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The Making of
Global City Regions

Johannesburg, Mumbai/Bombay,
São Paulo, and Shanghai

Edited by Klaus Segbers

*With the assistance of Simon Raiser
and Krister Volkman*

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Mumbai

The Mega-City of a Poor Country

Sujata Patel

Bombay, now renamed Mumbai,¹ was the first Indian city to experience economic, technological, and social change associated with the growth of capitalism in India. By the mid-twentieth century it was considered India's most modern city (Thorner 1995). Once a colonial city, it has been and is home to many migrant communities that settled and found creative expression there. Bombay has nurtured modern India's literary and artistic articulation and today is home to the largest film industry in the world. Additionally, in view of its range of manufacturing, finance, and service activities, some commentators would also like it to be coined a global city. Whether Bombay can carry this label is open to dispute, though one of the city's leading historians suggests that it incorporates many characteristics of a postmodern city.

If the city hosts the best of India in terms of art, style, and finance, it is also a place where a large portion of the population lives on the margins of existence. Bombay, whether we call it modern, postmodern, or global evokes images of decline—of infrastructure, manufacturing, and law and order.² With more than 50% of its inhabitants living in slums or shanties where they have little access to water and sanitation, the name Bombay also conjures up the worst that contemporary urban India represents. The city has been associated with the seamier side of life, including crime, gang warfare, drugs, and prostitution.³ In 1992–93 Bombay witnessed post-Independence India's worst communal (religious) riots, the scars of which it still has not overcome (Sharma 2000; Punwani 2003). Its politics is controlled by an urbanization that has chauvinist and fascist ideologies (Patel 2003).

This essay introduces Bombay and traces three phases of its life as it

emerged as India's modern metropolis and later as a mega-city: first it was a port city, then a manufacturing city, and lately it has molded itself to the new economies promoted through globalization. I argue that it is important to understand and assess the different roles played by local, regional, national, and global processes in fashioning the urbanity of the city. Bombay emerged from being a peripheral city within a global-colonial system in the early twentieth century to take the lead from the forties onward as a city promoting national markets. Later, after the collapse of its manufacturing base in the eighties (the textile industry), it came to be linked to the global system through its financial, telecommunications, and media service sectors. During the same period, it came to be integrated in regional politics. Today, Bombay is the capital of the province Maharashtra state.

Although processes of globalization have been embraced by Bombay, the city has not been able to define and incorporate its economy into the fold. Large parts of the city continue to employ archaic and preglobal technology. This unevenness in internal structure manifests itself in the way inequalities are structured in the city. These inequalities reveal the lack of organic connection between old and new economies and are not representative of the features of the fully developed global economy. In this context the city's political landscape is defined by identity politics in the form of regionalism. Hence the thesis of the existence of a global city region does not seem to define Bombay's growth and contemporary structure.

As I narrate the three phases of the life of the city, I assess the way the economy, political institutions, and democratic aspirations structure the city. I argue that Bombay's economy and governance structures have a complex and contradictory relationship with the emerging contemporary national regional and global processes and ideologies. This complexity is related to history, the way in which inequalities in the city have arisen, and the policies implemented by the Indian nation-state and the state of Maharashtra.

Before I proceed, there is a need for two clarifications. The first concerns definitions of Bombay. Bombay is geographically defined in three different ways. In its earlier history the name was coterminous with the island city.⁴ Later on, planners conceived of the city as an urban agglomeration called Bombay Metropolitan Region, now known as Mumbai Metropolitan Region. It covers an area of 4,355 square kilometers and includes seven municipal corporations, thirteen municipal councils, and a number of villages, with a total population of 18 million. In this essay I

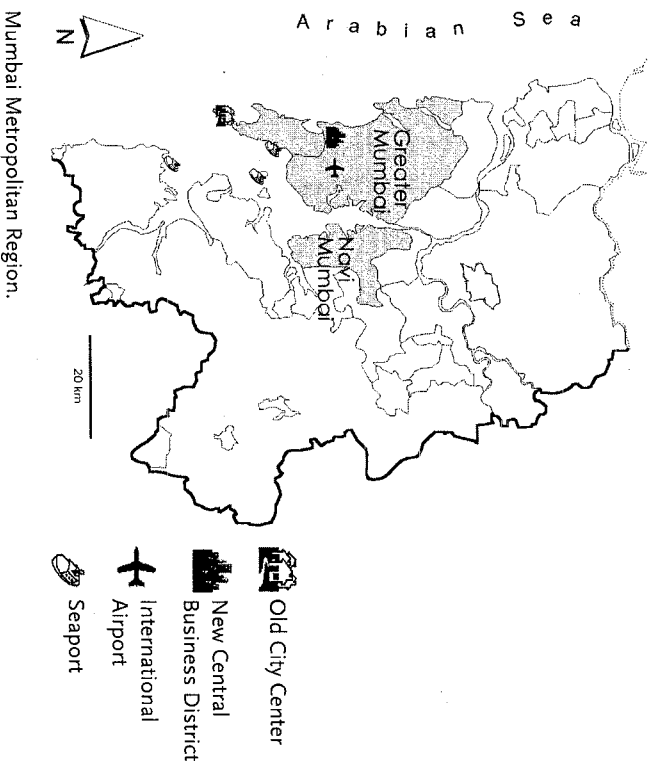
discuss the third entity, called Greater Bombay. It is a city of fewer than 12 million (according to the 2001 census), with its own municipal corporation called the Municipal Corporation of Greater Mumbai (MCGM). It covers an area of 437.71 square kilometers.⁵

Scott's (2001, 814) argument that global city regions emerge as "contiguous local government areas club together to form spatial coalitions in search of an effective basis from which to deal with both the threats and opportunities of globalization" does not seem to describe Bombay. Although the Mumbai Metropolitan Regional Development Authority (MMRDA)⁶ is empowered to coordinate a number of projects such as the Mumbai Urban Infrastructure Project, the Mumbai Urban Transport Project, and the Backbay Reclamation area, municipalities under the Mumbai Metropolitan Region neither form one political body nor consolidate into a spatial coalition capable of leading an economically viable global city region. Thus, though the planners have subscribed to the importance of the metropolitan region, for all practical purposes including economic,⁷ political, and administrative⁸ reasons, it is Greater Bombay that remains the key unit of analysis.⁹

The second clarification relates to the nature of governance and management of Greater Bombay. The city's management is divided among three political bodies, these being the Municipal Corporation of Greater Bombay, the state of Maharashtra, and the government of India. The suburban railways, for instance, are part of the rail network run by the Railway Board of the Indian Railways. They are managed by cabinet ministers in the Government of India. An autonomous public sector corporation, MTNL, manages Bombay's telephone services (it also handles Delhi's telephones).

