many fields. Urban expenditures were reduced by austerity measures and privatization efforts generating some yields, but these yields were instantly devoured by obligations for repaying loans. In many cases, the results were increasing foreign debts. Additionally, the revenue of cities is increasingly shortened: in centrally organized countries transfer payments for secondary cities from the national government have been diminished due to structural adjustments as well as decentralization policies adopted at the national level. Local authorities are now forced to find their own solutions to fill upcoming financial shortages. To do so, city governments have usually no other choice than to implement further cuts on their expenditure and to take out loans with stakeholders from abroad (Westendorff 2004: 203–209).

The devastating outcomes of this poor financial situation of many cities are often an additional worsening in the provision of public services and the creation of even more dependencies. To fulfil the donor requirements, city governments have to surrender parts of their fiscal and decision-making autonomy to international actors. Naturally, these donors show a higher interest in the return of their investments and in constant repayment patterns, than in the welfare and prosperity of the citizens of their debtors (ibid: 203–209).

Besides these increasing financial shortages, all cities of the world feel the more intense global competition. As the markets have become more open, cities try to improve their position within the international competition by providing better economic conditions for investment and by underlining those features making them unique and distinct to other cities. This process has also been emphasized as 'place wars' (Haider 1992).

Increased competitiveness also entails more tasks for city governments. They are now not only responsible for the provision of services and the realization of city development plans, but also for a good environment to attract investment and skilled labour. Thus, cities must be run in an entrepreneurial and flexible way (the corporate city) to retain the highly volatile capital necessary to make the city prosperous (Hall and Hubbard 1996; Kearns and Paddison 2000: 845–850). These changes are not only risky—the highly mobile capital can easily disappear again; they also happen at the expense of other responsibilities. Resources are now redirected from various other fields to the new obligation of creating the best possible economic environment. This can mean cuts in the public and social sector which is seen as less important for the international ranking and performance of the city (Devas 2004: 27–35).

Although intended to improve the efficiency and the budgetary situation of cities, neoliberal politics have, in combination with economic globalization, often led to

the opposite, above all to less resources available for public services. In practice, this means fewer funds for measures aiming at improving access to adequate shelter and basic services. In the struggle to cope with these described trends—less budget, more tasks, fiercer competition and often under pressure of rapid population growth, new ways of governing cities are needed. Consequently, a shift to new modes of governance can be observed, characterized by the slogans 'good governance', 'sustainability' and 'inclusive city'.[4]

2.4   Fragmentation, Inclusion and Exclusion

Reinforced by neoliberal politics, globalization has brought integrating as well as separating processes which happen in direct vicinity and temporally close to each other. The geographer Scholz (2002) was the first who conceptualized these processes in the theory of a 'fragmenting development'. He stated that against the background of economic globalization and considering the insufficient effects of development aid in past decades the countries in the Global South are not capable to catch-up to the more developed nations in terms of economic development. Thus, the paradigm of a 'catching-up development' should be abandoned and replaced by the theory of a '*fragmenting development*'. In the following section, the model of a fragmenting development and its manifestation in cities is explained.

2.4.1   *Fragmenting Development*

Economic globalization and neoliberal principles have induced a complete shift of the international division of labour. Previously, the roles of both developing and developed countries were clearly defined. The former had to deliver the resources; the latter used these resources to produce industrialized goods. With globalization this simple pattern is more and more changing towards a fragmented system of places. The former dichotomy of countries (north-south; developed-developing) is substituted by a dichotomy of places, areas affected and integrated in the global economy and areas which are excluded.

Depending on the grade of integration in the global economy Scholz (2002, 2003, 2006) distinguishes three types of places (cf. Fig. 2.3): places extracting resources and providing cheap labour for mass production (*globalised places*), places combining the production of high-quality products and high concentrations of capital power and know-how (*global places*) and those places not integrated in the global economy (*excluded rest of the world*).

