Globalization and Poverty: Exploring Development Discourse Within Urban Dynamics - The Case of Colombo and Mumbai

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Senior Project Submitted to
The Division of Social Studies
of Bard College

by

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Annandale-on-Hudson, New York

May 2024

Dedication

To those who seek opportunities to achieve growth, be it personal or professional growth, and to those who live everyday to be kind and try to make the world a better place.

Acknowledgements

First of all, I want to thank my senior project advisor, Professor Sanjay Desilva, for all the meaningful conversations that motivated me to write this project. I would also like to thank Professor Gautam Sethi, who was a source of encouragement throughout my journey as a student. Last but not least, I would like to thank my academic advisor, Pavlina Tcherneva, who has always been a role model and who I will always look up to pursuing my career as a female economist.

Of course, above all, I thank my family, who have always been my true support in every aspect of life. For the kindness of my parents, Baba and Mor, who overlooked their needs for the sake of their children and always reminded us of the importance of education. To my lovely sisters, Hila, Shabnam, and Sara, who are more like friends and always ready to listen to my complaints. Of course, my brothers, Imran and Irfan, taught me how to be courageous, while the others showed me what it means to be humble and kind. Especially to Irfan, who aspires to become a doctor and is going to set his journey to undergraduate school soon. His dedication is inspiring to me as an elder sister.

I would like to extend a special thank you to the Bard College team and the supporters of Afghan students. Your collective efforts have made it possible that I complete my education in the US. This journey, though challenging, has been enriched by the memories I have made.

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Introduction

Globalization and poverty, two coexisting phenomena, with the potential for both to rise. While poverty represents an extreme living condition that is not present universally, globalization has exerted its influence globally, reaching most countries. The major shift towards globalization is often viewed as a means for economic growth and a potential way to alleviate poverty. The concept of trade fostering economic growth is not a new and unexpected phenomenon, and in many instances, countries have attained economic growth through liberalization measures, like financial liberalization and privatization. Hence, many developing countries with high poverty rates claim to reduce poverty by growing the economy. Nevertheless, the notion that this growth necessarily diminishes poverty is often debated and has its skeptics. Therefore, the correlation between the two makes it necessary to understand whether the liberalization of economies, in reality, reduces poverty.

Globalization arose after WWII when many countries emerged as independent states after a long colonization period. Johnson (1967), who was reflecting on the need for development in the early years when many countries became independent, stated that along with political independence there also emerged "the urge for economic development, as a means both of raising living standards in countries that are extremely poor by comparison with European and North American nations and of creating the material foundations of national identity and self-respect" (pg. 1). Due to this observation, and arguably numerous other factors, underdeveloped nations globally became fixated on economic growth as a means to establish the pillars of "national identity" and "self-respect." Subsequently, various economic reforms were implemented worldwide. However, a crucial aspect not explicitly mentioned in this statement is the drive to alleviate extreme poverty, which was also evident in underdeveloped countries post-WWII. Nonetheless, significant upward growth in GDP appeared after the 1990s, when many developing countries embraced liberalization policies and opened their markets to global trade. Economic growth was also claimed as a means to alleviate poverty. Several decades have passed since the initial adoption of the policies; however, it has yet to be identified whether the growth decreased persistent poverty or not?

Shifting the focus to urban spaces, the concept of using urban spaces as hubs for growth is intricately linked to globalization. Globalization entails the intensified flow of goods, information, capital, and people across borders, and cities have emerged as key players in facilitating and harnessing these flows. On a general level, intuitively, it can be contended that the agglomeration aspect of cities does incentivize people to move to cities because it can potentially provide a living within close proximity for high and low-income people. On the other hand, it can potentially also create inequality, and in the case of the developing countries facing poverty, it has turned out to be persistent urban poverty. Hence, globalization has been harnessing not only growth in GDP but also creating inequality, which some authors argue has changed absolute poverty into relative poverty.

However, economists like Edward Glaeser argue that “cities are full of poor people not because they make people poor; rather they attract the poor people with economic opportunity and better social safety net” (TED, 2018). This indicates that cities are not only a point of attraction across borders but also within borders, increasing rural-to-urban migration. Hence, it is complicated to understand people's relationship with the space they live in because it is hard to understand the potentially best place for the poor. Suppose one argues that migration to cities has not yielded advantages for those who migrate. In that case, it is equally important to understand the problem with the assumption that they were in a better situation in rural areas. This is particularly true in countries such as India and Sri Lanka, where rural regions lack the fundamental social and physical infrastructure needed to establish an adequate social safety net.

An in-depth discussion of the argument on urban poverty will be presented later. Before delving into that, it is crucial to highlight the government's pivotal role in formulating policies that either encourage migration across borders to attract investments or discourage internal migration to control urban poverty. This is particularly relevant when examining cities like Colombo and Mumbai, which serve as case studies for the broader global trend of the increasing ideology of the "global city."

This paper begins by providing a theoretical framework in chapter one, initially identifying what is considered poverty and how it is measured, with a brief history of how the development idea began in the post-WWII developing countries. It presents both the arguments for the "pro-globalization" perspective to alleviate poverty compared to the "anti-globalization" arguments in a general context to better comprehend the relationship between globalization and poverty in today's world through economists' and academics' lens. It further expands on the thought of how, in a changing world, general poverty is increasingly becoming an urban poverty issue due to the fast-growing urbanization.

Following this, the second chapter delves into studying two cities, Colombo and Mumbai, while providing a brief historical overview of the development discourse taken in both countries: Sri Lanka and India. This analysis examines what led both countries to liberalization and what it means for the urban poor. Further, for a deeper understanding, two underdeveloped communities within each city were selected as a case study. Finally, the paper concludes by scrutinizing the pivotal role of government. It contends that market dynamics and policies do not solely dictate economic growth but are profoundly influenced by the interests of each country's government system, shaping policies that have a direct impact on impoverished communities.

Analyzing the Relationship between Liberalization and Poverty

The widely embraced notion that a globalized economy fosters growth and reduces poverty has encountered both advocates and critics, leading to numerous studies analyzing its impact on developing countries through different methods and models. When considering policies, understanding the reasons behind policy failures in identifying persistent poverty is crucial, as it allows for a deeper understanding of the issue. However, certain neoclassical economists might be hesitant to assert that the economic shortcomings of developing nations stem from liberalization policies. Instead, they suggest that other factors have hindered the effectiveness of liberalization. For instance, Acemoglu and Robinson (2012) argue in their book, 'Why Nations Fail,' that "extractive institutions that expropriate and impoverish the people and block economic development are quite common in Africa, Asia, and South America" (pg. 417). One of the reasons behind the failure argued in this book stems from the political sides, arguing how the developing countries in the global south are struggling due to their "extractive institutions." While the specific arguments may differ among economists, the overarching notion remains consistent: liberalization can succeed if the country addresses internal factors adequately.

Although the discourse surrounding poverty and globalization can be examined through diverse methodologies, a more nuanced understanding can only emerge when poverty is analyzed in detail within specific contexts and ideologies. To further add, Ravallion (2013), in one of his interviews, condensed three stylized facts regarding poverty, which are crucial to take into account when comprehending poverty within a country's framework. Initially, he contends that, on average, inequality remains stable; to clarify, during periods of growth, inequality rises half the time, while the other half witnesses a decline in inequality, depending upon the context of a country. Secondly, in growing economies, there is typically a decrease in absolute poverty, which is measured by a fixed poverty line over time, a different concept than relative poverty. The third stylized fact underscores the diverse impact of economic growth on poverty across different regions. Despite the general trend of economic growth reducing absolute poverty, this trend varies significantly from place to place. This variance is attributed to several factors, one of which is the initial level of inequality within the economy under consideration.

Liberalization, according to Ravallion, when implemented in economies with lower levels of inequality, to begin with, can indeed lead to a reduction in poverty levels. This is because liberalization often opens up opportunities for economic growth, job creation, and increased access to markets and resources, which can benefit a broader segment of the population. However, in countries where the inequality gap is high, to begin with, liberalization can disproportionately benefit specific segments of society, such as those with access to capital, education, or technology, while leaving others behind. This issue transforms into a challenge of persistent poverty in certain nations, where individuals lacking access to education, healthcare, technology, or any advantages from economic growth continue to endure in the same circumstances. This perpetuates a cycle of poverty across generations, or what Marx, Thomas, and Stoker (2013) refer to as poverty traps (pg. 190). Many developing countries were subjected to colonialism in the past, leading to an unequal society. Despite various policy interventions, inequality has persisted. The question is whether liberalization can effectively reduce poverty in developing countries with high levels of inequality.

Post World War II, most developing countries experienced various forms of disparity, including but not limited to social inequalities such as wealth or class gaps, education disparities, caste-based inequality, gender inequality, and issues related to religious and ethnic minorities. The extent of inequality varied across different regions. However, in countries like India and Sri Lanka, which were colonized and faced unique developmental challenges, high inequality existed from the beginning of their economic development. Despite significant investment in welfare programs in post-independence Sri Lanka, only a few have benefited, resulting in low poverty and inequality levels today. Therefore, it is reasonable to assume that countries that had lower inequalities at the beginning of their economic growth journey will have better outcomes, but this is not always the case. According to most economists, economic growth is most successful in societies that are inclusive. However, the factors that lead to inclusivity or exclusivity in societies are complex and varied and shaped by various historical and societal factors. These factors can include political systems, cultural norms, economic conditions, and social hierarchies.

To achieve more inclusive growth in economic development, it is important to closely examine the impact of liberalization policies such as trade liberalization, financial reforms, and privatization. While these policies have led to moderate economic growth, it is critical to analyze the data and understand why certain groups are falling behind and struggling to keep up. One major concern is that the benefits of growth are not being distributed equitably, as evidenced by numerous studies. This means that some individuals and communities are benefiting from these policies at different rates than others, leading to a widening gap. For example, trade liberalization policies can increase competition and lower prices. However, such policies can also harm domestic industries and lead to job losses, particularly in industries that are less competitive or lack the skills to compete in global markets. Similarly, financial reforms such as deregulation and privatization can increase access to credit and investment opportunities but also lead to increased inequality and financial instability. Therefore, it is essential to carefully evaluate the impact of these policies on different groups in developing countries that struggle with inclusivity issues.

Globalization often manifests in urban areas through increased trade, investment, and migration flows, leading to rapid urbanization. Economists argue that open economies will eventually reduce poverty; this assertion is questionable because, due to liberalization policies aimed at stimulating economic growth, they often prioritize urban areas, leading to a concentration of resources and opportunities in cities. While cities may experience rapid development and attract investments, the benefits do not always trickle down evenly, contributing to disparities and relative poverty challenges. For instance, cities often attract people from all over the world due to their promise of opportunities. Unfortunately, only a few people gain from the growth of cities. According to the World Bank development report of 2009, millions of migrants continue to move from rural to urban areas in poor and middle-income countries, attracted by economic opportunities despite the poor living conditions and health hazards in urban shanties. While rural poverty is considered an extreme poverty case, urban poverty entails both absolute and relative poverty.

This chapter provides a framework to explore the neoclassical argument on how growth can help reduce poverty. Additionally, a critique of the argument is presented to understand the other side of the story. The chapter aims to evaluate the impact of globalization and liberalization on poverty reduction and, if any, to what extent. Firstly, it discusses the definition and measurement of poverty, which often result in different outcomes in various studies. By exploring the effects of liberalization policies and the pursuit of global city status, this argument is built around the complexity of understanding and reducing poverty, while at the same time acknowledging the policy failure of liberalization concerning the poor.

