ACKNOWLEDGEMENTS

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Professor Alan Harding, Institute for Political and Economic Governance, University of Manchester, United Kingdom, provided a major contribution to the content of the conference.

The conference organisation was directed by Mario Pezzini, Head of the OECD Territorial Reviews and Governance Division and coordinated by Lamia Kamal-Chaoui, Head of the Urban Development Programme and Suzanne-Nicola Leprince, Executive Secretary for the OECD Territorial Development Policy Committee. Suzanna Grant, Valérie Forges and Erin Byrne provided substantial help to the logistics of the conference. Erin Byrne prepared the document proceedings for publication.
TABLE OF CONTENTS


SUMMARY RECORD ..........................................................................................................................7

The context .........................................................................................................................................7
The format ...........................................................................................................................................7
The participation .................................................................................................................................7
The theme ...........................................................................................................................................8
Main outcomes .................................................................................................................................8

ANNEX 1. AGENDA OF THE CONFERENCE .................................................................................10

ANNEX 2. SUMMARY RECORDS OF THE SESSION ...................................................................18

Produced by the Madrid City Council ..............................................................................................18
Introductory remarks .........................................................................................................................18
Session I: Urban hierarchies and the role of policies .....................................................................19
Session II: A - Urbanising “soft” policy instruments: skills, leadership, distinctiveness and collaboration21
Session II: B - Urbanising “soft” policy instruments: history, specificity and urban knowledge economies22
Session III: A - Urbanising “hard” policy instruments: infrastructure, connectivity and the physical qualities of place .................................................................24
Special debate: cities and climate change .......................................................................................27
City Mayors and Ministers’ Roundtable: Group A ........................................................................29

ANNEX 3. SPEECHES FROM THE OECD SECRETARY GENERAL AT THE OPENING AND THE CLOSING CEREMONIES ..................................................................34

Opening remarks by Angel Gurria, OECD Secretary-General, Madrid, 29 March 2007 .................34
Summary and conclusion by Angel Gurria, OECD Secretary-General, Madrid, 30 March 2007 ........36

ANNEX 4. PROCEEDINGS OF THE CONFERENCE .................................................................38

INTRODUCTORY PAPER FROM RUIZ GALLARDON, MAYOR OF MADRID ..........................39

Introduction ........................................................................................................................................39
On the urban age ...............................................................................................................................40
The road ahead ..............................................................................................................................42
Conclusion ........................................................................................................................................42

A/ GLOBALIZATION, SPATIAL ECONOMIC CHANGE AND URBAN POLICY by Professor Alan Harding .........................................................................................................................44

1. Introduction ..................................................................................................................................44
2. A question of scale .......................................................................................................................46
3. Urban change and the ‘new’ economy .........................................................................................51
4. Urban policy in retrospect .........................................................................................................62
5. Rethinking the urban policy agenda .........................................................................................67

BIBLIOGRAPHY ...............................................................................................................................71

2
4. From Growth to Crisis in Fordist Mass-Production Society .............................................. 193
5. Into the Twenty-First Century (1): Cities and the New Division of Labor ................................. 195
6. Into the Twenty-First Century (2): Urbs et Orbis ................................................................ 197
7. Life and Politics in the Resurgent City ................................................................................. 199
8. Conclusion: Prospect and Challenge ..................................................................................... 201

BIBLIOGRAPHY ......................................................................................................................... 203

G / GOVERNING GLOBALIZING CITIES, RESHAPING URBAN POLICIES by Prof. Patrick Le Galès 208

1. Introduction ................................................................................................................................. 208
2. Urban Policy: legacy of the past and innovative labelling .......................................................... 209
3. Policies for cities, metropolis or suburbs? ................................................................................. 211
4. Urban policies as public policies ............................................................................................... 219
5. What sort of urban public policies for more mosaic like cities and metropolis? Urban policy and urban integration ........................................................................................................... 223
6. Changing instruments of urban policy ....................................................................................... 233
Conclusion .................................................................................................................................... 240

BIBLIOGRAPHY .......................................................................................................................... 241

H/CITIES AND CLIMATE CHANGE ......................................................................................... 248

1. Introduction ................................................................................................................................. 248
2. The Vulnerability of Cities to Climate Change ........................................................................... 248
3. Contribution of Cities to Climate change ................................................................................. 249
4. Strategies for Mitigation and Adaptation .................................................................................... 249
5. Policy Challenges for National and Local Authorities to Tackle Climate change .................. 251
6. Conclusion .................................................................................................................................. 251

APPENDIX – FIGURES ................................................................................................................ 255

Tables
Table A.1. National urban policies in a sample of OECD countries ............................................ 65
Table C.1 Select Cities: Ranking and relative global network connectivity among 24 cities (all sectors)* 112
Table C.2 Airline Traffic: City rank and percentage in the 24-city system .................................... 114
Table C.3 New York: Flight connectivity ....................................................................................... 115
Table C.4 Moscow: Flight connectivity ......................................................................................... 115
Table C.5 Shanghai: Flight connectivity ....................................................................................... 116
Table C.6 Global Immigrant Cities ............................................................................................... 117
Table G.1 Fifty largest US (2000) and European cities (2003) ..................................................... 213
Table G.2. Fifty largest US and European metropolitan areas in 2000 ........................................ 214

Figures
Figure D.1 Share of Knowledge Based Industries in Gross Value Added (2002) ......................... 129
Figure D.2: Tipping point with OECD Definition for Knowledge Intensive Businesses ............... 135
Figure D.3 Tipping point with TWF definition for Knowledge Intensive Businesses ................ 135
Figure D.4 Tipping point for knowledge intensity by qualifications ........................................... 136
Figure A.1 Travel to work flows to selected English cities, 2001: professional and managerial workers255
Figure A. 2. Travel to work flows to selected English cities, 2001: routine and unskilled workers …..256
Figure A. 3. GVA in UK NUTS 3 areas, 2003.............................................................................257
Figure A.4. GVA in UK NUTS 3 areas, 2003 .............................................................................258
Figure A.5. Percentage change in GVA in UK NUTS 3 areas, 1995-2003..................................259
Figure A.6. Percentage change in GVA per capita in UK NUTS 3 areas, 1995-2003 ...............260
Figure A.7. Trends in NUTS 3 in Scotland..................................................................................261
Figure A.8 Change in GVA share by NUTS 3 areas in Northern Ireland, (1995-2003)...............262
Figure A.9. Change in regional GVA share by NUTS 3 areas in England’s north East region ( 1995-2003)..................................................................................................................263
Figure A.10 Change in regional GVA share by NUTS 3 areas in England’s Yorkshire and the Humber region (1995 – 2003)..................................................................................................264
Figure A.11. Change in regional GVA share by NUTS 3 areas in England’s North West region (1995-2003).................................................................................................................................265
Figure A.12. Change in regional GVA share by NUTS 3 areas in Wales (1995-2003)...............266
Figure A.13. Change in regional GVA share by NUTS 3 areas in England’s East Midlands region (1995-2003).................................................................................................................................267
Figure A.14. Change in regional GVA share by NUTS 3 areas in England's West Midlands region (1995-2003).................................................................................................................................268
Figure A.15. Percentage in regional GVA share by NUTS 3 areas in England’s South West region (1995-2003).................................................................................................................................269
Figure A.16. Percentage in national GDP accounted for by areas at Territorial Level 3 in 2003: Ireland270
Figure A.17. Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Ireland ............271
Figure A.18. Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: South Korea ..............................................................................................................................................272
Fig A.19. Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: South Korea..........273
Figure A.20. Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Slovak Republic.........................................................................................................................................274
Figure A. 21 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Slovak Republic ...275
Figure A. 22 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Denmark276
Figure A.23 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Denmark ..........277
Figure A.24 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Norway278
Figure A.25 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Norway ..........279
Figure A.26 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Finland280
Figure A.27 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Finland ..........281
Figure A.28 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Sweden282
Figure A.29 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Sweden ..........283
Figure A.30 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: France284
Figure A.31 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: France ..........285
Figure A.32 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Germany286
Figure A.33 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Germany ..........287
Figure A.34 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Netherlands ........................................................................................................................................288
Figure A.35 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Netherlands ....289
Figure A.36 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Greece290
Figure A.37 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Greece ............291
Figure A.38 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Portugal292
Figure A.39 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Portugal ..........293
Figure A.40 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Turkey294
Figure A.41 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Turkey ..........295
Figure A.42 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Poland296
Figure A.43 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Poland ..........297
Figure A.44 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Hungary
Figure A.45 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Hungary
Figure A.46 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Czech Republic
Figure A.47 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Czech Republic
Figure A.48 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Spain
Figure A.49 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Spain
Figure A.50 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Austria
Figure A.51 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Austria
Figure A.52 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Italy
Figure A.53 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Italy
Figure A.54 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Belgium
Figure A.55 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Belgium
Figure A.56 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Mexico
Figure A.57 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Mexico
Figure A.58 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Japan
Figure A.59 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Japan

Boxes

Box A.1. Recent attempts to define the city-region
Box D.1 The Nine Ideopolis Drivers
Box D.2 Helsinki – Academic concentration and innovation
Box D.3 Public and Private Sector Leadership in Cities
Box D.4: Appropriate levels of governance in cities
OECD INTERNATIONAL CONFERENCE: “WHAT POLICIES FOR GLOBALISING CITIES?
RETHINKING THE URBAN POLICY AGENDA”
29-30 March 2007- Madrid, Spain

SUMMARY RECORD

The context

As mentioned in the POW 2007-2008 (Item 2.4.1, Globalisation and City Competitiveness: New Trends in Urban Development Policies), the OECD International conference “What policies for globalising cities? Rethinking the Urban Policy Agenda” held in Madrid on 29-30 March 2007, intended to provide inputs to the current discussion within the WPURB and TDPC on key issues related to urban policy. In this respect, it should be considered as part of a broader strategy, which aims at promoting policy dialogue, while identifying and sharing agreed recommendations for an urban development policy agenda.

The Conference was organised in co-operation with the Madrid City Council and the Club of Madrid, and with the support of the Spanish Ministry of Public Administration.

The format

The agenda of the conference included an opening ceremony, six content sessions, a special session on "Cities and Climate Change" and two parallel roundtables, gathering city mayors and ministers. Each content session began by a presentation by a key-note speaker, followed by interventions from members of a panel made of national and local government representatives, mayors and professionals, and a closing address made by an “eminent personality” member of the Club de Madrid. The two parallel roundtables were co-animated by OECD Delegates/Secretariat and international journalists and consisted of a policy dialogue between mayors and ministers. The conference ended with a closing ceremony with reporting from ministers’ group and from the mayors’ group followed by the declarations of the Mayor of Madrid, the President of the Club of Madrid and the OECD Secretary-General.

The City of Madrid organised, in parallel, a very interesting meeting among the participating mayors. They were invited to discuss key issues that should be included in an agenda for globalisation. Among the different ideas brought up during the debate, the Mayors showed particular interest in: competitiveness, local autonomy and local finance, climate change and disasters, migration, transport and mobility.

The participation

Speakers in the conference included eight Ministers and Secretaries of States, fifteen Mayors, six former Head of States from the Club of Madrid as well as a wide range of bureaucrats, practionners and international experts. Participants also included representatives from international organisations (UN Habitat, European Union, SEGIB, IADB) as well as from the private sector (Vodafone, and the Business Association of European Capital Cities). Ira Magaziner, Chairman of the Clinton Foundation, also spoke at the conference. Three other OECD Directorates (ENV, STD PAC) as well the Ambassadors of Spain and Japan to the OECD intervened in the conference.
The audience included around 900 participants including mayors, ministers, former head of states, academics and a wide range of practitioners from more than 30 different cities administration, international organisations (World Bank), and cities associations (United Cities and Local Governments, Eurocities, Metrex, etc.).

Press coverage included 57 media, national (El Pais, ABC, El Mundo) and international (Agence France Press, Financial News, El Universal).

The theme

At a time of increasing globalisation processes, the search for competitiveness in urban regions has become a major political target for both local and central governments. The importance of the cities and their metropolitan areas in the national economy and their major role as global nodes in the international market is increasing the attention which they are receiving. There is a general feeling, shared by both national and local governmental representatives that the current approach to urban policies is not the correct one to face the new challenges which large cities, in a context of increasing global competitiveness, have to deal with today. In short, in OECD member countries, there is an increasing acknowledgment of the importance of policies that address specific urban issues. It is not only a matter of corrective measures, directed towards the solving of traditional urban problems, such as urban uncontrolled expansion, degradation of punctual districts, due to the concentration of environmental and social problems, but also the need to tackle proactive actions to encourage competitiveness and attractiveness. The goal of the conference was to engage a wide number of those interested, including city leaders and representatives of both regional and central governments, to widen the approach with which they envisage urban policies. More specifically, the conference was organised along the following two lines:

(i) How can the presence of the cities be made stronger in the context of ‘implicit urban policies’ (not specifically urban), which strongly affect the standards of urban development, but which rarely take into consideration its necessary space implications?

(ii) If one agrees that a strong and effective urban policy, able to allow the cities to successfully face the globalisation processes, cannot be the exclusive competence of national or regional governments, which new and more flexible intergovernmental joint actions are needed?

In this context, the content sessions were designed to address the following questions (see Annex 2):

- Examining how spatial planning is responding to new patterns of metropolitan development
- Assessing how key, implicit urban policies might be ‘urbanised’ in order to address the challenges of metropolitan competitiveness and cohesion more effectively
- Providing an opportunity for city mayors and representatives of key national government departments to put forward their ideas about future urban policy, and
- Assessing the implications for governance and policy, both at the metropolitan scale and in terms of integration between levels of government.

Main outcomes

This conference has helped to set the basis of a new international policy dialogue among city mayors and national government representatives at the OECD, who had the opportunity to examine and elaborate on the future of urban policy in the context of globalisation and the growing challenges for cities and
discuss the guidelines for a forthcoming agenda for urban development. Participants found the round table to be an effective answer to the problem of lack of interaction between local and national governments and among different government tiers at the international level for issues related to urban development.

Mayors and ministers agreed to replicate this experience over the years, and in a more systematic way, through the creation of a permanent joint Roundtable for Urban Strategy, involving mayors, ministers and key players. They called the OECD Secretariat to take the leadership of this initiative by (i) producing evidence and policy analysis to feed the dialogue between policy actors in urban areas (ii) managing the Secretariat of the Roundtable and (iii) organising events and meetings to animate the Roundtable.

In his final statement, the OECD Secretary General, Mr Gurria, said that “as the hub of globalisation, the OECD would be pleased to take on this task and work (…) to improve the governance of cities. (…) convinced that together, we will elaborate a new and innovative urban agenda and make it happen” (see Annex 3).

Mayor of Milan, Mrs Letizia Moratti, announced that the City of Milan would like to host the next meeting in February 2008.

The conclusions of the conference will be compiled in a PDF proceedings publication that should be available by September 2007 (see Annex 4).
ANNEX 1. AGENDA OF THE CONFERENCE

THURSDAY 29 MARCH

08:30 – 09:00 Conference Registration

09:30

09:30 – 10:00 INTRODUCTORY REMARKS

10:00

H.E. Mr. Fernando Ballesteros Ambassador, Permanent Representative, Permanent Delegation of Spain to the OECD

H.E. Mr. Jordi Sevilla Segura Minister for Public Administrations, Spain

H.E. Mr. Ricardo Lagos President of the Club of Madrid

H.E. Mr. Angel Gurría Secretary-General, OECD

H.E. Mr Alberto Ruiz-Gallardón Mayor of Madrid

10:00 – 11:30 SESSION I URBAN HIERARCHIES AND THE ROLE OF POLICIES

Globalising processes are having an uneven impact between and within major cities. Some have found new or expanded niches as national or international centres in the emerging knowledge economy, others have benefited from the internationalisation of investment and the ‘off shoring’ of manufacturing and service functions from the older developed world, whilst others still continue to struggle to adjust to structural economic change. There is evidence that new ‘urban hierarchies’ are emerging at both national and international levels as certain urban areas outstrip others in terms of economic growth and innovation. This presents major challenges to traditional forms of territorial policies (spatial planning and regional development) which were often built on principles of sub-national equity, redistribution and ‘balanced growth’. This session will set out current thinking on emerging urban hierarchies, assess the key challenges for regional development policies and national spatial planning and generate debate on how these might be addressed through a different approach to urban policy.

