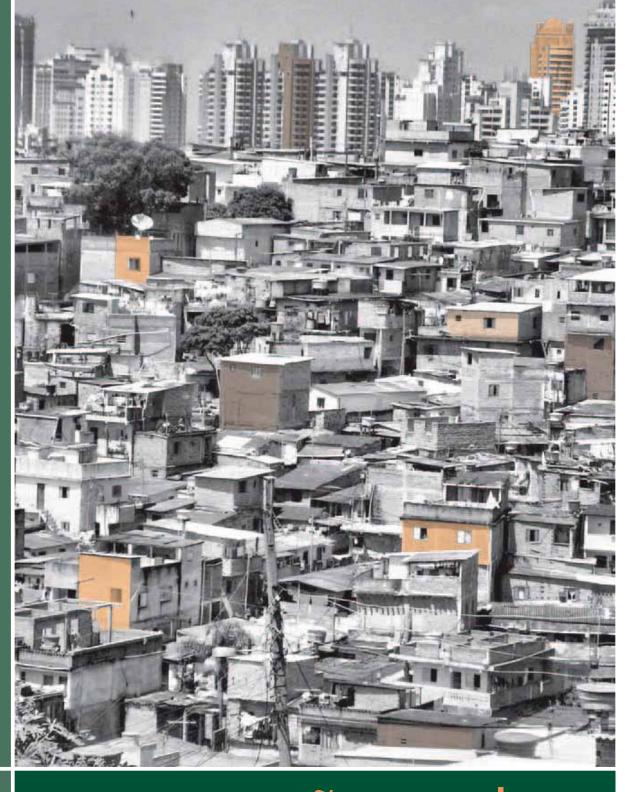
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são paulo a tale of two cities

SEADEFundação Sistema Estadual
de Análise de Dados



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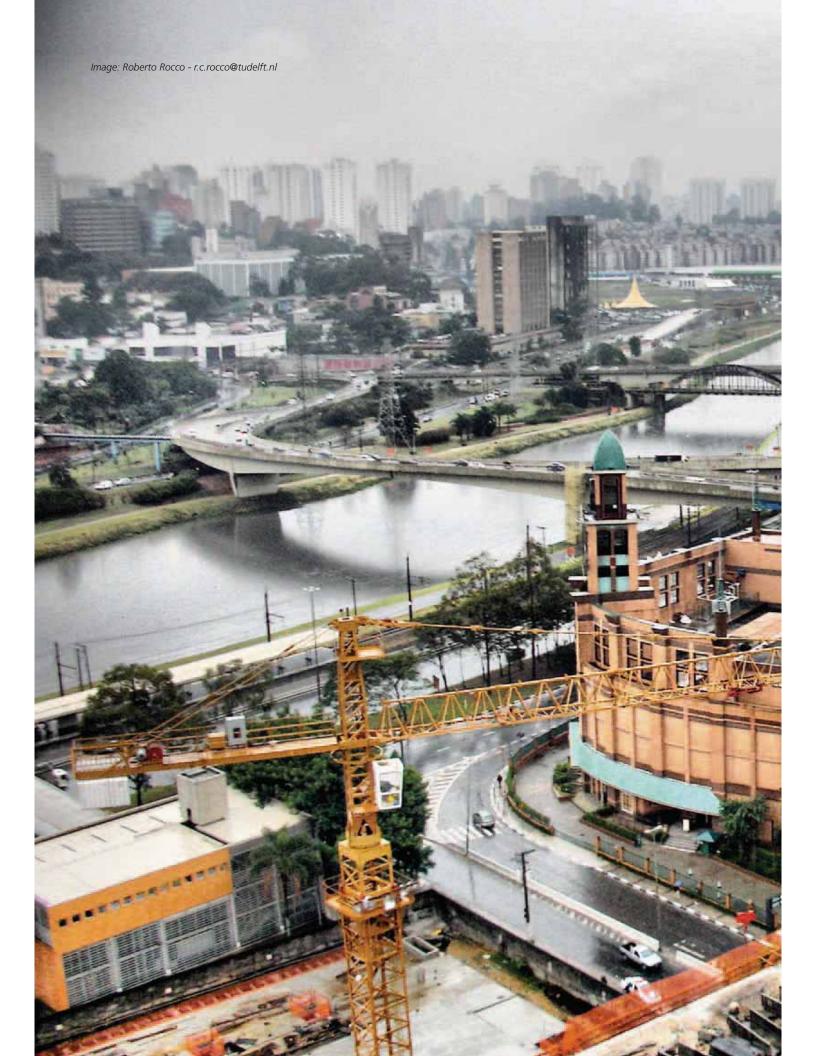
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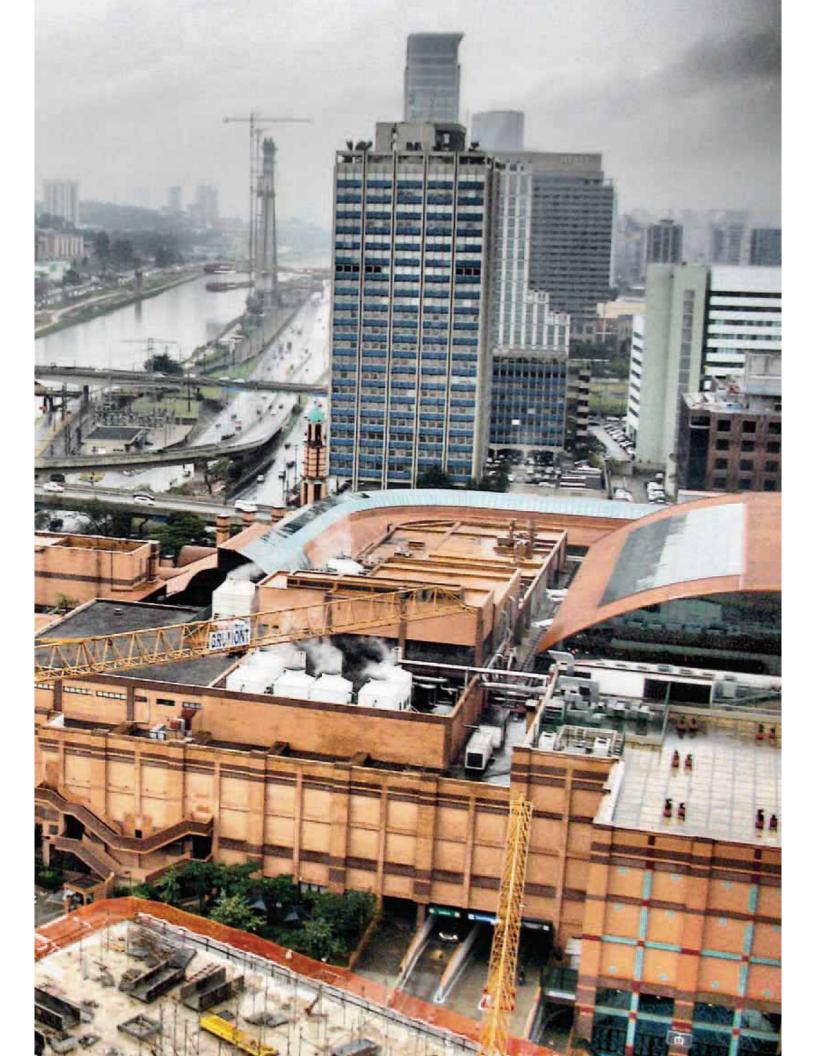
bridging the urban divide

são paulo a tale of two cities









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Foreword

It is clear that while the fastest-growing cities of the world have expanded in size, number and wealth, most of those in the developing world have become home to large numbers of people living on very few resources. In Asia, Africa and Latin America, high rates of urbanisation have been accompanied by high levels of poverty and inequality, creating serious challenges for good governance and urban leadership.

Urban inequality has a direct impact on all aspects of human development, including health, nutrition, gender equality and education. In cities where spatial and social divisions are deep, lack of social mobility tends to reduce people's participation in the formal sector of the economy and their integration in society. This exacerbates insecurity and social unrest which, in turn, divert public and private resources from social services and productive investments to expenditures for safety and security. Pro-poor social programmes, equitable distribution of public resources and balanced spatial and territorial development, particularly through investments in urban and suburban infrastructure and services, are among the most effective means for mitigating or reversing the negative consequences of urban inequality.

Many cities and countries are addressing these challenges and opportunities by adopting innovative approaches to urban planning and management that are inclusive, pro-poor and responsive to threats posed

by environmental degradation and global warming. Governments are making critical choices that promote equity and sustainability in cities. Many cities are also coming up with innovative institutional reforms to promote prosperity while minimizing inequity and unsustainable use of energy. Enlightened and committed political leadership combined with effective urban planning, governance and management that promote equity and sustainability are critical components to the building of cities for all.

To understand how these dynamics are at play in a variety of urban areas around the world, the Monitoring and Research Division initiated a new publication series, *Cities & citizens*. The series will provide policymakers, researchers and others interested in cities of the developing world with a wealth of information on how residents of different cities experience the challenges and opportunities of urban life. This book, which provides a detailed look at South America's largest city, São Paulo, launches the *Cities & citizens* series. I welcome this initiative, which forms a fundamental part of our agency's efforts to develop strategic partnerships with centres of excellence in different parts of the developing world.

And Grant Granter

Anna K. Tibaijuka Under-Secretary-General and Executive Director United Nations Human Settlements Programme (UN-HABITAT)

Introduction

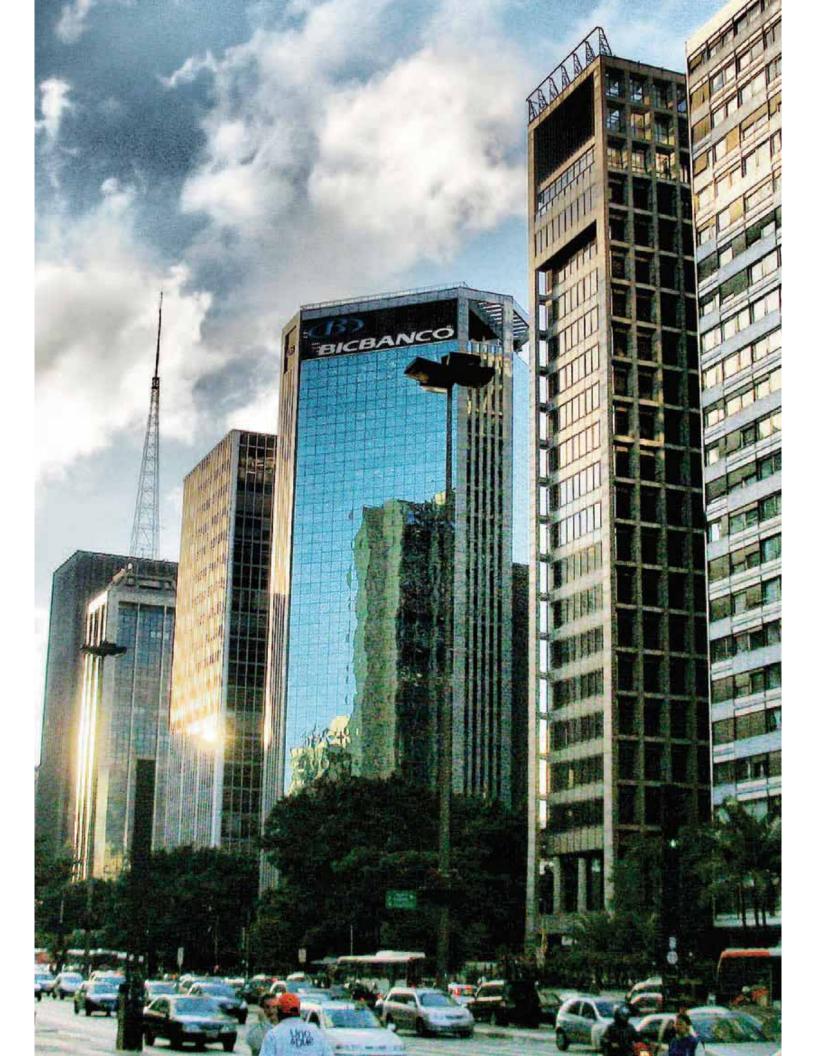
The Cities & citizens series is a new outgrowth of the Monitoring of Urban Inequities Programme (MUIP), initiated by UN-HABITAT's Global Urban Observatory in 2004 to administer Urban Inequities Surveys, conduct intra-city data analysis and map the distribution of various housing and social indicators throughout urban areas. The MUIP helps increase the capacity of city stakeholders to develop policy analyses and implement multi-stakeholder programme frameworks focused on improving the lives of the urban poor. As the conditions and quality of poverty are not static, robust city poverty profiles should serve as a dynamic starting point for a better understanding of poverty problems and appropriate responses.

With the *Cities & citizens* series, MUIP introduces a new way to translate Urban Inequities Survey data into broadly accessible terms, with the aim of impacting urban research and policy. This first *Cities & citizens* book uses data, policy information, narrative stories and images from São Paulo, Brazil, to illustrate the complexity of that distinctive, diverse urban environment. The book shows with compelling evidence the need for accurate information to understand the dynamics of metropolitan areas such as Metropolitan São Paulo, in which nearly 11 million people live today.

Drawing heavily on data developed by the São Paulobased Fundação Sistema Estadual de Análise de Dados (SEADE) in collaboration with UN-HABITAT, São Paulo, Brazil: A Tale of Two Cities shows that despite its international reputation as the powerhouse of socioeconomic advancement in Brazil and its rising status as a 'global city', São Paulo also has a substantial population of urban poor who need to be accounted for and included in the city's progress. While the book illustrates that in some ways, the poor in São Paulo are now much better off than they have been in the past — as urban planners and government agencies are increasingly advocating for a more inclusive and equal society and access to basic services is improving for the poor every year — income inequality in Brazil and São Paulo remains among the highest in the world. Some of the consequences of extreme income inequality are clearly illustrated in the book in the form of powerful narratives, which provide insights into the lived experience of a variety of *Paulistanos*.

The complex, and occasionally contradictory, processes and challenges evident in São Paulo are emblematic of what hundreds of large cities and towns in Latin America and around the world are facing today. The urgency to better understand intra-city dynamics and the relative absence of disaggregated data provided the impetus for this new series. Future volumes will reveal more valuable insights into the rapidly growing cities that are shaping the future of humankind.

Oyebanji Oyeyinka Director, Monitoring and Research Division United Nations Human Settlements Programme (UN-HABITAT)



Overview and Executive Summary

ao Paulo is an emerging 'global city' of massive physical proportions and vast disparities. This book attempts to define and explore those disparities and the policy environment that continues to shape the outcomes of people who live in the city and experience the urban divide.

São Paulo is a city in tension. Inescapable socioeconomic tensions are mirrored by the vigorous debates among government entities, the private sector, social activists, political parties and academics. Various interests and agendas wrestle for pre-eminence in a climate of revitalized democracy and deep interest in the limits and possibilities of citizenship and the 'right to the city'.

It is also a city in transition. The economy and employment profile of São Paulo are shifting as the city emerges, for some, as a servicescentre 'global city', and a profound social transition is taking place as the city endorses and develops its vision of inclusiveness. Socio-spatial segregation, severe economic inequalities, a deprived periphery, poorly serviced hinterlands and ruptures between the formal and informal city have become unacceptable politically, economically and morally to residents of Brazil's largest metropolitan region. Brazil's re-democratisation process in the 1980s and its economic prowess as South America's largest economy and the ninth richest economy in the world make its inequalities even less palatable. Even so, Brazil and São Paulo continue to have high levels of income inequality.

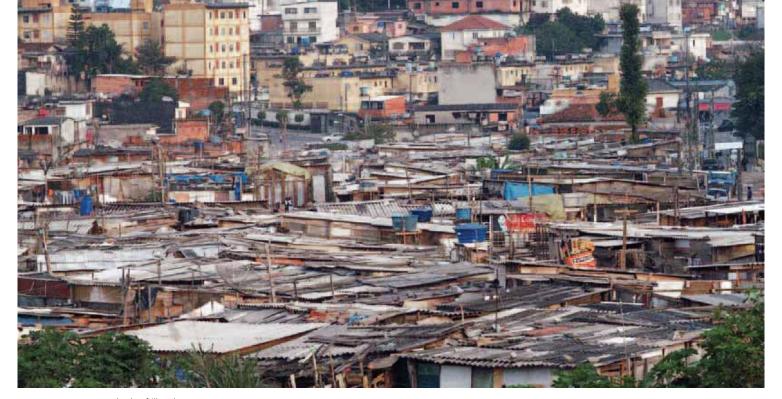
The architecture of governance and new policy formation appears to be reflecting, more than ever, the principles of transparency, accountability, participation and egalitarianism enshrined in the 1988 Constitution and the internationally acclaimed 2001 City Statute.¹ Public policy and actual urban realities reflect a pro-poor, pro-inclusion approach, which is positively affecting health, education, transport, housing, incomes and employment, particularly for the poor. But in a city of more than 3 million poor and almost 4 million living in *favelas* and *cortiços*, on the streets or in un-regularised, sub-standard housing, are

these changes enough, and how far do they reach?

As pro-poor, more-inclusive programmes and policies increase, so too do the number of people filling the favelas: self-built housing erected on illegally occupied land. Most of São Paulo's population growth takes place in the periphery, and in particular in the favelas. The rich may not become richer at the same pace as they used to, but in a city of 30,000 millionaires (approximately one for every 100 of the city's poor), and one of the highest Ginimeasured income disparities in the world, its image as a city of contrasts and inequalities is well-earned for the moment. As this report suggests, with analyses based on a wide variety of data from UN-HABITAT, the São Paulo Data Analysis Foundation (SEADE), and other sources, the image of Brazil and São Paulo may well be changing.

São Paulo's disparities stand out starkly in the everyday reality of the commute to work. As long gueues of poor from the periphery wait for buses at dawn to take them to their predominantly unskilled, low-paid jobs, the wealthy use slick personal vehicles, often with drivers and armour plating. Some few superwealthy and corporate travellers are known to take an estimated 70,000 private helicopter flights each year across São Paulo to escape traffic jams and insecurity. Helicopter passengers look over the honey-combed medieval chaos of the favelas and then weave among the hundreds of high-rise, exclusive buildings of the central business and residential districts.

The São Paulo stock exchange, Bovespa, expanded by 93 per cent in 2007, as foreign investors flooded into Brazil, fleeing recession elsewhere, but unemployment hovers around 13 per cent, with residents of the poor periphery, and those living in rented *cortiços* and self-built *favelas*, by far making up the jobless majority. After a dip in 2008, the Bovespa was thriving again in 2009 as the region's star stock market. But informality absorbs almost half of the labour market. While analysts of the globalization process and its impact on 'global cities' warn that wealth concentra-



Hundreds of illegal and precarious favelas in São Paulo jostle for space in between formal and informal housing settlements

> Image: Andersson Barbosa

tions at the higher and lower ends of the income scale are more likely to increase than decrease, São Paulo's growth appears to be different. Instead, and in the midst of massive inequalities, the middle class is on the rise and income inequalities (measured by the Gini coefficient) are falling.

The social changes in Brazil and São Paulo are nuanced and complex. Since the start of the 21st century, the country's urban poor have received more federal and municipal support, greater educational opportunities and better access to bank credit, transport, recreation and sport. They have more consumable goods and greater access to water and sanitation, health care and electronic communications. Informal settlements are becoming formalized and land titling is gaining pace, while specific urban policies protect the right of low-income people to remain in the city and not be shoved aside by market demand for land or urban planning schemes intent on upgrading poor areas.

This is a book of cautious optimism. It suggests that despite the colossal disparities, there is evidence of a new drum beat setting a new rhythm of hope. This book suggests that many of the policy changes, and particularly those closely associated to the new national constitution, will be unlikely to reverse. The overwhelming question remains, however, whether structural changes are taking place that will be powerful enough to forge a more inclusive and more equal São Paulo for the future. Critics may characterise slum upgrading, new housing policies and pro-poor

subsidies as tampering with an otherwise powerfully laissez-faire economic model that has entrenched elite interests and biases and reproduced inequalities. Some critics, polemic as they are, say that any concessions for the poor, however well-intended and sophisticated, can only be 'crumbs falling off the rich men's banquet table.' In response to these criticisms others argue that these changes are the start of a longer, more equitable transformation where wealth trickles through the social economy reducing inequality.

...despite the colossal disparities, there is evidence of a new drum beat setting a new rhythm of hope.

In Lewis Carroll's fantasy novella, Through the Looking-Glass, the character of the Red Queen makes the oft-quoted observation, 'It takes all the running you can do, to keep in the same place'. The so-called 'Red Queen hypothesis' has often been used to refer to the constant evolutionary 'arms race' among competing species, but it may be used here to raise a serious question for São Paulo and the struggle among the different social classes: even if the context of the city begins to look different, will the core social relations remain unchanged? Without a fundamental change in the economics of the city (and Brazil as a whole), without structures and laws that concretize distributive justice, there is a chance that despite all of the government's efforts to implement pro-poor social policy, urbanize the shabby periphery and improve access to basic services, the essential divide between rich and poor will remain. Will continued exclusion and socio-spatial segregation of the poor ultimately result in an un-harmonious city of deep inequalities, with all of the attendant ills? Whether São Paulo, and the wider Brazilian socioeconomic context, is substantively changing is the subject of active debate between economists and social observers in Brazil. Much of the debate turns on the rise of the expanding, highly consumerist middle class and the emerging strength of the Brazilian economy.²

Some academics have noted the rise of what they call the 'new poverty', which is more segmented and, perhaps paradoxically, more exclusionary than before, marked now by the rapid rise in informal urban settlements. They are concerned that the shift from a largely authoritarian 'developmentist' and undemocratic state towards one that, while more democratic, is less intrusive, will devolve state intervention and welfare systems ever more to the level of municipalities and local governments, and to the quasi-private sector of nongovernmental organizations. The marginalisation debate of the 1980s, which sought to describe the social segregation and deprivation in Brazilian slums, has moved from thinking of marginalization as a 'myth' to a 'reality', towards a new analysis that today's poverty is often embedded within structures of social exclusion that severely reduce opportunities for social mobility among the urban poor. At the same time, the reduction of 'extreme poverty' and the reduction in the number of economic 'poor' in Brazil and São Paulo suggest considerable emerging social mobility.3 This mobility may presage a major shift in terms of improved income distribution and expansion of the middle class. The fact that Brazil is a nation of enormous natural resources, huge freshwater surpluses. newly discovered off-shore oil reserves, the fastest-growing car market in the world and high levels of foreign investment bodes well for continued economic prosperity and the advancement of the poor. The country's successive commodity booms, based on precious metals in the 17th century, sugar in the 18th century and coffee in the 19th century, have enabled Brazil to become the world's largest

exporter of coffee, sugar, chicken, orange juice and beef; the country also exports a high volume of soya, as well as iron ore and other ores and metals.⁴

Inevitably, the findings of this publication raise as many questions as they answer. The titles of the chapters in this book should all be posed as questions, because the structural division that affected so many aspects of São Paulo's past appears to be changing.

This is the first book in an ongoing analysis of intra-city data developed by the Monitoring and Research Division of the United Nations Human Settlements Programme (UN-HABITAT), headquartered in Nairobi, Kenya. Chapters one, two and three describe the context of São Paulo, reviewing the scope and trends of poverty in the city and the process of social exclusion that emerged out of São Paulo's extraordinary story of rapid urbanization and growth. Chapter four explores in more statistical detail, with extensive use of recent data, different social sectors and the progress made in relation to improving living conditions and reducing exclusion in recent

...the rise of the expanding, highly consumerist middle class and the emerging strength of the Brazilian economy.

years. UN-HABITAT data based on the Living Conditions Survey by SEADE/UN-HABITAT in 2006 and findings of the UN-HABITAT Policy Analysis on the Inclusive City from São Paulo in 2009 are key sources, and are augmented by data from other sources. Some sectors are discussed in relation to different Millennium Development Goals and Targets, Examining the gains achieved in recent years in some sectors does not suggest grounds for complacency at all but does raise serious guestions, both concerning the measurement of inequality (whether income measurement is sufficient to capture people's quality of life above the consumption measurement) and the structural transformation that these changes imply. The findings discussed here in relation to inequalities and the gap between those living in *cortiços* and *favelas* and those living outside them are interesting and sometimes surprising. It is clear that the São Paulo of 2009 differs dramatically from the city that gained a negative reputation in the 1980s and 1990s as a home of general state indifference and callous inequalities.

Chapter five examines key policy changes, the legacy of the 1988 Constitution and its impact on subsequent urban policy on the lives of the poor and those living in *cortiços* and *favelas*. The findings suggest that, in spirit, the municipal and state governments of São Paulo appear to have embraced the

...the 'right to the city' movement and principles in Brazil's City Statute appear to guide the urban debate and policy in São Paulo.

vision of the Istanbul Declaration on Human Settlements of 1996, through which world governments committed to better standards of living and greater freedom for their urban poor, particularly with regard to adequate housing. The concepts expressed in the 'right to the city' movement and principles in Brazil's City Statute appear to guide the urban debate and policy in São Paulo. The final chapter brings together many of the findings of the research for this book and discusses findings from other recent UN-HABITAT research. It further explores the way forward in search of a more inclusive city.

The special features and images that populate the final pages of this book add to the exploration at its heart, providing important details and examples of more generalized points raised in the text. In some cases, the special features offer alternative argument or identify problems that are not addressed elsewhere. Together, the main text, special features and images help tell the story of São Paulo in all its complexity.











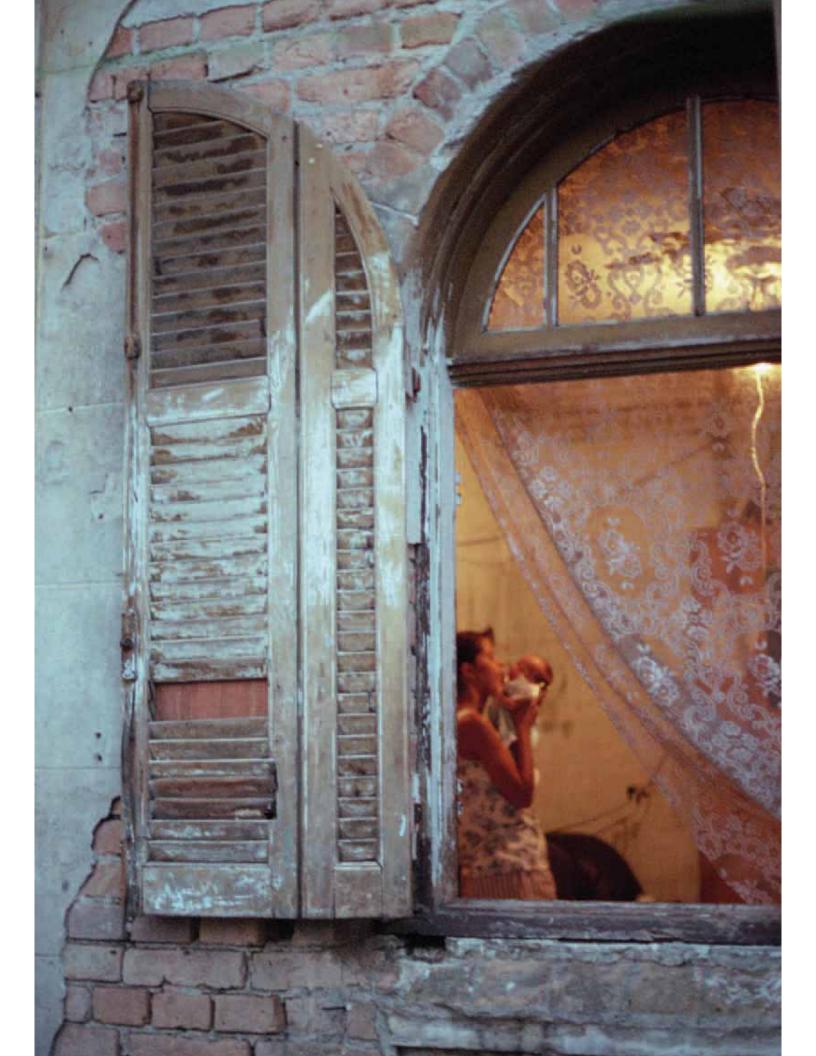






In some cases eviction oders (private or public) can lead to scenes of violence and displacement. Normally resettlement is organised by the municipality peacefully. These photos are scenes of an eviction in August 2009 when 250 riot police entered the Olga Benário encampment in the southern suburbs of São Paulo, armed with a court order calling for the eviction of the 800 families and some 3,000 people.

Images: Andersson Barbosa



Introduction:

Understanding Urban Dynamics Inside Cities The need for intra-city analysis

The need for comprehensive, comparable and reliable information on cities and towns has long been recognized. However, it is clear that the collection and analysis of data at the city level must be augmented by disaggregated information at the intra-city level. Indeed, city-aggregated information often provides misleading information. Aggregated data averages all urban households — rich and poor — to provide one single estimate of poverty, overlooking existing pockets of poverty in the city, and consequently underestimating the urban poor and the conditions in which they live.

The earlier practice of simply providing urban versus rural estimates has masked the crisis that the urban poor and slum dwellers are facing. To improve the lives of the dispossessed, local policy makers need to be informed about the consequences of vastly different living conditions experienced by slum dwellers and others in the city. There is a need to assemble and disaggregate existing indicators to describe sub-city areas and design a database capable of maintaining and updating this information.

UN-HABITAT has monitored and reported on the progress of the implementation of the Habitat Agenda through its Urban Indicators Programme and connections with local urban observatories in various cities around the world. Subsequent to the Millennium Declaration in September 2000, the agency also began reporting on Millennium Development Goal 7, Target 11 (now Target 7d) by designing a global monitoring strategy that includes slum indicators and a Monitoring of Urban Inequalities Programme (MUIP). The objective of the MUIP is to enhance evidence-based formulation of urban development policies by systematically disaggregating data between urban slums and non-slum areas through the implementation of Urban Inequalities Surveys.

As part of these efforts, UN-HABITAT has launched the *Cities & Citizens* series, which aims to produce information that helps depict

the situation of the urban poor, vis-à-vis their health, well-being, education, employment and housing conditions, as compared to urban inhabitants who live in planned non-slum urban areas. The Cities & Citizens series recognizes the urgent need for better data at the district, municipality and household levels in urban areas: the levels at which urban problems can be solved. It is clear that analysis of data at the intra-city level is fundamental to the development of local policy. The earlier practice of simply providing urban versus rural estimates has masked the crisis that slum dwellers are facing. To improve the lives of slum dwellers and the urban poor, local policy needs to be informed by the consequences of vastly different living conditions experienced by slum and non-slum dwellers. UN-HABITAT's Cities & Citizens series aims to assemble and disaggregate existing indicators to describe sub-city areas and design a database capable of maintaining and updating this information in a selected number of cities. Without meaningful urban data, policy makers are rendered incapable of tackling persistent problems in their cities.

The Cities and Citizens series aims to create a new framework of analysis for urban policy to produce quality information that can assist cities in becoming more livable places, where citizens enjoy better health, better education, better livelihoods, better transportation, better access to infrastructure and basic services, and better environments — in short, a higher standing on a majority of MDG indicators, in a more equitable city setting. In the long run, the publications in this series aim to develop capacity among local, national and international stakeholders to conduct policy analysis in favour of the urban poor.

This book is the first in the UN-HABITAT Cities & Citizens series. It aims to present and discuss a wide range of disparities and urban inequalities evident in São Paulo using SEADE/ UN-HABITAT data, as well as data from a range of government and non-government sources. São Paulo is a logical place to begin

the series, as it is comparatively well-furnished with professional agencies, think tanks, government agencies and university research departments generating high-quality data on a wide range of poverty-related issues. In addition, bi-lateral and multi-lateral organizations and international NGOs compile and analyse poverty-related data in Brazil and São Paulo, making reliable data readily available.

SEADE/UN-HABITAT Survey - Sampling Frame

A Living Conditions Survey (PCV, Pesquisa de Condições de Vida 2006) was applied to the Metropolitan Region of Sao Paulo (SPMR) that according to SEADE's forecast had a population of 19.1 million inhabitants in 2005, living in 39 municipalities.

The sample size comprised 5,200 homes, 2,712 of which were in the capital (São Paulo City). The sampling was done in conglomerates in two stages, the first stage being the sectors of the 2000 Demographic Census and the second, the permanent private homes. Over-sampling techniques were used to maximize the participation of low-income families, including those belonging to the target-public of the income transfer programmes. The sampling used the estimated size of the target-population of the Family-Allowance Programme (*Bolsa Familia*), which is the proportion of families with a lower per capita income family that one quarter of the minimum wage prevailing in July 2000.

The sampling frame was divided into two strata using the São Paulo Social Vulnerability Index (IPVS), which in turn is used as one of the key indicators to identify priority areas for focusing public policies, especially those fighting against poverty.

The IPVS typology combines demographic and socio-economic aspects (income and educational level):

• Stratum 1: aggregated three groups:

- 1. No Vulnerability;
- 2. Very Low Vulnerability; and
- 3. Low Vulnerability.

Stratum 1 represents 1,040 of the 5,200 homes, or 20 per cent of the sample.

Stratum 2: aggregated three groups:

- 4. Average Vulnerability;
- 5. High Vulnerability); and
- 6. Very High Vulnerability.

Stratum 2 represents 4,160 of the 5,200 homes, or 80 per cent of the household sample.

Source:

SEADE: Living Conditions Survey (PCV, Pesquisa de Condições de Vida 2006)



new house, new life in villa nova jaguaré*

Maria de Fátima Silva Souza, resident of social housing project



It has been nearly one year since Maria de Fátima Silva Souza, age 52, was given the keys to her own apartment in Vila Nova Jaguaré, a 166,000 squaremetre favela in front of Marginal Pinheiros, in the western zone of São Paulo. The building where she now lives was recently built as part of the city government's slum upgrading project.

Surviving on a pension since an unsuccessful surgery took away the use of her left hand, the former cleaner lives in a two-bedroom apartment on the ground floor of a four-story building with her mother Olívia, 80, and her granddaughter Ana Caroline, 4, who Souza has raised since birth.

Except for the health problem that prevents her from working, Souza is happy with life at the new address. In fact, it is the first time since her arrival in São Paulo that she actually has an address. After moving to the city from her hometown of Petrolina in northeast Brazil, she bought a one-room wooden shack in the same Vila Nova Jaguaré slum and lived there for 20 years. Her mailing address was the house of a friend, because her shack had no street name, only a number: 83.

But that wasn't the main problem. Over the years, her family had to deal with the water that came down the slope every time it rained, passing through the house and ruining her belongings. Her mother once was bitten by a rat.

'Here is much better, a decent home with an address', Souza says. She bought all new furniture after moving to the new apartment. 'When it rained, everything used to get wet. In one year, the wardrobe was totally destroyed. Buying new furniture wasn't worth it'. That's why in the past Souza limited herself to just a bed, a stove and a fridge. Clothes were kept inside cardboard boxes.

Built near the steep base of the favela, the new buildings offer stability to the slopes of the so-called Morro do Sabão (literally 'Soap Hill'). As the name indicates, mudslides used to be very frequent there, and the area was considered a priority in the municipal project.

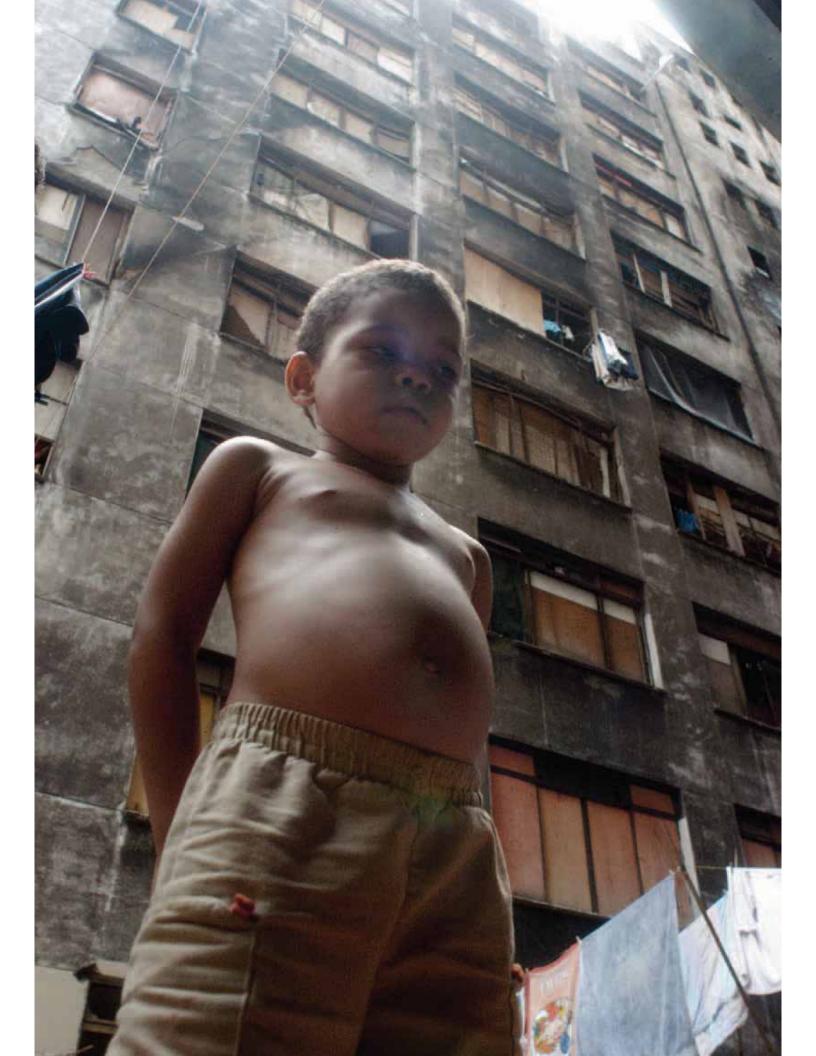
While her new home was being built, Souza moved to the nearby Vila Dalva district, where the municipality paid her rent. The other option offered, which she refused, was to take a lump sum of R\$8,000 (about US \$4,600) and find her own housing, an amount that Paulistanos know, truly 'buys nothing'.

Souza's family earns about R\$1,000 per month (about US \$579), but their expenses have increased since the slum was upgraded. Like her 20 neighbours in the building, Souza pays R\$70 (about.US \$40) per month in mortgage payment, R\$10 (about US \$5.70) for building maintenance, plus the electricity bill — costs that she hadn't faced before. 'It is worth it,', she says. 'I don't need to worry about the rain and the mud anymore. It is very good for me'.

Souza is functionally illiterate, having left school in the second grade. Unable to work, she usually spends her days in front of the television. Her house is decorated with care, with dime-store artwork lining the walls, curtains in the windows and a proper welcome mat outside the door. She likes the neighbourhood because life's necessities are nearby: a supermarket, a bakery and a preschool for her granddaughter. On the weekends, she prefers to stay at home, go to church, or visit the nearby Villa Lobos park.

What does Souza expect for the future? 'To be better', she says. 'In the first place, I hope to improve my health. And I wish Caroline to be someone in life, meaning studying for not having to work in cleaning, as I did'

 All ten interviews featured as Vox Paulistanos were commissioned by UN-HABITAT and written by Luciana Benatti, a São Paulo-based journalist.



Chapter 1. The Dynamics of Division:

The scope and trends of poverty and inequality in São Paulo

s a region, Latin America and the Caribbean has consistently been characterized by the starkest global disparities between rich and poor. In recent years, Brazil, with an income Gini coefficient of 0.59, has remained at the top of the list of South American countries with the highest income inequality, on par with Guatemala (.0.59), and followed by Colombia (0.58), Honduras (0.58), Bolivia (0.57) and the Dominican Republic (0.56).

The divided extremes: A rapid tour

The Brazilian government is now celebrating what it describes as a break in the historic pattern of inequality that has, for years, remained unchanged and at high levels. Contrasts within the country remain striking, however, not least in São Paulo, which, with an income Gini coefficient of around 0.56, is just three points lower than the national average of 0.59.6 At the extreme ends of the spectrum are superluxury apartments and office blocks with stateof-the-art designer interiors towering over congested, graffiti-covered favelas. Hundreds of shopping malls doing a brisk trade in overpriced designer products, top-end electrical goods, translated works of world literature and the latest computer technology line streets and avenues. Street front shops and boutiques are interspersed with fine restaurants, or clustered together in the rapidly rising number of elite shopping malls, some only accessible by vehicle through underground car parks. Smart foreign motorcars and the world's second-largest fleet of private helicopters transport businessmen and women in immaculate suits between their offices and spacious homes separated, and protected from, workers and the urban poor who appear to live in another world a world where access to, or inclusion in, the reality of the elite is unimaginable, and where people struggle to stay afloat on low salaries, live in cramped and often precarious spaces and have few opportunities to cross the deep urban divide. Nevertheless, the environment of the elite and wealthy middle classes is where the greatest concentration of workers from the irregular, informal or illegal settlements

find work. They spend between one and three hours commuting each day. As they return home, they leave the centre's well paved, well-lighted, policed and accessible areas to return, in most cases, to a *favela* or the low-income periphery, which lacks public transport access and well-lighted streets.

The periphery is synonymous with neglected infrastructure, informality and insecurity. There, transport services struggle to meet the needs of a teeming population and workers acutely sense their place in São Paulo's social hierarchy. Low-income residents are excluded through a de facto socioeconomic separation from the amenities at the city's core, although historically, the periphery has never been better served in terms of infrastructure and low-cost public transportation as it is today.

While designated 'precarious settlements' in the City of Sao Paulo only occupy 9 percent of its territory the surrounding periphery is characterized by irregular, often unplanned urbanity including favela settlements. São Paulo and its 38 surrounding municipalities together have a population of almost 20 million people. Viewed from the periphery, the central metropolitan districts with their tight throng of vertical, modern high-rise offices and apartments look like a shimmering mirage. Approaching the mirage, one is carried in through sweeping freeways, slick bridges and wide roundabouts. The rougher infrastructure of the suburbs with their faded road markings, potholes and congestion give way to the urban core's space and height. The unregulated urban sprawl of self-built homes always in a state of half completion, always waiting to build another floor — spreads inexorably over hills and down along streams that constrict the available land and crowd residents together. The peripheral urban landscape is defined by the grey cement and redfired block-bricks of ramshackle dwellings.

In contrast, the large island of tall, elegant apartment and office towers at the centre of the city suggests an impenetrable exclusivity.



Children burn rubbish in a street fire outside their shacks along the Marginal Pinheiros under the Bridge of Ceagesp.

> Image: Marcelo Min Fotogarrafa Agency

Weaving through wealthy districts of walls and security guards, one finds large villas alongside closed condominiums and ambitious new all-inclusive compounds that offer designer shopping, restaurants, recreational facilities and parks within their confines. Favelas are sometimes adjacent to such areas of wealth and luxury, revealing shocking contrasts in the comfort and lifestyles of rich and poor. Where the proximity of new deluxe accommodation to favelas or tenement cortiços becomes more frequent, the contrasts that have created the stereotype of Brazilian inequality appear increasingly acute. The stereotype seems compelling: the indifferent rich luxuriate while the vulnerable poor continue living in extremis, hopeless and exploited.

But the reality is more sophisticated, more interesting and more optimistic. Brazil and São Paulo are undergoing a process of dynamic change

...the poorest favelas and periphery districts (and adjacent municipalities) reveal consistently high growth rates.

that has been dramatically affecting and shaping the lives of the urban poor. The São Paulo of the 1970s and 1980s is quite different from the city today. In a context of changing demographics and changing opportunities, the policy instruments, protections and social provisions for the poor have significantly improved. The rising middle class in the midst of these changes challenges the traditional bipolar analysis of the past.

The rest of this section explores specific changes in recent years that have directly affected the lives of the urban poor, as well as the nature of social exclusion in a city often described as a city of walls, of social segregation and of unacceptable wealth disparities.

The poor vote with their feet

Although the presentation of the extremes in São Paulo is emblematic of the social divide. the reality is more complex and nuanced. Poor migrants from northern Brazil, in particular, continue to move to São Paulo expecting a better life than they could ever create in their places of origin — a better life that friends and relatives have testified to over the years. While population growth rates in wealthier central areas of São Paulo decline, or even show negative levels, the poorest favelas and periphery districts (and adjacent municipalities) reveal consistently high growth rates. The city's development, built on migration, continues to expand demographically and spatially, because those who live in São Paulo inherently understand what the statistics illustrate: significant improvements in the lives of the poor have taken place recently, making the city even more attractive to migrants.⁷ The data also illustrates that in critical areas of basic needs and services. the gap between the wealthy and the poor has been reduced, despite continued high income disparities that have also been declining in recent years. Here, the SEADE/UN-HABITAT data is used in conjunction with other data sources to identify recent changes and to define outstanding gaps, deprivations and inequalities.

Measuring the urban divide only through levels of income or poverty can have serious limitations. Conventional income poverty measures often fail to capture additional urban advantages or deficiencies. Additionally, measuring poverty by creating a static income threshold fails to acknowledge the multiple dimensions of poverty. Such measurements do not adequately capture the characteristics of living in an urban environment that may be beneficial to both rich and poor. Depravation analyses prove more useful in understanding the full human experience in a particular context. They are also closer to people's own description of satisfaction levels of their lives, as is the case in São Paulo.

High levels of inequality persist, despite poverty reduction

In Brazil today, two separate processes are at play, creating an apparently contradictory phenomenon. Poverty has fallen, and continues to fall, as a result of increased average earnings, cash transfers and more efficient social programmes, but lower levels of poverty have not significantly affected the problem of income inequality, except that the concentration of income has slightly declined in recent years. With an average national Gini coefficient falling from 0.60 in 1997 to 0.57 in 2009, Brazil shows clear evidence of a downward trend in disparities.8 A rather limited reduction in income disparities reflects structural problems in the distribution of wealth that may have long-term consequences not only in terms of income polarization, but in access to opportunities. Yet, the changes in relation to overall human development and poverty reduction appear more dramatic, and seem to affect the welfare of the individual poor in a more direct manner.

According to the federal government's statistics, the number of Brazilians below the poverty line fell dramatically between 1990 and 2005, from 52 per cent of the population to 38 per cent.⁹ Further evidence indicates that since 2005, changes have been even more dramatic, with a 4.2 per cent decrease between 2006 and 2007 alone.¹⁰ Since 2004, the declining trend has continued as a result of a range of government interventions¹¹ that

are having an impact on real incomes of the poor and their levels of deprivation, in addition to the rising economic prosperity of all areas, especially in the northeast of Brazil. ¹² Studies show that these changes have affected different regions and sections of Brazilian society in different ways.

Analyses by the Instituto de Pesquisa Economica Aplicada (IPEA) indicate that from 2001 to 2006, the per capita income at the bottom 10 per cent of the population increased at 'a Chinese rate' of 9 per cent per year. This was more than three times the national average of 2.5 per cent. Meanwhile, the top two deciles of per capita income both achieved growth levels well under the national average. This data shows with compelling evidence that a general redistribution of wealth is underway, or is at least starting. However, IPEA warns that the benefits of reduced poverty in Brazil have not extended to all groups equally, and it cites children as having not fared well in recent years (in comparison to the elderly, whose lives have improved significantly). This relative shift

...the number of Brazilians below the poverty line fell dramatically between 1990 and 2005...

has resulted in the level of poverty amongst children being almost 10 times higher than among the elderly. IPEA's data suggests that in 2006, approximately 56 per cent of children between birth and age 6 lived in poverty, while approximately 40.5 per cent of 15 to 17-year-olds lived in poverty. In addition, IPEA gives evidence of high regional difference, with black rural children with illiterate parents in the northeast living at highest levels of poverty (80 per cent poor, 50 per cent extremely poor). Not surprisingly, IPEA calls for the development of more child-focused programmes to reduce poverty nationwide.¹³

The government statistics, however, may be surprisingly conservative and may depend too much on the poverty threshold and computation methods when compared with survey results of independent researchers, such as the respected Getulio Vargas Foundation. In late

2006, the foundation found that under the current term of President Luiz Inácio Lula da Silva, the number of poor Brazilians dropped to about 42 million — or approximately 21.6 per cent of the country's 192 million people.¹⁴ The foundation claims the rate was 28.1 per cent in 2003, when President Lula da Silva took office. The poverty rate is therefore at its lowest level in 25 years, when the foundation began measuring it. The survey also showed that the number of Brazilians considered to be living in extreme poverty — or those earning less than US\$1 per day — dropped by 19.2 per cent between 2003 and 2005. That translates to improved conditions for approximately 10 million people. Since 2005, the trend has continued downward in relation to reduced poverty.

Despite the overall decline in poverty over the last two and half decades, however, poverty dynamics have been marked by considerable shifts, which reflect macroeconomic instability. One study in 2006 attempted to define and explain the rise and fall of Brazilian inequalities in the 23-year period between 1981 and 2004, as part of a downward poverty trend.¹⁵ The study charts three main stages in the evolution of inequality, which

In 2005 84 per cent of Brazil's population was urban, and by 2015, that proportion is anticipated to exceed 88 per cent.

are directly mirrored by the trends in poverty. It refers to inequalities within a trend of poverty reduction. From 1981 to 1989, there was both a steady rise of poverty (measured by headcount poverty and the poverty gap) and income inequality. But between 1989 and 1993, there was a highly volatile peak period with dramatic levels of increase in both inequality and poverty. This was followed by a steady decline nationally (with São Paulo experiencing slight variations) in both inequality and poverty. This decline continues today, for Brazil as a whole as well as São Paulo, which acts as the core economic powerhouse of the Brazilian economy.

In terms of hunger poverty, the government of Brazil has declared food insufficiency to be unacceptable and has committed to completely eradicating food hunger by 2015. This ambitious objective goes beyond the first Millennium Development Goal of reducing by half the proportion of people suffering from hunger.

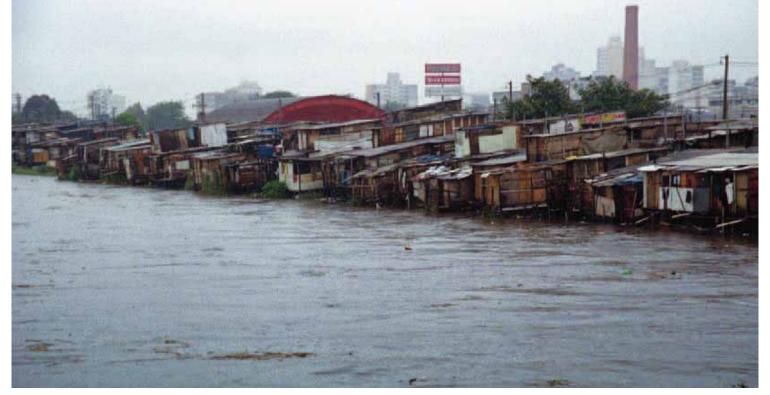
The urbanization of poverty in the Metropolitan Region of São Paulo

In recent years, Brazil developed a new poverty profile, located predominantly in urban areas. In 2005, 84 per cent of Brazil's population was urban, and by 2015, that proportion is anticipated to exceed 88 per cent. With such a high level of urbanization, Brazil's subsequent urbanization of poverty is unsurprising.

Population growth data from the Federal State of São Paulo and its capital city shows the following numbers¹⁶:

- The population of the Federal State of São Paulo is 41.1 million inhabitants, which represents over 25 per cent of the country's urban population.
- The population of the Metropolitan Region of São Paulo (MRSP) is 19,7 million inhabitants.
- The population of the municipality of São Paulo itself (MSP) is 10.9 million.
- Approximately 50 per cent of the population of the State of São Paulo lives in the Metropolitan Region of São Paulo, while approximately 50 per cent of the population of the MRSP lives in the municipality of São Paulo. Approximately 25 per cent of the population of the Federal State of São Paulo lives in the municipality of São Paulo. In the State of São Paulo, approximately 88 per cent of the population lives in urban settlements.

Poverty increased in the big cities of the Federal State of São Paulo between the 1980s and 1990s, owing to changes in their productive systems and employment markets, which are largely determined by trends in economic restructuring. Evidence suggests that economic changes resulted in a loss of jobs for workers, especially those with low qualifica-



Wooden shacks on stilts at Avenue Zacchi Narchi along the city's main river.

Image: Marcelo Min Fotogarrafa Agency

tions. At the same time, with the economic recession in full swing, average incomes of poor workers declined. These trends were echoed in other metropolitan areas in Brazil throughout the same period. Rapid urbanization in the two decades prior to the end of the 20th century resulted in a national profile with staggeringly high levels of urban poor. According to the official household surveys and nation-wide statistical findings developed by IBGE and PNUD, in 1999, of the 54 million poor in Brazil, just 22 per cent lived in rural areas, while 46 per cent lived in urban areas and 32 per cent lived in one of the six metropolitan regions: Recife, Salvador, Belo Horizonte, São Paulo, Rio de Janeiro or Porto Alegre. This means that a total of 78 per cent of the nation's poor lived in urban centres¹⁷.

By the end of the 1990s, poverty was increasing in the MRSP faster than in any other region of the country. The MRSP's poverty rate increased from 20 per cent in 1990 to 39 per cent in 1999, with more than 6.4 million people living in poverty. Consequently, a considerable portion of Brazil's urban poverty was located mainly in the most peripheral areas of the MRSP, as well as in different parts of its central region. Data indicates that by 1999, one-third of all urban poor in Brazil's six metropolitan centres (a total of 17.4 million people) was concentrated in the MRSP.

According to the 2008 IPEA analysis, the rate of poverty in metropolitan São Paulo grew from 20 per cent in 1990 to 32 per cent in 1997, and 39 per cent in 1999. This metropolitan poverty was characterized by unem-

ployment, income decline and concentration in the most peripheral areas of the capital, where the lack of urban services and public transport supply are at their worst. The result was the low mobility of the poor urban population, and their consequent social and spatial isolation in areas farthest from job centres. As such, they were excluded, by default, from many of the benefits and opportunities brought about by job opportunities, services and economic and cultural facilities available in the planned areas of the MRSP.

In many respects, the characteristics that typified social and spatial exclusion at the turn of the century continue today in São Paulo, but the levels and conditions of poverty have changed. A remarkable reduction in poverty

...the characteristics that typified social and spatial exclusion at the turn of the century continue today in São Paulo, but the levels and conditions of poverty have changed.

in São Paulo that began in 2003 continues today. In 2003, the number of people below the poverty line in the MRSP was 32 per cent. ¹⁹ By 2008, that population had decreased by 1.2 million people — a 20 per cent reduction in just five years. These impressive declines have been echoed in the other five metropolitan regions of the country. Indeed, all metropolitan regions have seen significant declines in levels of poverty, with the largest decline



For many, the worst aspects of living in the inner-city corticos are the congestion, frequent damp and high rents.

> Image: Andersson Barbosa

of 17 per cent occurring in Belo Horizonte Metropolitan Area (from 40 per cent to 23 per cent between 2003 and 2008). In the poorer north, Recife and Salvador Metropolitan Areas showed declines of 12 and 15 per cent respectively, but both continue to have very high levels of urban poverty.²⁰

During the same period (2002 to 2008), the reduction in the number of people in absolute poverty has also been remarkable throughout

...suggests the numbers of poor and absolute poor people will continue to decline in the coming years.

Brazil's six metropolitan regions. Percentages of absolute poor have halved, from 12.7 per cent of the combined population of all six metropolitan regions to 6.6 per cent. Data suggests the numbers of poor and absolute poor people will continue to decline in the coming years. The three main factors generally attributed to these positive changes are Brazil's stronger economy (with controlled inflation); its successive increase of the minimum wage (above inflation), which puts more money into the pockets of the poor; and the effectiveness of government-driven pro-poor cash transfer mechanisms.

The human development test

Brazil's progress in improving living conditions and welfare benefits over the last three decades deserves some comment. The country's Human Development Index (HDI), a composite measurement developed by the United Nations Development Programme,²¹ has improved significantly from 1975, when it scored 0.649 points (on a scale of 0 to 1), to 2005 when it attained 0.80 and was placed at the bottom of the High Human Development category, ranking 70th in the world HDI hierarchy. Brazil's advances are by no means unique in a context of rising global HDI scores, but they mark positive changes nonetheless.