Measuring Poverty

Poverty, as it turns out, has many dimensions. Therefore, poverty can be measured in different ways. For example, some indices to measure poverty reflect income-based, consumption-based, multidimensional (which consider access to education, healthcare, housing, clean water, sanitation, and nutrition), and some global measures consider poverty levels and trends across countries. While global poverty measurement emphasizes extreme poverty, additional higher thresholds are necessary for a comprehensive understanding of the distribution of living standards, not only between countries but also within countries. This rationale guided Ravallion, Datt, and van de Walle (RDV) in their background research for the 1990 World Development Report, leading them to suggest two international poverty lines: the lower one representing the predicted threshold for the poorest country and the higher one representing a more typical threshold among low-income countries; the latter threshold became commonly known as the “$1-a-day” line (Chen & Ravallion, 2010).

Over time, multiple benchmarks have been established to define the living standards of those living in poverty. One such benchmark, reflecting the extreme poverty line, is known as Purchasing Power Parity (PPP). This threshold is the exchange rate at which one currency can purchase the same amount of goods as another currency (Investopedia, 2023). The PPP poverty line consists of three distinct thresholds, updated in 2017, including $1.90, $3.20, and $5.50 per day (World Bank, 2017). It is crucial to choose the appropriate threshold for each country, as the context of each country significantly affects the severity of poverty experienced. Although some countries may not have poverty at the $1-a-day level, and individuals living slightly above $6 a day may still experience extreme poverty in certain situations. Using such a threshold may have less impact in identifying poverty in the context of different countries because PPP attempts to adjust exchange rates to reflect the relative price levels of goods and services in different economies. However, factors such as non-tradable goods, quality differences, and market distortions can still affect the accuracy of PPP measures. This consideration is particularly relevant when addressing urban poverty, where context plays a significant role. By carefully selecting an appropriate benchmark, policymakers, and organizations can better understand the poverty levels present and take necessary steps to combat them effectively.

In urban settings, the cost of living tends to be higher due to increased expenses for housing, transportation, and other amenities. Therefore, the poverty threshold that accurately reflects the economic struggles in urban areas may differ from those in rural regions. Urban poverty is shaped by factors such as income inequality, access to education and healthcare, and the availability of job opportunities. Consequently, a nuanced approach is required when establishing poverty lines for urban populations, taking into account the unique challenges and dynamics that distinguish urban poverty from rural poverty.

In her analysis of various perspectives on globalization and poverty, Ann Harrison asserts in her book that poverty is measured by “choosing” a poverty line, representing the minimum income or consumption required to meet basic needs (2007, pg. 6). The $2 or $2 a day poverty line is commonly employed for low-income countries, although variations exist. The primary rationale is to facilitate cross-country poverty comparisons using a standardized reference point (Harrison, 2007). This reference point may differ across middle to upper-income countries and lower-income countries. However, it is evident that when economists discuss poverty in their work, they often refer to one of these lines as a reference point. Consequently, disagreements emerge among economists and policymakers regarding whether globalization has effectively reduced poverty.

The multidimensional aspect of poverty and globalization has made it complicated to find a robust explanation for whether the poor gain from trade openness. However, policymakers are increasingly using national poverty lines because they are tailored to the specific economic and social environment. According to Gentilini and Sumner (2012), the question of how many poor people exist globally often revolves around international poverty lines (IPLs); yet an equally important question is how poverty is defined within specific national contexts. This shifts the focus to understanding poverty as defined by each country's unique circumstances and institutions. While estimates based on national poverty lines (NPLs) and IPLs may differ technically, exploring poverty as a concept defined nationally reveals significant insights, even when comparing poverty lines of varying monetary values across countries (Gentilini & Sumner, 2012). This approach sheds light on essential nuances and variations in poverty experiences at different stages of development.

How globalization and poverty are measured plays a vital role in determining different perspectives. Ann Harrison further emphasizes this point by stating, "how globalization is measured determines whether globalization is good for the poor" (2007, pg. 5). Thus, the analysis surrounding the question of whether globalization helps the poor or not is dependent on the "choice" of selecting a poverty line in the analysis by each economist, which determines whether poverty has decreased or increased over time.

The Evolution of Development and Modernization of Cities: A Brief History

The history of cities dates back centuries, when surplus food production spurred trade and technological advancements, attracting more people to urban areas. Modern cities, however, experienced significant expansion during the Industrial Revolution, driven by technological progress. Efficient production and transportation methods increased trade, necessitating more labor to meet demand. Unfortunately, powerful nations like Britain benefited from this surplus production and consumption while exploiting many countries globally. Formerly colonized nations are now termed "developing," indicating their ongoing efforts to catch up with the development agenda set by the Western standards. Apart from the long history of colonization, a legacy left behind by the British colonizers includes the port cities that later became central to commerce after World War II. Examples of such cities include Colombo and Mumbai, which we will discuss further later on. The strategic locations and infrastructure development during colonial rule have had a lasting impact on the roles of the cities within the framework of globalization. However, the dynamics of urbanization in todays' global economy is shaped very much by theorists post World War II, when "the idea of development was popularized to the extent that it inspired an international political agenda and distinct field" (Fox & Goodfellow, 2016, pg. 12).

In the late 1940s, there was a significant push for decolonization, leading to the 1950s being dubbed "the first development decade" (Fox & Goodfellow, 2016, pg. 13). Initially, the United States took the lead in providing aid or loans to support "underdeveloped" countries. The framework of this development process was based on the theory of modernizing societies. As Fox and Goodfellow (2016) explain in their book 'Cities and Development' the 1950s and 1960s were dominated by modernization theory, emphasizing state-driven industrial expansion to accelerate economic growth and development. They also highlight the social transformation led by "enlightened political elites," involving a structural shift from agricultural to industrial production, rural to urban migration, and transition from "traditional" to "modern" societies (pg. 13). Development was seen as a transformative process aimed at addressing the challenges faced by "underdeveloped" countries. However, the challenges appeared to have been narrowly defined, but they were later recognized in subsequent years.

The discourse on development evolved into different theories and ideologies after World War II. Following the war and the subsequent independence of many countries, there arose an urgent need to stabilize their economies. This led to the emergence of multilateral organizations such as the World Bank, International Monetary Fund (IMF), United Nations, and others, which provided aid. While many countries were economically disadvantaged and focused on developing their nations, international organizations acted as leaders by promoting a specific development model to the poor countries, alongside providing aid. In the initial years, it was thought that encouraging savings to fund infrastructure and technology for industrialization, supplemented by aid to address gaps, would foster growth. Additionally, Fox and Goodfellow noted the perception of national governments taking an active stance in fostering new industries.

However, certain ideologies adopted in early decades turned out to be flawed by nature for the development of countries. For instance, focusing attention on ideologies modernization theory led to limited attention being placed on enhancing human capital through projects such as fair housing policies, education and health promotion, and poverty alleviation. As pointed out by Schultz in 1961, most of the underdeveloped countries at that time “underrated” and “neglected” investments in human beings. Schultz referred to investment in private capital (nonhuman) as “one-sided” (pg. 16). The focus was primarily on macro-level economic growth and government stabilization. As anticipated, certain ideologies proved ineffective, resulting in industrial policies that facilitated corruption, increased poverty levels, widened the inequality gap, and created insufficient employment opportunities for the non-agricultural workforce.

When modernization theory for achieving growth proved to be ineffective, many theorists critiqued the model and introduced the concept of path dependency. This concept argues that the past exploitation of developing countries led to the obstacles they face. It emerged in 1960s as a critique of the modernization theory arguing that “countries were not “backward” or “undeveloped” but that they were deliberately “underdeveloped” by the international capitalist system in the process that helped the advanced economies extend and maintain their prosperity at the expense of weaker economies” (Fox & Goodfellow, 2016, pg. 16). This idea is also argued today by many economists, who suggest that in the gains from the global economy, developed countries have a larger share of the gains at the expense of developing countries. Dependency theory’s strength lies in its analysis of power dynamics within nations and in the global economic periphery, recognizing their significant influence on economic development (New Economic

Thinking, 2023). However, while it effectively exposes inequalities through a historical lens, it lacks concrete solutions. This gap has led solution-oriented theorists and economists to seek an operational framework for addressing development challenges in poorer nations.

Following World War II and the era of decolonization, many underdeveloped countries, which had endured colonization and war resulting in economic and political devastation, saw a glimmer of hope for achieving growth and development. The traditional belief in economic growth, dating back to Adam Smith, has centered around the idea of open trade. However, how each independent country shaped its policies around trade varied significantly, resulting in diverse outcomes. This divergence highlights the complex interplay between trade policies, economic strategies, and the unique circumstances of each country, ultimately shaping their respective paths of development and growth. However, a pivotal moment in the global push for growth and development occurred during the 1980s when Friedrich von Hayek and Milton Friedman initiated the shift towards neoliberalism (Fox & Goodfellow, 2016). It was a period when some economists argued that economic development should be left to the market. As Fox and Goodfellwo simplifies it, neoliberal economists argued that "state intervention came to be seen as the very source of underdevelopment" (2016, pg. 18). During this period, trade was not commonly advocated or implemented; instead, policies were formulated as part of the "recipe" known as the Washington Consensus, aimed at stimulating economic growth.

These policies encompassed the "privatization of state-owned enterprises, trade liberalization involving reduced tariffs, financial deregulation to attract foreign investment, tax restructuring, the reinforcement of private property rights, and the deregulation of domestic markets" (Fox & Goodfellow, 2016, pg. 18). In the development dynamics, liberalization policies still play a major role in shaping economic policies, these policies are particularly designed in a form to integrate the economies in focus to the global market to attract private investment and increase competition. The World Bank and IMF have a significant impact on promoting these policies through Structural Adjustment Programs (SAPs), where countries agree to adopt specific conditions in exchange for grants and loans. These policies were widely implemented until the late 1990s. It remains unclear to what extent liberalization policies are currently active in India and Sri Lanka, given the power dynamics of the states while also keeping in mind the presence of multilateral organizations.

The ongoing evolution of development signifies a continuous process, with developing nations often advised or conditioned to adopt specific policies. Throughout the history of global development, there have been distinct phases marked by dominant development theories or paradigms. One such period was the neoliberal era, which has been an influential theory until this day. However, while the idea of development seemed to be narrowly focused on economic growth, more of a macro approach, two additional paradigms emerged: rights-based strategies and sustainability (Fox & Goodfellow, 2016). Initially focused on economic expansion, the concept of development evolved to prioritize human development, acknowledging challenges like alleviating poverty, inequality, and gender discrimination prevalent in many impoverished nations. This period also emphasized the rights of individuals, addressing deficiencies observed in numerous developing regions, thus advocating for a more inclusive approach to development. Advanced industrial economies have historically generated surplus production, contributing significantly to environmental degradation and climate change. This has prompted a shift in mindset, where the emphasis remains on economic growth but with a renewed focus on preserving the environment and natural resources during this growth process. This shift reflects a growing awareness of the need for sustainable development, balancing economic progress with environmental conservation.

An instance of this changing perspective is evident in the United Nations' Sustainable Development Goals (SDGs), which includes objectives related to a rights-based approach and sustainable development. The SDGs emerged in 2012 at the United Nations Conference on Sustainable Development to eliminate the challenges like economic, political and environmental (UNDP, 2023). The SDGs emerged as a replacement of the Millenium Development Goals (MDG) that were introduced in 2000 to tackle the problems around global poverty. While the MDGs have reduced extreme poverty since it first began, millions of people are yet to be lifted but the suspicions are around relative poverty, that includes issues around the income gap among people. According to the UN, the achievements of MDGs include, but not limited to, lifting 1 billion individuals out of "extreme poverty" since 1990 (UNDP, 2023).Conversely, the SDGs are currently more precise in targeting objectives that extend beyond poverty reduction. They now emphasize addressing inequalities, promoting clean energy, fostering economic growth, advancing industrialization, building sustainable cities, strengthening institutions, and so forth, with the aim of achieving these goals by 2030. This may sound idealistic and somewhat ambiguous.