The state of Maharashtra, on the other hand, is in charge of the general policy on economic development of cities, including that of Greater Bombay, as well as land policy, housing for the poor, and slum redevelopment programs. It also controls and manages law and order in the city through the cabinet minister in charge of the Home Department. Additionally, the state government has set up autonomous public-sector corporations, such as the Maharashtra Housing and Area Development Authority (MHADA), which construct houses in Bombay and other cities. Though autonomous, the authority's chair is appointed by the state government.

Lastly, the MCGM manages the supply of water, organizes sanitation and sewage management, and the public health system together with pri-



mary education, public street lighting, fire fighting services, urban forestry, and environmental ecology. Though the corporation organizes and manages most of these services, some others are in the hands of the private sector or in partnership with the private sector. While the MCGM-owned Bombay Electric Supply and Transport Company (BEST) supplies electricity to the island city drawing on power supplied by Tata Power, BSES (a Reliance company) supplies electricity to the rest of the Greater Bombay region and to some areas outside it.

On all key issues pertaining to the city—economic development, land and housing, and law and order—the state government has a decided voice.¹⁰ With a significant portion of the state's per capita income coming from Bombay, this city has become a center of political rivalries between state-level parties, within ruling state parties, and between individuals as the city's population is mobilized to realize these goals. The influence of the state government and state political parties has increased over time, especially after the seventies, when regional parties became key political players in India. In the first two decades after Independence the

Congress Party ran the entire country. Its decline in the late sixties and later demise led to the ascendancy of regional (state politics) over national politics, especially in the context of cities administered by the provinces. Regional politics and regional issues have become the rallying points for the populace of Indian cities, with the local being filtered through a regional lens. The way politics is articulated in Maharashtra determines the way Bombay's issues of governance are being settled (or not settled).

A Historical Overview

From a Port Town to a Modern Manufacturing City

Even in the late eighteenth century Bombay was primarily a marine supply point that, unlike Calcutta and Madras, had few linkages with the hinterland. Bombay's early development was dependent on imperialist interests. Specific economic factors spurred its growth. Up to the early nineteenth century Britain used Calcutta as its main port. Bombay became significant with the development of foreign shipping, which exploited Bombay's closer location to Europe. An initial boom and increase of wealth followed the extension of the railway line to cotton-growing areas in the hinterland of Bombay, and also were the result of a rise in world cotton prices due to shortages caused by the American Civil War and the opening of Suez Canal in 1869.

The establishment of a British base in the city lured migrants from the north, mainly Parsee and Gujarati traders, who were the indigenous partners and collaborators of imperialist business interests. Bombay also attracted distress migration resulting from famines and floods. Displaced peasants, agricultural workers, and artisans migrated to Bombay to become workers in the port and other transport facilities. Soon the city became a center for the export of cotton brought in from the hinterland, and it developed from an entrepôt to a manufacturing city. Indians channeled the profits from trading into setting up mills. This encouraged another wave of migration, namely that of millworkers. By the end of nineteenth century Bombay had grown to a population of little less than 800,000 (Patel 2003).

The interwar period was an important moment in the city's growth. Colonial ties loosened and the textile industry developed a domestic market. This labor-intensive industry attracted its highest work participant rate (Morris 1965). Profits doubled and then trebled. While a part of these were reinvested in the textile industry, a significant portion went into the

emerging capital-intensive industries of food processing, pharmaceuticals and drugs, and small and medium engineering. The development of manufacturing did not completely reverse the service orientation of the city. Some of the surplus was also invested in promoting the various arts— theater, dance, painting, and cinema. Thus, while the city began as port city, over time it developed extensive links into the hinterland and to imperialist interests. It also became the headquarters of financial and corporate houses as well as the stock market (Chandavarkar 1994).

Civil Society as an Agent of Change

In spite of attempts by the colonial state to control the formation of a strong middle class and organized workers, the interwar period saw the growth of the nationalist movement that forged political and cultural links between the indigenous multilingual elites. This was also the time when various social welfare agencies started forging links and building alliances with the city's underclass. By the end of the thirties, a radical working-class movement with a communist ideology emerged, independent of the prior-named initiatives and in spite of a concentrated effort to prevent this from happening by European and Indian textile owners.¹¹

The development of a vibrant civil society was the harbinger of an independent Indian nation-state. These changes had profound repercussions on the economy and spatial structures of Bombay. In the two decades from the forties onward, the economy of the city changed radically. A city that combined industrial and commercial activities in its physical heartland had been reshaped into a commercial and service center surrounded by restructured industrial production dispersed to ever more remote locations. This was also the time when the city experienced enormously high migration rates. Between 1941 and 1971 two-thirds of the city's residents had been born outside the city (Patel 1995). This spurt made Bombay a haven for migrants of all kinds, upper castes and deprived castes from Maharashtra, now from the backward regions, as well as from other regional groups, including the Punjab as well as the other northern, eastern, and southern states. When the partition occurred, migrants from Sindh and what is now Pakistan flooded the city.

Decline of the Textile Industry and Restructuring of Labor

Though by now the municipal government had created a measure of services, migrant groups of all kinds had to resort to their own resources in order to manage not only their housing but the mobility of their own com-

munities—hence, the expansion of the city space into various settlements. This expansion included both deprived housing colonies (later called slums) and colonies mainly consisting of regional groups such as Sindhis and Punjabis, who settled in Khar or the eastern suburbs. Other examples of such settlements are the south Indian settlements in the northeast suburbs such as Chembur and Mulund and the new Gujarati migrant colonies in Vile Parle (West) and Chhatkopar. The poor living conditions and ethnic diversity of the labor market together with the relocation of industries resulted in a weakening of the bargaining power of organized and unorganized labor (Patel 2003).

In the early twentieth century Bombay's economy was organically connected to the fate of the textile industry. Yet this relationship started to disintegrate rapidly after Independence, when autarky policies promoted a new range of import-substitution manufacturing units in the city. In this phase the Indian government embarked on a massive industrialization program and began investing in the emerging capital-intensive industries of food processing, petrochemicals, and engineering, to the neglect of the consumer goods industry, including textiles. The profits that accrued through the boom in the textile industry during the interwar period were reinvested in capital-intensive industries. A small but important capital-intensive sector developed and slowly cut the city's umbilical link with the textile industry (Harris 1995).

