

## THE WIDENING URBAN DIVIDE

*Three-quarters of the world's cities have higher levels of income inequality than two decades ago, according to new report by UN-Habitat.*

Despite overall increases in income in recent years, economic inequalities have widened and incomes have never been as polarized as they have in the past two decades, according to *The World Cities Report 2016, Urbanization and Development: Emerging Futures*, launched by the United Nations Human Settlements Programme.

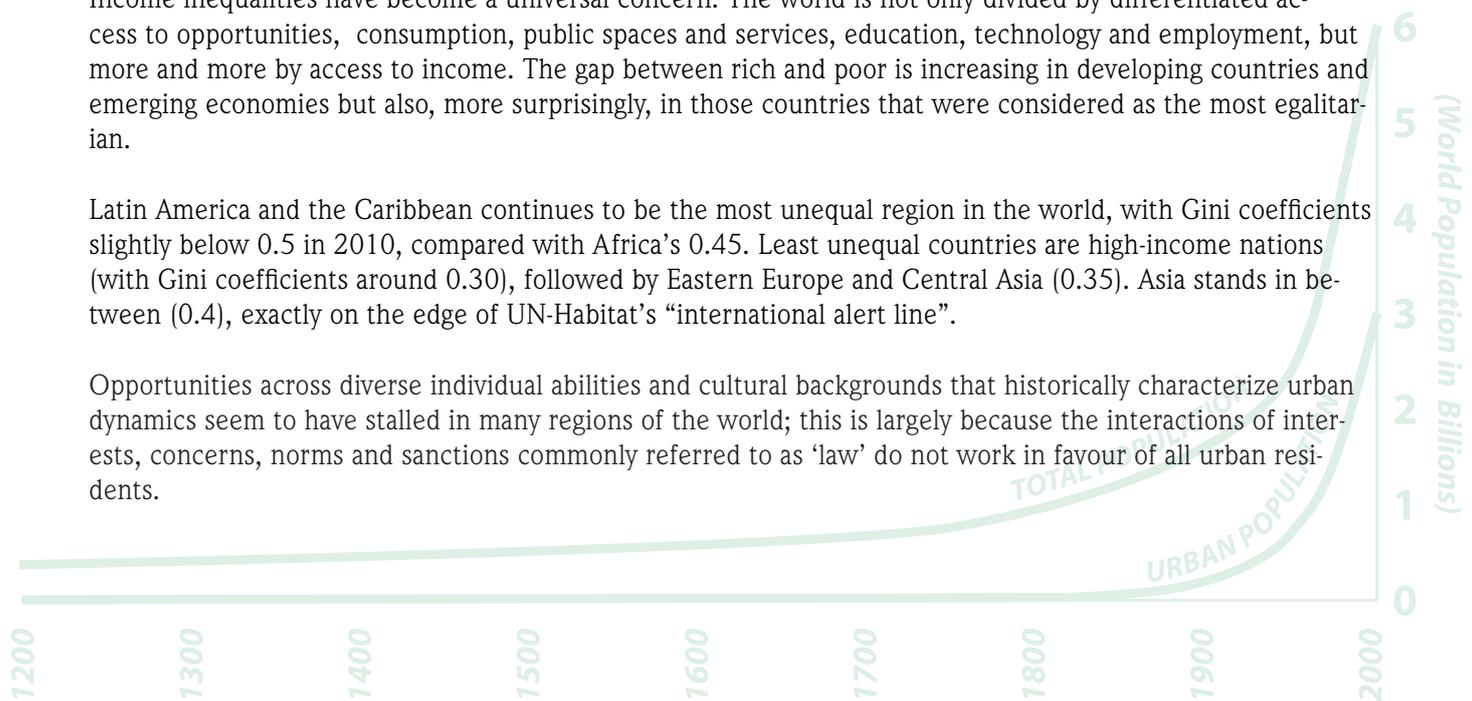
The recent past has seen an unprecedented increase in wealth accumulated, the world's middle class has grown at a record rate, and income per capita as well as capital and property values have increased considerably in most parts of the world. On the other hand, economic inequalities have widened.

UN Under-Secretary-General and UN-Habitat Executive Director, Dr Joan Clos, said: "Today the world is more unequal than it was twenty years ago. This is not only unjust but it does not make economic sense. Making our cities more equitable is necessary if we are to maximize the opportunities presented by urbanization for social and economic expansion and make our cities work for all."

Income inequalities have become a universal concern. The world is not only divided by differentiated access to opportunities, consumption, public spaces and services, education, technology and employment, but more and more by access to income. The gap between rich and poor is increasing in developing countries and emerging economies but also, more surprisingly, in those countries that were considered as the most egalitarian.

Latin America and the Caribbean continues to be the most unequal region in the world, with Gini coefficients slightly below 0.5 in 2010, compared with Africa's 0.45. Least unequal countries are high-income nations (with Gini coefficients around 0.30), followed by Eastern Europe and Central Asia (0.35). Asia stands in between (0.4), exactly on the edge of UN-Habitat's "international alert line".