The concept of development has undergone a transformation where the notion of progress and enhancement persists, but the emphasis and means of achieving it have shifted and are context-dependent. Initially, the focus was on macro-level changes, particularly economic policies aimed at regulating or deregulating trade, implementing land reforms, centralizing or decentralizing government functions, and advocating for the benefits of privatization within the development framework. However, there has been global scrutiny on how these policies have marginalized certain groups of society. Despite claims of inclusivity or the anticipation of a "trickle-down effect," subsequent evidence revealed that while the state aimed to catch up with developed nations, many people were left behind.

The current discourse on development is multidimensional. While some advocate for a purely neoliberal approach, leveraging markets as the primary driver of growth, others, especially drawing from observations in developing nations, argue for inclusive development that considers micro-level dynamics. The proliferation of diverse economic thought paradigms is rooted in real-world observations and evidence-based proposals. Present-day policies embody various theoretical paradigms as discussed earlier, but their alignment with actual realities remains to be fully evaluated.

The post-World War II era can be seen as a period of experimentation with various economic policies and models aimed at fostering development in developing nations. Among these, the neoliberal model, according to its proponents, emerged as particularly effective. This model advocates for trade liberalization, privatization, financial liberalization to attract foreign direct investment, and limited government intervention. These strategies were widely adopted in countries like India and Sri Lanka, among other developing countries in the 70s and 80s as a blueprint for economic growth. However, increasing attention is being given to the other paradigms that arose during this experimental era, especially in light of evidence from developing countries challenging the notion that these policies effectively alleviate poverty. The lack of success in liberalization was becoming increasingly evident. Nevertheless, scholars analyzing the persistent crisis in developing countries tend to focus on the institutions and governance within these countries, seeking to explain how deficiencies in these areas contribute to the challenges faced. The question remains: Can liberalization alone effectively alleviate poverty, assuming a country's institutions and governance are effective enough? And is this the road to development, considering inclusive development?

The Case for "Pro-Globalization" to Alleviate Poverty

A widely cited paper called "Trade liberalization and poverty: the evidence so far" by Winters, McCulloch and Mckay, investigates the impact of liberalization on poverty and argues that over the long run economic growth stands as the crucial factor in alleviating absolute poverty (2004). The authors state that growth creates the resources to raise incomes, and governments gain the capacity for more robust redistributive measures when income levels are raised and experiencing rapid growth (2004). This poses a question that even if growth is attained, what ensures the government's commitment to redistribution, especially considering the evidence of exploitative governments in the developing countries? Economists like Winters et al, argue that economic growth, which is achieved often through openness to the global market, will increase GDP per capita hence will create the "opportunity" to decrease poverty. In like mind, Easterly (2001) argues that growth is a "quest" for the sake of next generations to make "poor countries rich" (pg. 15). For him the low GDP does not only mean poverty but also "dying babies, starving children, and oppression of women" (2001, pg. 15). Higher GDP for many economists means less poverty, as the idea of generating income initially for redistribution is more strongly endorsed.

The Bhagwati & Srinivasan (2002) paper presents a counterargument to the perspectives of "anti-globalization" critics. It challenges the notion that globalization is inherently unfavorable by asserting a two-step central argument: "trade promotes growth, and growth reduces poverty" (pg. 180). The authors emphasize the simplicity of creating models that challenge these hypotheses but stress the importance of identifying models that accurately reflect reality. The key premise driving their investigation is the selection of models that genuinely capture real-world dynamics. The authors start by presenting theoretical arguments and subsequently support their claims with empirical evidence, focusing on the experiences of China and India. According to them, "the vast majority of the world's poor live in the rural areas of these two countries. Both countries achieved significant reductions in poverty during 1980-2000 when they grew rapidly" (2002, pg. 182). Notably, they point out that a substantial portion of the global poor resides in the rural areas of these two countries and based on their analysis both China and India achieved significant reduction in poverty during the period of 1980-2000, corresponding with their rapid economic growth. When we examine two large countries with significant populations, it leads us to challenge the claim that they successfully reduced poverty exclusively through economic growth. This doubt emerges because various other factors are involved, and both nations did not undergo a consistent decline in poverty rates.

In addition, in their research Dollar and Kraay (2002) find that the average incomes of the lowest fifth of a country tend to either increase or decrease at a similar rate to the overall average incomes. This observed relationship, according to them, holds true across various regions, income levels, and under different economic conditions, including both normal periods and times of crises. Given this assumption, the focus shifts from comparing the poor with the rich to comparing income conditions of the poor, pre and post-trade openness. In short, it asserts that everyone is gaining from open trade. The authors emphasize that a range of policies and institutions that are associated with higher growth will also benefit the poor proportionately. Nevertheless, it is essential to investigate whether this growth is effectively assisting the poor in breaking free from the poverty trap. Certain macroeconomic policies that support economic growth, including maintaining low inflation, having a moderate government, fostering sound financial development, upholding the rule of law, and promoting open international trade, can elevate average incomes without significantly impacting the systematic distribution of income (Dollar and Kraay, 2002). The key factors in understanding the impact of trade liberalization on the poor is to break down the effects of each policy implemented.

Dollar and Kraay (2002) also emphasize on the “source of growth” that may lead to different impacts on the poor since the data showed that on average income of the poor increases with trade openness. While certain “sources” that generate income for the impoverished may contribute to an apparent rise in average income within the dataset, this may not accurately signify an improvement in the well-being of the poor. Such opportunities could encourage individuals to prioritize immediate basic income over pursuing long-term education. A notable illustration is child labor in low-income societies, where families may opt for their children to work rather than attend school due to a perceived lack of immediate benefits from education. In such cases, the decision to engage in work, influenced by globalization policies, may contribute to an increase in income levels within the dataset. However, the critical question remains: does this genuinely enhance the long-term prospects of the poor in developing countries?

The Case for “Anti-Globalization” to Alleviate Poverty

On the other hand, the critics of the neoclassical economists argue that liberalization policies are not only increasing the inequality within but also among countries. Siddiqui (2015), for instance, writes liberalization policies “may increase vulnerability and make the developing countries further hostage to international finance capital” (pg. 229). He further argues that trade liberalization and export-led growth are often recommended as viable development strategies for developing nations, despite the lack of clear and robust empirical evidence supporting their impact (2015). In the context of this paper, the primary consideration associated with globalization is poverty. However, scholars like Siddiqui (2015) and Goldberg and Pavcnik (2007) emphasize the multidimensional nature of inequality within the framework of globalization. Given that poverty is one dimension of inequality, this paper crucially focuses on examining the potential impacts of globalization in developing countries, to challenge the notion that it will alleviate poverty. Hence, to add to the argument, Siddiqui further states that most developing countries lack the “resources to produce an export infrastructure or the technology or knowledge to meet the standard expected in the West” (2015, pg 229). Hence, certain authors critique the contemporary practice of globalization, arguing that it unfairly disadvantages developing countries lacking the resources to engage in the global market. To this Stiglitz (2002) also adds, stating that “a disproportionate part of the gains has accrued to the advanced industrial countries, and in some cases the less-developed countries have actually been worse off” (pg. 301).

A research paper conducted by Goldberg and Pavcnik (2007), examined evidence to find the "distributional effect of globalization in developing countries" with a high emphasis on the persistent and increasing inequality within the countries. The authors argue that establishing a direct cause-and-effect relationship between these two trends has proven to be complicated. However, they conclude that the connection between openness to trade and changes in distribution, it is fair to assert that the evidence gathered offers little support for the commonly held belief that increased trade openness in developing countries would benefit the less privileged, at least in relative terms. While the authors do point out that drawing a causal analysis is complicated, the evidence does show a connection between the two. Increased trade openness in developing countries is less likely to lead to a more favorable situation for the underprivileged, highlighting a nuanced perspective on the impacts of globalization on inequality.

To contribute further to the discourse, studies such as Bergh and Nilsson's (2014) take a skeptical stance, examining both sides of the argument. They state that "previous research typically studies economic growth rather than absolute poverty," like that of Bhagwati and Srinivasan (2014). Also, they claim that research invariably grapples with the issue of endogeneity: "Globalization may well be both a cause and an effect of rising incomes" (pg. 42). Adopting a balanced approach, the authors employ a panel data methodology, utilizing information from diverse countries across different time periods for a comprehensive analysis. Their findings indicate a robust connection between globalization and absolute poverty. They align their results with the J-curve theory, proposing that increased globalization is initially associated with short-term transitional challenges that may lead to a rise in poverty. However, the authors conclude that over the long term, globalization tends to decrease poverty. In this context, the authors explore absolute poverty, which, by definition, varies from relative poverty. This distinction is of importance because the transition, as mentioned before, from absolute poverty to relative poverty still raises the question of inequality and persistent poverty.

While development economists may hold differing perspectives, an agreement might come from all sides that globalization is complicatedly merged into numerous economic and growth processes. Ravallion expresses the challenge of envisioning a world without globalization by stating, “it is hard to say what the world would be like without them” (2016, p. 124). Consequently, the complexities of attribution have sparked a persistent debate among development economists. Some view globalization policies as the key solution to various issues, while others analyze evidence to clarify how it has contributed to problems such as poverty. Ravallion cites Sen (2001) to emphasize that the main concern of “anti-globalization” protests is not globalization itself; rather, their concern largely arises from continuing deprivations and increasing disparities in living standards among people within developing countries (2016). This raises a concern about the distributional outcomes of globalization, a concern shared by numerous economists and social scientists. Despite the rise in GDP growth rates following the implementation of liberalization policies, there is evidence, as noted by various scholars like Siddiqui (2015) and Wade (2005), indicating an increase in inequality and poverty.

Urbanization as the Moderator for Growth: is it serving the poor though?

In the dynamics of development, cities play a vital role due to its characteristics, as outlined by Wirth in 1938, such as “relatively large, dense, and permanent settlement of socially heterogeneous individuals” (Fox & Goodfellow, 2016, pg.). Cities are inherently designed to bring people together, as reflected in the definition that outlines its very nature. However, there are important questions that need to be asked: who are the cities designed for? What are the fundamental objectives of urban design and city life? What are the notable advantages? And how effectively does urban development meet their intended purposes?

Cities foster economic activities, social interactions, innovation and creativity, and serve as hubs for political and administrative activities. When all these essential services and opportunities are consolidated in one location, it naturally incentivizes people to gravitate towards such a central point. Nevertheless, despite the fact that "density" is a requirement for a city to be a city, there is a limitation to how many people it can accommodate. There are only a number of opportunities that can be distributed to people. Then it remains unanswered, who is a city designed for? Or, more explicitly, what determines who should live in a city and who shouldn't?