Modern Bombay: State Policy and Spatial Restructuring

Sassen (1991) has argued that deindustrialization and spatial deconcentration is a special feature of modern capitalism. In the case of Bombay this process happened in the context of a national policy to develop small-scale industrialization and decentralized units in industrial estates spread over hinterland and rural areas. The encouragement of restructuring was also a factor contributing to concerns about the governability of overgrown cities. From the seventies onward, the state set up metropolitan bodies (such as the Mumbai Metropolitan Region) to encourage decongestion and the spread of industrialization beyond big cities. During this period New Bombay, a twin city of Bombay, was planned as a magnet to assist in the deconcentration and decentralization of Bombay.

As a large number of textile mills closed, there were changes affecting where, by whom, and on what terms cloth and yarn were produced. Given the symbolic value of the textile industry, however, a nonviable sector was

kept in existence by state policy. As a result, the industry became divided and differentiated in terms of a backward sector, a modern profitable sector with expanding investment and production, and a growing small-scale sector, often producing under subcontract to larger units. The latter became characteristic of the entire spectrum of Mumbai industry.

These changes reflected on the structure of the labor force. Until the seventies manufacturing represented 40% of employment, with textiles still accounting for almost half of that amount, though the number was slowly declining (Patel 1995). The wave of sustained economic growth in the post-Independence period came to an end in the mid-sixties. Industrial growth on an all-India basis averaged 7.7% per annum from 1951 to 1965, but slumped to an average of 3.6% per annum from 1965 to 1975 (Patel 2003).

The process of differentiation in the textile industry was heightened in and through the textile strike of 1982–83, which occurred in the context of the slowdown of industrial production, the decentralization of the textile industry, and the shift of interests of capital and the state toward capital-intensive industry. During and after the strike, the power-loom sector began to grow particularly rapidly when millowners sent yarn to places like Bhivandi and Malegaon (towns outside Bombay) for weaving. The strike saw the mass retrenchment of workers—more than 100,000 were displaced and several mills were closed. There was a simultaneous transfer of mill functions into the unorganized sector. The unorganized work force began to expand as retrenched millworkers began to sink into the unemployed or underemployed categories (Chhachhi and Kurian 1982).

This segmentation was reinforced through spatial relocation of various decentralized units of industries within the city. Much of the shift from formal-sector production to production in the informal and small-scale sector was part of a process of specialization. At one end, those industries were relocated from Bombay in which the particular demands of their process of production made improvements in labor productivity difficult to achieve. Industries like footwear and garment manufacturing required large amounts of semiskilled labor and thus lent themselves to unskilled, fragmented, and dispersed operations in order to maximize profits by reducing the overall costs of production. Costs reduced included the cost of paying and controlling labor, real estate, government subsidies, and congested services and infrastructure. Expansion into new labor markets also brought down the price of labor (Sherlock 1996).

Global Mumbai

The New Markets

The subsidiaries of capital-intensive, consumer-goods-based multinational companies in India, like Hindustan Lever Limited and Bata, have often established a manufacturing base for domestic consumption in Mumbai. Yet even here the production of high-volume, low-value goods was moved out of the city, much of it carried out by subcontractors. At the same time, high-value production was kept in the city because of the higher incidence of skilled labor. This process is not one of deindustrialization but a spatial reorganization, combined with an ever-increasing territorial expansion of the effective economic boundaries of the city.

The central (southern) areas of the city became less important as manufacturing centers and production moved out into the suburbs and to satellite centers such as Thane, Kalyan, and Navi Mumbai (these areas are outside Greater Bombay but within the Mumbai Metropolitan Region). Other production moved still further to nearby cities such as Pune and Nasik. With this shift, the older precincts, in and around the island city have become increasingly devoted to Mumbai's burgeoning service industries, including finance, tourism, retailing, and entertainment.¹² The only exception to this rule is the maintenance of a few old textile mills. Mumbai is becoming like most cities in the developing world, one based on services and the flow of information with dispersed manufacturing located in specialized areas (Banerjee-Guha 1996). This development was encouraged when the Maharashtra Regional and Town Planning Act was amended in 1966 to allow for any private company registered under the Companies Act of 1956 to function as a Special Planning Authority (SPA) with the approval of the state government. This legislative step opened the way for private-sector and international finance to participate more actively in the governance of the region and the shaping of a global market.

The restructuring of production in Mumbai had profound effects on the labor market and the bargaining power of workers in the city. For labor, the important element was the breakdown of large workplaces such as textile mills, and the growth of small-scale units in both the service and manufacturing sectors as well as a rapid growth of employment in casual positions and the informal sector. This lowered the ability of most workers to improve their living and working conditions or even to defend their existing standard of living. Nevertheless, smaller numbers of workers

benefited from the growth of specialized services and manufacturing. The reality for most workers however, was insecure employment in small, often unregulated and informal units in spatially dispersed locations.¹³

Thus, despite its capitalist modernity, Bombay did not replicate a pyramidal form, the classic stratification system associated with other cities in the First World. There the continued growth of labor-intensive manufacturing together with the establishment of working-class movements led to the increase in real wages and other benefits for the workers.¹⁴

These economic changes were happening as regions were being reorganized into linguistic states (provinces) by the Government of India starting in the mid-fifties (brought to fruition in case of Maharashtra in 1960). This reframed the city's politics. Henceforth the politics of the region defined the city's politics rather than its own localized interests. Additionally, there was a shift in focus of the city's business elite from the city to the country. These differing and contradictory trends led to new political alliances. Language substituted locality-based class interests to become a key issue for identity formation in the city. Issues of local governance were thereby displaced with the politics of region.

Restructuring of the Economy

During the course of Bombay's uneven economic development, as it evolved from a port town to a modern manufacturing city, the city's industries changed their orientation from labor-intensive to capital-intensive production. This shift emerged as a response to the policies of the nation-state. Paradoxically, the decline in manufacturing took place when the city's population was increasing and demanding more jobs, housing, and services. The decline was accompanied by two political developments: the fragmentation in trade-union movements on the one hand and the growth of the sons-of-soil movement on the other hand (Patel 2003). From the late sixties to early eighties the city was caught up in coping with economic and political challenges. In that moment the city's economy, which was already service-oriented, was pulled into the new global economy as the Indian nation-state initiated export-led growth in the eighties and adopted liberalization policies in the early nineties.¹⁵ Bombay was the first city to take advantage of this opportunity.

