Addressing Global Urbanization and Poverty

Jesus P. Estanislao, Ph.D.
University Professor
University of Asia & the Pacific

Introduction

1. In facing up to such global "mega-issues" as urbanization and poverty, we have two choices: either to look at approaches from the top (at the level of the international community and of nation-states); or highlight those approaches at the bottom (at the level of local communities, and gradually moving up to the bigger entities). These approaches need to complement each other; indeed, by getting them to reinforce each other, we significantly increase our chance of arriving at better outcomes much faster.

2. The more traditional top-down approach can be highlighted in some of the successes over the past 4 decades. Typically, it involves a strong, effective central authority, engaged in sensible macro-economic policies and in establishing open connections with the international community, whilst shoring up internal cohesion through active promotion of social equity. The usual formulation can be summed up in: effective government; open economy; and an open society (with policies aimed at mass migration across the poverty line). China, since 1978, provides a vivid example of one such success.

3. There are alternative approaches to such a traditional top-down approach. This is a much longer, often more challenging route. For polities with much less effective central authorities; for economies less able to pursue sustainable and sensible macro- economic policies; and for societies riven by feudalism, factionalism, and other internally divisive fault lines, the challenge is to look for alternative approaches that are much more realistic, taking into account actual facts on the ground. Since this is a less clear, more meandering route, there can be some value in looking at its broad contours for a better appreciation of the challenges that such a route offers.

Local Community Development: Another Name for Peace

4. For most local communities that are pushing their young out to migrate to bigger cities, mired as they are in poverty, the fact on the ground is the absence of peace and security. The young, the uneducated, and the poor---the great majority in such communities---are the easy targets for roving banditry movements, often bereft even of ideological pretensions. The profile of the rogue elements sowing dissension and undermining internal security fits almost to a "T" the three lethal combined characteristics of "poor, uneducated, and young". The first order of business to address the challenges of mass exodus to cities (urbanization) and poverty in these local communities is, almost naturally, local community development: education, livelihood and employment opportunities, in particular for the young (and the not so young as well).

5. Grassroots development at the local community level can be promoted and secured by equipping and improving the capability for proper governance of the lowest administrative and political unit of government. This is an enormous challenge; it also presents enormous opportunities for wide and open approaches and bold experimentation. This is a wide, open field for substantiating "subsidiarity". Subsidiarity, however, needs a strong, central backbone. This is where instrumentalities of the "state" can play an important role: in some countries, the "military" is the only real presence of the "state" down at the local community level. However, its traditional paradigm has been to "win the war". The shift, and the real immediate challenge, is for the military (or any other alternative instrumentality of the "state) to move up towards "winning the peace" instead, i.e. for it to become an instrument for local community development, wherever it serves. Soldiers helping to provide education; soldiers training the trainers in livelihood and employment-generating enterprises; and soldiers with outreach programs to the local youth (through sports and work-life balance programs). Indeed, in local communities where the military (or any other alternative instrumentality of the "state) can work in solidarity or in mutual support with the local government unit (the lowest level of the political apparatus of the government), the more successful can this paradigm shift become, from a focus on winning the war towards winning the peace, one local community after another.

6. Local government units can positively and substantively engage in "solidarity" initiatives only if they are pushed and prodded---also coordinated and properly overseen---by municipal, provincial, regional, and national government instrumentalities. Where no centralized "cascading"

from the top of a well-coordinated public governance program, this can be secured by a "building up" process, one city or province after another, and all committed to the proper practice of good public governance. The demands of such a "building up" process are enormous; but they can be met through the "whole-of-the-community" approach, i.e. by organizing an active coalition of the live social and economic agents in each community for the "common good" of the community. This coalition can cover and include representatives of local economic enterprises, local schools and colleges, local media, local civil society organizations, etc. Such a coalition can—and should be co-opted---for the common causes and general public welfare of the community; it can provide assistance to the city or province; it can perform a healthy oversight function (with possible checks and balances) on the exercise of public authority and resources for local community development. In solidarity with the local government (a city or a province), such a coalition embeds the "shared value" orientation within every local community program: in search of gaps to fill; of kinks to iron out; of inefficiency-inducing loopholes to close within the local economic value chain, connecting the local community with the broader economy.