The expressed aim of the HDI is to transcend a purely income-based analysis of poverty to provide a more integrated account of development. The UN also uses another index called the Human Poverty Index (HPI-1). This measure is used for developing countries only and focuses on the proportion of people below a certain thresholds for different indicators, using the same dimensions of human development as the Human Development Index (i.e., living a long and healthy life, and having access to education and a decent standard of living).²² By looking beyond income deprivation, the HPI-1 represents a multi-dimensional alternative to the US\$1 a day (purchasing power parity, or PPP) poverty measure. By this calculation, Brazil ranks 23rd amongst 108 developing countries, with six Latin American countries scoring higher. However, when per capita income levels are withdrawn from the HPI-1 calculation, Brazil performs far better in terms of impacting human development as opposed to impacting income poverty. This is an important distinction that relates directly to people's experience of their quality of life, which will be

discussed below in relation to recent statistics on key living conditions in São Paulo.

Using the HDI to look more closely at São Paulo, in 2007 the city government conducted a quality of life survey of its inhabitants to assist social policy strategies within the city. Unsurprisingly, and consistent with patterns of spatial inequality, the result showed that the neighbourhoods in the centre of the city tend to be more developed than the neighbourhoods located around the border areas of the city. But it also revealed that most HDI levels were positive. Most of the districts have levels of human development above 0.80 and none of them score below 0.50. In 2007, the top five wealthy districts — Moema, Pinheros, Jardim Paulista, Perdizes and Itaim Bibi — all had HDI levels above 0.95, equal to or greater than levels found in Canada and Sweden, for example, and therefore effectively equal to the highest living standards in the world. By contrast, the bottom five districts in the study — Marsilac, Parelheiros, Lajeado, Jadim Angela and Iguatemi — all scored between 0.7 and 0.75 on the HDI, which is comparable to the scores of Azerbaijan and Guyana, for example. Just five years earlier, in 2002, city authorities found that Marsilac had a HDI score lower than that of Sierra Leone, the world's poorest country.23 Of course, within metropolitan districts in São Paulo, there is a high degree of heterogeneity and these statistics by no means mean that all people within districts experience the same levels of development or welfare. The Brazilian Census of 2010 will offer new data about the closing, or widening, of the urban divide, as measured by district-level inequality.

A progressive drop in the Gini coefficient

The Gini coefficient is an imperfect but useful tool that offers a good indication of how wealth in terms of income (or consumption, depending on the analysis), is distributed across a given society. It reveals a limited amount of information about levels of wealth and prosperity, and about human development per se, but it offers important insights concerning income inequity and distributive justice.

When looking at the share of aggregate household income, or in simple terms what is known as the 'income gap', it is possible to notice that the differences between the very rich and the very poor in Brazil are extreme: the richest 20 per cent of the population claims 61 per cent of the nation's wealth. while the poorest 20 per cent receives only 2.8 per cent. Nevertheless, even as the number of millionaires in Brazil increased by 19 per cent to 143,000 individuals between 1990 and 2005.²⁴ Extreme poverty rates decreased, with more than 4.7 million Brazilians leaving extreme poverty over the same time period. According to government figures, while the income of the poorest 10 per cent of the population grew at an annual rate of 9.2 per cent between 2001 and 2005, the income of the richest 10 per cent fell at an annual rate of 0.4 per cent.25

Brazil is widely known to have one of the highest (most unequal) Gini ratings in the world, indicative of the rampant inequality throughout Latin America and the Caribbean.

Brazil is widely known to have one of the highest (most unequal) Gini ratings in the world...

In recent years, Brazil has fallen from the top of the list of the world's most unequal societies to the tenth most unequal. Bolivia and Colombia have slightly higher Gini coefficients, and many other Latin American countries are close behind Brazil. The world's six most unequal countries, according to their Gini rankings, are in Africa. South Africa tops the list with a staggering national urban Gini of 0.76, followed by Namibia, with a national income Gini of 0.71, and Botswana, with a Gini score of 0.63, while Denmark and Sweden enjoy the lowest levels of income inequality, with Gini levels of just 0.25. The international alert line, signalling extreme inequality, suggested by UN-HABITAT and partners is 0.40. According to the United States Census Bureau statistics, if present trends continue, the Gini for Brazil and the United States will achieve parity in approximately 10 or 15 years time, as the Gini in the United States is on an upward trend

while Brazil's Gini score has declined for more than a decade.²⁶

Brazil is the fifth most populous nation in the world, with almost 192 million people. The combined population of the nine countries in the Gini league with higher inequality than Brazil is far less than half of Brazil's population. The six countries with the world's highest Gini rankings (all in Africa) have far fewer citizens among them than the MRSP alone.

Over the last 30 years, Brazil reached its highest level of income inequality in 1989,²⁷ At that time, Brazil's Gini score was 0.62, and the highest in the world. Since then, it has been falling steadily to 0.6 in 1990, 0.58 in 2000 and is now, according to some analyses, approximately 0.56.²⁸ The government cites these declining levels of inequality as a break in the historic patterns that have characterised Brazilian society, and as justification for deliberate social and economic policies and interventions. UN-HABITAT's own analysis of falling Gini levels in Brazil is expressed in the *State of the World's Cities Report 2010/11*:

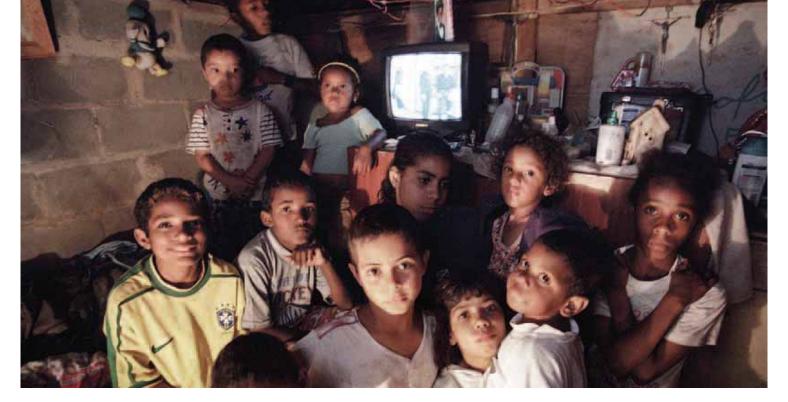
The progressive drop in the Gini coefficient can be attributed in part to three well-documented factors: demographic trends, education policy and social protection. Declines in the size of Brazilian families and improvements in family dependency rates and access to education have helped reduce inequality. In the early and mid-1990s, universal admission to primary schooling and reductions in the rates of grade repetition led to a drop in the Gini coefficient by about 0.2 points per year from 1995 onward. The implementation of direct cash transfers from the state to families and individuals through the Bolsa Familia programme also helped reduce income inequality, and increases in other forms of social protection, such as an increased minimum wage, have led to a further decrease of 0.2 Gini points per year. These well-designed and targeted social policies stimulated aggregate demand and consumption, enlarging the domestic market, which in turn spurred further increases in income and purchasing power.²⁹

A recent report published by The World Bank suggests that Brazil's reduction in income inequalities is attributable to five factors.³⁰

- (1) Declining inflation and a more stable macroeconomic environment: extensive studies link high inflation with increasing income inequality, as the poor typically suffer more directly from price increases than the rich, who may actually benefit from inflation.
- (2) A sharp decline in returns on education: inequality in Brazil is less determined by educational attainments than previously, as more people are achieving a basic education, though returns on tertiary education are rising.³¹
- (3) The pronounced rural-urban income convergence: regional inequality has become less significant today as extreme differences in living standards among rural and urban residents have diminished.³²
- (4) The significant increase in social assistance through transfers to the poor, more efficiently targeted and widespread: social security income has clearly been directly responsible for higher household incomes among the poor. And,
- (5) a decline in racial inequality, which previously explained between 11 and 13 per cent of the national inequality according to decomposition analysis. Racial discrimination may be declining as Afrodescendant-Brasilians and other marginalized people are assisted out of absolute poverty, but statistical decomposition of multiple social issues identifies race as a persistent and contentious issue in Brazil.

The Gini for the state as a whole is currently 0.50, while the central area of the municipality of São Paulo has a Gini coefficient of 0.57.

The presence of a few extremely rich people in society can skew the Gini measure and not adequately reflect the general distributive successes of society. The same is true when we look at the Gini levels for the Federal State



of São Paulo as compiled by the State Data Analysis Foundation (SEADE). The Gini for the state as a whole is currently 0.50, while the central area of the municipality of São Paulo has a Gini coefficient of 0.57. Some administrative regions within the state have Gini scores as low as 0.35 (Região Administrativa de Central), while most are below 0.50 and the MRSP is 0.54. Clearly, just as the HDI within MRSP varies from district to district, so too do the Gini calculations belie the heterogeneity of income within the region. However, the spatial and social segregation in São Paulo indicates that certain areas, particularly in the periphery, are overwhelmingly populated with low-income households, while other areas are dominated by high earners.

Despite high levels of inequality, São Paulo has improved significantly on its social indicators, including literacy rates, infant mortality, basic education and health. It is these that the following sections will now explore. Additionally, a more nuanced deprivation analysis of the city, taking relative deprivation into account, will show the extent of gaps between actual the situation in the city and the aspirations of its residents, including measurement of discontent and aspects of distributive justice.

Children of mother Rosalira, living in a hole in the bridge of Casa Verde. After a feature report for local newspaper, Folha de São Paulo, that highlighted their living conditions, the family won a house from a TV show and have since moved. Other families that lived under the bridge in this small favela occupied a designated risk area and were resettled by the municipality into new units provided by CDHU. One of many examples of positive intervention by the municipality.

Image: Marcelo Min Fotogarrafa Agency

vox paulistanos 2

disconnected neighbourhoods: the modern malaise?

Maíra Duarte and Gil Kehl, Ayurvedic therapists



A former industrial area in the west of São Paulo, Vila Leopoldina is now one of the districts attracting São Paulo's new housing market. On the one hand, the replacement of the old factories by new luxury buildings means well-cared-for sidewalks and more trees; but on the other, it also means increased traffic, decreased water pressure in homes and rising food prices.

Ayurvedic therapist Maíra Duarte, age 31, has watched the changes in the neighbourhood since moving here in 1993 with her husband and two sons, Miguel, 3, and Benjamin, 8 months. They live in Duarte's mother's home, a two-story house with three bedrooms, inside a private complex of 10 homes. The place is a peaceful refuge with fruit trees located on a bustling street, which runs parallel to the train line. At the entrance of the compound, a gate restricts access to residents only.

For many years, Duarte used to buy food in a supermarket nearby. 'Ten years ago it was a very simple market. Nowadays its parking lot is always full with luxury cars, and frequently we have to leave the car with the valet', she says.

Although located only two train stops from Barra Funda — an intermodal terminal that joins municipal and intercity bus, train and subway service — Vila Leopoldina is not well connected by public transport. A car is still the main means of transport for the family. The couple works together and has recently rented an office near Vila Madalena subway station, a 20-minute drive from home.

'Everyday we take our son to school by car. This week, we had to take it to the mechanic and had a

hard time doing this by bus. Depending on public transport here is terrible', said Duarte's husband, Gil Kehl, 25. The couple decided to enroll their child in preschool in the neighbouring district of Lapa (15 minutes away by car) after not finding any good options closer to home.

Duarte and Kehl believe that the quality of life in the district should improve greatly in the coming years. Broken sidewalks and defaced walls of the old factories still compromise the local landscape and make it difficult to walk very far. 'Today we walked to an amazing square two blocks away from here, and Miguel complained all the way there about the sidewalk', says Duarte. 'It is a good neighbourhood to invest and buy a house in because it is getting better', adds Kehl.

However, they fear the effects of rapid verticalisation driven only by the real estate market with no investment in infrastructure by the public administration. 'There's a risk of turning this into a dead neighbourhood', Kehl says. 'The residents of the new buildings don't relate to the neighbourhood: they always arrive and leave by car'.

For this couple, one important advantage of the neighbourhood is the proximity of their relatives. Kehl's father and grandmother live nearby, and the family has lunch together several times a week. 'We value this close living of children with their grandparents and great-grandmother', Kehl says. They have not found the same camaraderie within their immediate neighbourhood, however.

When Duarte and Kehl first moved into the 10-house compound, they found their neighbours disinterested in collaborating to create a sense of community. 'Nobody talked to each other very much', says Duarte. They decided to mobilize people around the purpose of composting organic waste, and the couple began to promote condominium meetings. Despite their effort, no one showed interest; neighbours only raised questions related to the security of the complex and the noise caused by some families.

The meetings continued, and neighbours managed to organize a rotation so that each week the residents of one house clean the common areas and take care of the plants. Duarte and Kehl remain the only ones to bury the organic waste and take the recyclable material to a local station.

Image: Marcelo Min Fotogarrafa Agency



hard work: the tangible benefits

Sabino Inácio da Silva Filho, São paulo taxi driver



From Monday to Saturday, taxi driver Sabino Inácio da Silva Filho, age 62, follows the same routine: he leaves his apartment in Jardim Martini, in south São Paulo, at 6:30 a.m. on the dot and gets back home 12 to 17 hours later. For 12 years, the taxi driver has worked in Largo da Batata, one of the busiest places in the Pinheiros district, in the western zone of the city.

Over the course of his long work days, in which he typically drives between four and 12 trips, Filho has seen just about everything around his taxi stand, including municipal agents running after street vendors and people on the street trying to lynch pickpockets.

His taxi stand is situated in an area that has been under construction for four years, home to a future station of the Metro Yellow Line, expected to partially open in 2010. Exposed daily to noise and dust from the work of heavy machines and the chaos of diverted traffic, Filho does not complain. Instead he waits for the day he will be able to benefit from the completed Metro development. 'It is impossible to get worse than that', he says, indicating deafening noise and dirty air. 'The work in progress is difficult not only for me but for everyone. I believe that the region will improve. It will have more movement, but will be more organized as well'.

Born in Garanhuns, in Pernambuco state, the hometown of president Luiz Inácio Lula da Silva, the taxi driver has lived in São Paulo for 36 years. For 20 of those years, he lived and raised his family in a rented house in Vila Campestre district, also in the southern zone. When his children grew up, began

working and could help their parents with financial support, Filho bought the apartment where he lives today with his wife, a housemaid who looks after their grandchildren, and his youngest daughter, 27.

He is still paying the monthly mortgage of R\$500 (about US \$290) for the two-bedroom apartment. 'When I could not pay, my children did it', he says. 'I always worked for them to study. When they began working, it was their duty to help me too'.

He feels much more comfortable now with his own home than when he rented. 'It's mine. I can change whatever I want in it', he says.

Filho is proud that all of his children started working very early, at age 12 or 14, which he considers mandatory for poor people. 'The good thing is to work, not to take what belongs to other people', he says. None of his children graduated from college, but all of them are employed: one as a moto-boy, one as a driver for a construction company, one as an executive secretary in a private hospital, and one as the coordinator at a hearing-aid equipment company.

Filho likes the neighbourhood because it meets his needs, with a drugstore, bakery and supermarket. When he needs medical assistance, he uses the nearby municipality health post or Pedreira public hospital, also in the southern zone. As a member of the taxi drivers's union, he benefits from a health insurance plan.

On Sundays, Filho is usually so tired that prefers to stay at home. He likes to 'Lay down on my couch, relax and sleep'. If the family wants to go somewhere else, he sets one firm ground rule, 'I'm not driving anyone anywhere today!'

Once a year on New Year's Eve or Carnival, he rents a beach house in Peruíbe, along the southern coast of São Paulo, to rest for a week with his family, dividing the costs with his children.



Chapter 2: Urbanising São Paulo From village to divided megacity

The rapid urbanization of São Paulo is part and parcel of the wider urbanization of Brazil and Latin America, and is the subject of much recent research. The historical demographic and economic changes are critical to the region's development but are covered in this section in so far as, among other factors, they shaped the resulting social segregation and exclusion, or inclusion, of different groups. The following brief outline of the historic roots of these changes and trends provides background information for a more detailed elaboration of the current urban profile of São Paulo.

Established as a Jesuit mission village in 1554, São Paulo dos Campos de Piratininga soon became a base for early explorers, slavers and prospectors — the bandeirantes, who were pushing into the interior seeking wealth. São Paulo benefited from the early gold boom in the neighbouring state of Minas Gerais, as well as early sugar plantations established in the region. It became an official city in 1711. Coffee was introduced in 1727 in Belém do Pará, and approximately 100 years later became a critical part of the economies of São Paulo and Brazil, enabled as it was by slave labour. Success in coffee production attracted São Paulo's first major wave of mostly poor European immigrants, beginning in the mid-1800s. When slavery in Brazil was abolished in 1888, the competition for work increased and successive waves of immigrants swelled São Paulo's population and its increasingly diverse work force. Attracting foreign immigrants was an official policy and vigorously encouraged.

Any history of the early years of São Paulo illustrates already virulent elitism, racism and exploitation practiced by the original Portuguese settlers. One of the main reasons that Brazil promoted immigration from Europe and Asia was to 'bleach the race' (the 'embranqueamento' strategy), which the elite feared would become overwhelmingly black after slavery ended. White workers were given preference over freed blacks in the plantations and new industries. Statistics of race in Brazil are considered imprecise, and they are based today on self-declaration. Miscegenation of blacks, whites and indig-

enous peoples started very early; the state of São Paulo is among the Brazilian states with the lowest proportion of blacks. The census adopts the category 'negros', which includes blacks and 'pardos' (people of mixed race). According to São Paulo's SEADE's findings, 30.3 per cent of the 10 million people living in São Paulo declared themselves as blacks or 'pardos' in 2000. By the late 1890s, foreigners alone (non-Portuguese or African) made up 55 per cent of São Paulo's citizens.

The coffee boom and new industrial developments resulted in São Paulo becoming the richest city and state in Brazil as it entered the 20th century. As international coffee prices declined over time, São Paulo diversified to sugar cane and manufacturing products for the domestic market, particularly during the Second World War. Coffee prices were always volatile, but the whole system that protected São Paulo's financial interests and its 'old republic' political system collapsed when coffee prices plummeted following the financial crash of 1929. The crash made way for the 'estado Novo' (new state) controlled by President Getúlio Vargas, who pushed national interests rather than regional ones. President Vargas saw industrialization as the key to the development of the country. From the beginning of the 20th century, manufacturing became a vital part of São Paulo's economy, first based on goods that were too heavy or of too little value to be imported, including food and beverage items. After 1930, heavy manufacturing grew as an industrial sector, and São Paulo became the epicenter of manufacturing growth in the country. São Paulo benefited considerably from the nationwide promotion of Brazilian industries in the 1950s — in particular, the rapid and successful development of the automobile industry. Its business prowess and commercial power also grew enormously during the first half of the century.

Sugar cane was planted in the 18th century, in regions near São Paulo, such as Itu and Campinas. In the 19th century, coffee replaced sugar cane, since it offered higher returns. But in the 1970s, after the global oil crisis, the Brazilian government established an official programme for promoting ethanol-fueled cars. At that time, many coffee plantations



Many thousands of families remain at the bottom of the social hierarchy, living in the most rudimentary and basic conditions.

> Image: Andersson Barbosa

were replaced by sugar cane.³³ São Paulo's population growth in its early years illustrates the city's ability to attract and absorb successive influxes of both foreign and domestic migrants. Today's urbanization clearly had its origins in the 19th century and, in terms of population growth, reached its apogee in the 1960s.

Over the last 100 years, the population of the municipality of São Paulo has multiplied approximately 50 times, from 240,000 in 1900 to 10,900,000 in 2009. This represents a 5 per cent average increase per year, or an approximate doubling every two decades. Population growth rates have declined significantly over the last three decades.

The intensive industrial city dynamic

Between 1890 and 1940, São Paulo municipality was characterized by an increasingly dense concentration of people and resources and growing social heterogeneity; it became

Over the last 100 years, the population of the municipality of São Paulo has multiplied approximately 50 times...

a 'concentrated city'.³⁴ The rapid population growth was not matched by commensurate urban expansion. In contrast to the situation today, home ownership was not an option for workers, who mostly lived in *cortiços* or casas de comodo (boarding houses); neither

was home ownership an option for the middle class, who mainly rented their residences. While the elite and, to a lesser extent, the middle classes lived in independent villas, an estimated 80 per cent of São Paulo's houses were rented out, in contrast to today, where an average 80 to 90 per cent of people in vulnerable and non-vulnerable areas are homeowners.35 Brazil's major industrial growth started as early as the 1930s and created a high demand for labour that was readily supplied by incoming migrants. In order to accommodate the rapid migration, residences were built close to the factories that were outside the central areas of São Paulo. A limited but noticeable appearance of peripheral squatter settlements also began in the 1930s.

There were no apartment buildings, and landlords made lucrative earnings cramming whole families into single rooms in multi-room individual houses, all sharing what meagre water or sanitation facilities existed. As the centre of São Paulo became more concentrated with migrant workers, it became increasingly unattractive to the elite and urban planners, who felt unable to open avenues, widen streets and reorganize downtown areas. Fearing disease and contamination, and following the natural growth of the city, the wealthy started to move out of the city centre and into newly developed neighbourhoods, subject to planning, urbanized services and the de facto exclusion of the poor. As they developed and resided in more exclusive areas outside of the centre, the centre itself became more specialized as a place of commerce and services.

After the 1960s, some commercial enterprises and services moved toward the southwest areas outside of the city centre, leaving downtown as a more 'popular' area. The downtown area has in most periods been an important region for town planners, but city planning's approach to central areas has changed. From the turn of the century to the 1930s, downtown was the elegant part of the city, featuring parks, squares and boulevards around sprawling villas. Such elements defined the bourgeois landscape in the style of European cities such as Paris, which São Paulo's planners admired and emulated as they moved away from the earlier dominant colonial image of the city.

During the 1940s and 1950s, development of the central zone was dominated by the 'plano de avenidas' (avenues plan) of engineer Mayor Francisco Prestes Maia. This period saw the enlargement of avenues for private cars and a shift in transportation from cable cars to buses. From the 1960s through the 1980s, the city's leaders focused on metropolitan circulation and commuting, developing pedestrian areas, highways and enlarged avenues. It was an era of decadence and urban decay for downtown São Paulo: the region was abandoned by the elite, both professionally and socially, and it became little more than a connecting hub for metropolitan transportation. By contrast, since the 1990s, the central downtown areas have been the subject of 'revitalization', with several projects initiated in recent years.

After a period of social mixing in the old centre of São Paulo ended around the turn of the 20th century, poor migrants began to cluster in mass rental properties — cortiços — in the city's downtown areas. At the same time, an emergence of settlements and subdivided allotments occurred in the distant periphery, as well as in the eastern lowland areas of Brás, in the new, specialized industrial area. The settlements were particularly concentrated around railways. But only after the 1950s, at the end of a long process of changes, did downtown São Paulo become equated with popular housing and urban decay. Meanwhile, the wealthy flourished, clustering initially in specialized and new neighbourhoods designed in style and exclusivity, such as Campos Elísios, Higienópolis and Avenida Paulista. From the 1920s onward, the creation of elite suburbs in the southwest region marked out the new territory of the rich. 'In the early 20th century,' writes one researcher, 'urban planning began to be used as an instrument that would establish a "spatial order" in the city in terms of class segregation: on one side the central region, intended for the elite and a place of urban interventions, and outside it, on flood plains and basins along railway lines, a city without rules that received the poor, where budding industries were set up.'³⁶

In São Paulo's early years of urbanization, a bipolar approach emerged: the central areas were governed by special laws and offered state provision of services, while those areas outside the urban perimeter remained neglected, and existing laws were not enforced. Settlements and land plots outside the centre existed in a context of irregularity and illegality and lacked urban infrastructure. They were also increasingly settled by poor workers leaving the centre. A number of impulses acted as catalysts for this outward movement of the poor. A new radial structure of avenues built between the 1930s and 1940s reorganized the centre of São Paulo, stimulating a level

...the wealthy flourished, clustering initially in specialized and new neighbourhoods designed in style and exclusivity...

of real estate speculation and investment that priced many workers out of the rental market. Meanwhile, industrialists keen on freeing up more disposable income for product consumption among the employed lobbied for home ownership for workers. Some analysts suggest the most important factor that reinforced what was to become a centre-periphery dichotomy in the city was the rent freeze of the 1940s. The 'renters' law' (Lei do Inquilinato) froze all residential rent prices from 1942 to 1964 at the December 1941 rates.³⁷ The incentive for more rental units to enter the market was lost and insufficient rental spaces forced workers into the

periphery where they could afford to build their own houses. Speculators and developers took advantage of the workers and many lots were sold fraudulently, or outside of the legal requirements of lot size and provision of services. As a result, even when individuals attempted to legally purchase land, many of their settlements were illegal and lacked basic infrastructure and services. According to some commentators, the emergence of a public bus system was not a product of

...the proportion of the urbanized areas of São Paulo considered part of the periphery has increased exponentially.

this new pattern of urbanization but a driving force helping to create it. Requiring less infrastructure and therefore being more versatile than street cars, buses could negotiate the rougher terrain of the periphery and offer the critical mobility that those contemplating a life far from the centre (where most jobs were situated) needed. According to one researcher, 'the main agent of the expansion of the bus service was not the government but private entrepreneurs, most of them real estate speculators'.³⁸

The centre-periphery dichotomy

A rapid process of peripheral development continued through the 1980s, creating two distinct social spaces differentiated geographically and economically: a tale of two cities. Lower-class workers were pushed out to the undeveloped periphery, while the middle and upper classes enjoyed the well-developed services of some parts of the city centre, as well as the exclusive 'quadrante sudoeste' (southwest quadrant). Low-density suburbs and exclusive high-rise apartment blocks became the territory of the well-heeled rich and middle classes.

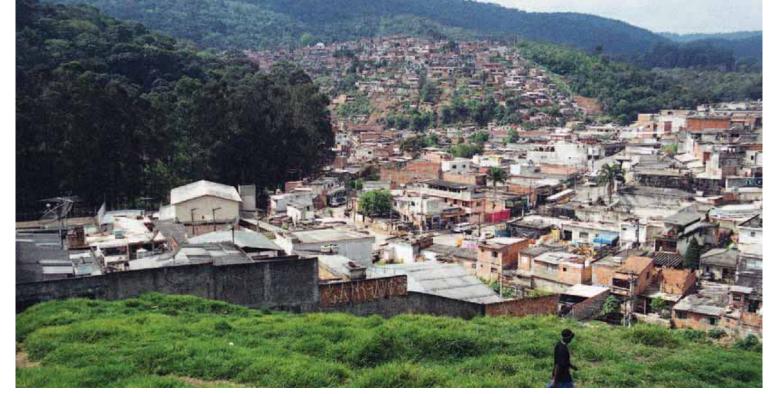
Over the decades, the proportion of the urbanized areas of São Paulo considered part of the periphery has increased exponentially. The centre-periphery dichotomy has provided fodder for many social analysts, who describe

São Paulo's 'social apartheid',³⁹ or its place in the Planet of Slums.⁴⁰ Viewed differently, such interpretations of São Paulo as a simple centre-periphery model ignore the territories of the growing middle class. The neighbourhoods that are neither exclusive nor precarious or illegal are important for understanding the emergence of the multi-centrality that has characterized the city from 1950 onward.⁴¹

The period between 1930 and 1980 is described as the era of 'desenvolvimentismo', or national development. It coincided with the huge acceleration of urbanization in São Paulo and other Brazilian cities, incorporating the period of authoritarianism and corporatism (1964 to 1985) and the important democratic experience from 1945 to 1964. Ruralurban migration was at its highest during this era of rapid demographic change, and the country experienced widespread advances in child mortality, malnutrition and life expectancy, along with other social indicators.

In the 1980s, recession bit into the earlier economic success that drew so many people to the city, resulting in increased unemployment and poverty. Fewer jobs, high inflation and higher income inequality created conditions that made a decent life in the city increasingly unfeasible for many of the existing citizens, as well as the new migrants who continue flowing into São Paulo, mainly from the north, fleeing intense poverty of the rural interior. The real value of the minimum wage in São Paulo is calculated to have decreased by as much as 46 per cent during this decade. As the chances for adequate housing and social mobility became increasingly constricted for the poor, the city witnessed a rapid growth of shantytown settlements, or favelas. Informal, illegal settlements proportionally absorbed approximately 1 per cent of the population in 1970, but by the early 1990s they were home to almost 20 per cent.42

Conurbation also took place with neighbouring municipalities (now numbering 38 outside and around the MSP)⁴³ to form the current metropolitan region, as the peripheral areas around other municipal centres merged to form an almost continuous urban zone of unplanned and un-serviced but technically urban area. This



sprawl was made up in part by the 'ABC' (also known as the ABCD) region,⁴⁴ which was the original heart of the automobile and metallurgical industries — the powerhouse of São Paulo's industrial prosperity. Other industrial municipalities, including Guarulhos and Osasco, were also important parts of the conurbation.

The first overall master plan for São Paulo was drafted during the military dictatorship in 1971.45 Instead of incorporating the nowteeming periphery, the first master plan defined guidelines and urban policies according to criteria for 'verticalisation' and densification of just the formal city and its most valuable areas. Verticalisation favoured the continuous growing land prices in those areas. In the elite's exclusive neighbourhoods and in other formal areas, verticalisation and densification were not possible. The informal city was deliberately excluded from the plans, denying it a clear urban strategy or the chance of benefiting from public investment. Nevertheless, politicians involved the population of the informal city in the political/electoral game, exchanging votes for infrastructure, land regularization or amnesties for illegal settlement, indicating that the irregular city was not completely excluded from city planning.46 This 'clandestine model' aimed to solve 'the housing problem at low cost, without urban and civil rights. Optimism, the belief in progress, social mobility and order produced at the same time a spirit of "pax urbana"'.47

Notwithstanding the informal settlements in the periphery, the dominant type of slum within the MSP was cortiços through the 1980s. But with the recession and increased desperation of poor migrants and unemployed industrial workers, two important changes occurred that define the urban profile seen today in São Paulo. First, invasions of unused, precarious and environmentally fragile public and private spaces occurred in the city itself. While densification of the *cortiços* continued in the MSP, the rise of informal invasions proliferated sharply in the 1980s and 1990s, resulting in almost 1,600 registered *favelas* by the start of the 21st century. In 1980, just 5.2 per cent of the city's population lived on invaded land, while by 1993 the proportion was

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19.8 per cent. 48 Lower middle-class workers, who could no longer afford to be tenants or to purchase their own homes, replaced rural immigrants as the dominant generators of informal settlements and fuelled the swift growth of individual *favelas* to rates of over 6 per cent per year, in some cases. 49

The second important change was the internal urban shift that took place in the central districts (and in the intermediary ring outside them), which experienced a reduction in population growth rates; some even lost residents. Apart from a clear decrease in the average family size in recent years, the depopulation of the centre can be attributed to a number of causes:

Jardim Princesa, Brasilândia (north of São Paulo). Like the Billings and Guarapiranga reservoir areas, these slopes of the Serra da Cantareira currently have the highest growth rates of substandard, unplanned, irregular settlement.

Image: Marcelo Min Fotogarrafa Agency São Paulo's elite and middle class began a process of relocation to newly constructed exclusive neighbourhoods while maintaining some of the older, now-depopulating, elegant neighbourhoods such as Higienopolis, Jardins and Vila Mariana. There was an absence of investment in new buildings, and refurbishment and modernizing of old ones. Some middle-class families shifted from renting to purchasing their own homes, necessitating a move outside the centre to places where land prices were comparatively lower. However, gentrification of some parts of the centre also exacerbated the cost of housing and drove poorer families

...the explosion of favelas and densification of cortiços brought poor citizens into closer proximity with wealthy city dwellers...

and many middle-class households out of the central areas. Many of the older buildings in downtown São Paulo also became uninhabitable and have been left vacant. (See Special Feature 5 for more on empty buildings in São Paulo.) In addition to these changes, the intermediary ring experienced an intense expansion of commerce and business and played a part in the relocation of the elite and middle classes.

Real estate speculation flourished as the growing middle class demanded safe and exclusive residences far from the urban decay of the centre and its soaring rise in crime. The annual growth rates in different parts of São Paulo between 1991 and 2000 clearly illustrate the city's segregation: the more exclusive downtown areas with the highest concentrations of businesses and apartments experienced negative growth and depopulation, while the intermediate areas grew at rate of 0.01 to 2 per cent and the periphery grew at a striking 2 to 13.4 per cent, meaning some *favelas* and informal settlements doubled their population in seven or eight years.⁵⁰

Breaking the centre-periphery model

Transport networks, both private and public, played an important role in facilitating the growth of the often illegal and informal

periphery, sustaining the 'centre versus periphery' model. But events changed the simplicity of this model that defined São Paulo's urban profile prior to the 1980s. Instead of addressing the urban decay of dilapidated cortiços and the remarkable proliferation of abandoned buildings, as authorities had done in Rio earlier in the century, in São Paulo the centre was partially abandoned, by policy makers, real estate developers and many middle-class families. Only with the recent combination of real estate price recovery in the central area and a pro-poor housing policy have neglected corticos and favelas started to be targeted by government interventions and market actions.

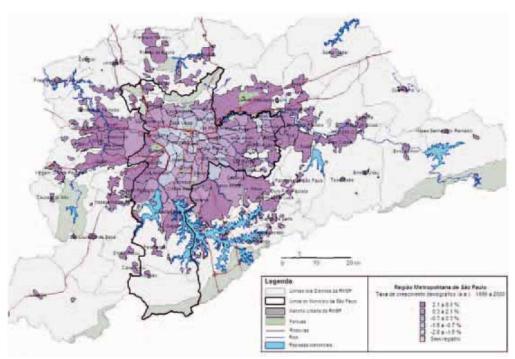
Coinciding with new policies of favela upgrading, and land and housing tenure regularization of informal and illegal periphery areas, two new phenomena emerged: the development of condominiums in the periphery and the creation of high-end businesses and residential districts in different parts of metropolitan São Paulo, well away from the traditional central urban zone. While the explosion of favelas and densification of cortiços brought poor citizens into closer proximity with wealthy city dwellers, so did the spread of condominiums outside of the centre. In many places, the shifting real estate development pitched the developers and their interest groups against favelados, who in many cases were already occupying parts of the newly up-and-coming areas. (See Special Feature 11 for a discussion of forced evictions in Jardim Edite.)

The characterization of social and spatial segregation became more complex with the breaking of the centre-periphery model. It also became more nuanced as physical separation between socioeconomic groups declined in some areas, only to be replaced by walls, security equipment, guards and general fortification. The neighbourhood of Morumbi, with its elite apartments and individual terrace pools overlooking the massive adjacent *favela*, Paraisópolis, is frequently used to illustrate the proximity of opposites and, to some, epitomizes the lifestyle inequalities in São Paulo today. However, the reality is that this oft-cited image of São Paulo's contrasts is just one aspect

of socio-spatial separations or juxtapositions. Indeed, it could be argued that this characterization is atypical of the city's physical realities, but rather represents a useful visual tool to illustrate its inequality per se.

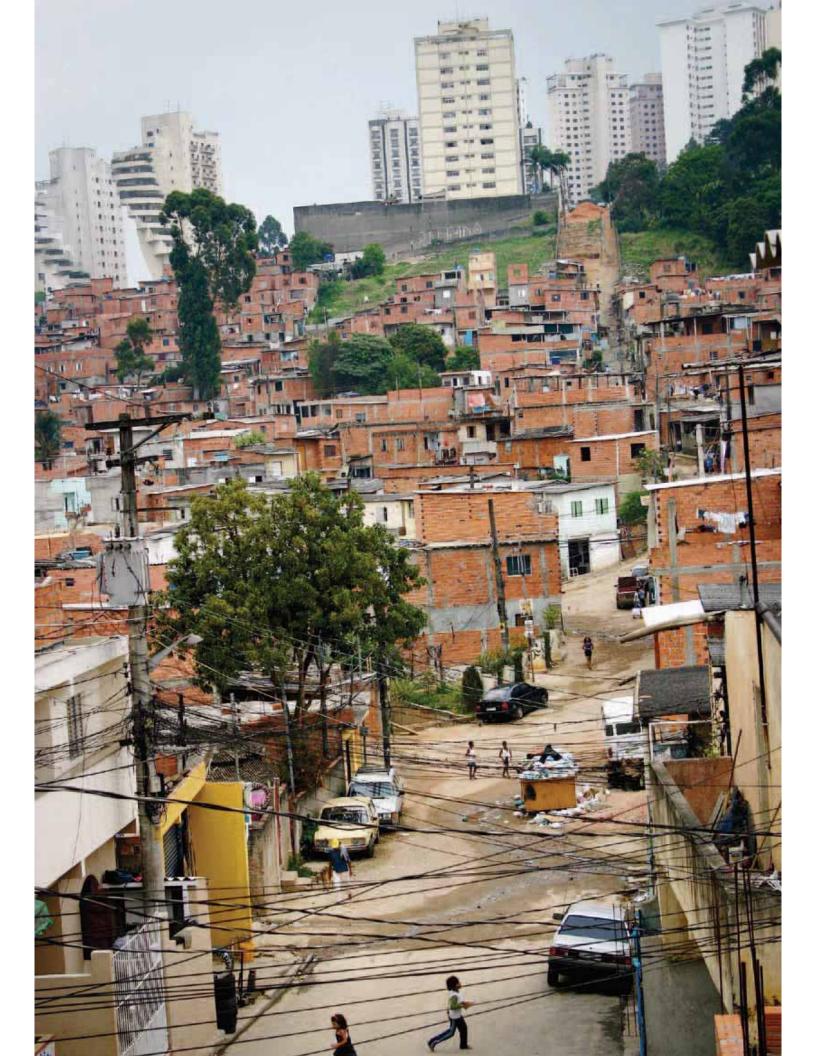
Many of the inhabitants of Paraisópolis service their wealthy neighbours as menial labourers, conveniently living minutes from their employers. The obvious exclusivity, social separation and unequal access to resources among people living inside and outside of the favelas have earned São Paulo its identification as 'a city of walls'.51 Yet, the actual spatial configuration of the city is much more complex and heterogeneous, with mixed land uses and different social and economic areas with differentiated access to the urban advantage. Indeed, different studies are finding that the heterogeneous, mixed profile of São Paulo is increasingly backed up by data and regression analysis examining different correlates. One such study based on data from the 2000 Census found, 'the existence of some important sub-centres of wealthy social groups located outside the traditional core of the metropolis'. The researchers also found, 'significant diversity within the periferias, in which different groups are subjected to very different living conditions, for example homicide rates and school performance'.⁵²

Nevertheless, as the next and subsequent sections illustrate, the dominant centre-periphery urban dichotomy, for most academics and observers, still captures the fundamental divide between different social groups and their experience of life in the city. The 2010 Census may reveal different patterns and trends, and there are already indications of a new integration of the rising middle class and the increasingly socially mobile poor that may mitigate the more rigid dynamics of the city's past patterns of segregation.



MAP 1: Living areas according to income in the MSP and showing the centre-periphery dichotomy.

Map courtesy of The Centre for the Study of Violence - University of São Paulo (NEV/USP) www.nevusp.org



Chapter 3. Division through Exclusion:

Social exclusion in the urbanizing process

Property of Sao Paulo's development choices, social exclusion characterizes contemporary forms of urban social disadvantage. But social exclusion is a concept that, like beauty, is often in the eye of the beholder, as it can be hard to establish the standards against which it should be measured. The term has a tendency to be used in different disciplines such as economics, sociology, politics and education to support particular arguments or critiques of certain conditions, and its severity depends on conditions considered normal or expected.

Urban social exclusion can be described as a multidimensional process of progressive social splintering or fragmentation that results in a degree of rupture, detaching groups and individuals from social relations and institutions and thereby preventing them from full participation in activities and benefits of the city. The concept encompasses aspects of the marginalization, alienation or disenfranchisement of particular groups of people in relation to their opportunities and status within a city, affecting their social, political, economic and cultural horizons. The divisions exist both between and within social groups and become reified through social norms and group identities, including age, gender, disability or ethnicity.

Social inequalities are no longer regarded as acceptable inevitabilities by today's urban decision-makers, who generate increased appeal by convincing their constituencies of their ability to deliver a more egalitarian and inclusive society where citizens' rights and society's benefits can be enjoyed by the greatest number. Also, it is not just those who experience exclusion who fight for economic, political, educational and socio-cultural inclusion. Increasingly, those who find themselves comfortable, privileged and fully included in urban life are recognizing the universality of citizen rights, defending the expansion of these rights to the whole city. In this context, issues of social inclusion are directly relevant to the discussion of inequalities in São Paulo, a city well known for its considerable social divisions.

Exclusion often refers to a problem in the distribution of wealth or a loosening of the ties that bind society together and reinforce peo-

ple's sense of belonging. Many social analysts identify income, even more than education, as the critical gateway to increased social inclusion. With one-third of São Paulo's households earning less than three minimum salaries (qualifying them for social assistance), it is not surprising that social exclusion is regarded as one of the key challenges of government and civil society in São Paulo. Even as many in São Paulo occupy 'unplanned, un-serviced settlements [in] a scenery of territorial exclusion', some social groups self-select exclusion, removing themselves physically from the larger community and developing closed communities or fortified all-inclusive enclaves.⁵³

One writer has described the spiral of reinforcing social exclusion faced by the poor in São Paulo:

Within squatter settlements, for example, individuals begin by being excluded from the legal housing market due to high cost of rent and housing. As a result, individuals may be excluded from political elections because they do not have a recognized residence or address. Likewise, the lack of an address, or an address in a bad area, can keep people from employment because employers may discriminate against them. Lack of income, in turn, prevents the poor from improving their living conditions by moving to residences where they would be able to register to vote and have political influence that could lobby for the rights of the poor. These people have little choice but to move to illegal settlements, often located in high risk areas such as hills or flood zones. Lack of proper access to water and sanitation is also due to a similar circle of social exclusion. When squatter residents ask government officials for proper urban infrastructure, the officials are faced with a dilemma. While the government recognizes the need for improved living conditions in informal settlements, it is under pressure to prevent illegal land invasions of public land. In the case of private land invasions, in many cases research shows that landowners have been closely involved and sometimes profit from the 'invasion'



Houses in the massive favela Heliopolis being painted with bright colours in an upgrading initiative to raise self-esteem of residents.

Image: Marcelo Min Fotogarrafa Agency or settlement of their lands by favelados. If the government invests in costly infrastructure in illegally settled areas, some people believe it may encourage new land invasions and legitimize illegal activities.⁵⁴

The issue of social inclusion is complex, often relating more to the 'struggle for recognition' and the importance of recognition as part of a politics of identity than distributive justice (income and resources).⁵⁵

Transport has also been identified as a critical factor in the dynamics of social inclusion or exclusion. Some urban studies show a lack of mobility as one of the factors causing social exclusion, because without reliable transportation, people are hard-pressed to get jobs or access key services such as healthcare and education. Dependence on public transport in São Paulo is high. According to the SEADE/HABITAT data only 15.6 per cent of people who live in *favelas* or *cortiços* have their own vehicles, and only 45 per cent of those living

Transport has also been identified as a critical factor in the dynamics of social inclusion or exclusion.

in other urban areas have their own vehicles. The discussion of transport deficiencies and transport inequalities in Chapter 4 shows that this issue may be an important contributor to a widespread experience of exclusion, particularly of those who live in the periphery.

In the sphere of politics, social recognition is obtained by full citizenship. Individuals may also be excluded by a real or perceived withholding of belonging or esteem — being denied a voice or formal recognition in the decision-making process. Since the end of the military regime in the early 1980s, Brazilians have enjoyed a democratic renaissance with landmark universalisation of citizen rights in many spheres, expressed through legal instruments such as the 1988 Constitution and the 2001 City Statute. These socio-political transformations, driven predominantly by powerful trade unions, activists and social movements, are now expressed in ongoing urban policy changes and a climate of apparent and increasing distributive justice. The strength of these changes can be also seen in citizens' election of President Lula da Silva, who represents the socialist Workers Party, and the concomitant palpable and deeply ideological shift away from traditional ruling elites.

Nevertheless, the recent political triumphs on the part of the traditionally marginalized are also part of an ongoing urban struggle that takes place in a paradoxical society of huge inequality and persistent social exclusion. São Paulo can be said to epitomize this paradox where rapid, socially segregated urbanization with high levels of urban violence and unequal economic growth continues alongside widespread democratization and increasing respect for citizens' rights. To some analysts, however, Brazil's democracy is disjunctive and qualified by these contradictions.⁵⁶

Brazil is actively involved in the international debate on the 'right to the city', which de-

fends two key elements of citizenship: first, the ability of all groups and individuals to live in the city and benefit from its resources; and second, the right of all citizens to participate in the control over decisions that shape the city, and to use its spaces to exercise their citizenship. The concept suggests that without the access to control through participatory decision-making, powerful interests will exploit citizens' privileges to further shape the city to their advantage, and thereby reinforce and extend the disadvantages and isolation of the marginalised.57 UN-HABITAT's recent Policy Analysis on the Inclusive City found that most of the São Paulo experts surveyed believed that the municipality promotes and guarantees important rights, such as access to legal assistance, freedom of the press, freedom of NGOs to operate, freedom of ombudsmen to help citizens, and participation in multiparty political systems. These aspects represent critical elements of social inclusion.

The ideological shift from 'the needs of the poor' to 'the rights of the citizens' provides a foundation for the evolving discourse of urban citizenship in São Paulo. As part of this discourse, the 'right to the city' may be said to evolve from a kind of 'insurgent citizenship': the right to be involved in changing the set of available rights, when existing rights no longer reflect the needs of citizens in their quest for citizenship.58 Urban struggles for the right to the city are central to social inclusion, but some critics claim that in practice, participatory processes have dulled the edge of the activist movements, as their most luminescent leaders have become caught up in legal and democratic procedures. By legalising and democratizing citizen rights, the activists have therefore been embraced by the system and must now work from within it.

Urban and social inclusion is a policy strategy expressly embraced by São Paulo municipal authorities as well as Brazil as a whole. Even so, UN-HABITAT's policy analysis found that while an overwhelming majority of experts surveyed in São Paulo believe the municipal authorities promote human rights, they also believe that the process of civic participation in new city plans and proposals is not adequately participatory and that the urban rich

are the main beneficiaries of new plans and policies. All of the experts surveyed in São Paulo feel that it is by no means guaranteed that all marginalised groups are considered in policy-making processes, and half of those questioned feel there are issues of corruption at the political and bureaucratic levels.

The UN-HABITAT/UNESCO World Conference on Inclusive Cities for the 21st Century, held in the Brazilian city of Porto Alegre in 2008, recognized that a coordinated response is needed to address the complex and interconnected system of problems that create social exclusion. The notion of social inclusion can vary according to the type of strategies organizations adopt to address conditions where people appear to be systematically blocked from rights, opportunities and resources such as adequate housing, employment, health-

Urban struggles for the right to the city are central to social inclusion...

care, civic engagement, democratic participation and due process — keys to social integration. The difference in access by different social groups to different elements of all of these sub-sectors is clear and shown in numerous sub-sector studies on aspects ranging from health outcomes to education, human security, recreational choices and social mobility. UN-HABITAT's policy analysis findings also indicate a strong belief among urban experts in São Paulo that slum dwellers are particularly excluded in relation to cultural expression or opportunities for cultural integration.

Mapping social exclusion and inclusion

In the second half of the 1990s, analysts in São Paulo began to use social exclusion/inclusion mapping to identify trends and inform public policy and debate. Using spatial analytical techniques, they offered a methodology to enhance the understanding of social exclusion/inclusion patterns in cities of the developing world.

In higher-income countries — particularly in Europe, where the concept of social exclusion was born — exclusion is associated with social dis-qualification and relative deprivation in a context in which most citizens have relatively high living standards. By contrast, in developing countries, people may never have had acceptable living conditions, so social exclusion must be based on an understanding of what a basic standard of living would be in that context. Social exclusion/inclusion mapping provides a mechanism for measuring the gap that separates the wealthiest section of a society from the less privileged in any given location.

Researchers produced two social exclusion/inclusion maps of São Paulo in 1995 and 2000, using national and local government figures and spatial analytical techniques.⁵⁹ They selected four indicators — autonomy, life quality, human development and equality — based on 45 variables and scored their levels relative to basic living standards, mapping social exclusion over the 96 districts of São Paulo. One of the important results of the mapping process was the indication of a significant gap between the regions of social exclusion and inclusion in São Paulo: two-thirds of the city's districts were found to have unacceptable

The exclusion/inclusion maps created in 1995 and 2000 have... had a significant impact on political and academic awareness of the issue in São Paulo.

levels of living standards. According to one commentator, the maps identified particular patterns in the clustering of social exclusion: 'Two areas with high exclusion levels were identified. One was in the south, which has seen a high migrant worker influx and low public investment; the other was in the east, where many inhabitants of central *cortiços* and *favelas* were transferred in the '70s and '80s. One area of low exclusion levels, in the centre, was identified.... There is a lack of homogeneity among São Paulo's administrative divisions, which reflect historical and political forces, rather than a logical approach to tackling inequality'.⁶⁰

When looking at exclusion in São Paulo through the lens of deprivation, other studies have shown a rough centre-periphery structure, with more deprivation relative to various social indicators evident in areas farther from the city centre. 61 The mapping conducted for this analysis found a heterogeneity, however. with sub-centres of wealthy social groups located outside the traditional core of the metropolis, as well as a significant diversity within the periferias. In an important observation, the report concludes that 'In some periferia spaces, we have found an intense concentration of negative indicators, suggesting the existence of "hot spots" of precarious social conditions. All this data indicates that the distribution of social groups in the metropolis is much more complex and mosaic than what is generally considered by the literature, which tends to homogenize the periferias, with important consequences to public policies'.62

The exclusion/inclusion maps created in 1995 and 2000 have, allegedly, had a significant impact on political and academic awareness of the issue in São Paulo. They have helped define intra-urban dynamics in São Paulo and have informed research and public policy, and they have been highlighted by the media. 63 One of the main conclusions of this important work is that São Paulo — with its high levels of social exclusion, large size and vibrant economy — presents an important challenge to social and urban planners, and that researchers and policymakers should make increased use of spatial analysis results. The analysts also concluded that São Paulo's districts should be reorganised, according to the results provided by spatial analysis, to support more socially oriented administrative divisions that are homogenous by some objective criteria.64

This chapter began with the promise to explore how the development of the city of São Paulo has led to social exclusion and segregation. Such a statement is itself slightly misleading and presumptuous in terms of causality: it could be argued that the city and its development has merely juxtaposed, concentrated and made visible aspects of social exclusions that have riddled Brazilian society throughout history.



The great rural exodus that delivered millions of illiterate, poor, marginalized, neglected and exploited labourers into São Paulo, for instance, contributed to long-suppressed patterns of social exclusion, which have only recently been fully exposed. Until the 1860s and 1870s, when a railway line linked Brazil's interior to São Paulo, the city was more socially mixed. Different social groups lived and worked closer to each other than they would today. The urban elite comprised merchants, professionals and governmental bureaucrats; wealthy plantation owners moved easily between their country villas and city mansions; and poor white labourers, urban slaves, free black people and poor European and Asian migrants all coexisted in the city. Inequalities were inherent to every person's socioeconomic condition and status, rather than his neighbourhood. Once republican values of equality were established, spatial segregation became important to differentiate social groups that had become egual according to the law. To suggest social exclusion, elitism, social segregation or discrimination was born through the rapid and recent urbanising process clearly would be to misunderstand social divisions already existing in Brazilian society, but the more recent socio-spatial segregation was not adequately addressed until after the adoption of the 1988 Constitution, which gave urban citizens explicitly inclusive urban rights.

Different studies of São Paulo have examined the dynamics of social exclusion in relation to urbanization and state policy. Echoing findings from other studies, one concluded that 'poverty and social exclusion are complex and multidimensional notions that need to be understood from a comprehensive viewpoint in an urbanization process, considering the social and political constructions in the society and also the political actions taken.'65 The urban struggle for inclusion, participation and increased citizen rights continues. Indeed. the architecture of being a 'Paulistano' — a citizen of São Paulo — is still 'under construction', and most commentators agree it is shaping up positively, when compared with Brazil's past.

During the repossession of land in Quarry in Guaianases, in the far eastern zone of São Paulo, a child plays video games in his family's shack. The family had no legal possession of the property, and they used illegal electricity. A few days after this photo was taken. their home was destroyed and they became homeless

Image: Marcelo Min Fotogarrafa Agency

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from tenament to self-help apartments: casarão celso garcia

Maria Salomé de Barros Felipe, health worker and mutirão stalwart



Image: Marcelo Min Fotogarrafa Agency

The Casarão is a historic mansion in eastern São Paulo's Celso Garcia Avenue that has been kept empty and abandoned for 18 years. While looking after the old house, preventing it from being invaded and occupied by homeless people or criminals, the 182 low-income resident families of the nearby apartments, also called Casarão, hope one day to convert it into a culture house.

Formerly owned by the family of a coffee baron, the property accumulated so many municipal debts

that it was seized by the city. It had been a makeshift police station before becoming a tenement with 60 families in the early 1990s.

A homeless group, the Movimento dos Trabalhadores Sem Terra Leste 1, claimed five empty lots around the house, which were then purchased by the municipality for a pioneering project involving collaborative building of popular houses. The project was initiated in 1991, with the support of Mayor Luiza Erundina and the self-help building projects of the Mutirao movement.

'The city provided the money, we formed an association with 24 statutory coordinators and hired technical, legal and accounting advice before starting to work', says community leader Maria Salomé de Barros Felipe, 63.

By the time the project began, of the 60 families who originally lived in the old mansion, 20 declined to join the redevelopment association and were compensated by the municipality. Those who chose to participate were transferred to a temporary accommodation in the central square. 'They were afraid to leave and not be able to come back', explains Felipe. Of the 40 families that stuck it out, 38 are still living in the buildings today.

The significant quantity of money spent on this housing project is supposed to be returned to municipal coffers by the residents. However, because of an impasse in negotiating the value of benefits, the residents have still not begun to pay for housing. Therefore, they do not have legal ownership of the property, but only acquired rights. Despite this, 12 per cent of units have been sold by their original owners.

'All current residents who participated in the project at the time worked in the construction. And those who arrived later bought their work and the improvements they made', says Felipe, noting that the apartments were delivered on slab, with each owner responsible for finishing the inside of their unit.

In addition to the 182 apartments distributed in four five-story buildings, the property has a central plaza, two lounges, a library, a playroom, two collective laundries and five stores. But the buildings look shabby and the gardens unkempt and the whole compound is surrounded by high-level wire to prevent intruders. Some adolescent delinquency



and too many teenage pregnancies affect the youth of the apartments.

Felipe lived in a tenement before joining in the self-help building movement. Today, she is a kind of manager of the apartments, where she lives with her husband and their adopted daughter, Taiane, 9. Although the position formally doesn't exist, in practice it is she who collects every month R\$18 per flat (about US \$10) for building fees (mostly the water bill).

The bills are divided up by apartment, not per resident. Some residents had a hard time accepting this unit-based fee structure, because it is common practice in tenements to charge per person; some of the residents packed as many as eight people into the tiny 38 square metre apartments. 'If someone wants to rent a room, they will be asked how many heads they are. In this situation, people have no name, but a head like animals', Felipe said.

With nine years of experience living in tenements, Felipe is sure that people in this kind of housing suffer a great deal. 'It's worse than in the slum, where the man is free. In the tenement, he is frequently exploited. There comes to a point that he no longer trusts anyone', she says.

Felipe is now employed by the government as a community health agent. She sees the advantage of the community helping system as the fact that the neighbours know each other from the begining. 'We learned to like each other when we were carrying stone', she says.