The new global economy reorganized Bombay's economy, which was facing a generalized crisis. It gave it a new direction with both positive and negative effects. In the early 1990s, Bombay saw a globalization-related increase in jobs associated with producer services. By 1994 Bombay han-

dled 41% of domestic air traffic. Its airport handled 75% of the country's imports and 64% of its exports. Employment in financial and business services increased by 43% between the 1970s and 1980s. Bombay collected 25% of the country's income tax revenues and 60% of custom revenues. Its banks controlled 12% of national deposits and a quarter of the country's outstanding credits. The number of new issues listed on the Bombay stock exchange grew from 203 in 1991–92 to 694 in 1993–94, and the amount of fresh capital in old and new companies increased from 54 billion to 213 billion rupees between these years (Harris 1995; Deshpande 1996).

The growth of the financial sector and the trade in stocks and bonds as well as the participation of international financial groups in Bombay's stock exchange led to ancillary developments, such as the increase of investments in the communications industry, real estate, and the expansion of other services including life-style maintenance. This trend was significant in the mid-nineties; after Bombay became the hub of the telecommunications industry. The total number of employed persons in the financial sector increased at 2.66% per annum between 1992 and 1997 (Fact Book on Mumbai 2000, 22). This led to a marked growth in businesses producing goods related to information technology, banking, insurance, and other financial services and also to travel, tourism, and the hotel trade. Also, there was an expansion of related service industries, specifically the film and music industries.

In July 1994 the runaway success of the film *Hum Aapke Hair Kaun* (Who Am I of Yours?) established the importance of the overseas market for Indian movies. A quarter of the revenues of this film came from overseas. Given the synergistic relationship between the film and the audio industry, globalization of the film industry led to a boom in the audiosette industry. As a result, many Bombay-based audio companies are today increasing their film production. With an average of 140 Bollywood releases and exports per year, the economics of the film and audio industry radically changed. These changes in turn gave a further fillip to those service industries already experiencing an upward swing—travel, tourism, and the hotel trade as well as advertising, cable, and television (Fact Book on Mumbai 2000, 46–47).

Structure of the Labor Force in the 1990s

The increase of the service sector together with the expansion of economic activities led to the growth of a new class, which is linked to the world of

international finance and producer services. The decline in the manufacturing sector, however, now supported through globalization, led to a rise in unemployment. Between 1981 and 1996, unemployment more than doubled. This intensified inequities, escalating economic and social distance between the new upper class and workers, most of whom now survive in the nonorganized sector of the city. As mentioned, this decline in manufacturing ran parallel both with a drop in the numbers of the organized working class in the city and with the weakening of the influence of the trade unions (Fact Book on Mumbai 2000, 22).

In 1976, 27% of the city's organized labor force found employment in the textile industry. By 1991 the figure had decreased to 12.5%. In absolute terms, employment in the textile industry fell from 600,000 in 1981 to 400,000 in 1991. Statistics reveal that over the same period there was growth in unregistered units with downgraded technology. A substantial part of manufacturing was also contracted out to increase the so-called informalized processes of manufacturing. Thus, it is no surprise that the tertiary sector increased from 39% in 1951 to 60% in 1991, while formal employment in the private sector declined.¹⁶

With little possibility of finding other factory jobs, retrenched textile workers found themselves forced to survive by associating with informalized modes of manufacturing and service occupations. In 1981 the informal sector or nonwage employment would not have exceeded more than a quarter of the work force (Deshpande and Deshpande 1991). The same authors make a second estimate using data culled from the Establishment Census. The total number of persons employed in the informal sector increased to 27% in 1970 and 33% in 1980. If self-employed without premises are added to the picture, the percentage further increases to 35%. On the basis of a third estimate, calculated from the Employment Market Information Programme, the Deshpandes assert that those employed in the informal sector constituted 49% in 1971 and 55% in 1981. Current figures confirm this trend. One estimate, computed from the Employment Market Information, states that there was an increase of workers in the informal sector from 49% in 1961 to 65.6% 1991. Another estimate suggests an increase of units employing less than ten workers from 27.4% in 1970 to 46.3% in 1991 (Fact Book on Mumbai 2000, 20).

Deshpande and Deshpande (2003) have argued that there has been a very slight increase in the income of workers and a slight reduction of poverty. On the basis of computations from an expenditure survey conducted in 1958–59 and later in 1981–82, they argued that the average

family income increased by 0.88 % per annum, though income per member decreased by 0.78% in the twenty-three years. They also show that the real wages of factory workers increased only by 2.68% during the period 1975–77 to 1985–87.

Even if income and earnings have risen, basic conditions of work and the living environment have not changed for many of Bombay's citizens. Most commentators, including Swaminathan (2003), now suggest that the issue of deprivation and poverty should be evaluated not only in context of income and earnings, but also in terms of access to land and housing, health and education, environment and population density, and the occupations of inhabitants. In Bombay today, whether in manufacturing or in services, the employment of a large majority of workers is unregulated with respect to wages, working conditions, security of tenure or rights to health care, and retirement pay. Most workers in this mode of activity not only use their own labor but also their residence and infrastructure (e.g., electricity and water) for the manufacture of goods and services. Access to housing therefore is critical for gaining employment.¹⁷

Poverty, Space, and Deprivation

Bombay is now a city of extreme contrasts. More than half of the city's population of fewer than 12 million inhabitants lives in slums and on pavements or under bridges and near railway tracks. A large number of them do not have legal tenure over the land that they occupy. In 1971 the slum population was about 1.25 million. Data collected in 1985 suggest that they constituted more than half of the city's population, though they occupied only 2,525 of its 43,000 hectares of land. Today, more than a decade later, 6% of Bombay's land houses more than 50% of its population. Another 12,000 hectares out of 43,000 is used for private residential housing. The 1985 data indicate that there were 10,000 hectares of vacant land in possession of private builders, and about ninety landlords owned 55% of this vacant land (Patel 2003).¹⁸

Two factors, the concentration of ownership and the price of property, reinforce inequities in land and housing. These also make for fictitious scarcity, speculation, and capital accumulation through rent. Prices in south Bombay, on and around Marine Drive, were twenty-seven times higher than in the northern Bombay suburb of Bhayander. In 1993–94 real-estate prices in south Bombay were higher than in downtown Tokyo and Manhattan. The provision of services has gone hand in hand with class determinants. Adequate to better services are thus made available to

residents of housing colonies and upper-class apartment blocks. Spatial concentration of commercial areas and upper-class residential areas has led to the concentration of transport networks, which has resulted in the rich being subsidized by the poor in this matter (Patel 2003).

