

“There are many supply biases
in providing infrastructure,
a systematic disregard
of the demand-side.”

– Michael COHEN, New York



Image Source: Wikimedia Commons. USNS Comfort arrival into New York Harbor, March 30, 2020. The Comfort arrived in New York City to assist in the COVID-19 response.
Image by U.S. Coast Guard, Petty Officer 3rd Class John Q. Hightower. <https://www.flickr.com/photos/navymedicine/49727674192/>



Michael COHEN
The New School
New York, the United States

The way forward is ‘infrastructure for distribution’: Recovering from COVID-19 from the Bottom Up

The COVID-19 crisis has revealed once again the unfairness of global, national, and local economies. The poor in all countries have had higher rates of infection and death than the middle class and the rich, demonstrating that living conditions including overcrowding, the lack of clean water and sanitation, and higher residential densities affect the incidence of the disease. Millions of people living in informal settlements around cities in developing countries have not been able to afford social distancing, staying home from work, or digital commuting. Those with capital have been able to grow their wealth, while the poor are mired in lost jobs, dwindling savings, and declining public economic support which was distributed in the first months of the pandemic. New York has lost more than a million jobs due to the COVID-19 crisis. In Buenos Aires slum dwellers face the impossible choice of staying home to avoid the virus or going to work to be able to provide food for hungry households.

The governmental response to this double crisis of COVID-19 and the collapse of economies has generally been of two kinds: first, direct immediate aid to victims, either in terms of food, cash payments, or other services, and secondly, through the promise of restarting economies through stimulus packages to support short to medium-term economic recovery. If the first has been a short-term response in many countries, the latter has assumed that restarting growth will take time, with higher public spending contributing to economic multipliers and eventually economic growth. The reality is that stimulus packages have proven to be unaffordable, even in the medium term for rich countries.

The sector most favored in these recovery packages has been infrastructure. The term adopted by the G-20 and other global institutions has been the well-worn slogan of “infrastructure for growth” which goes back to the 1994 World Development Report and the 2010 G20 Seoul Summit which argued for the importance of infrastructure investment action plans. There is little doubt that infrastructure does contribute to growth, as noted by Nobel Laureate Sir W. Arthur Lewis who referred to infrastructure in the 1950s as “social overhead capital”, a necessary input to economic growth. Nonetheless, infrastructure which contributes only to growth is just not enough. Growth is a necessary but not sufficient condition for an equitable recovery, social progress, or sustainable development. The real challenge is how to improve the

unequal distribution of income. The question then is what would be infrastructure for distribution?

Infrastructure for distribution is the idea that the purpose or objective of infrastructure should also be to improve the distribution of income, wealth, or opportunities across society but particularly for the poor who have received a disproportionate impact of the COVID-19 pandemic. An example of infrastructure for distribution could be a water supply system built to provide the quantity and quality of water needed by a specific low-income community. Investing in this system should be labor-intensive rather than capital intensive. The required equipment, such as pipe, should be domestically manufactured pipe and not imported from an industrialized country. It would generate local employment as well as provide water for consumption. This is not very different from the labor-intensive public works programs designed in many countries, from the New Deal in the 1930's in the United States to rural infrastructure programs in India or Mexico.

By paying for the labor to build such a system a project would generate income for the poor who would use it to meet immediate household needs. The income earned by low income people would be quickly consumed and thereby generate immediate economic multipliers in the local economy. If enough income was created and multipliers activated, it would increase the aggregate demand for goods and services within local economies. That aggregate

demand would in turn create new employment that would repeat the cycle.

A sequence of investment, employment, income generation, consumption, and creation of economic multipliers would occur, but not just to increase GDP, admittedly a worthy objective, but rather to expedite the distribution of income to poor communities. This approach contrasts sharply with most infrastructure investment which finances large transportation systems or highways or trunk infrastructure rather than generate immediate expenditure for labor costs that can help poor families meet their needs.

A second example of infrastructure for distribution might be a program to improve environmental management – a green corps – to address a range of environmental problems from pollution to maintenance of green space and other environmental resources. In this case the infrastructure is people. This program could also employ millions of young people who are currently unemployed and thereby generate incomes for this group that has become one of the largest segments of the “precariat”.

Another example of infrastructure for distribution might be in the field of culture or creative economy where many cultural workers earn low incomes in what they perceive to be limited markets for their creative work, whether in the plastic arts or in performance. But some local cultural workers in Indonesia and Mexico have learned that the

digital sphere has the power to publicize and expand their activities., Most of these workers receive modest incomes for their work, but with logistical support, they are able to expand both activities and earnings.

A key feature of infrastructure for distribution is that it can reflect the demands of users. Unlike conventional infrastructure that has a heavy supply bias, designed by engineers and manufactured in factories, infrastructure for distribution would reflect the preferences of users. It is clearly a bottoms-up approach which contrasts with most heavy investment in infrastructure and the canon of development agencies about “going to scale” in order to make a difference.

Going further, one can also speak of “people as infrastructure” where individual and community capacities can activate community responses to problems. One dimension of this is to consider “participation as infrastructure”, as shown in Buenos Aires where a slum community with prior participatory experience in slum upgrading was able to keep COVID-19 cases and mortality below levels in other neighborhoods.

Considering the notion of infrastructure for distribution opens up space for a wider and more social understanding of how infrastructure can be used to achieve other objectives. It offers an alternative to the conventional focus on infrastructure financing which is in fact part of the previ-

ously described “supply bias” when infrastructure is discussed. Infrastructure for distribution shifts the conversation towards the demand side, towards users, and towards focusing much more on the objective of economic and social progress.

In so doing it also suggests a new infrastructure compact in which communities are happy to contribute to the financing of infrastructure that is designed to meet their needs and not abstract policy notions of productivity or mobility. To ignore this dimension and to continue the conventional focus on financing and public-private partnerships is to miss an important opportunity for policy change and a new beginning. The COVID-19 pandemic provides an opening for new initiatives while recognizing that the pandemic has once again exposed not only the social and economic differences within countries and cities but also the weaknesses of existing policy and investment tools. More of the same is not enough.

1. Sir W. Arthur Lewis, *The Theory of Economic Growth*, R.D. Irwin, 1955
2. Abdou Maliq Simone, “People as Infrastructure: Intersecting Fragments in Johannesburg. *Public Culture*, 16(3), 2004, pp. 407-429
3. Instituto de Vivienda, Ciudad Autonoma de Buenos Aires and the Observatory on Latin America, *The New School*, 2020, see World Health Organization web-site, October 29, 2020