Questions:

- What does state-of-the-art thinking tell us about recent patterns of economic growth in major urban areas and its importance to regional and national economic well-being? To what extent is this analysis reflected in approaches to territorial policies and with what effect?

- Is a ‘balanced growth’ approach to spatial planning still tenable, in rapidly changing economic circumstances, or are new ways of linking the benefits of growth in certain city-regions to the challenges in others needed?

- How are the leading but different roles of urban regions recognized within national spatial policies, and to what extent
do spatial development plans have an impact upon the key drivers of city competitiveness? What needs to change in order to encourage sharper spatial priorities and more effective alignment of policies?

- What is urban policy, currently, and how should it change to fit new, globalising circumstances?
- What is the role of cities in regional competitiveness and how can current territorial and urban policies be drawn together more effectively?
- How do sector-specific policies impact, differentially, on major urban areas and how are these ‘implicit’ urban policies made more explicit?

CHAIRMAN

John West, Head, Public Affairs Division, Public Affairs and Communications Directorate, OECD

EXPERT

Alan Harding, Professor, Co-Director, Institute for Political and Economic Governance, University of Manchester, United Kingdom. Member, Expert Panel for Cities and Regional Development, Department of Communities and Local Government, Specialist adviser to the House of Commons Select Committee on Communities and Local Government

PANELLISTS

Ana Isabel Leiva Díez, Secretary of State for Territorial Cooperation, Spain
João Ferrão, Secretary of State for Spatial Planning and Towns, Portugal
Enrico Giovannini, Chief Statistician and Director, Statistics Director, OECD
Rudolf Niessler, European Commission, DG Regio, Director for Spain
Mona Heiberg, Deputy Mayor of Copenhagen, Denmark
Zainudin Bin Nordin, Mayor, Singapore

EMINENT PERSONALITY

Mary Robinson, Former President of Ireland, and former United Nations High Commissioner for Human Rights, Prince of Asturias Prize 2006

11:30–12:00 Coffee break

SESSION II URBANISING “SOFT POLICY INSTRUMENTS”

It has been argued that globalising processes are resulting in greater polarisation within metropolitan labour markets by generating higher demand for both high level and low level skills. The effect of this polarisation, it is argued, is increasingly reflected, via housing market choices, in higher levels of social and geographical segregation. If policies for education, skills and human capital more generally are central, then key metropolitan areas are to be able to face the challenge of building upon their competitive advantages whilst retaining a strong emphasis on social cohesion. This session examines the extent to which policies related to the development of human capital are sensitive to the challenges of urban competitiveness and cohesion and how they could respond more effectively. It focuses, in particular, on how various ‘soft’ policy instruments in education, skills, clusters animation and business-higher education linkages, the integration of immigrant communities and community sustainability are being shaped and effectively introduced to support metropolitan competitiveness.

Questions

- To what extent are national and regional policies for higher education linked to the competitive potential of key metropolitan areas and what does this mean for relationships between universities and sub-national authorities?
- How could the economic potential of key metropolitan areas, and the growing need for high level skills and innovative capacity, be further strengthened through targeted approaches to research and workforce development within the
To what extent does the delivery of primary and secondary education, training and programmes to encourage ‘sustainable communities’ help tackle, rather than exacerbate, problems of social cohesion and what best practice exists to demonstrate the potential of policy innovation in these areas in linking vulnerable social groups into the labour market?

How can these innovations be built upon and what implications follow for the way in which policies for the development of human capital are designed and delivered in key metropolitan areas?

12:00 – 13:30  
**A) URBANISING “SOFT” POLICY INSTRUMENTS: SKILLS, LEADERSHIP, DISTINCTIVENESS AND COLLABORATION**

**CHAIR**  
Fabrizio Barca, Director-General, Ministry of Economy, Italy, and former Chair of the OECD Territorial Development Policy Committee (TDPC)

**EXPERT**  
Will Hutton, Chief Executive, The Work Foundation, United Kingdom

**PANELLISTS**  
Beatriz Zavala, Minister, Ministry of Social Affairs and Human Development, Mexico

Sir John Bond, Chairman, Vodafone Group plc; and Chairman of the Mayor of Shanghai’s International Business Leaders’ Advisory Council

Sandy Baruah, Assistant Secretary, Economic Development Administration, Department of Commerce, United States

Ricardo Ehrlich, Mayor of Montevideo, Uruguay

Edi Rama, Mayor, Tirana, Albania

**EMINENT PERSONALITY**  
Fernando Henrique Cardoso, Former President of Brazil

13:30 – 15:00  
BUFFET LUNCH

15:00 – 16:30  
**B) URBANISING “SOFT” POLICY INSTRUMENTS: HISTORY, SPECIFICITY AND URBAN KNOWLEDGE ECONOMIES**

**CHAIR**  
Odile Sallard, Director, Public Governance and Territorial Development Directorate, OECD

**EXPERT**  
Saskia Sassen, Professor, University of Chicago, United States

**PANELLISTS**  
Lennart Rohdin, Political Advisor to the Minister of Integration and Gender Equality, Sweden

Yves-Laurent Sapoval, Interministerial Delegate for Cities, France

Bo Badholm, Lord Mayor of Stockholm, Sweden

Luis Castañeda Lossio, Mayor of Lima, Peru

Massimo Iezzoni, General Manager, Metropolitan Community, Montreal, Canada

**EMINENT**  
Enrique Iglesias, Secretary-General, Ibero-American Secretariat (SEGIB), former President of
SESSION III: URBANISING “HARD” POLICY INSTRUMENTS

Patterns of globalisation are particularly sensitive to urban connectivity and physical attractiveness. At the same time, the extent to which the benefits of globalisation can be diffused within and between metropolitan areas in particular national contexts depends upon the quality of communication links within the metropolitan labour market area and between major urban centres. The same comments apply to the cultural infrastructure and the pattern of high level public sector employment, where there is growing evidence that the ‘buzz’ of major urban centres is critical to attracting high skilled workers. It remains the case, however, that ‘infrastructure’ decisions in these policy areas are taken, in isolation, on a largely reactive basis according to relatively narrow criteria (e.g. the demand for and efficiency and safety of different forms of travel, historical precedent). One of the key challenges of an enlarged approach to urban policy is to introduce additional criteria, relating to economic competitiveness and the diffusion of the benefits of economic change, into infrastructure planning and investment. This session will look at examples of how this has already started to happen and examine practical ways in which the process of linking infrastructure planning to the potential and needs of key metropolitan areas and their residents can be extended.

Questions

- To what extent are the economic effects of infrastructural development taken into consideration within current policy processes?
- What examples are there of innovation in transport planning that address issues of economic inter-relationships between metropolitan areas and/or accessibility of the benefits of metropolitan employment growth to people who face labour market disadvantage?
- What are the spatial effects of related public investments in the physical fabric of cities and metropolitan areas, for example in housing, cultural facilities and the location of high level public sector employment, and how they could support a more targeted approach to the realisation of urban competitiveness and cohesion?
- What might a closer ‘fit’ between the potential and needs of major urban areas and infrastructure policy mean in terms of policy-making and the division of responsibility between national and sub-national government?

16:45 – 18:15 A) URBANISING “HARD” POLICY INSTRUMENTS: INFRASTRUCTURE, CONNECTIVITY AND THE PHYSICAL QUALITIES OF PLACE

CHAIR
Vincent Fouchier, Director, Institut d’aménagement et d’urbanisme de la région Ile-de-France (IAURIF), France, and Vice-Chair of the OECD Working Party on Territorial Policy in Urban Areas

EXPERT
Sir Peter Hall, Professor of Planning at the Bartlett School of Architecture and Planning, University College London. Founder’s Medal of the Royal Geographical Society, United Kingdom

PANELISTS
Takeshi Abe, Advisor, Ministry of Land, Infrastructure and Transport, Japan (MLIT)

Alessandro Bianchi, Minister, Ministry of Transport, Italy,

Antonio Carmona Rodrigues, Mayor of Lisbon, Portugal

Hanna Gronkiewicz-Waltz, Mayor of Warsaw, Poland
EMINENT PERSONALITY  
**Lee Hong-Koo**, former Prime Minister of South Korea and former South Korean Ambassador to the United States Chairman, The Seoul Forum for International Affairs, Korea

16:45 – 18:15  **B) URBANISING “HARD” POLICY INSTRUMENTS: INSTITUTIONAL COORDINATION AND COMPETITIVE ADVANTAGE**

CHAIR  
**Mark Kleinman**, Director, Regional, Urban and Economic Development Directorate, Ministry for Communities & Local Government, United Kingdom

EXPERT  
**Allen Scott**, Distinguished Professor of Public Policy and Geography, UCLA, School of Public Affairs, United States

PANELLISTS  
**Gilberto Kassab**, Mayor of São Paulo, Brazil  
**Mohamed Sajid**, Mayor of Casablanca, Morocco  
**Semiha Borovac**, Mayor of Sarajevo, Bosnia and Herzegovina  
**Petra Mateos-Aparicio**, President, Hispasat

EMINENT PERSONALITY  
**Petre Roman**, Former Prime Minister of Romania

20:30  **OFFICIAL DINNER (by invitation only)**
FRIDAY 30 MARCH

9:00-10:30 SPECIAL DEBATE: CITIES AND CLIMATE CHANGE

The contribution of cities to climate change poses a number of dilemmas. On the one hand, the concentration of households, firms and organisations in urban areas means that the larger cities of the developed world, in particular, are significant sources of harmful emissions. On the other, those cities that are in greatest danger from the impact of climate change are currently amongst the least 'guilty' polluters. At the same time, it is clear that huge contributions to the reduction of greenhouse gas emissions and the protection of people from the dangers posed by climate change can be made by and within cities, for example through improvements in urban design and accessibility, disaster prevention and waste management. This Special Session will discuss the implications of climate change for cities and what can be done both to minimise it and cope effectively with its effects. It will address the relationship between cities and climate change and explore the opportunities for improvement that an innovative urban policy could bring.

Questions

- How are the potential impacts of climate change on key urban areas currently understood? What implications follow for plans to protect urban populations from the potentially harmful effects of climate change? What outstanding challenges remain? What contributions can cities make to limiting future climate change, particularly through reduction in carbon emissions? How can they adapt former urban plans to these new concerns?
- What does this mean for change in the behaviour of urban populations, firms and organizations? How are these changes currently being organized?
- What implications follow for future policies on urban development? In particular, how to integrate environmental with social, economic and cultural issues in urban policies? How to deal with public resistance, e.g. when reducing the use of private cars? What should be the role of central governments in addressing pollution and gas emission in urban areas?

CHAIRMAN
H.E. Shinichi Kitajima, Ambassador, Permanent Delegation of Japan to the OECD

PANELISTS
Ira C. Magaziner, Chairman, Clinton Foundation Policy Board
Banji Oyeyinka, Director, Monitoring and Research Division, UN-HABITAT
Paz González, Councillor for the Environment and Urban Services, Madrid, Spain

EMINENT PERSONALITY
Joaquim Alberto Chissano, Former President of Mozambique, and former President of the African Union

10:30 – 11:15 PLENARY WHAT POLICY OPTIONS FOR CITIES?
SESSION:
Recent OECD work has demonstrated a patchy but significant, cross-national process of devolution and decentralisation to sub-national levels of government as national governments have striven to adjust to the challenges of globalisation. Thus far, however, this process has had limited implications for the metropolitan scale. Whilst there are notable exceptions, it has proven difficult to re-organise sub-national government in ways that reflect economic as opposed to administrative realities. One challenge that remains, therefore, is to develop forms of metropolitan governance that can facilitate greater strategic integration between the authorities that make up urban regions and enable them to address challenges of urban competitiveness and cohesion more effectively. At the same time, devolution and decentralisation are likely to bring about more intense and potentially counterproductive territorial competition if they are not paralleled by the development of regional and national
policy frameworks. This final session assesses the governance options for a broader approach to urban policy that can combine a stronger role for national governments and more effective integration at the metropolitan level.

Questions

- What steps need to be taken in order to ‘urbanise’ key national and regional policies more effectively and support the search for competitiveness and cohesion in key metropolitan areas?
- What models of metropolitan governance currently exist and what incentives can be put in place by national government to enable them to work more effectively?
- How important is the re-organisation of sub-national governance to a new approach to urban policy and what are the main alternatives to institutional change?
- What does (would) a genuinely inter-governmental, partnership-based approach to the governance of urban policy look like? How can city leaders be engaged more effectively in national urban policy making?

INTRODUCTORY REMARKS

Mark Drabenstott, Director, Centre for Regional Competitiveness (RUPRI), Columbia, Missouri, United States; and Chairman, OECD Territorial Development Policy Committee (TDPC)

EXPERTS

Patrick Le Galès, Directeur de recherche CNRS at CEVIPOF (Centre for political Research) at Sciences Po and Professor of Politics and Sociology, Sciences Po Paris, France

John Friedmann, UN-HABITAT Award 2006, Honorary Professor, School of Community and Regional Planning, University of British Columbia, Canada

Juan Pablo Lozano, Vice-President, Businessmen Organization of European Capital Cities (OPCE)

11:15 – 11:45 Coffee break

11:45 – 13:30 PLENARY SESSION: CITY MAYORS AND MINISTERS’ ROUNDTABLE

CHAIRMEN

Mario Pezzini, Deputy Director, Public Governance and Territorial Development Directorate, OECD

Mark Drabenstott, Director, Centre for Regional Competitiveness (RUPRI), Columbia, Missouri, United States; and Chairman, OECD Territorial Development Policy Committee (TDPC)

ANIMATORS

Frank McDonald, Irish Times

José Antonio Zarzalejos, Director ABC

MAYORS

Letizia Moratti, Mayor of Milan, Italy

Mona Heiberg, Deputy Mayor of Copenhagen, Denmark

Mohamed Sajid, Mayor of Casablanca, Morocco

Valdimir Platonov, President, City Duma, Moscow, Russia

Luis Castañeda Lossio, Mayor of Lima, Peru

Hanna Gronkiewicz-Waltz, Mayor of Warsaw, Poland

Bo Badholm, Lord Mayor of Stockholm, Sweden

Filippo Penati, President of the Province of Milan, Italy

Mesus Pektas, Secretary-General, Istanbul, Turkey

Pierre Schapira, Vice-Mayor, Paris
MINISTERS

Ana Isabel Leiva Díez, Secretary of State for Territorial Cooperation, Spain

João Ferrão, Secretary of State for Spatial Planning and Towns, Portugal

Lennart Rohdin, Political Advisor to the Minister of Integration and Gender Equality, Sweden

Yves-Laurent Sapoval, interministerial Delegate for Cities, France

Sandy Baruah, Assistant Secretary, Economic Development Administration, U.S. Department of Commerce

Beatriz Zavala, Minister, Ministry of Social Affairs and Human Development, Mexico

Alessandro Bianchi, Minister of Transport, Italy

Takeshi Abe, Advisor, Ministry of Land, Infrastructure and Transport, Japan

13:30 - 14:30 CLOSING CEREMONY: THE WAY FORWARD

This concluding session will include:

- Conference Conclusions, H.E. Mr Alberto Ruiz-Gallardón, Mayor, Madrid
- Closing Remarks:
  - Luis Castañeda Lossio, Mayor of Lima, Peru, representing the group of cities
  - Alessandro Bianchi, Minister of Transport, Italy, representing the group of ministers
  - H.E. Ricardo Lagos, President, Club of Madrid
- Endnote from H.E. Angel Gurría, Secretary-General, OECD

14:30 – 16:00 Buffet lunch
ANNEX 2. SUMMARY RECORDS OF THE SESSION

Produced by the Madrid City Council

Introductory remarks

Participants

H.E. Mr. Fernando Ballestero, Ambassador, Permanent Representative, Permanent Delegation of Spain to the OECD.
H.E. Mr. Jordi Sevilla Segura, Minister for Public Administrations, Spain.
H.E. Mr. Ricardo Lagos, President of the Club of Madrid.
H.E. Mr. Ángel Gurría, Secretary-General, OECD.
H.E. Mr. Alberto Ruiz-Gallardón, Mayor of Madrid.