The questions can be answered through different perspectives and theories that touch base on the advantages and disadvantages of urbanization from multidimensional perspectives. For instance, ideally, the existence of urbanization goes hand in hand with development due to the agglomeration aspect of urbanization, leading to attracting supporters for increasing urbanization. However, this development has no standard growth rate in every country or city. While some cities attract global attention and experience growth, others struggle with increasing rural-to-urban migration, resulting in the expansion of "slum settlements." Jedwab and Vollrath (2015) assert that "mega-cities are increasingly located in poorer countries" (pg. 2). "Mega-cities" is associated with defining density in a city rather than a growth or development aspect of it. In their study, the authors highlight that urbanization is based on contradicting urbanization in rich countries vs. lower-income countries. The authors point out that urbanization trends occurred in two distinct phases; initially, from 1500 to around 1950 or 1960, urbanization rates surged notably in the wealthiest countries, with the growth of major cities concentrated in these affluent nations. Secondly, a shift occurred in the late 20th century, when urbanization without significant economic growth became prominent in the developing world. Although cities in these regions expanded rapidly in size, the relationship between city size and living standards became less straightforward. These historical trends offer valuable insights into urbanization and growth dynamics, cautioning against equating urbanization solely with economic development..

Almost every country in the world aims for economic growth, for obvious and valid reasons. However, each country adopts its own approach to achieving this goal. It's worth noting that globalization and liberalization play significant roles in this pursuit. In order to become a globalized country, as described by Sassen (2005), having a "global city" is a key moderator for the growth process. Therefore, issues related to urbanization, liberalization, and poverty, are interconnected, especially in today's evolving world where urban poverty is a prominent issue. For the mentioned reasons, now countries aspire to attract global attention by making a global city.

During the period from the 1980s to the 2000s, there was a rise in urbanization, shifting the ideas behind poverty to absolute poverty and relative poverty. This transition encourages further enquiry into the effectiveness of globalization to reduce inequality and alleviate poverty. Despite this urbanization trend, which has relatively increased living standards, questions persist regarding globalization’s impact, particularly in the transformation of poverty from predominantly rural and absolute to urban and relative.

Expanding on the aspect of relative poverty, Santarelli and Figini (2006) conduct a thorough investigation into the relationship between economic openness and relative poverty. They also assess the robustness of their findings by exploring alternative poverty definitions, encompassing absolute poverty and metrics sourced from various origins. In their findings it is mentioned that of the various counterarguments that can be presented, there are hints suggesting that trade openness and the “scale of government” could be correlated with reduced absolute poverty rates. On the contrary, financial openness tends to be associated with higher relative poverty levels. Further they add that There is a noteworthy contrast between the outcomes derived from the examination of absolute and relative poverty. This distinction is characterized by differing definitions, measurement methods, and theoretical connections with globalization.

On the other hand, Glaeser (2018) argues for cities to grow, including for the sake of the poor who will also benefit from city life. He writes about an incident in India, which has a large urban poor population, he observed what he perceived as the “public failure of India” in addressing the challenges of urban poverty and population density. He suggests that they should not apologize that Mumbai has poverty, but “they should apologize that they are unable to deal with the downsides of density” (TED, 2018). Glaeser implies that the failure to alleviate urban poverty is, therefore, a failure of the state to effectively handle the adverse consequences of urbanization. While this assertion might hold true if the migration of the poor to urban settings were the sole issue in managing density in countries like India, it is essential to consider the phenomenon of path dependency. In a densely populated country like India, with a long history of colonization, the persistence of urban poverty may be rooted in historical neglect, both during the colonial period and possibly post-independence, when other economic factors took precedence over poverty alleviation.

In the concluding aspect of this discussion, Martin, Chen, and Sangraula (2007) examine the urbanization dimension in their paper titled “New evidence on the urbanization of Global Poverty.” Similar to numerous other studies, the authors note that the empirical evidence addressing the intersection of poverty and globalization is both “limited” and “problematic,” underscoring the lack of a solid understanding of fundamental “stylized facts,” such as the prevalence of absolute poverty in urban versus rural areas (2007, pg. 667). An important aspect they provide to the discussion is the distinction between urban poverty and rural poverty defining them in terms of one being a relative poverty while the later absolute, as already mentioned in this paper. Their investigation reveals that individuals who were previously impoverished in rural areas are increasingly becoming impoverished in urban areas, indicating a significant shift towards urban poverty. Urbanization is gaining momentum, with the number of impoverished people in urban areas growing at a faster rate than the overall urban population. This trend suggests that efforts to reduce urban poverty are advancing at a slower pace than the average. Nevertheless, the authors emphasize the importance of recognizing that while urban poverty reduction may appear to lag behind, there have been more rapid improvements in reducing poverty in rural areas.

Globalization Requires Global Cities: Exploring Urban Poverty in the Globalizing Process of Colombo and Mumbai

The long history of the global economy is essentially about "specific questions about the particular conditions that make it possible" in a given era, as Sassen puts it (2005, pg. 27). A particular period that brought drastic change in the global economy was the period when liberalization policies became popular enough that many countries adopted those policies. The promising premise of liberalization was that it would stimulate economic growth, which is particularly important for developing countries hoping to break free from the middle-income trap. However, the results of this change, which took place a few decades ago, do not seem as promising as first thought. For instance, poverty appears to be getting worse rather than better, and inequality has been rising globally. Therefore, this chapter attempts to raise questions about the "particular conditions" that enabled globalization, particularly in the case of Colombo and Mumbai as the urban engines for growth in Sri Lanka and India.

Considering Sassen's perspective, it is, initially, crucial to understand what conditions need to be met to make a city a global city. Economic growth is essential for development; however, an increasingly adopted approach driving this growth was empowering the private sector. The private sector aims to maximize profits, and achieving maximum profit correlates with maximum growth. Hence, it is logical to anticipate that any country would want to incentivize the private sector to attain the highest levels of development. The idea behind liberalizing the economy meant opening up the economy to the global markets and incentivizing foreign investment, through empowering the private sector. However, the historical trajectory of each country has a distinct environment where privatization could end up with several differing outcomes. Nevertheless, the global city concept has become a global trend, and developing countries are increasingly adopting policies that open opportunities for becoming a global city.

Based on Sassen's theories (2005) that formed the basis of the global city concept, this paragraph outlines the complex dynamics of global cities' existence. It vividly illustrates these concepts in a real-world context. In today's globalized markets, the complexity of operations and large numbers of transactions have led to the geographical dispersion of firms, or, in other words, outsourcing. This trend has particularly impacted specialized service firms operating in highly globalized markets, subjecting them to agglomeration economies. These economies thrive in an urban environment, where cities become information centers and hubs for global transactions. Hence, according to Sassen, "the number of headquarters is what specifies a global city" (2005, pg. 29). This then reminds us of not only the conditions but the goal of a global city: to increase the number of headquarters of specialized service firms or areas within the city.

In these "specialized" urban spaces designed for complex operations, well-educated and skilled labor is required to manage them efficiently. On the contrary, developing countries' investment in skilled labor and education also varies. While some countries invest in producing highly skilled labor, they also neglect a large population that benefits from these developments within this framework. It is observed in many developing countries that the poor are often left behind, and as a result, lifting them up has become a challenging problem on its own. Given the framework of a global city that requires a robust private sector, attracts foreign direct investment, and offers deregulation, the fruits of liberalization, Colombo, and Mumbai have become the center of this framework. However, both cities also have a large urban poverty proportion of their population.

This chapter aims to provide a brief account of the history of Colombo and Mumbai from the development perspective by looking at two particular periods: the post-independence period and the post-liberalization period. While highly emphasizing the liberalization period, focusing on privatization, trade liberalization, and financial liberalization policies, a brief history of what led to this period, especially post-independence, will be discussed. Through such analysis, it will become evident that the development narration in all countries is not the same, and yet the same. As both cities are aspiring to transform into global cities, keeping the macro development in mind, this paper will be focused on urban poverty. To further enhance the argument, the paper includes detailed case studies of displacement in each city to examine the development processes and dynamics, particularly those affecting the underserved urban population.

The Development Discourse of Post-Independence Sri Lanka (1948 to 1977)

Sri Lanka gained independence in 1948 from the British colonizers. As Kelegama (2000) argues, Sri Lanka emerged “unscathed from the Second World War, and unlike India and Pakistan, it did not have to shed blood for its independence” (2000, pg. 1477). He suggests that given Sri Lanka’s geographic position in the Indian Ocean, its export sector inherited from British colonial rule, and its educated population, the country had the potential for significant economic growth compared to other South Asian and colonized countries (Kelegama, 2000). Post-World War II was when all the underdeveloped countries, damaged either by war or long colonial history, were on the development path. So, according to a particular argument, the development discourse of Sri Lanka was in a better shape comparatively speaking, so why did Sri Lanka not reach its potential?

The path to development took a different turn; given the long history of colonization, the initial growth model was based on the ideology of self-sufficiency, otherwise known as Import Substituting Industrialization (ISI). Sri Lanka inherited plantation production of cash crops like coconut, rubber, and tea from the British, along with physical infrastructure, including the Colombo seaport and a transportation system (Bandara & Karunaratne, 2013). Initially, the economy that went into the hands of independent Sri Lanka was largely around export-oriented plantations. Nevertheless, the reforms around export orientation changed during the initial period, which was from 1948 to 1960. Adopting the ISI model was a gradual change, given that the first political regime led by the United National Party (UNP) continued exporting tea, rubber, and coconut, which the country depended on and gained from the export sector. Nevertheless, what happened is well summarized by Kelegama (2000) in the paragraph below:

> Clearly, the initial economic conditions in the country were interlocking in nature - the welfare programme depending on plantation taxes, these taxes depending on remunerative prices in the world market, world market price reductions leading to foreign exchange problem, this problem calling for control, and controls leading to import substitution (pg. 1478).

During this period, protectionist measures were implemented in response to declining export revenues, which led the government to institute selective import controls to maintain balance. At the same time, a significant portion of export earnings were allocated to food imports, with rice standing out as the primary import commodity. However, investment leading toward paddy production changed that (Kalegama, 2000). Basically, this period was characterized by trade protectionism aimed at preserving the state's welfare and trade stability—this strategy aimed to foster self-sufficiency in key agricultural sectors. What was lacking the most, and later turned out to be the leading economic growth indicator, was investment in diverse sectors.

Sri Lanka was among the earliest nations to prioritize human development through social welfare programs, positioning itself relatively well in the initial decades with a per capita GNP of US $141, ahead of countries like Thailand ($96), Korea ($156), and Indonesia ($51) (Kalegama, 2000). However, over the years, Sri Lanka's GNP growth rate lagged significantly, reaching only $200 by 1977; in contrast, South Korea had a GNP of $820, Thailand $420, and Indonesia $300 by then (Kalegama, 2000). Despite Sri Lanka initially excelling in human development, the policy reforms implemented in the early post-independence years did not yield the expected outcomes. This trend was evident globally, with countries following the Import Substitution Industrialization (ISI) model experiencing lower growth rates than those pursuing export-oriented strategies. As a result, there was a shift towards embracing open trade policies, giving rise to the liberalization ideology as the primary framework believed to drive growth.

