



## Press Release

### American cities as unequal as African and Latin American cities according to UN-HABITAT's new *State of the World's Cities Report 2008/9: Harmonious Cities*

Major cities in the United States, such as Atlanta, New Orleans, Washington D.C., Miami, and New York, have the highest levels of inequality in the country, similar to those of Abidjan, Nairobi, Buenos Aires, and Santiago. At the other end of the world, Beijing is considered to be the most equal city in the world while, on average, the most egalitarian cities in the world are located in Western Europe.

These are some of the startling findings of the new UN-HABITAT report on the *State of the World's Cities 2008/9: Harmonious Cities*. As Ban Ki-moon the Secretary-General of the United Nations points out in his foreword to the report, "The data and analysis contained in this report are intended to improve our understanding of how cities function and what we, as a global community, can do to increase their liveability and unity."

Aimed at policymakers and planners and all those concerned with the welfare of a rapidly urbanizing world, the report breaks new ground by taking the Gini coefficient, normally used to measure inequality at the national level, and using it to measure inequality at the city level.

Basing their research on such economic statistics, the authors find that though the cities in the United States of America have relatively lower levels of poverty than many other cities in the developed world, their levels of income inequality are quite high, and have risen above the international alert line of 0.4.

According to the report, in Canada and the United States, one of the most important factors determining levels of inequality is race. In western New York State, for instance, nearly 40 per cent of the black, Hispanic, and mixed-race households earned less than US \$15,000 in 1999, compared with 15 per cent of non-Hispanic white households. The life expectancy of African Americans in the United States is about the same as that of people living in China and some states of India, despite the fact that the United States is far richer than the other two countries.

At the global level, the report finds that, on average, the most egalitarian cities in the world are located in Western Europe. In the developed world, specifically European countries, Denmark, Finland, the Netherlands, and Slovenia, exhibit relatively low levels of inequality (Gini coefficient below 0.25, the lowest in the world). Inequalities are also low in Austria, Belgium, France, Germany, Luxemburg, Norway, Sweden, and Switzerland, where the Gini coefficients range from between 0.25 and 0.3. Low levels of inequality reflect the performance of national and regional economies in these countries and the regulatory, distributive and redistributive capacity of the national and local welfare states.

Analysing the rate of urban inequality in the developing world, the report finds that the cities of Asia are the most equal: the urban Gini coefficient of Asian cities is 0.39, slightly below the unacceptable inequality threshold of 0.4. However, there are significant income distribution differences among cities, even within the same country, which shows that national aggregates are not necessarily reflected at the local level.

For instance, Beijing, the capital of China, is the most equal city in Asia; its Gini coefficient is not only the lowest among Asian cities, but is the lowest in the world (0.22), whereas Hong Kong, the Special Administrative Region of China, has the highest Gini coefficient among all Asian cities, and a relatively high value by international standards (0.53).

1200

1300

1400

1500

1600

1700

1800

1900

2000

(World Population in Billions)

The report also marshals evidence to show that India is undergoing an inequality trend somewhat similar to that of China as a result of economic liberalization and globalization. All of these changes in the occupational structure of the country are affecting levels of inequality. In 2002, for instance, the income gain of the richest 10 per cent of the population was about 4 times higher than the gain of the poorest 10 per cent.

Focusing its attention on Latin America and the Caribbean, the report finds that the Gini coefficients in urban areas and selected cities in the region are among the highest in the world. For example, in Brazil, unemployment rose from 4.3 per cent in 1990 to 12.3 per cent in 2003, and average wages of employees in the formal industrial sector fell by 4.3 per cent in 2003. Unemployment and declining wages in urban areas have polarized income distribution in urban areas. For this and other historical reasons, Brazilian cities today have the greatest disparities in income distribution in the world.

It comes as no surprise that cities in Sub-Saharan Africa have the highest levels of urban poverty in the world. Although rural poverty is pervasive in the region, more than 50 per cent of the urban population in the poorest countries lives below the poverty line. Though Freetown in Sierra Leone, Dire Dawa in Ethiopia and Dar es Salaam in Tanzania are among the most equal cities in sub-Saharan Africa, with Gini coefficients of 0.32, 0.39 and 0.36, respectively, the Gini coefficient in urban Kenya rose from 0.47 in the 1980s to 0.575 in the 1990s.

In South African and Namibian cities, inequalities are most pronounced and extraordinarily high, despite the dismantling of apartheid in the early 1990s. In fact, urban inequalities in these two countries are even higher than those of Latin American cities. The average Gini coefficient for South African cities is 0.73, while that of Namibian cities is 0.62, compared to the average of 0.5 urban Latin America. Maputo, the capital of Mozambique, also stands out as a city with high levels of consumption inequality, with a Gini coefficient of 0.52.

Concerned about the increasing levels of urban inequality, in her introduction, Anna Tibaijuka, Executive Director of UN-HABITAT, calls for enlightened and committed political leadership combined with effective urban planning, governance and management. She concludes by emphasizing the need to promote equity and sustainability in order to build harmonious cities.

<sup>1</sup>The Gini coefficient is the most widely used measure to determine the extent to which the distribution of income or consumption among individuals or households deviates from a perfectly equal distribution. A Gini coefficient of 0 indicates perfect equality; Whereas a Gini coefficient of 1 indicates perfect inequality.