Mr. Fernando Ballestero opened the conference with a reflection on the significant number of municipal officials in attendance, demonstrating the important role played by cities and their authorities in the problems that must be addressed to foster economic development on the global scale. The purpose of today’s conference, he continued, is to foster debate to provide guidelines for the OECD’s future endeavors.

Mr. Ricardo Lagos emphasized that democracy is promoted when the central government delegates part of the decision-making to cities. In an increasingly global world, where the face of geography is changing, the city’s role is related to its capacity for management, he added. Mr. Lagos also pointed out that globalization should improve services, healthcare, education and the quality of life, which are the factors that determine a city’s competitiveness, and highlighted the need to ensure that cities offer our children equal opportunities. The challenge of today’s meeting, he concluded, is to help make cities more global and more human.

Mr. Angel Gurría spoke on the importance of today’s event, which brings together 30 countries to discuss the agenda of urban policies to help cities to respond to a more global world. He explained that the OECD has performed over 15 studies on the challenges posed to cities and published the report “Competitive Cities in the Global Economy” last year. Mr. Gurría posed the question: why have cities become so important in our world? Cities act as engines for innovation and business activity, serving as centers where ideas are formed, he emphasized. In order to face challenges, he continued, cities must develop hard and soft infrastructures to attract capital and improve the quality of life, becoming places where people want to live. Mr. Gurría identified three new challenges for cities: climatic change, migration and the enhancement of their attractiveness to encourage economic growth.

Mr. Alberto Ruiz-Gallardón stressed that the purpose of today’s conference is to reflect on the policies that cities demand as humanity becomes more and more urban. Now there are more urban
inhabitants than rural ones, the result of an unprecedented and irreversible process, he added. Social changes should invite us to look towards the future with optimism, Mr. Ruiz-Gallardón emphasized, but the progress of humanity is accompanied by tremendous challenges found mainly in cities, with examples such as overcrowding, relocation of companies and the need to improve infrastructures. A shared, joint process of thinking is needed to find the answers to questions that are somewhat overwhelming, he said, concluding that crisis and opportunity are essentially the same thing.

Mr. Jordi Sevilla Segura spoke about the fact that the urbanization process is a challenge that requires us to think about the policies that we need and the ones that are not sustainable. Within cities, we find creativity and innovation, but also social fractures that must be addressed, he explained, adding that urban matters are influential on all levels and demand a joint intervention from all levels of government. Mr. Sevilla Segura pointed out that in Spain, the growth of cities due to migration is already a reflection of globalization. He cited the example of two specific laws drafted for Madrid and Barcelona, and announced that a “Conferencia de grandes ciudades” would be organized after the municipal elections.

Session I: Urban hierarchies and the role of policies

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<th>Participants</th>
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<tr>
<td><strong>Chair:</strong> John West, Head, Public Affairs Division, Public Affairs and Communications Directorate, OECD</td>
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<tr>
<td><strong>Expert:</strong> Alan Harding, Professor, Co-director, Institute for Political and Economic Governance, University of Manchester, United Kingdom. Member, Expert Panel for Cities and Regional Development, Department of Communities and Local Government, Specialist adviser to the House of Commons Select Committee on Communities and Local Government.</td>
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<tr>
<td><strong>Panellists:</strong> Ana Isabel Leiva Diez, Secretary of State for Territorial Cooperation, Spain. Joao Ferrao, Secretary of State for Spatial Planning and Towns, Portugal. Enrico Giovannini, Chief Statistician and Director, Statistics Director, OECD. Rudolf Niessler, European Commission, DG Regio, Director for Spain. Mona Heiberg, Deputy Mayor of Copenhagen, Denmark. Zaunudin Bin Nordin Mayor, Singapore</td>
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<tr>
<td><strong>Eminent personality:</strong> Mary Robinson, Former President of Ireland, and former United Nations High Commissioner for Human rights, Price of Asturias Prize, 2006.</td>
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Mr. John West opened the floor with a comment on how the world and its cities are changing through technological development. Globalisation affects cities in different ways; some have grown, others are now smaller. Also, governance is changing, and there is a trend to more open democracy.

Mr. Alan Harding illustrated his point with a story about a study conducted in the Netherlands in the 1990’s about the creation of a “big city policy”, implemented on Rotterdam and Amsterdam by the National Government, in an attempt to develop a “city province” that included citizens. The initiative failed due to citizen’s complaint about a lack of its involvement and feeling that the cities they belonged to were being fractionized without their consent. This made the government realise the need to pool its resources to rethink its policy. Issues arose such as the use of the land in urban areas (commercial rather than housing) and created conflict in the government. The key issue of unemployment was also raised, stating it as a relative term, depending on the scale that is used. Mr. Harding also pointed out that there is evidence that development of the global economy is being more successful in major, developed cities, and that we are creating a Global Archipelago economy, with increasingly divided cities. The Challenges that
cities face are: Scale, Spatial Planning, Regional Policy, Infrastructure and Multi-level Governance. Mr. Harding made emphasis on the need to decentralise.

Mrs. Ana Isabel Leiva Díez spoke about the decentralisation in Spain that has strengthened the competitiveness of Spanish cities. Spanish municipalities enjoy a level of autonomy thanks to their critical mass and maximised resources. Spain’s decentralisation expresses itself in its 17 autonomous regions, composed of a main city in each province and a capital city that enjoys certain autonomy with regards to town planning, environmental issues and are centres for creative development that broaden citizens options.

Mr. Rudolf Niessler marked Spain as a dynamic economy in Europe, with the highest urban population growth rate of 3%, and one of the top growing economies, driven, in its core, by immigration. In a recent economic report, cities were identified as the engines of European economies, with a higher GDPs than in other areas, centres of communications, innovation and talent, that lead to significant human resources and entrepreneurship. The best examples in inclusion in global economies are seen to be those that have more than 1 million citizens, that form a modern knowledge economy, like Barcelona, Munich, Lyon… although smaller cities such as Grenoble and Cambridge, and tourism-centred cities like Malaga or Palma de Mallorca are becoming top players. Mr. Niessler also identified the need to learn from cities with balanced policies and raised the problem of sustainable development, addressing urban sprawl and traffic issues, and that we must not neglect social cohesion.

Mr. Zaunudin Bin Nordin spoke about Singapore as a small city state, open to trade and investment, and how it has had no choice but to embrace globalisation, and how it has done so by catering for its growth and inviting investment, new industries, and maintaining local and foreign talents. Singapore is a growing city state that although has no natural resources, uses those of neighbouring countries in a forward planning policy, transforming Singapore into an urban city. Problems do arise but have to be balanced.

Mr. Joao Ferrao talked about the arising new urban hierarchies, and the relation between Lisbon, which is considered to be too big for Portugal but too small for Europe, and the rest of Portuguese cities, and how regional cohesion should be present. He spoke about the implementation, for the first time, of urban policies in Portugal, the need for coherent instruments to be managed in a coordinated way, to resolve the tensions between implicit and explicit urban policies, dealt with by the different ministries, i.e. Ministry of economy, culture, transport and others.

Mrs. Mona Heiberg explained that Denmark is a country, which has its population concentrated in Copenhagen and its surrounding area. Also, job creation is extremely important, and numbers illustrate the importance of competitive cities, especially in small countries, where the trend for concentration in one city, normally the capital city, created growth that benefits the whole country, and governments needs to focus on this.

Mr. Enrico Giovannini stressed the importance of statistics in a knowledge economy/policy, and how we need to identify what kind of knowledge should shape these policies, the need for the shared knowledge of citizens and policy makers, and for policies to focus on helping citizens make better decisions, in a way that the shared knowledge is not biased. We need to bring statistics back to the core of the debate. He also pointed that the public sector must invest as many resources as the private sector into infrastructures. The public sector has to understand what an information society is about.

Mrs. Mary Robinson pointed out the need to link expertise at a national, city and institutional level, represented in organisms such as the OECD and the European Commission, to deal with the three main challenges that we face today: Climate change, which she feels cities are beginning to tackle, Migration, where it is at a city level that it matters, and where migration can make a rich contribution, and statistics,
that show us that in 2020 the biggest, most developed cities will be in the poorest countries. Countries in the OECD region should share their urban policies with poorer cities, reach out and pass on knowledge and best practices, so that we can all benefit from them in the long term.

Session II: A - Urbanising “soft” policy instruments: skills, leadership, distinctiveness and collaboration

Participants

Chair: Fabrizio Barca, Director-General, Ministry of Economy, Italy, and former Chair of the OECD Territorial Development Policy Committee (TDPC).


Eminent Personality: Fernando Henrique Cardoso, Former President of Brazil.

Mr. Fabrizio Barca opened the discussion by summarising the questions that the session would address. After identifying the production of knowledge and innovative behaviour as key issues to emerge in the past decade, Mr. Barca posed several questions, including: How can cities make the most of their centres of knowledge? Do cities take advantage of these opportunities to tackle the problems of disadvantaged areas and people? Do cities make the most of the leadership potential in immigrant communities?

Mr. Will Hutton spoke about the true meaning of globalisation and the globalising city. In some cases, globalisation, which has become a sort of “catch-all phrase”, has little or nothing to do with certain problems, which stem from internal forces at a national scale. With the vast growth in the knowledge economy and arrival of new technologies, the structure of demand has changed as consumers spend more money on knowledge resources. Consumers are now becoming concentrated in cities, where cluster effects can be observed and companies can organise their responses to them. Cities must maximise the pre-existing economic advantages in their areas and align their policies and jurisdiction to this reality, Mr. Hutton concluded.

Mr. Ricardo Ehrlich highlighted the rapid and intense change underway in our global society. Change has caused imbalances and inequalities, generating a series of consequences, particularly the displacement of people. After acknowledging that the urban model is changing, Mr. Ehrlich pinpointed the need to construct new policies that address inequalities in order to eliminate the internal walls within cities. In conclusion, he stressed the need for social cohesion, solidarity and tolerance in today’s urban policies.

Mr. Edi Rama spoke about his experience as mayor of Tirana, Albania, and the problems that the city has been facing in its struggle to adapt to the new reality of democracy. He placed special emphasis on the importance of fostering a sense of community and identification with public spaces among a city’s inhabitants. With a simple change -painting buildings in bright colours- , his city was able to generate
debate, interest and greater cooperation among its citizens while attracting investments and renewed interest from journalists abroad.

Sir John Bond talked about the existence of great polarisation in cities, where the poorest and the richest people work side by side. Having the least access to information technology, immigrant communities are at a particular disadvantage. When people are excluded from ICT, they are also excluded from the interactions of modern life, he asserted. At the same time, ICT offers the potential to create new links and cohesion in our communities. In conclusion, all of us – academics, businesses, governments and NGOs – must ensure that the basics of education in ICT are accessible to everyone.

Mr. Sandy Baruah identified six principles to consider: 1.) We must acknowledge that we live in a global economy and adapt accordingly. 2.) Urban and rural economies and their prosperity are interlinked. 3.) The policy tools of competitiveness can no longer be pursued separately. Economic development, workforce development, educational strategies and other areas must be pursued in concert. 4.) All of our efforts must be based on fact and not feeling. It is fundamental to distinguish between what is good and what is best in government. 5.) Everything that we do in the public and private sectors must be focused on the question “what is next?” 6.) We must acknowledge the progress that we have made, reflected in the fact that terms such as “innovation” and “national competitiveness” have become a part of mainstream language.

Mrs. Beatriz Zavala emphasized that one of the greatest challenges of the 21st century is to build cities of equality, adding that the time has come to reflect on urban sustainability. After asserting that governments must adopt a vision that promotes growth, she talked about the territorial capital concept in Mexico and the need to strengthen territorial policies in order to improve the quality of life, especially for migrants. As concrete strategies, she identified the need to achieve equality and a sense of community, citing two programs designed to generate work, opportunities and citizen participation in Mexico.

In his closing remarks, Mr. Cardoso discussed the way that ideas about urban organisation have changed in the past few decades. Drawing conclusions, he encouraged policy makers to think on the regional scale rather than considering cities alone. Networks based on electronic contact are creating new worlds and a new form of cohesion in the face of global problems such as climate change, he added. More and more, people will depend on the feeling of community and solidarity in the global society.

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**Session II: B - Urbanising “soft” policy instruments: history, specificity and urban knowledge economies**

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<td><strong>Chair:</strong> Odile Sallard, Director, Public Governance and Territorial Development Directorate, OECD.</td>
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<td><strong>Expert:</strong> Saskia Sassen, Professor, University of Chicago, United States.</td>
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<td><strong>Panellists:</strong> Yves-Laurent Sapoval, Interministerial Delegate for Cities, France. Bo Badholm, Lord Mayor of Stockholm, Sweden. Luis Castañeda Lossio, Mayor of Lima, Peru. Lennart Rohdin, Political Advisor to the Minister of Integration and Gender Equality. Massimo Iezzoni, General Manager, Metropolitan Community, Montreal, Canada. Eminent Personality: Enrique Iglesias, Secretary-General, Ibero-American Secretariat (SEGIB), former President of the Inter American Development Bank (IDB).</td>
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Professor Saskia Sassen stressed the need to make new policies, to think “outside the box”. She described the knowledge economy as an object of universal desire and highlighted the importance of the deep historical past of a city: regions need to extract knowledge from the past to shape a good knowledge economy. Globalisation brings homogenisation of the city landscape, its business districts, airports, transport systems, and a homogenised infrastructure, and that we must stop to examine what its happening to that infrastructure. We must expand the range of policies to include regions, sub regions, urban and metropolitan areas to do so. Mrs Sassen also suggested that, in the current trend of outsourcing, we should try to do it from within, and stressed how the concept of “mega region” allows this. She ended by saying that a good urbanisation of our cities should look back to their specificities.

Mr. Luis Castañeda Lossio spoke about globalisation in the context of Lima. The key lies in improving citizens’ quality of life, he stated. If social issues are not addressed, if we don’t fight poverty and encourage social mobility through education and technology, the result is a violent city, from which people stay away, he pointed out. He talked about the progresses made in Lima for this purpose, providing technology and healthcare to those with no access to them. The support of private companies was quoted by Mr. Castaneda as a vital driver to success.

Mr. Bo Badholm also stressed that universal access to education is essential and illustrated this with the example of Sweden, where the current system contributes to foster cultural, racial, ethnic and religious diversity. That has a significant effect on social integration both in inner city and suburban schools. In order to stimulate learning we must encourage peace and security of both students and staff, he said. The results in Sweden have been very positive. There is an increased level of literacy - even in immigrant communities - and this proves that it is possible to break imbued trends.

Mr. Massimo Iezzoni stated the need of a plan to conduct an urban revolution to encourage growth at a metropolitan level. He pointed out four key elements to improve competitiveness at this level. 1.) A sense of urgency to work collectively to solve urban problems 2.) A “seat at the table” approach to policy making 3.) We need a list of strategies and partners at a metropolitan level to implement them. 4.) Sustained leadership to implement these strategies. He illustrated this with the example of Montreal, which has undergone a huge unification in a fragmented region. If cities strive to be at the top, he felt that innovation and cluster strategies were key elements.

Mr. Lennart Rohdin also underlined integration as both a key aim and a method for sustainable growth. Sweden is undergoing a transition at the moment: an evaluation of urban policies has shown that current measures are not enough. Segregation is spreading. Although there is encouragement for development in marginal areas, once individuals become successful they move away, so the area remains marginal. A shift towards more general policies is crucial to fight this as we must keep in mind that main levers for development are education, employment and improvement of language skills.