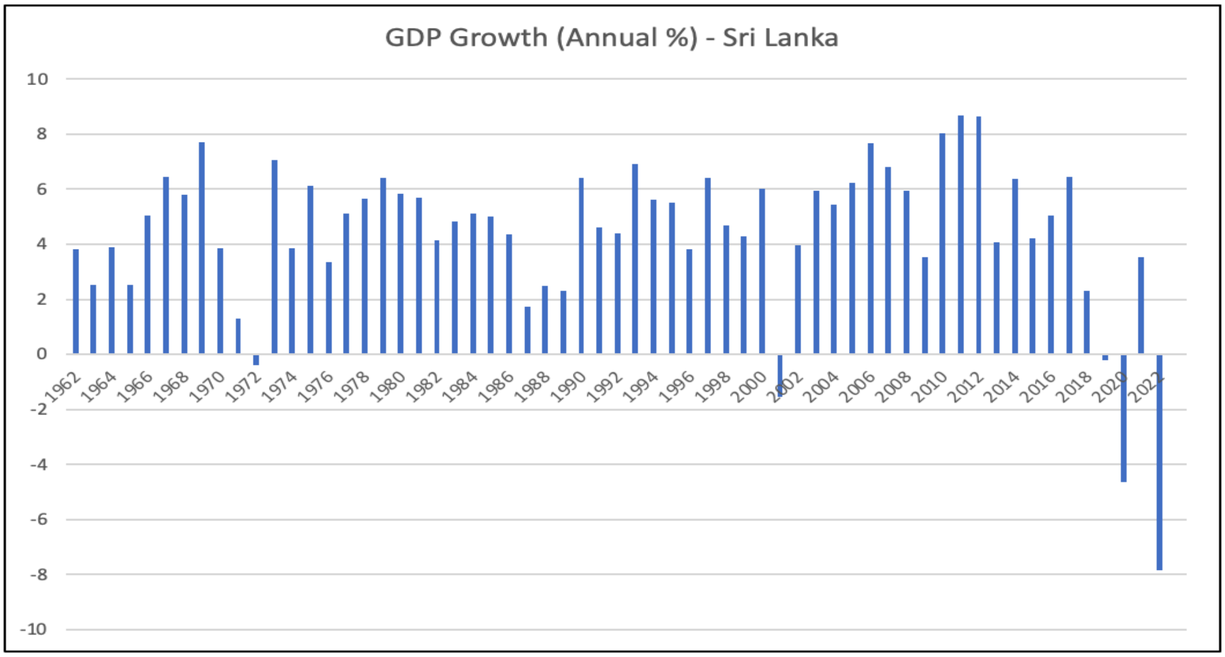
The Neoliberal Era: A Turning Point in Sri Lankan Economy (1977-82)

During the 1970s, numerous initially underdeveloped countries experienced divergent outcomes, with some transitioning into higher-performing economies while others continued to struggle in meeting their county's needs. This outcome was attributed to the economic reforms that some picked while others rejected; nations embracing export-oriented industrialization (EOI), experienced rapid growth, and those adhering to import-substitution industrialization (ISI) policies, faced slower progress. Consequently, Sri Lanka shifted away from closed economy strategies and opted to liberalize its economic framework in 1977.

As Sri Lanka embraced liberalization, it finally attained the growth rate it had been aspiring for since gaining independence. Between 1977 and 1982, the growth rate surpassed 6%, showing that the country is back on track (Kelegama, 2000). Figure 1 below demonstrates the increasing growth rates from 1977 until 1982, which was a somewhat consistent growth. However, it fell after the civil war began, yet throughout the years, despite the civil war, the rates fluctuated but did achieve some growth. At the same time, the economy saw a shift from 2010 onwards, when the civil war ended. The rates went up again.

Abeyratne argues, what enabled these rates were the liberalization measures such as: reducing high import tariffs and quota restrictions, easing controls on foreign exchange transactions, deregulating private sector activities, and providing incentives for foreign direct investment (FDI) and export promotion (2004). The aim was to create a friendly economic environment for the private sector to thrive and to attract foreign investment. It was during his leadership period when the country opened up to compete in the global market and established the Export Processing Zone (EPZ) at the outskirts of Colombo, which was considered crucial for trade at the time (DeSilva, n.d).

Figure 1: GDP Growth Rates - Sri Lanka



Data Source: World Bank

During this era, notable changes occurred, the country did not only go through economic reforms but also political reforms; when the United National Party (UNP) won elections, the then Prime Minister, J. R. Jayewardene, introduced a new constitution, taking the role of Sri Lanka's first executive President (DeSilva, n.d). including a shift away from focusing on exporting agricultural goods towards a more diversified economy centered on manufacturing and services. Though the service sector has been the most significant contributor to the GDP from the beginning, a large shift was noticed in industrializing the economy. This transition aimed to reduce dependency on agriculture and attract foreign investment, notably leading to the emergence of the apparel industry (Desilva, n.d). To summarize the achievements noted by Kelegama, the 1977 shift in policy welcomed large multinational corporations to invest in Sri Lanka, foreign interest extended beyond direct investments to include tourism, investments in programs like the Mahaweli development also contributed to economic growth, the growth further was promoted in the international media as Sri Lanka as “the new investment center of Asia” (2000, pg. 1484).

The country did not only go through economic reforms but also political reforms; when the United National Party (UNP) won elections, the then Prime Minister, J. R. Jayewardene, introduced a new constitution, taking the role of Sri Lanka’s first executive President (DeSilva, n.d). While the extent of government involvement in these developments remains to be fully understood, especially given the emphasis on free-market principles that typically advocate for minimal government intervention, the shift in ideology from self-sufficiency to embracing the competitive global market, did result in a fruitful outcome to economic growth. However, the growth rate did not last long; the trajectory of development took a drastic turn with the onset of the civil war in 1983, altering the narrative significantly.

The political and ethnic tension rose in the 1970s when the JVP (Janatha Vimukthi Peramuna, which means People’s Liberation Front), a Sinhala youth group, attempted to seize power through an insurrection, leading to violence; on the other hand, Tamil militant movements, including the LTTE (Liberation Tigers of Tamil Eelam), aimed at establishing a separate Tamil state through guerrilla warfare starting in 1983 (Abeyratne, 2004). These conflicts profoundly disrupted governance and societal stability in Sri Lanka. The prolonged Tamil separatist war contributed to a period of sustained conflict, hindering the country’s economic growth and development aspirations. According to many analysts, the emergence of two uprising groups reflects distinct ideological motivations. The Sinhala uprising, driven by rural youth frustration, was rooted in revolutionary ideology; in contrast, the Tamil uprising was fueled by ethno-nationalist ideology (Abeyratne, 2004). These ideological differences among ethnic groups set divergent paths for the country's economic trajectory. It is crucial to note that the roots of ethnic tensions have deep historical origins. However, in recent decades, these conflicts have profoundly impacted the economy, disrupting its potential growth. Despite this, the focus on economic development revolved around liberalization policies.

The Role of Colombo and Urban Poverty in Development Discourse

Understanding the general development trajectory of Sri Lanka leads us to examine two key aspects: urbanization dynamics and the challenges the urban underserved population faces. Globalization inevitably leads to urbanization, positioning cities such as Colombo as promising global centers. The case for Colombo to become a "global city" is rooted in its historical identity as a trade center, which expanded under British colonial rule. Because of its geographical location as a port city, it has been positioned as an engine for economic growth, reflecting broader urbanization trends driven by globalization, including the agglomeration, investment, and infrastructure development in key urban centers. On the other hand, the development discourse, despite its overall growth, resulted in producing two extreme ends among its population. As Van Horen states it, "Colombo is a city of extremes. Its modern and well-serviced core stands in stark contrast to the circumstances of more than half of its population, who live in poorly serviced shack and shanty settlements" (2002, pg. 217). Urbanization, while inseparable from liberalization, is increasingly resulting in societal "extremes" as time progresses.

Sri Lanka has a long history of being a crucial hub in oceanic trade routes; with the ports of the city being entirely occupied by foreign traders, the Sinhala Kings welcomed international trade as vital for economic prosperity, leading to the establishment of Arab communities in strategic coastal points (Gunaratna, 2002). Under the King's delegate control, these areas enjoyed autonomy in foreign trade. During the late 19th century, Colombo evolved into an international financial center, facilitated by the establishment of foreign banks, government buildings, and hotels, while the introduction of railways in the 1860s and the British development of Colombo as the primary port in the country in 1880 further enhanced its growth and prominence within Sri Lanka's urban hierarchy (Van Horen, 2002). With trade reemerging as the main driver of economic growth in 1977, Colombo, benefiting from its existing infrastructure and historical identity, emerged as the main point for urban development and investment in the country.

Colombo attracted a significant share of investment compared to other cities in the region. Despite the ongoing war in the 1990s and until late 2000s, Colombo was one of the cities that saw a minor impact. The substantial allocation of funds to sustain a war economy has had significant opportunity costs, leading to fiscal deficits surpassing official targets and economic challenges; despite this, Sri Lanka has maintained relatively healthy national economic indicators, including steady GDP growth rates, low inflation rates, and stable unemployment rates (Van Horen, 2002). While the impacts of the civil war have affected the economic situation in Colombo, leading to reduced tourism, and a decline in foreign investment due to political uncertainties, it did provide some economic stability to the country. At the same time, the global city aspiration stayed alive.

The global city aspiration, internationally, began in the 1970s; as DeSilva (n.d.) states, post-industrial cities like New York, London, Paris, and Tokyo transformed into global hubs of finance and consumption during this period, reflecting the shift towards post-industrial economic structures. It could be asserted that Colombo stayed aligned with the necessary actions to advance towards becoming a global city. Van Horen wrote in 2002 that 74% of foreign investment concentrated in the Colombo Metropolitan Region, primarily within the Investment Promotion Zone (2002). Moreover, key actions included maintaining tax incentives, funding infrastructure projects, and drawing foreign investment. The broader effect of liberalization demonstrated a deepening collaboration between the government and the private sector, recognizing that growth is largely fueled by private investment.

In 1992, Sri Lanka designated the private sector as the “engine for growth” and implemented policies aimed at bolstering its strength, a strategy that has persisted to the present day (Kelegama, 2000). For instance, one of the critical projects that attempted to improve low-income spaces in the city was the Singaporean investment in the World Trade Center in Colombo in 1997 (DeSilva, n.d.). The author further adds that this was seen as one of the success indicators of liberalization, and even though civil war was still taking place a large sum of money was going into the private sector. Many similar projects kept taking place to enhance the city into a world class city. A major reason for such risky steps, one could argue, like many theorists and economists, is that economic growth is seen as an essential first step which will later show a “trickle down” effect. In the 1980s and 1990s, international organizations such as the IMF and World Bank were among the advocates for a free-market economy and frequently offered loans or grants with conditions to help developing nations enhance their economies. In this context, Sri

Lanka's development primarily focused on private sector investment, leading to insufficient job opportunities and a lack of investment directed towards reducing poverty.

While Sri Lanka was very focused on its economic growth, the human development that was its strength, in the beginning, depreciated eventually. As Mendis states, a significant reason was that "the educated and frustrated youth find no opportunities with the growth of the economy" (1997, pg. 16). Mendis also highlighted another crucial drawback of high privatization for the general population: a lack of alignment with labor market requirements and insufficient proficiency in English, which are often necessary for productive employment in the private sector. This has left behind a large population that could contribute to the economy. To remain competitive in the global market, nations must heavily invest in human capital. However, a notable trend in many developing countries is prioritizing investments in cities' beautification over quality education and skilled labor. While this may not apply universally to every country, research consistently indicates that nations with stronger educational foundations achieve higher economic results over time. In Sri Lanka, an opportunity to benefit from its higher human development was overshadowed by initially an ISI model and later focus on liberalization policies.

Following the conclusion of the civil war in 2009, there was a renewed focus on investing significantly in urban infrastructure and development projects. The neoliberal ideology gained even more attention. According to DeSilva, Mahinda Rajapaksa, who once ideologically belonged to the left-of-center SLFP, turned his attention mainly towards urban development. The author further adds that the focus shifted from ideological divides in political parties to leadership styles and personalities; additionally, to address unemployment among the armed forces, he utilized them for urban cleanup and rebuilding, even placing the Urban Development Authority under the Ministry of Defense (n.d). This set another example of the role of the state in development discourse and its ties with the private sector. Through the authority of the state land use of Colombo centered around development projects. Such "developmental projects" turned out to be mainly luxury condos, international hotels, shopping centers, and etc. As Perera states, these high-end projects "have put the homes of the working class poor in the spotlight as they live in the heart of the city, many in areas that are earmarked for these luxury development projects" (n.d. pg. 1).