Land has always been a marketable commodity in Bombay, and it has been the private-public collaboration that has created a superfluous scarcity. This gave an opportunity for the private sector to hike up prices of built apartment blocks. Most of these slums are built on encroached land of private landlords (50%), state government land (25%), and municipal corporation land, and the rest on central government land. Additionally, nearly 1 million live on pavements and 2 million live in old run-down building structures known as *chawls* (Patel 2003).

Living quarters in slums are overcrowded and lacking in proper ventilation.¹⁹ Given the extremely skewed distribution of space, it is possible to find many different strata of income groups living in slums and utilizing various building materials locally available, including saris and other cloth. In some slums, as Swaminathan (2003) shows, the space available is four feet by five feet—just enough to seat four to five members of a household. Even access to sanitation remains unequal. Again, Swaminathan draws our attention to a survey noting that in 174 of the 619 documented slums, there were no public toilets. The city also produces large amounts of waste, including 5,000 tons of garbage. There is no adequate provision to biodegrade this garbage. Many slums have reported high morbidity rates. Furthermore, a number of surveys indicate that half or less than half of Bombay's slum dwellers fall below the poverty line. This fact, together with the ones mentioned previously, exemplifies the deprivation suffered by the city's slum dwellers.

Over time we can discern two kinds of responses from government. First, an attempt to improve and upgrade services for slums and thereby develop a policy on improvement. Second, a desire to relocate slum dwellers in permanent structures. Early in 1954 an amendment was introduced in the Bombay Municipal Act to make this possible. However, there was no political will to implement this project.

In 1956 the central government approved the Slum Clearance Plan, and Bombay was one of the six pilot cities covered under this scheme. It took the state government another seven years to pass the Maharashtra State Slum Improvement Act to ensure prompt action under the central government plan. However, it was only in 1972 that the government created a Slum Improvement Board to implement the scheme. As central as-

sistance had dried up by then, the state government decided to finance the scheme through its own budget. In 1976 the state made its first census enumeration and found that the city had 1,680 slum settlements with a total population of 2.8 million. The population of slum dwellers had more than doubled by 1986.²⁰

In the decade between 1976 and 1986, the government's policy was to ensure that no further migrants entered the city. The government employed the police to evict slum dwellers until 1985. The Supreme Court then ruled that pavement dwellers had as much right to the city as those living in middle- and upper-middle-class housing. Following this decision, government resorted to its earlier policy of improving slums. This time it managed to get 530 million rupees from the World Bank for a slum upgrading program, whereby it attempted to draw in the community to upgrade the living conditions of the population. Despite the outside financing, only 22,000 households were covered by this scheme in the period up to eight years until 1993 (Das 2003).

In 1991 the government mooted a public-private partnership orientation for the first time by announcing the Slum Redevelopment Scheme. This remained a scheme on paper. A new policy was initiated by the Shiv Sena-Bharatiya Janata Party (BJP) government to improve the stock of housing through a new Slum Rehabilitation Scheme (actually a new version of the old scheme). Again the government wanted private-public partnerships to redevelop slums and gave incentives to private developers through cross-subsidization and floor space index bonuses to provide housing for the poor. Sufficient data are not yet available, but one assessment of the projects completed has shown that, in most cases, slum dwellers shifted out from the buildings and areas set aside for them and middle-class families have moved in (Das 2003).

The lack of legal tenure has made the issue of the right to land and physical space a critical one. A large part of the population's struggles focuses on the attempt to obtain and then maintain a space to live and then to attain a modicum of amenities. It would not be an exaggeration to state that a majority of the workers and laborers live a life on the margins both figuratively and metaphorically. This situation has evoked a culture of de-privatization. Being part of the informalized modes of manufacturing or services means having an unsteady, unprotected, and unregulated work life. Neither work nor access to housing integrates these individuals into a rhythm of organized discipline. Instability together with cultural and economic deprivation rules their lives.

Data from the 1991 census suggests that more than 50% of migrants settled in the city within the past twenty years (Das 2003). Though they have broken the bonds of community life defined by the villages they come from, they have also not become part of the urban industrial culture. Their life has become restricted both culturally and geographically in overcrowded areas. In this context, the need for affirmation for the "village community" gets translated into an affiliation of the members of the small slum community, the slums being organized in terms of clusters of regional, ethnic, and religious groups. Identification with the microscopic local dominates consciousness. This is the context in the city for the growth of identity movements such as the Shiv Sena—a political movement with chauvinist and fascist tendencies. In the late sixties and seventies it put forward the so-called sons-of-soil politics, from the eighties onward it mobilized the population in terms of religious identity (Hansen 2001; Eckert 2003).

The slum population is presently treated as a ready-made constituency for garnering votes. Politicians allow new settlements to arise and then protest against an increase of the city's population, suggesting a cutoff date for legalizing slums. Whenever there has been a protest against eviction, politicians have legalized illegal settlements. This has guaranteed rights of stay for people, but not better housing or better services. There have been two cutoff dates thus far: 1986 and 1995.

Conclusion

In this essay, I argued that historical processes, the governance structure of the federal Indian state, and the way in which production process and inequalities structured the city explain Bombay's limited integration to global markets. Because of its history and the way it represents the contradictory strands of the global economy, Bombay presents an interesting case for studying the specific form that globalization takes in India.

Several factors make Bombay apt to accept new global economies: first, Bombay's growth as a colonial city, with its transition from a manufacturing-oriented to an export market and the attraction of financial and corporate headquarters; second, the development of a national market for its products after Independence, together with the growth of a media and film industry and a multiethnic entrepreneurial group. And yet the synergy developed by the globalization process did not engulf the city's entire economy.

Commentators have suggested that the program of structural adjustment and liberalization in India led to contradictory outcomes (Corbridge and Harris 2000). On the one hand, partial convertibility and the entrance of foreign firms increased equity participation, expanded the stock market, and changed the nature of manufacturing, making it more service-oriented and related to global markets. On the other hand, in the absence of the political will to increase direct taxes on higher income groups or cut wasteful expenditure, there was a heavy cut in welfare expenditures, such as those for water supply and health. There was also a reduction in subsidies for basic needs and amenities such as food and electricity. Additionally, as a result of privatization, public-sector corporations, most of them located in big cities, were reorganized. Unemployment increased and so have inequalities, despite the expansion of the nonorganized economy. The latter gained further impetus due to the service orientation of the new economies.

In this essay I explored the decline of manufacturing and the growth of service industries as well as locational issues and the reurbanization of space. I related them to new forms of marginalization and inequalities in the context of the political processes. I argued that the economic and political features have to be understood in the way the local, regional, and national political processes have interfaced with the global processes to restructure the economy of cities, such as Mumbai. More particularly, it is not the external economy that has oriented the city to globalization, but the national policy of the government and the way political processes have organized the democratic aspirations of the populace. In this city, globalization is distinctly different from globalization elsewhere.