7. "Shared value" orientation and commitment cannot be limited to those at the level of the local community. This is where national government agencies, state-owned enterprises, and private business corporations should live up to their role of creating a positive and significant economic and social impact from the strategies they pursue and the "vision" they seek to realize. Indeed, in formulating (and executing) their strategy, by which they set a clear direction towards a future they wish to help create, these bigger institutions should go beyond the narrow financial and monetary (budgetary) perspectives that a market economy requires. They also have to give due importance to the continuing training and formation of the people they employ, the efficiency and effectiveness of the internal processes they deploy, and the quality as well as cost-effectiveness of the services (and products) they provide (or sell). And of significant importance under the shared value orientation is the social and economic impact they make on the economy, society, and the polity. Indeed, if good governance is a "must" at the local, grassroots level, it is equally a vital necessity at the bigger, more national, macro-economic levels.

8. At this higher, more macro-economic level, there is a special niche for the financial sector. As recent experience shows, this is a sector that cannot remain enclosed and focused on itself; it must be of service to the entire

economy, society, and polity. The centrality and essential operative importance of finance in any community imprints upon the DNA of the financial sector a social responsibility, which draws inspiration and sustenance from ethics and sustainability. This means, in actual practice, their having to show a strong operative commitment to inclusive and sustained development. This translates into the provision of access to the most basic short-term financial services through stable and robust banking systems (deposit-taking and commercial lending); and more widespread access, with appropriate mixes of risks and rewards, into the medium and long-term bond and capital markets. Under this light, financial institutions with a strong development orientation have a wide role to play: they can help identify emerging enterprises (in various regions and sectors); they can prepare them for eventual entry into the bond and capital markets (e.g. through an IPO); and they can facilitate the organization of financial pools, available through retail outlets and widespread branch networks, into which individuals, small enterprises and organizations can have flexible, relatively safe, and easy participative access.

The Common Importance of a Governance Culture

9. The alternative route offered by the broad contours of a bottom-up approach, taking into account the realities on the ground of many emerging communities involves multiple parties and players at multiple levels. It is a complex, meandering route. It is rife with probabilities for failure. However, it is inclusive both in the process and in its eventual outcomes. It points to the many complexities that need to be faced and resolved in addressing the macro-issues of global urbanization and poverty.

10. Given such complexities, it is necessary to get to the simple, common strands that need to be woven together for the multiple parties at multiple levels engaged in the bottom-up approach. These strands are the common demands of a governance culture. At bottom, at the individual personal level, where final responsibility for development lies and continues to lie, governance culture demands the cultivation of integrity, fairness, courage, and discipline. Beyond the personal level, a good governance culture demands the following at the level of enterprises and institutions: competence; commitment; professionalism; and "pietas" or love of community, either narrowly or more broadly defined. Finally, at the more macro and much broader social, economic, and political level, a governance culture demands: respect for personal dignity; concern and contribution to

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the common good; subsidiarity; and solidarity. All these basic demands of a governance culture, at whatever level, tie in well with the ethical and social doctrine of the Catholic Church.

11. This brings up the positive contribution the Catholic Church can and should make to the alternative approaches to address global urbanization and poverty. There are well-known macro-economic solutions, generally from the top-down, which are mainly of a technical nature, and which is not the usual remit or comparative advantage of the Church. But there are governance-culture-related solutions, generally from the bottom up, which are mainly of an ethical and social nature, and which falls well within the duty and responsibility of the Church.

12. The biggest challenge remains: how to make both approaches (top down and bottom up) support and reinforce each other. The sons and daughters of the Church, who are immersed in the whole drama of addressing problems associated with global urbanization and poverty, need to be as committed to the technical nature of the needed solutions as they must be to the ethical/social nature of alternative but complimentary solutions demanded by such global "mega" issues.

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