Mr. Yves-Laurent Sapoval illustrated his message setting France as an example of how different social structures demand different models. If the only goal for French cities would be competitiveness, their streets would be in flames. Cohesion is a must between and within cities and national governments should play an important part in urban issues. He spoke of France’s housing projects in the 70s, which have collapsed because they have become deprived areas with double unemployment rates than the rest of the country, ill-equipped healthcare services and lower income. This segregation calls for a city cohesion project, for which the main issues are education, economy, employment, healthcare, healthcare and safety. France has tackled these problems by setting up tax incentives in these areas and activating integration policies. He emphasised the need for interadministrative cooperation, even if it’s difficult to achieve, the effort is worthy and fully rewarding.
Mr. Enrique Iglesias summarised the session with three important conclusions. 1.) There is much to thank the OECD for the opportunity to bring up these globally recurring topics of the urbanisation in developing countries, citizen participation and migrations, which are all deeply interrelated. 2.) We must look at the global picture: specificity within the city is a good starting point, mainly its history, as there’s a growing trend to standardisation. 3.) In order to avoid segregation, especially in developing countries, social participation and democracy are vital.

Session III: A - Urbanising “hard” policy instruments: infrastructure, connectivity and the physical qualities of place

Participants

Chair: Vincent Fouchier, Director, Institut d’Aménagement et d’Urbanisme de la region Ile de-France (IAURIF), France, and Vice-Chair of the OECD Working Party on Territorial Policy in Urban Areas.

Expert: Sir Peter Hall, Professor of Planning at the Bartlett School of Architecture and Planning, University College London. Founder’s Medal of the Royal Geographical Society, United Kingdom.


Eminent Personality: Lee Hong-Koo, former Prime Minister of South Korea and former South Korean Ambassador to the United Sates Chairman, the Seoul Forum for International Affairs, Korea.

Mr. Fouchier opened the session with a fundamental question: how can we urbanise the “hard” policy instruments? These instruments, such as transportation infrastructure, have a long-term and direct impact on the face of cities. Citing the example of the Guggenheim in Bilbao, he pointed out that “hard” policy instruments can be used to boost employment and quality of life for the inhabitants of disadvantaged areas. Mr. Fouchier concluded by asking panellists to consider what kinds of “hard” policy instruments we need in our cities.

Sir Peter Hall raised five important questions: 1.) Do communications matter? 2.) Where should we make our investments in cities? 3.) Is urban quality important in building creative cities? 4.) Have cities seriously addressed these issues? 5.) Are national governments linking macroeconomic policies to spatial development policies? What more could they do? The speaker stressed the importance of focusing on human capital in our cities. In this new urban renaissance, we are developing our cities to attract young, single and childless people. However, he added, we must develop family-related policies so that these individuals don’t leave our cities when they start families. It is therefore essential to maintain low-grade and low-rent places while promoting physical regeneration. Cities like Vancouver, for example, could be in danger of “killing” their creativity by getting rid of its low-rent areas.

Ms. Gronkiewicz-Waltz spoke on the challenges faced by Warsaw in its efforts to become more modern. After 1990, the city started to respond to the effects of global trends, becoming a gateway for investments as well as new ways of management and labour organisation. Warsaw’s priority is to modernise, she emphasised, and its streets, bridges and sewage waste treatment system need improvement. The city is striving to attract new investors and architects, and is currently constructing a museum of modern art, an example of the combination of “hard” and “soft” instruments. When asked about the state’s
involvement in funding Warsaw’s projects, Ms. Gronkiewicz-Waltz clarified that the national government is occupied with aiding less developed cities and that Warsaw must manage its own budget.

Mr. Carmona Rodriguez stressed that European cities are facing many of the same problems. A city is never finished and is constantly transforming itself, he pointed out. Nevertheless, looking at human capital, the European population is aging very fast. We must encourage social inclusion while welcoming opportunities to transform old industrial neighbourhoods into attractive and creative neighbourhoods for young people, he said. Stressing the need to find solutions, set policies and pursue them in a sustainable way, Mr. Carmona Rodriguez also highlighted the importance of preserving the historic identity of cities like Lisbon, which has always been a point of departure and arrival in Europe. When asked about his city’s relationship with the national government, Mr. Carmona Rodriguez answered that there is no formal agreement or strategy between the two entities, as Lisbon’s budget does not depend on the state.

Mr Takeshi Abe explained that since almost all the cities in Japan were destroyed by bombing during World War II, the government’s efforts have been centred on housing and infrastructure while trying to encourage economic growth. Japan’s cities were the first to use some very advanced infrastructures, he pointed out, and the country continues to address its housing and transportation shortage. However, the economic crisis had a strong impact in Japan, causing many people to start to consider more human values and to place importance on the quality of life in public spaces.

Mr. Pektas discussed the fact that Istanbul, a city with over 3000 years of history, is facing infrastructure problems. Since 1994, the city has been renewing its sewage and water system, a project that has cost several billion dollars. Istanbul is tackling the challenges posed by immigration, he explained, and the density of its population is already quite high. The officials and politicians must find a creative way to slow down the population growth rate, Mr. Pektas continued. In conclusion, he stressed that the public sector must provide the means for the private sector to play a role in the investment process in cities.

In his concluding remarks, Mr. Lee Hong-Koo pointed out that within the context of globalisation, cities are facing very similar challenges. Using the example of Asia, Mr. Hong-Koo asserted that globalisation has brought about problems and possibilities. City governments can have a difficult time implementing changes, particularly in the “hard” policy areas, he added. However, these goals can be met by hosting big international events that stir a sense of patriotism, such as the Olympic Games or the World Cup. Other important topics to emerge in today’s session, he said, were the relationship between the metropolitan and central governments in planning infrastructure investment from a strategic perspective, the need to harmonise “soft” and “hard” policy, and the fact that both countries and cities like to preserve their identities, reflecting the fact that the social conservation aspect is important in the policy agenda.

Session III: B - Urbanising “hard” policy instruments: history, specificity and competitive advantage

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<td><strong>Chair:</strong> Mark Kleinman, Director, regional, Urban and Economic development Directorate, Ministry for Communities &amp; Local Government, United Kingdom.</td>
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<td><strong>Expert:</strong> Allen Scott, Distinguished Professor of Public Policy and Geography UCLA, School of Public Affairs, United States</td>
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<tr>
<td><strong>Panellists:</strong> Gilberto Kassab, Mayor of Sao Paolo, Brazil. Mohamed Sajid, Mayor of Casablanca, Morocco. Semiha Borovac, Mayor of Sarajevo, Bosnia and Herzegovina. Petra Mateos-Aparicio, President, Hispasat. Eminent Personality: Petre Roman, Former Prime Minister of Romania</td>
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Mr Mohamed Sajid talked about the economical and population growth in Morocco, where 20% of population can be found in Casablanca, the economic and social capital of the country, and the driver of its national economy. As in other countries, Morocco experiences a demographic shift, a rural drain, with its accompanying social and educational shortcomings. He emphasised the privileged position of Morocco, a very old civilisation, a vector of cultures, and that despite its history of greatness is now a developing country. Casablanca is a quarry from the political and economical point of view, with an almost virginal infrastructure that is beginning to develop a social framework. He stressed the importance of establishing an urban policy and a synergy of national administration to work hand in hand in joint effort to defend the needs of our cities, without forgetting to develop rural environments. Developing countries should learn to face their shortcomings and their limited resources, to be able to compete at a global level. In order to establish prosperity in a turbulent world, they must keep in mind their cultural resources.

Mr Gilberto Kassab presented the unusual case of Sao Paolo which, with its 11 million inhabitants, is larger than many countries, and where there is great racial and religious diversity, whose coexistence is vital to build a future history. In a globalised world it is fundamental for Sao Paolo to provide an example to the rest of humanity with its harmony and coexistence. The problems that such a huge community faces are those common ones of education and public health, as it is difficult for a solid framework to exist. He also declared that the key lies in defining the problems so that we can take the appropriate decisions for the people that depend on the government. Sao Paolo is making a positive headway in these issues but it still needs work.

Ms Semiha Borovac stated that, as cities are expanding, so are the problems and challenges we face, and that we must learn from our mistakes as well as from our successes. We have to live together without losing what is special. Sarajevo is a good example of that: despite war, we live side by side, religious institutions coexisting in heavenly tolerance. She also raised to issue of immigration, and how it is a double problem, as immigrants are regarded as dangerous by society and they in turn are isolated and do not integrate. The conflicts that can arise in and between cities are like those of a family, like sibling rivalry, but like in a family, we have to resolve them and, as a community, make room for what is different and welcome our “siblings”. She illustrated that cooperation was needed by Sarajevo’s recent rebuild after the brutal destruction of war and that this is the way forward. This has been made possible thanks to 1/ the historical character of Bosnia Herzegovina’s multilateral internal cohesion, 2/ the learning from past experiences and mutual respect, 3/ international economical assistance 4/ the return of property that wasn’t destroyed in the war to their rightful owners and 4/ the joining of Bosnia Herzegovina to Euroaltantic integration.

Ms Petra Mateos-Aparicio approached the issue from a corporate point of view, pointing out that we have to maintain a sustainable model. A recent study showed that the 10 top cities in the world are responsible for 20% of the worlds GDP, and that the GDP is higher in OECD countries due to the increased concentration of skills and resources, leading to a better quality of life. This inequality generates problems that we must resolve with infrastructure and with a formal structure for developing knowledge using “soft” resources (people) to build a creative policy. In her opinion, the three key factors for economic development and sustainable initiative that meets the need of citizens are: technology, talent and tolerance.

Mr Petre Roman, coming from a country recovering from dictatorship, believes in intensive urbanisation and development, re-establishing people who were excluded under the previous regime. The result is friendly communities not through cohesion but redistribution. He also spoke of the magnetism of cities with the multitude of opportunities they hold and how mankind grows as a result of a civilised structure, and that we must always have in mind the idea that the government is made of public servants, who have a huger responsibility to listen to the needs of citizens. He gave us some guidelines: We must use logic, must understand the value of history, and realise the importance of the need to understand technology and the behaviour of social organisations to set ourselves apart.
Special debate: cities and climate change.

**Participants**

**Chair:** H.E. Shinichi Kitajima, Ambassador, Permanent Delegation of Japan to the OECD.

**Panellists:** Ira C. Magaziner, Chairman, Clinton Foundation Policy Board. Banji Oyeyinka, Director, Monitoring and Research Division, UN-HABITAT. Paz González, Councillor for the Environment and Urban Services, Madrid, Spain.

**Eminent Personality:** Joaquim Alberto Chissano, Former President of Mozambique and former President of the African Union.

Mr. Kitajima introduced the topic of climate change as one of the greatest and most urgent challenges in today’s world. There is great potential for local governments to adopt policies and implement measures to achieve quantitative reductions in greenhouse effect emissions, he stated, adding that various directorates of the OECD are heavily involved in this important question.

Mr. Magaziner raised three fundamental issues: the global warming crisis, the role of cities in this scenario, and the Clinton Climate Initiative. The implications of global warming will become dramatic in the next 10-20 years, he said. Moreover, with the rapid increase in the world’s population, the number of people with access to electricity and the electricity and motorized transport-based economy is growing. Urban areas, which use over 70% of the planet’s energy and emit over 75% of greenhouse gases, must take action. By simply using the technologies that we already have, we could save up to 70% of the energy in our cities, he suggested. According to Mr. Magaziner, the Clinton Climate Initiative is taking action on several fronts, which include helping cities to find 4-5 major projects for energy conservation, organizing purchasing consortiums among cities, and establishing a global system to measure progress.

Mr. Oyeyinka pointed out that the urban population increase is centred in developing countries, especially in Africa and Asia. Climate change will have its greatest human impact in heavily populated cities, he added. The most vulnerable people are the urban poor, who live in slums and low-lying coastal areas that will be affected by the rise in sea level and flooding. Mr. Oyeyinka identified four key elements to help combat the crisis: initiatives to explore new technologies, institutions that will lead people in a new direction, the innovative use of materials, and efforts to bring awareness to policy makers in developing countries.

Ms. González emphasized the importance of institutional collaboration among all cities to solve the problems of climate change. Urban areas are in the best position to take ambitious action, as they can rely on their human capital and resources. Despite the differences across national borders, our world’s cities share the same objectives, she explained, stressing the need to create a new urban model with the collaboration of our citizens. Ms. González cited Madrid as a shining example in the area of urban waste management. Between 1990 and 2004, by implementing new waste management policies, Madrid managed to cut its greenhouse emissions by over 50%. Moreover, in the transportation sector, the government just approved a strategic document defines plans to broaden the use of biofuels and reduce the number of cars on the road.

In his concluding remarks, Mr. Chissano praised the work of the Clinton Foundation and highlighted the initiatives taken by the Club of Madrid, which has created a task force to develop a new formula to combat global warming. Citing the example of Africa, he pinpointed the need to make people aware of the dangers of climate change and how they are already reflected in the increasingly frequent droughts, food...
shortages and health problems in African countries. These problems affect rural areas, placing great pressure on urban zones as the population flows into the cities, he added. Mr. Chissano stressed the importance of educating people to make sustainable use of the resources around them and understand the relationship between their lives and the environment.

Plenary session: What policy options for cities?

Participants

Introductory remarks: Mark Drabenstott, Chairman, OECD Territorial Development Policy Committee (TDPC)

Experts: Patrick Le Galès, Directeur de Recherche CNRS at CEVIPOF (Centre for Political Research) at Sciences Po, Paris. John Fiedmann, UN-HABITAT Award 2006, Honorary Professor, School of Community and Regional Planning, University of British Columbia, Canada. Juan Pablo Lázaro, VO, Business-men Organization of European Capital Cities (OPCE).

Mr. Drabenstott opened the session by introducing the experts and pointing out the objective of this plenary session: setting the stage for round tables later on. He emphasized the importance of strategy, governance and innovation for cities and remarked that they don’t occur spontaneously. Cities need policies and to know who (state, regional or local level), what (priorities) and how (funding) to implement them.

Mr. Le Galès stressed the different ways of managing policies: from no policy at all – trying to mobilize resources instead of direct intervention –, to avoiding conflicts through regulation or using technical approaches as indicator systems. But policies matter because there is a long-time cost associated with doing nothing. Globalisation is very important, he said, but it doesn’t change all urban policies. Classic urban policies shouldn’t be neglected because the effects of globalisation reinforce the effects of some policies. It’s important to decide between an iron cage – lot of rules – or a glass cage – maximising transparency and participation -. Development is not geographical determinism – the capacity to govern and political drive remain essential.

Mr. Friedman commenced by pointing out the need to rethinking master plans. He defends a new term: spatial planning as a coordinating instrument focusing on three main levels– neighbourhood, municipality and region – whose main purpose is to enable better coordination of urban policies and large-scale project developments. In this context, planners will work as members of working teams alongside other experts with different knowledge, interests and concerns.

He presented this emerging model of spatial planning as an abstract, logical creation. But he also gave an account of an actual planning process that is a close approximation: Vancouver. He remarked that Vancouver has a new planning culture based on a consensual process initiated and led by the local state that involved, in addition to the Municipal Council itself, city planners, architects, developers and the general public. He concluded by saying that what we finally do is the result of thousands of conversations.

Mr. Lazaro stressed the role of cities as engines for development. He enhanced the importance of IT in fostering innovation and progress. Cooperation between Universities and companies is also a key driver for urban competitiveness as well as providing logistic platforms for SMEs to reach a global market. Education, intelligent immigration policies, developing powerful city brands and internationalising
programmes were other important policies to be addressed by governments to foster urban economic development.

**City Mayors and Ministers’ Roundtable: Group A**

<table>
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<th>Participants</th>
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<tr>
<td><strong>Chair</strong>: Mark Drabenstott, Director, Centre for Regional Competitiveness (RUPRI), Columbia, Missouri, United States; and Chairman, OECD Territorial Development Policy Committee (TDPC).</td>
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<tr>
<td><strong>Animator</strong>: José Antonio Zarzalejos, Director ABC.</td>
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<td><strong>Mayors</strong>: Hanna Gronkiewicz-Waltz, Mayor of Warsaw, Poland. Bo Badholm, Lord Mayor of Stockholm, Sweden. Filippo Penati, President of the Province of Milan, Italy. Mesus Pektas, Secretary-General, Istanbul, Turkey. Pierre Schapira, Vice-Mayor, Paris.</td>
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Mr. Drabenstott opened the session by introducing the mayors and ministers in attendance.