This masion was an old cortiço housing up to a staggering 60 families at one time. Family members shared small rooms and shared, with other families, a single working tap and two toilets. The mutirão Celso Garcia is now built around the old mansion which is empty and in an advanced state of decay.

vox paulistanos 5

the curse of unplanned growth: traffic and transport

Carlos Augusto Hirsch, engineer and resident of Morumbi

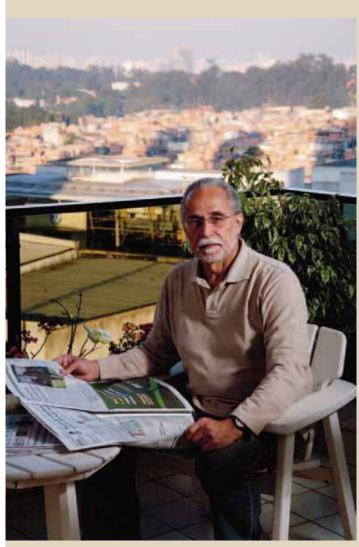


Image: Marcelo Min Fotogarrafa Agency

'The biggest problem of São Paulo is time lost in travel', says electro-technical engineer Carlos Augusto Hirsch, 65, resident of Morumbi. Every morning, he spends between 50 minutes and an hour and a half driving from home to his office downtown.

To escape traffic congestion, Hirsch has developed two strategies: wake up earlier to avoid the peak rush hour at 7 a.m. and cut a path inside the adjacent slum Paraisópolis. Escaping the traffic by driving on these secondary roads — including some dirt ones — has become a habit for many residents of the buildings in the Morumbi neighbourhood, one of the most

elegant in the capital. 'There are people who leave their luxury cars in the garage and go to work with a popular mode only to be able to drive inside the favela without attracting attention' he says. Hirsch avoids his shortcut through the slum after dark.

Manager of an engineering office that specializes in strategic transport planning for the metropolitan region of São Paulo, Hirsch considers the haphazard urban development that the government and real estate companies let happen a disaster. Based on his work experience, he points to the eastern zone of São Paulo as the locus of the city's worst mistakes. 'Major housing projects for the low-income population were created in this region, without thinking that it was necessary to have schools, jobs and sanitation', he says.

After taking part in the long-term Integrated Transportation Planning studies for the city, he is convinced that the solution is not to provide more transport, but to stimulate the location of industries and services throughout the region, so that residents do not need to travel to work every day in the city centre or other distant areas. He points to some interesting figures from the study: while in the city centre there are nearly 30 jobs per capita, in the eastern zone, there are 300 people per job. 'It is impossible to provide decent transportation with this condition of land use', he concludes.

In Morumbi, this problem has been minimized by the area's fast urbanization, which absorbs much of the labour force of Paraisópolis, one of the largest favelas in São Paulo (pictured behind Hirsch in the photo above). According to an estimate of the association of residents, almost 80 per cent of the economically active population of Paraisópolis works in up-market Morumbi and its surroundings. In the building, where Hirsch has lived with his family in a 200 square metre apartment for 20 years, most of the porters and maids are residents of the slum across Ĝiovanni Gronchi Avenue, the main and most congested road in the neighbourhood. 'Despite that, on days when there is any problem in the transport system it is possible to see up to 200 people standing in a single bus stop, without having other ways to go to work, he says.

Because of the difficulty of moving through the city, the middle- and upper-class residents are totally dependent on the automobile. 'We do not have a life in the neighbourhood because we cannot walk to the nearest bakery', he says. This situation was even



more extreme when Hirsch's four children went to college in different parts of the city. 'At that time, we had six cars. In addition to our three places in the garage, we rented one extra place and left two cars on the street', he remembers. 'Luxury? I understand it as a necessity, due to the characteristics of the neighbourhood', he adds.

Hirsch thinks the future Metro Yellow Line will provide a reasonable alternative means of transport to get from home to his office, which is located two blocks from República Square, along the same line. But even the Metro will not offer a definitive solution to his problem of losing time in traffic. As Morumbi subway station is going to be located about five kilometres from his home, there is still a problem: how is he going to get there? The answer is by car, of course. 'I can get a ride with my wife or go by my own car and leave it in a parking lot near the subway station', he plans, anticipating the inevitable traffic jams on Jorge João Saad Avenue, the main connection between Giovanni Gronchi and Francisco Morato Avenue, home of the future station.

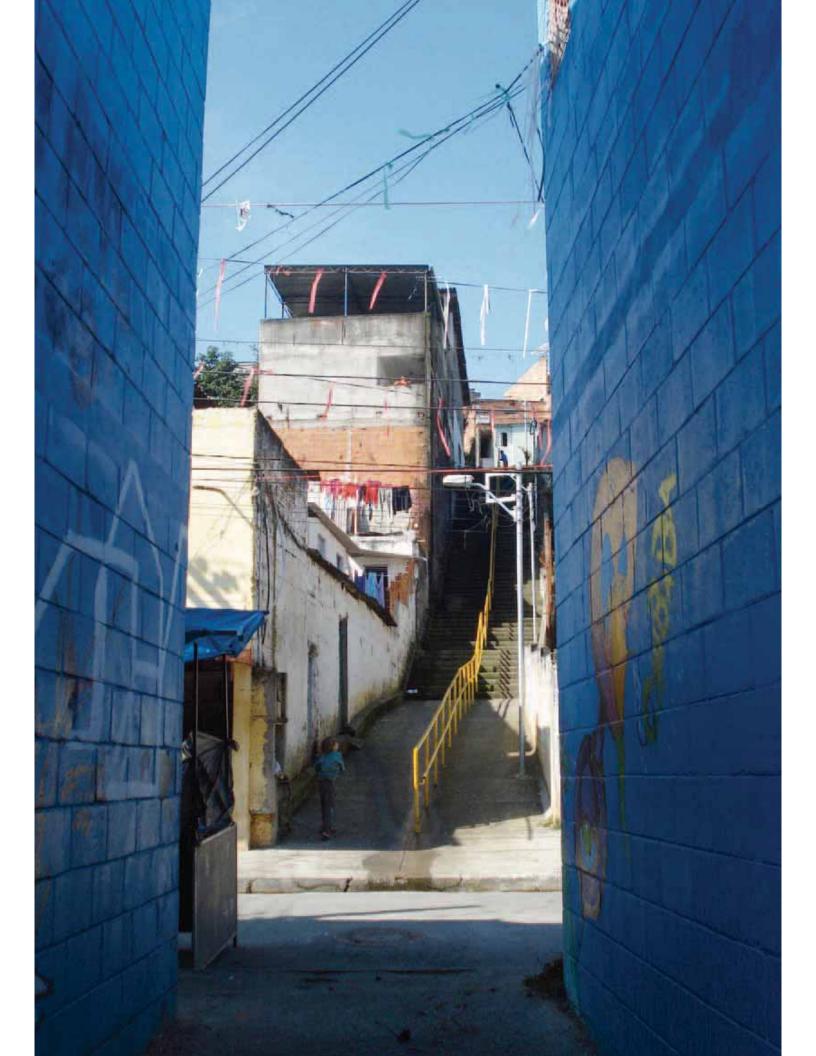
Lack of proper planning and negligence in supervision of illegal housing occupations are, in Hirsch's opinion, primarily responsible for the neighbourhood's problems. He points out that the city knew as early as 1979 that the development of Paraisópolis, which grew out of an illegal subdivision and became the second largest slum in São Paulo, required better infrastructure. 'At that time the municipality already knew the need for a more adequate road system, which was never implemented', he says.

Now, approximately 80,000 inhabitants live in an area of 800,000 square metres in Paraisópolis. From the balconies of Hirsch's seventh-floor apartment, it is easy to see the contrasts between the rich and the poor that are so evident in this part of town. To the west are tree-lined streets and luxury buildings. To the south, the landscape is very different: instead of green trees, the orange bricks of almost 18,000 favela houses dominate. A few yards away, beyond the favela, is a high-rise luxury condo building with private swimming pools visible on every balcony. Its proximity to the slum has turned it into a symbol of inequality in São Paulo.

The generally peaceful coexistence between rich and poor was shaken in February 2009 when a confrontation between residents of Paraisópolis and police turned the streets of the slum into a

stage for scenes of war, which frightened the rich neighbourhood.

For Hirsch, the proximity to the slum is not a problem. The only thing that could dissuade him from living in Morumbi is the traffic. Sometimes he thinks that life would be easier if he lived in more central Higienópolis, just a few blocks from his office. But he likes the apartment and does not intend to move. 'The good thing is that we are not lazy to go out at night, even though we have to take the car and face the traffic again. People who live here and are lazy become isolated'.



Chapter 4. A Tale of Two Cities: Defining the divide

Perhaps São Paulo does not offer a tale of two cities but a tale of hundreds of cities, where a huge collection of diverse people experience the city in vastly different ways. Inequality is a multidimensional phenomenon, each dimension influencing the reality of inclusion, exclusion and social progress differently.

Although most studies of inequality tend to concentrate on the analysis of income inequality, other economic, social, political and cultural factors also influence levels of inequality. According to one analyst, some of the most important include disparities in employment conditions, differences in access to land and other physical assets, discrepancies in the use of and access to health care, education, housing, human security and other public goods and social services, and differences in the right of access to political participation and to legal institutions that may protect and promulgate individual rights. ⁶⁶

The various aspects of inequality are not homogeneous across society and are likely to differ among different population groups. At the same time, dimensions of inequality often overlap and reinforce one another. As such. it is difficult to compartmentalise the various types and dimensions of inequality in neat sections, which illustrates the complexity of the phenomenon. Although people cannot be easily typecast into polarized categories as excluded or included, neither it is always clear on which side of an unequal society people live. In favelas, for instance, there may be far higher sense of community, shared lives and social capital than wealthier neighbourhoods where neighbours never meet as they retreat increasingly into fortified isolation. What is sure is that there are resources and outcomes in a wide range of urban experiences that are not shared equally among São Paulo's population, and there are generally clear divisions between those who benefit from positive access to resources and advantageous outcomes and those who do not. And even when resources appear to be more equitably shared, the quality of service and opportunities available to different sections of society may be very different. As UN Special Rapporteur on Adequate Housing Raquel Rolnik told UN-

HABITAT, 'Even when the data looks good [concerning improved living standards of the poor], on closer scrutiny, the difference of quality is considerable'.

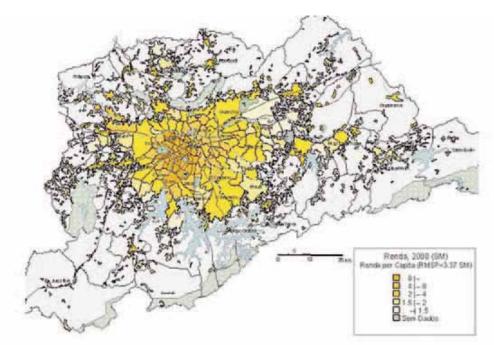
This chapter explores urban inequalities in São Paulo based on recent SEADE/UN-HABITAT data, focusing on existing trends in inequality for the nine sub-sections of income; health; water, sanitation and utilities; education; employment; transport; race and ethnicity; crime; and security and housing.

Income Inequalities

São Paulo is the richest state in Brazil. Despite the poverty that defines the lives of at least a third of the MRSP's population, São Paulo has the second highest per capita income (lower than only the Federal District) and boasts the highest standard of living in Brazil, on par with only two other states: Rio Grande do Sul and Santa Catarina.

The reality of stark income inequalities in cities like São Paulo should not automatically conjure images of extreme poverty and an absence of basic services. Aside from genuine problems they may face, many favelados possess a wide selection of consumer products such as televisions, DVD players, mobile phones, water heaters, washing machines and refrigerators. Such household amenities, combined with increasing access to water, sanitation, electricity, land regularization, cash transfers and other services, elevate many favelados to a standard of living that would be the envy of slum dwellers in Lagos, Nairobi, Delhi or Dhaka, for example. Nevertheless, a large minority of favelados and urban poor in São Paulo still do not enjoy a comfortable quality of life, or they only benefit from certain aspects of it.

As a state, São Paulo maintains the attractiveness that led to its demographic growth and rapid urbanization, first with the influx of foreign workers and then internal migrants, who continue to stream in from the impoverished northern and north-eastern states. If the dominant industries of the past were coffee and automotive manufacturing, the present dominant sector driving São Paulo's economy is the service and finance sector,



MAP 2: Household income distribution in MSP showing concentration of wealth in the centre

Map courtesy of The Centre for the Study of Violence - University of São Paulo (NEV/USP) www.nevusp.org

which produces 47.2 per cent of the state GDP, followed by the industrial sector, at 46.3 per cent. Recent studies indicate that a significant proportion of services are in fact services directly related to industrial production. These findings make the interpretations of deindustrialization in the MRSP more relative than absolute. Agriculture represents just 6.5 per cent of GDP, according to the government 2004 statistics. São Paulo's industrial sector predominantly produces vehicles, airplanes, helicopters, telecommunications equipment,

The reality of stark income inequalities in cities like São Paulo should not automatically conjure images of extreme poverty and an absence of basic services.

textiles, processed food, sugar and alcohol fuel, and large quantities of orange juice, all for domestic and international markets. Sugar cane and coffee production remain active and important sectors. Organized labour has achieved considerable gains since the late 1970s, reflecting both the power of the

unions and the rising minimum wage level. With São Paulo state accounting for 33.9 per cent of the nation's economy, its attractiveness to those living elsewhere and to potential economic migrants, is compelling.

Despite the higher-than-national-average earning potential in São Paulo and its interregional advantages within Brazil (and Latin America), however, the level of income inequality in the state remains high. Gini coefficients are primarily based on income, therefore the MRSP Gini level of 0.56 directly reveals large income disparities among different social groups within the city.

The minimum salary impact

Income levels in Brazil are measured in absolute terms as well by quantities of the minimum salary (MS). Brazilian states can set higher minimum wages, which may vary in different economic sectors. Each increase in the minimum wage results in a significant burden on the federal budget, because the minimum wage is tied to social security benefits, including pensions and other government programmes and salaries. Despite rela-



tively small regional differences permitted by decentralized state jurisdiction, the MS is set and regularly changed at the federal level. The Brazilian economy has long relied on the minimum wage, having first implemented it in 1940.

There has been one major constant in relation to earnings in Brazil since World War II: a wide disparity in the wage scale, owing in part to the low wages of unskilled labour. An indication of the low wage levels for unskilled labour is the minimum wage, which in recent years has been raised significantly under the government of President Luiz Inácio Lula da Silva. The usual rationale for minimum wage increases is to bring about beneficial changes in the income distribution by raising incomes of poor and low-income families. The Brazilian national minimum wage is adjusted annually. The minimum wage in October 2009 was R\$465 per month, or about US \$268.67 Adjusting for inflation, the minimum wage effectively rose 6.39 per cent between February and October 2009. The federal government claimed that 42.1 million Brazilians would benefit directly from the adjustment, including pensioners and retirees.⁶⁸ In recent years, the MS has risen in similar pro-poor adjustments on a regular basis.

Economists disagree on the impact of the minimum salary on labour and income markets in developing economies. Those promoting distributive justice and egalitarian economic growth cite its potential to reduce poverty, enhance productivity and foster economic growth. In theory, it puts more money

into workers' pockets, increasing social equity while stimulating the economy through more consumption, more sales, more production and more jobs. In practice, there are indications that the informal sector grows as a direct result of the MS laws that either restrict small businesses from employing more people or cause them to lay off existing staff. Influences of and on the informal economy are discussed in the following section.

Critics of Brazil's economic strategy argue that setting the minimum wage above inflation acts as a deliberate trigger to heat up the economy, distorting it by misallocating labour, wasting resources, limiting natural adjustment to economic shocks and detering investment. They also claim it reduces

The Brazilian economy has long relied on the minimum wage, having first implemented it in 1940.

economic growth rates with the effect of depressing wages in the urban informal sector and in the rural sector, where the majority of poor are found.

One study in Brazil using data from 1982 to 1999 found a 'robust and negative impact of the minimum wage on formal employment and a sizeable impact on the distribution of wages'.⁶⁹ Another study found that the increased MS heated up the economy, resulting in inflation of wages and prices with small

In Favela do Sapo, houses are erected on stilts beside a stream that flows into the city's main river, Rio Tietê, and residents throw their rubbish into the ditch.

Image: Marcelo Min Fotogarrafa Agency adverse employment effects. Researchers observed a general wage-price inflationary spiral, in which persistent inflation offset some of the wage gains. 'The main policy implication deriving from these results,' they wrote, 'is that the potential of the minimum wage to help the poor is bigger under low inflation. Under high inflation, the resulting wage-price spiral makes the minimum wage increase — as well as its antipoverty policy potential — short lived'.⁷⁰

After taking office, Brazil's President raised the minimum wage by 20 per cent and indicated his intention to double the value of the minimum wage before his first term ended in 2006. In his second term, his government has continued to raise the MS level. To date, the minimum wage has risen approximately 46 per cent since President Lula da Silva came to power in 2003. Having made the eradication of poverty a cornerstone of his administration, the continual raising of the minimum wage above inflation and increasing government handouts was expected. His government claims to have lifted millions of Brazilians out of destitution in recent years — an achievement discussed in Chapter 1.

Households acquire income from different sources that are not always easy to capture in income surveys. A common problem is un-

To date, the minimum wage has risen approximately 46 per cent since President Lula da Silva came to power in 2003.

der-reporting by respondents, particularly the poor, who often have two jobs or informal or casual income streams that supplement income from formal employment. Adolescents may also be put to work instead of completing school, or some rooms or floors of houses may be rented out. Other income values, such as utility subsidies, tax rebates or direct cash handouts in the form of social security also need to be assessed. The wealthy also have alternative income streams that may include some informal enterprises, rental from property, dividends on stocks, interest on savings or an inheritance. Clearly, some income such

as social security payments and, in particular, pensions or disability allowance, can accrue as earnings for people who do not work at all, either formally or informally.

Social security incomes

Even with the influence of the informal economy, in Brazil, as in most countries, earnings from employment account for the largest share of total household per capita incomes. According to one study, between 1981 and 2004, the share of household per capita income from employment fell from 60 per cent to 50 per cent of the total. The share of income from self-employment rose in 1993 and then fell to 15 per cent by 2004. The declining shares of income from employment and self-employment are compensated by rising shares for the labour income of employers and, most importantly, for social security incomes.

It is difficult to estimate the effect of public expenditure policy in possibly diminishing consumption inequality relative to income inequality in Brazil, but there is little question that certain public expenditures such as the Bolsa Familia and targeted utilities subsidies improve consumption inequality relative to income inequality. Additionally, the provision of universal free preschool and primary school, and the availability of basic health and sanitation infrastructure in *favela* areas greatly increase consumption value for the poor, even as their incomes remain low.

The 'relative mean' for social security transfers doubled from 10 per cent in 1981 to 20 per cent in 2004, reflecting both the ageing of the population and the expansion of coverage and more responsive intervention of Brazil's social security system. According to the same study, the share of the population receiving incomes from social security programmes has almost doubled since 1981, from 16 per cent to 30 per cent.⁷²

The targeting of most pro-poor social security payments has become more efficient in recent years. In São Paulo, households with a collective income of three MS or less qualify for most subsidies and government benefits.

In 2006, SEADE found that 43.3 per cent of the population of Metropolitan São Paulo had a household income of three MS or less. Further, 41.1 per cent earned the equivalent of between three and 10 times the minimum salary, and 9.6 per cent earned between 10 and 20 times the MS, while just 4 per cent had a monthly income that exceeded 20 times the MS. Almost 2 per cent had no income. The table below shows their findings in more detail.

SEADE/UN-HABITAT data, analysed and crosstabulated by vulnerable and non-vulnerable social strata, provides valuable insights into who benefits from social security and other income sources. The next table reveals the heterogeneity of incomes among households in both categories. The vulnerable areas had a relatively high proportion of households (24.4 per cent) earning up to one MS equivalent from their main source of work. A further 55.7 per cent of households had incomes of between one and three MS equivalent; therefore, a total of 83.1 per cent of vulnerable households had income ranging from none at all (3 per cent) to three MS. Only 11.7 per cent of households in the vulnerable areas earned more than three MS.

In the non-vulnerable areas surveyed, only 28.6 per cent of the households reported income from their main source of work exceeded the equivalent of three MS. A surprising 60.9 per cent of households in non-vulnerable areas claimed to earn the equivalent of three MS or less from their main work.73 While not offering a conclusive perspective of different households' total income from all sources, the data does illustrate the wide range of incomes in the city. Furthermore, the data suggests that an average of 70 per cent of the MRSP households earn only three MS or less from their main employment. Despite the considerable additions made by earnings from the informal sector, private holdings and social security, the data reveals that for most of the population, household incomes are low. Despite the evident inequality in the city, there is perhaps some homogeneity across a wide swath of the population that finds it difficult to rise above two or three MS from their main jobs.

Table 4.1: Division of monthly family income in MRSP, by categories of minimum salaries (MS), 2006

	Percentage of households within this category	Accumulative percentage
No income	1.9	1.9
Up to one MS	8.8	10.7
From one MS and up to 2 MS	19	29.7
From 2 MS and up to 3 MS	15.5	45.2
From 3 MS and up to 5 MS	22.7	67.9
From 5 MS up to 10 MS	18.4	86.3
From 10 MS up to 20 MS	9.6	95.9
More than 20 MS	4.1	100
Total	100	100

Source: Fundação Seade. Pesquisa de Condições de Vida – PCV 2006.

The pressure to develop alternative income streams, irregular or informal, and pressures for adolescents to work instead of study, and for mothers (or the family child-carers) to work is therefore considerable among the poorer strata of São Paulo society.

Table 4.2: Gross earnings from principle income source expressed in minimum salaries and cross-tabulated between vulnerable and non-vulnerable households

	Percentage of vulnerable households within this category	Percentage of non-vulnerable households within this category
No income	3.0	2.6
Up to one MS	24.4	13.0
From one MS and up to 2 MS	41.6	27.9
From 2 MS and up to 3 MS	14.1	17.4
From 3 MS and up to 5 MS	7.6	11.6
From 5 MS up to 10 MS	3.6	11.5
From 10 MS up to 20 MS	0.4	4.0
More than 20 MS	0.1	1.5
Outlier or no information offered	5.3	10.6
Total	100	100

Source: Fundação Seade/UN-HABITAT. Pesquisa de Condições de Vida – PCV 2006. The table below illustrates the importance of secondary and additional income sources to households in São Paulo, irrespective of their status as vulnerable or non-vulnerable. Clearly, the additional income gained from alternative work and activities is what mitigates the high average of households on three MS or less. Nevertheless, even with additional income, approximately one-third of all households remain at the three MS or less level in the municipality and in the wider Metropolitan region.

A final table concerning incomes in São Paulo shows the breakdown between those living in *favelas* or *cortiços* and those who do not. Of course, many of the households that do not live in *favelas* or *cortiços* may still be sampled from the vast periphery areas around São Paulo, where poverty levels are also high. Nevertheless, the data is striking.

Table 4.3: Earnings from additional income (informal, second income, part-time, private business, etc.) expressed in minimum salaries and cross-tabulated between vulnerable and non-vulnerable households

	Percentage of vulnerable households within this category	Percentage of non-vulnerable households within this category
No income	5.7	1.7
Up to one MS	62.4	34.6
From one MS and up to 2 MS	13.9	18.9
From 2 MS and up to 3 MS	5.6	8.5
From 3 MS and up to 5 MS	4.2	5.1
From 5 MS up to 10 MS	2.4	11.9
Outlier or no information offered	5.7	19.2

Source: Fundação Seade/UN-HABITAT. Pesquisa de Condições de Vida – PCV 2006.

A final table concerning incomes in São Paulo shows the breakdown between those living in *favelas* or *cortiços* and those who do not. Of course, many of the households that do not live in *favelas* or *cortiços* may still be sampled from the vast periphery areas around São Paulo, where poverty levels are also high. Nevertheless, the data is striking. It shows

that when presented as per capita income, 68.7 per cent of those living in *cortiços* and *favelas* earn up to one MS with 33.9 per cent earning less than half of one minimum salary. By contrast, of those living outside *favelas* or *cortiços*, 32 per cent earn up to one MS while only 10.7 per cent earn up to half a MS. At the other end of the spectrum, only 2.9 per cent of those in *favelas* or *cortiços* earn, per capita, more than three MS, compared to 18 per cent of those in other residences.

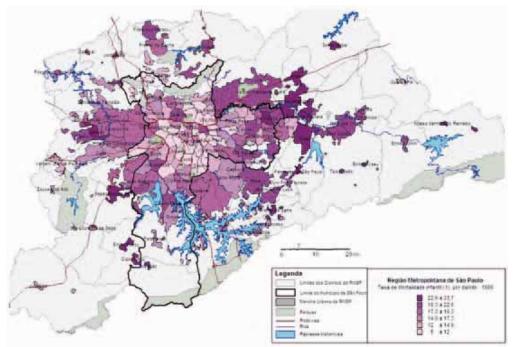
Table 4.4: Per capita income of households in cortiços and favelas and those outside those settlements in MRSP

Per capita levels as part of the MS74	Percentage of cortiço or favela dwellers within this category	Percentage of residents outside of favelas or cortiços within this category
No income	2.3	1.3
Up to one ¼ MS	11.7	3.3
From ¼ to ½ MS	21.2	7.4
From ½ MS up to 1 MS	33.5	21.3
From 1 MS up to 2 MS	20.7	24.5
From 2 MS up to 3 MS	3.7	11.9
From 3 MS up to 5 MS	2.3	7.9
More than 5 MS	0.6	10.1
Outlier or no informa- tion offered	4.0	12.3

Source: Fundação Seade/UN-HABITAT. Pesquisa de Condições de Vida – PCV 2006.

Before concluding this somewhat detailed examination of income trends and income differences in São Paulo, it is worth questioning, both theoretically and empirically, whether we should be measuring income inequality or consumption inequality. In fact, consumption is a more defensible variable in terms of economic theory, and studies suggest that the overall welfare of the poor is increased by transferring income from the rich to the poor, through state intervention, when the marginal utility of income is decreasing such as during periods of high inflation or similar circumstance. According to another analyst, 'An additional reason to prefer consumption to income as the true index of welfare is that among lower income groups, especially those who are the beneficiaries of transfers from other family members or from public transfers, consumption is clearly a better measure of that person's standard of living than is reported income. In rural areas, where home-produced food and housing services are important, consumption may be both easier to measure and less likely to be underreported'.⁷⁷

births.⁷⁹ Amongst the richest 20 per cent of the population, however, the under-5 mortality rate is two-thirds lower, at 33 deaths per 1000 births. Even more dramatically, seven times more infants of poor families die than those of rich families throughout the 39 municipalities of the MRSP.

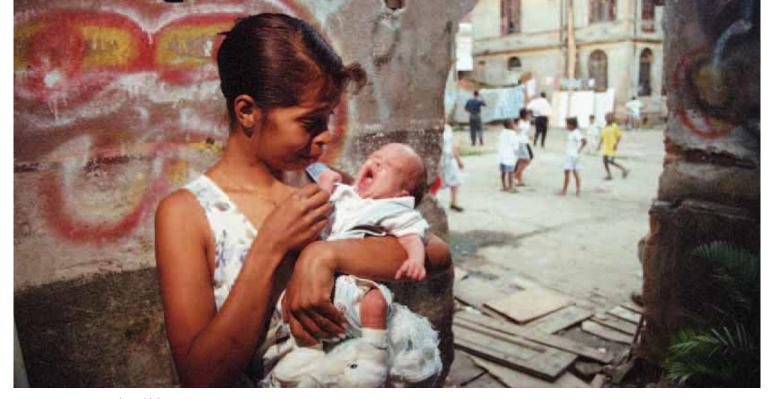


MAP 3: Health inequalities through infant mortality rates in MSP (1999) Map courtesy of The Centre for the Study of Violence - University of São Paulo (NEV/USP) www.nevusp.org

Health Inequalities

Inequalities in health-care access and health outcomes remain a major challenge in Brazil. Numerous studies and investigations reveal insufficient coverage, and disparities in the quality of health delivery. Groups such as the mentally ill or the elderly have also been shown to have problems obtaining appropriate and equitable treatment. Regional and income-group health inequalities are particularly dramatic. For example, the rate of infant mortality in the north is twice as high as the same measure in the south. In 1990, it was 2.5 times higher.⁷⁸

The under-5 mortality rate presents an apt example of health inequality based on socioeconomic status: amongst the poorest 20 per cent of the population, infant mortality is staggeringly high, at 99 deaths per 1000 Nevertheless, Brazil's progress towards the health-related MDG targets for 2015 has been substantial and considered on-track.80 For example, child mortality was reduced by half in all regions in Brazil between 1990 and 2005. More than 97 per cent of all women give birth in one of over 6,000 hospitals, or receive outpatient care in one of the 65,000 health centres. In relation to immunization against measles and tuberculosis or the presence of professional attendant at births, Brazil achieved 99 per cent coverage in 2004. Measles vaccine coverage has been 100 per cent for some years. Per capita investment in health per year was higher than in many countries with more highly rated levels of human development. Brazil also has 112 doctors per 100,000 people, scoring much higher on this measure than many countries within the



A mother with her newborn - cortiço dwellers in the former mansion of Santos Dumont central São Paulo. Today the mansion has been restored and is a museum.

Image: Marcelo Min Fotogarrafa Agency same Human Development Index category. At the same time, Brazil's public expenditure on health was 4.8 per cent of its GDP in 2004 — above the average of many countries in the same HDI category. Overall, health services and health outcomes have improved markedly in Brazil, and in São Paulo, over the last two decades.

Under the Brazilian Constitution of 1988, health is a 'universal right and a duty of the State', encapsulated in a general social security system and the national Unified Health System (Sistema Unico de Saude, or SUS) that provides for universal coverage, comprehensive service provision and wide-scale community participation. Since the mid-1980s, the public health system in Brazil has undergone expansion, decentralization and economic re-

Overall, health services and health outcomes have improved markedly in Brazil, and in São Paulo, over the last two decades.

organization. As a result, the private sector, which participates in the system in a complementary form through contracts and agreements with the public sector, has emerged as a major payer of health care in Brazil in the last decade, creating a two-tier health system.

The constitution therefore grants all Brazilian citizens the right to procure free medical assistance from public or private providers reimbursed by the government. While the public

domain oversees basic and preventive health care, the private non-profit and for-profit health care sector delivers the bulk of medical services, including government-subsidized inpatient care. This publicly financed, privately provided health-care system is a controversial public-private partnership. According to many authors, the controversial aspect is that the private domain subtracts participants from the public system (SUS), restraining its targets of universality and equity.⁸¹

The major hospitals are managed by federal, state, municipal and university entities; basic health posts and private clinics are also available. The distribution of hospitals and outpatient facilities favours the south and southeast of the country, at levels two to four times higher per capita than in the north and northeast, where health conditions are more precarious and where the need for health care is greater.

2006 SEADE/UN-HABITAT The Living Conditions Survey shows that in term of health facility coverage alone, there are significant differences between the vulnerable and non-vulnerable populations, as well as between those who live in favelas and corticos. and those who do not. The findings indicate that only 47.3 per cent of favela and cortiço residents had a hospital or medical clinic in their neighbourhood. Of those outside the favelas or cortiços, 65.4 per cent said they lived near such facilities. This is an 18 per cent difference, which is significant and perhaps surprising considering that a number of favelas and almost all cortiços are entwined and embedded within central São Paulo. Further

interesting results are evident when comparing vulnerable households and non-vulnerable households. The distinction between vulnerable and non-vulnerable is based on education and income; the data reveals that only 34 per cent of the vulnerable households have access to medical establishments in their proximate areas, while 65 per cent of non-vulnerable households said they had hospitals and clinics in their neighbourhoods. Coverage of health posts appears to be much more equitable: 78 per cent of vulnerable households live close to a health post, compared with 81.9 per cent of non-vulnerable households.

Despite these differences, the overall level of access to medical assistance and treatment in the MRSP is high. Health posts, clinics and hospitals are generally available in most neighbourhoods, clearly illustrating the urban advantage: a concentration of population close to a concentration of resources and services.

In Brazil, approximately one-quarter of the total population benefits from private insurance schemes — the highest proportion in the region. This type of 'double-citizenship' separates and privileges those with private health care insurance, who receive better treatment and services than those who rely on the public system. Brazil's two-tier health care system also provides limited fiscal relief for the public system, and creates equity issues arising from the reduction of political pressure to improve the quality of public services once higher-income people opt for private health insurance and services. Most of the private health care provision is concentrated in the southeast region of the country, especially in the São Paulo Metropolitan Region (MRSP). São Paulo has the biggest and richest consumer markets, which led to a concentration of high-end treatment resources in the city (doctors, hospitals, laboratories, and the like). People from all over Brazil, and even from other countries, go to São Paulo for medical treatment.82 MRSP's high subscription rates to private schemes (45) per cent in 2004) mirrors the nation's rapid rise in private health-care coverage, which analysts identify as a lack of faith in the quality of the public system. The regression results of a recent economic study show a negative association between the decision to purchase private

health insurance and being satisfied with public health services.⁸³ Since the implementation of the SUS, the relationship between the private and public health sectors has posed challenges for equity in the access and provision of health services.

The impact of inequity in São Paulo and its relation to health in terms of access and outcomes has been extensively researched.⁸⁴ Analyses overwhelmingly point to clear differences based on social equity, income, education and age. Whether analysed in terms of rates of mortality⁸⁵ or disease, care of the elderly,⁸⁶ disabled or mentally ill, or simple access to health care for average citizens, studies in the MRSP and the municipality of São Paulo agree on the fact that inequality remains a major challenge to the implementation and success of the pub-

...inequality remains a major challenge to the implementation and success of the public healthcare system.

lic health-care system. One analysis conducted in São Paulo concluded, 'Epidemiological studies have consistently demonstrated social inequality to be an important factor in the distribution of illness and death in society... These data support the contention that mortality for Brazilian adults is inextricably bound to the issue of social equity'.87

São Paulo's health sector clearly illustrates the extent of the urban divide. Disaggregation of health outcome data in one study in São Paulo dramatically contrasted district-level outcomes with an aggregate view of the city on four survival indicators.88 Examining the conditions at the extremes revealed a distribution of health outcomes that exposed considerable inequality. Among the 12 urban districts studied (six wealthy and six poor), adverse health outcomes were between three and 24 times higher in the poorest districts than in the richest. While infant mortality rates were three to four times higher in poor districts than rich ones, it is rates of death among young men that point to the greatest disparities: mortality among men age 15 to 29 by 'external causes' was six to 24 times higher in poor districts than in rich areas.⁸⁹

Meeting the health needs of more than 11 million people in the MSP, and more than 16 million people in the MRSP is a formidable challenge. With dozens of hospitals and hundreds of health centres supported by a comprehensive national health doctrine of free and equitable health, MRSP offers more than many cities of comparable size and state of development. Brazil's aggregate health indicators have been improving fast in recent years, but the disaggregated data tell a story of vast differences between social layers. Of course, health is also inextricably linked to customs, behaviour, diet, lifestyle, the natural environment, and the availability of health facilities and standards of delivery. As long as important differences remain between citizens of São Paulo in the areas of education, income, employment, social integration and living conditions, differences in health outcomes can be expected, even if all citizens have equal access to highquality health care.

Water and Sanitation

Access to sufficient quantities of safe drinking water and adequate, hygienic sanitation facilities is critical to healthy, decent living conditions. Access to water and sanitation is a key human development indicator in the United Nations' assessment of national progress, and it offers a clear illustration of the urban dividend or advantage. With considerable potential for economies of scale and profiting from population concentrations, a city like São Paulo can provide water and sanitation services to a large proportion of its citizens. Within Brazilian cities, access to improved water and sanitation

is common, and at least in this respect, the urban divide represents less of a barrier than people living in rural areas typically experience. Between 1990 and 1998, for example, while 88 per cent of urban Brazilians had access to safe water, the same was true of only 25 per cent of the rural population. At the same time, an estimated 80 per cent of urban Brazilians had adequate sanitation, while only 30 per cent of the rural population had the same.⁹⁰

But the issue of water and sanitation provision cannot be isolated from the wider issues of water and waste management. The threats and opportunities faced by São Paulo in relation to its population's needs (and demands) and the pressure the population exerts on resources, the environment and the democratic process are intertwined. The same issues that are at the heart of a divided city — spatial segregation, social exclusion and unequal access to resources — underpin issues of water management, environmental protection, slum upgrading, pollution control and the provision of utilities. This section examines both aspects of water and sanitation: the wider issues of water and waste management in Brazil and São Paulo, and the specific dynamics around water and sanitation access in São Paulo.

The latest UN Human Development Report indicates that, as a whole, 75 per cent of Brazilians have access to adequate sanitation, according to a broad definition, ⁹¹ while 90 per cent have access to safe or improved drinking water. The SEADE/UN-HABITAT data from São Paulo suggests even higher levels, and conforms in general to WHO and UNICEF findings shown in table 4.5 and analysed in more detail below.

Table 4.5 Access to water and sanitation in Brazil, as recorded by WHO/UNICEF

		Percentage of population with access to water and sanitation		Total
		Urban (84 % of total population)	Rural (16% of the population)	
Water	Broad definition	96	57	90
	House connections	91	17	79
Sanitation	Broad definition ⁹²	83	37	75
	Sewerage	53	5	45

Source: Joint Monitoring Programme WHO/UNICEF (JMP/2006). Data for water and sanitation based on National Housing Sample Study, Pesquisa Nacional por Amostra de Domicílios (2003) and the Census (2000).

Policy, regulation and service provision

At the national level, the Ministry of Cities coordinates sector policies, which are implemented by various ministries. Regulation of service provision is a responsibility of the municipalities. The National Water Supply and Sanitation Policy is approved by the National Council for the Cities and the Ministry of Cities. According to the Brazilian Constitution, the provision of water and sanitation services is the responsibility of the country's 5,564 municipalities.

However, in 2007 state water and sewer companies in each of Brazil's 27 states were in charge of water services in about 3,887 municipalities with a total population of 103 million, corresponding to about 75 per cent of Brazil's urban population living with water connections. State companies are also in charge of sewer services in 893 municipalities with a total population of 45 million, corresponding to about 55 per cent of the population with access to sewerage. Most state water and sewer companies are public-private enterprises, with the majority of shares owned by the respective state government. Some state companies operate under concession contracts with municipalities, while others operate under the authority of state governments.

Before 1968, municipalities were responsible for the provision of water and sanitation. Service providers were municipal water and drainage companies, each with different financial and administrative structures. At that time, coverage rates were low and there was no institutional structure to plan and finance increased coverage to the necessary scale. Realising that challenges to scaling up coverage were huge, the federal government launched the National Water Supply and Sanitation System in 1968, which spawned the National Water Supply and Sanitation Plan (PLANASA). PLANASA was the first federal government initiative in water and sanitation in Brazil and part of the then-military government's national urban development policy.

The plan to support the national drive to universalize water and sanitation services was implemented in the 1970s and 1980s. Beginning in 1971, the government set up State Water and Sanitation Companies

(CESBs) in every Brazilian state. Until 1985, only the state-run public companies could obtain financing for water supply and sanitation; they were responsible for construction, operation and maintenance of all water and sewer lines. In São Paulo, the water company is SABESP. Significant federal funding al-

...the government set up State Water and Sanitation Companies (CESBs) in every Brazilian state.

lowed services to expand rapidly. According to one World Bank report, coverage of water provision among urban residents around the country expanded from 45 per cent to 95 per cent between 1970 and 1990, and sanitation coverage increased from 24 per cent to 42 per cent.⁹³

Unequal distribution

But the rapid expansion of services was not equally distributed. Not surprisingly, the south — home of the surplus-creating, richer markets — was favoured over the north, and the biggest cities were favoured over the smaller urban centres and rural areas. Geographically, coverage remains lowest in the country's poorest regions, particularly in the predominantly rural north, northeast, and central west. Even within the big cities, the better-off sections of the population received improved water systems first. One major reason for this imbalance was the attractiveness of water investment in communities where the population could be expected to pay for the services. The notion that the 'informal' poor are potentially reliable customers for utilities such as electricity, water and sewage is a relatively new concept.

Under the current government of President Lula da Silva, Brazil appears to be committed to meeting the MDGs for a wide range of human development and survival indicators. The government claims to be tackling inequality throughout the country. In January 2007, the President signed a new federal water and sanitation law that aims to increase investments to provide universal access to



Despite considerable efforts there are still numerous areas in Guarapiranga where slum upgrading, sanitation services and protection of waterways is required.

> Image: Christopher Horwood

water and sanitation, while taking into account local specificities and using appropriate technologies that are in line with users' ability to pay.⁹⁴ The same year, he announced a new Programme for the Acceleration of Growth (PAC), which would invest more than US \$235 billion dollars in highways, airports, seaports, energy, and housing, water and sewage supplies between 2007 and 2010 to benefit poor Brazilians.

Another mechanism to reduce unequal access to water and sewage is the use of different, progressive tariff levels and subsidies. Water and sanitation tariffs in many Brazilian cities are relatively high compared to the Latin American average. According to a 2005 study, 95 the typical monthly residential water bill for con-

...significant subsidies are available to poor households to help offset costs.

sumption of 20 cubic metres per month was equivalent to US \$17 in São Paulo state, US \$15 in the central-eastern state of Espírito Santo and US \$10 in the north-central state of Pernambuco, compared with an average of US \$11 among the 21 Latin American cities covered in the analysis. In poor households, where the marginal utility of income is high, these differences are significant and they contribute to a widening of the urban divide.

Tariffs have been steadily rising slightly above inflation in recent years, but significant subsi-

dies are available to poor households to help offset costs. In most parts of Brazil, a low social tariff applies to the first set quantity of essential of consumption. In some cases, a minimum consumption fee applies to all residential connections, and sometimes to commercial and institutional connections. Such subsidies benefit many who are not poor, and efforts have been made to target subsidies more effectively. To avoid subsidizing households that could contribute more toward the cost of water provision, some state water companies have improved the targeting of their social tariffs by using the cadastres established for the Bolsa Familia Conditional Cash Transfer Programme.

A common indicator of the efficiency of water utilities is the level of non-revenue water (NRW): water provided but not paid for in any given area. NRW can be attributed to poor infrastructure, theft or faulty metering issues — anything that diverts the water supply before it reaches legitimate clients. In Brazil, the level of NRW varies between 21 per cent and 81 per cent, reflecting huge differences in the efficiency of water systems among service providers. 96 The average level of NRW in Brazil in 2006 was 39.8 per cent. and was roughly the same for state and municipal public water companies. Clearly, theft or unregulated tapping into the water supply is part of NRW and is common practice in favelas and other informal settlements. Critics have suggested that part of the government's incentive to urbanize and regularize favelas in São Paulo is to start charging residents for water and electricity, both of

which are frequently pilfered from public systems, and land and building taxes.

The most important external partners supporting the development of the Brazilian water and sanitation sector are the Inter-American Development Bank (IDB), the World Bank and the Japan Bank for International Cooperation, which provide financing and technical or advisory support. It is estimated that partners would need to invest far more than they currently do if inequality is to be narrowed and the MDG goals are to be met – which Brazil would only achieve in 2054 if the current level of investment would be maintained⁹⁷

Water management in the Metropolitan Region of São Paulo

Despite its immense size and economic prowess, the MRSP faces several challenges when it comes to urban water management. For a state that is home to one-quarter of all Brazilians, São Paulo only benefits from 1.6 per cent of the country's water resources most of which flow through the Amazon River. Three of the most significant challenges are water scarcity, conflicts over the use of water and urban sprawl and poverty. Water pollution compounds the problem of water scarcity, and it is the presence of large numbers of informal settlements in and around water catchment areas that has caused the problem and forced authorities to develop pro-poor solutions. (See Special Feature 9 on slum upgrading at the Gurapiranga and Billings watersheds for more information.)

The majority of the 39 municipalities in MRSP receive their water and sewer services directly from the State Water and Sanitation Company of São Paulo (SABESP). The remaining six municipalities receive treated bulk water from SABESP and distribute and bill for it via municipal utilities. Throughout the state, SABESP provides water to 23 million people and sewage services to 19 million. It is one of the largest water and sanitation service providers in the world. Surface water accounts for about 80 per cent of water use in the MRSP, while groundwater accounts for 20 per cent. The state and municipal water utilities obtain all of their water from surface supplies. There are

eight production systems that supply drinking water to the 21 million people who live in the MRSP. All of these suffer from problems of degradation resulting from sewage pollution, deforestation and uncontrolled urban expansion in watershed areas. The Cantareira, Guarapiranga and Billings systems together provide the water consumed by 70 per cent of the population.

Brazil's large- and medium-size metropolitan areas face increasing problems of water pollution. Like other coastal cities, such as Rio de Janeiro and Recife, São Paulo suffers from the effects of upstream residential and industrial sewage contaminating rivers, lakes and the ocean. According to the environmental sanitation company of the state of São Paulo (CETESB), the Tietê River, which runs through the São Paulo metropolitan area,

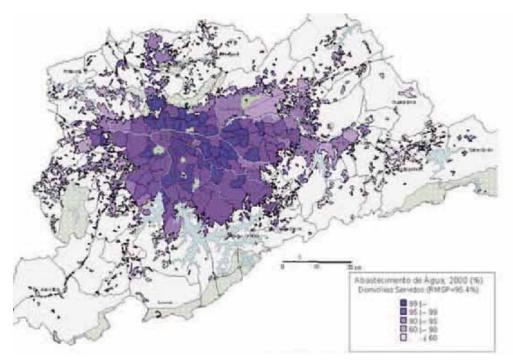
Access to improved water and sanitation is continuing to improve...

has regressed to its 1990 pollution levels. Although the city of São Paulo treats 63.9 per cent of the collected sewerage, the surrounding cities of São Bernardo, Diadema and Guarulhos treat significantly lower proportions of their sewage, from 19.7 per cent to none at all. SABESP estimates that a minimum of R\$3 billion, or US \$1.72 billion, would be necessary to clean the river. 98

Universal coverage of water in the MRSP

The MRSP has greater average coverage levels for water supply through house connections (98.4 per cent) and adequate sanitation (81.2 per cent) than does Brazil as a whole. In fact, SEADE/UN-HABITAT data from 2006 indicates that São Paulo's efforts to provide universal access to all citizens are as successful as they have ever been. Access to improved water and sanitation is continuing to improve as dissemination of water utilities continues to grow, and as cost recovery improves.

Household surveys, which included samples



MAP 4: Connection to the main water network in MSP (2000) Map courtesy of The Centre for the Study of Violence - University of São Paulo (NEV/USP) www.nevusp.org

from *favelas* and *cortiços*, reveal that 93 per cent of all households are connected and receive monthly bills for water usage. While approximately 20 per cent obtain their potable water from individual or collective wells (or collective taps), 80 per cent were directly connected to a street water supply. Virtually no one took water from rivers or reservoirs, and not even half of 1 per cent purchased

One noteworthy difference in the data from the MRSP and the MSP is that 90 per cent of those in the MSP are linked directly to the street mains supply...

water from private water trucks. In terms of reliability, 65 per cent reported that they never had water shortages, while a further 30 per cent said water shortages were rare. Only 5.5 per cent reported that water shortages affected them every day or most weeks. Approximately 30 per cent of those households questioned drank the water supplied directly from the source (tap or well), while more than 44 per cent used a filter in their

homes and another 26 per cent drank bottled water for personal use.

The data shows only small differences in water 'outcomes' between the MRSP and the Municipality of São Paulo (MSP). Considering the wide-scale sense of polarity between the centre and the periphery in different aspects of living conditions, this finding may be surprising; it reflects the success of the state utility agencies in maximizing access to people in previously irregular or illegal settlements such as *favelas*. One noteworthy difference in the data from the MRSP and the MSP is that 90 per cent of those in the MSP are linked directly to the street mains supply, and no one reported using water from rivers, reservoirs or trucks.

Considering the prevalence throughout the MRSP and MSP of densely populated *favelas*, illegal allotments, unregulated developments and urban sprawl — all included in the sampling frame of the SEADE/UN-HABITAT survey — the high levels of access to improved water reflect the high level of investment and state commitment in the sector. The fact that there are limited differences in water outcomes of

the wealthy and non-wealthy suggests that the MRSP municipalities are relatively inclusive and equitable with regard to improved water provision. It should be noted that the provision of access to water in cities throughout the region and around the world has greatly improved in recent decades, although issues of data collection and unreported slum areas in different parts of the world disguise the number of poor who continue to lack access to water and sanitation. Sanitation, too, has improved in formal urban areas around the world, but provision remains shockingly low in slum areas in most African cities and those of India, Pakistan and Bangladesh. In this respect, São Paulo's data should be considered inclusive and comprehensive.

Few urban inequalities in use of and access to water in the MSP

Within the municipality of São Paulo (MSP) alone, access to improved water is remarkably equitable among those living in very different household types, though some disparities remain evident in the SEADE/UN-HABITAT data. While 92.3 per cent of favelados and cortiço-dwellers claimed to be connected to the street mains water supply, only 54.6 per cent said they never had shortages, compared with 73 per cent of respondents outside of favelas and corticos. And while 77.6 per cent of those living in favelas and corticos received bills for household water use, 96 per cent of the population living outside cortiços and favelas were billed for their water usage. This discrepancy indicates 'non-revenue water' losses, likely resulting from theft of water supplies in informal and unregulated areas. People who live in corticos often pay the house owner or a middleman for water and electricity, however, and in many cases the utilities are provided at an inflated cost. In some cases, the whole tenement receives one bill, which is shared by the subletters. Those outside cortiços and favelas normally earn higher incomes, so it is not surprising that they consume more bottled water and use filters more often than those living in favelas and corticos. In both cases, (concerning filters and the purchase of bottled water) the difference is approximately 10 per cent only.

If we examine the differences by vulnerability,

and not by settlement type, the data remains consistent. In fact, more people living in *favelas* and *cortiços*, and more people classified as vulnerable, may have access to mains water systems than other sections of the population, owing in part to slum upgrading efforts over the last 20 years. Low-income groups continue, however, to pay a larger proportion of their income for water provision than others, despite subsidies and favourable tariff systems.

Access to adequate sanitation

The differences with regard to sanitation reveal a less-equitable profile. SEADE/UN-HABITAT data shows that while an average of 86 per cent of MSP households are connected to the main sewage system, in fact just 56 per cent of *favela*dos and *cortiço*-dwellers are connected. The remaining proportion use septic tanks, cesspools, or rudimentary disposal systems, or they dump waste onto the street, in exposed plots of land or into

...while an average of 86 per cent of MSP households are connected to the main sewage system, in fact just 56 per cent of favelados and cortico-dwellers are connected.

rivers and reservoirs. Of these, 22 per cent release their sewage directly into rivers and reservoirs, and 8 per cent dump their waste onto the street or in empty plots of land.⁹⁹ By contrast, 92 per cent of those living outside the *cortiços* and *favelas* are connected to the municipal sewage system.

Analysis of vulnerable and non-vulnerable households reveals different results: just 3 per cent of the vulnerable group release their sewage onto the street or exposed land and only 1 per cent dump their waste into waterways. In addition, almost 70 per cent of vulnerable households are connected to the main sewage system. This strongly suggests that disposal of sewage is location-based (i.e., worse in *favelas* and *cortiços*) and not dependent solely on income or education levels (a composite measurement of which is used to

calculate vulnerability). The data used for this analysis does not disaggregate between fave-las and cortiços. Of course, their situation is different with regard to sewage: cortiços are often located in areas covered by the central sewage system, whereas favelas without exception were established without sewage collection, requiring expensive retrofitting after development to implement the system. The failure of organised sewage systems to include favelas and cortiços results in considerable unequal sanitation outcomes in São Paulo, with serious repercussions for the environment, public health and water pollution.

Access to solid waste collection

Collection of solid waste (rubbish) outside of the house by dumper trucks or other means in the MSP is almost universal. Only 0.1 per cent of people living in *favelas* or *cortiços* admitted to burning their rubbish; 0.9 per cent bury their household waste; and 0.5 per cent dispose of their waste by dumping it themselves. By contrast, almost 97 per cent of people living outside of *favelas* and *cortiços*

The failure of organised sewage systems to include favelas and cortiços results in considerable unequal sanitation outcomes...

had their rubbish collected from outside their house, while just 81 per cent of others enjoyed the same services. It may be surprising that coverage of municipal rubbish collection and dumper truck access is so widespread despite the fact that many *favela* houses do not have direct access to roads.

Other utilities: Gas and electricity

Throughout São Paulo, the use of electricity and clean fuels for home cooking is widespread. The SEADE/UN-HABITAT Living Conditions Survey of 2006 shows that an average of 92.7 per cent of households in the MSP receive electricity bills for their use of network distribution power. Of that population, 97.3 per cent of those outside *favelas* and *cortiços* are connected, while 70 per cent

within *favelas* and *cortiços* are officially connected to the network. The data indicates how quickly the formal electrification of *favelas* has happened in the last 15 years; in the past, electricity theft was widespread, and the most common way of getting power to *favelas*

In favelas and cortiços, 25 per cent of households received some form of state subsidy for electricity, while only 6.8 per cent of those living in other urban dwellings received subsidies. Even though they are connected to the state's electricity networks, a significant number of poor households and businesses still do not pay for power. Illegal tapping and refusal to pay bills is commonplace and a long-term, widespread problem in many cities where the establishment of irregular settlements and rapid urbanization have taken place.

Hydropower generation provides 81 per cent of Brazil's electricity. After decades of government ownership and operation of the electricity sector, privatization of electric companies in Brazil began in 1996. The Brazilian Electric Power Agency (Agência Nacional de Energia Elétrica or ANEEL), the regulatory agency with direct oversight of electricity distribution, was up and running by the end of 1998. Its responsibilities include establishing and providing oversight of regulated tariffs, overseeing and managing the private contracts for electricity distribution, and controlling return on investment. ANEEL instituted a cap on losses (i.e., a limit on recovery of losses through ratepayers) of 90.7 per cent of actual distribution losses, which has spurred the electric utilities to intensify their efforts to reduce technical and non-technical or commercial (theft) losses. Electricity theft is not only a safety hazard, but it also leads to excessive power consumption and hampers development.

In addition, and more importantly for the poor, the new electricity policy of April 2002 clearly signalled the government's intent to meet the electricity service needs of the poor. The law formally mandates that companies must achieve 100 per cent electricity coverage in their respective service areas by specific dates, agreed by contract. 100 As a result, the companies faced increased service obligations

for customers considered to have little or no return value on investment, primarily because most were already illegally connected to the electrical grid but were not paying. Slum electrification has therefore been established de facto by law through private companies and is fast achieving a high level of access for citizens previously marginalized, as well as cost recovery and profit for companies. Although slum electrification has often followed slum upgrading progress, there are still many areas of São Paulo where electricity is available only informally, or illegally.

In late 2006, the International Copper Association, the U.S. Agency for International Development and AES Eletropaulo, a São Paulo electricity distribution company, embarked on an integrated project in the huge Paraisópolis *favela* in São Paulo, to test their approach to slum electrification and loss reduction. ¹⁰¹ After the first year of operation, results showed a faster than expected payback for the distribution company and the transformation of illegal electricity consumers into paying customers, while providing ancillary benefits to the community and society at large.

As they enjoy higher rates of electricity coverage than households in many similar settlements around the world, so do residents of São Paulo's *favelas* and *cortiços* enjoy better access to clean cooking fuels. Gas is the universally used household fuel in the city. In *favelas* and *cortiços*, 99.8 per cent of those surveyed used bottled gas for cooking. Throughout the city, only 14.4 per cent of households have gas lines piped into their homes; 85.6 per cent of non-slum households use bottled gas, making it the most common form of cooking fuel. No other type of household fuel use was reported in the 2006 SEADE/UN-HABITAT survey.

Education

At the beginning of the 21st century, education in Brazil was characterised by underperformance and inequality. One analysis in the late 1990s by the Inter-American Development Bank (IADB) described four key failures of the educational system.¹⁰²

- Educational attainment in Brazil was remarkably low in comparison with countries with the same levels of income and development.
- Many kinds of inequalities existed in the education system that tended to reflect gender, wealth, regional, rural/urban and racial inequalities rampant in the society at large.
- Calculations revealed that educational attainments were closely correlated to the educational attainments of students' parents and grandparents (and therefore potentially perpetuating past distortions and inequalities according to another commentary.¹⁰³)
- And finally, large regional disparities existed in educational outcomes, which reflected socioeconomic discrepancies and unequal allocations of government investments.