Global places or cities are highly integrated in the global economy. They host the headquarters of the world's transnational companies, high-tech production zones as

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[4]The changing mode of governance is discussed in Sect. 4.4.
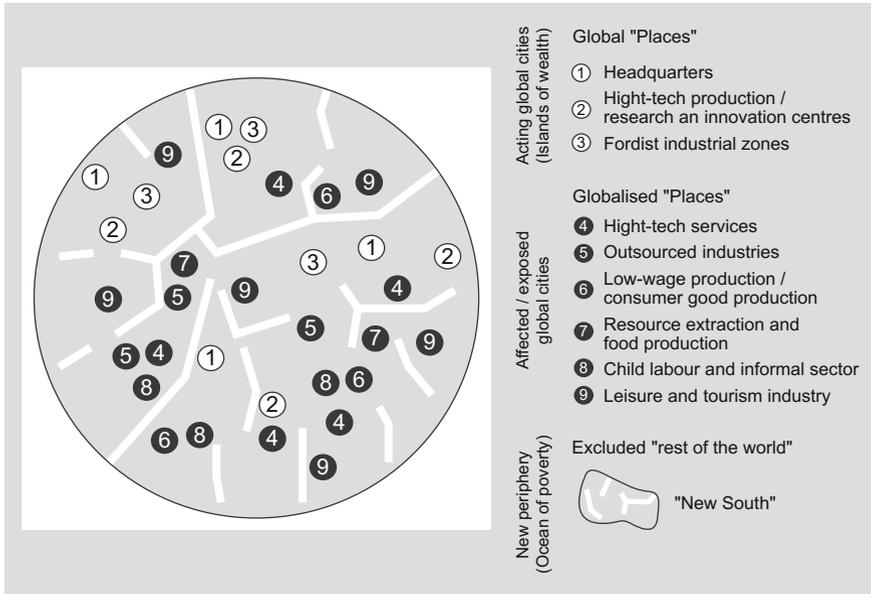
Fig. 2.3 Model of global fragmentation (reproduced from Scholz 2002: 7)

well as research and innovation centres. These places are seen as the command-centres of the global economy. The second category, global places, are areas affected or exposed to global processes. These are, for instance, outsourced industry, resource extraction zones, tax havens and also informal or low wage production zones. The excluded rest of the world falls in a third category, 'the new periphery'. The majority of the world's population is located here. They do not contribute to the global economy, neither as producers nor as consumers. In economic respects, these people are completely irrelevant and therefore expendable.

The belonging to one of these classes is not a fixed condition. In an environment of highly volatile capital and facing excessive global competition, cities or even whole regions can easily change their position in this hierarchic structure. Especially the globalized places are exposed to this process, as they are subject to external control. Location decisions for outsourced industries, for instance, are made in the company headquarters of transnational enterprises, located in global places. Therefore, globalized places are always threatened by decisions beyond their control. Easily, their functions can be replaced by another place, leaving them virtually overnight in the third category: 'excluded rest of the world' (Scholz 2002: 7–8).

2.4.2 Fragmentation in Cities

A fragmenting development can also be found at the very local level. In cities more and more urban fragments have emerged, often conceptualized as 'islands of wealth' embedded in an 'ocean of poverty'. Coy (2004: 15) describes this development for Brazilian cities (cf. Fig. 2.4). There the rich are segregating themselves in gated communities, settlements fortified by walls and watched by security teams. They spend their lives in their own segments of the cities, places where public access and hence contact to other social groups is limited: shopping centres, business parks and entertainment centres are some of the examples (Coy 2006). In this way, they can avoid any contact with the others, the excluded and marginalized rest of the citizens. Most of the latter live in squatter and slum settlements, often under unbearable conditions and covering vast urban areas. Usually they are excluded from any formal employment and have no other options than to find work in the informal economy (e.g. as street vendors). For these marginalized people the informal part of the city has become the only option to find shelter and earn a living. It represents an inevitable space of survival.

Immense inequality and segregation between social classes are nothing new for the Brazilian cities. A new development is that the conditions are worsening, resulting in an even deeper fragmentation. Furthermore, this development is neither limited to Brazilian cities nor to developing countries, it has in fact become an omnipresent phenomenon affecting most cities in the world albeit to different degrees. Urban spaces have become increasingly disintegrated, disorganized and destabilized resulting in a mosaic of urban fragments (Borsdorf and Coy 2009: 4–5; Borsdorf and Bender 2010: 368–371).