Moreover, a strategy emerged aimed at utilizing urban land to foster economic growth by "incentivizing" residents of tenements and shanties to offer their occupied land for development purposes. This approach was first put into action in 1998, serving as an "attempt to breathe new life into the global-city agenda by stepping up the push for privatization of public land, including those occupied by tenements and shanties" (Desilva, n.d. Pg. 183-184). The concept of "relocating" underserved communities was seen as a practical option then and continues to be considered viable today. Due to highly valuable and scarce urban land, the government has taken partial control over ownership of land. As stated by the Center for Policy Alternatives in 2014:

> "The President can declare any land in any area urgently required for the purpose of carrying out an urban development project which would meet the just requirements of the general welfare of the People. This declaration is made based on a recommendation made by the Minister in charge of Urban Development" (pg. 8).

While throughout the decades housing development in Sri Lanka took place, the ones in rural areas turned out to be successful, due to cheaper land, and labor. However, housing in the urban spaces remained a major problem. With an aspiration of turning Colombo into a global city, since the 1990s "Sri Lankan urban housing strategy dovetailed with the notion of a city "without slums" a stated goal of the Cities Alliance, a joint venture of the World Bank and UN-Habitat" (Wickrema, 2005, pg. 14). The author notes that donor agencies were inclined toward enhancing housing policies, poverty reduction programs, and addressing livelihood issues. However, the actual situation regarding housing for marginalized groups has been complex and multifaceted.

Population growth in Colombo, in the form of in-migration and natural growth, has been another changing factor affecting use. According to Collyer, "migration to Colombo is amongst the largest internal migrations in Sri Lanka" (2011, pg. 76). Van Horen wrote in 2001 that the Metropolitan Region houses 5.36 million people, constituting 28% of the country's population, and found through a survey that Colombo had 1506 underserved settlements, often named as "slums," "shanties." Today, Colombo's total population stands at approximately 6.8 million, and according to the World Bank's Purchasing Power Parity (PPP) poverty rates, around 20% of the population lives below the threshold of $6.85. Defining and identifying the poverty index is a complex task due to its multidimensional characteristic, covering income-based categories that lead to extreme poverty, relative poverty, and "vulnerable non-poor," as well as access to vital services such as water, shelter, and healthcare. However, this section highlights that it is not only the category of the extreme or relative poor who are vulnerable to the globalization taking place in Colombo but also lower-income people who are often displaced either in the form of relocation or temporary displacement.

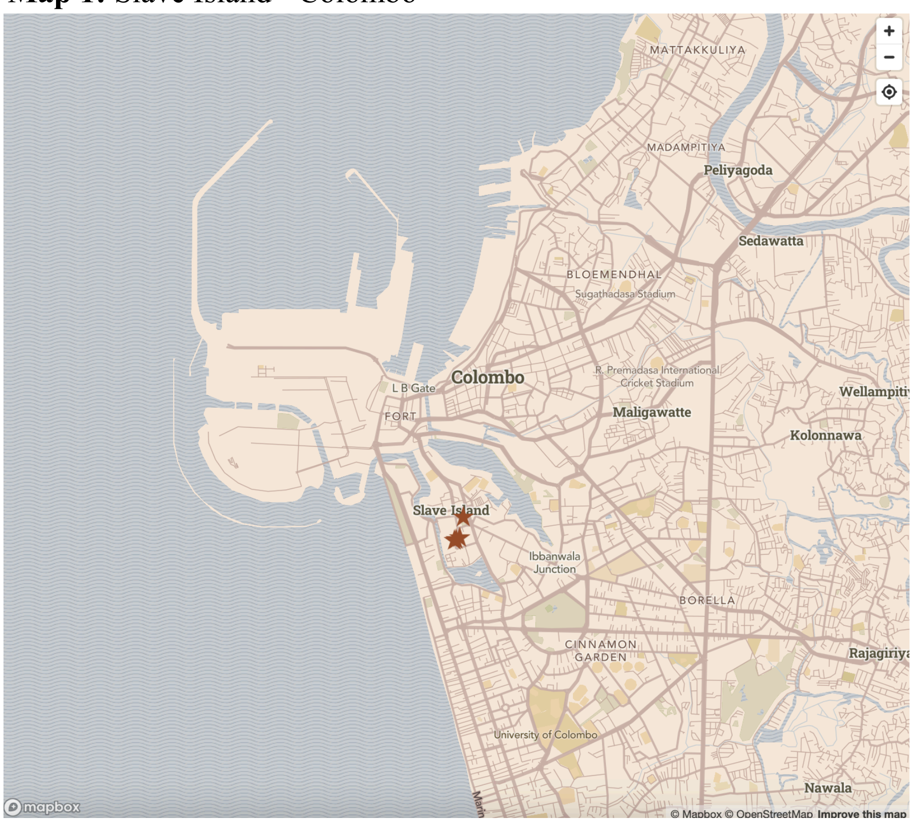
Perera shares the poignant story of Seetha, a woman from central Colombo who, along with her community, was forcibly relocated as part of an Urban Regeneration Program (n.d) . They were moved from a well-established area to a new government-built complex in North Colombo. This involuntary relocation, without compensation and lacking essential infrastructure, caused severe financial strain and often led to the inaccessibility of the vulnerable population to the city. Displacement, as defined by Collyer, Amirthalingam, and Jayatilaka, is a "permanent or temporary removal against the will of individuals, families, and/or communities from the homes and/or land which they occupy, without the provision of, and access to, appropriate forms of legal or other protection" (2017). Many scholars have underscored the legal and international obligations to protect against forced evictions, which are widely recognized as a violation of human rights. However, the authoritarian power of the government over land has made the problem of making Colombo accessible to all its population a daunting one.

Globalization, often praised as a means for economic growth to improve living standards, is not living up to its promise in Colombo. The way development projects are designed, managed, and delivered often caters exclusively to the urban elite or focuses on beautification for tourism and international business, with the goal of making Colombo the "garden city of the East" (Collyer, Amirthalingam, & Jayatilaka, 2017). This exclusive approach to development raises questions about its impact on the broader population and the city's social fabric.

Slave Island: A Case Study

Slave Island is a compact yet historically rich neighborhood in Colombo's urban landscape, having housed a diverse population throughout Colombo's trade history. It was once a living space for enslaved East Africans brought by European colonizers for the construction of fortifications and as domestic servants (Gunaratna, 2002). During the British colonial era, Slave Island became a settlement area for Malay laborers brought from Malaysia to work on plantations. Reflecting its historical heritage, this neighborhood stands out as one of the most diverse areas in Colombo, and perhaps even in Sri Lanka, boasting a mosque, a church, and a temple located closely together. This proximity has made it a cultural and religious diversity hub throughout its history.

Map 1: Slave Island - Colombo



Source: iDiscover.Asia

Map 1 depicts the location of Slave Island, situated in the heart of the city, near the port, and surrounded by new commercial developments. The lower-income residential areas are spread out and less densely populated than communities like Dharavi, which is in the middle of Mumbai. Consequently, the eviction and displacement incidents occurred in Slave Island in various locations on different streets within Slave Island.

The area's historical significance and its diverse, longstanding communities have faced uncertainties and disruptions as development initiatives reshape the urban landscape. Perera (2023) notes that post-war, no other place has seen as much attention by policy makers than Slave Island. The initial displacement story following the civil war began in 2010 when President Rajapaksa transferred the Urban Development Authority (UDA) to the Ministry of Defense (MOD); according to Amarasuriya and Spencer (2015), the funding allocated to MOD increased significantly to support a more significant role in urban development and implementing the Greater Colombo Development Project (GCDP). The GCDP involves projects such as "drainage system, rehabilitating lakes, and urban wetlands, creating a new transport system and a new road network, building a new city on land reclaimed from the sea, and what is termed "rationalizing" land use and "freeing up" land for development" (Amarasuriya & Spencer, 2015, pg. 68). The "freeing up" initiative, however, involved forcibly removing "slum dwellers" from the urban environment, a process marked by the use of aggressive force and authority.

About the initial eviction process, Perera and Spencer, documenting such events, stated that in May 2010, the UDA, supported by the military, conducted the first eviction in Slave

Island through armed soldiers accompanied by bulldozers to demolish homes and businesses belonging to a small lower-middle-class community on Mews Street (2023). This event was just one of several demolitions that have occurred or are planned for low-income areas. The authors further note that this specific event, intended to expand a school for the children of military officers, led to the destruction of twenty-one permanent residences despite the residents having legal ownership of their properties. These narratives of displacement or resettlement reveal that areas labeled as “slums” or “shanty” in urban areas do not always fit those descriptions. However, “slum dwellers” are even more susceptible to such projects. Even lower-income households that are not poor per se are increasingly at risk due to development projects. Amid all this chaos for the lower-income people, despite the government’s promise, there were no concrete plans for housing the evicted families (Peiris, 2010).

The government initially pledged to relocate the residents, but the plan was to evict more than 70,000 individuals in Slave Island for commercial development; eventually, the government faced difficulties in fulfilling the relocation for all those affected (Peiris, 2010). Despite these issues, the government’s perspective was expressed in an interview in 2012, as documented by Amarasuriya & Spencer:

> “We have started a programme to remove unauthorized constructions such as slums and relocate them into proper housing. We cannot allow these people to live under such low standards…but we are not throwing people out of their homes. We always look after them but they must understand, this is for their benefit. We have to do such programmes for the advancement of the people and the country” (2015, pg. 68).

The statement reflects a typical narrative governments use when justifying forced evictions and relocations under the guise of urban development. While the government claims to “look after” the affected people, the reality often shows a different picture, as seen in the challenges of fulfilling relocation promises. This raises questions about the effectiveness and fairness of such relocation programs. Additionally, the focus on “commercial development” hints at underlying economic interests that may prioritize profit over the well-being of vulnerable communities.

To summarize the whole event, using Amarasuriya & Spencer’s paper (2015), through the perspective from the other side of the story, documented as a petition to the Supreme Court: the residents were promised alternative housing, leading some of them to inspect the proposed alternative houses on May 6. However, they found these accommodations to be mostly temporary and unsatisfactory; as a result, residents refused to vacate their homes. Despite the resistance, on May 8, UDA officers arrived to demolish 17 houses, displacing 107 residents, including 24 minors. Protesting residents were forcibly removed, and their complaints were disregarded. Today, the land is used to school the military’s children.

The incidents triggered criticism and activism due to the government’s displacement of the people without their will. Inadequate compensation measures such as relocation to unsatisfactory locations or temporary rent support did not help the people. These efforts do not provide permanent housing solutions for the affected residents, leaving them distressed amid ongoing urban “beautification” projects. Responding to protests, a new proposal emerged involving the private sector. Investors planning to develop commercial centers on land previously occupied by lower-income communities were required to build high-rise housing near the original site and then invest in the residents’ plots. For instance, Tata, an Indian investor, had to construct housing for vulnerable groups before proceeding with their Tata Housing project in Colombo Square, investing around Rs. 7000 million in 2019 (ABESLBN, 2019). However, such requirements impose a significant financial burden on private investors, discouraging further investments due to reduced profit margins.