The data that underpinned the IADB analysis was damning, but it remains a testimony to the efforts Brazil has made since 1990 that the latest Millennium Development Goals (MDG) National Monitoring Report shows significant improvements on all fronts. The 1988 Brazilian Constitution recognizes the right of all citizens to a free public education, and it set 1998 as the target year for the country

Slum electrification has therefore been established de facto by law through private companies and is fast achieving a high level of access...

to 'universalize basic education and eradicate illiteracy' The constitution initially called for a minimum of 18 per cent of federal funds and 25 per cent of state and municipal revenues to be allocated to educational expenses and stated that 50 per cent of those resources were to be allocated to literacy and basic education. The constitution also increased the revenues of municipalities by 30 per cent through revenues from their own taxes, or through tax transfers, thus increasing their capacity to invest in education. ¹⁰⁴

Net school attendance rates for the 7 to 14 age group have shown a healthy increase throughout the country, from 81.4 per cent in 1992 to 94.5 per cent in 2005. The slight increase in girls' attendance over that of boys in 1992 had evened out to virtual parity by 2005. In terms of reducing the stark racial inequality among this age group, the percentage of non-white children attending school rose from just 75 per cent to almost 94 per cent, while attendance rates among whites rose from 87.5 per cent to 95.5 per cent. This considerable progress made towards racial equality in primary education is mirrored by similar progress in increasing the low attendance levels in rural areas, as compared with urban areas. In 1992, just 66.5 per cent of rural primary children attended school; by 2005, the percentage was 26 points higher, at 92.5.

The net secondary school attendance among 15- to 17-year-olds improved even more over the same 13-year period. In 1992, just 18.2 per cent of Brazilian adolescents attended school. By 2005, the percentage was 46, representing a great increase, but still accounting for less than half of the cohort. Almost 10 per cent more girls attended secondary school than boys in both 1992 and 2005.

...the government describes as a 'vicious circle' characterised by the continuous link between social vulnerability and school failure...

While youths doubled their percentile attendance over the given period, the attendance of non-whites quadrupled, from 9 per cent to over 36 per cent. Nevertheless, the overall attendance level of non-white students, at just 36 per cent, remains low for a country with a high level of human development. The number of rural adolescents attending school also rose considerably. In 1992, only 5.3 per cent of rural youths attended secondary school; by 2005, the proportion had increased by five times to 25.7 per cent.

Illiteracy among youth between 15 and 24 years of age has also declined. Literacy rates

rose almost 6 per cent, to an average of 97.2 per cent between 1992 and 2005. All of the major inequality gaps — gender, race or ethnicity, and rural or urban — narrowed considerably, with youth in every category achieving literacy rates of at least 92.7 per cent (among the rural contingent) and reaching 98.4 per cent (among whites). However, these figures disguise the significantly high levels of illiteracy amongst adults, and especially the elderly. In some areas of the northeast region, it is not uncommon to find municipalities with adult illiteracy of 35 per cent or more. The implications of illiteracy are far-reaching. A study in 2003 went beyond the study of linkages between health and income disparities in Brazil by including illiteracy rates in the analysis and found that illiteracy is more strongly associated with life expectancy in Brazil than income disparities.105

Despite recent gains in educational access and equity, serious challenges remain. Brazil's education system requires quantitative increases in attendance and achievement at all levels, as well as qualitative improvements. The federal MDG Monitoring Report of 2007 highlights the need to combat declining educational standards, low qualifications of teaching staff, the lack of pedagogical materials and the precarious infrastructure of some schools, especially those in rural areas and the urban periphery. Massive regional differences are embedded in the data. Considering the socioeconomic disparities between the north and the northeast regions, as compared with the south and southeast, it is perhaps not surprising that great national inequalities (at all levels) are evident when São Paulo is compared with states in the north. The same inequalities are found within São Paulo as elsewhere, but São Paulo and other cities of the south and southeast consistently fare better on every variable. achieving higher percentages overall.

Educational inequalities in São Paulo

To combat what the government describes as a 'vicious circle' characterised by the continuous link between social vulnerability and school failure, and to raise the quality of basic education, various legal and policy measures have been adopted in the last decade. 106



São Paulo, as a state and as a metropolitan region, has always benefited from its heritage and its unfailing strength as a leader of industry, culture and progress. As part of the prosperous southeast, São Paulo has enjoyed better performance on educational indicators than other regions, but it still faces major challenges to educating all of its citizens equitably. The influx of poor migrants from the north and northeast and the favelisation of the city throughout the 20th century increased the pressure on the state to provide adequate universal education. The state now has over five million students. 250,000 teachers, 5,350 state schools and six unions representing the interests of those working in education. 107

The 2006 SEADE/UN-HABITAT Living Conditions Survey data shows that despite some solid improvements, considerable inequalities in educational outcomes persist, particularly in secondary schools. In 1998, a total of 94.7 per cent of 7- to 14-year-olds attended school. In 2006, the total was 98 per cent, with a breakdown of 98.6 per cent from non-vulnerable households and 97.4 from vulnerable households. Considering the significant income and consumption disparities in São Paulo, the virtual parity in attendance among students from vulnerable and non-vulnerable households indicates that the government is close to achieving universal coverage of primary education in the municipality. Students undoubtedly experience varying degrees of quality in school facilities and instruction, however.

Inequalities in secondary school attendance and completion among students from dif-

ferent socioeconomic backgrounds are more persistent. While the proportion of 15- to17-year-olds in school in São Paulo increased from 54 per cent in 1998 to 66.5 per cent in 2006, only 57.9 per cent of vulnerable household youths attended secondary school, with 38.6 per cent abandoning their studies before completion. By contrast, of the non-vulnerable household students, 71.9 per cent enrolled and 22.2 per cent abandoned secondary school or never attended. When dropouts

Inequalities in secondary school attendance and completion among students from different socioeconomic backgrounds are more persistent.

are subtracted from the total, just 49.7 per cent of 15- to 17-year-olds from non-vulnerable households stayed in secondary school in 2006. Excluding dropouts, only 19.3 per cent of youth from vulnerable households stayed in school, suggesting massive inequality in education at this level.

According to the SEADE/UN-HABITAT data, the inequalities start early in São Paulo: only 42.7 per cent of children from vulnerable households attended nursery school or kindergarten between birth and age 6, while 54.6 per cent of children from non-vulnerable households were enrolled. When parents were asked why they did not, or could not, place their children in kindergarten, the most common reason among parents from vulnerable households

Guarapiranga. Making favelas accessible to rubbish collection and other sanitation services is critical to upgrading.

> Image: Christopher Horwood

was the lack of facilities near their home or place of work (41.3 per cent). For parents from non-vulnerable households, this was the least common reason given, with half as many people identifying it as their reason. These details speak to the much noted reduction of facilities and infrastructure in the poorer areas of São Paulo

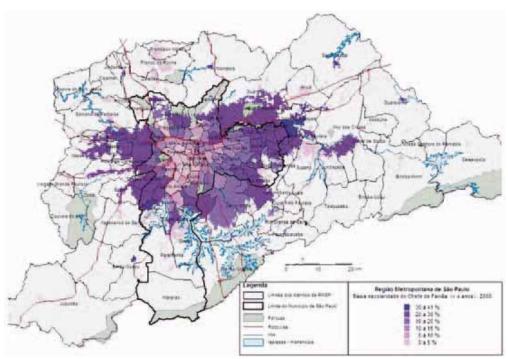
In São Paulo, 48 per cent of students attend state-run schools, while 25 per cent attend municipality-run schools and 27 per cent receive their education in private schools. Structural inequalities are clearly evident, but widespread concern about the quality of schooling and the need for accountability led State Secretary for Education Maria Helena Guimarães de Castro to launch bold reforms in an effort to set quality targets for schools that include monitoring and evaluation of standards, merit pay for high-achieving teachers and special support for schools that lag behind.

Wage differentials between 1981 and 2006 show decreasing returns on education for those completing only primary or secondary school, but increasing returns for those having completed college or university.¹⁰⁹ In an

extreme example of the differences, one recent study showed that an average university-educated white person in Brazil can earn 11.3 times more than his counterpart with no schooling.¹¹⁰

Employment

São Paulo is commonly regarded as the economic powerhouse of Brazil; with the secondlargest economy in Latin America, the state's ability to absorb labour, create opportunities and deliver salaries is legendary. The municipality and metropolitan region of São Paulo have attracted people for hundreds of years. Its ability to fulfil people's hopes of a better life through jobs and competitive incomes should not be underestimated, even if many of those concerned continued to live in poverty and experience social exclusion after having arrived in São Paulo. From coffee production centre to industrial hub to multi-sector success story, São Paulo has remained an icon of hope and an emblem of possibilities for millions over the centuries. The city has also been held up as the epitome of social inequality by its critics, who cite exploited labour, ever-sprawling peripheral developments and persistent peri-urban pov-



MAP 5: (Head of family) Educational attainment, showing social spatial divisions in the MSP (2000)

Map courtesy of The Centre for the Study of Violence - University of São Paulo (NEV/USP)

www.nevusp.org

erty surrounding a few islands of conspicuous wealth and prosperity as its key failings.

Previous chapters of this book have detailed the dramatic growth of São Paulo's population and industries and the story of seemingly endless demands for labour being met by a seemingly endless influx of willing workers. Looking closer, the reality in the MSP reveals a complex movement of rising and falling sectors and industries, with industrial centres adapting their geographical locations in response to costs and labour availability. In addition, the MSP has witnessed the growth of a massive informal sector that has developed in reaction to opportunity, the necessity of survival and changes in the formal labour market. With such a concentration of economic activity, the MSP's vulnerability to recessions and reduced demand has the potential to affect a large number of people. Economic growth in the city, though positive and strong over the last two decades, has historically been volatile.

Employment patterns, too, have undergone dramatic changes throughout Brazil. Recent unemployment levels peaked at 13 per cent in 2004, having risen from the low of around 3 per cent in 1986. Significant growth has recently been seen in the formal market in Brazil. In 2007, the number of active companies and organizations increased by 2.7 per cent, according to the Central Register of Enterprises (CEMPRE).¹¹¹ Nationally, there are four million enterprises and organizations that employ a total of 42.6 million people, and 36.7 million people are salaried. This figure increased by 7.5 per cent between 2006 and 2007, representing an increase of 2.6 million salaried persons nationally, due to the establishment of new companies and increased hiring of existing companies. President Lula da Silva, who promised during his campaign to create 10 million new jobs in the country, has been under intense pressure to reduce the jobless rate since 2002, when he became the country's leader. 112 Comparing São Paulo to other regions, the southeast concentrated more than half (51.2 per cent) of the salaried persons in Brazil. The south region employed 18.9 per cent of the national workforce, while the northeast claimed 17.2 per cent, the central west 7.7 per cent, and the north just 4.9 per cent.

Educational attainment and gender parity have influenced significant changes in Brazil's workforce in recent years. The proportion of employees with eight to 11 years of education and those with 12 or more years of education is increasing. The cohort with eight to 11 years of education has increased the most, growing 23 per cent over 22 years. Those with 12 or more years of education grew by 10 per cent, while the cohort with only up to three years of education declined by 22 per cent and those with four to seven years of education declined by approximately 10 per

Economic growth in the city, though positive and strong over the last two decades, has historically been volatile.

cent in the same period. All education groups have been more or less equally affected by unemployment trends. At the same time, women have gained the majority in Brazil's workforce: women's employment increased by almost 20 per cent from 1985 to 2007, shifting from 43 per cent to 60 per cent of the total workforce.¹¹³

Employment profile in greater São Paulo

São Paulo's economy has been in a state of 'transition' for many years, shifting from a primarily manufacturing base to a more balanced blend of industries while maintaining a strong, but much-reduced, heavy-industry sector. São Paulo's ability to absorb millions of industrial workers at various skill levels has now long passed. This transition, combined with the turbulent years of recession in the 1980s and part of the 1990s, led to high rates of unemployment in the city, the state and the nation as a whole. Since 2004, unemployment levels throughout Brazil and in São Paulo have fallen successively. After the implementation of the Economic Plan of 1994 and up to 1999, the unemployment rate in the metropolitan regions of Brazil experienced a significant increase, pushing up over 20 per cent briefly, with a total of 1.8 million workers unemployed.114 An 'explosive increase' of unemployment, reaching over 20 per cent of the economically active metropolitan population, further affected 1.4 million people between 2000 and 2002.115 In São Paulo, unemployment of economically active people was as high as 16 per cent in 1993, reaching 18.3 per cent by October 2001 according to official state figures. These were higher than levels in the rest of Brazil, which held steady at 15 per cent from 2000 to 2002. Since then, the MRSP rates have fallen every year to today's level of approximately 9 per cent.¹¹⁶ Unemployment rates are higher in the municipality itself, at 13.1 per cent in 2009. Table 4.6 below offers a perspective on changes in unemployment in the MSP since 1985.

According to data analysed by Urban Age, the London-based initiative to investigate the future of cities, the employment profile in São Paulo clearly reflects its transition toward a service and knowledge-based economy. Now, only 11.8 per cent of the MSP workforce is involved in manufacturing, and 2.5 per cent work in construction.

Table 4.6: Unemployment levels as a percentage of the workforce in Municipal São Paulo

June of each year	per cent	June of each year	per cent
1985	12.7	1998	18.2
1986	9.7	1999	18.5
1987	9.3	2000	17.5
1988	9.4	2001	16
1989	8.9	2002	17.5
1990	11.6	2003	19.4
1991	11.9	2004	18.5
1992	15.1	2005	16.1
1993	14.4	2006	15.7
1994	14.0	2007	13.4
1995	12.2	2008	12.7
1996	15.2	2009	13.1
1997	14.3		

Source: SEADE data shared with UN-HABITAT August 2009. * Number of people, as a percentage of the total workforce, who sought employment during the last 30 days and who had no job during the past seven days. Does not include hidden unemployment. (These criteria result in smaller figures of unemployed than other survey methodologies or by analysts using the same SFADE data)

Commerce (61.3 per cent), services (19.5 per cent) and transport, storage and communication (4.5 per cent) together absorb 85 per cent of the urban workforce today.¹¹⁷ Rio has a very similar modern workforce profile, as do Buenos Aires and Mexico City. Bogotá and Lima both have higher proportions involved in manufacturing and construction, but still have the bulk of their workforce involved in commerce, services and transport (with storage and communication). Nevertheless, São Paulo has not passed through a true deindustrialization process like other former manufacturing centres, including cities in north-eastern England or the American 'rust belt'.¹¹⁸

Decomposition analysis of income, and the factors that influence income, show that while race and ethnicity, age, sex and region play a role, it is educational levels that play the most important part in determining income levels. It is not surprising to find that the poor, and poorly educated, make up the majority of the city's unemployed. The obvious result of this factor decomposition is illustrated by the reality of an army of under-educated poor being poorly paid, underemployed or unemployed. Those with little or no education and with little access to information, who find themselves trapped in neighbourhoods with few resources remain disadvantaged in the competitive labour market of São Paulo. Even in the informal labour market, they may find themselves underpaid and disadvantaged, as informal employers benefit from the invisibility of their workers. Nevertheless, it is the informal market where they will probably find the most opportunities for work or self-employment. According to one study published in 2008, the unemployment burden in Brazil was unevenly divided among poor (63 per cent) middle class (32.4 per cent) and upper middle class workers (4.6 per cent).119 Not surprisingly, the burden of unemployment falls disproportionately on the urban poor in São Paulo, as well. Studies connect metropolitan poverty growth with the acceleration of unemployment in the region, while also illustrating that unemployment is far higher in the periphery than in the municipality of São Paulo. Even within the MSP, the burden of unemployment concentrates on the outer areas: the irregular and informal, autoconstruct settlements.



According to decomposition analysis (Theil-T method), after education, race is the most important determinant of income levels in Brazil. Ample evidence illustrates that Afrodescendent-Brazilians are much more likely to be unemployed than other heads of household. Despite recent legal and social changes, racial and ethnic discrimination remains a major impediment to social advancement for blacks. In addition, the proportion of poor young people engaged in casual or informal forms of employment is far higher than other groups. 120 A government study in 1999 showed that in Rio alone, 1.5 million youngsters between the ages of 10 and 17 years were working. The high dropout or non-enrolment rates of youths in São Paulo secondary schools points to the high level of adolescents in work there, in a country where cultural acceptance of youths working instead of being at school is widely held. One researcher in the Rio study remarked, 'The majority of the youngsters come from poor families, which are not able to support themselves. For them, a paying occupation is, besides being a factor of independence, a way to avoid criminality. What kind of childhood do these slum children have? Their parents work the whole day and they are left home at the mercy of drug traffickers, violence and a lost bullet. I am in favour of ending child labour, but you cannot do this overnight.'121

Data explicitly shows that children of poor families, are more likely to curtail school and start working early. The middle and upper classes know the value of educational investments and critically, can also normally afford it; far fewer of their children leave school before 12 years and many continue on to university. With the educational return on primary and much of secondary education decreasing, it is hard to see how the poorest groups that already face struggles to find formal employment will catch up. In São Paulo, poor urban youth may continue to suffer employment inequality, finding opportunities in the informal sector or crime. The separation of different groups by years of schooling in the informal

Data explicitly shows that children of poor families, are more likely to curtail school and start working early.

sector is explicit and predictable in an increasingly narrow and demanding labour market. Between 70 and 80 per cent of those with zero to three years of education fill the ranks of the informal sector. By contrast, only between 15 and 25 per cent of those with 12 or more years of education work in the informal sector. 122

Informality persists, but with mixed benefits to the poor

According to government data, Brazil has more than 10 million informal enterprises. In the last 25 years, the estimated informality rate has remained just above 50 per cent, although signs suggest the level fell to around 47 per cent in 2007. Informal enterprises are not regularized, do not work with necessary

Repossession of land in Quarry in Guaianases, in the far Eastern Zone of São Paulo in 2004. On the day this photo was taken, homes in the area were removed, and many families were not offered alternative accommodation

lmage: Marcelo Min Fotogarrafa Agency state licenses, and do not pay taxes or keep regular and auditable accounts. The informal economy employs more than one-quarter of non-agriculture workers in Brazil. Of all small, non-agricultural enterprises, 98 per cent are classified as informal, consisting of more than 10 million enterprises. The Brazilian Institute for Geography and Statistics (IBGE), in 2005, estimated that there were 10.3 million micro and small businesses in informality - twice as many as the formal ones (4.91 million). Of those informal companies, 33 per cent were in the repair trade and services sectors, 17per cent were in civil construction and 16per cent were in the processing and extraction industries. Informal companies employ a total of 13.8 million workers. 123 Since 1997, the number of small, formally registered enterprises has increased by 10 per cent, whereas the number of enterprises in the informal sector has increased 9 per cent, indicating a slight tendency toward formalization 124. The federal areas of São Paulo, Minas Gerais, Rio de Janeiro, Bahia

Most informal enterprises (88 per cent) are run by sole proprietors operating out of their own homes or other spaces.

and Rio Grande do Sul together are home to 57.6 per cent of Brazil's informal economy, which was estimated to be worth R\$17.6 billion (US \$10.1 billion) in 2003 and significantly more today. São Paulo alone concentrated an impressive 25 per cent of the total number of informal enterprises (2.6 million) in 2003.¹²⁵

Most informal enterprises (88 per cent) are run by sole proprietors operating out of their own homes or other spaces. Only 12 per cent are minor employers. This is significant, considering the general concern that the informal sector inherently exploits its workers and increases health and safety risks by failing to insure them. In the agriculture sector, this may certainly be the case, but in São Paulo, the vast majority of informal enterprises are solo operations.

The most prominent activities in the informal sector in São Paulo in 2003 were commerce

and repair (at 33 per cent), followed by construction (at 17 per cent) and quarrying and manufacturing (at 16 per cent). Nearly all (99.8 per cent) of the small enterprises in the construction segment belonged to the informal sector. Likewise, 99.3 per cent of the 'social and individual services' enterprises were informal. At the other extreme, real estate services and services rendered to enterprises were more integrated into the formal sector, with just 4.3 per cent informal. Such overwhelmingly high levels of informality in public sectors that typically cannot avoid inspection and scrutiny (such as construction) raise guestions about the permissiveness, pragmatism or venality of the authorities concerned.

According to one analysis in 2005, Brazil's informality is approximately equal to the average in Latin America and the Caribbean as a whole (estimated at 42 per cent of GDP). Bolivia and Peru lead the region in informality, with approximately 68 per cent and 60 per cent of GDP, respectively, from informal enterprises. At the opposite end of the scale is Chile, with just 20 per cent of its GDP from informal sources. The pervasiveness of informality in São Paulo has led some analysts to conclude that it has nothing to do with the desperation of the poor and everything to do with tax evasion and cutting labour, and labour-related costs.

A study published in June 2004 by McKinsey & Company, an international consulting firm with offices in São Paulo, inspired an article titled 'Tax Evasion a Way of Life in Brazil'. 126 The article claimed that 'stringent labour laws, high interest rates and heavy taxes have led to rampant smuggling and tax evasion, some of it tied to international organized crime' in a commercial environment described as 'predatory', like a 'jungle'. The McKinsey analysis claimed that the informal economy has grown so large that it has become one of the chief barriers to development and the economy is caught in a 'catch-22'.

According to the article, the cycle of informality follows a clear pattern: as high taxes affect business but few tax evaders are punished, a social acceptance of tax evasion emerges. Then, as the informal sector manages to sell

its products cheaper, the formal economy sells less volume and its profits fall. This stifles new investments and new hiring in the formal economy, and with fewer formal jobs available, consumer spending (and saving) drops, causing law-abiding companies to commit tax fraud in order to survive. With the weakening of the formal economy, government tax receipts fall, so it raises taxes to pay for essential services and debts, not least services to the poor whose needs for various cash transfer programmes will have only risen. Boom and bust cycles become common and inevitable, the analysis suggests.

The McKinsey economic analysis further blames the informal economy for Brazil's steady but modest growth rate of 2.4 per cent per year, compared with about 7 per cent and 10 per cent in India and China, respectively, pointing out that the proportional sizes of the informal sectors of India and China are tiny compared with Brazil's. Others concur that Brazilian companies find themselves between two walls that are constantly pushing on them: 'On one side is a public sector that taxes too heavily and spends badly. On the other hand is a large black economy that they find it hard to compete with'.127 In a World Bank survey ranking countries according to how easy it is to pay taxes, Brazil ranked 150 out of 183. The international competitiveness survey conducted by the Federation of São Paulo Industries (Fiesp) further places Brazil 37th out of 43 countries surveyed. Despite its pervasive informality, the economy is surging forward with globally competitive companies and superlative export levels of oranges, coffee, sugar, chicken and beef, but many analysts suggest Brazil could be doing much better if it reformed internal business procedures.

Despite the fact that much of the informality in São Paulo may be linked to businesses evading taxes, there is clear evidence that this does not imply that the informal workers have acceptable returns or earnings. It has been widely proven that informal workers have a meagre income and a very limited access to their social rights and legal protection. One study noted with the growing 'productive re-

structuring' (in the process of de-industrialisation) of São Paulo, many workers were being integrated into the modern service economy as part of the informal sector, without registration or signed contracts.¹²⁸

Critically, the informal sector in São Paulo also offers important opportunities and has important social functions. Not only does the presence of a large informal sector act as a depressurizing mechanism that diverts social unrest resulting from extreme economic desperation, but it also acts as a dynamic aspect of the overall economy. Most importantly, the informal sectors of the São Paulo economy generate income and opportunity for millions of people. Those involved in the informal sector are predominately from the lower income strata residing (as do the informal businesses themselves) in the informal, irregular and il-

...informal workers have a meagre income and a very limited access to their social rights and legal protection.

legal settlements in and around São Paulo. However, the poor by no means have a monopoly on informality, as middle and upper echelons of São Paulo's workforce may dip in and out of informal work or outsource work to the informal sector. A significant proportion of workers in the formal sector may also reside in peripheral areas or favelas. Many do not have formal working agreements or employment contracts. Informality extends to significant numbers of São Paulo's workers who lack full labour rights, finding employment on casual, informal or flexible terms within formal enterprises. It is clear that important linkages exist between the formal and informal sectors, with different benefits extending to those in the formal and informal sectors and the economy of São Paulo in general. These benefits may not be equally distributed through society, however, and they carry obvious risks.

















A growing and affluent middle class thrives in Brazil's socioeconomic powerhouse, an up-and-coming 'global city'.

Images: Roberto Rocco - r.c.rocco@tudelft.nl and Marcelo Min / Fotogarrafa Agency

















But behind the same streets where the middle and upper class elites thrive, another perspective reveals the prevalence of disused and illegally occupied buildings and cortiços. Housing issues remain at the centre of the right to the city debate in Brazil.

Images: Marcelo Min / Fotogarrafa Agency, Andersson Barbosa, Christopher Horwood

Transport inequalities

São Paulo has been accused of pursuing an elitist transportation agenda that favours the monied classes. Extremes in the city's modes of transportation are easy to identify, with typical commute patterns that might look like this on any given day: While poor workers wait for early morning buses to take them into the city, executives pull out of their gated communities or guarded compounds in armoured four-wheel-drives and others jump into private helicopters. Those fortunate enough to live close to one of the 55 stations of São Paulo's Metro system use that increasingly popular network, and millions of others use cars. Many simply walk.

Overcoming the rampant inequalities in transportation and developing a functional transport system that meets the needs of São Paulo's diverse population remains a challenge, considering the vast size of the MRSP. The MRSP incorporates 39 municipalities and is home to more than 20 million people. The MSP is the region's largest municipality, but the central zone and the area covered by the Metro and overland rail networks is tiny compared with the vast sprawl of irregular and

...the combined public transport system is less than half of the size of rail and subway networks in Berlin, New York and London, all of which serve smaller metropolitan regions than São Paulo.

semi-regulated poor housing that characterises the peri-urban majority of the MRSP. It seems self-evident that those outside of the exclusive centre, with its well-maintained two-lane highways, slick Metro and regular buses, are marginalized by state transport strategies. The urban poor in São Paulo find transport services both insufficient and exclusionary, reinforcing their sense of social segregation.

The municipality measures about 50 kilometres from east to west and 70 kilometres from north to south. While the existing systems of roads and trains do connect with most parts of the municipality and metropolitan region, the

main problem is the time it takes to get anywhere in the periphery. The city has approximately 10,000 buses — the largest urban bus fleet in the world — and many of them connect eventually with Metro stations, but 'the public bus system is poorly maintained, slow, crowded and a major source of air pollution'. 129 In an effort to address the pollution problem, the city has put 1,900 buses on the streets that are fuelled with a bio-fuel and diesel mix. Still, a huge number of personal vehicles clog the city's roads, frustrating drivers and bus passengers alike. The Metro is 'well-planned and well-maintained', but it remains underused, accounting for only about 5 per cent of total person trips in the metropolitan region. The east-west line reaches 65,000 passengers per hour in one direction at peak periods, one of the highest figures in the world. 130

When Line 4 of São Paulo's Metro is complete in 2010, the Metro will have five lines, adding its central coverage to that of the 270-kilometre suburban train network that serves 22 of the 39 municipalities that make up the MRSP. On average, the Metro serves 3.3 million passengers per week day, while the suburban trains serve 2 million. There are significant projects in the pipeline to expand the Metro lines in São Paulo, co-funded by the World Bank, but new developments inevitably concentrate on the central zone and will be out of reach of the vast majority of the poor, who live in distant peripheral regions. The World Bank asserts otherwise, providing detailed analyses of how new Metro developments will benefit the urban poor. 131 Currently, the city centre and those locations where the wealthy live and work are often closer to the Metro lines than poorer communities, but initiatives are underway to integrate the Metro and suburban trains, improving the quality of the existing trains. Better integration between Metro lines and bus networks is also planned. with the "bilhete único" (single ticket) policy having the potential to greatly benefit poor people in the periphery.

Overall, however, the combined public transport system is less than half of the size of rail and subway networks in Berlin, New York and London, all of which serve smaller metropolitan regions than São Paulo. Generally, the

Brazilian transport system highly favours the private motorcar over other modes in policy and infrastructure investment, although there are indications that this may change in coming years. Of the urban experts surveyed in São Paulo for the 2009 UN-HABITAT Policy Analysis on the Inclusive City, approximately half felt that public transport in the city was unreliable and relatively expensive.

To get around São Paulo, 30.2 per cent of urban travellers use private cars, 32.9 per cent walk, and 37 per cent use public transport, out of choice or necessity 132 (many combine these modes). Given that the poor make up 20 to 30 per cent of the population, these figures conceal the inequalities inherent in different modes; for instance, public transport (particularly buses) is mainly used by low-income passengers. In Rio de Janeiro, 37 per cent of urban travellers use private vehicles and only 24 per cent use public transport. These figures are the result of a number of factors, including availability and affordability of public transport. In Bogotá, where planners have prioritised efficient, pro-poor public transport, almost 60 per cent of travellers use buses. 133

In the centre of São Paulo, public transport was historically provided by trams or trolley cars; since 1930, buses have been the main mode of public transport, often privately managed. The Metro is becoming increasingly popular with the advent of a single-fee system. In 2002, 72 per cent of all journeys taken in São Paulo were by bus, indicating their utility for those who live and work far from the trains and lack alternatives to the bus system. Special buses have dedicated corridors, but they are slower and less segregated from the general traffic that those in Bogatá's highspeed TransMilenio system. They also only use 112 kilometres of the 4.300 kilometres of roads covered by the entire bus network.

Analysts argue that since the 1950s, transport policies throughout Brazil and in the MRSP have neglected pedestrians and cyclists in favour of private cars. According to one expert, 'The result is a chaotic and inefficient system with long commuting times, especially for the poor.' He argues that a 'fundamental shift towards more equitable and sustainable trans-

port modes' is needed where cars, cyclists, pedestrians, buses, motorcyclists and street vendors have a regulated use of the limited space. A redistribution of priorities and reallocation of street space will 'specifically improve the lives of the poor'. 134 Trends indicate that since 2007, the domination of the private car has been diminishing with the advent of the bilhete unico and new bus ways, integration of bus, train and underground systems, investment in new underground lines and increased quality of suburban train lines.

For the poorest residents of São Paulo, transport costs are high in relation to their low household incomes. The central Brazilian Geographic and statistics Institute, IBGE, calculates that the poorest 20 per cent of the MRSP's population spends approximately 8 per cent of its incomes on transport, in contrast with the 4 per cent average reported for the entire population. ¹³⁵ Other studies conducted in São Paulo show

...37 per cent of urban travellers use private vehicles and only 24 per cent use public transport.

that families with only up to three minimum salaries find the cost of transport and the scarcity of available public transport (especially on weekends) the biggest inhibitors to mobility for work and recreational activities.¹³⁶

Studies increasingly indicate that one of the most important contributions to the lives of the urban poor is the elaboration of a low-cost, regular and far-reaching public transport system that minimizes the proportion of each day needed for travel and maximizes equity in terms of offering all citizens access to the whole city. Not only is mobility a pro-poor aspect of distributive justice, but a more mobile city is also more likely to experience economic growth, thereby assisting poverty reduction at two levels: by reducing household daily costs on transport and by promoting greater economic activity (market stimulation, timely trading, lower transaction costs, increased consumerism, and the like) which in turn benefits the urban poor. Although transport policy is not mentioned among the Millennium Development Goals,

those who advocate prioritizing public transport argue that the achievement of many of the goals depends on equitable and pro-poor transport strategies and that as a sector, public transport has been neglected.

Inability to access jobs and services is an important element of the social exclusion that defines urban poverty and inequality. Mobility and accessibility are essential aspects of social capital in a city, allowing people to develop personal and professional networks in their own neighbourhoods and beyond. Equitable urban transport options are therefore critical not only for facilitating regular employment and access to job opportunities for the urban poor, but also for building an inclusive city.

The urban poor typically have to make hard choices as they weigh the benefits and costs of residential location, travel distance to work and services, travel mode and travel expenses. Many millions of people in cities around the world spend hours each day, and considerable proportions of their low incomes, to get to and from work. São Paulo is no different, with *favela*dos typically spending three to four hours every day getting to and from work. The average daily travel time for the poorest quintile is four hours and 25 minutes.¹³⁷ High-profile *favelas* in the city centre, and in particular Paraisópolis, are the envy of

The urban poor typically live in peripheral areas that are poorly serviced by infrastructure...

other poor urban residents, as more than 60 per cent of the formal or informal workers in that *favela* work minutes away in the adjacent wealthy area of Morumbi. In fact, the overriding reason those living in the *cortiços* in the city centre do not want to relocate, despite their dire housing conditions, is that they fear losing the advantage of proximity to work and amenities and the sense of being a part of the city despite their income poverty¹³⁸.

Transport to doctors, hospitals, schools or police is an additional problem for most urban poor. When considered from a social segrega-

tion or exclusion perspective, it is easy to see how the urban poor infer that the benefits of the city were not designed to include them. The supermarkets, pharmacies, banks, post offices, libraries, swimming pools, government offices, citizens' advice bureaus and public parks are rarely near their neighbourhoods. This is hardly surprising, as their neighbourhoods are often in marginal, precarious and peripheral areas that were never part of the urban plan. The urban poor typically live in peripheral areas that are poorly serviced by infrastructure; their work days start long before dawn and they return home well after dusk. Where costs are too high and infrastructure too weak, veritable armies of workers can be seen walking into cities on most days, swelling the daytime population of urban centres by millions. In other cities, particularly in Asia, large groups of urban workers sleep rough on the sidewalks to avoid the expensive and timeconsuming trudge to their distant homes. This practice is also common in Rio de Janeiro.

In São Paulo, a combination of democratic civil activism, pragmatic urban policy and popular politics has led to an acceptance of favelados' and *cortiços*-dwellers' rights to the city. Despite the fact that the origins of their settlements may have been unplanned, irregular and illegal, their legal and structural regularization has in many cases been defended. These policy changes are described in more detail in Chapter 5. The critical result of pro-poor policy adjustments has been the inclusion of the poorest, most marginalized areas in recent city planning of infrastructure and services. Slum upgrading with the provision of water, sanitation and road networks has been followed by private enterprises seizing the opportunities offered by the regularisation, opening shops and offering services. As the government arrives with 'second generation' facilities such as schools, community centres, health centres, all-weather community football pitches, post offices and local government offices, private companies open supermarkets, legal and medical practices or develop phone and electricity coverage. Meanwhile, private and public transport services thrive. The process is by no means complete and numerous favelas and cortiços remain highly deprived, but visiting certain upgraded favelas in São Paulo is a clear object lesson in how previously isolated and neglected areas of poor housing can, at least in São Paulo, be transformed in just a decade. (See Special Feature 9 for information on slum upgrading in Guarapiranga.)

While critics of the city planning, slum upgrading and inclusive efforts characterise the city as remaining highly divided, the 2006 SEADE/ UN-HABITAT data offers interesting new insights. The findings suggest that the urban divide, in terms of access to services and facilities by those in the MSP who live in favelas and corticos and those who do not, is narrower than one may expect. In some cases, more people living in favelas and cortiços had higher access to certain services and facilities than others in the city, as Table 4.7 illustrates. One of the research findings is that while transport limitations in São Paulo impact the equality of access to many services and facilities, in the area of employment, it is the poor who live in the periphery who are most dependent on and disadvantaged by the available transport networks, since an estimated 60 per cent of employment in MSP is in the central zone.

São Paulo is much criticized by its own citizens for the apparent tyranny and ubiquitous presence of the private motor car and the resultant

congestion and poor air quality. The MRSP is home to over 6.2 million private vehicles, while the MSP has 4.2 million private cars. This may not seem surprising in the home town of Latin American auto manufacturing, but the distribution of vehicle ownership is not even.

UN-HABITAT data shows that in 2006, only 15.6 per cent of those families living in *cortiços* or *favelas* owned a car, while just one per cent owned two.¹³⁹ Of those living outside the *cortiços* and *favelas*, 45 per cent owned private vehicles; 2 per cent of these had three vehicles in their family, while 6.5 per cent had two. In one interview conducted for the preparation of this book, a middle-class man described how he needed six cars at one time to service the transport needs of his family (see interview with Carlos Augusto Hirsch, engineer and resident of Morumbi in The curse of unplanned growth: Traffic and transport)

The same 2006 data showed that motorcycles, despite their advantages over cars — being more affordable, more nimble in traffic and easier to park — were not a common alternative in São Paulo. Only 3.5 per cent of families in the *favelas* and *cortiços* owned one, while 7.4 per cent of non-*cortiços* and *favelas* households had one or more motorcycle.

Table 4.7: Comparing proximity to selected services and facilities between cortiços and favelas and noncortiços and favelas locations in São Paulo (as reported by families involved in the survey)

Service or facility within the neighbourhood (and within reasonably close walking distance)	Of those interviewed living in favelas or cortiço (weighted) %	Of those interviewed living outside favelas or cortiços (weighted) %
Crèche / nursery	85.2	76.6
Primary school	91.9	94.3
Secondary school	86.9	89.4
Hospital / emergency services	47.3	65.4
Health post / clinic	85.3	83.8
Police station / office	51.7	64.5
Post Office	44.4	61.9
Bank	39.3	59.4
Hypermarket / supermarket	79.9	84.3
General shops of all kinds	95.1	95.3
Sports Clubs, cinemas, theatres, cultural centres	28.1	39.4
Public parks and gardens	50	60.5
Public telephone	95.6	98.1

Source: Based on survey results from MSP 2006 SEADE/UN-HABITAT PVC survey.

*This analysis does not comment on the possible difference in quality of facilities in different areas of the city. In the case of schools and medical facilities quality differences may be significant in terms of outcomes and implications for

reinforced urban inequalities.

However, the use of the motorcycle as an alternative to the car and to the bus is growing fast. From 2002 to 2008, the number of motorcycles and mopeds increased from around 300,000 to almost 700,000 in São Paulo.

For the urban poor in São Paulo, the ownership of a car is often an important status symbol and aspiration, but the possession of a private vehicle may not be desirable when problems of parking, security, congestion and environmental impact are considered. According to the Urban Age survey in 2008, more than 81 per cent of respondents in São Paulo said they would purchase a car if they could afford to. The massive increase in car ownership in recent years is evidence of these aspirational views of the private car as well as the reduction of taxes on car purchases by the federal government, but may also be evidence of disenchantment with the limits of the public transport system. In 2008, a comparative city survey was conducted in São Paulo by the London School of Economics and Political Studies, Urban Age initiative. They found 33 per cent of those in-

...33 per cent of those interviewed in São Paulo believed the transport issues were among their most important concerns...

terviewed in São Paulo believed the transport issues were among their most important concerns, and 26 per cent said improved public transport would improve quality of life in São Paulo. However, a further 36 per cent claimed to be satisfied with the public transport system and the Metro system.

On the other hand, the 'Pesquisa Origem Destino' of the São Paulo Metro shows that the trend towards private transportation that increased over the last several decades is reversing, and between 1997 and 2007, public transportation has increased in absolute and relative terms. The state and municipality of São Paulo are investing heavily in the expansion of the underground Metro system, or the conversion of existing train lines into underground-like systems. If connection to the existing regional rail network succeeds, it may spur a structural

change throughout the transport system, increasing the access of the poor to the city at large and diminishing their social exclusion.

Race and Ethnicity

Owing in part to the massive influx of foreign workers in the 19th and 20th centuries, São Paulo has a diverse racial and ethnic mix, which some studies suggest comprises over 70 different nationalities. Most of the early migrants were 'white' and assimilated well with the existing white elite (who originated primarily from Portugal and other areas of the Iberian Peninsula). For example, São Paulo is home to the largest Asian population in Brazil, and the largest Japanese community outside of Japan itself. There are many people of Levantine descent — mostly Syrian and Lebanese. The majority of Brazilian Jews live in the state of São Paulo, and people of Italian descent predominate in many of its towns, including the capital city and the northeast part of the state, which is 65 per cent Italian. Other Brazilians from the north and northeast continue to migrate to São Paulo, but other Latin Americans, notably Bolivians, are also attracted to the region.

Before the great immigration thrust in the 19th century Brazil and São Paulo were characterised by three main groups of people: the indigenous inhabitants, 141 the Portuguese and their descendents, Africans and their descendents, and people of varying degrees of 'racial' mix (mulattoes and caboclos). Afrodescendent-Brazilians today are descendents of the estimated 4 million slaves brought into Brazil from the 1500s and liberated in the late 1800s. Much has been written of the abuse, exploitation and prejudice practiced through the centuries, but the resulting socioeconomic divisions of today are the three categories of white, brown and black - often reduced to white and nonwhite (meaning Afrodescendent-Brazilian or other mixed ethnicity).

In 2008, there were almost 42 million people residing in the state of São Paulo, living in 645 municipalities, of which MSP is the largest and most populous. The last national census in the year 2000 revealed a diverse demographic mix throughout the state: 28



million white (branco) people (67.2 per cent); approximately 11 million brown (pardo) people (25.4 per cent); 2.5 million black (preto) people (6.2 per cent); and 500,000 Asian or Amerindian people (1.3 per cent). For comparison, the IBGE census of 2000 showed that for the whole of Brazil the levels were White as 53.7 per cent, Mixed race as 38.5 per cent, black at 6.2 percent, asian as 0.5 percent and Amerindian as 0.7 percent with a 0.7 per centre remaining 'unspecified'. 142

Most of the non-whites are migrants from northeast Brazil. Interestingly, in 2008, the national statistics office recorded an Afrodescendent-Brazilian majority for the first time since the abolition of slavery in 1888, with a national division of 49.7 per cent black and 49.5 per cent white. São Paulo, therefore, is not representative of Brazil's demographics and is a predominantly white state. In the SEADE/UN-HABITAT survey, the representative and weighted sample echoed the metropolitan proportions of white (64.2 per cent), brown (26.4 per cent) and black (8.4 per cent).

Afrodescendent-Brazilians were the first people to create what became known as the *favela* in Brazil. In the late 19th century, the first settlements were called bairros Africanos (African neighbourhoods), home to former slaves without land, and with only meagre work opportunities. Over the years, many freed black slaves moved in. They were poor people economically forced to live a long distance from the city centre. Although today's *favelas* are racially mixed, descendent-

Brazilians make up the largest proportion of the *favela* population in large southern cities like São Paulo and Rio (no data was available on the specific ethnic breakdown of *favelas* and *cortiços*). The Brazilian social context is changing: colour is now 'self-declaratory' in the census, and after centuries of trying to

São Paulo... is not representative of Brazil's demographics and is a predominantly white state.

promote their own white credentials or associations, increasing numbers of people are identifying themselves as Afrodescendent-Brazilian, though they continue to occupy the bottom of the social hierarchy.

Despite comprehensive legal frameworks aimed at addressing all forms of racial discrimination, the reality of life in cities like São Paulo reveals a racial hierarchy resulting in different socioeconomic outcomes for different racial groups. Much social science research and literature has documented pervasive racial discrimination in Brazil, suggesting little doubt that race and ethnicity can handicap social advancement. Afrodescendent-Brazilian men, women and children, find themselves on the lowest rungs of social hierarchy in Brazilian society, despite Brazil's claims to racial democracy and strong anti-discriminatory legislation. Brazilians enjoy their reputation as a 'melting pot', an 'exotic hybrid' people, and a 'racially integrated society', and surveys have shown that few Brazilians consider themselves racist.

According to those who use it, public transport in São Paulo leaves a lot to be desired with the 'transport burden' falling far harder on the poor than the wealthy.

Image: Marcelo Min Fotogarrafa Agency Some say Brazilians are not colour blind, but open discussion of racism remains taboo.

The following quotation typifies commentaries on the impact of race and ethnicity in Brazil: 'There is a very strong correlation between light colour and higher income, education and social status. Few blacks reach positions of wealth, prestige and power, except in the arts and sports. Although discrimination is usually not explicit, it appears in subtle forms: unwritten rules, unspoken attitudes, references to "good appearance" rather than colour, or simply placing higher value on individuals who are white or nearly white.'143 Whereas a 'myth of racial harmony freely circulates in Brazilian society' with the apparent ease of social relations between different groups and the public integration of all groups, the reality of structural racial inequality frequently surfaces, creating tensions between those who face it head-on and those who ignore it.144 Some cite the extremely poor representation of Afrodescendent-Brazilians in the Catholic hierarchy in Brazil as evidence of more prejudice, while others argue that the judicial system itself is affected by racial bias, failing to give effective distribution of social

Some say Brazilians are not colour blind... but open discussion of racism remains taboo.

justice to non-whites. ¹⁴⁵ Other studies have also shown the disproportionate number of Afrodescendent-Brazilians killed in police actions in São Paulo (three times more than any other group), and in prison (four times more than any other group). ¹⁴⁶ Different analysts have suggested that the police throughout Brazil have reflected society's prejudices, practicing barely disguised racism.

The Inter-American Development Bank analysis of racism in Brazil found that white workers are less likely to have informal salaried jobs or work in agriculture and construction, and are more likely to be unionized and live in the southeast and south than non-whites. Most importantly, they have a considerable advantage in terms of their human and social capital.

'Brancos' have completed an average of 7.5 years of education, compared with 5.6 years for 'pardos' and 5.2 for 'pretos'. While enrolment in primary education is almost universal, secondary-school enrolment remains a challenge, especially among the poor non-white population; 'As a result, white workers are three to four times more likely to attain higher education than non-white' workers.¹⁴⁷

The racial inequalities evident in the rest of Brazil are also present in São Paulo. Racial inequality has been established in the Brazilian labour market in terms of wages, employment options and experiences and labour segregation. Racial inequality has been established in school enrolment, quality of education, and educational outcomes. Racial inequalities are clearly seen in terms of geographic concentrations of different racial groups, and it is not surprising to find the majority of 'pretos' and many 'pardos' in urban centres among the poorest quintiles of society, disproportionately inhabiting favelas and cortiços. Racial inequalities also lead to unequal access to medical services and to higher rates of child morbidity and mortality, along with other negative health outcomes.

Studies have shown that while gender discrimination continues to exist in Brazil, it is race that acts as a greater inhibitor to Afrodescendent-Brazilian female workers earning equitable salaries. Studies by IPEA in six metropolitan regions in 1999 showed that the combination of being both black and female resulted in the most unequal wage outcomes. 148 This is double discrimination. In São Paulo in 1998, a black woman could expect to earn approximately 60 per cent of the wage of a black male for the same work, and just 30 per cent of the wage of a white male for the same work. White males in São Paulo routinely earned double the wage of their black counterparts. A study in 2002 by the Inter-American Development Bank reinforced these findings¹⁴⁹:

> There is evidence of potential greater pay discrimination at the higher salary jobs at any given skill level. We also find that returns to education vary significantly across workers. The gradient of skin color, in itself, appears as a significant de-

terminant of labor market performance, particularly in granting higher returns to human capital investments. While the labor market rewards the educational investments of pardos similar to those of white workers located at the top of the adjusted wage scale, pardos at the bottom are rewarded similar to pretos. Thus the common belief in Brazil that a better position in the socio-economic scale grants a fairer treatment in the labor market ("money whitens") may hold true only for pardos. The results suggest that while equalizing access to quality education, including improved early learning environments, is key to reduce inter-racial earnings inequality in Brazil, specific policies are also needed to facilitate non-whites equal access to good quality jobs. 150

The 1999 IPEA study showed that in all regions, including São Paulo, Afrodescendent-Brazilians suffered proportionally higher unemployment. In 1998 (during high unemployment years), there was a 41 per cent difference between black and white levels of unemployment, with whites unemployed at 16 per cent and blacks unemployed at almost 23 per cent. These differences were far higher in São Paulo than in many other regions. Of the country's six metropolitan regions, only Salvador (at 45 per cent) had greater racial differences in unemployment figures.¹⁵¹ The data in later studies indicates these differentials have hardly changed in the last decade, despite the Brazilian government's promotion of racial equality and claims that colour or race inequalities in school attendance have been reduced in primary and secondary school enrolment. At the secondary level, non-white enrolment remains low, at only 36 per cent. 152 There is evidence, too, that the quality of education is also lower for non-whites. Social exclusion is reinforced by prejudice and stigmatization. Non-whites are characterized in the Brazilian media and in urban consciousness amongst the middle classes and civic authorities (as well as security services) as potentially disruptive elements in society; consequently, they receive disproportionately high attention from police.

Finally, the UN-HABITAT Policy Analysis of 10 Latin American cities found that of the city experts surveyed in São Paulo, only 10 per cent felt that people were not discriminated against specifically on the basis of ethnic criteria. The other 90 per cent ranged from feeling that ethnic groups were fairly excluded (60 per cent) to very excluded 9 (per cent), particularly in relation to cultural expression or opportunities for cultural integration.

Gender Disparities

Inequality of and discrimination against women continue to flourish in contemporary Brazil and São Paulo, despite positive legal instruments and progressive advances in recent years. According to the UN's composite Gender-related Development Index, Brazil is ranked the 60th nation in the world for gender equity on key indicators of development. Along with calls for racial harmony, gender equity became an important rallying cry in opposition politics as Brazilian social activists

For many women, the Constitution of 1988 offered opportunity and reward enshrined in constitutional rights,

combined the fight for democracy and social justice when the country moved from dictatorship to democracy in the 1980s. Women were an important part of the widespread, often confrontational and street-level movement that combined rural and urban workers, the landless, the homeless and church and labour groups to initiate an unprecedented public dialogue on the role of gender in contemporary Brazil. For many women, the Constitution of 1988 offered opportunity and reward enshrined in constitutional rights, transforming their activist aspirations into legislated rights.

Despite this, and perhaps not surprisingly, gender disparities and inequalities continue to exist as modern Brazil emerges from a culturally conservative, patriarchal and religiously conservative Catholic past. Many studies use the earnings differential — the wage gap — to illustrate inherent gender inequalities.

A study by the Inter-American Development Bank in 2009 looked at gender and ethnic wage gaps in 18 countries in Latin America and found that men earn 9 to 27 per cent more than women, with high cross-country heterogeneity. 153 The unexplained pay gap is higher among older, informal and self-employed workers and those in small firms. An observation described in the previous section was echoed in this study: that ethnic wage differences are greater than gender differences, and educational attainment differentials play an important role in explaining the gap. In Brazil and São Paulo, being black and female resulted in the greatest wage gaps and the lowest overall pay, accounting for high degrees of inequity.

Generally, since the mid-1980s, the Latin American region has seen a stable increase in female workforce participation, and women presently account for approximately 52 per cent of the region's labour force. Of women in the workforce, approximately 76 per cent are employed in the service sectors, 14 per cent work in manufacturing industry, 10 per cent are employed in agriculture, and 10 per cent are unemployed. According to the

Afrodescendent-Brazilians and women have made remarkable progress over the past four decades in securing hard-won legal rights...

International labour Organisation, a disproportionately high number of Latin American women work in the service sector, often doing menial, low-paid domestic jobs, when compared with other regions of the world.

The Inter-American Development Bank report suggests that women's insertion into the labour market has been the result of the region's economic growth, increased trade liberalization, rapid urbanization and significant changes in fertility patterns. Relative wage increases over at least two decades have accompanied women's labour participation, enabling them to contribute around one-third of their households' income. However, the report found that

women predominantly occupied low-paying jobs, and that gender wage gaps remain significant (an average of 20 per cent difference), especially when one levels the playing field by assuming women have the same educational attainments as the higher-paid men in the same jobs. This means men are currently paid more than women, yet they have lower educational attainment levels.

Women in São Paulo have enjoyed progressive anti-discrimination and supportive regulations for many years. Maternity laws, gender quotas, access to employer-provided or affordable childcare, and programmes to prevent domestic violence have been found to be positively correlated with increases in both female labour force participation and earnings. A study published in 2006 relied on Brazilian census data from 1960 to 2000 to analyze long-term trends in racial and gender wage disparities in the urban labour market of São Paulo and found that 'Afrodescendent-Brazilians and women have made remarkable progress over the past four decades in securing hard-won legal rights and in gaining access to the highest levels of schooling, entrance into higher paying occupations, and narrowing the intraethnic gender wage gap'.154 Despite this, the study found significant wage discrimination on the basis of sex and ethnicity and that these different outcomes in terms of earnings were increasing.

Another, slightly older study assessed the extent of gender inequalities in health status and health services utilization among adolescents and adults in São Paulo. The findings, published in May 2007 (but using 1998 health services data) showed different levels of disparities and inequality. The impact of structural determinants, such as education and income, was considerably smaller than that of the social construct of gender, although the former were found to be more important predictors.

In São Paulo, as elsewhere, women are victims of violence and sexual abuse. Despite the high levels of crime and violence in São Paulo and other Brazilian cities, the level of violence experienced by women is disproportionately higher than that experienced by men. Women are also typically victims of violence perpetrated by



male intimate partners, male relatives or others they know, whereas men are more often victims of strangers. The largest and most detailed study carried out in healthcare services in 2003 interviewed over three thousand women aged 15 to 49 years in 19 healthcare services that formed gateways to the public healthcare system in the greater São Paulo region. 156 The results were as sobering as they were staggering: the study found that 55 per cent of the women had suffered physical or sexual violence by some aggressor at some point in their lives. Among the women interviewed who had ever had a partner during their lives (virtually all), 52.8 per cent reported having suffered psychological violence, 40.4 per cent physical violence and 21 per cent sexual violence. Overall, 61.1 per cent of this sample of women reported suffering one form of violence or another. With regard to violence committed by aggressors other than a partner or former partner, 44.8 per cent of the women reported psychological violence, 20.5 per cent physical violence and 9.4 per cent sexual violence. These were lower rates than for violence committed by partners, but very high all the same. Among the other aggressors, the great majority were family members. Partners and family members together were responsible, as the aggressors in domestic violence, for more than 70 per cent

This brief analysis of gender inequalities in São Paulo has touched briefly on violence, health and employment inequalities in a legal context of substantial equality and parity before the law. Clearly, gender is a cross-cutting issue where, like race, inequalities and dis-

of the cases of physical or sexual aggression.

parities are deeply embedded in social structures, affecting women at multiple layers in their lives. The subject is sizable and deserves deeper analysis, which is beyond the scope of this publication.

Security, Crime and Violence

Brazil is one of the most violent countries in the world. In the decade between 1993 and 2003, according to United Nations figures, the average annual number of peacetime deaths by firearm was 32,555, surpassing the number of deaths in wars such as Chechnya, Nicaragua, El Salvador or Guatemala over the same 10-year period.¹⁵⁷ São Paulo accounted for a quarter of these deaths, which took place

...the violence of Brazilian cities has focused international attention towards the problem of organized crime...

during years when violent crime began to define the city and its citizens. Security, crime and violence are critical lenses through which to view and understand aspects of social exclusion, social segregation and the urban divide.

The social phenomenon of violent crime in rapidly urbanizing areas around the world has been well-documented and is an increasingly unavoidable reality for urban residents. In particular, the violence of Brazilian cities has focused international attention towards the problem of organized crime and the violence of the

The Metro in São Paulo is currently extending its services benefit millions of residents with swift, low-cost transport services.

Image: Marcelo Min Fotogarrafa Agency



services have been criticized for using levels of force disproportionate to their mission, whether confronting evicted families or members of drug gangs in favelas.

Image: Andersson Barbosa favelas. This section discusses the dimensions of human security, crime and violence that affect those living in São Paulo, and how these dimensions may be driven by social exclusion and social segregation, as much as they cause further fragmentation and division among social groups in the metropolitan region.

Rapid economic transformations in a roller-coaster economy, equally rapid democratization and high levels of socioeconomic inequalities have combined with unprecedented urbanization rates to produce Brazilian cities, and metropolitan regions, characterized by high-density poverty and massive crime. Extensive studies on urban crime have identified social stratification, including unequal access to resources, as a strong correlate of violent crime. Population size and density are also correlated to violent crime, and race is a

Studies illustrate that rates of violent crime are directly correlated to specific geographic areas...

predictor of homicide, both independent of and dependent on social stratification. Studies of violent crime in the United States show that individuals from disadvantaged minority groups are overrepresented both as offenders and victims, and some research indicates that both economic and socioeconomic inequality between races increase the rate of violent crime. This is also apparent in Brazil and São Paulo, where the epicentres of violence and

certain crimes are in the most disadvantaged neighbourhoods inhabited primarily by low-income Afrodescendent-Brazilians acutely aware of their own social exclusion. Studies illustrate that rates of violent crime are directly correlated to specific geographic areas of the semi-urban periphery in São Paulo, especially the *favelas*, and particularly where the low police officer-to-resident ratio makes crime prevention and quick response difficult, if not impossible.