The reasons for this development can be attributed to a number of external and internal forces. External factors are above all the influence of globalization, neoliberalism and privatization politics. Internal forces are especially group inherent interests, such as status, lifestyles and security. The introduction of neoliberal politics opened up more and more space for private capital interests. As a consequence, and at the expense of state control, urban change is now driven by transnational companies, real estate companies, private investors and rich individuals. These powerful actors now shape the face of the cities by building extravagant citadels of wealth in accordance to globalized lifestyles and with globally interchangeable architecture. On the other side, remain poor citizens, marginalized groups as well as fresh migrants from rural areas. These people often live in unacceptable conditions, without adequate shelter, water supply, electricity or possibilities to earn a livelihood. They have no power to make their voices heard and no possibilities to gain their share of the benefits of globalization. For them, globalization has brought only more marginalization and exclusion (Coy and Kraas 2003: 35–36; Coy 2004: 11).
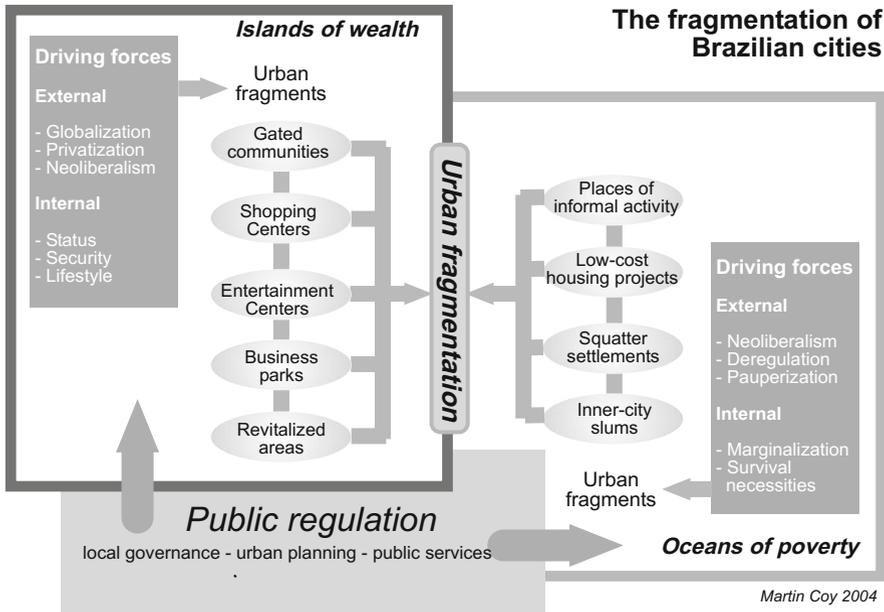
Fig. 2.4   Fragmentation of Brazilian cities (reproduced from Coy and Töpfer 2014: 104)

2.4.3   Challenges for City Administrations

For all city administrations, these urban fragments cause immense challenges. Facing the described cuts in their budgets, city governments have two options: they can either act as if nothing had happened and stay passive; or they can become actively involved in the search for new solutions. Many city governments chose the latter allowing their mode of governance to change to a more effective configuration.

Different scenarios are imaginable. The so-called scenario of a 'correcting city' has become reality in some parts of the world. In this scheme, the municipality becomes aware of the problems and tries to introduce countermeasures, such as regulations for the private sector, renewal of inner-city slums, well-designed public private partnerships (PPP) and inclusive measures for the informal sector. Although these measures are important and have positive impacts, they are not sufficient to solve the problem of marginalization and exclusion. Other more comprehensive approaches are needed, such as a more radical shift to the concepts of sustainable development and good urban governance.[5] A scenario following this approach would be that of a '(re)integrating city'. Such a city would be characterized by participatory strategies of enablement and empowerment and a reduction of the barriers between informal and formal sector (Coy

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[5]The concept of good urban governance is discussed in Chap. 4.

2004: 20–21). By adopting this idealized approach which also includes the participation of all stakeholders and the formation of internal and external networks (e.g. city alliances), cities might be able to counterbalance the 'top-down globalization' dominated by economic and financial forces with 'bottom-up globalization' integrating social, civil and cultural aspects (Girard et al. 2005: 4–5).

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