

EXECUTIVE SUMMARY



This paper presents the immense problems and the enormity of the tasks confronting those who lead the world's large cities, whether in the developing, transitional or industrialized worlds. There has been some convergence in the problems facing cities in all regions. Every first world city today has a third world city within it (immigrant ghettos and slums), and every third world city has a first world city (the modern skyscrapers, banks, the fashion-houses) within it. As globalization gathers pace, this convergence is likely to intensify as urban economies become increasingly integrated into the world economic system.

Trends in global urbanization and its implications for urban employment are discussed in the first part of this paper. By the end of the twentieth century nearly half of the world's population will be living in urban centres. Most of this shift will take place in the developing world, where rapid rates of urbanization have been experienced over the last 25 years. At present the world's urban labour force is growing at around 3% a year. In many parts of the world, not enough remunerative jobs are being generated to absorb new entrants into the labour market. In the industrialized countries, unemployment, which tends to be concentrated in urban centres, remains at very high levels. In the transitional countries, the shift towards a market-based system has resulted in severe job losses and economic hardship. These global trends have been paralleled by the urbanization of poverty.

The second part of this paper explores in greater depth the determinants of urban employment. Here, there is a paradox between cities as engines of economic growth and cities as centres of urban unemployment, poverty and other deprivations. This paradox is discussed in relationship to long-term economic growth and structural change, urban labour force growth and the operation of urban labour markets. First, while the industrialization of the developing world set in motion the process of urbanization there, this did not always achieve the levels of economic growth required to provide a rapidly growing urban labour force with remunerative employment. Second, unlike the experience of the industrialized countries and a few East Asian countries, urbanization and industrialization did not result in the disappearance of traditional or informal sector activities, nor in a major reduction in agricultural employment. Third, in the industrialized countries, urban centres have suffered disproportionately from the process of de-industrialization. At the same time, the growth in the service sector has not always provided new opportunities for displaced urban manufacturing workers, since these opportunities either require new skills or offer casual low-wage employment.

Fourth, the continuous flow of rural migrants to urban centres is often cited as one of the main causes of the problems faced by many cities in the developing world. It is frequently argued that urban problems cannot be resolved without first dealing with the development problems of rural areas. However, despite efforts to improve living standards in rural areas, migration to the cities continues unabated in many developing countries. Efforts to develop rural areas may have in some cases unintentionally encouraged migration. At the same time, natural population increase is now the dominant factor in the growth of the large cities. Equally, with globalization, international migration is also becoming a new and crucial element of the urban labour force.

Fifth, the failure of the modern private sector in the developing world to generate sufficient numbers of remunerative jobs has contributed to the growth of the urban informal sector. What was once thought to represent a transitory stage in the economic development process is now a major urban employer. In many cases, productivity and incomes are extremely low in the informal sector, and working conditions are very poor. This trend of continued informalization can also be seen in the industrialized countries where the downsizing of large enterprises, the introduction of flexible production technologies and service sector growth have led to increased numbers of part-time and casual workers.

Sixth, recent decades have seen the rapid introduction of new communication and production technologies and the liberalization of the world economic system. Cities will have to learn both to exploit the new opportunities created by the global market place and to respond to external shocks, the causes of which are likely to be beyond their control. At the same time, technological change is raising the much debated spectre of "jobless growth" and calls into question the assumed advantages of urban agglomeration economies. While the introduction of new technologies will create new jobs, cities cannot afford to be complacent and will need to create an environment which is conducive to inward investment.

The third part of this paper examines some of the key areas for policy intervention. In developing a framework for urban employment policy, attention is paid to the potential for new partnerships involving municipal authorities, national governments, workers, employers and civil society. It is noted that different strategies and tools are required for intervention at the international, national and local levels. For cities to be effective in creating and protecting employment through action at all three levels, they have to develop the necessary technical capacity for understanding the complexities of the international economy, and with the knowledge gained, to develop and implement local employment policies.

This part draws heavily on the ILO's work in this field, including policy advice and action programmes in the urban informal sector, employment-intensive investment policies, international labour standards, training and human resource development, cooperatives and enterprise development. Whereas the paper develops a certain number of policy prescriptions, they are by no means exhaustive and the examples given do not presume to present the whole picture. They are designed to stimulate thinking and facilitate further discussion. Recognizing that governments, especially at the municipal level, often feel helpless in the face of globalization, this section argues that policy-makers at all levels can take advantage of the opportunities available by building on local resources and expertise.

The final part of the paper draws together the various elements discussed and highlights the new challenges for urban employment policy in the twenty-first century. The three main issues raised are: the impact of technological change on job creation, employment structures and the location of industries and services; the role and capacity of local, national and international institutions in a global economy; and the growing informalization of work. Cutting across these issues is the fundamental question: to what extent and in which direction should the present policies and actions change, in specific countries and in the framework of international cooperation, in order to provide sustainable employment even in the poorest countries?

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