For some, the high levels of gang-related, drug-based killings in São Paulo are inextricably linked to marginality and inequality. Those who inhabit the invisible, informal world of violent crime find their main opportunity for income, respect, protection and advancement in gangs and other shadowy enterprises. One São Paulo emergency surgeon and author of a hard-hitting study of the city's violence argues that São Paulo and Rio are in a state of civil war between criminal gangs in the favelas and state security forces. 'It is not a coincidence that the victims of violence are the same victims as always in Brazil: the poor, black and segregated. And mostly under the age of 25', he writes. He describes the favelas as 'concentration camps' where frustrated youth live effectively under siege, 'encircled militarily'.158

A decade of declines

After reaching epidemic levels of killings in the late 1990s, São Paulo has managed to dramatically reduce the number of homicides in the city over the last 10 years. São Paulo's homicide levels in 1999 were generally high (but similar to other Brazilian cities), but by 2008, they had dropped by 70 per cent (unlike other Brazilian cities that have maintained high levels). Between 1999 and 2008, the homicide rate dropped from an average of 37.5 killings per 100,000 residents to 10.7 per 100,000. There was an additional 54 per cent reduction in attempted homicides in São Paulo over the same period. Similarly, the number of robberies that ended in a death (of victims or perpetrators) declined by 65.7 per cent. Reported cases of rapes also declined by 28.7 per cent between 1999 and 2007, but rose by 4.1 per cent between 2007 and 2008.

The number of reported theft cases (not including bank robbery and vehicle theft) between 1999 and 2008 declined by 13.5 per cent, while the drop in the number of kidnappings (with extortion) was a striking 83.1 per cent between 2002 and 2008. Between 2007 and 2008 alone, the number of kidnappings fell 39.1 per cent. Vehicle theft in the city has also declined by more than 60 per cent since 2000. Even so, petty and organized criminality, as well as corruption and abuse of authority by state officers, remain a stark reality in São Paulo today.

Between 1999 and 2008, drug seizures by the police in São Paulo increased 106 per cent, with a two-year increase of 34 per cent between 2006 and 2008 alone.159 Meanwhile, São Paulo's prisons have been filling, with a dramatic rise in inmates from almost 19,000 in early 1996 to almost 31,000 in early 2001. Since then, approximately 23,000 people have been imprisoned in any given month. 160 The turning point in São Paulo's homicide levels coincided with the peak of these imprisonments, though various analysts connect the decreases in crime, inequalities and poverty levels with the city's simultaneous improvements in transportation policies and slum upgrading and regularisation efforts.

A culture of fear persists, despite declining crime figures

Despite declining rates of violent crime in São Paulo, its citizens remain acutely aware of the city's insecurity. The fear developed in the worst years of epidemic crime appears to have changed the city irrevocably, most vividly in the heavy fortification of wealthy communities, which are statistically the safest.

Violence in São Paulo continues to feature in the international media as a result of two different types of events: armed attacks on state institutions by organized criminal groups, often accompanied by shootouts in *favelas* when police or military forces pursue organized criminals; and violent confrontations between evicted *favela*dos and state security services. According to some observers, the intention of criminal attacks on the state is to 'generate media coverage, embarrass officials and intimidate law enforcement' ¹⁶¹. The last major event of this kind was in May 2006, which resulted in 10 days of multiple attacks

São Paulo has managed to dramatically reduce the number of homicides in the city over the last 10 years.

on police throughout the city by heavily armed gangs allegedly associated with the predominant Primeiro Comando Capital (PCC), as well as riots in 70 state prisons. ¹⁶² The killings and subsequent police reprisals and investigations resulted in over 493 dead. ¹⁶³ In mid-July 2006, the PCC led further attacks in the city killing eight, and in early August of the same year, the PCC made another 78 attacks on police, buses and public buildings. ¹⁶⁴ According to the Overseas Security Advisory Council (OSAC), the PCC did not target civilians but caused 'hysteria and paranoia among the local populace'. ¹⁶⁵

Evictions of *cortiços* or smaller settlements of São Paulo's more than 1,500 *favelas* are a common occurrence and often pass without violence. The latest major event was in August 2009 where, according to news media, approximately 3,000 residents of a shantytown on the outskirts of São Paulo were left homeless after clashing with police who were enforcing an eviction order. This action was executed by the private owner of the land and not the municipality, which is now pay-

ing rent to the families, who were initially rendered homeless by the action. However, the inclusive housing policies and rights to the city touted by the state housing authority are undermined by scenes of burning barricades, helicopters, tear gas and Molotov cocktails destroying neighbourhoods during evictions.

Both types of events predominantly affect the poorest people in São Paulo, and they conjure images of an authoritative and elitist state assaulting or assailing the residences of the poor. In some of the poorest *favelas*, the violent entry of the police or military (typically aiming to arrest members of drug cartels who frequently make their homes there) is a dramatic encounter with state authorities, where state security or protection may previously have been weak and barely visible. Apart from the fear spread universally by extraordinary criminal attacks such as those in 2006 by the PCC, the wealthy and middle classes of São

The shooting of middle-class children in crossfire would be far less tolerated than the accidental deaths of children in favelas when police stage their commando-style raids.

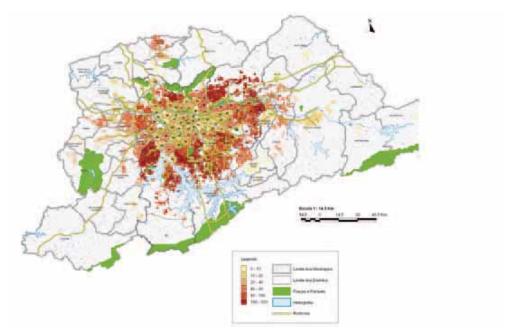
Paulo can expect to never come into violent contact with state authorities. The shooting of middle-class children in crossfire would be far less tolerated than the accidental deaths of children in *favelas* when police stage their commando-style raids. Inevitably, the *favelas* and the *favela*dos become stigmatized as the locus of crime and lawlessness, further reifying the existing socioeconomic divide by adding fear and suspicion to the separation of social groups. This is one aspect of the inequality of violence in São Paulo.

Nevertheless, the culture of fear affects most sections of the city. Burglary, hold-ups, muggings, car thefts, kidnappings, cross-fire killings, organized crime and gang violence have become commonplace in a city where criminality and human insecurity are part of the urban landscape, and against which people are

meant to protect themselves. Private security has never thrived more than it does today, and irrespective of falling crime figures (particularly violent crime) and increased policing, popular discussion of crime and the perception of insecurity persist. The wealthy live in compounds or sealed condominiums with high security fencing, cameras, guards and automatic steel gates. Armoured cars are used by those who can afford them, and an elite few (mainly linked to corporations and the very wealthy) travel by helicopter to avoid both the traffic and potential car-jackings or kidnappings. In the policy analysis conducted by UN-HABITAT in 30 cities of the developing world in 2009, experts in São Paulo said that social interaction and dynamics in the city are either limited significantly, or extremely, by the popular perception of insecurity. 166 Similarly, a study conducted by São Paulo's Centre for Study of Violence in 1999 found that 47 per cent of respondents avoided going out at night, and 29 per cent avoided areas of the city due to their fear of violence.¹⁶⁷ Even given the falling crime rates in the city, the fear of violence keeps changing Paulistanos' daily habits.

While the elite and middle classes live in fear, enclosing and isolating themselves more from the outside threats, the reality of violence and criminality actually occurs elsewhere. It is in the poorer areas of the peri-urban periphery, and the dense inner-city *cortiços* and *favelas* where people live with the reality of crime. Intra-city data illustrates the urban penalty of the poor in relation to criminality and human security.

In 1999, while the homicide rate in São Paulo peaked at 35.7 per 100,000 people, the rate in Jardim Angela, one of the most socioeconomically deprived neighbourhoods the southwest of the city, was 88.8 per 100,000. To illustrate the intra-city contrasts, that year 222 homicides were committed in Jardim Angela, while in the wealthy district of Alto de Pinheiros there were just 5 murders. 168 Nevertheless. according to official sources, after the highly praised integrated work of NGOs, communities and government Jardim Angela is now an international model of how to diminish the level of crime and violence by implanting public polices with the society's participation. Generally, 'violence against people and



MAP 6: Number of civilians killed by police in MSP, by district (1980-2006)

Map courtesy of The Centre for the Study of Violence - University of São Paulo (NEV/USP)

www.nevusp.org

homicides are concentrated in the periphery of the Municipality of São Paulo,' concluded one analysis in 2000.169 Such examples illustrate the deep contrasts inherent in radically unequal urban conditions, which are a dominant characteristic of big Brazilian cities. In the early 1990s, the São Paulo police killed more than 1,000 suspects every year. In 1992, São Paulo Military Police killed 1,470 people, including 111 prisoners inside state prisons. 170 In the same year, by contrast, police in Los Angeles, California, killed just 25 people in violent confrontations, and police in New York City killed 24 civilians. The police in São Paulo have also frequently been accused of corruption and abuse of power, further antagonizing their relationship with the civilian population; they have also been noted for their resistance to internal oversight and reform.

The fact that the urban penalty of the poor in São Paulo includes disproportionate exposure to violence was further confirmed by a 2004 study that correlated homicide rates with five social indicators: infant mortality rates, monthly average income of household heads, percentage of adolescents aged 15 to 17 not attending school, proportion of pregnant adolescent women aged 14 to 17 years, and demographic density.¹⁷¹ The study

found a strong negative correlation between homicide rates and average monthly income: higher homicide rates were found in the districts where inhabitants had lower incomes, and lower rates were found in those districts where inhabitants had higher incomes. The correlation between homicide rates and proportion of adolescents not attending school

The correlation between homicide rates and the proportion of pregnant adolescent women was also positive and strong.

was positive and strong, meaning that more homicides occurred in areas with more youth out of school. The correlation between homicide rates and the proportion of pregnant adolescent women was also positive and strong. Links to infant mortality and demographic density were weak. Correlation does not imply causality, but the findings indicate that most homicide victims were concentrated in specific income groups and areas.

The study concluded that economic development and the reduction of socioeconomic inequality may have an impact on the rates of violent death. However, São Paulo has defied conventional diagnosis on this issue by reducing the rate of homicide dramatically in the last decade, despite continued severe income inequalities, racial discrimination and significant educational disparities. A combination of law enforcement activities is widely credited with reducing homicides and other criminal activities. Strict restrictions on weapon sales were introduced in 2003. A gun buy-back programme also took half a million arms off São Paulo's streets. Restrictions on late-night drinking, especially on weekends, was implemented once new analysis of data showed that more than half of all killings took place around bars and clubs, late at night and between Friday night and Sunday morning. Since 2000, the police force has hired and trained more than 10,000 new officers and implemented more visible forms of public policing, including the introduction of community policing strategies. In addition, specialized units and communication links were established between the military and police.

A new intelligence and analysis system that uses GIS technology, Infocrim, has coordinated police activities and made policing more targeted. São Paulo is taking action to reduce violent crime without waiting for underlying social problems to be resolved. Similar efforts in Colombia between 2003 and 2006 resulted in a 15 percent decline in homicides. In Venezuela, however, homicide rates increased 67 per cent over the last decade, despite a booming oil-rich economy and the pro-poor populist government.¹⁷²

The SEADE/UN-HABITAT data shown in Table 4.8 contains a number of interesting findings. First, there is a clear difference between actual police presence in vulnerable areas and non-vulnerable areas. Those living in non-vulnerable households were almost twice as likely to have a police station in their neighbourhood. This suggests that police resources are not evenly distributed, particularly when it is clear that much of the urban crime takes place in vulnerable areas, where the *cortiços* and *favelas* area mostly found.¹⁷³

The next finding of note is the high level of dissatisfaction by respondents concerning the policing (in terms of presence and surveillance) in their neighbourhoods. Whether households were in vulnerable or non-vulnerable areas, favelas or not, approximately half of all respondents claimed the policing was bad or very bad. Almost the same findings were recorded when people were asked about security in their neighbourhood. Generally, at least half of the households surveyed (and in the case of vulnerable areas and favelas or corticos, significantly more) felt the security in their neighbourhood was bad or very bad. This is emblematic of the culture of fear and perception of pervasive criminality in São Paulo. Those who live in non-vulnerable neighbourhoods likely harbour fears not about people who live around them, but about outsiders: the poor, the favelados. Likewise, those who live in vulnerable areas and favelas or cortiços surely perceive that violence and crime do not originate from wealthy areas, but from within their own communities. The ubiqui-

Table 4.8: Surveyed popular opinion and perception of police protection and presence in MSP and MRSP

Aspect surveyed	Those surveyed in vulnerable* areas of MRSP (%)	Those surveyed in non-vulnerable areas of MRSP (%)	Those surveyed in cortiços and favelas in MSP (%)	Those surveyed in home outside cortiços and favelas in MSP (%)
There is a police station nearby in the neighbourhood	35.3	60.3	51.7	64.5
Security is bad or very bad in the neighbourhood	57.3	45.9	56.1	48.7
Policing in the neighbour- hood is bad or very bad	58.5	47.1	54.1	47.9
Security is good or very good in the neighbourhood	20.7	28.3	24.1	26.3
Policing is good or very good in the neighbourhood	18.7	25.2	23.2	24.3

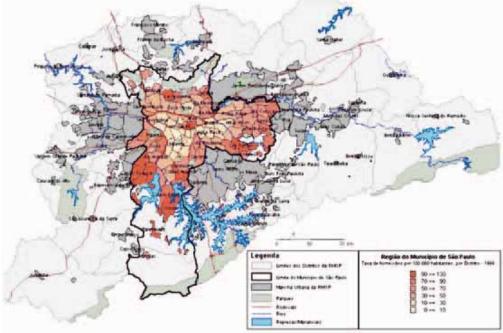
Source: SEADE/UN-HABITAT, 2006. Note: *= vulnerable and non-vulnerable are six divisions created by SEADE São Paulo based on education and income only. Vulnerable includes the lower three sections from moderate to extremely vulnerable, while non-vulnerable included the three sections from reasonably vulnerable to not vulnerable at all in terms of income and education (i.e., the top deciles).

tous awareness of criminal elements is divisive, because while it is evenly felt across the city, its origins, or causes, are associated with particular low-income, racially or geographically defined groups. In addition, the process of negative stereotyping and stigmatizing of favelados only widens the urban divide between social groups and increases ghettoisation, isolation and suspicion.

To some analysts, the impact of urban violence in São Paulo in recent decades is symptomatic of conditions throughout Latin America, suggesting a new urban duality as both cause and consequence of exclusion, insecurity and violence. It has led to social and spatial fragmentation, creating an alternative informal social organization and social order in places where the state appears to have abandoned its citizens. 174 What was optimistically perceived as a 'myth of marginalization' in the late 1970s has now been recognized as a 'reality of marginalization'. 175 One response to the absence of governance in the poorest areas, the favelas, has been the development of parallel power structures and an alternative formal law and order, where criminal leaders and their gangs replace the state. Drug gangs typically impose their own order and administration of justice through use of arbitrary

force and infiltration or direct takeover of local neighbourhood associations. Favelados, and especially the increasing cohort of poor vouth, are caught between the violence of the state, exerted through brute force or abject neglect, and the violence of the drug gangs. The gangs offer youth a sense of identity, income, encouragement and social acceptance, but their legitimacy is based on violence. The legitimization of violence in these contexts replaces any formal alternatives and becomes the reality for many living in favelas, and in some cortiço areas. Those with few choices develop coping strategies as they participate in these informal, extra-legal social structures. The reality of youth and adults in favelas in this context is therefore entirely different from the reality of middle-class or wealthy urban residents.

Coinciding with the high crime rates of the 1990s, São Paulo saw a rise in private security and enclosed compounds and condominiums, or as one analyst described it;the proliferation of private vigilantism. The same analyst called São Paulo the 'City of Walls' in 2000, as she perceived São Paulo becoming physically and metaphysically segregated by mental and actual walls. 176 As the poorest clustered in ill-provisioned and congested



MAP 7: Number of homicides per 100,000 people by district in MSP (1999)
Map courtesy of The Centre for the Study of Violence - University of São Paulo (NEV/USP)
www.nevusp.org

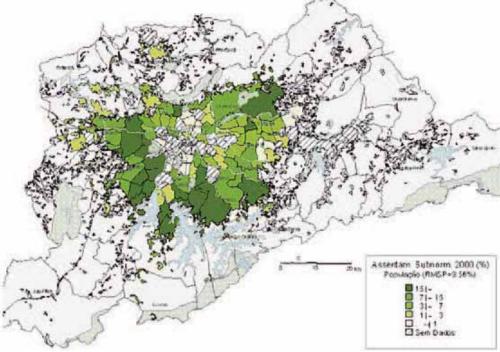
favelas, isolated and excluded from the formal city, the wealthy hid themselves and their luxurious lives behind walls, razor wire, CCTV cameras and armies of private guards. Real estate developers both responded to, and fed, the fear by building increasing numbers of protected, exclusive closed communities and high-rise apartments: condominios fechados. This recent trend harkens back to the late 1890s, when the elite colonized a new neighbourhood named Higienopolis (literally, city of hygiene) out of fear of the unwashed poor masses who could 'contaminate' them. 177 Some condominium complexes such as the Parque Cidade Jardim combine deluxe exclusivity with complete shopping and service centres, sports and recreational facilities, all protected in the style of a topsecurity military asset. (See Special Feature 13 on the Alphaville project.)

Housing Inequities

In absolute terms, the city of São Paulo is reckoned to have the largest slum population in Latin America. Urban poverty is most highly concentrated in *favelas* and *cortiços*. The *favelas* originated in São Paulo in the 1940s,

but their accelerated growth took off in the 1980s. In 1970, the favela population in São Paulo was as low as 1 per cent of the total population, but today most estimates place it as high as 20 per cent. 178 Much of São Paulo's low-income periphery with its minimal urbanization and informality resembles favelas, but it does not share the same level of illegality or an origin in land invasions. Despite the considerable drop in rural-urban migration into São Paulo and declines in natural population growth in certain parts of the MSP, housing shortages and problems remain a major concern in the city, particularly among the poor, where the population of favelados continues to increase, and where the burden of the housing deficit falls overwhelmingly on the poor.

The intra-city data of population growth in São Paulo shows a significant drop off from the extremes of the 1960s, where annual population growth reached 6 per cent. By 2009, the annual growth rate had fallen to approximately 1.3 per cent. Hidden in this average is the fact that certain districts within the city continue to experience growth rates of over 3 per cent annually, while wealthier



MAP 8: Areas of substandard housing in MSP and illustrating spatial concentrations (2000)

Map courtesy of The Centre for the Study of Violence - University of São Paulo (NEV/USP)

www.nevusp.org



downtown districts are losing population. The de-population and decentralization of the old city (as much as 30 per cent between 1980 and 2000¹⁷⁹) has been mirrored by the rapid increase of people and population densities in the periphery.

Housing inequalities are clearly extreme in terms of access to adequate housing, legal status of housing for the poor and the quality of living conditions in the city. The proximity of run-down, congested cortiços to deluxe, high-rise apartments, or tree-lined roads of spacious private villas close to teeming favelas is emblematic of São Paulo's housing inequality, but closer inspection of the facts reveals a more nuanced reality. UN- HABITAT's analysis of the 2006 SEADE/UN-HABITAT data on urban living conditions in São Paulo, with a cross-tabulated separation between those who live in corticos and favelas and those who do not, offers deeper insights, presented in this section.

Exponential growth and rapid urbanization have put enormous pressures on the housing sector while boosting the development of the real estate market and raising the value of city land to unprecedented relative, and absolute, levels. Since 1970, the population of the MSP and the whole metropolitan region of São Paulo has virtually doubled, and since 1950 it has increased eight-fold, while the population of Rio de Janiero has increased just fourfold and Buenos Aires has little more than doubled in the same period. Lima and Bogotá have also been growing since 1950 at a similar (and higher) rate to São Paulo. Of all of

Brazil's metropolitan regions, São Paulo is by far the most populous urban centre, in terms of population and density. While Rio and São Paulo share a similar population density at the regional level (approximately 2,000 to 2,400 people per square kilometre) in their respective municipal centres, São Paulo's density soars to over 7,000 people per square kilometre, while Rio's average levels remain below 5,000. Again, the averages hide district level, intra-city differences where, in the case of São Paulo, some peak areas within the MSP reach 29,000 people per square kilometre.

What started as formulaic social segregation in the 20th century has become both more pronounced and more complex in recent decades. The affluent used to live in the higher central districts of São Paulo as the poor concentrated on the floodplains and along the

Exponential growth and rapid urbanization have put enormous pressures on the housing sector...

railways, always in the periphery. Between 1930 and 1980, rapid urbanization increased social segregation in similar areas, but by the 1970s, the pattern was becoming more complex as poor migrants were invading land throughout the city and establishing spontaneous *favela* settlements. The *favelas* broke out of the confines of the traditional periphery and spread. Any empty or unprotected urban space, whether private or public, on solid ground or in highly precarious areas, was vul-

Maria do Carmo da Silva, one of the last residents of Jardim Fdite - She and her three children were offered alternative accommodation when their homes were demolished in 2009. According to officals the families who left their houses are now in rented accommodation, paid for by the Municipality, awaiting the construction of social housing apartments on the exact same site.

Image: Marcelo Min Fotogarrafa Agency nerable to invasions of poor inhabitants. The rise of *favelas* in the 1980s and 1990s therefore altered the centre-periphery patterns of social segregation, despite the fact that the periphery contains the largest concentration of poor housing and low-income households and the majority of *favelas*.

The issues of housing, rights to the city, the power of the housing market, the role of the state and housing policy are highly politicized and hotly contested in São Paulo. Social movements, squatter activists, university departments, think tanks, private interest groups, architects, planners, lawyers, politicians and government officials are all wrestling to influence housing outcomes.

The state and private land owners have moved many *favelas* out of the city centre. While Heliopolis and Paraisópolis are famous (or notorious) central *favelas*, most others in well-served central areas are small and are often the target of evictions by state or private legal action. While the state claims to need

The rise of favelas in the 1980s and 1990s... altered the centre-periphery patterns of social segregation...

to move people from environmentally precarious, unsustainable and risk-prone areas, activists and favela-dwellers associations maintain that they are not welcome in the regular city. Real estate interests certainly do not want them using valuable land while depressing neighbourhood prices with their presence. To the government's critics, evictions become symptomatic of an elitist, exclusionary and divided city, where the wealthy want the low-cost labour of the poor but do not want the poor as neighbours, sharing the public domain. (See Special Feature 19 on forced evictions and Special Feature 11 on the Jardim Edite case study.)

In most cases, evicted *favelados* or *cortiço*-dwellers move to peripheral *favelas*, such as the numerous irregular settlements and alternate *favelas* around the reservoirs of Billings

and Guarapiranga. Some expanding *favelas* creep up the slopes of mountains around São Paulo, destroying Atlantic forest land and creating landslides in the Serra da Cantareira. Few *favelados* leave São Paulo to return to their original rural areas. Despite recent evidence since that, for the first time, the northeast of Brazil revealed positive migration figures, with more people arriving than leaving since 2007, poor residents of São Paulo are highly unlikely to trade their *favela* dwellings for rural life. 180

At the same time, rack-renting tenement buildings (corticos) expanded and became more dense in the city centre, while an increasing number of cortiços emerged in the periphery. Middle-class condominiums also sprung up in some selected areas of the periphery, as real estate developments moved outside of the centre on a number of fronts. A seemingly contradictory situation currently exists, where 22.7 per cent of the houses in the city centre are empty while 600,000 cortiço-dwellers live in sub-standard conditions, and an estimated 10.000 people live on the streets.181 (See Special Feature 5 for a special analysis of the phenomenon of empty houses in São Paulo.)

But the presentation of São Paulo as a city split between deprived and well-provisioned, regular housing is false. The grey zone between illegal, invaded favela housing and unplanned, unregulated, auto-constructed urbanized peripheral areas is sizable. In fact, while an estimated 2 million people (20 per cent of the population) inhabit favelas, an estimated 70 per cent of the land in São Paulo (approximately 1,500 square kilometres) is covered with substandard housing. 182 By one estimate, 57 per cent of all of the MSP's 10.5 million people live in precarious neighbourhoods on the outskirts of the planned city, lacking access to adequate infrastructure. Another study in 1992 found that two-thirds of all 3.9 million homes in the MSP fell into the category of low-quality shelter. This figure includes most of the homes in the favelas in MSP. 183

It is widely known that the difference between incomes and rental costs in many parts of São Paulo are such that families are forced to find living space in *favelas*, or other peripheral settlements, even though they may have stable and adequate income. Rents continue to rise in an environment of soaring real estate values. The housing deficit is almost a massive eight million units for Brazil, as a whole, while the deficit in MRSP is estimated to be 629,000 homes. A survey in 2007 suggested that approximately 620,000 units were vacant in the metropolitan region itself, with 38,604 empty houses in the downtown central districts of MSP. Nearly 10,000 families occupied 44 buildings in the city centre in protest campaigns between 1997 and 2004, while they waited for the state to offer social housing. 184 Many of these buildings have since been emptied through forced evictions. Clearly, it is not the wealthy who lack housing options, but those at the opposite end of the income scale. According to government data, 90 per cent of the housing deficit in Brazil is concentrated among families earning less than three minimum salaries (the state threshold to trigger family social welfare assistance). In MRSP, 81.2 per cent of those needing housing earn three MS or less. 185

The 'slum target' — Millennium Development Goal 7, Target 11 — aims to have achieved a significant improvement in the lives of at least 100 million slum dwellers by 2020. The indicator proposed by the UN system to monitor the slum target is the proportion of urban households lacking access to any of the five internationally agreed-upon slum indicators (refer to Special Feature 1). As cities grow and the number of homes with access to basic urban amenities increases, the proportion without them may fall, but in absolute terms, the numbers of people living in slum households continues to grow. To improve the lives of slum dwellers, Brazil is focusing on its own provision of the five basic amenities: water supply, sanitation provisions, structural quality and durability of houses, sufficient living space, and security of tenure. Defining slum households as 'households in precarious settlements', the Brazilian government has added existing data on 'sub-standard settlements' to capture a more realistic picture of informal sector homes and settlements. According to the government's subsequent calculations, São Paulo has more than 30 per cent of the national total of 12.4 million people living in 3.2 million precarious or substandard housing units. Government data also confirms that the poor are clearly and overwhelmingly carrying the burden of living in substandard *cortiços* and *favelas*, comprising the majority of those needing alternative housing. In addition, federal data shows that Afrodescendent (brown and black Brazilians) fare worse than poor whites by almost 10 per cent nationally, in terms of living in adequate housing conditions with all five basic amenities. ¹⁸⁶

President Lula da Silva launched a new housing package in early 2009 with the expressed intention of building one million new homes as part of his federal housing initiative, 'Minha Casa - Minha Vida' (My House - My Life). The key umbrella association championing the right to the city and urban reform, The National Forum for Urban Reform, welcomed the move but noted that while the quantitative deficit in housing is 7.9 million units, the qualitative deficit is over 10 million homes. Generally, the federal government admits that much more needs to be done to close the urban divide of housing inequality, and 'investments in slum upgrading and land-titling regularization should be accompanied by actions to prevent new informal settlements'.187 With the current high housing deficit, and in the absence of adequate

...for those living in favelas and cortiços things are changing for the better in terms of services, facilities and material goods.

numbers of social housing units, efforts to prevent new settlements can only result in increased densification of existing *favelas* and *cortiços*. Meanwhile, there have been major efforts in the last two decades to address the housing problem through different initiatives. Large-scale social housing and self-help programmes have been financed. Special zoning laws have been established to protect the poor in the city and *cortiços* and *favelas* have been upgraded and regularized through legal titling. These policies and strategies will be discussed in Chapter 5.

Housing conditions data collected in 2006 suggests that in São Paulo, for those living in *favelas* and *cortiços* things are changing for the better in terms of services, facilities and material goods. The data shows that the urban differences are narrowing with regard to particular aspects of basic shelter needs.

fabricated materials. Further, as detailed in Table 4.10, most households throughout the MSP have access to consumer goods that enhance living standards. There is virtual parity between those living in *favelas* and *cortiços* and those living outside of them on possession of items like refrigerators, televisions and

Table 4.9: Differences between those living in favelas or cortiços and those outside these settlements on selected living conditions criteria, MSP

	Indicators	Those living in favelas or cortiços (%)	Those living outside favelas or cortiços (%)
1	This home is owned by those living in it (even if they have not finished making payments)	72.1	85.8
2	Existence of pavement around this domicile	79.3	96.3
3	Existence of drains and guttering around this domicile	71.2	94.7
4	Existence of public lighting around this domicile	78.5	96.2
5	Outside walls are made with prefabricated materials	89.2	98.6
6	This domicile had deteriorated roofing	20.9	7.9
7	One family lives at this domicile	98.6	98.4
8	Number of bedrooms: up to two	92.1	75.6
	Number of bedrooms: three or more	7.9	24.4
9	Four or more people live at this domicile	49.2	41.3
10	This domicile receives a bill for electricity consumption	70	97.3
11	This domicile receives a bill for water consumption	77.6	96
12	Garbage is collected regularly from just outside this domicile	80.8	96.8
13	This domicile is connected to the sewage system	56.1	92.4
14	This domicile has an independent kitchen	89.2	96.8
15	This domicile has at least one internal bathroom/toilet	93.6	98
16	Some or all rooms of this domicile do not receive sunlight	47.7	34.2
17	Do you feel secure that you and your family will not be removed from this home	62.2	84.5
18	In the event of removal from this home do you feel unsure that the gov- ernment would give you some protection	62.3	60.5

Source: SEADE/UN-HABITAT, 2006.

As Table 4.9 illustrates, the quality of living standards achieved by households in *cortiços* and *favelas* is encouraging, with most households having access to important basic amenities. Even when the difference between social groups on specific indicators exceeds 15 per cent, the overall level of access is typically high. For example, almost 80 per cent of those living in *favelas* and *cortiços* have public lighting around their homes. More than 70 per cent are homeowners and almost 90 per cent have outer walls made of durable pre-

telephones. The most significant differences in access to consumer goods relate to motor vehicles and computers: whereas 45 per cent of households outside of *favelas* and *cortiços* have cars and 39 per cent have computers, only 16.7 per cent of households within *favelas* and *cortiços* have cars, and 11.3 per cent have computers. This disparity reflects the inequalities in transport and opportunities for education and employment that plague residents of São Paulo's informal settlements, as discussed in previous sections.

Table 4.10: Possession of consumer goods: Household appliances, vehicles and recreational items, by households in cortiços and favelas and those outside of these settlements in the MSP

Indicators	Those living in favelas / cortiços (%)	Those living outside favelas and cortiços (%)
This home has at least one radio	58.7	75.8
This home has at least one sound system	65.3	78.2
This home has at least one television	96.2	97.9
This home has at least one DVD player	40.6	62
This home has at least one simple refrigerator	74.3	60.6
This home has at least one duplex refrigerator	20.2	40.3
This home has a separate freezer	4.5	13.6
This home has a vacuum cleaner	6.2	33
This home has a landline telephone	52.3	79.6
This home has at least one mobile phone	51.9	69.5
This home has a washing machine	35.6	68.7
This home has a computer	11.3	39
This home has at least one motorcar	16.7	45
This home has at least one motorbike	3.7	7.5

Source: SEADE/UN-HABITAT, 2006.

It would be impossible to compare the statistics in Tables 4.9 and 4.10 with slums in many African cities or India, for example, where basic services, let alone household appliances, recreational items and opportunities for ownership, are scarce. The results reported here invite a deeper examination of the concepts of poverty and deprivation, social exclusion and spatial segregation in the context of São Paulo. Inequalities in the city are strong and evident, but they are typically less obvious than those found in some other notoriously unequal cities.

Indeed, many noteworthy inequalities that should be considered unacceptable in modern São Paulo persist. While almost all housing units have a toilet, for example, only 56.1 per cent of homes in poorer areas are connected to the sewage system, compared with 92.4 per cent of homes outside these areas. A 36 per cent difference in this respect represents a serious inequality, as adequate sanitation adds considerably to a sense of dignity and decent living and has significant positive health implications. The São Paulo figures in relation to sanitation are comparable with the rest of Brazil, which struggles to increase access to sewage systems nationally. In São Paulo, it also illustrates how extensive the informal and irregular settlements are in the MSP and how difficult it is to intervene after buildings have been built to retrofit unplanned settlements for sewage and sanitation structures.

Table 4.11 uses the same SEADE/UN-HABITAT data set to illustrate the impact of overcrowding on residents of non-vulnerable and vulnerable areas (based on composite household education levels and income) and those living inside or outside of favelas and corticos. Approximately 40 per cent of non-vulnerable households have one or two people sharing the space, with almost 45 per cent having three or four people in the same space. Only 15 per cent share their dwelling with five or more people. In the case of the vulnerable households, approximately 25 per cent have one or two people, while just over 50 per cent have three or four people in the same space. Almost 25 per cent have five or more people living in their homes. Perhaps surprisingly, households at different socioeconomic levels or geographical areas report relatively minor differences in the level of overcrowding. An important finding shown in Table 4.9 is that more than 92 per cent of households in corticos and favelas have one or two bedrooms, suggesting a relatively high congestion of sleeping space when combined with the findings of Table 4.11. Those living outside of favelas and cortiços, however, also have relatively congested sleeping areas, with over 75 per cent having just one or two bedrooms in their homes. However, living space and sleeping space are in high demand in São Paulo, and it is only the relatively wealthy elite who enjoy plenty of extra room in their large condominiums and houses.

Table 4.11: Number of inhabitants per household/dwelling in the MSP by area type

Number of individuals living in this household / dwelling	Those surveyed in vulnerable* areas in MSP (%)	Those surveyed in non-vulnerable areas in MSP(%)	Those surveyed in cortiços and favelas in MSP (%)	Those surveyed in home outside cortiços and favelas in MSP(%)
1 person	9.1	15.5	12.5	13.7
2 people	16	24.2	15.2	21.3
3 people	25.2	22	23.1	22.3
4 people	25.4	22.6	24.3	23.1
5 people	13.4	10.5	13.8	11.9
6 people	6.3	3	6.5	4.2
7 people	2.5	1	1.9	1.8
8 people	1.1	0.7	0.8	0.7
9 people	0.6	0.1	0.6	0.1
10 people	0.1	0.1	0.6	0.1
11 people	0.2	0.2	0.6	0.2

Source: SEADE/UN-HABITAT, 2006

When households in *cortiços* and *favelas* are analysed separately from those outside of *favelas* and *cortiços* (including the low-income informal periphery as well as more affluent areas), the level of human congestion is almost identical: There are few differences in terms of congestion between different income groups as shown in Table 4.11

Cortiços, however, are notorious for their overcrowding. Most people living in cortiços recognize this but trade-off the increased congestion of corticos for their proximity to employment (corticos are often located in desirable central areas — see Special Feature 3). These findings have implications for the relevance of UN-HABITAT's overcrowding indicator, which classifies households as slums if three or more people share a single room. Another finding of the SEADE/UN-HABITAT study, detailed in Table 4.12, revealed that most homes in favelas and cortiços do not face high levels of inequity in terms of physical risk from environmental dangers, when compared with other homes in the city. The absolute proportion of homes in favelas and cortiços at risk of flooding or collapse, or in close proximity to undesirable features, may also be lower than popular expectations. The removal and upgrading of many at-risk homes through upgrading, demolition or relocation over the last 20 years may be responsible for this. Nevertheless, it is worth remembering that if 7.6 per cent of homes

in the MSP are prone to flooding, that means that more than 800,000 people may be affected.

In a high-population area, low percentages still affect large numbers of men, women and children. It is equally important to note that both the centre and periphery of São Paulo are home to highly vulnerable groups of people who continue to live in extreme poverty. The most vulnerable are a minority, and their numbers may be shrinking as social welfare programmes increasingly target and reach

Table 4.12: Areas prone to risks and environmental damage, by cortiços and favelas and those outside of these settlements in the MSP

Indicator	Those living in favelas or cortiços (%)	Those living outside favelas or cortiços (%)
This home is on an area prone to collapse	6.7	1.1
This home in on an area prone to flooding	7.6	4.4
This home is near a garbage dump	8.1	3.4
This home is near overhead power lines	15.2	6.3
This home is near busy overpasses	3.3	5.7
This home is near industrial establishments	6.6	9.0

Source: SEADE/UN-HABITAT, 2006.



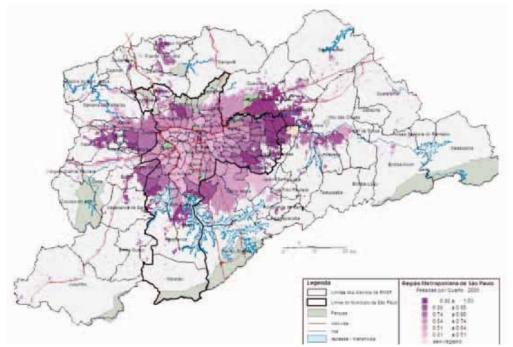
them, but they still represent hundreds of thousands of Paulistanos whose life chances and living standards could not be more different from their middle class and wealthy neighbours living only a few kilometres away.

Clearly, the critical inequalities among different groups in São Paulo relate to income and educational attainment, employment opportunities, exposure to violence and insecurity, ac-

cess to services and amenities, and proximity to the clean, healthy, culturally rich heart of the city. Consequently, housing opportunities and choices are dependent upon the same criteria, dominated by income, that shape the lives of the poor and create the segregated and exclusive city that São Paulo is today. The next chapter wdelves into urban policy making and its potential to improve the lives of poor Paulistanos and to close the gaping urban divide in the city.

Settlers spontaneously invade private and public areas that are often dangerous, precarious and are not part of the municipal urbanization plan. the City Hall feels it is forced to remove home. As part of the new City Statute, São Paulo's government is legally required to provide alternative accommodation for those whose houses it removes from such areas.

Image: Andersson Barbosa



MAP 9: Concentrations of people per room in MSP (2000) Map courtesy of The Centre for the Study of Violence - University of São Paulo (NEV/USP) www.nevusp.org

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fighting inequalities: the struggle continues

Benedito Roberto Barbosa, leader of the União dos Movimentos de Moradia (UMM)



Benedito Barbosa*, 49, became dedicated to São Paulo's housing movements through the church. Born in São Joaquim da Barra, in the State of São Paulo, he moved as a young man to Ponta Grossa, Paraná, to be a seminarian, studying philosophy. It was there that he began working with slum dwellers. In 1981, Barbosa arrived in Šão Paulo, where he studied theology and later graduated with a law degree. At that time, after the end of military rule, the country was in the process of democratization, and the Catholic Church, under the influence of the bishops linked to 'liberation theology', encouraged more radical pastoral work and Christian-based community movements. Barbosa then joined the group that created the Pastoral das Favelas. Years later, he also participated in the creation of the Movimento Unificado das Favelas, which had a three-pronged operation: to get water and electrical services connected in the slums, to implement the social tariff and to help residents gain title deeds to their land.

A militant activist in the struggle for housing in the city of São Paulo since the early 1980s, Barbosa, also known as Dito, has become an important community leader. Today, he is a leader of the União dos Movimentos de Moradia (UMM). His career also includes participation in the struggle

for the creation of the urban policy chapter in the Constitution of 1988 and its regulations in 2001, called the City Statute. Barbosa lives in a house in Ipiranga with two sons, age 19 and 21, and his wife, who works as a teacher. Like many homeowners in the city, he has difficulties paying for his house. The following are some of his views on housing and inequality in São Paulo.

On the Master Plan (Plano Director) 'It seems that governments always build social housing where there is no city. Revisions are being made on the master plan and one of the issues at stake is the maintenance of the Zones of Special Social Interest inside the consolidated areas of the city.

Major road works 'São Paulo is undergoing very big changes because of major road works. The struggle against evictions occasioned by them is our greatest area of activity today. The municipality's proposal is to remove 18 slums in Marginal Tietê. It took five so far and had to stop in Favela do Sapo. The construction of the extension of the Marginal will also require a very large environmental compensation because it is going to remove many trees in areas of permanent protection, which should have been preserved. This environmental compensation is the linear park in the floodplain of the Tietê River,



which is going to cause the eviction of more than 10,000 families living in the river floodplain. They thought about the road, the park, but not the families. Where are they going to put all these people? [In fact, according to official sources, 4,000 families received public resources to pay their rent while new houses to support this resettlement are being provided by the municipal and state governments.]

Sapo Favela (Frog Slum) 'The construction of the extension of the Marginal (the road that runs the length of the major river in São Paulo) and the access roads to the Anhanguera and Bandeirantes highway led to the removal of several slums, including Favela Ilha Verde, located between Anhanguera and marginal Tietê, and the Favela da Paz, in the access to bridge Julio de Mesquita Neto. Most families living in these places received R\$5,000 (about US \$2,900) and bought a shack in Favela do Sapo. The municipality came thinking they would find 70 families, but it has been 415 families instead. In six months, the number of residents increased hugely. Why? In the last six months, people have been removed because of the expansion work on the Marginal. And now they live in Favela do Sapo. To avoid eviction, the residents protested throwing garbage in'.

The cheque-despejo policy (Goodbye-cheque) With this policy, the city is nurturing a process of illegality. When they receive the so called cheque-despejo of R\$5,000, slum residents do not go to the street, do not go out of São Paulo, but go to another slum, closer to their work or their children's school. During the eviction, they often lose everything, and they have to use part of that money to buy furniture. With what is left over, they buy a shack still more precarious'.

A positive example 'The redevelopment of the slum Santa Inês in São Miguel Paulista is an example of how to do this kind of work discussing everything with the community, without simply dumping people. They directed and canalized the river, created a linear park and built apartments. What you see today is an integration of the former slum dwellers with the surrounding community, which in the beginning was very suspicious of the work. Why did it work well? I'm not sure, but maybe because there wasn't so much interest of real estate capital in this region'.

Cortiços 'Cortiços are places of poor housing, unhealthy, where people are often exploited. There

is a great level of informality and families usually pay much more than those who have a formal rental contract. Nobody knows the exact number of cortiço dwellers in São Paulo. The latest survey said there were 700 thousand people. After that, there is no study. We know that education is poor, violence is very large and the judiciary deals with the issue of rent in the cortiço the same way it does with formal rents. Thus, families are invariably dumped. When this happens, they usually go to the street. UMM believes occupation is one of the means to pressure governments and private owners to use empty buildings for social housing in the city centre. In 2009, we made two important occupations'.

Press coverage and police action 'São Paulo is currently experiencing a state of siege. Every 15 days, the periphery areas suffer at least one heavy police action. The press only covers the subject when it happens with any open conflict. Then they forget'.

Indifference of middle classes 'These actions are viewed with much indifference by the middle class. São Paulo is very spatially segregated. The poor are very far from the richer centres. And where there are poor, the rich want to take them off. This happens, for example in the *favelas* of Real Parque and Jardim Panorama and the former Jardim Edite. Conflicts occur where major works are planned and where the middle and upper class are. What do these people want? They don't want to see the poor. They want to exclude everyone and take them as far as possible. There is a strong link between the actions of the government and the real state capital to push the poor more distant from the city. The poor people are allowed to come to the centre to do housework, to serve the middle and rich classes of the city and then leave'. [According to official sources, the 'Roberto Marinho project' (concering the Jardim Edite issue] in the urban operation area of Águas Espraiadas, the municipality will build 7,000 new housing units for resettlement and is already in the bidding phase.]

* Benedito Barbosa was a former advisor to the Social Housing Secretariat, from 2001-2004, a period when the city was governed by Marta Suplicy and is not presented here as a neutral or independent voice but an example of an activist with his ouw political views but involved in the housing issues of Sao Paulo.

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surviving informality... just

Valdeir Pereira Cruz, São Paulo street vendor



Image: Marcelo Min Fotogarrafa Agency

After living in the São Vito building for 20 years, street vendor Valdeir Pereira Cruz, age 50, left his apartment behind, believing that he would return 30 months later to a renovated home in the same central location. The 27 floors and 600 apartments in the decaying and damaged building in downtown São Paulo, opposite the Mercado Municipal, were the target of a municipal reform project, which provided rent payments for the São Vito residents during the renovation. After living on state benefits for the initial 30 months, Cruz had to join the other former residents of the building, with the help of an NGO, to claim the renewal of benefits for other 30 months. The new term runs out in May 2010. After that, he will no longer receive the R\$300 monthly (about.US \$174) that helps him pay his R\$500 rent (about US \$290). Cruz, who previously lived alone in a 30 square metre kitchenette in São Vito, now has to share a smaller space with his brother and a coworker.

Every day except Sunday he wakes up before sunrise, leaves his home in the Parque Dom Pedro and catches a bus to Oriente Street, in Brás, where he sells jeans at the Feira da Madrugada, which operates from 4 p.m.to 7:30 a.m. His customers are other street vendors who buy goods in bulk to resell to end users.

Cruz came to São Paulo in 1979 from Ceará state. At first, he paid rent while dreaming to one day have his own house. The opportunity came in 1982, when he saw a newspaper advertisement offering two apartments in the São Vito, both located on the same floor. 'The building did not have a good reputation, but I liked it. At that time it was not so degraded. And I had no money to buy elsewhere'. Cruz bought one apartment and his wife bought the other. There, the couple brought up their two sons, now 18 and 22. When the couple separated, his wife sold her apartment. Cruz continued living in his apartment until 2002, when all residents had to leave.

Regarding the long-unfinished refurbishment of São Vito, Cruz says, 'It is not impossible, but there is no will to do it. The structure of the building is good, so [Mayor] Marta Suplicy's project was practically approved. Considering that there were many empty apartments, the proposal was to combine two apartments to make one so we would have decent housing. And we would have our rent paid by the municipality until the end of the reform. Unfortunately, she lost the election to José Serra. And politicians are like that, when one enters he



doesn't want to know what the earlier promised. We were harmed. And the worst is that there is nothing we can do against the Municipality of São Paulo, which is a giant in front of us'.

Cruz is acutely aware of the housing inequalities in the city. 'I am enrolled in CDHU [the state building company for social housing], but nothing happens', he says. 'We were treated like rats. Today the former residents of São Vito are scattered everywhere: in the slum, on the outskirts or died of grief. The elderly residents who had no income were in a degrading situation'. Despite the inequalities, he adds, 'São Paulo is still a fair place.

In other regions the inequality is greater and there is less opportunity. Although street vendors are repressed by the municipality, we can at least eat and pay a small rent'. The chance to make a dignified living is one opportunity in the city that doesn't exist in his home state of Ceará, where most people work in agriculture. 'People work for others and get no money', Cruz says. 'It is almost slavery. And they still have the problem of drought. There life is much worse than here. My mother had a heart disease and managed to find treatment only in São Paulo. If she had been stayed in Ceará, she would have died at home without any care'.

As a street vendor, Cruz notes that he suffers persecution by city officials, but, he says, 'they will never be able to put an end in this kind of activity'. Many Paulistanos turn to jobs like street vending when other opportunities fail. 'The problem is that it is very difficult for those who are over 50 years old to get a job in São Paulo', says Cruz. 'When I was 20 to 30 years old, I used to work as a waiter with a formal contract. Then I was a shop owner for 10 years, but the business failed because of the ups and downs of the economy. Now that I'm 50 years old, there is no other choice than to work as a street vendor. People in the city are very supportive of us. They buy anything we put on the street. Our struggle now is to legalize the Feira da Madrugada. The municipality created sheds to house the vendors, but the rent of a 2 square metre box is very expensive. That's why we prefer to continue working on the street'.

Still, Cruz says, 'Hope is the last to die. We want CDHU to offer us apartments in the city centre because if we live too far it is impossible for us to work. The problem is that politicians only offer things for the poor people at election time. After the

municipality stops paying part of the rent, maybe the apartment is going to get too expensive for me. In this case I'll have to look for another one elsewhere. I cannot live on the street'.

[Clarification by official sources: Like all other registered families who used to live in the Sao Vito building, Mr Cruz is entitled to receive rent until their new housing units are finished. His terms will not run out in May 2010 if the units are not available by then: they will be renewed.]



Chapter 5. The Potential of Policy to Bridge the Urban Divide

rogressive urban policy has the power to effectively address urban poverty, inequality and other social dysfunctions. The need for distributive justice and effective urban policy in São Paulo is more urgent today than ever. São Paulo is the richest, largest city in Brazil, yet more than 70 per cent of its housing is irregular or informal and a full one-third of its population is poor. Efforts to narrow the urban divide in the city are driven not just by moral imperatives to create a more just society, but also by issues of security and economics. As UN-HABITAT has demonstrated with global data in its recent State of the World's Cities Reports, a more equal society and economic growth are by no means mutually exclusive, but are actually mutually advantageous. At the same time, the growth of extreme inequalities carries high risks of social unrest, insecurity and potential disorder, as evident in São Paulo's favelas.

Brazil has already done much to improve its social conditions, making important progress since the resurgence of democracy in the country following two decades of military authority. The advances and benefits of social changes described in Chapter 4 of this publication, and those outlined in the 2007 Federal Monitoring Report on the Millennium Development Goals, have been underpinned by progressive policies in a wide range of sectors. There is much evidence to indicate that São Paulo is still in the early stages of implementing its social policy, balancing the desire for a more distributive, egalitarian and inclusive city against the need to maintain its economic prowess as an emerging global city. Evidence also indicates that policies already put in place to support this process are unlikely to be reversed, but instead will be strengthened in the future. Upgraded, urbanized favelas will not be destroyed under any new political regime. People living on previously non-regularised land will not be stripped of their new titles, and universalized health care and education are in São Paulo to stay.

As such, a ratcheting-up of policy may be observed where, notwithstanding setbacks and conflict with opposing economic and political interests, the social agenda is increasing in strength and breadth, despite its struggle for space in the economic environment of

advanced capitalism. This chapter discusses the development of selected policies in Brazil and São Paulo and their impact on transforming the urban environment, and in particular the urban equation for the poor. It highlights general policies that affect housing and human settlements in the city and that have implications for decreasing the urban inequalities detailed throughout this publication.

The last two decades have seen an intense process of economic and urban restructuring in São Paulo and other Brazilian municipalities, showing evidence of improving governance, 'involving ... public sector innovation, decentralization and mobilization of nongovernmental stakeholders'.188 According to Jeroen Klink, director of the Institute of Science, Technology and Society of the São Paulo Federal University, 'the challenges to systematically reduce socio-spatial exclusion, organize fragmented and speculative land use markets [and] confront environmental degradation... remain impressive'. Writing in 2008, Klink concluded that, 'In effect, it seems the decentralizations and democratizations of the 1990s were only the first steps in what can be considered to be a collective learning process that has only just started'.

Policy background

A distinctive feature of Brazilian political administration is the extent to which the federal system decentralizes authority and independence to states, metropolitan regions and municipalities. The level of autonomy and decentralization afforded municipalities was expanded by the Constitution of 1988. Since then, municipalities have been responsible for developing most of their own health-care, education and housing policies. São Paulo, therefore, raises its own taxes but also receives budget funds from the state and federal governments for urban management and investment. The municipal revenue base is made up of federal and state money, in addition to revenue from the core taxes of urban buildings and territory property (IPTU) and the service tax (ISS).

The political implications of Brazilian federalism at the municipal level are that together,

the mayor in power and the local government have a significant impact on policy choices and direction in São Paulo. In recent years, the political space has been vigorously contested, with clear implications for policy in the city and the metropolitan region. According to one analysis, 'Instability and social conflict manifested themselves politically in São Paulo through a strong polarization between left and right' and constant changes in the priorities of different mayors.¹⁸⁹

In relation to urban planning and housing, the municipality is responsible for establishing standards for zoning, plots, land use, land occupation, road networks, environmental protection, cultural heritage and environmental protection. The City Statue has become a critical legal instrument for achieving progress through well-informed policies in each

Housing programmes failed to prevent the rapid settlement of favelas in the larger cities, such as Rio de Janeiro and São Paulo.

of these areas of responsibility. It is proving to be a powerful tool for popular movements and forums to advance their causes and interests in the urban context, and not least in São Paulo, where civil society has been active in promoting the needs of those living in *favelas* and *cortiços*.

Although the Estatuto da Cidade (City Statute) was conceived of soon after the adoption of the progressive 1988 Brazilian Constitution, it was only passed in 2001 as a federal law. The urban reform movement fought hard to have the Statute approved, but in essence, the law simply elaborates and regulates the constitution's Article 182 on urban policy. In particular, it oversees aspects of the constitution pertaining to the social function of property and the use of urban property for the common good. According to one commentary, this regulatory function, along with usucapião urbano (akin to adverse possession) has transformed urban policy. Usucapião urbano creates the ability to establish incontestable title of ownership for residents who have occupied small lots of informal or illegal urban land continuously for five years, given no legitimate opposition to the change in title.

The Statute also defines instruments for urbanization and land ownership regularisation, raising real estate values and urban land speculation and increasing the democratic space by increasing popular participation and cooperation with civil society in planning and budgeting processes. ¹⁹⁰ Additionally, it defines instruments that ensure the right to sustainable cities, asserting citizens' rights to land, sanitation, services, infrastructure, work and leisure and future generations. Interestingly, and somewhat enigmatically, it also asserts that the benefits and burdens resulting from the urbanization process should be shared fairly.

Amongst other innovative and important stipulations, the City Statute requires cities to develop municipal master plans and gives them the option to impose Zones of Special Social Interest (ZEIS)¹⁹¹ and other instruments for city zoning and land regularization. Nationwide, almost 2,000 municipalities now have the legal obligation to produce master plans for the promotion of urban policy; the City Statute initially 2006 as the deadline for all master plans to be submitted. Master plans guide the planning process and associated municipal budgets, and serve as the instruments against which achievements are measured. São Paulo is currently working with a strategic master plan, Plano Diretor Estratégico do Município de São Paulo, Municipal Law 13.430, enacted in September 2002.

The Brazilian government has used several approaches to address the problems of illegal settlements since they first began in the 1930s. In the beginning, there was scant acknowledgement and de facto official denial of the existence of informal settlements. Overall, the number of low-cost housing units was then, as it is now, insufficient to meet the country's needs. Housing programmes failed to prevent the rapid settlement of *favelas* in the larger cities, such as Rio de Janeiro and São Paulo. 192 In the year 2000, according to UN-HABITAT data, the housing deficit in the whole of Brazil affected 11.7 per cent of the

population, representing a staggering 20 million people. 193

The government continued to pursue the promotion of housing projects as the solution to *favelas* throughout the 1960s and 1970s. In the 1970s, under the military regime, *favelas* emerged as a target for public policies in São Paulo. The first initiatives were the connection of sanitary sewers and the provision of water and power supplies to certain *favelas* as a result of a growing and strong movement on behalf of slum dwellers. In São Paulo, the number of people living in shantytown *favelas* increased by 18.9 per cent per year between 1973 and 1987, while the total São Paulo population grew by 2.4 per cent per year over the same period. 194

The two decades of military regime in Brazil (from 1964 to 1985) coincided with a rapid growth of favelas and irregular settlements, which exploded in the 1980s and 1990s. During this time, the regime was known for abruptly removing and eradicating favelas with an uncompromising approach. At the same time, the regime invested in a considerable amount of social housing in an attempt to offer durable solutions to the growing housing deficit and the growing number of urban poor. Its efforts were insufficient, however, and they failed to halt the mushrooming of favelas and the increased densification of cortiços, and in certain cases, they created new social problems by developing large social housing projects far from the city centre. 195

Since the end of the authoritarian regime, most administrations in São Paulo have attempted to address the problem of substandard housing in *favelas* and the needs of the urban poor. The earlier attempts responded to activism and the need to ameliorate dire living conditions, but they lacked the decisive approach to legal and social inclusion of the poor in the formal city that exists in policy today.