Ms. Zavala said that globalisation has made us conscious of the need to develop a common international environment and to create cities with greater equality. Citing the demographic dispersion in Mexico, she added that inequality is an important factor in cities, which are inhabited by very impoverished people. Much of the rural population is emigrating towards the cities and settling in the outskirts, presenting a challenge for urban planning. Ms. Zavala highlighted the need for the federal government to support the local authorities in the fight against crime, poverty and other pressing issues. She also backed the importance of improving the interconnectivity between cities and the public transportation in Mexico’s capital city without contaminating the environment.

Mr. Badholm spoke about the interactions between different levels of government and the structure of governance in Sweden. Stockholm has a special position in size and central location, he said, and the cooperation between municipalities is important. In order to govern efficiently in a city, he added, the local administration must maintain good contacts with local businesses. When asked by Mr. Zarzalejos for his observations on the time schedule differences in Stockholm, where activity shuts down at 7:30 pm, and cities like Madrid or Milan, Mr. Badholm said the number of work hours was actually quite similar except in the winter season, when the days are shorter.

Mr. Pektas explained that Istanbul’s problems basically stem from its high population density, but the government has started to expand the infrastructures for gas, water and sewage and the fibre optic cables to the outskirts of the city to improve the situation. More investments are required in the city, and the financial burden must be shared by the national and municipal governments and the private sector, he continued. Mr. Zarzalejos then asked Mr. Pektas whether his city’s geographic situation between both Europe and Asia affected the identity of its citizens. Mr. Pektas responded that Istanbul didn’t have identity issues, and that the transportation between the Asian and European sides of the city was the real problem.
Mr. Schapira emphasised the importance of fostering an ongoing exchange about the climate change phenomenon. Paris is exploring alternative forms of transportation in order to encourage people to stop using their cars, he said. The city is already collaborating and exchanging ideas with Copenhagen and Vienna, and would also like to collaborate with Madrid and Barcelona. In order to manage contamination and pollution in Paris, the city just opened a tramway system and has decided to extend it 15 kilometres further. Housing is another challenge for Paris, a city that attracts many immigrants, Mr. Schapira said. When asked by Mr. Zarzalejos about the recent uprisings in Paris, Mr. Schapira clarified that the disturbances had taken place in the region of Paris and not the municipal area, adding that the migrant population feels abandoned by the local authorities. The local mayors have tried to establish links between those cities and Paris, he said.

Mr. Takeshi Abe identified three important issues to consider: climate change, demographic change and the globalisation of the economy. City mayors should be the biggest actors in the resolution of these problems, he said. In Tokyo, 80% of the space is occupied by buildings and less than 20% is taken up by green areas and the river. As a result, the temperatures can get as high as 50 to 60º C, he said, highlighting the important relationship between the physical fabric of urban areas and our climate change programs. Tokyo is also facing the problem of population decline caused by low fertility rates, he said.

Mr. Penati made the point that globalisation is a cultural issue that causes great inequalities in our cities. Milan’s biggest problems include the environment and mobility, and getting funding to solve them is difficult, he said, stressing the need to create a system so that tax money stays in the local community. Mr. Penati also suggested that Milan City Hall needs some sort of institutional figure to deal with these issues. Mr. Zarzalejos then asked him about Milan’s relationship with the city of Rome and whether any rivalry exists. Mr. Penati answered that obviously a certain degree of rivalry exists, but that Milan is also able to use Rome as a benchmark for progress.

Mr. Baruah, after considering the topics discussed in the session, posed the question, “Where to from here?” He followed with two gentle warnings: 1.) Changing policy isn’t always the correct answer, so this tactic must be used with tremendous care. 2.) National policies are not always the answer. The better decision makers may be at the regional or city-state levels. As society becomes more global, targeting our policies for a regional competitive advantage becomes more important. Mr. Zarzalejos then asked him about the New Orleans tragedy and if the federal system really provides sufficient finances to older cities with lower standards of living, and whether this situation had changed the sensitivities towards financing cities in the United States. Mr. Baruah answered that it was a serious mistake to interpret an isolated example such as New Orleans as the norm, adding that many people forget about the speed with which the U.S. government rebuilt the financial district of New York after the 9/11 terrorist attacks.

Mr. Drabenstott concluded by summing up the major points discussed in today’s session. He suggested that people are feeling their identities disappear with globalisation, and stressed the need to create a policy environment in which citizens discover their best opportunities to pursue in the global marketplace. Mr. Drabenstott also pointed out the number of challenges faced at the city level. The fact that funding basically trickles down from the state to the local levels can be problematic, he added.
Mr Mario Pezzini introduced the session and set the topic up for discussion, which questioned cities as a domestic issue and if we should share an agenda on what to do for cities. He stressed on the subject of climate change as a strong preoccupation for cities and how these are a landing strip for migration, and that we should increase the attractiveness of cities to encourage mobility and increase productivity.

Mr Frank McDonald set Ireland as an example on one of the fastest growing economies in Europe, as it has gone from being one of the poorest to one of the richest in little over twenty years, and the problems that have arisen with this rapid growth. He put Dublin as the worst case scenario of urban sprawl, which occurred because of a lack of dialogue between the local and central government. He stressed the importance of this dialogue to resolve present and future issues.

Ms Ana Isabel Leiva Díez exposed on the different levels of government in Spain and how they interconnect to create a much needed dialogue between them. She spoke of the existing annual conference between the presidents of the 17 Autonomous Regions and the Prime Minister, and of the annual meeting between representatives of the municipalities with the presidents of the autonomous communities that prove that, in Spain, steps are being taken towards dialogue and letting everyone’s voice be heard.

Mr Mohamed Sajid reacted to Ms’ Leiva’s dialogue exposing the contrast between Spain and Morocco, which doesn’t have the kind of freedom that allows dialogue between regions and where problems pertaining to cities are not tackled by the central government. In the case of Casablanca, a port city, the port is managed by the central government without regard for the urban needs of the city, and this lack of dialogue harms the process of becoming a sustainable city.

Mr Yves-Laurent Sapoval expressed the need to establish global awareness of the importance of developing cities in a sustainable way, and how France is not an example, as cities and the relationships between them are very dysfunctional. His opinion was that, in order to solve the different issues that affect cities, they must share intelligence, and that public agents should deliver what they promise and follow up the problems they face on behalf of the citizens they serve.

Mr Luis Castañeda Lossio, spoke of the growing importance of cities, in a world where borders are melting, and set the example of Lima, which has been a crossroad of cultures since times immemorial, and more recently, a target for people form Brazil, Japan… He also asked the following questions: “Are receiving countries being as “good” to immigrants as South American countries have been in the past? Are the new receiving countries paying their historical debt?” He also pointed out that, in this globalised world,
the only thing we all have in common is contamination, and that we all have to “pick up the check”, and that we must do it in order to live longer and not pass on the debt to our children.

Mr Massimo Iezzoni, following on how different countries are tackling the discussed issues, explained that Canada is working at a municipal and regional level, and that we are dealing with an urban revolution, his motto was that we have to “think together globally and act together locally”, and that we have to change the way we make policies, to “sit at the table” to solve the problems of cities producing the alarming 75% of the world’s emissions. He also spoke, responding to Mr McDonald’s” mention of the “Cool cities” program in the US that was opposed by the government, about cities in Canada being the 2nd priority for the government, and how they are taking steps to work with the local representatives.

Mr Vladimir Platonov suggested that, given that we need to work on urban issues on a daily basis, to lean on organisations like the Club de Madrid or the OECD creating a blog where everyone can share their experiences, good or bad, solving urban issues, so that we can learn from each other. He also underlined the importance of the relationship between the state and the citizens being wholesome, without people in government believing that their problems are more important than those of the people they serve. The task, he said, was to evolve without upheavals, and shared knowledge can help with this.

Closing Ceremony

Participants

Conference Conclusions: Alberto Ruiz-Gallardón, Mayor of Madrid.

Closing remarks: Fernando Ballestero, Ambassador, Permanent Delegation of Spain to the OECD, Ricardo Lagos, President, Club of Madrid, Sandy Baruah, Assistant Secretary, US Department of Commerce. Luis Castañeda Lossio, Mayor of Lima, Peru.

Endnote: Angel Gurría, Secretary-General, OECD.

Mr Ruiz-Gallardón began by expressing Madrid’s gratitude to the outstanding number of participants and cities involved in the conference: a clear sign of the position of Madrid as a fertile incubator for innovative ideas. He pointed out the importance of the urban phenomenon and expressed his satisfaction that the three main objectives of the Conference have been achieved: 1) Fostering a transversal dialogue on urban policies 2) Opening this dialogue to national governments, and 3) Building up a critical mass of cities deeply engaged with the future of its citizens. As links between cities are now stressed by competitiveness, there are two key drivers for success through such competition: creating social capital and an intelligent use of space, and fostering its role as a point of exchange. He finished by expressing his wish to pass the baton to other cities.

Mr. Ballestero told the audience that Ms Moretti, Mayor of Milan, had an announcement to make. She announced that Milan will be hosting a new OECD Conference in February 2008.

Mr Lagos, for his part, went through the agenda that emerged from the Conference. He pointed out the main points: migrations, climate change – focusing on post-Kyoto – and the role cities must play in facing this challenge, including water and financial resources for cities. He emphasized that another important point – institutionalizing the effort – had been guaranteed by the generous offering of Milan to run with the torch by hosting the next meeting.
Mr. Baruah commented on the leading role of the private sector and that the best policy is very often not to interfere with the market. Moreover the paradox with policies is that, in many contexts, local policies are much more efficient than national policies. He pointed out five important dimensions that cities must take into account: size, speed, communication links, location and people.

Mr. Castañeda thanked the hospitality of Madrid expressing his acknowledgement for the high quality of the meeting and its significant value as a workshop for dialogue and reflection.

Mr. Gurría brought the meeting to a close, stressing that this conference had provided a solid beginning for the institutionalisation of the efforts to cope with globalisation. The emerging importance of cities’ demands, an open dialogue and the capacity to share problems is the key to success. His final words insisted on the pivotal role of city governance in determining who decides and who pays for urban policies.
Opening remarks by Angel Gurria, OECD Secretary-General, Madrid, 29 March 2007

Ministers, Mayors, Experts on Cities, welcome.

It was less than a year ago, at the OECD Forum on Balancing Globalisation in May, that Mayor Alberto Ruiz Gallardón, President Ricardo Lagos and I launched the proposal to hold a conference on “rethinking the urban policy agenda”.

I am confident that this conference, bringing together Ministers and officials from national governments, Mayors, and a number of the world’s top experts on cities, will be an important step in redefining the urban policy agenda so that it can respond to the dynamic and increasingly global world in which we live.

Your attendance, from about 30 different countries around the world - from Russia to Singapore, Denmark to Mozambique, Brazil to Egypt - attests to the importance that is now attached to cities around the world.

At the OECD we have recognised the need for increased attention on cities and urban policy for some time. We have conducted more than 15 analytical surveys of the issues facing different cities and their policy responses, from Stockholm and Montreal to Milan, Seoul and Mexico City. New surveys are underway, including for Madrid and Istanbul, but also Toronto, Sao Paulo and Copenhagen.

Last year we published a major report, Competitive Cities in the Global Economy, which brings together much of what we have learned so far on how cities can thrive in the new global economy. It contains many valuable policy ideas and I recommend it to you.

Why have cities become so important in the work of the OECD?

Cities play a central role, for they are clearly engines of growth for national economies.

Cities are drivers of innovation and entrepreneurship, where new ideas are developed and turned into commercial opportunities, leading to new products and services and creating jobs. Cities have been leaders in innovation: such as high-speed broadband and information technologies.

Cities typically account for a disproportionately strong share of a country’s GDP per capita, thanks largely to higher productivity. For example, our host city, Madrid boasts a per capita GDP more than 20% higher than the national average.

Cities create wealth to finance the health, education, pensions and other social dimensions of high-value society. The more advanced cities embody the knowledge economy, and act as a magnet for the talented people who generate new ideas.
But cities also fall victim to what is sometimes called the “urban paradox”—alongside high concentrations of wealth and employment, they also tend to concentrate a high number of unemployed and marginalised people. Cities have to deal with the challenges of economic adjustment, poverty and social cohesion, and in many cases with higher criminality.

What can cities do to meet these challenges? A key role for public policy is to provide the soft and hard infrastructures and services that help to make the city a competitive environment for firms and an attractive place to live for their employees.

To help firms, cities must play to their strengths. The clustering of large companies alongside competitors, dynamic smaller companies and research institutions represents a tangible advantage when innovating and competing in global markets. This is the comparative advantage that large cities have over other regions. Executives in Helsinki, Montreal and Stockholm, for example, underlined to us that the international competitiveness of their companies was strongly helped by the dense and specialised research environment present in their regions. The success of Nokia and other Finnish companies has helped to transform a natural resource-based economy into one of the most innovative and dynamic high-technology economies in the world. Initiatives to better link regional research institutions with industry are one example of how governments can use “soft” instruments to reinforce the competitiveness of a regional economy.

But hard infrastructure is also important. Careful planning of transport infrastructure makes the difference between managing growth and being the victim of growth. Many cities have road and commuter rail systems that have been poorly maintained. Reversing this underinvestment and dealing with congestion and pollution represent expensive challenges. More coherence between urban land use and transport infrastructure development can make a crucial difference to the daily lives of citizens. But decisions are often still taken from a narrow sectoral perspective that misses the essential linkages between the provision of infrastructure and economic strategies.

That is why in the last 5 years OECD has been focused on the links between urban competitiveness and governance.

These different policy issues still need to be addressed in order to strengthen the competitiveness of cities and contribute to their development. And the OECD will continue to improve the indicators of socio-economic performance of cities and produce specific case studies.

But I would like to stress now the need to go further. Globalisation is raising a number of important new issues for cities that need to be addressed as well:

First of all, climate change. Cities generate almost 70% of total gas emission. There is no doubt that improvements in urban design, housing stock, traffic congestion and accessibility, disaster prevention and waste management, are crucial component of a strategy to combat global warming. If cities fail to deal effectively with environmental challenges, our planet is in serious trouble. I am happy to see that this dimension is recognised and taken on board by this conference. I am particularly happy that we have the participation of the Clinton Foundation who launched the Climate Change Initiative for Cities last August where the 22 mayors of the largest metropolitan areas signed a commitment against gas emissions.

The second global issue we need to consider is migration. As markets become more integrated, it becomes clear that the movement of people is one of the most difficult aspects to manage globally. OECD metropolitan regions show that the contribution of foreign migration to population growth in large cities can be significant and positive. Madrid is perhaps one of the best examples. I saw that the immigrant population pass from 4 to 16% of the total metropolitan area in just over 5 years. Like many other cities,
Madrid would like to attract foreign skills, but needs as well to make better use of the existing migrants’ skills. How can policy become more opportunity oriented, better integrating immigrants and valuing multiculturalism and diversity?

The third aspect linked with globalisation is international attractiveness of cities. Major sporting events such as the Olympic Games or cultural events like Expo can transform both the structure and image of cities, giving a strong boost to the local and even national economy. How can policy makers ensure that the benefits of staging major events continue to act as a driver of growth in the city and its country after the event? In many cases, cities have struggled to capitalize on the impact of the events, leaving the city with long-term debt, underused infrastructures and a disillusioned population.

Let me stress here the crucial point: the necessary condition to deal with the different challenges and opportunities faced by our cities is to mobilize different stakeholders. Cities and regions have become key actors in delivering policies. National governments need to better align their respective policies and actions with that of cities and regions.

We should pursue this goal: Bringing together Mayors, Ministers and other key actors in an open dialogue to discuss how to redefine the urban policy agenda in a context of globalisation is a worthy and meaningful initiative. My hope is that this event will serve as a cornerstone for building a comprehensive set of tools to assess and improve cities’ competitiveness.

The challenges which our cities face are not easy, and I look forward to our discussions as we have much to learn from one another.