Notes

1. The name Bombay can trace its genesis to a modest *quinta* (manor house) built by a Portuguese physician and botanist who leased the Bombaim Island from the then Portuguese regime in the mid-sixteenth century. It was a corruption of the island's indigenous name *Mumbai*, drawn from its patron goddess, *Mumbadevi*. *Bombay* and *Mumbai* are used interchangeably in this essay.
2. For instance, Hindi films such as *Bombay*, *Chakra*, *Dhatri*, and *Saiya*, to name a few, represent Bombay in these terms.
3. This statement is to be seen in context with other urban cities in India and not other cities in the world.
4. The British obtained the seven islands given to Catherine as dowry on her marriage.
5. Bombay municipality used to govern the island city, covering 67.67 square

kilometers till 1950 when the limits of the city were extended to include eastern and western suburbs, adding 187.46 square kilometers, and giving rise to Greater Bombay. The process of suburbanization was accelerated in 1957 as the administrative limits of Bombay were extended further with the addition of another 174.76 square kilometers. For planning purposes, an even larger metropolitan region administered by the Mumbai Metropolitan Regional Development Authority (MMRDA) was established in 1965.

6. MMRDA was initially a central government's gesture to the World Bank while the bank was considering a loan for the Urban Transport Project. Since its constitution as a local authority in 1975, there has been little to no clarity of roles and functions. Internal strife, lack of adequate representation in its board of particular departments such as the Industries and Environment, as well as its political tension with the Municipal Corporation of Greater Mumbai has rendered it more in line with an agency under the Urban Development Department than an economically commanding nodal body. It is true that MMRDA is entitled to coordinate a number of projects such as Mumbai Urban Infrastructure Project, Mumbai Urban Transport Project, and the Backbay Reclamation area. Yet municipalities in the Mumbai Metropolitan Region do not constitute one geographic jurisdiction nor do they consolidate into "definite political entities" (Scott 2001).

7. For instance, Greater Bombay's economic share is more significant in terms of income, proportion of net domestic product, employment, and foreign direct investment. According to the regional plan of 1996–2011, in 1973 the growth rate of regional income for Greater Bombay was 63% compared to 61% for the Bombay Metropolitan Region and 45% for Maharashtra state as a whole. Per capita income displayed a similar trend with 45% for Greater Bombay, 38% for the Bombay Metropolitan Region, and 33% for Maharashtra. The share of the net domestic product of Greater Bombay in that of the Mumbai Metropolitan Region has been constant at 65% over the period 1993–99. The total employment in the Mumbai region was found to be 3.55 million in 1998 compared to 3.22 in 1990, while in Greater Bombay, it has been increasing albeit slowly, from a total of 1.53 million in 1971 to 2.63 million in 1998. Over the period 1991–98, out of 2005 foreign collaborations in Maharashtra, 67% were located in Bombay. In absolute numbers out of 22.215 crores of rupees, 6,539 crores went to Bombay (Chorpade 2005).

8. The governance of Mumbai is in the hands of the Municipal Corporation of Greater Mumbai. The corporation has an elected body of 227 members.

9. Henceforth, all further references to Bombay or Mumbai imply the political area called Greater Bombay/Mumbai.

10. The state government appoints the municipal commissioner in all cities, and thus there is a history of conflicts between the commissioner and the corporators. For Bombay, see Thakkar 1995.

11. For a contemporary interpretation of the working-class movement in Bombay and its discourse in the early twentieth century, see Chandavarkar (1994; 1998).

12. In 1961 the island city (that is south Bombay) housed 66.7% of the city's population. In 1991 this was reduced to 32% (Patel 2004).
13. Between 1961 and 1980, 32,000 laborers employed in the textile industry had been displaced, due to modernization (Sherlock 1996).
14. Bombay's experience runs parallel to other cities in the case of displacement of women workers from manufacturing. This displacement started in 1891, and by mid-twentieth century there were hardly any women workers left in the industry.
15. See Corbridge and Harriss (2000) for an overview of changes in India's economic policies and its hesitant adoption of liberalization.
16. The work participation rate of males has decreased substantially from 57.7% in 1971 to 54.3% in 1991. Consequently there has been a feminization of the economy with an increase of the work participation rates from 7.7% in 1971 to 10.5% in 1991. Also private employment dominated public employment in 1961 and 1971. It lagged behind in 1981 but declined by 2.4%—and thus employed fewer people than the public-sector employment in 1991 and 1996. See Fact-Book on Mumbai 2000, 21, table 26.
17. For instance, in the Dharavi slum of central Bombay, there are 400 leather processing units. The air and water pollution that these units generate determine the conditions of living of the people there. See Sharma 2000.
18. Recent data not available.
19. In 1991, 72.9% of households lived in one room. See Fact-Book on Mumbai 2000, 85, table 133.
20. The workers of textile mills were provided with housing and have not experienced—unless displaced—this form of deprivation.

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São Paulo

The Metropolis of an Elite Society

Csaba Deák and Sueli Schiffer

São Paulo is the economic heart of Brazil. Thus both its development in general and the specific features of this development are intertwined with the economic and social development of Brazil as a whole. These processes are outlined in this essay from a standpoint at odds with the “new regionalism” theory, suggesting that both the greatness and dynamism of São Paulo and its structural weaknesses are at a time cause and consequence, indeed an organic part, of the country’s development. In very concrete terms, and again at odds with the “global cities” or “network societies” approach, the connections of São Paulo with the world economy materialize through the mediation of the nation-state to which it belongs. By the same token, at a more general level, the conflicts ensuing from the line-up of forces in favor and against the implementation of neoliberal policies that dominated São Paulo in the nineties were part and parcel of the same conflicts at work nationwide. Finally, the prospects of future development of these conflicts depend likewise on the way in which they will be fought out in Brazilian society as a whole.

São Paulo Today

São Paulo is the largest urban agglomeration in South America, with a population of 18 million people. It lies at 800 meters above sea level and at 60 kilometers from the coast, at the bank of the Tietê River. The climate is more temperate than in neighboring Rio de Janeiro, which is located on the coast at the same latitude 400 kilometers away. The built area of 200,000 hectares spreads out from the original center in a large octopus shape with a 70-kilometer east-west and 50-kilometer north-south axis.