A range of initiatives have attempted to accelerate house building over the last 30 years to soften the housing crisis in São Paulo, which has always, in absolute figures, been the worst in Brazil. These attempts included creating a

federal bank (BNH) that funded urban housing projects and low-interest loans to lowerand middle-income homebuyers. The statelevel cooperatives institute (INOCOOP) helped build housing for state employees, while a state-level development company (CDHU) focused on house construction for low-income families and financing of slum-upgrading projects. Another collaborative public-private scheme (COHAB) was also established to develop housing for low-income families, along with the municipally managed CDHU for social housing construction. Funds were passed from the Municipal Housing Fund to housing associations and cooperatives for self-help projects ('mutirões') to upgrade substandard housing. Violeta Saldanha Kubrusly, a city architect and long-standing SEHAB¹⁹⁶ coordinator told UN-HABITAT that 'there has been a revolution in urban planning and housing. In 25 years, there have been very big changes. Investment in the periphery was not there before but now it is present'. 197

In the optimism of reborn democracy in the 1980s, the administration of São Paulo's Mayor Mario Covas (1983 to 1985) stimulated increased participation of *favela*dos in municipal policy making on housing, which had clearer guidelines for upgrading and land tenure legalisation than had previously existed. Since then, *favela* removal has not been a formal policy of any mayor except one: Jânio Quadros (1985 to 1988), who conducted

...in certain cases, they created new social problems by developing large social housing projects far from the city centre.

large slum-removal operations. Forced evictions, however, have been carried out by several city administrations since 1993, especially in *favelas* located in valuable central areas. The latest *favela* eviction by force was featured by the international media in August 2009, but communities of *favela*dos are regularly being forced from their locations by court orders for a variety of reasons. Now, in principle, no household needs to be homeless because alternative housing is developed by the state



In principle all Brazilian citizens now have a right to adequate housing but the housing shortfall remains huge.

> Image: Christopher Horwood

over the many months of preparation before evictions or relocations take place. In the year 2000, the federal government adopted an amendment to the Constitution of 1988, ensuring all citizens the right to housing. This has made evictions more difficult. The City Statute also has enacted a legal framework that ensures the right to housing. Evictions continue today, but at a smaller scale than they did before these landmark laws were passed.

During the 1980s, as evicted *favela*dos from the city centre joined the swollen throng of people in irregular, informal settlements often erected on public land in the periphery,

By the 1990s, the upgrading of favelas had become an important axis of government housing policy.

the municipal government started to provide some level of basic infrastructure — typically, water and electricity. While significant infrastructure improvements were made to the urban periphery in the early 1980s, Brazil became the heaviest borrower of funds for urban development from the World Bank. According to some analysts, when people living in the city's shantytowns saw the first signs of government-financed urbanization of the periphery, they started to replace their non-durable building materials with brick, self-constructing and investing in their houses with a view to permanence and regularization. Civil society and squatters-rights activists

had been fighting for just such a commitment to regularization, and more, for years.

By the 1990s, the upgrading of *favelas* had become an important axis of government housing policy. Land tenure and urban regularization of all informal settlements, including illegal subdivisions (especially in the periphery), became the next goal to guarantee the inclusion of the urban poor in the formal urban order and ensure dwellers' 'right to the city'. Urban regularization was an important right expressed in the City Statute. In 2001, an additional provisional measure was passed that recognized settlers' right to live in urban public areas in São Paulo.¹⁹⁸

Achieving the 'regularization' of poor urban residents by helping them obtain necessary citizenship documents became an important goal, as well. At the national level, in 2003, the Ministry of Cities developed an umbrella programme called Papel Passado, or legal papers (literally 'paper passed') to remove the obstacles met by *favela* residents in obtaining documentation proving citizenship, residency, and the like. This programme, combined with the new Barrio Legal initiative, aimed to upgrade informal areas by removing barriers to poor residents' documentation and to help them with upgrading projects.

Urbanising the periphery with infrastructure and improved social services became a priority during the administration of Mayor Marta Suplicy (2001 to 2004). Empowered by the City Statute and the approved, but controversial, Strategic Master Plan (2002), the new

regime decentralized the administration by creating 31 municipal government sub-units, invested heavily in the public transport system and sought to maximize popular participation in all housing policy processes, as required by the City Statute. The Informal Settlement Integration Programme in 2001 was created as an umbrella programme for upgrading and legalizing land tenure in squatter settlements, illegal sub-divisions, public housing estates and reservoir basins. Known as the Bairro Legal (Legal Neighborhood) Programme, it gave the São Paulo Municipal Secretariat for Housing the power to develop sub-programmes directly related to the legalization of informal housing and the support of those living in them. 199 The programme was piloted in Rio with the name Favela -Bairro before it was implemented in São Paulo and elsewhere, and has become a key federally driven policy towards more inclusive and equal cities.

The implementation of Bairro Legal led to the development of several sub-programmes:

Housing for the low-income population: 23,000 new housing units were built following different housing formats that included medium-sized housing estates in well-consolidated peripheral areas and small-sized housing estates for low-income families in the centre, as well as renovation of *cortiços* downtown. CDHU²⁰⁰ was the primary partner in new low-income housing construction.

Land tenure in *favelas***:** by applying the new federal legislation and other previously existing tools, this programme issued individual titles that gave dwellers the right to use municipal land, benefiting 45,000 families who lived in 160 *favelas*.

Upgrading and regularization of irregular settlements: focusing on low-income families who lived in illegal subdivisions, this programme included the improvement of infrastructure, social service monitoring, prevention of new illegal subdivisions and municipal legal action to support the full regularization process up to final ownership and registration. This sub-programme started in 1995 and was supported by a loan from the International Development Bank. By 2004, it had benefited

42,000 families in 69 areas of illegal subdivisions. (See Special Features 7 and 9 for more information about slum upgrading projects.)

Metropolitan Water Source Programme: this programme has focused on the upgrad-

this programme has focused on the upgrading of informal settlements and the environmental protection of watersheds that supply the Metropolitan Region of São Paulo. This complex initiative started working with the Guarapiranga Water Basin Programme, and was supported by a loan from the World Bank between 1992 and 2000. Since 2001, this programme has been funded by SABESP (the water supply company for the state of São Paulo) and São Paulo's municipal budget, expanding its coverage to the Billings Water Basin. The new law allowing existing populations to remain in these two previously protected areas was finally approved in 2006 (for Guarapiranga), while the new law for Billings was approved in mid-2009. (See Special Feature 9 for information on the

Urban regularization was an important right expressed in the City Statute.

Guarapiranga slum upgrading programme.)

Legalization of (federally financed) public housing estates: this initiative focused on legalizing the situation of low- and mediumincome residents who live in public housing estates built in the 1970s and early 1980s. It used three mechanisms to assist low-income families: it offered special conditions for households to legally register their paidfor apartments (benefiting 22,000 families); it cancelled the outstanding debts of 57,000 families whose contracts had been signed before 1987; and it provided regularization and conditions for property registration to families who participated in self-building programmes.

Special Zones of Social Interest (ZEIS): as part of the new zoning in the municipal Master Plan preparations (approved in 2004), almost 1,000 areas were defined as Special Zones of Social Interest (ZEIS) and protected.²⁰¹

Covering almost 14,000 hectares within the MSP, the zones included *favelas*, *cortiços* and illegal subdivisions. Of the 964 designated zones, 85 per cent were *cortiços*, *favelas* and popular irregular land settlements, predominantly located in the periphery. Six per cent were in empty or underused areas designated for the promotion of social housing. Five per cent comprised *cortiços* downtown and 3 per cent were environmentally protected areas where social housing may be built.

The 2001 to 2004 municipal administration period marked an important era for housing policy development in São Paulo, because the administration officially recognized that the housing problem in the city was multifaceted, requiring multiple solutions: land regularization; urbanization of *favelas* and other poor in-

An important innovation was a strong commitment toward the promotion of housing for the poor in central areas of the city,...

formal, irregular areas; infrastructure development: construction of new housing units: and provision of special zoning for social housing. An important innovation was a strong commitment toward the promotion of housing for the poor in central areas of the city, which the administration implemented in a variety of ways: building new housing, renovating existing buildings, providing subsidies for rent, developing a policy for cortiços, and including numerous ZEIS in the master plan. The administration also diversified the financial options for housing, including homeownership, a rental programme called 'locação social', and an emergency subsidy for rent in private houses called 'Bolsa aluquel'.

In addition to its extensive housing policy, the Suplicy administration also sought to address educational and community needs in *favelas* through the development of multi-purpose Centros Educacionais Unificados (Unified Educational Centres, or CEUs). While 21 CEUs were initiated during the Suplicy period, 25 new CEUs have been built under the the subsequent period (2005-2008) and the current

administration (2009-2010), reputedly incorporating various improvements into the original project. The programme was pioneered as an innovative project of social inclusion.

The political constraint of a four-year political term is very limiting for new urban policy and for house building in central areas, where there are problems such as inheritance, tax debt, multi-ownership of buildings, renovation schedules, heritage issues and traffic congestion. Many initiatives were just taking root as the regime in City Hall changed again. Since 2004, land regularization and slum urbanization has continued with more resources, but housing in central areas is, reputedly, not as much of a priority as it was during Suplicy's term. However, the current municipal administration have expropriated, or are in the process of expropriating, 60 buildings in the central area, expressly to be transformed into social housing

In this context, the current housing policy runs the risk of reinforcing the city's structure of rich people clustered in the central areas and poor in the peripheries, failing to use the power of the state to insert poor people in the more central areas, where they could otherwise not afford to live.²⁰²

Nevertheless, the current municipal social housing program has been developed and executed since 2005. According to government sources the achievements of this program to date include 150,000 families that have benefited in the slum upgrading program, 75,000 families benefitted from the water resources slum upgrading program, 3,000 families rehoused in the 60 refurbished old buildings in the city center, 10,000 families included in the social rent program that provides the payment of monthly rent until their resettlement in new units constructed by COHAB or CDHU. 15.000 families that have received the titles to their land, and other achievements. For the first time in São Paulo's social housing history the municipality has been working with financial resources coming from all three levels of government (i.e. Municipal, State and Federal Central). This has made possible an increase from the R\$ 200 million (USD\$115 million) budget directed to social housing in 2004 to R\$ 1.2 billion (USD\$ 0.68 billion) in 2009.



Pro-poor and inclusive urban policies are always under political attack and at risk of dilution by different interest groups. Some critics of the insufficient implementation of pro-poor policies argue the levels of investment are hugely inadequate and that the programmes should be executed with more vigour and financial backing. They point to expensive infrastructure investment and showpieces such as the new suspension bridge (Ponte Octavio Frias de Oliveira) as examples of unnecessary municipal extravagance, carried out at the expense of social intervention. Many also harbour suspicions that some of the more celebrated interventions become little more than political gesturing and publicity ventures that serve politicians' aspirations more than their intended beneficiaries.

One example of such a project is the Projeto Cingapura (The Singapore Project). In 1992, newly elected Mayor Paulo Maluf started an ambitious urban renewal plan, based on the experience of Singapore. Promoted as offering 100,000 new housing units the Cingapura housing initiative ran from its inception in 1995 to early in 2001. It was abandoned after it had provided only a modest increase in the available housing stock: 14,000 units, or just 14 per cent of its intended goal.

Significant upgrading work has been, and continues to be achieved in Paraisópolis – the positive contributions of which are described in Special Feature 7 in this publication. Nevertheless, some allege that due to its central presence in the city it receives a disproportionate amount of attention and investment

(and may be used as a show-piece project), while other less visible *favelas* languish in the periphery. As a *favela* that is located inside a high- income area of the city, Paraisópolis is unique in São Paulo, unlike many in Rio, where the proximity of formal and informal areas of the city is much closer. Regardless of city leaders' aspirations to improve the environment of the city centre, however, the current investments in upgrading can be attributed to the fact that Paraisópolis has a very organized community that for decades has been fighting for its citizens' rights. (See Special Feature 7 for a description of slum upgrading in Paraisópolis.)

Pro-poor and inclusive urban policies are always under political attack and at risk of dilution by different interest groups.

Critics also question the low quality of some services and facilities provided in poorer areas. The impact of low-quality provision of linear parks or small recreational areas in the upgraded *favelas* may not be insignificant, but if schools, health care or transport facilities remain weak, the implications for residents' attainments and outcomes are more dramatic. Low-quality resources expose the urban social divide and replicate and reinforce social divisions into the future.

Some commentators have reflected upon the impact of the democratic aspirations of the

Despite advances, studies show that inequality starts young in São Paulo and still significantly affects the social, cultural, political and economic life of those affected.

> Image: Andersson Barbosa



Social activists and their movements have been critical to the democratic and 'rights of the city' advances made to date. Housing issues often remain the centre of the social divide debate.

> Image: Andersson Barbosa

City Statute and its requirement for citizen participation in policy processes such as the development of the Strategic Master Plan, and particularly in the development of ZEIS proposals. According to one observer, 'This new, participatory method of urban policy formulation and implementation engenders and expresses a new vision for the ordering of urban space: a new way to see the state's role in development, and a new role for the

São Paulo University professor and author Joao Whitaker Ferreira told UN-HABITAT frankly, 'participation is a myth'.

newly empowered citizenry'.203 However, initial findings by two analysts suggest that in São Paulo, popular participation may have also complicated fights for social justice and legalized spatial inequality rather than bringing about social justice.204 While applauding the spirit and inclusion of participatory elements in the City Statute and recognising their improvement over previous legislation, they highlight certain problems. The primary example used to make this point is the implementation of the ZEIS process. The researchers found that the participatory process meant that those representing the poor were out-gunned by real estate and middle-class interest groups, while the ZEIS laws themselves allow for a second-rate standard for urban development. The benefits of ZEIS in extending the democratic process to all citizens can therefore also become its drawback, perpetuating spatial and social divisions not only expressed in income and living standards but also in the quality and specification of their urbanization.

One writer concludes, 'Thus, in a way, these innovative urban laws have unintentionally created a form of participatory citizenship of the rich'. ²⁰⁵ To some, these transformations are surprising and ironic: 'This discourse of participatory democracy was embraced by centre-left political parties, particularly the Partido dos Trabalhadores, and social groups advocating social justice, while the result of their efforts has been new forms of privilege and social inequality'. ²⁰⁶ São Paulo University professor and author Joao Whitaker Ferreira told UN-HABITAT frankly, 'participation is a myth'.

Urban experts who participated in UN-HABITAT's Policy Analysis on the Inclusive City in São Paulo agreed that the municipal authorities were not well aware of or very well committed to improving the living conditions of corticos and favela dwellers. In comparison to the 10 other cities surveyed in Latin America, the São Paulo findings concurred with the perceptions of experts surveyed in Port au Prince about their city, while at the other end of the spectrum, almost half of the experts in Bogotá and Ouito felt their city authorities were aware of and concerned about improving the conditions of slum dwellers. Even more revealing, all of the São Paulo experts felt that the public administration responsible for city welfare was neither accountable not transparent. Many of them

also felt the administration was inefficient or ineffective. Echoing similar sentiments often heard during this research, one journalist told UN-HABITAT, 'We don't need better laws we need for the laws to be respected. This is a problem in Brazil, not just São Paulo'. 207 Luis Soares, Director of Projects at Via Publica, a major São Paulo think tank, told UN-HABITAT, 'The laws are good. But they are not implemented. Local government has to make coalition deals all the time and this dilutes the progressive nature of these laws. The political system is very vulnerable to finance. Not just corruption but campaign finance'. Repeatedly in the research for this publication, well-positioned city experts in São Paulo mentioned the power of corporations and real estate and the de facto structural power of the elite to manipulate otherwise well-intended laws.

The municipal, state and national efforts to address the urban housing deficit and regularize and upgrade vast areas of illegal and non-urbanized settlements are part of a raft of measures to assist the poor and narrow the huge gap between the rich and poor in São Paulo.²⁰⁸ A wide range of subsidies and cash transfers are currently targeting the poorer deciles of society, and many of the programmes are federal and are part of the current government's efforts to transform Brazil and lift many millions out of poverty, as detailed in Chapter 1 of this report. Given these strategies and the potential of the City Statute to inspire creative solutions to urban issues, Brazil has the opportunity prove critics wrong and truly create more equitable and successful metropolitan areas.

The municipality of São Paulo has a history of partnerships with international development agencies (World Bank, Inter-American Development Bank(IADB), UN-HABITAT, PNUMA*, and others). The agencies support the municipality in terms of sharing good experiences, improving local systems, seeking reinforcement of long-term policies and good governance. When the foundation of the Cities Alliance was announced in May 1999 by the World Bank and the United Nations Center for Human Settlements (UNCHS), an action plan on slum upgrading

in partnership with Special Interest Group in Urban Settlement (SIGUS) / MIT and the Thematic Group of the World Bank was distributed in electronic format - Improving Urban Communities: A Tool for Professionals. This has been regarded by some as pioneering work and emphasized three Brazilian experiments: the Favela-Bairro, financed by the Interamerican Development Bank, the Guarapiranga Water Resource Program and the Alagados Program, both funded by the World Bank

These example suggests a history of partnership between the municipality and partners. In this context, the latest Sao Paulo Social Housing Plan is currently in its final review, establishing the Millennium development Goals as one of its directives. The Plan is also a result of the municipality of Sao Paulo's partnership with Cities Alliance, now in its third phase, which has also included close UN-HABITAT collaboration, with the aim of implementing local monitoring of the municipal social housing policy.

Critics of municipal housing policy and interventions sometimes overlook the significant improvements in response and attention the authorities now pay to urgent housing problems. A vivid example of responsiveness was seen following the recent natural disaster that occurred on December 8th, 2009, when a large region of the city of Sao Paulo known as the Varzea do Tietê flooded. More than 10,000 families had their homes flooded. The action of the state and municipal government was swift. In addition to emergency care, families are receiving rent until new houses are built (in about three year's time). Today, 4,000 families are already receiving rent, and an aid grant of R\$ 1,000 (USD\$570)to replace damaged property.

^{*} Programa de las Naciones Unidas para el Medio Ambiente

vox paulistanos &

frightened to leave home

Maria de Lurdes Alves dos Santos, unemployed in Vila Nova Galvão



Afraid to leave the house empty when her husband and daughters go to work, Maria de Lurdes Alves dos Santos, age 56, stopped working as a cleaning woman. An 11-year resident of Vila Nova Galvão, north of São Paulo near the Fernão Dias highway and the border with the municipality of Guarulhos, she spends her days protecting the family house, which was invaded twice by people fleeing police.

'We cannot leave the house alone. Kids have already entered there twice to hide. If the police catch them, they are going to think that we were sheltering them', says Santos.

Of her five children, two still live with her. The oldest, 33, was raised in Remanso, in Bahia, by Santos' mother. After 21 years without going back to her native state, she finally made a quick visit last year, on the occasion of the death of her mother.

She is proud of having two daughters in college. 'One is going to graduate this year as a lawyer and the other next year in architecture'. Her son studied business administration and another daughter studied photography, but both abandoned the courses. Santos hopes they will return to study.

Before buying a home, Santos and her family lived for 16 years in Cachoeirinha, also in the northern zone, paying R\$350 monthly rent (about.US \$200). The purchase of the property in Vila Nova Galvão didn't guarantee the family peace of mind: since they still do not have the deed to the property, they are constantly concerned about the status of their ownership.

Nevertheless, Santos' husband, who is a construction foreman, renovated the three-story building. The family divides the space into a bedroom, living room, kitchen and bathroom on one floor. They are now renovating another floor to rent out. 'It is a hill with a lot of ugly houses. But on the other side the view is pleasant. You can see Guarulhos airport and the Parque dos Pinheiros cemetery, which is just in front of where I live', Santos says.

Although Santos says they like the neighbourhood, they would be willing to leave, owing to the stress-inducing insecurity she and her family face every day.

Image: Marcelo Min Fotogarrafa Agency



beyond paraisópolis

Adriano de Oliveira, resident of Paraisópolis



Adriano de Oliveira, age 21, goes energetically after the goals he plotted for his future: to teach tennis and to raise a family outside of the slum where he grew up, and where he lives today with his parents and girlfriend. To that end, Oliveira takes evening courses in physical education and works for a social project in the slum of Paraisópolis.

The youngest son of a janitor and a maid, Oliveira was born in the nearby Jardim Porto Seguro to a family of migrants from Campina Grande, Paraíba. The family shifted from the southern to the eastern region of São Paulo, to live in a house that would be later demolished by the municipality for the construction of the Jacu-Pêssego Avenue. The amount of money the family received after the demolition of their house was enough to build a wooden shack in Paraisópolis, where they moved while they waited for a social housing unit to be offered by CDHU, the sate construction company for social housing.

Oliveira's family waited for an apartment in Itaim Paulista, also in the city's eastern zone, for four years. During part of this time, his parents worked on the construction of their self-help apartment on the weekends. When the construction was finished, the family moved to their new apartment, but they did not stay long. They found it too difficult to adapt to the new longer-distance trips to work and the children's schools, so they returned to Paraisópolis, where they managed to replace their old wooden shack with a more durable brick house.

In Paraisópolis, Oliveira lived a difficult childhood and adolescence. In the several periods when his father was unemployed, he helped the family make money by going with his father to sell drinks in front of stadiums and concert halls, or even by selling barbecue in front of their house. Nevertheless, he was the first of four children to go to a university.

With his parents once again unemployed, Oliveira has become solely responsible for the upkeep of the family's house. Despite his tight budget, he never fails to pay the college tuition of R\$350 (about US \$200). 'I have to sacrifice a little now because college represents my future', he says. Tennis, too, represents Oliveira's ticket to a different life.

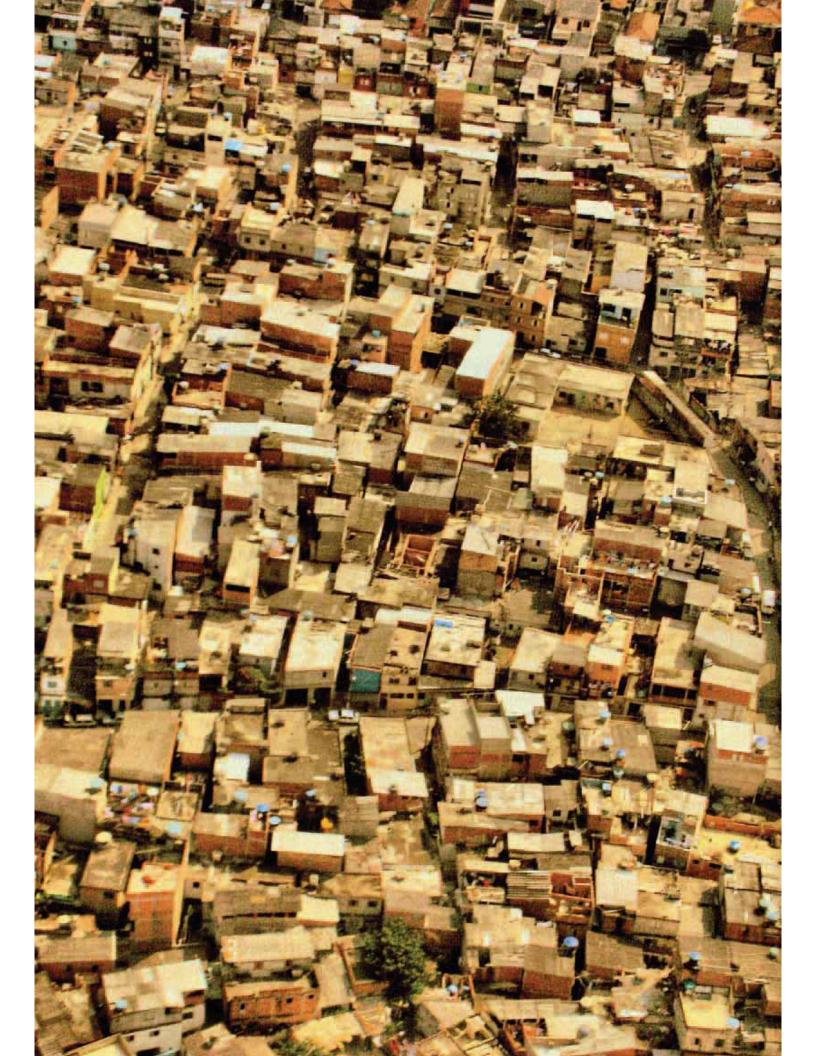
Like many residents of Paraisópolis, Oliveira approached the sport when he got a job as tennis court assistant, charged with picking up the balls during classes practiced by residents of the wealthy neighbourhood of Morumbi.

In addition to opening doors to a profession, this work has taught him how to relate to people of a different social reality than his own. 'The only difference between us is on the material plane', he asserts. 'The knowledge that we have is the same'. Oliveira recognizes, though, that the two worlds meet just because one of them provides services to the other. 'I don't like the existence of this difference, but society forces us to just be their service providers rather than be together with them. I wish we could be on the same level of employment, having the same opportunities', he says, noting that the favelados of Paraisópolis should be able to do more than just work as maids, nannies and kitchen assistants to the rich of Morumbi.

Oliveira likes using the Internet, walking in the city parks, reading books, going to the movies and buying clothes in shopping centre stores. On such occasions, he feels more comfortable if he is well dressed. Inside the slum, he consumes only fast food and fresh bread, buying everything else he needs outside of the limits of Paraisópolis. Although Oliveira himself is living proof that it is possible to overcome difficulties and avoid the future that seems inevitable for many slum dwellers, he is afraid of the base influences there and wants to keep his future children far away from this reality.

'I do not want to have a family in here', he says. 'Although the infrastructure has improved in the last years, with water, electricity and telephone in most homes, the use of drugs is increasingly visible. This is not the place to give someone a proper education'.

Image: Marcelo Min Fotogarrafa Agency



Chapter 6. The Challenges Ahead

ome of the major challenges facing São Paulo are well-documented and continue to be the focus of numerous national research and policy initiatives, NGOs, university departments, and municipal, state and federal agencies. This chapter concludes this publication with a brief summary of the most significant challenges facing the city and provides some insights from recent research into bridging the urban divide.

São Paulo is a complex, massive urban centre in evident transition, with positive and negative forces constantly changing the city. Whether the changes are taking São Paulo to a new level, effectively bridging the social, cultural, economic and political divide is uncertain. The discussion below is not exhaustive but highlights key issues that have emerged from the research for this publication and from urban studies and analyses of São Paulo. Exposing these issues serves to inform the necessary and urgent debate on how to bridge the urban divide.

Income inequality

Income inequality as expressed by the Gini coefficient and Theil decompositions indicate that while inequality is on a downward trend, São Paulo's levels are among the highest in the world. In terms of distributive justice and increased access to fairer economic dispersal, the divide remains huge. This polarity is not new, but rather indicates a continuation of the unequal concentrations of wealth that have characterised São Paulo for centuries. Furthermore, some analysts suggest that as an emerging global city, São Paulo may follow the trajectory of similar cities which, during the transition from a manufacturing economic base toward a predominantly technology-dependent service economy, experience growth in concentrations of wealth and poverty rather than declines.²⁰⁹ If inequalities decrease in the near future, the middle class may expand further, but if inequalities persist. it will likely stagnate, with more people falling into the ranks of the poor. In addition, the informality of the economy is predicted to grow, undermining employment law and human rights advances while hitting poor, unskilled workers harder than any other group. There is no guarantee, therefore, that as São Paulo grows economically or becomes a more prolific player in the globalised economy its financial dividends will be equitably distributed, or that any bridging of the economic divide will occur without deliberate policy intervention. However, the current evidence runs counter to Sassen's 'global city' theses; São Paulo's income and consumption inequalities are maintaining a narrowing trend, while the middle class is growing and fuelling an expanding economy.²¹⁰ With manufacturing still maintaining a critical role in São Paulo's economy, many would contest the idea that São Paulo will make a definitive transition from manufacturing to services. The guestion of whether São Paulo is a global city and whether it fits into the theoretical models of the same is a subject of active debate in São Paulo today.

Poverty levels

Various cash transfer systems, food-focused interventions, progressive taxation mechanisms and laws to raise the minimum wage above inflation levels are in place, but have had a limited impact on the economic divide. Although absolute poverty has significantly declined in São Paulo and other parts of Brazil, and many of the poorest families have benefited from government schemes, the sustainability of social security is questionable. Poverty is not just absolute, but also relative, and with an estimated 30 per cent of São Paulo's citizens officially 'poor', future challenges are likely to demand much more of the government. There is also some instability associated with the recent deliberately pro-poor budgetary policies insofar as they are directly associated with the current federal government and a president whose mandate derives from the Workers Party's commitment to these strategies.

Human development

Indicators of human development in São Paulo are generally positive, with some districts enjoying living standards and opportunities comparable to those of the best in the world. Other districts, and particular settlements, score far lower on the UN-based Human



A former paper collector, Zagati, set up a cinema in his home in a favela in Taboão da Serra, a neighbouring city that is part of the greater São Paulo metro area.

Image: Marcelo Min Fotogarrafa Agency Development Index but are still high in comparison to many parts of Brazil, Latin America or other developing countries. Nevertheless, the divide between those living at different levels of human development is considerable. The differences define the city and are the source of a strong sense of social and economic exclusion among many of São Paulo's residents. In areas of health, education, nutrition and water, considerable progress has been made to improve living standards and raise the quality of human development.

Essential state services

São Paulo has made impressive progress in increasing access to essential state services in terms of water, health facilities, education, and even sanitation. Given the proliferation of the informal city on the periphery of São Paulo, and the illegal unplanned *favelas* with-

...studies continue to show wide differences in health, education and mobility outcomes between social strata.

in the municipality, the challenge of bringing essential services to all citizens is immense, but doing so is critical to narrowing the difference in life outcomes among different social groups. The data used for this publication shows that the level of access to essential services for most citizens is high, and considerably better than the situation a decade ago. Access to appropriate sanitation remains a

problem, with an unacceptably high proportion of the population still not connected to the sewage system; yet, important progress has been observed. Significant differences remain, however, between those living in informal housing (favelas and cortiços), compared with those in the formal, planned city, and these should be narrowed. The policy and budgetary commitment to close the gaps appears to be robust and nationwide, but many essential services fail to be appropriately implemented and in many places, their quality remains low, which reinforces the social divide. Health, education and transport in poorer areas of the city have been criticized for their low quality, and studies continue to show wide differences in health, education and mobility outcomes between social strata.

Housing and urbanization

Much of the MSP was developed in opportunistic, informal and unplanned bursts of urbanization that started many decades ago but truly exploded in the last three decades. Previous efforts to fully integrate the periphery into the formal city have been greatly accelerated by federal and state legislation emanating from the 1988 Constitution and the City Statute of 2001. In the spirit of the right to the city, citizen rights are being closely allied with rights to land and housing. The state's intervention in regularizing and urbanising the periphery (and favelas) and engaging in social housing construction has been impressive in absolute terms. Critics argue, however, that much more needs to be done and that the scope and quality of resources invested in informal settlements do not compare with urban investments in wealthier areas. As with low-quality provision of schools and health services, urbanising poor areas to obviously inferior standards may not offer a meaningful sense of inclusive citizenship to otherwise marginalized residents. In terms of spatial segregation, the relocation of poor, the eviction of favelados and corticodwellers, as well low-level urbanization in the periphery, may merely reinforce socio-spatial segregation, compounded by successively inferior transport services as one leaves the central city areas. Nevertheless, there is evidence that despite the continued segregation, urbanization through infrastructure development and the provision of essential state services appears to be successful in launching neighbourhoods onto a forward path of development that multiplies as electricity, private transport services, communication systems and appliances, new businesses, chain stores and supermarkets arrive. Impoverished, neglected neighbourhoods can become vibrant local nodes and offer an alternative to full inclusion with the central. formal city.

Living standards

Data suggests that while poor in terms of income, many of São Paulo's citizens can afford and possess a wide variety of consumer items and household appliances. Most households within and outside of informal settlements tend to possess such items as televisions, telephones (landlines and mobiles), refrigerators, music equipment and shower water heaters. Most people also own their own house, even if they don't own the land on which it sits, and they have relatively good access to a range of community services such as health facilities, police stations, post offices, supermarkets and schools. Living conditions in São Paulo are clearly not comparable to those of slums of Nairobi. Mumbai or Dhaka, for example, so perhaps these findings are not surprising, but they also should not be confused with equality or social inclusiveness. Despite enjoying improving living standards and access to mass-produced (or pirated) low-cost consumer items that are flooding most cities around the world, it is clear that social inclusion and mobility are not achieved by purely material means. In this respect, measures of life choices, opportunities and personal development are critical to whether people feel valued, empowered and included in a city's development. Critics of the present changes and growth in São Paulo suggest that the inclusion of the poor is overly dependent on consumerism and not sustainable achievements. It may be too early to say if the rise of the middle class in São Paulo is sustainable, but it would also be inaccurate to deny that in terms of living standards, conditions are positively changing for many of the city's poor.

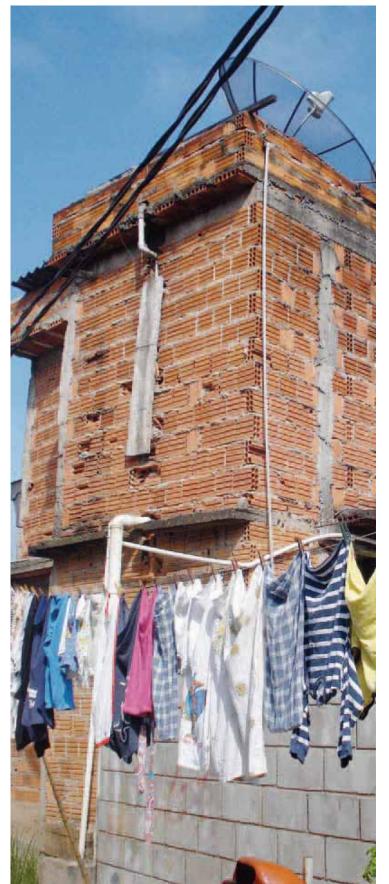
Policy commitments

The various new progressive policies implemented in relation to urban development and social inclusion in São Paulo are emblematic of a city, state and nationwide commitment to address the huge inequalities that have characterised Brazil and that the current president and federal government have vowed to end. As such, the current legal and social policy regime marks a clear and important departure from the past, which was dominated by what some have described as the 'old republic', epitomizing a divided and unequal

Living conditions in São Paulo are clearly not comparable to those of slums of Nairobi, Mumbai or Dhaka...

society. The current policies in relation to land use, urban rehabilitation, rights to the city, land titling, service provision, cash transfers, utility subsidies and access to credit describe a clearly pro-poor profile, which is based on the framework of the 1988 Constitution and is therefore unlikely to be reversed.

Individual laws will continue to be fought out in the courts and parliaments as different political parties run São Paulo City Hall, but the social content of the laws and the general thrust towards inclusiveness and social egalitarianism will probably remain, representing an important context for São Paulo as it seeks to bridge the urban divide. However, critics have pointed out the paradox that increased democratization in Brazil, accompanied by social policy,



increased popular participation, public consultation and representation, has not translated into increased appropriate levels of socioeconomic equality.²¹¹ The real value and meaning of increased citizenship and democracy need to be seriously questioned if they grow in a context of continually restricted socioeconomic prosperity. New pro-poor legal instruments are only of value if they are implemented and seriously evaluated. Critics argue that

...traditional power-elites still dominate the corridors of power and influence in São Paulo and are unlikely to relinquish their privileged status in favour of the poor so easily.

the laws are fine but the old, traditional power-elites still dominate the corridors of power and influence in São Paulo and are unlikely to relinquish their privileged status in favour of the poor so easily. They argue that there is, therefore, a disconnect between laws or policy and actual implementation. However, the most recent evidence indicates a significant rise of the middle class, a reduction of poverty and an increase in basic income levels (as well as falling levels of income inequality), suggesting significant socioeconomic benefits, while international forecasters suggest Brazil is on target to become one of the world's leading economies in the coming years.

Discrimination on the basis of race and gender

Despite progressive and long-standing laws against racial or sexual discrimination, studies continue to show how women and Afrodescendent-Brazilians throughout the country continue to be discriminated against. Gender inequity is a cross-cutting cultural, social, economic and political phenomenon that most countries struggle to address; studies show that women continue to bear a disproportionate level of the burden of socioeconomic inequality. Studies also clearly indicate that in Brazil, as in São Paulo, Afrodescendent-Brazilians are disproportionately associated with the lowest educational, health and earnings outcomes and are most often associated with crime-related outcomes. Data suggests that in some areas, the dire ethnic discrimination of the past is declining, but many challenges remain if São Paulo is to be an inclusive and equal city for blacks as well as women. Government policy can only achieve so much in relation to special issues such as gender and ethnic discrimination, but arguably much more could be achieved through

Beyond the elegant towers, shopping malls and restaurants of downtown it is construction like this that characterises most of the city and its surrounding municipalities.

Image: Christopher Horwood

accompanying consciousness-raising efforts and cultural and societal transformation.

UN-HABITAT's State of the World's Cities Report 2010/11

The latest edition of UN-HABITAT's State of the World's Cities Report discusses the results of a new Policy Analysis on the Inclusive City, relating several 'ingredients for success' that can bridge the urban divide and help cities achieve inclusiveness, as opposed to maintaining, or exacerbating, exclusiveness and marginalization. The following section paraphrases and summarises the findings and arguments of UN-HABITAT's latest research.²¹² The definition of an inclusive city touches on virtually all aspects of human expression, as well as collective and individual experience. Despite the heterogeneity of different citizens' personal experiences, the State of the World's Cities Report findings show that inclusive cities share some attributes. They provide the opportunity and the supporting mechanisms for all citizens to develop their full potential and to actively participate, to the degree they choose, in all aspects of city life.213 The choices of citizens extend to all aspects of living a decent and reasonable life, such as housing, transport, education, health, recreation, communication, culture, religion and justice and employment. It also includes the less-tangible aspects of city and community life, such as experiencing a sense of belonging, identity and ownership through inclusiveness. In an inclusive city, urban residents feel they are relevant contributors to decision-making from top-levels of political choices to the simplest questions about daily life. This level of participation guarantees citizens a stake in the benefits of city development and a way to share responsibility for the city's future.

The concepts of human relationships, citizenship and citizen rights are all integral to an inclusive city, but achieving progressive legislation may only be the start of the struggle to making them a reality. As experts from surveyed cities agreed, an inclusive city needs to do more than simply adhere to constitutional or national laws asserting rights, responsibilities and freedoms — it must create the necessary conditions to transform all these rights

into practice. São Paulo offers ample evidence that working out these rights can be highly contentious, politically difficult and require different levels of compromise.

Economic, social, cultural and political opportunities tend to reinforce each other. A holistic, rights-based approach to development is therefore essential: it must reflect the right to live a decent life, have a decent job and exercise civil and political rights, including the right to be different and express cultural differences openly. UN-HABITAT analysis has identified five 'levers' of inclusiveness that are crucial to integrating excluded and marginalized people into their community and their city as committed

The concepts of human relationships, citizenship and citizen rights are all integral to an inclusive city...

citizens, responsible parents, professionals, entrepreneurs, or however they wish to belong. Cities are not doing this by themselves. The creation of opportunities in urban areas is the result of combined efforts and negotiation among different spheres of government and civil society (including the private sector, NGOs and community-based organizations.) The five levers of inclusiveness are:

- improve quality of life, especially for the urban poor;
- enhance human capital formation;
- create sustained economic opportunities;
- enhance political inclusion; and
- promote cultural inclusion.

These issues are elaborated in the *State of the World's Cities Report* but are highlighted here insofar as they offer general guidelines to successful approaches to inclusiveness..

A precondition for success is the importance of integrating the four dimensions of the inclusive city — economic, social, political and cultural — and ensuring that they advance simultaneously, receiving equal priority in city governance, planning, management and implementation.

UN-HABITAT has also identified four key factors that contribute to the promotion of an inclusive city. Some cities would include other factors, or some components might differ from city to city, yet, the four elements below are considered crucial for the success of a city in its search for inclusiveness:

- Facilitate the use of new institutions and fix and strengthen existing ones;
- Build new relations and alliances between national and local governments to reduce inequality;
- Demonstrate sustained vision to promote inclusiveness;
- Ensure the redistribution of opportunities.

The State of the World's Cities Report 2010/11 elaborates these propositions and offers examples of cities that are putting into practice different visions and policies towards inclusivity.

...the report cites São Paulo as having made important advances in different aspects, but as this publication has illustrated, serious urban divisions persist.

In a concluding chapter, the report cites São Paulo as having made important advances in different aspects, but as this publication has illustrated, serious urban divisions persist.

The UN-HABITAT Policy Analysis on the Inclusive City, which conducted city surveys and background studies with specialized urban experts in 30 cities throughout Africa, Asia and Latin America, found the following critical associations relating to the four aspects of inclusiveness:

 Economic inclusiveness was found to be positively linked with coordination and planning at all levels of the government; the presence of NGOs that promote political will, expression and human rights; state-induced employment; fiscal incentives for economic activities; contractual and legal certainty in the general business environment; freedom of expression; and freedom of the press and a multiparty system of elections.

- Social inclusiveness was found to be positively linked with coordination and planning at all levels of the government; presence of NGOs that promote political will, expression and human rights; new rules that promote equitable creation of employment; access to legally enforceable rights; freedom of expression; freedom of the press; a multiparty system of elections; and the presence of city laws that promote freedom of cultural expression.
- Political inclusiveness was found to be positively linked with freedom of expression; freedom of the press; a multiparty system of elections; a constitutional guarantee on cultural expression; and the provision of micro credit.
- Cultural inclusiveness was found to be positively linked with freedom of expression; presence of city laws that promote cultural expression; laws that promote equitable employment opportunities; and fiscal incentives and micro credit.

Recognising the multi-dimensionality of the urban divide and facilitating the transition from one or some dimensions of inclusiveness to completely inclusive cities in a fast and sustainable way necessarily requires that city planners, administrators and other stakeholders build upon the existing strengths within cities. These strengths can be social, economic, cultural or political.

Designing inclusive cities and attenuating the disarticulation of inequality in the policy processes is rendered difficult if not impossible by three main spoiling factors. UN-HABITAT warns that if any of these three factors dominate, inclusiveness will be an elusive or unobtainable target for cities like São Paulo, where inequalities and exclusion are prominent: I) the absence of local governments that are committed to reducing inequality; 2) the lack of good coordination among the three levels of government (national, provincial and local); and 3) the absence of a strategic vision on the part of both local and central authorities on how to understand the triggers and facilitate the bridging of the urban divide.

Often overlapping, each of these aspects has far-reaching consequences for urban dynam-



How far will São Paulo's evident socioeconomic transformations reach?

> Image: Andersson Barbosa

ics and how policy initiatives and economic progress impact on inequality. Words like commitment, coordination and vision are not only aspirational — they lend important weight to orienting processes, policies and actions, yet they do not necessarily represent achievement. There may be important barriers to achieving these ideals. Much could be said about São Paulo's success in achieving a high level of official commitment to reducing inequality: coordination among different levels of government is improving (but is still relatively disarticulated); and there appears to be a strong sense of a positive vision shared by government offices, politicians, social activists, intellectuals and think tanks. At the formal and expressive levels, the vision therefore appears to be a universal commitment to an inclusive, prosperous city where all citizens benefit from the 'urban advantage' and the city's successes. But at the private, individual and community levels, people remain suspicious of other social groups, they remain reluctant to compromise, and the dominant economic philosophy remains a laissez-faire capitalism increasingly creating super-profits through lucrative financial markets that involve a relatively limited elite cadre of São Paulo's workforce. Critics argue that as long as this form of high concentration of wealth continues in an economic context that is liberal and open, the vision of inclusiveness and equality will remain a dream as contradictions widen.

It takes many decades to establish a sophisticated and pervasive system consisting of millions of minute power relationships, social interactions, and economic mechanisms that

contribute to the development of urban poverty, segregation and exclusiveness, affecting millions of people negatively, while also benefiting millions of others. But the incremental process that created such an urban reality also occurred in the context of explicit economic conditions, fiscal arrangements, legal and judicial frameworks, social attitudes, cooperation between vested interests and specific political dynamics. It will require the

'This is a time of transformation in Brazil', Renato Cybalista of the POLIS Institute told UN-HABITAT. 'These are changing times for all.'

examination and reform of the same list of factors to alter the course of history and create an urban reality where the hard march of poverty, segregation and exclusiveness is stopped in its tracks and reversed. This is the challenge facing São Paulo if it is to succeed in bridging the urban divide.

'This is a time of transformation in Brazil', Renato Cybalista of the POLIS Institute told UN-HABITAT. 'These are changing times for all.' Evidence suggests that in some areas, the positive reversal is already occurring. With the strength of the Brazilian economy, the country's currently progressive political and social indicators, its ample natural resources, rapidly rising middle class, and recent consolidation of democratic structures and traditions, there may be reason for strong optimism about Brazil's urban future.

vox paulistanos 10

waiting for eviction: an uncertain future

Tatiane Rodrigues, resident of Favela do Sapo



Image: Marcelo Min Fotogarrafa Agency

Sector 3, shack 22A. The numbers written in ink on the front of the wooden shack in favela do Sapo ('Frog Slum'), in Água Branca, indicate the recent registration of residents conducted by the municipality, with the intent to remove them from where they now live in extremely poor conditions. Saleswoman Tatiane Rodrigues, 28, and her family inhabit the shack, which is situated next to the stream that flows through the slum and is surrounded by a large amount of trash, debris and a frightening number of rats. A month ago, with the intensification of the conflict between the residents of favela do Sapo and the municipality, Rodrigues quit her job to keep watch over her shack night and day.

'I worked with a formal contract, but after the flood in September, the municipality began to register the shacks, and I saw many people leave without the right to anything', Rodrigues explains. 'Then I thought: what I am going to do? Stay at my shack'. This kind of fear is common among the residents of the slum: they are afraid of going out to work, only to come home to find their shacks leveled and their belongings on the street — something they have seen happen there before.

Raised in one of the slum's brick houses, Rodrigues moved to a wooden shack on stilts over the stream when she got married seven years ago. 'I wanted my own house and had no choice but to come here', she says. Besides her husband, a street vendor working in Lapa, she lives with her 12-year-old brother, whom she is helping to raise. When her shack began to sag and threatened to collapse, Rodrigues moved into shack number 22, right in front of her old house.

The shack was recently vacated by a neighbour who accepted a cheque-despejo of R\$5,000 (about US \$2,890). 'If I had not left, everything would have fallen down because of the weight', she says pointing to what remains of her former home.

Rodrigues considers the municipality's R\$5,000 offer insufficient to purchase a secure home elsewhere. She says the municipality gave her two options: 'either you find R\$8,000 house [about US \$4,640], or you leave with R\$5,000', she reports. 'I told them that they talk so much about the intention of put an end in the slums, but if they give me R\$5,000 I have no choice but to move to another slum'. She also says that she has already looked for properties in places as far away as Francisco Morato, Franco da Rocha and Suzano, all cities in the metropolitan area. 'Over there, the cheapest I found was small house of R\$9,000 [about US \$5,200]. I even managed to find two houses near here for R\$8,000, but they were built in an area' the municipality would not pay for, she says.

Since July 2009, when residents protested the evictions in favela do Sapo and the pressure on them increased, fear and concern have become part of Rodrigues' routine. 'Every night, I'm afraid of what is going to happen the next day. The City Council may at any time knock on my door. Sometimes, I let them knock and pretend that I'm not at home'. She also complains of the lack of dialogue between the favelados and the municipality. 'They don't want to know where are you going, if you have kids or not. It is their word that counts'.

Rodrigues' sister, Cássia, is in a worse situation. She lives in a shack nearby, with her husband and eight children — including a newborn baby. The situation makes Rodrigues wary of starting a family, particularly since her own housing situation is so insecure. 'I think about having children, but not now. First I want to have a proper house' she says.

In a recent letter sent to the Special Rapporteur for Housing Rights at the UN, Raquel Rolnik, and published on her the blog, the Popular Housing Superintendence of Prefeitura de São Paulo claims that in the year 2008, there were 70 families living on the riverbank in favela do Sapo. However, with the announcement of an proposed intervention in the area, the slum suffered an invasion of people who saw an opportunity to jump the queue of priorities of the municipality, which resulted in 455 families living there.





The formal, urbanized centre of Sao Paulo is surrounded by vast areas of informal, unplanned housing, much of which may technically be illegal. Standards of living in recognized favelas and other informal areas throughout the city are sometimes quite similar.

Images: Christopher Horwood



definitions and methodology UN-HABITAT internationally agreed-upon definition of slums

To assist Member States with realizing the goals of the Millennium Declaration, the United Nations System has set numerical targets for each goal. Further, it has selected appropriate indicators to monitor progress on the goals and attain corresponding targets. A list of 18 targets and more than 40 indicators corresponding to these goals ensure a common assessment and appreciation of the status of the MDGs at the global, national and local levels.

The United Nations System assigned UN-HABITAT the responsibility to assist governments in monitoring and gradually attaining the 'Cities without Slums' Target, also known as 'Target 11' of Goal 7, 'Ensure Environmental Sustainability'. Target 11 aims By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers'. UN-HABITAT, in close collaboration with the United Nations Statistics Division and the Cities Alliance, organized a gathering of experts and other stakeholders from around the globe in Nairobi in October 2002. This Expert Group Meeting (EGM) was called in response to encouragement by the UN Statistical Commission (Session 32) to improve measurement of the Millennium Development Goals. One purpose of the EGM was to reach consensus on an operational definition for slum dwellers that would be applied to monitoring MDG Goal 7.

What is a slum dweller?

As a result of the EGM, a slum household is defined as a group of individuals living under the same roof lacking one or more of the following:

- Access to improved water
- Access to improved sanitation facilities
- Sufficient-living area, not overcrowded
- Structural quality/durability of dwellings
- Security of tenure

This is an operational definition that reflects conditions of slums around the world. Through this definition, the concept of slum dweller has been explicitly reduced, excepting their social and economic conditions such as standards of living among different groups of informal settlers, cultural aspects, employment, income and other individual and household characteristics. Based on this definition, slums can be measured and documented using data that is routinely collected by national and sub-national agencies in most countries through censuses and surveys.

Access to improved water:

A household is considered to have access to improved water supply if it uses improved drinking water sources or delivery points that include: piped water into dwelling, plot or yard; public tap or standpipe; tube well or borehole; protected dug well; protected spring; or rainwater collection.

Access to improved sanitation:

A household is considered to have access to improved sanitation if it has flush or pour-flush to piped sewer system, septic tank or pit latrine; ventilated improved pit latrine; pit latrine with slab; and composting toilet. Only facilities that are not shared are considered improved.

Durability of housing:

A house is considered 'durable' if it is built in a non-hazardous location and has a structure permanent and adequate enough to protect its inhabitants from the extremes of climatic conditions, such as rain, heat, cold and humidity.



Sufficient living area:

A house is considered to provide sufficient living area for a household if not more than three people share the same room.

Secure tenure:

Secure tenure is the right of all individuals and groups to effective protection against forced evictions. People have secure tenure when there is evidence of documentation that can be used as proof of secure tenure status or when there is either de facto or perceived protection against forced evictions.



Image: Marcelo Min Fotogarrafa Agency

slums, favelas, cortiços and other definitions

Brazil ranks income by minimum salaries (MS) per family. Families with three or fewer MS are considered 'poor' by official standards and qualify for different benefits, subsidies and cash transfer systems. The MS itself is rising every year at a higher rate than inflation in order to fulfil aspects of wealth redistribution nationwide. The section on incomes in this book will illustrate the scope and nature of poverty in São Paulo and comment on the number of low income families living in *favelas* and *cortiços*.

As a result of the differences between data collection categories of the SEADE/HABITAT Living Conditions Survey and the strict criteria for slum population calculations, this book will avoid the use of the word 'slum' as defined by UN-HABITAT, except in its generic usage such as slum eviction, slum upgrading and international slums. Instead, this report will refer to the criteria and nomenclature commonly used in São Paulo and in the SEADE/UN-HABITAT survey. The terms 'periphery', 'cortiço' and 'favela' are used throughout this publication to describe areas in which São Paulo's poor are concentrated. The cross-tabulation used for most of the data in this book separates those households living in *cortiços* and *favelas* from those living in other parts of the city and the metropolitan region. This could include very poor people living in the periphery as well as the elite and wealthy in the centre. The data is also cross-tabulated between vulnerable and non-vulnerable areas according to SEADE's criteria of using the composite of income and education of interviewed families to separate vulnerable and non-vulnerable areas. Vulnerable and non-vulnerable comprise six divisions created by SEADE São Paulo based on education and income only. Vulnerable includes the lower three sections from moderate to extremely vulnerable, while non-vulnerable includes the three sections from reasonable to not vulnerable at all in terms of income and education (i.e., the top deciles). In the text, all data is identified by the particular cross-tabulation from which the statistics are drawn.

The main source of data is the SEADE/UN-HABITAT 2006 Living Conditions Survey, but numerous other sources for subject-specific data are used and cited, as well. The main research was conducted with the aid of the extensive existing research on São Paulo by the Brazilian authorities, as well as private and public institutions and think tanks. In addition the author spent time in São Paulo and interviewed a range of key experts.

Cortiços: Rented rooms in larger residential blocks or houses, normally highly congested, sub-standard shared facilities, traditionally located in downtown old São Paulo as well increasingly in the periphery. *Cortiços* are conventionally regarded as slums. See Special Feature 3 for a more complete description.

Favelas: Illegal settlements or invasions of public and private land by poor people who auto-construct makeshift homes of non-durable materials that they soon replace with durable materials. They are islands of unplanned, predominantly un-serviced, informal urban settlements. Few *favelas* are now located in central São Paulo but hundreds exist in the periphery. *Favelas* are conventionally regarded as slums. See Special Feature 4 for a more complete description.

Irregular allotments: Millions of people in São Paulo live in self-constructed homes on unofficial, un-planned allotment divisions in areas that were originally beyond the scope of city planners or city infrastructure. These areas are increasingly being regularized and included in urban planning in the municipality of São Paulo and the 38 surrounding municipalities, but some areas have the same poor living standards as *favelas* and *cortiços*, even though they are not conventionally regarded as slums in the same way as *favelas* and *cortiços*.

Periphery (periferias): The periphery is a generic term referring to the vast areas of habitation and settlement (many of which are informal, irregular and illegal) outside the central zones of São Paulo. The government is attempting to catch up with infrastructure and service provision in the periphery, where low-income and poor residents are concentrated. The division between conventionally regarded planned and un-planned, slum and non-slum areas in the periphery is not always apparent. The bulk of social housing is also located in the periphery.

São Paulo and the UN-HABITAT slum definition

Government interventions, new policies and increased prosperity for some are influencing a rapid change in São Paulo, which has a highly heterogeneous context in relation to the five UN-HABITAT slum indicators. Below is a clarification of how the international UN-HABITAT definition applies in the case of São Paulo.



Access to improved water:

The SEADE/UN-HABITAT data from 2006 in São Paulo indicates that the majority of those in *favelas*, *cortiços*, illegal allotments and in the periphery now have access to improved water due to government intervention in recent years.

Access to improved sanitation:

Likewise, the SEADE/UN-HABITAT data from 2006 in São Paulo indicates that approximately half of those in *favelas, cortiços*, illegal allotments and in the periphery now have access to improved sanitation due to government intervention in recent years.

Durability of housing:

The SEADE/UN-HABITAT data from 2006 in São Paulo shows that those in *favelas*, *cortiços*, illegal allotments and in the periphery normally live in self-constructed homes made of durable materials. Some live in hazardous areas that are vulnerable to flooding and structural collapse, and many live in environmentally fragile areas, where human habitation damages the environment, rather than the other way around.

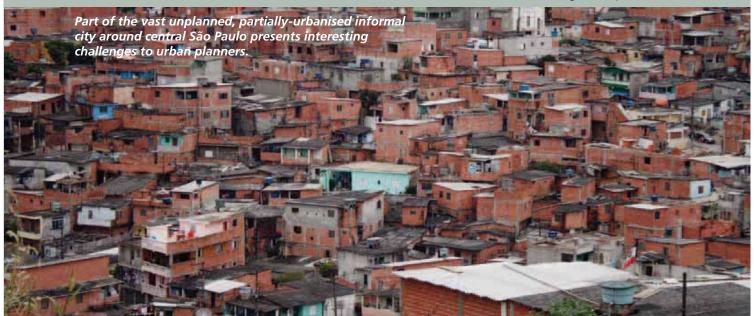
Sufficient living area:

The SEADE/UN-HABITAT data from 2006 in São Paulo also shows that overcrowding is more of a problem in low-income areas, *favelas* and *cortiços* than anywhere else, but that area densities can be very high in different parts of São Paulo, based on metres square and the number of occupants per room. Nevertheless, the room occupation levels are not so high that all homes in *favelas* or elsewhere (except *cortiços*) would be categorized as slums by UN-HABITAT's criteria. (See Table 5.9.)