Thank you.

Summary and conclusion by Angel Gurria, OECD Secretary-General, Madrid, 30 March 2007

Ministers, Mayors, and Experts on Cities.

At the start of this Conference, I invited you to debate on a new urban policy agenda, one better adapted to a globalised environment.

This was no small task. Over the past two days, we have had stimulating discussions which I believe have allowed us to make important progress in identifying urban policy priorities.

We have heard about many changes in the urban landscape in recent years. We listened with great interest to ideas from around the globe on how to make cities more competitive and ensure that they generate growth for our societies, whether we live in the advanced economies of the West or the emerging economies of the developing world.

In our cities, citizens, industries and institutions must respond to the challenges of technological change and globalisation. In our cities, as elsewhere, we must deal with the social implications of change. We also heard that urban areas could play a central role in successfully addressing global environmental challenges such as climate change.

If we are able to create innovative, dynamic and sustainable cities, we will be a big step closer to having successful and prosperous societies.
We have recognised the need to redefine this agenda so that cities can adapt and thrive in a globalised world, rather than simply survive. What I heard over the past two days is very promising. It indicates a willingness to take a broad and genuinely integrated, partnership-based approach to urban policy. Only with such an approach can we achieve a much-needed “renaissance” in the urban policy agenda.

A key message emerging from our meeting is that there must be closer consultation – and closer cooperation - between national, regional and municipal governments and other actors, in designing and implementing policies that foster urban development. National governments have a key role to play in the success of cities, for the development of dynamic cities depends as much on national framework conditions as on an effective urban policy agenda.

Strengthening the partnership between national authorities and mayors is a key condition to achieving this common goal. This is perhaps one of the most important accomplishments of this conference. Mayor Ruiz Gallardón, many thanks for giving us this opportunity by hosting this successful conference.

Your proposal to create a joint Roundtable for Urban Strategy involving mayors, ministers and key players is very useful and concrete. As the hub of globalisation, the OECD would be pleased to take on this task and work in such distinguished company to improve the governance of cities. What will emerge from this “meeting of the minds” is a clear package of good practice policies for urban development, drawing on experiences from cities around the world, and on the insights provided by new tools to measure the competitiveness of our cities. I am convinced that together, we will elaborate a new and innovative urban agenda and make it happen.

Let’s already plan to meet again next year.

By building strong, dynamic and equitable cities, we can lay the foundations for a more prosperous world.

Thank you.
INTRODUCTORY PAPER FROM RUIZ GALLARDON, MAYOR OF MADRID

Introduction

Decades from now, we will be able to look back upon the early 21st Century as the time when the world became urban. As United Nations’ statistics confirm, for the first time in the history of civilisation, there are now more people living in cities than in any other form of human settlement.

Scholars and practitioners agree that globalisation is the epochal phenomenon that is restructuring our world. They also concur that nowhere are the actions of and reactions to global forces more evident than in the urban setting. Although faced with an extraordinary set of pressures, the response to which will require all of our imagination and tenacity, city centres, as Sir Peter Hall notes, “will retain their unique role in providing the most efficient locations” (Hall, 2006) because of the high concentration of economic drivers. Despite the emergence of the telephone, the computer, the mobile phone, the Internet, videoconferencing and a myriad of other telecommunications media, face to face communication remains vital for the “homo urbanis” we have become: cities are the setting for the intellectual and physical exchange we need to enrich mind and soul.

From the perspective of the “homo urbanis”, it seems self-evident that urban policy, the way processes are assembled to enable convivial life, is of the utmost importance for humankind as a whole. However, most of the guidelines that dictate the way we live in our cities were conceived by the nation state or with the nation state in mind. Today’s reality calls for a renewed approach that provides cities with instruments that allow them to better face contemporary challenges in the context of increasing competition on a global scale.

Engaging in a dialogue between a wide range of stakeholders and different levels of government in order to sketch a broader approach to urban policy can only be beneficial. The starting point must be an acknowledgement not only of the crucial role that cities have play global nodes and their importance in national economies, but also of their interdependence with other urban and rural systems beyond their metropolitan borders.

The City of Madrid hopes that the international conference “What Policies for Globalising Cities? Rethinking The Urban Policy Agenda” will signify a confident step towards much needed joint action to help cities cope with, as well as benefit from, globalisation. The conference’s roots date back to May 2006, when on the occasion of the OECD Global Forum in Paris, the Mayor of Madrid was asked to provide his view on issues of globalisation and its impact on cities. The Mayor proposed, within the framework of collaboration between the OECD and the city of Madrid, the holding of an international conference in the first quarter of 2007.

Thanks in no small part to Secretary General Gurría’s commitment, the idea resonated in our institutions with sufficient force that it led to the creation of a meeting point between international institutions, national governments and regional and local authorities. Together with social agents and citizens, these bodies will establish a candid dialogue on the pressures and opportunities that our cities
share, and craft a roadmap towards cohesive and sustainable development through one of humankind’s most important assets: our cities.

The city of Madrid wishes to use this opportunity to begin a continual dialogue where theory and pragmatism come together. Humbly, but with determination, we call for all concerned to strive beyond beautiful speeches and to genuinely share ideas and craft specific outcomes leading to a better future for all. We began this process by looking at ourselves. In order to better understand the dimensions and ramifications of the pressures Madrid is facing, the city council embarked on a process of introspective self-examination with the assistance of the OECD, a process whose outcome will be published in a Territorial Review. This experience has confirmed that the process of identifying solutions the many common challenges cities face would benefit enormously from greater collaborative thinking between cities.

As President Ricardo Lagos remarked in his speech that opened the conference, the city of Madrid aims to constitute a working platform in order that, for Madrid and from Madrid, all interested and concerned parties can enrich our shared knowledge of the city and thus be in a better position to place urban issues at the centre of the radar across every level of government.

On the urban age

A new message has echoed in the many forums that have been held recently on urban issues: as we come to terms with the urban age, we need to realise that urban issues have become a major challenge of our time, and every opportunity or pressing issue either originates in or has a strong effect on the city.

In modern history, our practical and idealised models for urban agglomerations have shifted in response to successive urban crises. The conditions suffered by the working class in the early phases of industrialisation triggered planners’ visions of garden cities; congested urban cores gave way to the sprawl, extensive land consumption, of the dispersed city; later, abandoned inner cities prompted a number of urban renaissance initiatives to revalorise remarkable but degraded urban assets.

Cities, even in such a homogeneous sample as the OECD, are at different stages in the globalisation processes: some are dealing with sprawl, others with inner city congestion, many with both. It is practically impossible to prepare a single prescription that could be applied to all cities. Some cities are still industrialising; others have embraced an array of tactics to transform their economic base into systems defined by knowledge and innovation.

Following the prescription analogy, we might note how health systems have put an emphasis on preventative medicine as the only way to cope with the diversity and volume of symptoms. Reactive medicine is simply not affordable: there are not sufficient human, material or economic resources to simply react to all problems. This parallel perhaps illustrates how a broader concept of urban policy must induce proactive action if it is to cope with the dynamics of urban growth.

In the age of the knowledge-driven economy, cities stand at the forefront of the productivity chain. Cities have contrasting advantages of specialisation in added value production processes and the diversity of skills required to fill a range of jobs needed to ensure that basic and enabling systems can function properly. This concentration of skills and human capital makes cities centres of innovation, as is demonstrated by the fact that 8 out of 10 patents in OECD countries come from urban regions.

The cost of amalgamating these advantages is reflected in a number of negative conditions which, if not dealt with, could become tangible reasons for urban under-performance. Large agglomerations could make a city lose its original raison d’être - access to a concentration of skills in a compact area. The urban space needs to be adapted so that it can cope with scale without suffering the diseconomies of congestion.
Cities face socio-economic inequalities, unemployment, and poverty. Spatial polarisation, observers note, has fostered marginality and insecurity. The challenge of increased migration, and especially how to transform human capital in order to reduce exclusion and promote engagement, remains one of the key unanswered questions for many cities.

Delocalisation processes have affected the economic base of most OECD cities. In some cases, agile policy has used this challenge as a platform from which to develop a new economic base. In our case, an open dialogue amongst social agents, the business sector and workers’ associations has proven to be vital in making urban transitions effective whilst minimising social cost. In any case, the sizeable repercussions involved in urban issues demand close attention from national policy. Specific and non-specific urban issues must be viewed from joint perspectives, as city policies that bring different levels of government into alignment perform better than those characterised by antagonism between different levels. The OECD’s territorial studies present a valuable framework where the interests and capacities of the city and the nation state can be explored together.

Historically, as a city, Madrid has been attractive due to its people. Madrid is not blessed with the incomparable topographies of Rio, Vancouver and Shanghai, where rivers and coastlines have induced economic welfare and are today elements of attractiveness recognised by the world. From the capacity to amalgamate government bodies that spawned the Spanish state, its development in the post-war decades based on human and cultural contributions from every part of the country, and as a multicultural enclave since the beginning of this century, the strength of Madrid has always been directly linked with the capacity of its people.

Madrid’s open spirit has been moulded by a continual influx of people. For decades, the city received a substantial number of immigrants, from all corners of Spain, who were looking for economic opportunities for themselves and their families. In the second half of the 20th century, Madrid underwent a rapid transformation from administrative node, whose main advantage was being the seat of government in a centralised state, to a dynamic city in a multi-polar, decentralised territorial model, combining industrial strength with notable expansion in the services sector.

In recent decades, further growth has been stimulated by a new wave of immigration of an international nature from Eastern Europe, Latin America, North Africa and East Asia. Given the much increased importance of mobility in our time, the city is centring its efforts on learning how to best use this significant human energy not only to ensure a cohesive future for all, but also how diversity can have a positive impact on the city’s economic base.

The OECD’s *Competitive Cities in the Global Economy* suggested that Madrid could enhance its competitiveness by improving its productivity, through improved use of its land resources and strengthening the capacity of its human resources. Whilst certain powers regarding land use have been transferred to the local level, most of the competitiveness-related issues that the OECD has identified in its publication have a number of implications of governance which mean they can only be addressed effectively if approached from a multi-level point of view. The need to think about urban policy as an integrated exercise is especially acute in the case of large metropolises, where the scale and complexity of issues is extraordinary.

Since the turn of the century, Madrid has made great strides to put excellent infrastructure into place because it believes this to be a basic pre-requisite to compete. But mechanistic investment is not an end in itself; rather, it constitutes a means to an end. Looking forward, the city does not intend to engineer its issues away. Rather, it intends to build on a strong foundation made of airports, subways, telecommunications and environmental facilities to develop “soft” issues. In this century, Madrid’s challenge is, once again, to make the most of its people. The city must absorb human flows
whilst maintaining its equilibrium, transforming the energy of immigration into a positive setting of
diversity; channelling diversity into creativity; and shaping creativity into a tangible competitive
advantage. This must be done in parallel with the city’s efforts to increase its international profile, for
which we have to raise our standards and our readiness to share, participate, compete and cooperate.

The road ahead

One of the great city builders of our time, architect Mies van der Rohe, in his search for the aesthetics
of functionality, coined the statement “less is more”. Drawing on his words for inspiration, we propose
that a key factor in building a city in today’s world is “how to do more with less”. Cities that can achieve
more for their citizens using fewer resources are leaner cities. Lean cities are those that show growth in
their per-capita GDP, increased productivity, higher education levels, more patents and better social
integration whilst reducing their ecological footprint, energy consumption, emissions and crime levels.

Lean cities require the rethinking of the policy by which cities are governed, making it more agile and
better coordinated. As the OECD has pointed out in its “Competitive Cities” report, “national policies in
the past have been reactive and remedial.” Urban issues, given the speed at which they unfold, need
responsive and effective instruments that are “proactive and dynamic”; local governments, through
participatory mechanisms, can be closer to the raison d’être of policy – citizens, their needs and
aspirations.

We need to be informed to make better decisions and be better prepared to draft pre-emptive
measures. Networking initiatives that prioritise information sharing and generate tangible outcomes will
contribute to this, especially if they are able to encourage a multilevel dialogue. Our generation is the first
to be widely aware of the scarcity of resources. We have also become aware that we do not have the luxury
of reactive policy.

An increase in local reach and responsibilities will demand better coordination between multiple
levels of government, as well as institutional leadership between adjacent territories to align objectives,
better use of resources and less duplication and contradiction. Sharing responsibilities between levels of
government is not a zero sum game. Many multilevel projects die because of friendly fire. It is the
public-public alliance which can unlock opportunities for progress across territories. As Mrs. Anna Tibaijuka, Executive Director of UN-HABITAT, noted recently during the World Urban Forum in Vancouver, “it is necessary to urbanise national level politicians”. Concurrently, it would also be fair to
hope that local level government can abandon territorial silos and genuinely seek to build synergies beyond
metropolitan boundaries to link their efforts with those of the nation state.

Conclusion

The numerous forums focusing on globalisation and its impact on urban settlements that take place
every year have stressed how cities must be prepared to compete fiercely in an arena that extends well
beyond their national borders. If we define competition and cooperation as two sides of the one “improving
performance” coin, then we must agree that where there is competition, there can be cooperation. We have
come together today because we believe that the latter is greatly lacking. In simple terms, the task at hand
is far too complex and has effects on far too many people to be undertaken in silos.

We hope that our call to establish a collaborative platform focusing on our urban future and its policy
implications might resonate with all present and most of those concerned. For the OECD, the Club of
Madrid, and the Madrid City Council, organising this conference is not an end in itself. Rather, we see it as
a first step, a spark that can ignite an ongoing dialogue about rethinking urban policy that will make our
cities better prepared for the future.
We extend an invitation to share ideas for action as we seek to make our cities sustainable, inclusive and competitive. This is an invitation for ministers, mayors, experts and activists, for all of you attending this conference. We hope that cities with similar concerns and aspirations will take over the baton to make this forum a reality, so that, together, we can produce tangible results in our cities both in the short term and for future generations.
A/ GLOBALIZATION, SPATIAL ECONOMIC CHANGE AND URBAN POLICY

by Professor Alan Harding

Institute for Political and Economic Governance (ipeg)
University of Manchester

1. Introduction

The purpose of this initial paper is to understand how and why urban policy might be redefined in order not only to address the problems being faced by OECD cities but to build upon their actual and potential roles as dynamos of regional and national economic growth and innovation – have become more salient within policy debate. There is an emerging body of evidence to suggest that the larger, more diverse and ‘connected’ cities within OECD countries play critical, if differential, roles in a globalizing (or at least ‘internationalising’) economy and in linking the territories that surround them into international circuits of investment, trade, migration and communication. All the indications are that they are set to make increasingly important contributions to aggregate regional and national wealth and well-being in the future. At the same time there is a growing feeling that urban policies as they have been practiced across OECD countries, for all their variation, still tend to focus primarily upon dealing with the consequences of the past rather than helping equip cities to anticipate and deal with the challenges of the future.

That there is an apparent disjuncture between the claims that are being made about the renewed economic importance of key urban areas, on one hand, and the concerns that typically motivate public authorities when they develop policies that they consider to be ‘urban’, on the other, appears self-evident and in need of attention to some but is viewed suspiciously by others. What seems to unite all shades of opinion is a feeling that:

- The institutions of governance and policy frameworks that served the industrial and industrializing nations well, in terms of spatial development, at various points in the long period of economic growth that followed World War II came under increasing pressure from the 1970s onward

- A new institutional and policy ‘settlement’ is needed for the 21st century which takes account of the particular nature and geographical organization of an emerging ‘knowledge economy’, and

- ‘Sub-national’ issues of economic change, governance and policy need to be important considerations in any new settlement given the reappraisal of the nature and role of national government that has been a feature of the ‘globalizing age’.