Opportunities across diverse individual abilities and cultural backgrounds that historically characterize urban dynamics seem to have stalled in many regions of the world; this is largely because the interactions of interests, concerns, norms and sanctions commonly referred to as 'law' do not work in favour of all urban residents.



## Box 1.2: "Tale of two Cities:" New York has become the capital of inequality

New York City is a microcosm of America's rising economic inequality — and of the lopsided nature of the "recovery" that officially began in 2009, the one most working people have yet to experience. Manhattan is becoming an island of extremes. The mean income of the top five per cent of households in Manhattan soared nine per cent in 2013 over 2012, giving Manhattan the biggest dollar income gap of any county in the country, according to data from the Census Bureau. The top five per cent of households earned US\$864,394, or 88 times as much as the poorest 20 per cent, according to the Census Bureau's American Community Survey. The recovery seems to be going to those at the top, much more than those in the middle, while those at the bottom may even be losing ground.

The citywide poverty rate remained stalled at about 21 per cent. Its poverty rate is 6.5 points higher than the national average and 1.8 million people — around one in five — require food assistance to get by. Almost one in three of the city's children live in poverty. In March 2014, the *New York Daily News* reported that the city's 1,000 food pantries — which help feed 1.4 million New Yorkers — are straining to keep up with steadily increasing demand.

At the same time, those at the top of the ladder have seen their incomes spike, and are driving up prices throughout the city. Sports car sellers and Hamptons beach house realtors rejoice: Wall Street bonuses hit their highest level since 2007. The tech industry also is booming; tech employment grew by 33 per cent between 2009 and 2013, and in 2012, those jobs paid an

average of US\$118,000 per year. Tourism and entertainment are also booming.

The question is who will be around to serve the city's economic elites that US\$14 glass of cabernet or show them to those great seats at Yankee Stadium? Where will that person live? How will he or she raise kids in the city that never sleeps? Median rental costs in Manhattan have increased for six consecutive years, and now stand at just under US\$4,000 per month. And you won't find that much relief heading to the boroughs; the median rent in Brooklyn is now US\$3,172, and in Queens it is US\$2,934. Owning a home is just a fantasy for working New Yorkers. The average cost in the five boroughs rose six per cent between the second quarters of 2013 and 2014, and now stands at US\$826,000.

Source: Holland, 2014.



75%  
of the world's cities have higher levels of income inequalities than two decades ago.

### Marginalization, exclusion and expulsions

Too many cities today fail to *make sustainable space* for all, not just physically, but also in the civic, socioeconomic and cultural dimensions attached to collective space. "Expulsions" instead of forms of exclusion are taking place in many countries with social groups who until just a couple of decades earlier were secure participants in formal labor markets.

Concomitantly developed and developing countries are experiencing a spurt in informal employment. In Los Angeles City undocumented workers made up 65 percent for the city's labour force. In Western Europe migrants often lack even the most basic civic rights. In the U.A.E 95 per cent of the labour force in the private sector is made up of migrants with extremely limited labour rights.

### Social movements and the fight for justice

Just as cities are sites of new opportunities and inclusion, they can also turn into sites of deprivation and marginalization, as the multiple street protests across the world have shown. Social movements from the 80s marked a clear shift from the class-based struggles of the earlier decades. These movements were not just about socio-economic injustice, but about a cultural injustice, rooted in a struggle for recognition and the positive re-valuation of cultural diversity.

#### Box 4.1: Global employment vulnerability

Poor job quality remains a pressing issue worldwide. The incidence of vulnerable employment – the share of own-account work and contributing family employment, categories of work typically subject to high levels of precariousness – is declining more slowly than before the start of the global crisis. Vulnerable employment accounts for 1.5 billion people, or over 46 per cent of total employment. In both Southern Asia and Sub-Saharan Africa, over 70 per cent of workers are in vulnerable employment.

In addition to limited access to contributory social protection schemes, workers in vulnerable employment suffer from low productivity and low and highly volatile earnings. There are also significant gender gaps in job quality. Women face a 25 to 35 per cent higher risk of being in vulnerable employment than men in certain countries in Northern Africa, Sub-Saharan Africa and the Arab States.

*Source: International Labour Office, 2016.*

As part of the 2030 Agenda for Sustainable Development, and in the run up to the UN Conference on Housing and Sustainable Urban Development, Habitat III, to be held in Quito, Ecuador in October 2016, there is an urgent need to renew the commitment to catalyze a dialogue on the new planning theories and practices and necessary policies and actions that can move our urban society in the direction of inclusive, safe, resilient and sustainable for all the report says.

#### Key messages

- i The heterogeneity, density and diversity of cities, which is what makes them nodes of economic innovation and democratic progress, has to be managed and planned.
- ii The challenge of exclusion from urban civic spaces can be tackled head-on through ‘the right to the city,’ and a rights-based approach.
- iii Habitat III comes at the right time not only to renew the international commitment to inclusive cities.