Secure tenure:

Many areas that house poor people in São Paulo are irregular, illegal or unofficial. A surprising number of residents own their own homes in these areas, but they do not own the land, pay property tax or have officially regularized titles. *Cortiços* are a striking exception: residents of *cortiços* have secure tenure, but they do not own their units. São Paulo has been pursuing a policy of land and titling regularisation, which has benefited hundreds of thousands of families; still, however, millions of people do not have official ownership of their homes, though they generally face little risk of eviction. Those who face eviction risks live in specific *favelas* on invaded or occupied land. See Special Feature 19 on forced eviction for more details.

Image: Christopher Horwood



cortiços: slumming it in the centre

Cortiço is a Portuguese term commonly used in Brazil to describe high-density rental housing where people live in impoverished, unhygienic conditions, lacking ventilation and insulation, often sharing bathrooms and kitchens. The term was popularized by Brazilian author Aluisio Azevedo in his 1890 novel, *O Cortiço*, which depicted poor, but vibrant, urban culture in late 19th century Rio de Janeiro. At that time, *cortiços* were the main housing option for migrants, who rented rooms in old tenement buildings, subdivided to maximize landlords' income from the lucrative rental market. No less lucrative, present-day *cortiços* house approximately 600,000 people in the Municipality of São Paulo and 38,000 in downtown São Paulo according to CDHU – the state construction company for social housing.

Rented *cortiços* differ from *favelas*, which are autonomously built and owner-occupied. *Cortiços* are situated in the formal urban setting in the midst of substantial urban infrastructure, unlike most *favelas*, which are built on illegal, extra-urban land invasions. In many cases, however, *cortiços* operate extra-legally in a context where the state has been weak in enforcing housing and rental standards. *Cortiços* are a market-driven housing solution, developed through the individual initiative of building owners or squatters. Unlike favelados, cortiço tenants are subject to market forces in terms of rents – though rack-renting is common, and rents are typically considered exploitative – and payments for water and electricity. The technical, official municipal definition of *cortiços*, is that taken from Law no 10.928 of 1991, known as the Moura Law (Lei Moura). The concept of cortiço is sometimes interchangeable with 'casa de cômodos' (boarding house), 'pensão' (pension), 'quintal' (backyard), 'moradia coletiva' (collective housing).

Cortiços have existed in the centre of São Paulo since the last two decades of 19th century, when the urban activities related to the coffee business expanded the labour market, increasing the need for low-cost housing. The influx of renters caused the wealthy elites who had historically lived in the city centre to move out to exclusive new suburbs. With the further abandonment of elite-owned downtown businesses in the 1960s, the 'popularization' of São Paulo began. Buildings that were once offices, hotels, old houses and housing for industry workers were converted to cortiços. Since the 1980s, the number of abandoned buildings in São Paulo's central areas has increased, and organized groups of homeless people began occupying the city's abandoned buildings in the 1990s.

In Azevedo's novel, Portuguese and other European immigrants, mulattos and former African slaves lived and worked together in a single community of tenement buildings in conditions that have changed little in the last 100 years. Normally subdivided into rooms rented to whole families, *cortiços* are frequently highly congested, with shared low-quality facilities for water and sanitation, often with shared kitchen areas, offering little privacy and lacking open spaces, sunlight or ventilation. Many offer far worse conditions than *favelas*, and it is common for cortiço tenants to move frequently in pursuit of better conditions. Unit turnover in 1999 was estimated to be 47 per cent per year.

Rents have recently increased considerably as land speculation and gentrification of the city centre have raised land prices. The complexity of the centre of São Paulo, however, and the strong presence of homeless movements have slowed the gentrification process. In economic terms, cortiço rental is a highly profitable business for owners and intermediaries. One survey conducted 10 years ago found that the cortiço rent price per square metre in São Paulo was approximately 90 per cent higher than in the formal rental market in the same region. Since then, the valorization of the city centre has increased significantly. Despite their dire living conditions, *cortiços* remain attractive to poor workers for their proximity to income-generating activities, public transport, state services and utilities.

While the middle class has for decades shared the space in the centre of São Paulo with residents of *cortiços*, a degree of denial exists, leading to the development of plans and projects that fail to recognize the city's cortiço-dwellers. Some analysts assess that the true nature of São Paulo's divided core is ignored in official documents, and the schematic analysis of the city that recognizes only the wealthy, omits and neglects a part of the population and a part of the territory of the city.

Cortiços, and those who inhabit them, are today caught up in a host of conflicting interests that cut to the heart of urban inequality, the inclusive/exclusive problematic and São Paulo's urban strategies, not least because the proximity of cortiços to elegant offices and apartment buildings creates stark visual juxtapositions, market conflicts

and bureaucratic and technical problems. Popular disdain for the detrimental impact *cortiços* and their inhabitants may have on the character of central districts and government interests in revitalising locations of historic value clash with local pro-poor policies supporting an inclusive city and activist NGO movements defending the right of the poor to inhabit the city. Private real estate interests in centrally located properties complicate matters further.

Maria Claudia da Costa Brandão, who heads up the CDHU *cortiços* programme, told UN-HABITAT, 'We face Byzantine, complicated legal problems buying land, getting permission to build or planning approval or even financing'. An emblematic example of the conflicting interests in downtown housing development is the case of Luz district, described in Special Feature 8.

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A quadrangle of cortiços in downtown São Paulo.

favelas: the solution of last resort

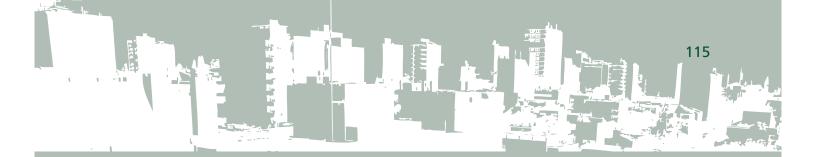
The Portugese word 'favela' refers to the slums or shantytowns situated around and within many Brazilian cities. According to Brazilian geographer Mauricio de Abreu, the favela is a typical shrub of the caatinga family, found in the northeast of Brazil. The name was first applied to a housing settlement in 1897, when military survivors of the Guerra dos Canudos in Rio de Janiero occupied the Morro da Providencia and started to call it 'Morro da Favela' in reference to the plant. After slavery was abolished in 1888, poverty-stricken former slaves without land or employment formed settlements called bairros Africanos and quilombos around major towns. These were the precursors to the modern *favelas*, which grew from the early part of the 20th century and boomed during the economic recession in the 1980s. The first *favelas* appeared in São Paulo in the 1940s.

Favela communities are established through illegal occupation or land invasion and are the solution of last resort for the poor. As such, *favelas* have not emerged as a result of market forces, but are rather evidence of the failure of private and public entities to provide sufficient housing alternatives for workers at the bottom of the socioeconomic pyramid. *Favelas* are areas of extra-legal, irregular self-constructed housing built without permits in areas lacking the amenities of urbanization. They are typically overcrowded, with the highest levels of population growth and density in São Paulo, and they tend to lack adequate or legal connections to municipal water, sanitation, garbage disposal, electricity, telephone services, health and educational facilities and transport services. In recent years, drug gangs and other criminal elements have started to characterise the *favelas* in São Paulo, plaguing the settlements with gang warfare and police raids. *Favelas* are home to approximately 20 per cent of the city's population — up from approximately 5 per cent in 1985.

Favelas are often formed by people displaced from other parts of a city as a result of being bought out, or priced out, as land values rise, or people who have been evicted or removed from other areas. Many of those living in *favelas* are economic migrants trying to cope in situations of constrained household income; many others are victims of environmental disasters, such as landslides or flooding elsewhere. The bulk of São Paulo's *favelas* took shape after the widespread rural exodus in the 1970s. They continue to grow as economic migrants are lured by the hope of a better life in the city. Although São Paulo's numerous and populous *favelas* are predominantly situated in the periphery, they have traditionally mushroomed where land is vacant or unprotected, no matter how undesirable, precarious or risky the environment may be. *Favelas* have often been established along railways and riverbanks, straddling streams or climbing steep hillsides. More than half of São Paulo's favelados live around or near Billings and Guarapiranga water reservoirs. (See Special Feature 9 for details.)

São Paulo's *favelas* are physical expressions of sharp urban contradictions, but they are rarely seen by residents of the city centre or visitors from outside, unlike in in Rio de Janeiro, where *favelas* are situated close to the formal city and the wealthy districts and are clearly visible in the mountainous geography that makes up the old capital's landscape. In São Paulo, residents are more frequently confronted by the poor who inhabit rented *cortiços* (see Special Feature 3). Few significant *favelas* exist in consolidated parts of the municipality itself. Two exceptions are the Heliopolis and Paraisopolis settlements, which originally developed outside of the city but have been surrounded by it as it has grown. According to one analysis, these two large *favelas* are exceptional insofar as they have remained in well-served urbanised parts of São Paulo despite 'the public authorities' constant actions in repressing and removing *favelas* in the areas valued by the market, and the action of private property owners in regaining possession' of the land, thereby driving *favelas* 'to the poorest, most peripheral and environmentally fragile regions'.

São Paulo's *favelas* epitomize the inequality, social exclusion and spatial separation inherent in the divided city. According to the official municipal housing authority – SEHAB, the 1,599 official *favelas* house approximately 1.6 million people, while a further 1.7 million live in illegal settlements in the periphery, and another 38,000 people live in *cortiços* in the city centre. Of these marginalised groups, 70 per cent of households live on up to three minimum salaries, below the official poverty threshold; 44 per cent of heads of household have only a primary school education. Poor, marginalized Paulistanos experience the greatest exposure to crime and have the worst health outcomes, educational opportunities and job attainments. They are also more likely to work in the informal economy than others. Nevertheless, as other sections of this publication describe, the quality of life in *favelas* is dramatically changing for many. Ensuring adequate water, sanitation and electricity, and providing paved and lighted roads, household legal titles, open spaces, local schools and health centres are all part of wide-scale slum upgrading programmes in São Paulo. This process is part of the inclusive city approach — a policy that strong civil society groups and political parties have fought for over the decades, and enshrined in the 2001 City Statute and



various subsequent municipal laws. Even as evictions continue and social inequalities persist in this city of stark contrasts, many favelados are attaining a higher quality of life.

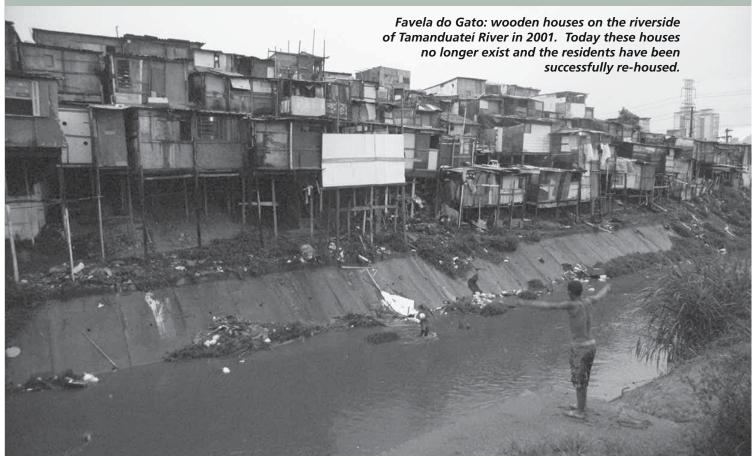
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Image: Marcelo Min Fotogarrafa Agency



special feature 5

housing deficit and empty buildings in são paulo*

The Brazilian housing deficit is calculated annually by the João Pinheiro Foundation, supported by data from the National Census and the National Household Sample Survey (SEADE). For the Metropolitan Region of São Paulo (MRSP), the urban housing deficit is approximately 611,936 units. The poorest families in São Paulo — those with incomes of up to three minimum salaries (MS) — are most in need of housing, representing 81.2 per cent of the deficit. Households with incomes between three and five MS represent 9.1 per cent of the total housing deficit, and those with incomes of five to 10 MS represent 7 per cent of the deficit. Households with incomes of 10 MS or higher require only 1.8 per cent of the missing housing units.

While millions of Paulistanos struggle to find adequate, legal housing, many buildings in São Paulo sit empty. The proliferation of empty buildings is decried by many as a social crime of negligence and criticized as further evidence of the primacy of private property over social necessity. Since 1980, the locus of São Paulo's substantial population increase has been in the periphery, well away from the central and intermediary urban areas, where populations are declining. The central districts of old São Paulo lost approximately 300,000 residents between 1980 and 2000.

With the departure of people and businesses from the city centre, the number of vacant buildings has grown. In most Brazilian cities today, the number of empty houses actually exceeds the housing deficit, but the MRSP is the largest metropolitan area in the country and has the greatest number of empty homes. In 2006, an estimated 606,048 vacant but habitable housing units existed in urban São Paulo. The number climbed to 619,915 units in 2007. Although data suggests that many of the abandoned buildings would not be suitable for families earning more than three MS (owing to families' expectations), social activists argue that the buildings can be used to solve the housing shortage.

There are many reasons buildings have been abandoned in the city. Some owners owe so much unpaid tax on their buildings, or are so far behind on their water and electricity bills, that they cannot afford to put them on the market, preferring instead to let them remain empty. Others are entangled in building ownership disputes or inheritance problems, and some are simply sitting on their investments, waiting for a more favourable market before they sell. Many businesses and hotels have been forced to close or change their venue to remain profitable, as the business centre of São Paulo has shifted to the southwest of the city over the last four decades. Some buildings are old and decrepit and are too expensive to refurbish; they may lack regular papers needed for a legal sale; or they may no longer satisfy market standards (i.e., they may lack parking space). There are also buildings in highly valued commercial areas in which the owner rents out the basement for a high rate, leaving the rest of the building empty. This allows the owner to make a good rental income without risking damage to most of his property. Whatever the reasons, critics of the government argue that landlords have not been held accountable to the city in a policy context where negligence and speculation is officially tolerated.

Despite these issues, many local and state government agencies have moved to the city centre over the past decade, mobilizing new businesses and services and refurbishing the old buildings. Hotels are also being renovated, mainly by big hotel chains, and many private universities offer courses in the city centre. Additionally, a small number of residential buildings are being refurbished and are attracting middle-class buyers.

The implementation of the City Statute in 2001, a federal law that aims to encourage the social function of urban property, established a series of mechanisms to curb real estate speculation and changed the permanence of tax debt by property owners. Under the City Statute, local governments can increase the urban land tax on properties that have been permanently vacated, and even reclaim the properties if owners do not pay. They can also prosecute owners and receive property as a payment of their debt. This law is currently being voted in São Paulo in relation to its central area. However, very few cities in the country are using these tools and, if they do, they face protracted litigation. The São Paulo housing authority has faced legal action when it has sought to requisition or purchase abandoned buildings. The issues arise out of a contradictory feature of the City Statute that guarantees private property rights as it promotes the social function of urban land and the public good. The 'social function' of land concept serves as an expression of the limit to private property rights by guaranteeing private property as long as it accomplishes its social function, but that notion can be left open to interpretation.

Various groups are promoting positive state intervention to requisition or buy up centrally located properties and refurbish them, with the objective of developing social housing for the homeless. Shock tactics such as invasions

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and occupations put the agenda on the front pages of São Paulo newspapers. For example, when the Homeless (or literally 'roofless') Movement of Central São Paulo (MSTC) occupied the abandoned Santos Dumont hotel in the troubled Luz district in 2006, it placed 150 families in the seven-story disused hotel and demanded to be allowed to buy the building and rehabilitate it with state assistance. Some studies show, however, that the number of abandoned housing units in the central districts that could be suitable for the poor is limited, and adverse possession of the buildings is fraught with legal, technical, structural and financial problems. Additionally, the city centre is now showing signs of becoming popular again. The real estate market has changed in the country with a growth in available credit for the purchase and refurbishment of buildings and, consequently, the city of São Paulo is suffering a considerable value appreciation. Office buildings that sat vacant for decades and were claimed by the pro-housing movement are now beginning to be sold or rented again. Increased conversion of old hotels for residential middle-class clients has also begun recently.

Gentrification of the city centre, with the redevelopment of abandoned buildings into stylish residences for the well-off, would do little to increase inclusivity and reduce socio-spatial segregation in the city; it also would not offer solutions to the chronic housing deficit. Creative strategies inspired by the City Statute can still take shape in São Paulo, as the city balances inner-city revitalization with meeting the needs of its insecurely housed residents.

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Image: Andersson Barbosa





CDHU: Company of Housing and Urban Development of the State of São Paulo

Founded in 1949 as a state-level agency in São Paulo's Department of Housing, the Companhia de Desenvolvimento Habitacional e Urbano (CDHU) aims to promote public housing, with special focus on low-income needs. The CDHU operates in an environment of massive housing deficiencies and all of the attendant issues of growing informal, illegal and environmentally precarious housing developments.

The evolution of the CDHU housing supply and its growth as a monolithic company has been dramatic. In 1986, it built houses in just 3 per cent of São Paulo's municipalities, but by 2008 it was operating in 96 per cent of the state's administrative areas. CDHU is today one of the largest housing companies in the world, with a budget of nearly US \$750 million per year. Since its inception, CDHU has built and sold approximately 440,000 households benefiting approximately 2 million people in 617 municipalities throughout the state of São Paulo.

As a mass consumer of building materials and an employer of large numbers of workers, CDHU's impact on the local and national economy is considerable. Therefore, actions taken by CDHU can lead to increased economic dynamism in the municipalities and regions where it works to solve social problems through construction and urban planning, contributing to the process of urban renewal. CDHU is criticized for being monopolistic, but it claims that extensive experience and economies of scale allow it to build with speed, volume and cost efficiency. CDHU is also able to offer subsidies, cross-subsidies and credit to selected low-income families to help them finance new housing. In light of São Paulo's huge housing deficit, a burden that falls disproportionately on low-income families who also rarely have access to private commercial lines of credit or other financing alternatives, CDHU's mechanisms and programmes have the potential to offer solutions that the municipality cannot manage alone.

In São Paulo, CDHU implements a wide programme of construction and redevelopment that includes building new social housing units, slum upgrading and favela urbanization, rehabilitation of *cortiços*, provision of specialised rural housing, housing for Quilombos (specialised communities of former slaves), and housing for indigenous people (through FUNAI the National Indigenous Foundation) and for state public servants (PHAI).

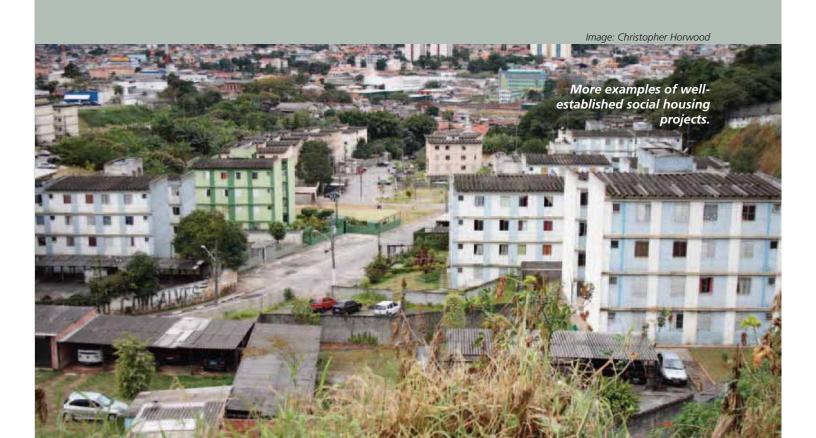
Repossessed land at the Quarry in Guaianases, in the far Eastern Zone of São Paulo. Behind the rubble a public housing project for re-housing the residents.

Although CDHU's number and scope of achievements may appear impressive, the quality of CDHU's housing projects and construction is subject to regular criticism. For many analysts, the quality of social housing is a big problem in Brazil generally, while CDHU in particular has been plagued by a history of accusations and cases of corruption and financial irregularities relating to the vast amounts of money it manages. CDHU has historically built large or mid-sized social housing projects on a massive scale, but some argue it has done so in the wrong places, and the wrong way. Since CDHU searches for cheap land, most projects are built in far-away peripheral areas, reinforcing the structure of segregation in the different cities of the State of São Paulo. Also, it has historically built more in the western part of the state, where the housing deficit is not the highest, owing to lower land prices. In the MRSP, where land prices are very high, CDHU has built a disproportionately low number of units, based on the scale of the housing deficit.

CDHU's successes and shortfalls mirror the challenges of the state and the metropolitan region of São Paulo with regard to good housing policy. The government of São Paulo seeks to defend and support the needs of the poor, and especially those that earn three minimum salaries or less (those in poverty). Most of São Paulo's very poor residents live in *favelas*, and policies regarding those settlements have evolved in recent years from strict pledges of removal to various attempts at support. According to Eduardo Trani, Chef de Cabinet of CDHU in São Paulo, 'Since 2005, the policy is very definitely to eliminate the social divide in São Paulo. The aim is to eradicate the *favelas* through integration'.

Source:

Governo do Estado de São Paulo. (n.d.). Secretaria da Habitação. Retrieved from: http://www.habitacao.sp.gov.br



slum upgrading 1 — paraisópolis: inclusion through topdown urbanization

To many commentators, the district of Morumbi in São Paulo epitomizes social exclusion and the urban divide. In the early 1970s, Morumbi was vacant land in a section of high-end, low-density suburbia with minimal urbanization. Since then, a rash of new deluxe apartment blocks has sprung up in the area, and every plot of land in Morumbi is now packed with condominiums, streets, businesses — and one huge favela. From high up in a high-end tower, well-heeled residents can look down onto the rusted corrugated roofs and concrete decks of 17,200 informal homes that house the 80,000 residents of Paraisópolis ('Paradise city') and see what are likely the very homes of their own apartment's cleaners and guards.

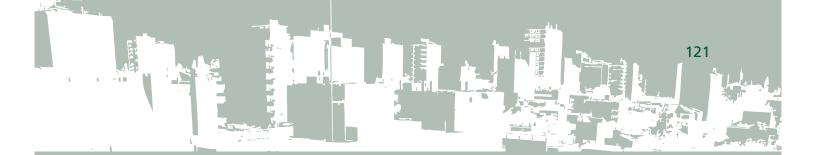
Located in a ravine punctuated by streams and occupying 84 hectares of land, Paraisópolis is the fourth-largest favela in Latin America. It is now surrounded by middle- and upper-income residences in a high-demand area of the city — an area where two worlds are closely joined in a symbiotic relationship of mutual dependency and tension. An estimated 60 per cent of those in the favela work in the neighbouring districts as domestic helpers, drivers, labourers and security guards — the latter somewhat ironically, as many residents feel the need to be protected from their favelado neighbours. It is said that Paraisópolis is considered the 'danger zone', while the rest of Morumbi is considered the 'fear zone'. Yet, the crime rate in Paraisópolis is significantly lower than that of other *favelas* in São Paulo.

Paraisópolis today is vastly different from the Japanese immigrant settlement that took hold there in 1921, when the owner of the land divided it into 2,200 lots. Temporary wooden shacks began to appear in the area in the 1970s as slums were razed elsewhere in São Paulo. Numerous efforts by successive governments to eradicate the slum were unsuccessful, and Paraisópolis grew fast. The favela filled with migrants from the north and northeast of Brazil, along with people displaced by large public works such as roads and Metro lines. The population of the favela has doubled since the year 2000, and its poverty has become severe, with 70 to 75 per cent of residents earning more than one minimum salary (MS) but less than three MS (the national poverty threshold). The most common type of work cited by residents is low-skill manual labour. Like most other *favelas*, Paraisópolis is an informal community that lacked many municipal services until recent efforts to upgrade its infrastructure. It is considered to be somewhat 'special', since it is surrounded by more affluent neighbourhoods that are a source of nearby employment for the favelados and is an obvious target of the government's social policy. Critics of the government deride Paraisópolis as a cause célèbre, and even a showpiece, since it is so central and accessible to visitors, officials and politicians.

Since 2003, Paraisópolis has notoriously (and allegedly) been controlled by the prison-based drug gang Primeiro Comando da Capital (PCC). Still, several different favelado organizations exist in the slum, and they have successfully partnered with the government to implement upgrading projects. The Union of Inhabitants of the Favela of Paraisópolis (or Union) has represented inhabitants' interests since in 1983. In 1994, the Multi-Stakeholder Forum was formed to better integrate social programmes in the favela and, in 2004, the Steering Committee for Paraisópolis was created to oversee the upgrading of the slum, particularly the multi-year efforts of SEHAB - the municipal authority for housing.

In the late 1980s, the municipality of São Paulo gave up trying to eliminate Paraisópolis and began to work to improve the social welfare of the residents in situ. Through the 1990s, various small social improvements and water and sanitation works were implemented. In 2000, the municipality developed a strategic plan for the area under the new initiative, Barrio Legal — Legal Neighbourhood Programme, with Paraisópolis as its first recipient of assistance. An extensive programme of land reform began to determine land ownership in accordance with the City Statute of 2001, but also in line with requirements of the Zones of Special Social Interest (ZEIS) rules. (See 8 on the ZEIS mechanism in São Paulo.)

According to a new decree in 2006, the programme now offers two options to the original land owners: donate the land to the municipality (thus avoiding any taxes owed) or pay the outstanding urban land taxes and receive a certificate of permission for construction. In the first case, the municipality gives a certificate of ownership to the occupant of the property. There are reportedly 2,200 plots of 500 square metres that stand to be regularized in this way. The municipality's extensive multi-year upgrading programme for Paraisópolis began in 2005 with a US \$10 million investment. The project was meant to develop a replicable approach to upgrading other *favelas* in the city, such as Heliopolis, which is also centrally located. In the first phase, sanitation and emergency systems were put in place, removing homes at risk from collapse, flooding or mudslides. Paved roads followed, along with stream channels, street and alley improvements and new drainage systems, after which recreational areas and a linear park were developed. CDHU helped build 2,500 new housing units inside the favela, which opened for residency in 2008. In late 2008, a



10,000 metre-square unified educational centre opened with the capacity to serve 2,800 students, and at the same time, the well-known furniture and appliances superstore retailer Casa Bahia opened a store — the first to be opened in a favela. The founder CEO of Casa Bahia, however, known as the Home Appliance King, lives in the exclusive fortified enclave, Alphaville, travelling to and from work, allegedly, by private helicopter. A second phase, started in 2008, is investing another US \$127 million for continued land stabilization and the construction of additional new housing complexes.

In March 2008, international delegations of urban planners from Africa, Latin America, Europe and Asia visited several slums of São Paulo, including Paraisópolis. They praised the infrastructure and upgrading work, describing it as 'outstanding' and 'incomparable' to other projects they had seen around the world. Residents of the celebrated favela may be surprised to hear such praise as they continue to struggle for survival in living conditions so different from the apartments that surround them. Such stark differences lead some to conclude that slum upgrading is inappropriate. Erminia Maricato, professor of architecture and urbanism in São Paulo and former vice minister in the Ministry of Cities told UN-HABITAT slum upgrading was 'not sustainable'. Others predict the inevitable purchase of well-positioned favela land by the middle classes. As Alejandra Maria Devecchi, director of the Department of Environmental Planning in São Paulo, told UN-HABITAT, 'In a couple of decades, Paraisópolis will be bought up by the elite'. Nevertheless, the last five years have seen substantial changes that are ongoing and may well change Paraisópolis from a favela into an urbanised neighbourhood.

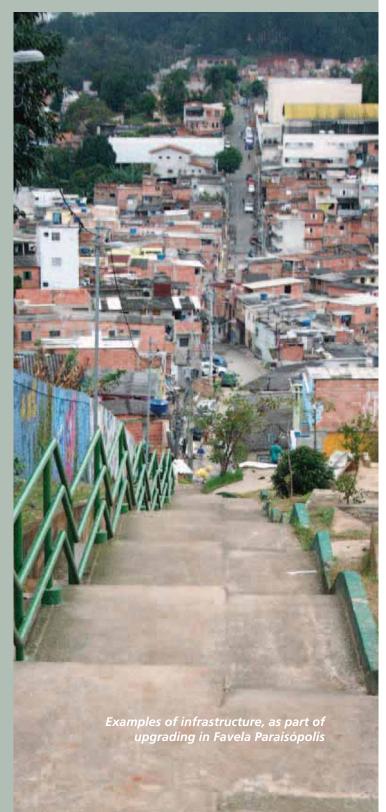
Are there limits to slum upgrading? Will the future Paraisópolis of São Paulo be a desirable 'neighbourhood' or 'community', fully integrated with the formal city, or will it be a refurbished but excluded, or isolated, enclave economically and socially divided from its neighbours? Such questions are at the very heart of debates about housing and inclusive cities in Brazil and around the world.

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Image: Christopher Horwood



evicting são paulo's cortiços or just cleaning up the city? stark juxtapositions and the problem of luz

São Paulo's central Luz neighbourhood has been inhabited by low- and middle-income families since the end of the 19th century, most renting rooms in *cortiços*. Deterioration and the consequent emptying of buildings have attracted more and more homeless, often unemployed, people to the area. Since the 1990s, São Paulo's state government has identified Luz as a priority area for a wider political programme of urban requalification and rehabilitation, with the intention of transforming Luz into a 'cultural neighbourhood'. The municipal administration recently partnered with the state government to develop this programme, and since then, the government's actions have been criticized for stimulating gentrification and offering few positive reasonable for residents of the neighbourhood's *cortiços*.

Luz became associated with the derogatory nickname, 'cracolândia' (crack-land) as the government, supported by frequent media coverage, began to highlight the area's high level of criminality and physical degradation, and its numerous and visible crack cocaine users, many of whom are homeless men, women and children known locally as the nóias: drug dealers, prostitutes and transvestites. According to one report, cracolândia 'has been a recurrent reference in local government discourse around urban interventions in the neighbourhood. It has also been singled out as the target of a series of repressive police operations, such as the "Operação Limpa" ('Operation Clean-up'), organized by local government and involving not only the police, but also health surveillance services, social services, health workers, waste collection and street cleaning services'.

In 2005, Luz became the subject of a series of 'interventions of repression, regulation, supervision and control, and at the end of the same year, local government announced a programme of fiscal incentives entitled 'Nova Luz' ('New Luz'), in an attempt to attract new businesses, services and commerce to the region. This programme was a mixture of appropriation and reselling of real estate, fiscal incentives, the building of public offices and some residential property. Around two years later, demolitions began to take place around the perimeter of the so-called "Nova Luz". CDHU, the state housing construction company, is involved in the programme with its revitalization project, Projeto de Revitalazacao "Nova Luz".

What critics see as gentrification and economic eviction of the poor in favour of the rich, the government defends as an important part of its policy to resettle inadequately housed citizens, support low-income families and engage in economic, cultural and moral renewal of the city's centre. Indeed, the state housing agencies have been involved in housing renovations and re-housing initiatives for selected families in Luz since 2005. Additionally, the police and civil authorities argue that they have every right to address overt criminality and drug abuse in the centre of the city, and city planners cite the need to preserve and re-energise the historic centre of São Paulo. According to Frugoli 2008, it started with Luz train station (Estação da Luz), whose recent renovation included the installation of the city's Portuguese Language Museum (Museu da Língua Portuguesa) on the station's site. Surrounding the station, a collection of 'cultural institutions have recently been renovated – such as the Pinacoteca do Estado or partially reutilized, as in the case of the Sala São Paulo concert hall, which was constructed inside the old Júlio Prestes train station and is today home to the State Symphonic Orchestra'. These renovations of various cultural institutions — including the Luz train station, a concert hall and a museum — have already started to draw a new influx of middle- and upper-class residents to the old city centre, although admission to and use of these institutions have been made inclusive through affordable pricing structures.

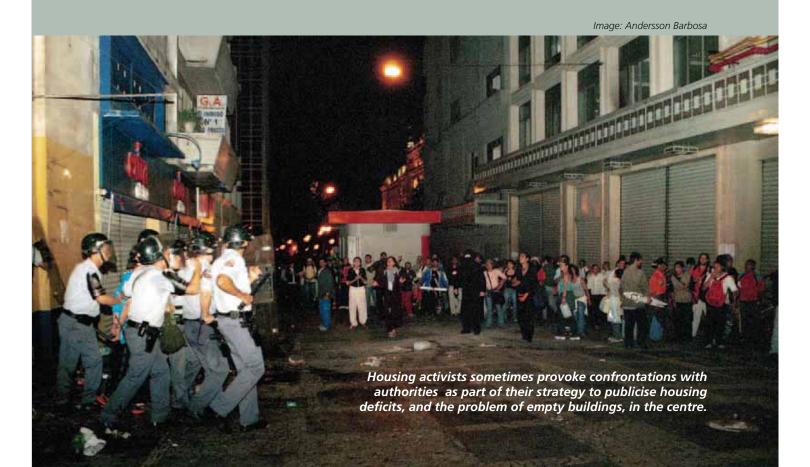
Meanwhile, NGOs and activists defending the rights of the poor in the city centre define the real struggle as one of big-money real estate interests colluding with, and influencing, municipal urban policy in favour of the elite and the middle classes. The poor have so far managed to maintain their rights to the city through the establishment of several Zones of Special Social Interest (ZEIS) in Luz (see Special Feature 18 for a description of ZEIS), but the debates are polemic and heated. Whereas the concepts of renewal, rehabilitation, revitalization, restructuring, requalification, regeneration and restoration connote positive change to government and private interests, the same concepts often come across as thinly disguised pretexts for further 'expulsion of sectors of the poor, socio-spatial segregation and the control of diversity' to low-income residents. Critics see the battle as one of unequal forces, where the inevitable outcome will be the departure of the poor from the centre, giving way to a loss of heterogeneity and the continued appropriation of public space by wealthy interests. Supporters see a municipal government with strategies and policies (sometimes backed by laws) struggling to implement a more inclusive, culturally diverse and socially multi-layered city centre.

The reality is that few easy solutions exist for the *cortiços* in Luz. New social housing in the city centre, refurbishment of old *cortiços* or legal requisition of buildings is a time-consuming and expensive process that may be interrupted by the changing regimes that govern the municipality and pre-empted by new capital and real estate interests. The municipality itself has a programme for *cortiços* that includes forcing tenement owners to refurbish their buildings, under risk of heavy fines. The CDHU action programme in *cortiços* – Projeto de Atuacao em *Cortiços* (*Cortiços* Intervention Project) — has had a slow start, benefitting a limited number of families in a difficult political and legal environment. Those who cannot be helped may move to the *favelas* or rent newer *cortiços* in the periphery, but in the short to medium term, *cortiços* in São Paulo's centre will remain a vivid illustration of social inequality and division, despite the ZEIS protective instruments embedded in the 2002 city master plan.

Paulo Sandroni, urban economist and development consultant of the Getulio Vargas Foundation Business School in São Paulo, told UN-HABITAT, 'ZEIS is a way to protect the poor people from expulsion during gentrification', but he warned of the risk of politics abandoning laws like ZEIS in the city centre. 'Currently the mayor [of São Paulo municipality] is fighting in the council to get rid of ZEIS zones' between the two major rivers, the Tiet and the Pinherios, that hug the city's main central areas, occupied predominantly by the elite and the middle class.

Source:

Frúgoli Jr., H. & Sklair, J. (2008). The Luz district in São Paulo: Anthropological questions on the phenomenon of gentrification. Unpublished paper prepared for the Center for Iberian and Latin American Studies.



slum upgrading 2 — guarapiranga and billings: when necessity drives urban priorities

The area around Guarapiranga and Billings reservoirs has received an intense level of national and international investment over the past two decades. Since 1986, the municipal government of São Paulo has carried out slum upgrading interventions in 81 slums around Guarapiranga, benefiting over 87,000 households, and it is now pressing ahead with slum upgrading initiatives in more than 27 communities that will benefit approximately 72,000 households. The local municipality of São Bernardo do Campo has intervened with upgrading projects in 62 slums, benefiting approximately 18,000 households around Billings, according to São Paulo Prefecture figures. The work continues.

The Guarapiranga and Billings case is compelling because it required the city to meet a critical environmental threat — pollution of precious water resources — by concentrating its urbanising and slum-upgrading efforts in a much-neglected area of the urban periphery. Pragmatists could argue that one urgent need provided the political will and financing opportunities to meet the other. Cynics might counter that it was only because the environmental crisis would have affected the lives of the non-poor throughout São Paulo city that the authorities gave necessary preferential treatment to predominantly poor communities they would have otherwise neglected. Either way, the problem of informal growth in around the reservoirs, regardless of environmental concerns, was looming and needed to be addressed. What happened around Guarapiranga and Billings is also interesting to urbanists, as it illustrates how limited investment in basic urbanization can transform a community and kick-start multidimensional economic and social process.

Guarapiranga dam was constructed on the Guarapiranga River in 1906 to generate hydroelectricity. By 1928, the city had begun tapping the reservoir as a source of potable water. Its importance as a primary water source for São Paulo has grown enormously over the decades. Currently, 4 million people depend on it. The Billings Reservoir was constructed to provide power supply to the emerging industrial São Paulo in the 1930s, and it now provides water to more than 2.5 million people.

To protect strategic sources of urban water supply, the state headwater protection law, passed in the 1970s, prohibited high-density residential occupation in 53 per cent of the MRSP, including the Guarapiranga and Billings river basins. The law was not enforced effectively. In fact, the law had a negative impact on the land values, which resulted in lack of interest among landowners and encouraged illegal occupation. Since then, the strategic location of the Guarapiranga river basin — close to the jobs and services in São Paulo city — has proven popular among the city's poor, who have spurred an explosion in the basin's population through uncontrolled and disorderly occupation. The vast majority (70 per cent) of the almost 2 million residents in the Guarapiranga and Billings river basins are poor. Elisabete Franca, head of the municipal housing and urban development authority (SEHAB) and former programme director of the Guarapiranga slum rehabilitation project noted the extent of the population growth: 'An immense, unmanageable pocket of poverty started to swell around the basin, especially in the area situated within the limits of the City of São Paulo'.

The favelados who occupy the river basins tend to concentrate in precarious, flood-prone areas and have no appropriate infrastructure for water supply, sewerage, drainage or solid waste management. The restrictions established in the headwater protection law prevented the municipality from providing infrastructure of any sort to the area when settlers moved in, resulting in the progressive degradation of water quality in the basin over time. Various attempts to regulate urban expansion to protect water sources have failed. Only recently has a new law that allows the city to intervene to improve the sanitary conditions of the areas around both reservoirs been approved.

The direct discharge of raw sewage into the water has caused eutrophication in both reservoirs. This is a slow aging process during which a bay, estuary, lake, river, stream, or other shallow body of water deteriorates into a bog or marsh, and eventually 'dies.' Nutritive pollution (containing nitrogen and phosphorous compounds) generated by human activities is a major factor in eutrophication because it causes an explosive growth of algae. The dumping of industrial effluents and pesticides from agriculture has resulted in additional pollution. It should be noted that the quality of the water in the two reservoirs is not only affected by the populations around them, but also by all of the accumulated toxins that flow in from hundreds of creeks and streams running through the MRSP. Throughout the city, *favelas* have traditionally been situated along streams and tributaries, which are typically clogged with refuse, human waste and chemical discharge. Sanitation levels in São Paulo remain low and water treatment remains inadequate. Increased densification and verticalization of urban settlements has resulted in increased impermeability

of soils and sealing of the land surface. Consequently, periodic flooding has become a problem in parts of the city, destroying homes and spreading illness with toxic flows of sewage and surface water.

Despite various high-profile and internationally funded programmes to control pollution and improve water quality, the results have been mediocre; contaminated water remains a major challenge. Efforts to raise environmental awareness, designed to encourage cleaner practices and instill appreciation for the water basins as places of outstanding natural beauty, have also had negligible effects on levels of pollution. And while the accompanying slum-upgrading efforts have had a significant impact on the lives of the poor living in the basins, some critics think that the slum-upgrading work is inappropriate in such environmentally sensitive areas. Alejandra Maria Devecchi, director of the Department for Environmental Planning in São Paulo, told UN-HABITAT, 'SEHAB [is] regularizing and upgrading in all the river areas where the *favelas* are and where they destroy the environmental balance'. Devecchi suggested that poor people should be moved to social housing in the centre of São Paulo and that the fragile, invaded land purchased by the government should be environmentally restored. 'In the end, upgrading is just more cement — it's not a real plan', she said.

The major success of the various water management programmes appears, to date, to be the positive impact of the urbanization and social intervention efforts in a total of 170 favela communities in the basins. With the construction of roads and parks, removal of at-risk houses, implementation of appropriate drainage and sanitary sewage systems, and connection of houses to water and electricity supplies, a transformative and inclusive process begins. Following closely behind these essential changes, increased transport networks form and new businesses arrive, and with the new schools, clinics, sports and leisure areas and open spaces, the community finds a new identity. Some areas of Guarapiranga that were urbanised more than a decade ago are indistinguishable from other parts of the city outside the centre: satellite dishes define the skyline, while paved roads are busy with traffic and commerce, and boys play football on all-weather fields. Violeta Saldanha Kubrusly, an architect and long-time senior coordinator with SEHAB, told UN-HABITAT that 'the main purpose of upgrading is to integrate the informal with this formal'.

With that integration comes a new sense of normalcy. Though upgraded areas are still low-income, and they have ongoing challenges, many of their residents express a high satisfaction with the new sense of citizenship and inclusion in São Paulo that comes with integration into the formal city.

Source:

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not just a megacity: são paulo's global city transformations?

Critical international urban centres, or 'global cities', serve as the hubs and nodes of global integration in our increasingly globalising world. Among the cities that dominate the global system of finance and trade, there is a hierarchy on which their relative importance is gauged and their capacity to influence global affairs and socioeconomic changes is determined. São Paulo is frequently listed among the premier league of global cities in the different emerging theories and analyses that attempt to decipher the global process.

Sociologist Saskia Sassen coined the term 'global city' in her seminal 1991 book of the same name, which is widely regarded as a landmark study in the political economy of cities. Sassen included São Paulo as an important secondary actor in her new socio-spatial order, ranking it below first-tier cities such as New York, London, Tokyo and Paris on the basis of its importance to finance and trade worldwide. She later expanded on the theme, saying, 'The intensity of transactions among [cities such as Bangkok, Taipei, São Paulo and Mexico City], particularly through the financial markets, trade in services and investment has increased sharply, and so have the orders of magnitude involved.' Some commentators responding to Sassen's theory have challenged her notion of how São Paulo and the other 'second-order' global cities compete and contribute to the global order. Simone Buechler, for instance, argues that São Paulo is instead a 'globalising city' because of the paradoxes, contradictions and undermining factors inherent in the way the city functions, detailed throughout this publication.

An important early attempt to define, categorize, and rank global cities was made in 1998 by Loughborough University's Globalization and World Cities Study Group and Network (GaWC). Their roster ranked cities specifically on their provision of 'advanced producer services' such as accountancy, advertising, finance and law. They gave priority to cities in which there were offices of major multinational corporations providing financial and consulting services, rather than favouring other cultural, political and economic centres. GaWC redefined and re-categorised leading global cities in 2004 and 2008, but the emphasis remained on economic indicators over political or socio-cultural factors. The new ranking describes São Paulo as an 'Alpha Minus' global city on par with 20 other cities, including Caracas, Mexico City, Bangkok, Taipei and Istanbul. In Latin America, only Buenos Aires scored higher as an 'Alpha' global city. Other ranking systems based on the evaluation of such indicators as business activity, human capital, information exchange, cultural experience and political engagement have produced different results, with São Paulo trailing far behind other cities around the world.

Almost predicting the current changes in São Paulo's labour market, Sassen warned early on that the creation of global cities would spawn vast territories that become 'increasingly peripheral, increasingly excluded from the major economic processes that are seen as fuelling economic growth in the new global economy.' By way of example, she noted, 'Formerly important manufacturing centres and port cities have lost functions and are in decline'.

São Paulo's economy is going through a deep transformation of the kind Sassen foresaw. Once a city with a strong industrial character, São Paulo has become one of the largest financial centres in Brazil and in the world, and its economy is increasingly based on the tertiary (service) sector. To one analyst, 'This is a transition responsible for an economic and social polarisation of the city: increasing informal and domestic services on one hand and advanced services related to the international economy on the other'. As Sassen warned, globalising cities can suffer devastating economic consequences domestically even as they expand their influence internationally. She wrote, 'It is not simply a quantitative transformation; we see here the elements for a new economic regime'. In São Paulo, the effects of globalisation are tempered by the fact that its manufacturing sector is still strong; a significant part of the new services sector relates to manufacturing. The reduction in the manufacturing labour market as a result of economic restructuring is not proportional to the reduction of industrial production in MRSP — at least, not yet.

Protagonists of the global city argue that the São Paulo stock exchange (Bovespa) has taken on global significance, and that its diversified financial services rival those of other world centres. Huge consumer outlets and retail businesses thrive as new service industries spawned by the computer age provide increasing employment opportunities for the increased number of college-level graduates — highly valued human capital, produced by São Paulo's many universities and technical institutes. Newly developed areas around the Marginal do rio Pinheiros and the Berrini Avenue with the modernistic new suspension bridge (Ponte Octavio Frias de Oliveira) offers a glittering 'intelligent' nexus for the numerous foreign-owned companies and foreign banks that make São Paulo their home, and for those that are yet to arrive in the 'new city' within this global city.

Critics, however, point to São Paulo's serious problems of resilient poverty, inequality, social exclusion and spatial segregation. Although it is the most important financial centre in the country, São Paulo also has a huge informal economy and massive unemployment, and a third of its population is below the poverty line. In his book, *The Myth* of the Global City, João Sette Whitaker Ferreira offers data to dismiss the technical arguments that São Paulo is a global city and suggests instead that the concept was instilled by interested parties to exaggerate the city's profile. Ferreira told UN-HABITAT, 'This ideology to promote São Paulo as a global city comes from the traditional elite, from real estate, the construction industry and the government to give increased value to exclusive parts of the city and increase investment'. Ferreira cites the massive inequalities in the city, its poverty and organised crime, and the fact that 3 to 4 million Paulistanos are inadequately housed, asking, 'What significance is this growth or transformation [to a global city] if it fails to benefit all the people'?

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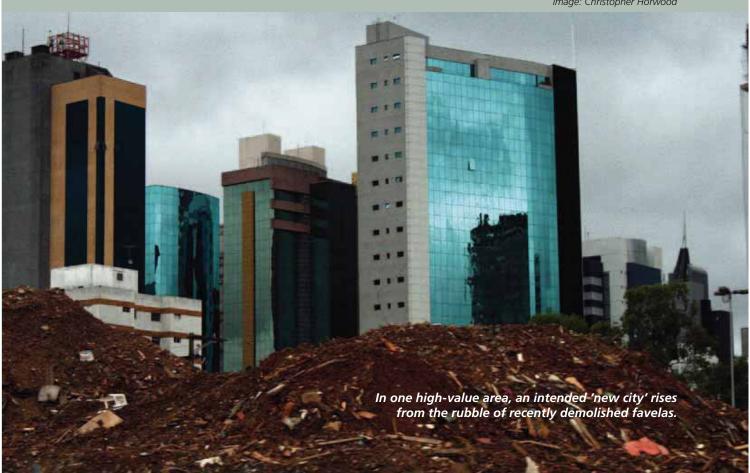
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Image: Christopher Horwood



special feature 11

the jardim edite case: squeezing out the poor*

The much-publicized case of the Jardim Edite favela offers an example of the competing forces that characterise housing and land struggles in São Paulo today. Inclusive urban planning policies have clashed with market forces, housing activist movements, the dynamics of urban growth and constitutional rights. The resulting battle is more complex than David versus Goliath, and it cuts to the heart of the dilemmas inherent in putting inclusive urban policies into practice. It is an ongoing battle, which may result in no definitive winner, although defenders of the favelados argue that the winner is Goliath.

As the battle in Jardim Edite entered its endgame in 2009, powerful photographs in the local media showed the last squatter family, baby in arms, standing in the rubble of demolished favela constructions, guarding the last home standing against a backdrop of state-of-the-art high-rise buildings of the new 'global city' within a city. The message seemed to be clear: the powerless lose again; the poor are not welcome in the city of the rich.

Situated on the banks of the Pinheiros River, Jardim Edite was the last favela in a large complex of what were once 68 tolerated squatter settlements, all successively evicted and removed over the last two decades. These *favelas* clustered around the avenues of Águas Espraiadas (literally, 'sprawling water'), Eng Luiz Carlos Berrini and Roberto Marinho. The land originally belonged to Road Department of the State of São Paulo (DER) and was earmarked for the construction of the city's ring road. The project never took off, and the area attracted squatters beginning in the mid-1960s. The land was swampy and constantly afflicted by floods, which made it undesirable and kept prices low. But then, as central São Paulo expanded and some major urban projects concentrated on the area — and as the local elite gravitated toward the city's southwest quadrant, dragging with it considerable public resources — the value of the region exploded, particularly the opening of Av. Águas Espraiadas and the extension of Av. Faria Lima took place.

A period of large-scale evictions followed, mainly between 1995 and 1996, when the construction of Avenida das Águas Espraiadas finished. The area rapidly became one of the most expensive in the city as a result of the public investment in infrastructure, which some critics claim merely subsidized the real estate profits of the rich. As the area rapidly became the main business district of the new face of São Paulo, the value of having construction workers, labourers and service staff for the new zone living so close by (in the *favelas* around the new developments) was outweighed by the rising value of the land, so the *favelas* were torn down. The government offered evicted residents meagre financial compensation, means to return to their state of origin, or social housing located many miles away, in other parts of São Paulo.

After the construction of the three avenues and widespread favela removal, land prices shot up. According to one analyst, the price of land around Jardim Edite was US \$100 per square metre 30 years ago; after the infrastructure investments in the 1990s, the price rose to US \$1,500 per square metre. Finally, with the opening of the Octavio Frias de Oliveira Bridge in 2008, land around Jardim Edite became worth US \$4,000 per square metre.

Various writers and critics have observed the public investment-favela eviction process with deep suspicion and suggested that the municipality's actions are illegal: a trampling on favelados' constitutional rights and a close collusion between private real estate interests and municipal urban interventions. They suggest oppressive, intimidating and fraudulent tactics were also used to remove the *favelas*.

During Mayor Marta Suplicy's term from 2001 to 2004, the few *favelas* remaining on the banks of the Pinheiros River enjoyed the protection of a Zone of Special Social Interest (ZEIS) designation, which in theory protected them and allowed for slum upgrading and urbanization. Meanwhile, the area also became included as part of the Urban Operation of Agua Espraiada, and Certificados de Potencial Aditional de Construcao (Certificates of Additional Construction Potential, called CEPACs – see Special Feature 18) for the area were sold on the stock market. According to CEPAC regulations, the money raised by offering developers allowances for increased verticalisation or other concessions should be invested within the perimeter of the Urban Operation, and include upgrading the slums located inside it. But as new, tall structures came to dominate the skyline, the slums were demolished.

According to community leaders in Jardim Edite, municipal workers pressured the 842 remaining families to leave by the time the dramatic new cable-stayed Octavio Frias de Oliveira Bridge (which bans the use of buses, the primary mode of transport for the poor) was finished. Afraid of losing everything, some people accepted the one

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of the municipality's three options, and the removals began. Others, however, were mobilized to assert their right of residence under the City Statue and continued living in the rubble of demolished houses. With the support of the local public defender, the favela residents filed a public civil action against the city and managed to suspend the demolitions until a judge ruled on the case.

The municipality subsequently made a deal with the residents and pledged to build replacement housing on the same site with 240 units, a nursery and a garden; this was considered a victory of the pro-housing movement, but it can be argued that the developers won, as slum upgrading, not resident removal and demolition, should have been the priority intervention under the law. Instead, the city is now building a hybrid social housing complex that one newspaper has sarcastically dubbed 'COHAB Chic' in the middle of the modernistic, elegant 'new city' structures. Retreating from an outright removal of the poor, the municipality decided to construct a higher standard of housing that would better fit the emerging area and not tarnish the image of the new bridge. On the positive side, such projects can be recognized as opportunities to motivate improvements in the quality and construction of social housing.

Ultimately, despite pro-poor urban policy and legislation, the long-term outcome for Jardim Edite's former residents may be no better than if they were simply relocated at the outset. The smart new units of social housing in the midst of shopping malls, offices and open spaces may soon be coveted by young executives, which will increase their value; once they are sold, the last of the poor families will have left the area, allowing the 'new city' to enjoy its social and spatial exclusivity. But the organization of the Jardim Edite residents and those who support them cannot be underestimated — the final outcome remains to be seen.

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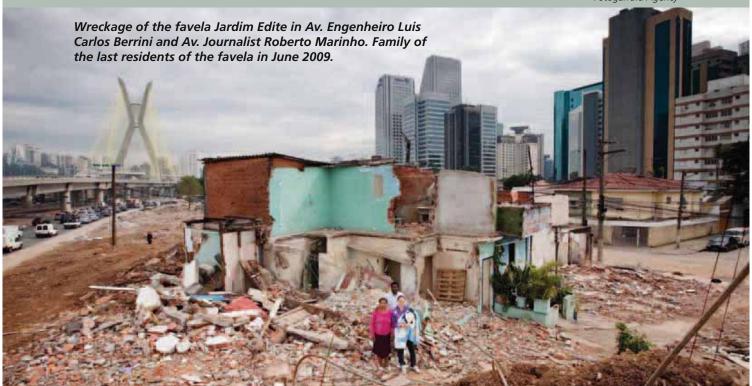
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Image: Marcelo Min Fotogarrafa Agency



keeping the struggle alive: housing activists and substantive citizenship

The study of social movements in Brazil and São Paulo has direct relevance to the fight for land, rights and democracy. But it also offers a vibrant antidote to any overly enthusiastic praise of recent state interventions in favour of low-income housing and implementation of urban citizens' rights. It explains how social housing organizations have been important brokers of the 1988 Constitution, the 2001 City Statute, the creation of the National Council of the Cities (2003) and the first National City Conference (2003), and how they have been a key element in the on-going process of developing democracy and citizenship in São Paulo and other Brazilian cities. The powerful umbrella organisation of National Forum on Urban Reform, has in particular been credited with playing an important role in the three developments with regard to ensuring that policies and housing agendas have been progressive and propoor. At the same time, a study of the social movements phenomenon invites examination of the Brazilian paradox, in which democratic rights have amplified while inequalities and socioeconomic exclusions have continued.

When the new constitution was drafted in 1988 and free presidential elections were held, opposition or resistance movements were forced to readjust their roles after years of activist struggle against the military regime that ruled Brazil for two decades, between 1964 and 1985. The National Movement for Urban Reform — a broad coalition of trade unions, professional organisations, churches and popular movements — united around the call for equal rights in Brazil's towns and cities and played an active role in drawing up the constitution, which explicitly recognises the right to decent housing and states that property, whether urban or rural, must serve a 'social function'. Unoccupied buildings or unproductive land thus became more susceptible to intervention by the government in the social interest. As the housing crisis in Brazil's major cities deepened, a new generation of social organisations lobbied and advocated for the implementation of the new instruments and initiated occupations of empty buildings and unused urban land.

Activists from grassroots church groups (often catalyzed by 'liberation theology') and the Workers' Party (born of the powerful São Paulo Labour movement started in the 1920s) were initially instrumental in the proliferation of organisations like the National Movement for the Struggle for Housing, the National Union for Popular Housing, the National Confederation of Residents' Associations, the Centre for Popular Movements, the Movimento Sem-Teto do Centro, the Housing Struggle Front and the much-publicised MTST: Movimento dos Trabalhadores Sem Teto (movement of workers without roofs). Favela movements were more active in the 1970s and 1980s, and the cortiço social movements started to grow in the 1990s, though groups had defended cortiço dwellers since the 1980s. In the 1990s, the movements for the promotion of housing in central São Paulo grew, fighting not only to help cortiço dwellers, but also to stimulate appropriate policy making in City Hall.