What continues to cause controversy is whether the institutional and policy changes that have been witnessed over the last twenty years or so provide an adequate, coherent or justifiable response to changing conditions and, if not, what a new settlement with respect to spatial development should look like. Thus, for example, some of the more populist commentators have called for sub-national areas – be they ‘regions’ or ‘city-regions’ – to be recognized as the key building blocks of economic competitiveness and for policy choices and governing arrangements to recognize their ostensible superiority in this regard over the allegedly anachronistic geographies of most nation states (see, e.g., Pierce et. al., 1993). The logical conclusion of such accounts, often set out in a highly normative way (see, e.g. Ohmae, 1995), is, effectively, advocacy of a modernized version of the ‘city states’ that were an important feature of the global economic and political landscape in the period before the great age of nation-state building. More sceptical and critical commentators, on the other hand, deny that the nation state is, or need be, ‘in retreat’
in any obvious sense and argue instead that national governments are deeply implicated not only in the creation of new, transnational forms of governance – that they are, in effect, agents of globalization - but also in creating the conditions under which there is greater sub-national ‘competitiveness’. (Competitiveness, here, can be interpreted in at least two senses: one referring to improvements in sub-national business environments which enable the firms operating within them to prosper; the other to keener competition for economic activities and the assets that sustain them between sub-national public authorities, whatever outcomes this produces in terms of spatial patterns of economic prosperity).

The critics’ interpretations vary. Some (e.g. Peck and Tickell, 1994) have argued that evolving institutional and policy reforms represent an experimental and, as yet, unresolved search for a new ‘institutional fix’ whereas others (e.g. Brenner, 2004), whilst not denying that institutional and policy experiments differ depending upon national contexts and conditions, claim it is possible to identify some broad cross-national similarities in the direction of travel. Brenner’s argument is in many ways the polar opposite of that put by advocates of greater, institutionalized competition between sub-national areas. What he claims to identify, from an analysis of trends in spatial policy and moves toward the greater devolution and decentralization of powers and responsibilities to sub-national tiers and agencies of government in Europe, is evidence of the abandonment of the principles of national solidarity and ‘balanced’ spatial development that characterized the age of ‘spatial Keynesianism’. In its place, he suggests, is emerging a new and more regressive approach in which national governments increasingly identify the most economically competitive sub-national spaces within their sovereign territories– invariably the most powerful urban regions - and steadily refashion public policy priorities and sub-national governing arrangements in pursuit of two broad objectives. One is to support improved economic performance in and around the most dynamic areas on the assumption that this represents the best way to selectively underpin national competitiveness, irrespective of its distributional consequences. The other is to offload responsibility for addressing the challenges of less economically competitive sub-national territories to subordinate levels of government.

What these very different takes on the importance of ‘the sub-national’ have in common is that they tend to identify a critical role for cities in the future prosperity of the developed world. As a result, they view policies toward cities, in the broadest sense, as a vital political issue for the future. To the extent that they talk about ‘urban policy’, though, they do so in expansive terms and do not limit themselves to examination of the particular policy initiatives that public authorities specifically describe as ‘urban’. What separates these broad schools of thought, at least implicitly, is the degree of faith they place in globalizing processes – or, more accurately, the way in which globalization is managed - in helping bring about forms of spatial development that strike an appropriate balance between economic competitiveness, social equity and cohesion, and environmental sustainability and diversity. The divide, here, expressed in crude metaphorical terms, is between a conception of globalization that sees it as comparable to a plague of locusts that settles upon a particular territory only in order to squeeze maximum value from its assets before moving on, and one which sees it more as a system of irrigation that is not only essential to the prosperity of the globalizing ‘agent’ but has the inevitable effect of nourishing other, indigenous economic life forms too.

Having painted this broad picture of what is potentially at stake in the future direction of urban policy, the problem that must be faced is that whilst recent debates about the role of major cities in a globalizing era have demonstrated their growing economic and political importance, they have not yet provided much analysis of the implications for public policies. What remains in short supply, in particular, is comparative evidence about trends in urban development and urban policy on which a more informed debate can be built. This paper provides a modest contribution to the development of that evidence base. It is divided into four further sections. The next section provides some introductory comments on the way in which the issue of scale – both geographical and governmental - affects the way in which we understand patterns of urban change and the context within which policies for cities are made. The third section offers a brief
review of evidence on patterns of urban development in a ‘globalizing’ age. Following an assessment of a selection of recent, quantitative evidence on comparative urban economic change, it asks how new the patterns described by this evidence really are. It then moves to a discussion of some of the main arguments which suggest that recent changes represent a significant ‘break’ with the past and not just intensification of earlier trends. In particular, it examines the suggestion that the forces of agglomeration that apply in a ‘knowledge economy’ are significantly different to those that shaped urban development patterns in the late industrial period. The section ends with a discussion of the different implications that globalizing processes can have on cities with different sorts of characteristics.

The fourth section briefly examines the evolution and current status of ‘urban policies’, drawing attention to the variety of policy responses to be found in different OECD contexts but also to certain similarities. In particular, it discusses the status of urban policies compared to ‘mainstream’ ones whose urban effects are often very considerable - and geographically uneven - but whose design is rarely influenced by spatial considerations. The concluding section then puts the observations from the previous three sections alongside one another as a way of thinking through the implications for urban policy. Concentrating upon a series of strategic policy dilemmas, it sets out a number of ways in which urban policy might be broadened and redefined in the future. This discussion provides a clear link to the remaining papers which take up the challenge of looking in greater detail at how policy measures and the governance arrangements that accompany them might be further ‘urbanised’ and to what ends.

2. A question of scale

Before turning to the main substantive concerns of the paper, it is important to touch upon two sets of issues concerning the question of ‘scale’ that inform the subsequent analysis. The first concerns the way in which geographical units of analysis condition the way in which contemporary urban change is understood, be it in OECD countries or beyond. The second, inter-related concern is with the way the geographical layering of government at different levels impinges upon the way decision-making for urban areas is organized. In respect of both, there is emerging evidence to suggest that the notion of the ‘city-region’ has distinct advantages, certainly as a tool for analysis if not also as a way of identifying the scale at which certain policy interventions are best coordinated and delivered. The reasons for this have less to do with the clarity with which this term is defined and used and more with the limitations of current administrative geographies in defining territories that capture urban development patterns effectively.

There are a number of recent English language definitions of the term ‘city-region’ (Box A.1). It is clear, from this table, that there is no overall consensus on how a city-region is or should be defined. What each of the authors in question attempts to capture, however, is the difference between (a) the ‘administrative’ city which, for most sizeable urban areas, tends to comprise only the central municipal unit within a larger conurbation, (b) the ‘metropolitan’ city, that is the continuous built up area that surrounds a municipal centre (or has, over time, ‘swallowed up’ more than one formerly separate centre), and (c) the broader territory with which the central, administrative ‘city’ and its surrounding metropolitan area have significant interaction, for example in terms of workforce commuting or a wider range of ‘travel to’ and trading patterns that link people or firms within them to a more extensive hinterland (Hildreth, 2006). Here, we refer to this broader area as the ‘city-region’ but a variety of terms are used to describe it. Sassen, in her paper, for example, refers to ‘mega-regions’ and makes the point that their scale is now such that many are not constrained by but spill over national boundaries.
Box A.1. Recent attempts to define the city-region

“We have defined ‘city–region’ to refer to: a strategic and political level of administration and policy making, extending beyond the administrative boundaries of single urban local government authorities to include urban and/or semi-urban hinterlands. This definition includes a range of institutions and agencies representing local and regional governance that possess an interest in urban and/or economic development matters that, together, form a strategic level of policy making intended to formulate or implement policies on a broader metropolitan scale.”

Tewdwr-Jones and McNeill, 2000

“The city-region transcends the local level (as the basic administrative unit) and also goes beyond the city level. In a spatial sense, the city-region is very much like a conurbation or metropolitan area. Most importantly, the city-region is far more of a complex system than a monolithic entity. The evolving city-region constitutes a political and economic power field comprised of a variety of cultures and societies.”

Ache, 2000

“The concept of [the] city-region…..covers not only the commuting hinterland of the city but also the whole area which is economically, socially, and culturally dominated by the city.”

Davoudi, 2003

“The concept of the city-region can be understood as a functionally inter-related geographical area comprising a central, or Core City, as part of a network of urban centres and rural hinterlands. A little bit like the hub (city) and the spokes (surrounding urban/rural areas) on a bicycle wheel.”

UK Office of the Deputy Prime Minister, 2005

“From a geographic point of view, global city-regions constitute dense polarised masses of capital, labour, and social life that are bound up in intricate ways in intensifying and far-flung extra-national relationships. As such, they represent an outgrowth of large metropolitan areas—or contiguous sets of metropolitan areas—together with surrounding hinterlands of variable extent which may themselves be sites of scattered urban settlements.”

Scott, 2001

Source: Rodriguez-Pose 2005

Whatever term we use, the key point to note is that the area of influence around cities – their ‘footprints’ as it were – are rarely defined for administrative or even conceptual purposes. Whilst recent work for OECD has identified a number of interesting experiments with the actual or virtual ‘rescaling’ of the units of urban governance, it remains the case that changes in local government boundaries have rarely kept pace with patterns of urban development and the evolving relationships between administrative ‘cities’, their metropolitan areas and the broader territories with which they are substantially interconnected. As a result contemporary city-regions can be seen as complex amalgams of administrative bodies whose territorial scales affect the way they understand and respond to key urban issues and whose understandable tendency to operate ‘independently’ is tempered – for good or ill and with varying degrees of seriousness and success – by a variety of mechanisms designed to encourage greater policy integration at a larger scale.

These observations have implications for the way we understand urban development processes, and the complex patterns of growth and decline that constantly take place within any one city-region, and for governance and urban policy. Thus, for example, one of the criticisms often levelled at specific urban programmes is that because they tend to be targeted upon specific ‘problematic’ neighbourhoods, they can fail to take account of the relationship between these target areas and others in the broader urban context within which they sit. As a result, there is a tendency either for ‘problem’ areas to be ‘treated’ on a more or less permanent basis whilst the broader (ostensibly ‘unproblematic’) forces operating outside them – and
which often encourage their problems to recur - remain ‘untreated’ or, even when the ‘treatment’ is successful, for their ‘problems’ to be displaced to other areas of the city or beyond. The urban programme evaluation literature is replete with references to the waves of policy initiatives that have focused consistently upon the same areas with limited transformational effect and with observations that suggest it is easier to displace urban problems - homelessness, wordlessness, physical dereliction, crime and disorderly behaviour and so on – to other areas than to eradicate them.

Similarly, but on a more abstract level, understandings of urban development patterns that are based on observations of changes at or below the ‘administrative city’ level can also present a skewed picture unless they are set within their broader spatial context. To use the UK as an example, the history of urban policy over the last 40 years has been dominated, until relatively recently, by a narrative of ‘decline’ in which attention has largely been focused upon those areas that suffered greatest dislocation as a result of a protracted period of industrial crisis and found the transition from an industrial to a service-dominated economy most difficult to achieve. In many senses this focus was inevitable and understandable given the sheer scale of physical, economic and social disruption experienced within the mature (ex-) industrial zones of large conurbations and single-industry towns in particular. However, had city-regional units of analysis been used in trying to understand the dynamic geography of economic change, the narrative that underpinned policy responses would have been significantly different (even if the practical actions that resulted from it may have been similar). Rather than contrasting employment loss and population decline within administrative cities with better performance elsewhere and forming conclusions about ‘urban crisis’, a city-regional perspective would have offered a conceptual framework that could have:

- Taken into account the relationship between what was happening within city cores and their broader areas of influence, and
- Made greater allowance for the fact that short range decentralisation of employment and population from administrative cities, along with comparatively high rates of growth in economic activity and residential development on the fringe of certain metropolitan areas, could be seen as evidence of ‘competitiveness’, rather than ‘decline’, albeit realised in a different spatial form.

Thus, for example, the extensive city-region centred upon London in the UK would have been seen to exhibit relatively consistent employment and population growth even though trends within the metropolitan area – and especially the older core area of the city - for many years ran in the opposite direction. Similarly, had attention focused upon labour and housing market dynamics across the Manchester city-region, rather than concentrating largely upon the deindustrialisation (and eventual, uneven recovery) of the administrative cities that lie at the centre of the conurbation (Manchester and Salford), a better understanding would have emerged of the enduring importance of that particular city-region to the economy of England’s largest ‘peripheral’ northern region.

This is not to argue that the effect, far less the purpose, of taking a city-regional perspective could or should have been to turn a narrative of decline and ‘failure’ into one of stability or growth and ‘success’. Such an approach could not, for example, have hidden the fact that the long-term economic decline of the Liverpool city-region – a trend that has been arrested and reversed only very recently – was manifested in the loss of employment and population of differing levels of intensity from the administrative city, the metropolitan area and the broader city-region over a thirty year period (Harding et al, 2003). What it would have done, however, is present a more compelling, if necessarily coarser, picture of change in the spatial dynamic of the national economy that put the performance of administrative cities into better perspective. In the absence of this sort of understanding, caused in part by the fact that the geographies of governance did not encourage it, it took a long time to recognize that the process of ‘creative destruction’ that was taking place within UK urban economies had a positive side to it. In all probability it would not
have taken until 2004 for the claim to be made that ‘our cities are back’ (Core Cities Working Group, 2004) because there would have been a more ready acceptance that in most important respects ‘they’, viewed more expansively, had never really gone away.

This observation about the way urban economic geographies tend to be analysed is not, by any means, exclusive to the UK. A recent review of the literature on economic relationships between cities and regions in the United States (Parkinson, 2003), for example, refers to research evidence which suggests that the highest recent rates of economic innovation and business growth in the US have occurred on the suburban fringes of the largest and best-established metropolitan centres. However the review still goes on to contrast the performance of administrative cities with those of ‘suburbs’ rather than pose more interesting questions about city-suburban interdependencies and the comparative performance of city-regions (i.e. combinations of cities and their suburbs).

A further, less abstract reason why a city-regional framework for analysis is useful to policy debate is that it helps describe units that reflect, rather better than administrative geographies, the way urban life is now lived. It hardly needs pointing out that in OECD countries, where over half of the population reside in predominantly urban regions and the functions of rural areas are increasingly dominated by their relationship to urban areas and the needs of urban populations, the vitality and liveability of cities and towns plays a crucial role in determining both the overall national quality of life and the way it varies depending on where people are born or live. Neither is it controversial to point out that the shape and functioning of cities and towns the world over tend to become more complex as levels of affluence and mobility increase, transportation technologies become more advanced and public and private communication infrastructures and networks are extended. The results, evidenced over many decades, have been:

- A progressive loosening of the strong link that once existed between an individual’s place of work and/or daytime activities and his or her place of residence, and

- Depending upon the stage of economic development reached within particular cities and/or countries, a steady – and, until recently, seemingly irreversible – diffusion of economic activities and people over enlarged built up areas.

As a result, a growing proportion of residents within OECD countries increasingly lead what are effectively ‘city-regional’ lives or, at the very least, find their life chances are heavily influenced by their position within particular city-regional labour and housing markets. More and more people, whether they realize it or not, routinely cross administrative boundaries during their journey to work – the figure for the UK, notwithstanding the fact that the population sizes of its local authorities are amongst the largest in the developed world, was 40% at the time of the 2001 census. This percentage figure obviously increases as one moves up the occupational scale and reaches its peak for the highest status occupational groups in and around the largest cities containing the densest concentrations of employment. This pattern is demonstrated visually for England in Figure A.1 [see Appendix] which represents the major travel-to-work flows of professional and managerial workers (marked in red) to key urban centres (marked in yellow) as at 2001, the year of the last census. The extensive patterns of commuting it describes contrast with the more constrained patterns in Figure A.2, which depicts journeys to workplaces in the same urban centres for routine and unskilled workers.

What these figures effectively tell us is that for the more affluent and privileged members of the workforce, employment prospects at any one point in time are effectively determined by the opportunities available in ‘their’ city-region compared to others. For those with less valued skills the same ‘rule’ applies but is compounded by limits to personal mobility determined by income-earning capacity (and the variety of factors that affect it), transport costs and the efficiency and coverage of transportation infrastructures. In
both cases, it is city-regional fortunes, ultimately, that matter, even though these are experienced differently by different groups within the workforce. Similar observations also apply to urban ‘goods’ other than employment opportunities, given that travel-to-work patterns describe only one of the ways in which people use complex urban areas and the facilities that are distributed across them. People also travel to shop, to be entertained, to be educated, to travel, to consume public services and so on. It is perfectly possible, particularly in countries with a large number of local government units, for the adult members of a household located in one administrative area to work in another, send their children to school in a third, spend a proportion of their leisure time in a fourth, use the services of a hospital in a fifth, take a holiday flight from an airport located in a sixth, and so on. If this variety of non-work-related movements is also taken into account, it is clear that existing administrative boundaries mean considerably more to administrators, whose jobs are dominated by activities occurring within those boundaries, than to many of the people they minister to, whose lives are not nearly so constrained.