Strategy was preplanned. In fact iColi 2002 was an administrative restructuring process that was well underway before work even began on the longer term strategy; 2010. There are also some quibbles: both Pannell and Mabin err in describing the iColi 2002 program as being under World Bank direction. Notwithstanding personal relationships between key individuals, this was a homegrown initiative to which international donor agencies lent support.

It should be stressed that in developing city strategies, budget consultation processes, good governance programs, and other complex processes, the city makes a serious attempt and then seeks to improve on that effort each year. Thus it is possible to discern a rapid evolution and development of the content of the various official documents. Joburg 2030, too, will be revised and developed while keeping its economic essentials intact. Elements of the good governance program are developed and improved upon as experience yields suggestions for improvement.

The management of conflicting priorities and contradictory interests is the essence of government. The inhabitants of the city are citizens as well as customers; and they are workers and managers as well as residents. Poor residents seek certain kinds of performance from the city; and investors want to see other kinds. The council must, of course, strive to be effective and efficient as it attempts to rise to these challenges and manage these contradictions.

Mumbai/Bombay

Viayadhar K. Phatak

Mumbai (or Bombay) has a latent desire to emulate Hong Kong and Singapore and become a global city. The latter cities are Asian port cities, like Mumbai, and both of them experienced severe housing shortages in the past, which they by now have overcome successfully. The desire to emulate Hong Kong and Singapore has been strong in many quarters of Mumbai, especially among politicians, bureaucrats, and industrialists. Yet the process of globalization—as is now understood—depends more upon macroeconomic policies than on city aspirations.

In the past, India had a centrally planned economy. Liberalization occurred only in 1991, compelled by a fiscal and balance-of-payment crisis and the granting of an International Monetary Fund (IMF) loan. Liberalization enabled private investors to set up new businesses in Mumbai without significant restriction (such as licenses and permits—in the past India had been described as “license and permit raj”). It opened up the possibility of foreign direct investment (in infrastructure and other projects) and also made it possible for foreign institutional investors to invest in Indian stock markets. Recently, Special Economic Zones (similar to Chinese SEZs) have been promoted in order to attract an increasing volume of foreign investment. Also, Indian companies have been listed on the New York Stock Exchange and NASDAQ.

A by-product of liberalization has been the weakening of labor protections and trade unions. After liberalization many industries, public enterprises, and nationalized banks introduced voluntary retirement schemes in order to reduce the size of their labor forces. Mumbai lost its traditional textile industry in the eighties and with it a significant proportion of employment in this sector. However, immediately after the macro-

economic liberalization and particularly after the establishment of new private-sector banks, Mumbai experienced rapid growth in the financial services sector. The Mumbai Metropolitan Region Development Authority (MMRDA) responded by designating its Bandra Kurla Complex as the International Finance and Business Center (IFBC), which was previously planned as a site for relocating offices from the congested Fort (South Mumbai) area. IFBC's locational advantages attracted many new financial institutions like ICICI, which was later to become the first universal bank and National Stock Exchange providing screen-based trading facilities in shares and debt instruments on a nationwide basis. The ICICI building virtually has become the new icon of Mumbai. Private initiatives to establish offshore banking facilities in Mumbai, however, have not yet succeeded indicating that such matters are clearly within the domain of the national government. Along with financial services, information technology has grown significantly. However, as they do not depend on agglomeration by physical proximity but on communication connectivity, growth in this sector has led to redevelopment of old manufacturing sites away from the traditional central business district and other suburban locations. Textile millowners have been trying to sell their real estate. In some cases the mill structures have been converted to shopping malls as a new symbol of globalizing Mumbai.

Against this background the answer to the question "Does Mumbai aim to become a global city?" will have to be no. Mumbai as represented by city or state government does not deliberately aim to become a global city. But the macroeconomic framework that has been put in place by the national government has prompted the city, perhaps at the behest of the business and services sector, to begin to become global.

Economic liberalization was concurrent with political decentralization in India. The seventy-third and seventy-fourth constitutional amendments of 1992 formally recognized local city government as the third tier of the federal structure. The amendments set forth the organizational structure of local government, the democratic process of electing citizens' representatives, taxation powers, and the duties of local government. Planning for social and economic development was included in the charter of local government, in addition to planning for traditional civic services. To coordinate the complexities of planning in metropolitan areas with multiple local governments, the constitution additionally provided for metropolitan planning committees. Despite this empowerment in city administration, today's Municipal Corporation of Greater Mumbai does

not have a specific vision of Mumbai and certainly not one that sees Mumbai as a global city. There are two reasons why this is the case.

First, nearly 50% of Mumbai's population lives in squatter settlements devoid of basic civic services. Elected leaders at the city government, state, and national levels are called upon to attend to this problem (not necessarily in terms of policy initiatives, but by allocating funds at their disposal). Elected representatives therefore are shy of working toward making Mumbai a global city, since initiatives in this direction are likely to be seen as contrary to the interest of poor slum dwellers.

Second, the Municipal Corporation of Greater Mumbai does not have professional planners on its staff. Its engineers, for instance, are preoccupied with meeting increasing infrastructure demand. In addition, weak finances hinder city government from drawing up large-scale projects or incentives to promote certain types of development.

The state government of Maharashtra, of which Mumbai is the capital, however, has initiated two significant programs to help Mumbai. One is the construction of flyovers in Mumbai and the other is the provision of free housing to all slum dwellers who were resident in slums on 1 January 1995. The former program had a visible impact on the increasing number of car owners in Mumbai. The latter granted slum dwellers the dream of owning a house in Mumbai. Leaving aside the economic rationale or feasibility, these programs were politically correct. Though initiated by the Bharatiya Janata Party and Shiv Sena government, the slum scheme extended to all slum dwellers irrespective of their caste, religion, or language (that is perhaps the strength of the Indian democratic system).

In their plan of 1996 some planners, notably in MMRDA, recognized the need to rejuvenate Mumbai's economy and ensure Mumbai's competitiveness. Perceiving the prospect for growth in the liberalizing economy, the Bombay Chamber of Commerce and Industries, inspired by London First, established Bombay First as a lobbying group. Bombay First, of course, was careful to articulate its positions based on research and professional advice. In 2003 Bombay First engaged McKinsey & Company, Inc., and the two entities jointly published a report titled *Vision Mumbai—Transforming Mumbai into a World Class City*.¹ The report used the phrase "world class city" and recommended obvious measures such as the improvement of infrastructure (public and private transportation, water supply, sanitation, education, and healthcare) and an increase in low-income housing. It also proposed boosting economic growth to 8–

10% per annum and emphasized the need for more efficient governance. More significantly, the report also strongly recommended the enablement of "implementation through committed public-private resources led by the Chief Minister" and making "Key government organizations accountable for results." Bombay First presented this report to administrators and political leaders and ensured that a task force was established to follow up on the report. The task force has the chief secretary of the state government of Maharashtra as its chairman and a senior bureaucrat as its secretary.