In June 2004, a joint mission from the United Nations and the National Observatory for the Human Right to Adequate Housing visited Brazil. The mission 'recorded accusations of police brutality during evictions from occupied land and buildings and concluded in its report that the authorities treated housing as a commodity rather than a fundamental right'. To many in São Paulo and elsewhere, decent housing is a fundamental aspect of citizenship and simple human dignity, making such actions all the more repugnant. Full access to housing, health care and education are also integral to the concept of the right to the city, forming what many protagonists call 'substantive' citizenship (as opposed to 'formal' citizenship, where one has democratic freedoms but no guaranteed access to basic services). Social movements argue that poverty and social exclusion restrict substantive citizenship in contexts of social exclusion and income differences.

Since 1997, the MTST and the Roofless [Homeless] Movement of Central São Paulo (MSTC) have used unannounced mass occupations of disused buildings as the main form of struggle. They reject the term 'invasion' to describe these actions, arguing that they are reclaiming their rights and that they are prepared to negotiate the acquisition of the occupied buildings if terms are reasonable. In the central areas of São Paulo, 7,000 housing units sit empty. To the housing activists, juxtaposed against the housing crisis, the empty buildings are an indication of the state not fulfilling its constitutional duties to the homeless of the city. While using the courts to prosecute the state as a 'law breaker', groups have been successful in winning major headlines and some cases. They have kept the twin crises of housing and substantive citizenship high on the municipal agenda by using this somewhat paradoxical strategy of suing the 'law breaker' while breaking laws themselves.

'We have occupied over 30 buildings' since the MSTC emerged in 1997, said Ivaneti de Araujo, the general coordinator of the group, because the tactic is 'the only one that brings results'. MSTC has joined 11 other groups to form an umbrella organisation, the Frente de Luta por Moradia (Pro-Housing Front) in Greater São Paulo. 'The future will be one of continuous struggle and few victories', Araujo said in a recent interview, 'but it's worth it, because if you don't fight, you're dead'.

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Image: Andersson Barbosa



the retrenchment of the rich: alphaville versus dystopia

Teresa Caldeira, a noted Brazilian anthropologist and author of the book City of Walls: Crime, Segregation, and Citizenship in São Paulo asserts, 'The elite have made a decision. Instead of looking to better Brazilian society in general, they are abandoning it and finding their own personal protection behind guarded walls'. Her words were echoed by a reporter writing about São Paulo in 2002: 'The rich are retrenching, restricting their lives in incredible ways and living their lives in an increasingly paranoid fashion'. Is this reality of the early 2000s now changing?

Caldeira has argued that in the last three decades, 'fortified enclaves became status symbols and instruments of social separation'. She described fortified enclaves as 'privatized, enclosed, monitored spaces for residence, consumption, leisure and work'. Writing in 2000 at the peak of São Paulo's most violent period, she argued that with the 'increase in violence, insecurity and fear came a series of transformations', and those who were able adopted new strategies of personal protection. They perceived the state as incapable of protecting them, so they opted for different forms of 'private vigilantism'. One response was a rejection of public space, expressed through the elite's retreat into fortified enclaves; even mobility became segregated and isolated as the rich tried to 'fly above their fears' using choppers for travels form home to work, to go shopping and even to get to church. In 2002, the civilian helicopter traffic in São Paulo was reckoned by some observers to be the busiest in the world. At that time, Brazil's US \$2 billion-a-year security industry was booming, and Brazilians were armouring and bullet-proofing an estimated 4,000 vehicles per year — twice as many as in Colombia, which was in the midst of a four-decade-old civil war.

What Caldeira calls a 'new aesthetic' of security has become integrated into all new developments, and old houses, schools, offices and shopping areas have been retrofitted to accommodate it. High fences, remote-controlled gates and doors, bullet-proof glass, uniformed guards and electrified wire have become commonplace in a city where those desperate to isolate themselves from the insecurity that seemed to be sweeping through Brazil's mega-cities simply had to pay to do so. Enclosed, fortified condominiums offer the rich a chance to withdraw from the surrounding dystopia and create a new order: the wealthy in exclusive 'Alphavilles', and the poor in what might be called 'Omegavilles'. With the development of safe, secure developments, it became possible in São Paulo to live in a private, alternative urban reality in the safe homogeneity of one's own social (and ethnic) group.

The emergence of large developments, such as the elite Alphaville, located almost 25 kilometres outside of São Paulo's city centre, provides a classic example of abandonment and fortification in the city. Alphavill is home to 30,000 of São Paulo's most privileged residents. It has three helipads and four entrances and exits, all monitored 24 hours a day. Alphaville is extraordinary because its developers exceeded the measures taken by some of the other all-inclusive city condominiums, such as the new Cidade Jardin. It offers not just an all-inclusive enclave, but a contrived and constructed specialised environment that has become a parallel city in itself, where the developers have replaced government and the wider society in terms of providing all of its residents' essential services, culture and economic needs. It is an ecology of privilege, a ghetto for the wealthy.

To advertise Alphaville, the development company sponsored some episodes of a popular prime-time Brazilian soap opera whose leading male character was an architect. When the company, now called Alphaville Urbanismo, developed a new condominium, it organised all of the basic civil works for the community, such as electrical, telephone and data communications cabling; water and sewer mains and treatment facilities; landscaping and business centres; lakes, recreational centres and shopping malls; and 11 schools and universities. Most of the company's developments also boast social and sports clubs for the residents, with soccer, golf and tennis fields; jogging and bicycle tracks; saunas, swimming pools and ballrooms; and a selection of restaurants and bars. The original Alphaville site now has 33 gated areas. The business area is already a small city in itself, with 2,300 establishments. Every day, more than 150,000 people enter and leave Alphaville by a specially constructed private toll road that connects to the Castelo Branco Highway, which had to be expanded to service Alphaville traffic. Buses can approach Alphaville but cannot enter the gated residential compounds. The thousands of low-income menial workers who service the residences and businesses must therefore walk into the enclave in which they could never afford to live or be socially accepted.

Ironically, the development is named after a 1965 film of the same name by Jean Luc Godard, who set the story in a frightening future world in which residents are controlled by a sentient computer system that outlaws all free thought. São Paulo's Alphaville resembles its fictional namesake in many ways, with its elaborate and all-encompassing surveillance apparatus featuring high walls, hidden cameras and alarm systems. 'Inside the compound, visitors are recorded by cameras at guard checkpoints in residential zones. In the communal areas, children can attend well-

guarded schools and enjoy afternoon sports on fenced-in fields watched over by Alphaville's black-clad security guards. At night, on "TV Alphaville", residents can view their maids going home for the evening, when all exiting employees are patted down and searched in front of a live video feed. The local gym, which specializes in self-defense classes, is called CIA. To enter the local shopping centre, customers must first pass through a guarded gate'.

The success of Alphaville has led to Alphaville Urbanism expanding its developments to several other cities in Brazil, where approximately one million people are now estimated to live in purpose-built, closed condominiums or fortified mini-city developments. There are more than 100 such developments in São Paulo itself, and the market's appetite for more 'condominios fechados', for the few who can afford them, is only growing.

While the authorities seek ways to make São Paulo a more inclusive city, the wealthy are voting with their feet — or perhaps, with their choppers — to increase their own sense of well-being. According to many people interviewed for this research, the middle class are the most antagonistic to inclusive policies when they directly affect their own residential areas. 'Brazilians become animals when their house value drops', Erminia Maricato, professor of architecture and urbanism in São Paulo and former vice minister in the Ministry of Cities, told UN-HABITAT. Nadia Somekh, an architect and high-profile city planner, emphasized that 'the gated community is anti-city. It is opposed to inclusive heterogeneous melding and instead becomes a self-exiled, homogenous non-inclusive enclave of exclusivity'. The story is not only one of polarized wealth and poverty, however. The strategy of developing 'condominios fechados' is expanding, and the gated-community pattern is now being applied to communities for everyone from the lower-middle class to the very rich. Gated real estate promises a 'secure' life in in neighbourhoods all over the city. It is no longer a phenomenon restricted only to the very rich.

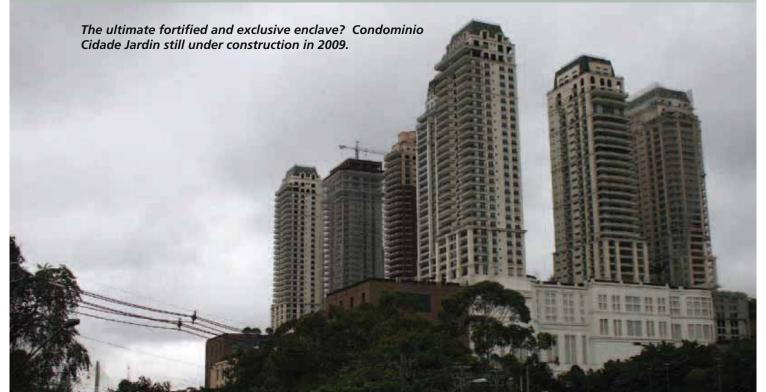
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Image: Christopher Horwood



demonising the slums: stigmatisation as the last barrier?

The poor are no strangers to prejudice and stigmatization, but in Brazil and São Paulo, the common attitude toward those living in *favelas* and *cortiços* deserves special mention. As by-words for poverty, ignorance, filth, disease and especially crime, alcoholism, and, more recently, drug abuse, favelados and cortiçados labour under a double jeopardy. Not only do they live on far lower incomes than people who live in other parts of the city, but they also have reduced human security, and restricted access to quality health, education, employment and recreational opportunities, transport options and communication tools. On top of all of these disadvantages (and because of them), they face stigmatism because of where (and how) they live. São Paulo's slum dwellers, therefore, do not enjoy full citizenship, with full access to state services; they are deemed separate, standing apart from the 'normal', acceptable and legal society.

One writer vividly describes some of the influences of prejudice and discrimination against slum dwellers: 'Favelas are considered to be blemishes in the urban fabric. For most Brazilians, favelas are forbidden territory; blind spots in the city map. Outsiders rarely venture into those areas, because of actual and perceived dangers. Brazilian papers are full of crime stories in favelas. For citizens who have never set foot in a favela, it is hard to separate fact from myth'.

Guilty by association, and presumed guilty until proven innocent, the favelados and cortiçados are denied the heterogeneity that is the favela reality, and instead are assumed to be a mass of people all living by the same standards, in the lifestyles of the lowest common denominator. Their detractors are the fear-filled and disdainful middle and upper classes who, often fuelled by the media, find it easier to reinforce the stereotype than demolish it.

Negative stereotyping of those living in the *favelas* and *cortiços* has a long precedent. According to one writer, for more than a century, the *favelas* of Rio de Janeiro have been portrayed as 'the setting of an endless war, a constant conflict among conceptions of justice, legality, city, urban order and power. One only needs to glimpse at the newspapers of a hundred years ago and those of today to observe a negative and fearful portrayal'. In 1909, one of the major Rio de Janeiro newspapers described one of the first shantytowns in the city as 'the place where most of the thugs in our land dwell, and precisely for this reason — for being a hideout for people willing to kill for any or even no reason — they do not have any respect for the Law and the Police'.

Such stereotyping continues today, as residents are subjected to prejudice, fed by a constant proliferation of images depicting them as dangerous second-class citizens living in a violent and humiliated state. The journalist and academic Martim Silveira illustrates how favelados are dehumanized in media reports using examples from many recent stories, including reporting on the police storming of the Heliopolis favela in São Paulo on 2 February 2009. He finds the favelados are assumed to be criminally associated with drug gangs and always to be the instigators of disturbances and violence. The reporting is frequently in the style of 'war journalism' he argues: 'a linear coverage that only narrates events without considering their context; that prioritizes official sources, and diminishes common citizens; that credits violence to an alleged inborn barbarism of those who commit it; and that can only understand disputes in a dualistic manner, as a fight between "good" and "evil". Silveira finds those in slum dwellers are 'culturally transformed into criminals by the mass media' through a 'simplistic, dualistic division of the world: "Good vs. Evil". The "regular city" vs. the favela; rich vs. poor; police vs. bad guys; order vs. Riot, the "Army of Order" against the "Army of Crime".

The problem with this simplistic perspective is it reduces conflicts to a zero-sum game of two parties, and the irony that those living in the slums themselves suffer most from violence and crime is lost. As they remain segregated by the absence of the state and the surveillance of the police — who often treat them as enemies of the state — they have no choice but to accept domination of their communities by drug lords or gangs who gain de facto control. Another irony, of course, is that the very people the wealthy and middle classes fear are those they totally depend on to provide their private security, drive their cares, clear their rubbish, care for their children and clean their homes. The elite also present a ready and thriving market for the recreational drugs pedaled by favela gangs.

Partly because of the large-scale urbanization and slum-upgrading work by the state of São Paulo, there are many informal cities and *favelas* that are on their way to improvement, but stigmatization may be the last great hurdle

they must overcome to achieve actual integration. The contrasting skyline of the upgraded informal city and that of the high-rise formal city, emblematic of different urban origins and standards of living, will clearly not change in the medium term. At the same time, some point to a new cultural movement spreading in São Paulo, in which young people who grew up in *favelas* and in the periphery have become more forthright as protagonists of their rights and needs. To some degree, this is a response to the stigmatisation, stereotyping and prejudice they have endured.

The poor in São Paulo are not submissive: they have a strong history of activism. Unlike the rich, they do not live behind guarded walls. Even as their communities are physically improved, however, the pervasive stigmatization effect endures as one of the great unsolved problems of favela upgrading. Despite considerable changes in living standards, lowered crime levels and increased amalgamation with the formal city, people from the favela communities still acutely feel the shame of others, refusing to divulge their true address when applying for jobs.

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Image: Marcelo Min Fotogarrafa Agency

Team of amateur footballers in a field in the neighborhood of Saint Moritz Favela in Taboao da Serra, a city that is part of Grande São Paulo.





unified educational centres: constructing citizenship in the periphery?

If anything can, the Unified Educational Centres (Centros Educacionais Unificados, or CEUs) may offer an antidote to the all-inclusive condominium subculture of the exclusive formal city. In the face of irrefutable evidence of sociospatial segregation and exclusion, including a chronic lack of recreational facilities in the periphery, São Paulo's government invented a brilliant concept: the all-inclusive CEU.

Dignified by interesting and modern architectural designs, 21 different CEUs have been developed specifically for the periphery, and just for low-income communities, such as Vila Rubi and Cidade Tiradentes. The placement of the educational centres was informed by the social exclusion and inclusion maps of 2000, developed by Aldaíza Sposati. As a result, the CEUs have successfully been located in under-served communities of high social exclusion, normally in previously regarded informal or illegal areas that are now being regularized and urbanised. Many of the CEUs have been completed and are in full use; independent evaluators have reported that community satisfaction with the facilities exceeds 90 per cent.

The administration of Mayor Marta Suplicy, who served from 2000 to 2004, developed CEUs to meet community needs expressed during participatory budgeting processes and community consultations. The centres are one-stop cultural, educational and community focal points in São Paulo's most deprived areas; they have multiple facilities combining education for children, youth and adults with community cinemas and theatres, sports areas, day care centres, libraries, canteens and swimming pools (one for each school). The CEUs also have 'telecentres': public spaces where people can use computers, the Internet and other digital technologies to collect information, be creative and learn and communicate with others as they develop digital skills essential for success in the 21st century. The municipality explains in its official website that it intends for the Unified Educational Centres to 'promote the integral development of children, youth and adults through innovative educational experiences, artistic activities, cultural [activities], sports and digital inclusion'.

The centres are expensive and were designed to offer state-of-the-art equipment and facilities for disadvantaged students. Mayor Suplicy defended the cost of the centres as necessary for the long-term social good.

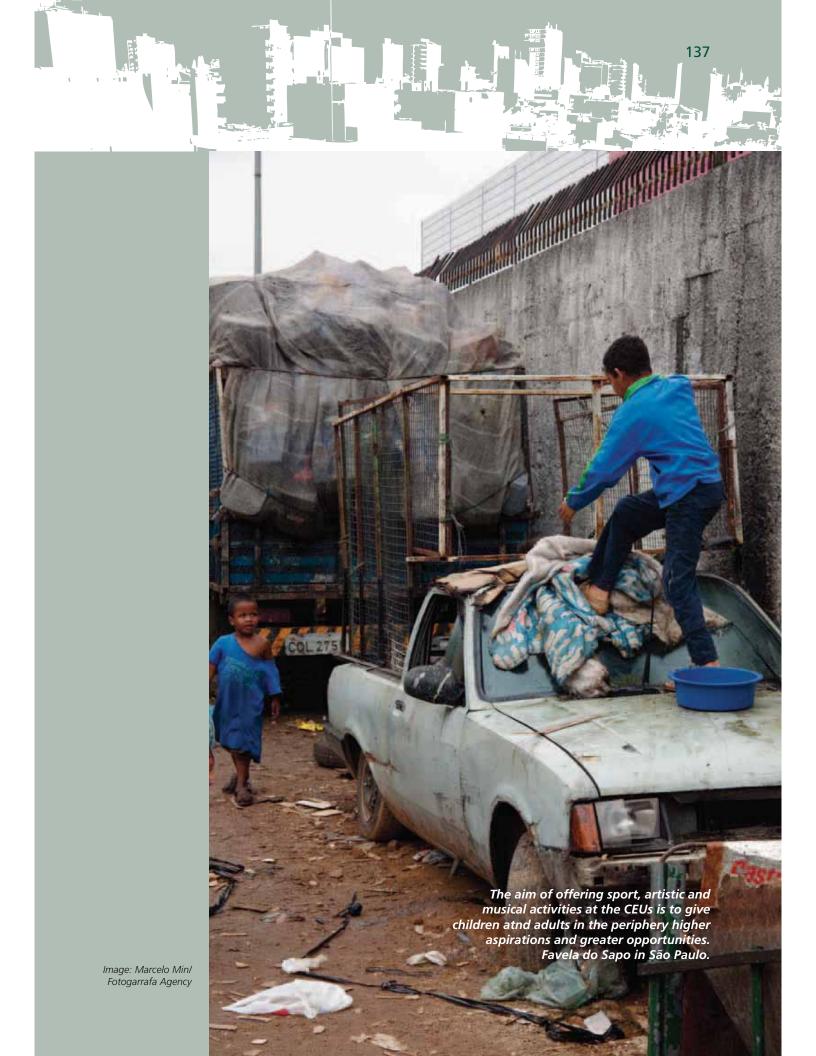
The goal of the CEU is that these children, who live in shacks, with unemployed parents, have a chance to study in a beautiful place, with uniforms and school supplies. The idea is to bring culture and leisure, and education. There they have access to many things they may have never seen — from a sink and toilet paper to computers, DVD players and musical instruments. The real difference between us is that a poor person does not have access to anything. If we give them access they will have a better chance in life.

With the implementation of CEUs, public facilities in education have increased markedly in number and intensity of use. The number of municipal libraries has increased from 67 to 88 (30 per cent), telecentres from 52 to 73 (40 per cent), swimming pools from 61 to 128 (109 per cent), and theaters from seven to 21 — a whopping 300 per cent increase. These pioneering centres are therefore not only a new concept of public space management, combining different facilities at one point in the community, but they also offer a cluster of educational and aesthetic experiences for a wide variety of students. The centres are also intended to serve as reference points, and places where district social relationships are mobilized and reorganized; by stimulating new social interactions, each centre helps develop a local identity and becomes a community development nexus. Perhaps above all, those who designed the centres hope they will foster a strong positive sense of urban citizenship, with all its rights and obligations, and a strong sense of inclusion.

Since Suplicy's left-wing administration, subsequent mayors and their departments have generally supported the CEUs, and there are few critics of them. Although the mayor who succeeded Marta Suplicy wanted to stop funding the CEUs, a popular backlash forced the government to continue the programme. The aims of the CEUs are ambitious and far-reaching, but no one doubts the need for them in the periphery. With strong popular support and continued government funding, the CEU approach may yet achieve its basic, and more esoteric, objectives.

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violence in são paulo: organised crime, corruption and the police

In May 2006, Marcos Williams Herbas Camacho, jailed leader of São Paulo's notorious prison-based gang, Primeiro Comando da Capital (PCC), reportedly learned of plans to transfer him and other gang members to a maximum security prison. Believing the transfer to be an attempt to disrupt the gang's hierarchy, suspected PCC members unleashed a devastating wave of violence that paralysed the state for more than a week.

On the street, criminal elements associated with the PCC attacked police stations, patrol cars, banks and bars, while simultaneous uprisings swept through the state's prisons. Janice Ascari, São Paulo's Chief Public Prosecutor, described the offensive as the first terrorist attacks on Brazilian soil. An independent commission investigating the crisis that brought Brazil's financial capital to a standstill estimated that the violence, together with subsequent police reprisals, left nearly 500 people dead.

The May 2006 attacks highlighted that, despite a substantial decline in homicide and violent crime rates in São Paulo from endemic levels in the late 1990s, highly organised criminal networks on the streets and in the prisons are still capable of unleashing crippling violence in South America's largest city. 'I've never known organised crime on this scale', a 21-year veteran of São Paulo's paramilitary police told the BBC in September 2006. And while the police were the primary target of the PCC attacks, their heavy-handed response also underscored the complex relationship between law enforcement activities, official corruption and organised crime across Brazil.

Reportedly founded to avenge the deaths of over 100 inmates killed during the brutal suppression of a 1992 prison uprising, the PCC is believed to control more than 140,000 prisoners across the state. It first flexed the muscles of its network in 2001, when simultaneous rebellions were organised across 29 prisons, but the PCC has since been implicated in the murder of an investigating judge and multiple attacks on police stations and off-duty prison guards. The gang, São Paulo's most powerful, has developed into a sophisticated organised crime outfit engaged in activities such as gun-running, money laundering and prostitution; together, the PCC and Rio de Janeiro's Red Command control the drug trade in the country's two largest cities.

But while drug trafficking forms part of the backbone of organised crime in São Paulo, criminal networks — and the PCC in particular — are inseparable from the realities of the state's crumbling prison system. As the authorities sought to address the crime epidemic of the late 1990s, large numbers of people were sentenced and incarcerated: the state of São Paulo accounts for about 22 per cent of Brazil's population, but 44 per cent of its inmates, with the prison population rising from 100,000 in 2003 to 145,000 in 2006. Authorities rapidly lost control over large parts of the often severely overcrowded prison system, plagued by poorly paid and inadequately trained prison staff susceptible to intimidation and bribery.

Assisted by corrupt officials, the PCC was able to acquire cell phones, which are banned in prisons, to create networks within and among jails. Authorities estimated that at the time of the 2006 attacks, reportedly coordinated by cell phone, some 1,200 handsets were circulating amongst the state's inmates, smuggled in with the complicity of prison staff. While the authorities sought to crack down on the prison cell phone network in the aftermath of May 2006, prison guards reported in July 2009 that the use of carrier pigeons to smuggle handsets to inmates had become 'almost commonplace'.

Although their efforts to decrease crime in São Paulo have been laudable, the police themselves are also at the heart of continuing violence in the city. Both inefficiency and corruption within the police bureaucracy have allowed organised crime — from the tentacled PCC to drug cartels in the *favelas* — to put down roots. The duration of the violence in 2006 demonstrated the inability of the underfunded and institutionally fragmented police to take decisive action to protect São Paulo's citizens. But reports also suggest that numerous law enforcement officers are in the pay of the gangs, with President Luiz Inácio Lula da Silva himself noting in 2006, 'it seems that the police and the bandits were in collusion'.

Police operations against organised crime in São Paulo also contribute to perpetuating a cycle of violence in the city. According to official figures quoted by Amnesty International, police killed more than 528 people in São Paulo in the first nine months of 2006, more than the total killed in the previous year. Lawyers and human rights groups claimed that innocent civilians were among those caught up in a killing rampage that followed the May attacks, while senior police internal affairs inspector, Antonio Funari, warned of the re-emergence of death squads 'with suspected participation of police officers'. Police brutality reflects a broader trend of violent police incursions into

many of the city's poorer communities to pursue criminal gangs, as reportedly took place in February 2009 when riot police occupied the massive Paraisópolis favela.

Ongoing violence in Brazil's cities, with its roots in well-organised criminal gangs, official corruption and police belligerence, belies the nation's position as one of the world's most powerful economies. But — as reflected in the brutal, drug-related clashes between gangs and police in Rio de Janeiro in October 2009, just weeks after the city was awarded the 2016 Olympic Games — the violence will continue to damage the reputations of these cities, and the admirable progress they have made in terms of development, for the foreseeable future.

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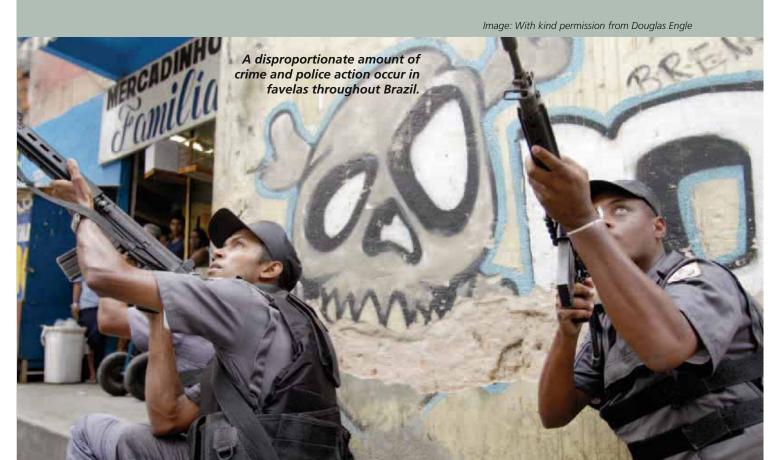
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SEHAB and mapping são paulo's housing needs

Even though São Paulo tops the list of Latin America's most modern and developed cities, more than one-third of its population lives in poor-quality housing, mainly *favelas* and *cortiços*, in substandard settlements. The municipal Secretariat of Housing and Urban Development (SEHAB) is responsible for devising, planning, implementing and evaluating municipal housing and urban development policy. It started getting serious about the city's housing problem from 2001, when the victory of the Worker's Party in municipal elections allowed SEHAB to change the city's master plan and initiate a new policy approach. It began with a strong emphasis on improving both quantity and quality of housing for low-income households while increasing public participation in all decision-making and implementation processes.

The SEHAB strategy centres on urbanising and upgrading housing and infrastructure, while also legalizing land tenure in informal settlements. This general programme of inclusion departs from earlier efforts to exclude, ignore or remove informal and illegal settlements and is an expression of a new approach to urban regeneration, putting the 'right to the city' concept into practice. Not only more inclusive, the approach values the investments homeowners made in recent decades through widespread 'autoconstruction', resulting in most irregular and informal, multistory homes being made of durable materials.

Reinforced by new legislation — including the 2001 City Statute, the 1988 Constitution and a raft of laws that emanated from these overarching frameworks — financial instruments and partnerships with the private sector, SEHAB is the main driver of the new approach, which some analysts report as having led to 'improvements on an impressive scale'. In particular, one study finds that the 'new focus on valuing the investments that low income groups have already made in their housing and settlements has proved to be more cost-effective than previous top-down interventions'.

A critical tool in decision-making and the implementation of the city's technical and social interventions has been the establishment of a special analysis and data collation centre at www.habisp.com. The Habisp project started with technical assistance cooperation between SEHAB and the Cities Alliance, under the title of Strategies from the Sustainable Planning, Financing and Implementation of Low-income Housing and Urban Development Policy. Its main mission is to serve as a tool for housing policy. Updated continuously, the system monitors the indicators of areas with substandard housing, classifying priority areas for intervention according to socioeconomic, geological and structural factors. The main municipal research and data entry took place between 2005 and 2007, resulting in a single-system database that has registered 1,635 favelas, 1,942 cortiços and 1,120 illegal plot allotments. Creating the database has enabled prioritisation of works to be more objective and criteria-driven in a context of high contention and controversy surrounding ZEIS allotment, 'urban operations', legal titling, upgrading, evictions, environmental protections and the like. The accessibility of information and special mapping since 2008 has also offered greater participation and transparency than had previously taken place in more closed-door negotiations between key stakeholders, often without representation of favelados or cortiço-dwellers themselves.

SEHAB is not the only agency researching and analysing data concerning urban development and low-income housing policy. Among the various think-tanks and institutions that collect quantitative and qualitative data and critique trends and initiatives in São Paulo are, most notably, the University of São Paulo (USP), the Institute Polis (POLIS), the Institute for Economic Research Foundation (FIPE), and the Metropolis Studies Centre (CEM) of the Brazilian Centre for Analysis and Planning (Cebrap). Core census and living conditions data collected by the IBGE and SEADE Foundation are used as the basis for most agencies' analyses.

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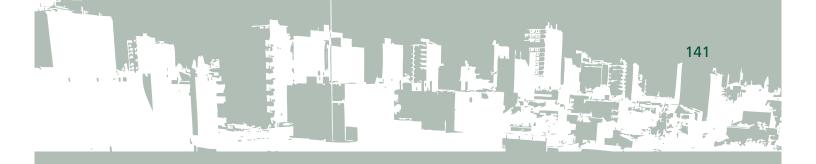
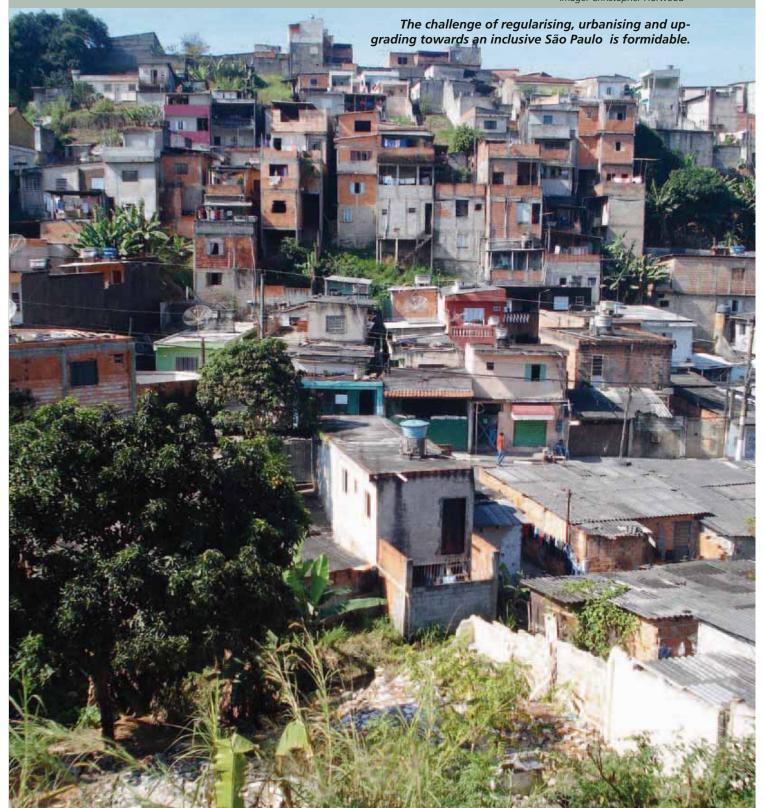


Image: Christopher Horwood



critical instruments for urban policy towards an inclusive city

City Statute (Estatuto da Cidade): The City Statute of 2001 regulates articles of the Brazilian Constitution pertaining to urban policy. Its guidelines and stipulations include various tools that have increased the power of policy makers and urban planners to implement concepts implied in the 'right to the city' and to create inclusive, less socially divided or exclusionary cities. In particular, the explicit demand on the social function of property and the use of urban property for the common good has been internationally applauded as progressive.

Strategic Master Plan (for São Paulo): Adopted by municipal law 14.430/2002, this is the master plan of urban development in São Paulo, incorporating guidelines and instruments of urban policy established in the City Statute. Selected municipalities are required by law to produce master plans for urban development, and approximately 2,000 municipalities around the country were given until the year 2006 to finalise their plans and submit them to the federal government. They are required to define their use of the instruments included in the City Statute; to attend to numerous social aspects of urban development, and the use and occupation of land; and, inter alia, establish ZEIS, improve infrastructure for informal settlements, and the like. The master plans provide blueprints of what cities intend to achieve and present their vision for social development.

Urban Operations (Operacoes Urbanas): These are government-led multidimensional urban interventions to revitalize large areas of the city that also involve value capture, increasing both financial and social benefits for the private and public sectors. Urban operations are an urban policy instrument established in the City Statute; nine urban operations are included within the new Strategic Master Plan of São Paulo to promote development coordinated by the municipality 'with the participation of owners, residents and private investors'. The desired results of urban operations are structural urban transformations, social improvements and environmental valorization: mainly enlarging public spaces, organizing the road system, implementing housing programmes of social interest and creating infrastructure improvements. Infrastructure projects include roads, bridges, malls and business centres. The public sector management of these projects is intended to incorporate mechanisms to mitigate typical antipoor exclusionary forces as land values rise. Large urban operations have been carried out in Faria Lima, Agua Branca, Rio Verde-Jacu and Agua Espraiada.

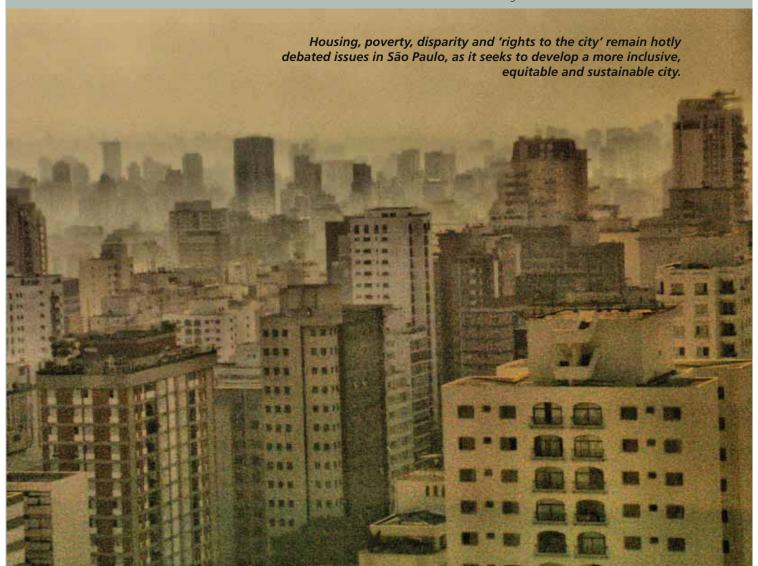
CEPAC (**Certificados de Potencial Aditional de Construcao**): CEPACs, or 'Certificates of Additional Construction Potential', are part of the financing mechanism for urban operations. They are a new value-capture instrument offered by the government to private developers to raise money for municipal public works by selling building rights. At a price, developers can purchase certificates for permission to increase the quantity or density of construction on a designated area of land beyond what would normally be allowed, thereby increasing their value on the plot and raising revenues for the government to use specifically on social housing and pro-poor infrastructure in the same area of urban operations. CEPACs are sold by auction and on the stock market, and the market itself prices the asset. They have been sold successfully, for example, in Aguas Espraiadas and Faria Lima, raising large revenues for the municipality.

ZEIS (**Zona Especial de Interesse Social**): The City Statute formalised 'Zones of Special Social Interest' to assist the development of inclusive urban housing and zoning policies. ZEIS specifically defends the right to housing of slum dwellers within an area of urban operation. Some Brazilian municipalities have applied ZEIS principles since the 1980s. Even if land prices in a given area are very high, the developer must build pro-poor housing in proportions established in accordance with the type of ZEIS.

ZEIS are defined in areas with *favelas*, *cortiços* and self-constructed houses, as well as areas with empty or underutilized urban land or buildings. Highly polemical and controversial, the establishment of 964 ZEIS areas in the first 2002 Strategic Master Plan for São Paulo was considered a victory for activists and residents of *favelas*, *cortiços* and self-constructed houses. ZEIS include special conditions to legalize informal settlements without having to comply with a multitude of urban requirements that apply to the remaining areas of the city.

Usucapião Urbano: Akin to the legal concept of 'adverse possession', usucapião urbano is a legal instrument that makes it possible to establish incontestable title of ownership for residents who have squatted continuously for five years or more on small lots of private urban land, given no legitimate opposition to the change in title. It elaborates Article 182 of the 1988 Constitution concerning the social function of property. It is closely linked to the concept of subordinating property rights to the collective interest, and it has promoted the social function of land in favour of low-income squatters when they de facto create a social function of habitation on an otherwise unused or neglected piece of land.

Image: Roberto Rocco - r.c.rocco@tudelft.nl



forced evictions in são paulo: housing rights and wrongs

In late August 2009, some 250 riot police entered the Olga Benário encampment in the southern suburbs of São Paulo. Armed with a court order calling for the eviction of the 800 families living there, the police were reportedly quick to deploy violent tactics to remove some 3,000 people from the property. Eyewitnesses claim that police fired rubber bullets and released tear gas against unarmed residents, while police helicopters circled overhead. By the end of the operation, the homes not consumed by fire had been bulldozed by police, and 500 of the evicted families, many having lost all of their belongings, had been left homeless, consigned to sleeping rough on a muddy patch of ground opposite the site.

The images of the police operation in Olga Benário may be visually reminiscent of large-scale, violent evictions in urban settings elsewhere in the world — from Operation Murambatsvina, the mass eviction programme in Zimbabwe in 2005, to repeated incidents of evictions in Jakarta, Indonesia — but the details of the case are very different, reflecting the complexities relating to land tenure and housing rights in São Paulo. The families inhabiting Olga Benário were squatting on private land, and the landowner had gained the right of 'Reintegração de Posse' by court order to recover his own property.

While forced evictions do repeatedly occur in São Paulo and elsewhere in Brazil, there are also established legal processes and civil society movements working to regularise informal settlements and guarantee security of land tenure. Yet, ongoing forced evictions belie the problems inherent in the tolerant 'inclusive city' narrative São Paulo is seeking to adopt.

Since Brazil is party to the International Covenant on Economic, Social and Cultural Rights (ICESCR), evictions can only be deployed as a last resort, following genuine consultation with the targeted communities. The authorities must ensure the well-being and safety of all evictees. Accounts of many evictions, however, as in June 2009 when some 300 families were removed from a disused federal building in central São Paulo, suggest that they are often unexpected and that excessive force is used. An evicted mother of five told the newspaper O Globo after the June 2009 operation, 'The police came and started throwing tear gas bombs. There was only time to take the children and run away. I lost everything'.

According to Professor Elisabete França, director of São Paulo's Municipal Housing Secretariat (SEHAB), the Olga Benário eviction occurred only after a judge unexpectedly ruled in favour of the owner of the site, despite efforts by SEHAB to seek a positive solution for the residents. 'Nobody expected this decision', explained França. 'The judge determined the presence of the police to ensure the action'. França also told UN-HABITAT that SEHAB had worked to support the displaced families, the municipality agreeing to cover two months' rent while determining a longer-term solution.

But critics, including non-governmental organisations such as CAFOD and Amnesty International, have claimed that on occasion, municipal authorities fail to identify permanent housing alternatives for evictees. In the case of Olga Benário, the municipality did not propose 'adequate solutions to address the needs of the families', despite two years of negotiations. Amnesty added that the 'best offers made ... provided only short-term accommodation'.

São Paulo has been working to develop an inclusive and pro-poor housing policy, a clear directional change after the municipality filed more than 100 lawsuits against families squatting on public land through the 1990s. In 2001, the incoming Suplicy administration took the unprecedented decision to cease all forced evictions, employing tools such as the 1988 Constitution — which permits the government to seize disused land for social housing — and the 2001 City Statute, which provides guidelines for public land and housing.

Mayor Suplicy's administration, carried into office in part by organised social movements pressing for secure housing for the urban poor, sought to institute programmes regularising land tenure in the city. In power until 2004, it also repealed historic repossession lawsuits against families squatting on public land. SEHAB has continued to act as a mediator between private landowners and settled families, in theory better protecting those communities squatting on private land from forced eviction.

Such efforts to deal with informal settlements in São Paulo have been internationally applauded, with the Cities Alliance noting in 2004 that SEHAB had succeeded in ensuring land regularisation for more than 150,000 families. In a municipality where, in 2000, around 11 per cent of its 10.4 million-strong population lived in *favelas* and 15 per

cent lived in informal subdivisions, this was a small but significant step. Also in 2004, the Geneva-based Centre for Housing Rights and Evictions (COHRE) awarded the Municipality of São Paulo its Housing Rights Protector Award for the Bairro Legal programme, the mandate of which included protecting communities from forced evictions.

But despite optimism that a fundamental shift had occurred in São Paulo's housing policy, forced evictions, such as those that took place in Olga Benário have continued with relative frequency. COHRE recorded multiple incidents in 2005 and 2006, with hundreds of families evicted from a range of informal settlements and *cortiços*. Most evictions, of settlements on both public and private land, were carried out with court orders, but many of the displaced were not compensated or provided with alternative accommodation.

Temporary accommodation, or a ticket back to an evictee's place of origin, have been criticised as short-term palliatives. 'SEHAB and the municipal government are promoting the "eviction-cheque", through which they pay families to leave the *favelas*', Professor João Sette Whitaker Ferreira, of the University of São Paulo's Faculty of Architecture and Urbanism told UN-HABITAT. 'The policy actually furthers the dislocation of these communities, often to new *favelas* created on the periphery'.

São Paulo's efforts to begin regularising land tenure and upgr ading *favelas* for some of its poor population have been impressive and have grabbed the media headlines desired by City Hall. But to many observers, the number of evictions and the many thousands of people removed from their makeshift, irregular homes in recent years have really been the big stories, as dislocation continues in a political and policy environment that claims to guarantee rights to the city and rights to adequate housing.

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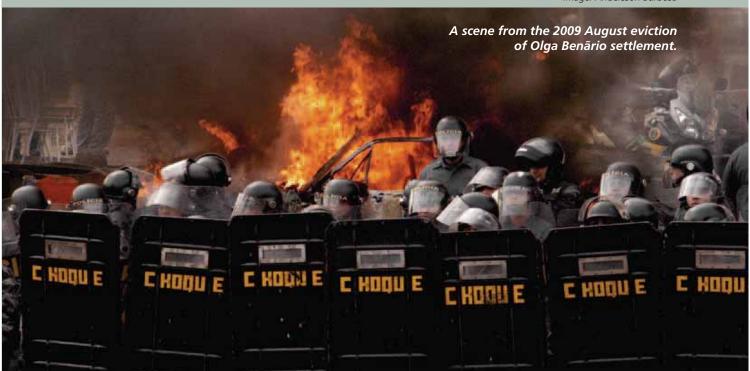
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Image: Andersson Barbosa



Endnotes

- 1 The City Statute is described in more detail in the Policy Background section of Chapter 5 in this book.
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- 6 Reckoned by analysts to have fallen further to 0.56 by 2010. As quoted in: UNDP. (2008). Human development report 2008. New York: UNDP.
- 7 Habitat's Global Urban Observatory (GUO) collaborated with SEADE, the central data collecting agency in São Paulo on living conditions and other social criteria. The SEADE/HABITAT data was collected in 2006 and made available in early 2007.
- 8 In its special report on business and finance in Brazil, The Economist (2009, 12 November), claims the Gini coefficient for Brazil is currently 0.52. There is some variation in different calculations of the Gini coefficient.
- 9 Presidency of the Republic of Brazil. (2007). Millennium Development Goals: National monitoring report. Brasilia: Government of Brazil, p. 26.
- 10 According to a report released on 16 November 2007 in Santiago by the Economic Commission for Latin America and the Caribbean (ECLAC). Quoted in: Brazil gets cut by 4.2 percentage points and extreme poverty. Retrieved from: http://www.administradores.com.br/noticias/brasil_consegue_reduzir_em_4_2_pontos_percentuais_a_pobreza_e_a_indigencia/12886/
- 11 A wide range of direct and indirect assistance programmes for the poor in terms of access to food, agrarian development, income generation and additional targeted assistance for the old, the disabled, children and adolescents. Most analysts cite the *Bolsa Familia* programme as the most important in terms of effecting cash transfers to the poor. Along with the successive raising of minimum wages above inflation, the impacts on redistribution of wealth are palpable.
- 12 This comment on economic improvement in Brazil's northeast comes from Renato Cybalista of the POLIS Institute, Sao Paulo, November 2009, in personal communicaiton with the author.
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- 17 Data quoted in Barone, M. & Rebelo, J. (2003). Potential impact Of Metro's line 4 on poverty in the S\u00e4o Paulo Metropolitan Region (MRSP). Retrieved from http://siteresources.worldbank.org/ INTURBANTRANSPORT/Resources/poverty_14_sp.pdf, p. 3.
- 18 Ibid., p.4.
- 19 Composite, the poverty line adopted in this study is the one defined by Sonia Rocha, of the Applied Economic Research Institute/IPEA, for the MRSP, which is Brazilian R\$152.51 monthly per capita (in values of September 1997), or approximately U\$\$2 to \$3 per day per capita. Barone & Rebelo, 2003, op. cit.
- 20 43 per cent of Recife's population is poor, while 37 per cent of Salvador's population remains poor. Barone & Rebelo, 2003, op. cit.
- 21 The United Nations Development Programme (UNDP) Human development reports measure the HDI by combining the different results that fall under three key categories: long and healthy life, access to knowledge and a decent standard of living. To give a sense of scale: in 2005, Iceland and Norway shared first place in the national HDI table with a score of 0.968, while Sierra Leone took last place with a score of 0.336.
- 22 Specifically, the HPI-1 measures severe deprivation in health by the proportion of people who are not expected to survive to age 40. Education is measured by the adult illiteracy rate. A decent standard of living is measured by the unweighted average of people without access to an improved water source and the proportion of children under age 5 who are underweight for their age.
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- 24 Workman, D. (2008, 27 June). Millionaire wealth statistics by country. Retrieved from: http://global-economy.suite101.com /.../millionaire_wealth_statistics_by_country. To put these statistics in perspective, Brazil's number of millionaires represents only 1.4 per cent of the global total. Europe and the United States account for 65 per cent of total millionaires. As a group of countries, Brazil, Russia, India and China (the so-called BRIC group) have recently experienced the fastest growth of millionaires globally.
- 25 Presidency of the Republic of Brazil. 2007, op. cit., p. 27.
- 26 Statistics presented in the special report on business and finance in Brazil, *The Economist*, 2009, op. cit., p. 16.
- 27 Ferreira, Leite & Litchfield, 2006, op. cit.
- 28 Estimates vary between 0.56 and 0.57 for the current Gini level. As with poverty analysis, the measurement of the Gini coefficient is dependent on particular assumptions, definitions and interpretations.
- 29 UN-HABITAT. (2010). State of The World's Cities Report 2010/11: Bridging the urban divide. London: Earthscan.

- 30 Ibid.
- 31 In terms of measuring inequality and identifying key factors through statistical decomposition, in Brazil the educational attainment of the household head was found to be the most important determinate of inequality.
- 32 In 1990, the number of extreme poor in the rural areas was four times that of those in the cities. By 2005, it was only three times as many and the narrowing of difference continues today.
- 33 This summary was assisted by Renato Cybalista, through personal communication with the author.
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- 37 Caldeira, 2001, op. cit., p. 220.
- 38 Ibid., p. 221. The main and complete study that discusses the role of the Lei do Inquilinato and the periphery expansion in São Paulo is Bonduki, N. (1998). Origens da habitação social no Brasil. São Paulo: Estação Liberdade. Caldeira uses this study.
- 39 For example, Prof. Ferr Joao Sette Whitaker Ferreira, in interview with author.
- 40 Davis, M. (2006). Planet of slums. London: Verso Press.
- 41 Observation made by Sarah Feldman of the University of São Paulo through internal communication with the author
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- 43 According to IBGE. Between 1970 and 1996, the number of municipalities created in Brazil increased hugely. Presently there are 5,564 Brazilian municipalities.
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- 45 The master plan as a legal obligation was established only in 1988, and not for all Brazilian municipalities just for those with more than 20,000 inhabitants. In 2001, the Estatuto da Cidade expanded the universe of municipalities that is obliged to sumbit master plans, but the total remains less than 2,000 municipalities. Even in the early 2000s, only 1,700 municipalities are obligated to create a master plan (the municipalities with more than 20,000 inhabitants, in metropolitan regions, touristic and under the influence of big projects).
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- 65 Harrysson, D. (2006). The case of S\u00e3o Paulo A study of poverty and social exclusion in the urbanization process. Unpublished essay, Lunds Universitet/ Socialh\u00f6gskolan.
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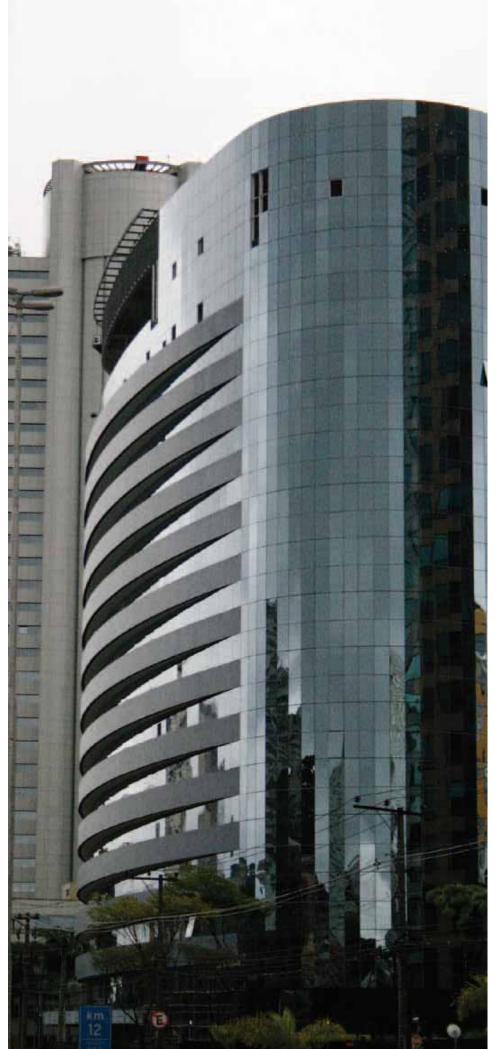
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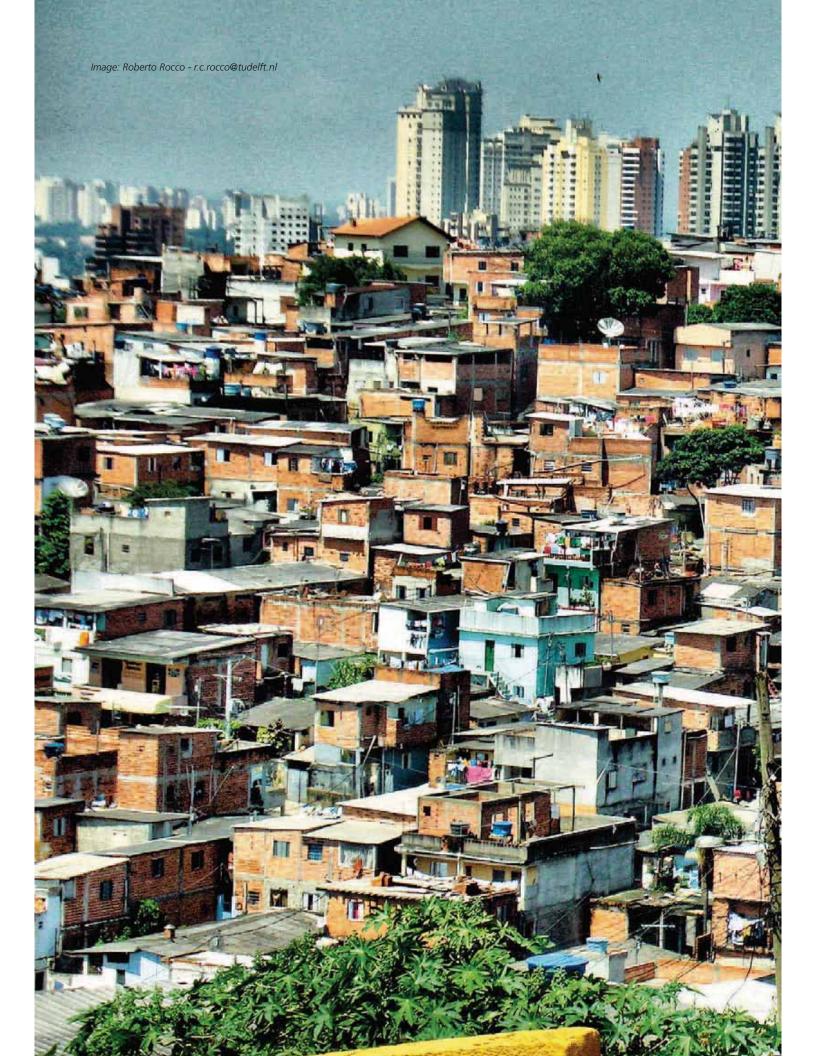
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- 200 CDHU Companhia de Desenvolvimento Habitacional e Urbano do Estado de São Paulo — is the state housing company primarily responsible for social housing works in São Paulo.
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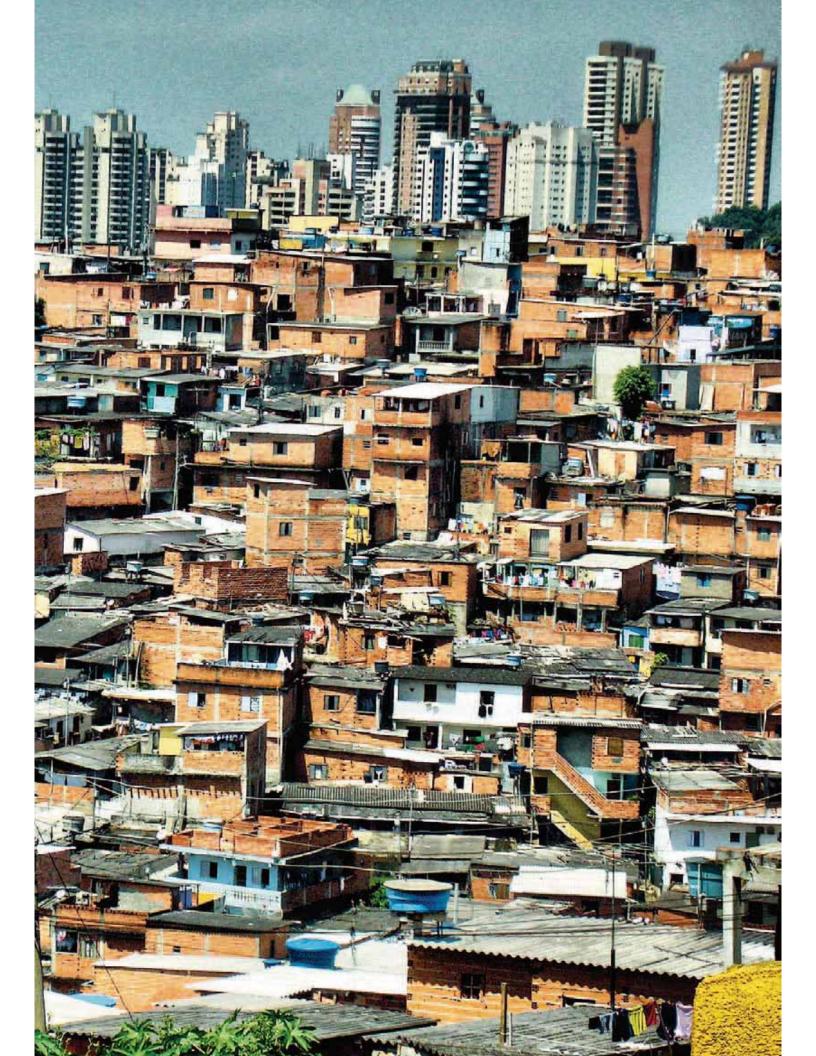
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Is the story of São Paulo that of an emerging Global City or of a divided, exclusive city where the wealthy flourish and the number of poor grow? A tale of two cities?

Image: Christopher Horwood





UN-HABITAT's new *Cities and Citizens* series examines urban inequality in the developing world through in-depth analysis of intracity data developed by UN-HABITAT and its partner institutions and on-the-ground interviews, insights and images. *São Paulo: A Tale of Two Cities* launches the series, providing a close look at this vast megacity of internal contradictions and complexities. São Paulo has emerged as the economic powerhouse of Brazil, making huge advances in its socioeconomic and political sectors while remaining beset by inequalities and gaps in distributive justice.

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