Development Discourse of India: Before and After Liberalization

When India gained independence in 1947 from the British colonizers, similar to Sri Lanka and other post-independent countries, India approached the self-sufficient economic policy. According to Ezel and Atkins (2014), the self-sufficiency ideology stemmed from the "small is beautiful" mindset and the "lump of labor" fallacy, which was a misconception that technological advancement would result in less employment (pg. 15). The authors further add that, In the pursuit of job creation and influenced by the "small is beautiful" mindset, India's government implemented laws in the 1970s to restrict the size of particular enterprises, under these laws, approximately 800 industries were reserved for small-scale businesses, with strict limits on investment in plant and machinery (2014). Another reason for choosing import-substitution policies, according to other economists and academics, was the long extractive colonial period. For instance, Kochhar et al. (2006) write that the ISI model was pursued to reduce external influence, especially after colonialism, which led to a focus on rapid industrialization, and import substitution to lessen dependence on foreign exchange.

The ideological chain in that period influenced policies immensely and for 30 years. About the self-sufficient period in India, Rodrick commented that "Even India, the giant archetype of a closed, import-substituting economy among developing countries, embarked on a process of economic liberalization in 1991" (1996, pg. 9). The extent to which protectionism was imposed, the post-liberalization period, seemed as a surprise. Furthermore, Mukherji states that through the five-year plan in the 1950s, India's economic development strategy emphasized rapid industrialization with a focus on state-owned enterprises (SOE) such as steel, chemicals, and machines, as they offered the most significant potential for production growth. However, despite focusing on industrialization, the author argues that the SOEs operated in political interest rather than economic consideration, leading to losses and inefficiencies that drained the government (Mukherji, 2013). The economic growth rate from 1947 to 1980 remained around 3.5 percent (Erumban et al., 2019).

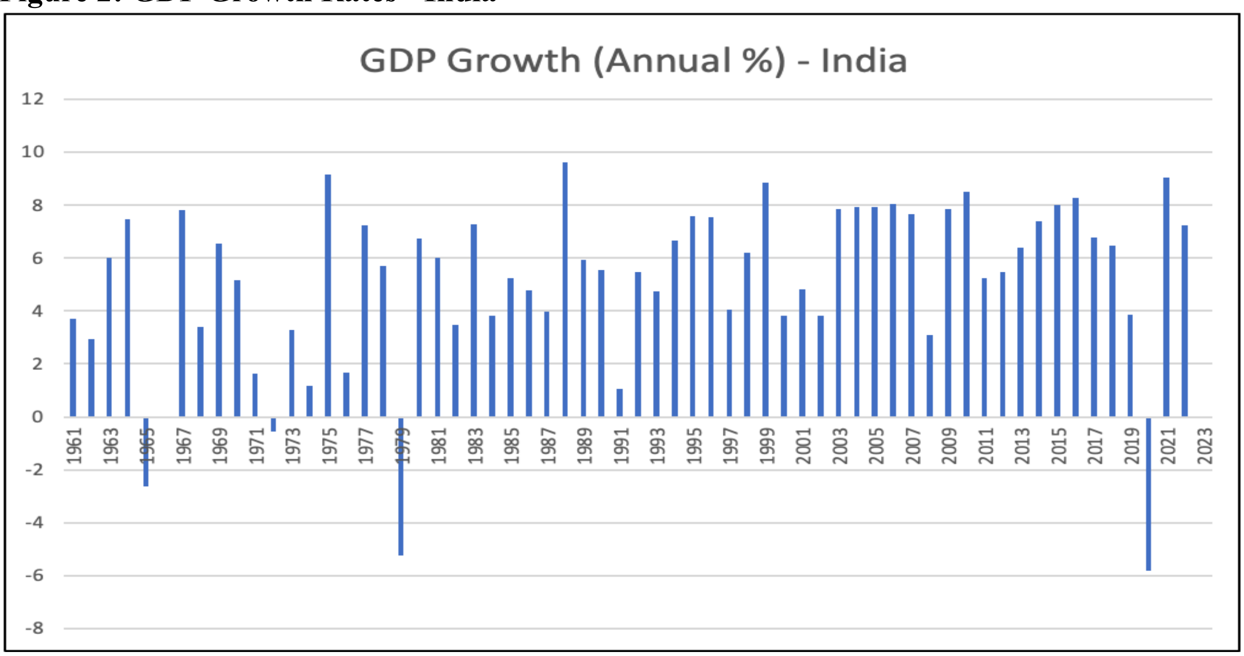
On the other hand, to shed a more optimistic light on the import substitution policies, Kochhar, Kumar, Rajan, Subramanian, and Tokatlidis (2006) argues that:

> "Separate reason to control the private sector was to avoid undue concentration of economic power…Geographically balanced development was also an objective, so investment was directed towards underdeveloped areas… Significant protections for labor, especially in large firms, were enacted. For example, an amendment to the Industrial Disputes Act (1947) in 1976 made it compulsory for firms with 300 or more workers to seek the permission of the relevant government to dismiss workers" (pg. 984).

The argument is based on India's initial set of policies, which demonstrate its efforts to achieve self-sufficiency. Based on this, it can be argued that despite the fact that the ISI model did not provide many economic opportunities and resulted in substantially lower growth rates over the course of three decades, it highlights the fact that countries like India were severely impacted by colonization, pursued the ideology of self-sufficiency and were advocating for "small is beautiful" mindset.

Nevertheless, strictly speaking from a neoliberal perspective, Ezel and Atkins (2014) argue that the policies introduced to achieve development in India through protectionism led to inefficient industries; for instance, the pencil industry, with only 50 employees, became highly inefficient, making pencils unaffordable for many Indians. This situation, driven by fears of job loss and union pressures, led to India's hesitance in embracing technological advancements, resulting in underinvestment in productivity-enhancing technologies and hampering productivity compared to peer nations like China. India consistently experienced lower growth rates, leading to its economy's opening up to the international market in the late 1980s. However, the measures undertaken in the 1990s led to embracing trade liberalization measures such as de-licensing state-owned enterprises (SOEs) and opening up to foreign direct investment (FDI); this resulted in the economy growing 40 percent faster per year in the two decades that followed the 1991 reforms than it did in the two decades preceding it (Ezel & Atkins, 2014, p.5).

Figure 2: GDP Growth Rates - India



Data Source: World Bank

As depicted in Figure 1, GDP growth experienced a significant decline in 1979, followed by fluctuating rates, with another sharp drop in 1991, where it was lower than -4%. However, since the mid-1990s, the growth rate has consistently increased and has become more stable compared to the few decades prior to the implementation of liberalization policies. To further add, many studies have been conducted to analyze the impact of specific liberalization policies on GDP growth. For instance, Adeel Farooq et al. indicate that based on their research results, trade openness and financial liberalization have a notably positive and substantial impact on India's GDP (2017). Lastly, another major shift that later became a significant contributor to the GDP was the tech industry's growth. In their paper, Goldberg et al. (2009) find that India's trade liberalization relaxed the technological constraints Indian firms face under import substitution policies.

Post-Liberalization: Assessing Mumbai's "Dual Nature"

Mumbai, one of the mega-cities in the world, saw a staggering increase in population over the past few decades, especially post-liberalization. With an estimated population of over 20 million people, more than 41.3% of this population live as "slum settlements," and it's continually growing (World Population Review, n.d.). The city, situated on India's western coast, is one of the urban lands in India that draws tourists from across the globe and attracts rural migrants seeking employment opportunities. Mumbai has undergone substantial investments aimed at various sectors. These investments span infrastructure development, technological advancements, real estate projects, and initiatives to foster innovation and entrepreneurship. At the same time, it has been a pivotal center for trade, finance, entertainment, and education.

On the other hand, around half of the population in Mumbai lives in underserved settlements. Varma and Sha (2019) provide a detailed historical overview of urban development in Mumbai, from the colonial period to the present day, and highlight the ways in which profit-oriented development has led to social exclusion and inequality. They argue that Mumbai, from the very beginning, has had a "dual nature," with society divided between the colonizers who lived in the "white towns" and the local population who were relegated to the "native towns," these areas were typically extremely crowded and lacked basic sanitation and infrastructure (Varma & Sha, 2019). It can be argued that despite the physical transformation India went through, from the colonial period to independence then to becoming a global city, the "dual nature" of the city has persisted till date.

Various terms have been used in literature to refer to the underserved population of Mumbai, including "slums," "slum dwellers," "informal settlement," "urban poor," and "illegal settlement," among others. Each term has its characteristic to identify the nature of the settlement; what stands out is the sense of generalizing if they belong to urban land by stating "illegal" settlements. One could argue that there exists a sizable population of "urban poor" who reside on land "illegally." However, it is essential to note that some families have lived in these neighborhoods for generations, whether or not they possess proper documentation. For these families, the land in question rightfully belongs to them.

The history of the underserved population of Mumbai dates back to centuries ago as an emerging feature of industrialization. While the "duality" of the classes has mostly been there, it is important to highlight that "right to the land" has become a modern period dilemma with increasingly high emphasis on privatization, and the "slum clearance" idea that emerged with the development process of Mumbai's urban planning. To this point, Björkman (2013) adds in her article the several kinds of acts that were passed for the sake of development. In the article she explains that the 1967 regional development plan introduced new zoning and density regulations, which led to the relocation of the industrial labor force, and the working class made it possible for them to rebuild their homes, and the 1966 Maharashtra Land Revenue Code allowed for the legalization of the land for them (Björkman, 2013). However, the "overwhelmed" and "outnumbered municipal officials" were ignored and pressured to accept cash in exchange for overlooking their rights. Finally, with the passing of the Maharashtra Slum Act of 1971 established criteria for declaring a neighborhood a slum, facilitating the provision of improvement to the underserved areas; this did not include securing property rights (Björkman, 2013).

Though the history of the 'slum' resettlers may date back to the colonial period, an overview of the settlement since post-independence, that is, 1947, is presented in Nijman's (2008) article where he examines the 'slum' rehabilitation in Mumbai within the context of neoliberalism. Nijman (2008) argues that the problems regarding "slums" arose when the public policy shifted towards neoliberalism ideology. The shift towards neoliberal policies resulted in a transfer of responsibilities from the government to local urban governments, NGOs, and the market. According to Nijman, the recent policy shift implied that in cities such as Mumbai, with high population growth, markets had to be established if they were non-existent (2008). The process of creating these markets, which can be volatile, particularly in the land and real estate sector, now has a significant impact on the rehabilitation of the underserved population. While Nijman mainly criticizes the neoliberal approach in policies as a main cause or limitation to solving the problems for the underserved population, Bardhan, Sarkar, Jana, and Velaga (2015) add another perspective on the policies by evaluating the outcome historically. The authors claim that despite the creation and implementation of numerous policies aimed at addressing housing issues for the underserved population in Mumbai over several decades, the problem remains unsolved and has even “accelerated” after policy implementation (2015). The writers conduct a thorough examination of the housing policies that have been put into action after achieving independence. They also share the viewpoint of Nijman, suggesting that “with the emergence of the neo-liberal approaches and the overwhelming dominance of the market-led forces, the housing sector has come under the gamut of the private investors” (2015, pg. 3).

The policies evaluation provided in Bardhan’s, Sarkar’s, Jana’s, and Velaga’s (2015) article categorizes housing policies into four groups: the first group includes two major policies implemented by the Central government - the Rent Control Act (1947) and the Urban Land Ceiling Act (1976); the second group focuses on removing slums from urban areas, including the Slum Improvement and Clearance Act (1956) and the Maharashtra Vacant Land Act (1975); the third group consists of policies aimed at developing slum areas, such as the Slum Upgradation Program (1985) and the Slum Rehabilitation Scheme (1995); lastly, the fourth and most recent group includes initiatives such as the Rajiv Awas Yojna (2013) and Cluster Redevelopment Projects (2014), and their effects are still being assessed. It is worth noting that the initial two sets of policies were enforced under the authority of the government, whereas the last two sets, which emerged after the 1980s when neoliberal reforms were introduced, were implemented by the private sector and urban government. The article’s authors contend that not only did these policies fail to alleviate the housing crisis faced by underserved communities, but they actually worsened the situation. However, there is a need to fill the gap in understanding why the government's earlier control over policies did not produce better results. This would help to explain why the failure to address the housing crisis is not solely the responsibility of the private sector but also the state. In contrast, Nijman (2008) attributes the rise in poverty and housing crisis among a significant portion of the population mainly to the neoliberal approach of policies.