It would thus seem that whether Mumbai will truly become global depends upon the macroeconomic policies adopted by the central government. The recent reshuffling of union government has enabled left parties to play a more decisive role in the formulation of policies and slogans such as "economic reforms with a human face." This development may slow down the process of an Indian city becoming global. In reaction to this, the political leadership in Mumbai would have to strike a balance between supporting new economic activities that may attract foreign investment and protecting labor engaged in sectors such as the textile mills. If public resources are committed to the latter type of activities by way of subsidies, finding resources for the former would also become difficult. It remains to be seen how macroeconomic policies shape the way in which the state government makes its choices for Mumbai in the context of new policies.

Since Mumbai is going through the initial stages of becoming global, its local government has yet to respond to these forces. State government still decides most of the policies for Mumbai, be it the redevelopment of textile mills, the rehabilitation of slums, or the FSI (Floor Space Index) and land use zoning. Surprisingly, local leadership does not seem to assert its powers in this respect either, though guaranteed the right to do so by the Constitution. However, the Bombay First initiatives is an indication of the increasing role that will be played by the private sector in governance in the future. But notable in these efforts is the fact that the Bombay First has always approached state government for support, thereby bypassing city government.

I now turn to the findings of the three essays on Mumbai and their relevance for the city administration. The first essay by Sujata Patel is essentially a descriptive and interpretative presentation of Mumbai. The interpretation is from a leftist's perspective. For example, the decline in the textile industry began in 1982 almost a decade before the liberalization

process began. The reasons for this also included the militant trade unions, the price and physical quota restrictions imposed by the government, and competition by the power loom industry, which due to its small and informal status could escape government control. However, these are not analyzed dispassionately. Similarly, the existence of slums and dilapidated *chawls* is highlighted, but some of the causes for this state of affairs—namely, rent control, urban land ceiling, and excessive restrictions on FSI—are not mentioned. Implicit in the argument is a bigger role for government, including the use of subsidies. How such an approach would be feasible for a local government that has barely managed to come out of serious revenue deficit and for a state government that faces an increasing debt burden is not explained. The essay also fails to anticipate the inevitability of globalization that would occur through the World Trade Organization. If that is likely to accentuate the deprivation, the author has not provided any practical course of action that could mitigate such deprivation. I therefore do not consider that the findings of this essay are of any practical help to the city administration.

The second essay by Jim Masselos rightly points out that various national state and local authorities have their own domain in Mumbai and that there is an absence of a single agency having authority over affairs of Mumbai. It also points toward the complexity added by different levels of government being ruled by different political parties. The increasing activism of nongovernmental organizations devoted to a single aspect of the city such as heritage, environment, open spaces, or slum housing is also noted. After describing the locality- and ethnicity-based social organizations of the early twentieth century, the author interprets the traumatic experiences of riots in the early 1990s. The conclusion of the essay is as follows: "In the globalized postmodern—and continuously expanding—city, there may well have been social fragmentation and intense social confrontation, but there was also social and political integration, as well as increased potential for horizontal mobilization by people themselves on issue-oriented matters." This does not purport to provide any practical advice to the city administration.

Ranjit Hoskote uses the change of name from Bombay to Mumbai as a metaphor to explain many manifestations of tensions that most metropolitan cities face in the process of economic transformation. However, renaming the city or more accurately restoring the original name has occurred in many other places as well: Peking became Beijing, and within India Calcutta became Kolkata (West Bengal), Madras became Chennai

(Tamilnadu), and Thiruvandrum became Thiruvananthapuram (Kerala). Interestingly two of these changes occurred in states ruled by communists, where no chauvinists, caste, or class motives could be attached to the act of renaming the city. In terms of evolving governance, the essay raises a polemic of two extremes—a more responsive and participatory civic administration or a more ruthless technocratic oligarchy. The practical option would obviously lie in between in the functioning Indian democracy. The interpretation of what is happening in Mumbai is woven around four questions—namely, conflict between old and new economies; integration of recent immigrants; marginalization of Dalits, Muslims, and migrants; and competitive populism that manipulates material and emotional dissatisfaction. However, resistance to migrant labor is not unique to Mumbai as seen by the recent U.S. reaction to outsourcing of business operations and perceived threats of job losses. Such outbursts are usually ephemeral. The main governance issue in Mumbai today is consensus building that could best be illustrated by the example of textile mills. The millowners wish to close the mills and sell the real estate. The workers and trade unions, however, want a decent retirement package and a share in the profit. Town planners, in turn, see this as opportunity to get land for public purposes. The heritage lobby wants the old mill structures to be preserved. Environmentalists want to convert the mill land into parks and gardens. Sadly, the essay does not provide any practical clues as to how such consensus could be brought about.

Note

1. *Vision Mumbai—Transforming Mumbai into a World Class City*, Bombay First-McKinsey Report, Mumbai, September 2003.

São Paulo

Jorge Wilhelm

São Paulo can easily be discussed and identified in terms of its peculiarities, but can only then be compared to other metropolises like Shanghai, Johannesburg, and Mumbai. They are all different, facing similar characteristic perplexities, but finding distinct solutions to their own problems.

In the Brazilian case, as is correctly pointed out by Deák and Schiffer, the social context extends well beyond the fact that the ruling class is an elite (and not a European-type bourgeoisie) and that Brazil's economy may be considered a "hindered accumulation." To understand this, one should take into account the fact that Brazil, being an American country (like the United States or Argentina), was born from the encounter of nomad Indian nations with a small number of Portuguese and some other European settlers. The Portuguese crown did not colonize the new territory but tried to exploit it, counting on very few men, and almost no women, for this enterprise. The impossibility of enslaving nomads and the death by germs and arms of several million Indians (probably more than 6 million), brought along the enslavement and traffic of Africans, which meant the introduction of another very significant contribution to Brazil's intense ethnic fusion and acculturation process.

In this immense territory, low population density and the greedy search for supposed hidden treasures moved people to live either on farms or in towns. The European village life-style was never known in Brazil. People roamed through the territory, moving around but also up (and even sometimes down) the social ladder. This physical (geographical) and social permeability created an elite that copied the standards of European aristocracy only by the fact of owning land and being arrogant.

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