Dharavi: A Case Study

Dharavi, one of the largest 'slums' in India, has an estimated population, recorded in 2013, of around 800,000 people, and it is located between the affluent city center and densely populated suburbs in the north of Mumbai (Jain, & Grafe, & Mieg, 2013). Dharavi, in particular, has been a topic of interest for researchers due to its size and economic significance. However, here we focus on the failed approaches undertaken to address the housing issues of the slums and attempt to identify the flaws from the government and private sector's side.

Map 2: Map of Dharavi in Mumbai

Source: MyPortfolio - Nikhil Jain

The map above, map 2, shows the location of Dharavi within the periphery of Mumbai. It is one of the most densely populated locations in Mumbai and one of the largest "slums" communities in India. Interestingly, it is located right next to Bandra, one of the high-end locations in Mumbai.

Jain, Grafe, and Mieg, (2013) write in their article that the government has been trying to respond to the slum problem since the 1960s; however, these measures have not been successful in reducing the number of slums or improving living conditions. For instance, failure of one such schemes is explained by Bardhan, Sarkar, Jana, and Velaga in their article claiming that in 1985, the government announced a grant of INR one billion to upgrade Dharavi, a slum in Mumbai of this INR 600 million was used for housing and infrastructure improvements (2015). The plan aimed to accommodate 30,000 to 35,000 families in Dharavi and relocate 20,000 families outside; however, there were problems with transit settlements, construction delays, lack of awareness, high prices, and manipulation of beneficiary lists, resulting in limited housing and unsuccessful affordable housing (Bardhan, Sarkar, Jana, and Velaga, 2015). This corresponds to the measurement observed in Jain's, Grafe's, and Mieg's article, stating that in 1964, 10% of Mumbai's population were squatters, and by 1985, that number had increased to 50%, while today, squatters make up to 65% of Mumbai's population, which has an urban population of around 20.1 million. These consecutive measures indicate that the policy of 'improving' living conditions has not been effective in reducing or decelerating the growth of informal settlements.

In addition, another project implemented in Dharavi is the Dharavi Redevelopment Project (DRP) which aims to provide housing to the poor by private developers but has been criticized as a "sophisticated land grab" by experts (Echanove, & Srivastava, 2011). The project will force residents to relocate, in other words, destroy their livelihoods, and benefit the government and developers financially. Echanove and Srivastava (2011) also add that the DRP ignores the complex and productive nature of Dharavi's residential, trading, and community spaces, which have emerged incrementally since the 1930s. The redevelopment schemes are often focused on either 'improving,' or 'relocating,' as an approach to solve the problem of the underserved population rather than 'legalizing' their settlement. It is also important to add that such schemes are not applicable to all in the informal settlement. According to Jockin Arputham, the president of the National Slum Federation and an expert on the panel, expressed concern over the Dharavi Redevelopment Project (DRP) and pointed out that only 35% of slum dwellers were eligible for the project, and the government had not surveyed 35,000 families living on lofts and first floors (Echanove, & Srivastava, 2011). These projects also have the potential of the social and economic destruction that would cause displacement of hundreds of thousands of people and the uncertainty of where they would go and whose jobs they would compete for.

As another attempt to provide housing for the underserved population, since 2004, the state government in Mumbai has been working on a plan to relocate slum dwellers into high-rise apartments on the site of Dharavi, with the aim of eradicating the slum and improving living conditions for its residents (Jain, & Grafe, & Mieg, 2013). The proposed deal involves the redevelopment of centrally located slums for commercial purposes, with the requirement to reserve part of the land for re-housing slum dwellers in high-rise apartments that they would also have to finance (Jain, & Grafe, & Mieg, 2013). The government's plan aims to improve Mumbai's global reputation as a world-class city. However, this approach overlooks the fact that the slums are an integral part of the city and have contributed significantly to its economic development. It would be more appropriate to address their needs properly rather than proposing poorly planned and ineffective projects.

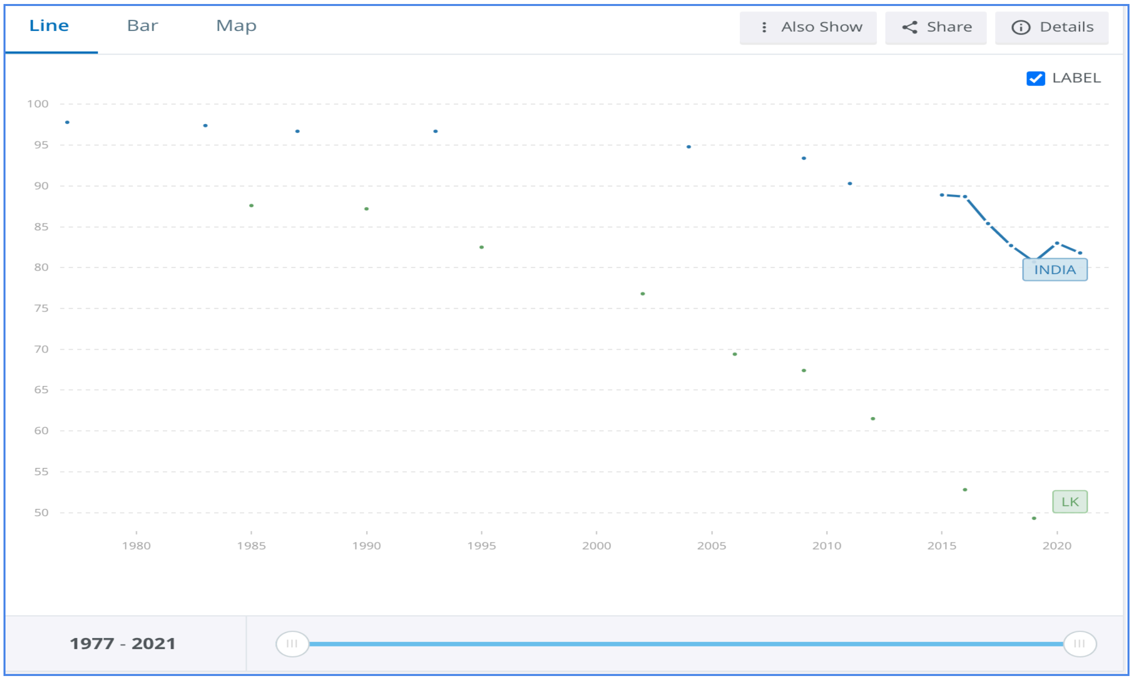
To date, the schemes and policies that have been put in place are pierced with deficiencies and the possibility of corruption is a concern when putting these schemes into action. The plans to 'improve' or 'relocate' the underserved population are challenging, but legalizing the settlements could be a viable option to aid this population. The government should take steps to legalize the settlements, even if it is only partially, particularly for those who have been living there for generations.

Conclusion and Reflection

To bring the discussion back to the initial question, did poverty rates decrease post-liberalization? According to the World Bank data, figure 3, on the headcount ratio at $6.85 as a percentage of the population, poverty has fallen over time, in the case of India and Sri Lanka. This ratio is one of the most used measures in examining absolute poverty. The rates fell especially after the 1990s, a close timeline when both countries adopted liberalization policies. This points out Ravalion's (2013) claim, who said that large-scale research consistently shows that extreme poverty fell after many developing countries opened up their economies to the global markets. In the case of India and Sri Lanka, one can certainly argue that extreme poverty went down. However, considering the multidimensional aspect of poverty, the result may suggest a different judgment. As mentioned earlier, in chapter one, analyzing whether poverty has fallen or not depends very much on the chosen measure.

It is worth noting that Figure 3, which displays poverty trends, shows a general decline, but it is not connected in a line. This is likely because the dataset lacks consistent data. The World Bank's poverty measure data, such as the one illustrated in the figure, has data gaps. A major reason is that collecting data is a lengthy and costly task; therefore, the data for this specific measure has a few ratios over the last several decades.

Figure 3: Poverty Headcount Ratio at $6.85 a day (2017 PPP) (% of population) - India and Sri Lanka



Source: World Bank

It is yet to be determined through further research whether poverty, from another dimension, decreases in a liberalized economy because certain measurements provide limited information about poverty in a specific country. For instance, millions of people came out of extreme poverty, considering that their consumption went above $6 a day, which does not explain other dimensions of poverty. For instance, poverty is also caused by a lack of access to healthcare, education, mobility, and social safety nets. This leads us to inquire about poverty in urban landscapes, where poverty and inequality are becoming more of a relative poverty issue. In the case of Colombo and Mumbai, urban poverty rates might be present in national poverty lines. However, the case studies discussed above show the increasing exclusion of the urban poor residents from the city.

The analysis in this paper led to Harvey's concept of "right to the city." Harvey, generalizing cities, states that cities have "never been a harmonious place, free of confusions, conflicts, violence. Yet the city has also proven a remarkably resilient, enduring and innovative social form" (2003). To their pessimistic and, at the same time, optimistic characters, cities have been attractive places for many people for various reasons throughout history. To answer Harvey's (2003) question, "whose rights and whose city?" I think cities today are increasingly being designed in a way that leads to excluding certain groups. The case studies in this paper are examples of many instances when some are desperately being integrated into the city's space while others who already belong are easily being excluded.

The designers of the city space, on the other hand, in the case of Colombo and Mumbai at least, are not just profit-driven by the private sector but also the state that plays a role in shaping the city structure. Prior to liberalization policies adopted in each country, it was a centralized governance structure with industrial policies being proposed by the state. However, when liberalization was adopted, it was based on the assumption that deregulation and less government interventions would eventually lead to growth. While empowering the private sector did turn out to be beneficial for growth, the government played a role in all this. For instance, when the government placed UDA in Sri Lanka under the Ministry of Defense, it signaled a state-driven act of development. When the residents of Slave Island were evicted by the military force under the government's name, the reason was to make space for private development. The underlying premise of the government has always been that this is done for the sake of the developing country; however, a certain group of people who are already vulnerable are sacrificed for the "greater good."

Another instance illustrating the political connections between the private sector and government involves Gautam Adani, a billionaire businessman from India. Reports indicate that Adani, who is granted development projects for "relocating" residents in Dharavi in exchange for valuable land in Mumbai, despite allegations of fraud against him for some reasons, received swift support from the government, leading to speculation about his close political relationship with Prime Minister Modi (Ellis-Petersen & Goodley, 2023). The point here is that, in developing countries like India and Sri Lanka, the player of the development trajectory in urban spaces is not only led by the private sector and investment, but the state has become a big part of this growth model.

This model increasingly demonstrates how it is mirrored with the East Asian model with the ideology of a developmental state. The East Asian model was adopted by economies that are referred to as the "East Asian Miracles" for achieving high-level economic development post WWII in a short period; the main idea behind their growth is that the government played the role of a "developmental state" while embracing export-oriented economy (Stubbs, 2017). To conclude, the economic development agenda in developing countries, like India and Sri Lanka, has a political angle. Identifying what needs to be improved in the process of alleviating poverty and assessing it without considering the political agenda may lead to narrow results. Therefore, like several academic papers that bring the political side of the country when analyzing the economic side, this paper concludes with a similar belief that the economic agenda almost always has a political interest behind it.

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