In short, the advantage of a city-regional scale of analysis is that it potentially provides the basis for a more sophisticated understanding of the economic, labour and housing market interactions between administrative cities, metropolitan areas and their broader hinterlands. In principle, it offers a sharper insight into changing national and international spatial economic geographies and a better evidence base for policy-making and debate. The problem, as OECD’s recent work on urban governance has found, is that because public policy issues are rarely thought about ‘city-regionally’, there has been a tendency not to collect, aggregate or analyse data at this scale. Although there are some signs of change, there is also limited institutional self-interest within the policy process capable of generating the momentum to address this gap in our understanding.

Instead, there is a tendency for issues related to unusually high levels of urban growth or decline – in terms of economic activity and population levels – to be treated separately, at least in national policy terms (and, in the case of countries with federalized systems of government, at the intermediate ‘regional’ scale, too). Both are generally addressed reactively through a range of disconnected policy instruments. On one hand growth tends to be managed through policy area-specific responses to the challenges it generates, for example in relation to housing shortages, heavy use of infrastructure and transport services, pressure on public services and so on. Decline, on the other hand, is often assumed to denote ‘special’ circumstances and triggers responses based on the assumption that additional, specific measures, over and above those practiced through mainstream policies, are required. As Section 4 demonstrates, specific ‘urban’ policies as they have been practiced in OECD countries can fit into either of these groups but tend to fall mainly within the latter category. Rarely, though, are the two understood in relation to one another at the scale at which this relationship makes sense. Even though, as Friedmann points out in his paper, strategic planning enables these connections to be made in principle, the all-too-common separation of land-use planning, as a ‘strategic’ activity, from decision-making in other policy areas means that planning documents often exist in isolation, can lack flexibility and purchase, and invariably become out of date relatively quickly.

Because administrative geographies rarely coincide with functional urban areas, and given that the national policies that could impose some order on strategic sub-national policy choices generally remain fragmented, integrated approaches to urban development are difficult to achieve at a ‘lower’ scale, too. What is not joined up at the ‘top’ or in the ‘middle’ is difficult to co-ordinate at the ‘bottom’. The division of metropolitan areas and city-regions into a multitude of administrative units tends to mean that, even with the best will in the world, there is more competition – for public and private sector resources, favourable regulatory decisions, facilities and people – than collaboration between these component parts, even when competitive behaviour does little more than shift activity and people around within the same broad place.

This is not to argue that there is a neat, rational geographical-administrative fix ‘out there’ waiting to be discovered or that the actions of a single ‘layer’ of institutions can ever be decisive in an age of complex, multi-level governance. Nor should it be denied that there is considerable debate about the pros
as well as the cons of administrative fragmentation. Work within the public choice tradition, for example, has consistently argued that competition between administrative jurisdictions is as healthy, for consumers of local public services, as is that between firms for the provision of commercial goods and services (see, e.g., Ostrom et. al., 1988). On the other hand there is an emerging literature (e.g. Cheshire, 1996; Cheshire and Magrini, 2002) which suggests there to be a significant correlation between superior urban economic performance and the existence of a territorial unit of governance at the city-regional scale. What this discussion clearly signals, however, is that the issue of governance, and the challenge of forging better horizontal and vertical connections between different decision-making spheres at a city-regional scale, is intimately bound up with urban policy, however defined, and presents some difficult challenges. We elaborate on this in the final section. First, though, we need to ask why these challenges appear to be particularly acute at the present time and how ‘fit for purpose’ urban policies, as they have been practiced thus far, are in facing them.

3. Urban change and the ‘new’ economy

Whilst we have argued for the merits of looking at processes of urban change through a city-regional ‘lens’, it remains the case, in practice, that present understandings are inevitably built upon data, routinely available for the recent past, which rarely adopt such a perspective. The first part of this section reviews a selection of evidence that builds upon data for areas whose geographies are larger than the basic local administrative units. These enable us to present a clearer picture of spatial economic change and to ask whether there are any common trends in the recent economic performance of OECD cities and city-regions. Our focus then shifts to how ‘new’ these patterns are and whether recent changes are adequately explained by conceptual literatures that deal with urban change in a ‘new’, globalizing, knowledge-driven economy.

To anticipate the evidence and trail the later discussion slightly, it is worth pointing out that the continued buoyancy – and, in many cases, resurgence – of key urban areas in the developed world that these data describe has come as something of a surprise to many analysts. Urban commentary within the Anglo-American tradition, in particular, has tended to present a view of cities as the source of society’s major ills rather than the generators of its creativity and wealth. As Storper and Manville (2006) point out, Anglo-American urban studies have:

...always been shot through with a powerful streak of pessimism. For almost as long as we have had modern cities, we have had predictions of [their] decline. This [is] a viewpoint that [has] transcended time and ideology. The 1960s and 1970s generated theories of urban crisis, while the eighties and nineties added the idea of urban obsolescence.

These authors are right to point out that Anglo-American urban social science is dominated by largely negative imagery; there are frequent references, for example, to urban ‘decline’, ‘decay’ and ‘poverty’, to cities as ‘sick’, ‘heartless’, ‘dispossessed’ and ‘desolate’ and to arguments that cities are (or were) ‘in trouble’, ‘at risk’ and ‘under siege’. In the early phases of the ‘information revolution’ twenty years ago, the prophets of urban doom were wont to go still further and argue that the freedom of locational decision-making for households and businesses ostensibly opened up by new communication technologies sounded the death knell for cities as we have known them. Once we no longer ‘needed’ to live, work or locate our businesses in cities, so the story went, we would happily desert them in ever-larger numbers. In reality, however, something close to the opposite appears to have happened.

The UK as an example

The experience of the UK, which went through a relatively early and protracted industrial crisis, is instructive here. The economic fortunes of the UK’s larger urban areas have improved significantly over
the last decade or so. This is particularly striking in the case of the huge city-region focused upon the

capital, London, but it also applies, on a lesser scale, to key provincial cities and conurbations. This broad

pattern is demonstrated by a series of figures [see Appendix] that describe change in Gross Value Added

(GVA) – the standard indicator of economic output used in the UK – at the ‘NUTS 3’ level; a common
data collection unit used by the European Commission which, in the UK case, groups a number of local

authority areas together at a scale that is typically smaller than administrative ‘counties’ or ‘regions’. The

figures are colour coded in order to illustrate gradations between the highest and lowest values in each
case.

Figure A.3 shows the distribution of GVA across the UK in 2003. It illustrates clearly how areas that
have the largest concentrations of total economic output are disproportionately grouped together in the
south of the country, in London, its immediate neighbouring areas and others slightly further away that, if
the figures showed major transport networks, would be seen to be best linked to the capital by key rail and
road infrastructures. Outside southern England, there are lesser but significant concentrations of economic
‗weight‘ in northern England, particularly around the cities of Manchester and Leeds, the English midlands
(around Birmingham) and, on a smaller scale, around the cities of Newcastle, in north east England, and
Glasgow and Edinburgh, the principle cities in Scotland. Figure A.4 shows the same data controlled for
population size in what is the best available proxy for productivity. The broad pattern is similar, with
output per head of population being highest in the ‘super-region’ around London and the areas of southern
England best connected to the capital and, elsewhere, in provincial metropolitan areas (which, on this
indicator, also include the capital cities of Wales and Northern Ireland – Cardiff and Belfast, respectively).
A comparison between the two figures confirms what has long been apparent to scholars of spatial
economic performance; that urban economies are not just large, in terms of volume of activity, but
inherently more productive.

More directly related to our concern to demonstrate recent patterns of spatial economic change,
Figures A.5 and A.6 depict increases in GVA and GVA per capita in UK NUTS 3 areas between 1995 and
2003. The pattern here is similar but even starker. Whether we look at absolute increases in economic
activity during this period or at increases per head of population, the biggest gains have been in the London
super-region and the areas best linked to it by physical communication infrastructures. The ‘hot spots’ of
the UK economy appear to be arranged in relatively continuous growth belts that start in London and fan
out from the capital along the major transportation arteries. The only remotely comparable growth belt –
albeit less continuous, smaller in size and less pronounced in terms of the rate of increase in output and
productivity – is in northern England, following the line of motorway networks that link the city-regions
focused upon Liverpool, Manchester, Leeds and Sheffield. Beyond this area, it is in the city-regions
focused upon the larger, relatively free-standing provincial cities and conurbations that economic activity
and productivity has increased most sharply.

These patterns become clearer still when we shift the focus away from the UK-wide picture and look
instead at economic change within each of the non-English UK nations (Scotland, Wales, Northern
Ireland) and the English regions outside the south east of the country. In general, here, economic
performance has improved fastest in the larger city-regions but as we move further south there appears to
be a ‘London effect’ that has also benefited certain smaller urban centres. Figures A.7-A.12 show the
change in share of regional GVA between 1995 and 2003 for each of the NUTS 3 areas within the more
peripheral nations and regions of the UK. The picture is broadly the same in all cases; it is the larger
metropolitan areas and city-regions whose share of regional GVA has generally grown fastest. Thus
Figure A.7 shows that the areas focused upon the cities of Glasgow and Edinburgh have seen their share of
GVA in Scotland grow fastest in this period, a characteristic they share with the north of the country where
recent growth has been from a far lower base. Figure A.8 tells a similar story for Northern Ireland where
the area focused upon the capital, Belfast, has made the biggest gain in GVA share. Figure A.9 shows that
the same goes for the area focused upon the city of Newcastle in relation to the rest of the North East
region of England, whilst Figure A.10 shows the area around Leeds to be the largest gainer of GVA share in the Yorkshire and the Humber region of northern England. Figure A.11 bears out the point about the northern England ‘growth belt’, made above, in that it shows the areas focused upon the cities of Manchester and Liverpool and the area between them to have gained most in terms of GVA share within England’s North West region. Figure A.12 shows the area focused upon the Welsh capital, Cardiff, to be largest gainer of GVA share in Wales.

Figures A.13-A.15 depict sub-regional changes in GVA share in regions closer to London. In all three cases, there is similar evidence of stronger growth in the main urban centres but also signs of a ‘London effect’. Thus Figure A.13 shows how GVA share has increased in and around two of the region’s main urban centres – Derby and Nottingham – and in the north of the region in an area which effectively falls within the Sheffield city-region. (Sheffield lies immediately north in the neighbouring region of Yorkshire and the Humber). The largest gain in GVA share, however, is found in the southern area of the region around Northampton which borders the south east and is most easily accessible from London. Figure A.14 shows that the largest gains in GVA share in the West Midlands region are concentrated in an area, running south and east from the city of Birmingham, which also borders the south east, contains the region’s international airport and enjoys the fastest road and rail access to London. Figure A.15 demonstrates that the largest gains in GVA share in the South West region are concentrated in the Greater Bristol area, whose eastern edge borders the south east and which is well connected to the capital by road and rail infrastructure, and, to a lesser degree, in an area centred upon Bournemouth which again borders the south east and has benefited from the recent decentralization of certain back office functions from the capital.

The ‘urban story’ within the UK over the last decade or so, then, is remarkably consistent. Essentially, it comprises two broad trends which have seen faster-than-average growth in and around each of the largest urban centres in parallel with increased domination of the UK economy by the steadily expanding London super-region. It could be argued that these observations are hardly surprising given that the UK economy has recently enjoyed its longest unbroken period of growth since the 19th century and it might therefore be expected that cities would be major beneficiaries of national economic buoyancy. Whilst obviously true in one sense, however, such a claim overlooks two important considerations. One is that ‘national economies’ do not exist independently of ‘urban economies’. Cities, and the firms, organizations and people within them, are not simply passive beneficiaries (or victims) of changes induced by external circumstances; what happens within cities actively shapes those circumstances in individually marginal but collectively significant ways. The other consideration, far more important to this analysis, is that ‘urban-ness’, in and of itself, was no guarantee of strong economic growth in the UK during the 1995-2003 period. There are numerous examples, particularly in the northern English regions, of smaller urban areas – particularly ones that had historic specialisms in mature industrial or trading sectors - with markedly more sluggish economic growth rates.

What this brief review of the UK demonstrates is a tendency toward greater differentiation in the economic fortunes of extended urban areas whereby:

- London and the super-region that surrounds it have outstripped the rest
- The city-regions focused upon the larger and more diversified conurbations that have historically been centres of private and public service activities have performed better than those that relied upon narrower economic specialisms, and
- Smaller cities and towns that have seen their specialized industrial base decline, particularly those that are remote from the capital, have fared worst in comparative terms.
**Spatial economic change in OECD countries**

It was not feasible, in preparing this paper, to undertake a similarly detailed analysis for all OECD countries. However, some broad comparisons can be made using data assembled by the OECD which compares figures on GDP, the other standard measure of economic output, at Territorial Level 3 (TL3) – the nearest equivalent of NUTS 3 – for the 1998-2003 period. The remaining figures [see Appendix] present two sets of data for TL3 areas in each OECD country (bar the US, Canada and Australia, where GDP figures at TL3 are not available), namely:

- The % of national GDP share accounted for by each TL3 ‘unit’, expressed as a series of ‘bands’, as at 2003; this gives a visual impression of differences in the economic ‘weight’ of each of the TL3 areas for the most recent date for which data is available, and

- The annual % change in GDP for each of the TL3 areas in the period 1998-2003, again expressed in various ‘bands’ which are the same for each country; this gives a visual impression of which areas have grown fastest within the period.

Once again, the figures are colour coded in order to represent gradations between the highest and lowest values in each case. These figures are not perfect for our purposes. It is not possible, for example, to compare sub-national economic output across countries because the TL3 data values are expressed as a percentage of national GDP rather than in gross terms. This means we cannot form any conclusions about the existence of, or changes in, the international urban hierarchy. Similarly, the use of a common set of bandings for sub-national GDP change across the OECD means that within-country contrasts are not as visually striking as they would have been if the bands had been chosen on a country-by-country basis to illustrate the range of differences between the fastest and slowest growing TL3 areas within each particular OECD nation. Care also has to be taken not to confuse relatively high, comparative rates of recent growth (for example in the Slovak Republic in comparison to Japan) with the absolute volume and importance of economic activity (on which Japan’s ‘ranking’ is infinitely higher).

Even with these limitations, however, the figures tell a country-by-country story that is remarkably consistent. They demonstrate that high levels of economic output, unsurprisingly, are concentrated in those areas centred upon the largest, most diverse and connected cities within particular national territories and, more important to current purposes, that trends between cities within the same country suggest that the emerging, more knowledge-dependent economy is associated with higher returns to (urban) scale. As in the UK, this tends to be reflected in greater differentiation between cities in terms of economic growth, measured in absolute or relative terms. Broadly speaking, we can divide urban development trends within OECD countries between 1998 and 2003 into three main groups. In the first, relatively high rates of economic growth across the entire country combine with the fact that economic ‘weight’ is disproportionately concentrated in a particular ‘primate’ city-region to reinforce the place of that city-region at the top of the national urban hierarchy. This is the case, for example, for:

- The area focused upon Dublin, in Ireland (Figures A.16 & A.17), where the capital city-region’s only rival, in terms of economic ‘weight’, is the geographically larger but less populated territory, containing a number of small, independent urban centres, in the south west of the country

- The comparable area focused upon Seoul, in South Korea (Figures A.18 & A.19), and

- The area focused upon Bratislava in the Slovak Republic (Figures A.20 & A.21).

The bulk of OECD countries fall into a second group in which overall rates of national economic growth in the 1998-2003 period have generally been more modest but where patterns of spatial economic
growth have, at the very least, seen a reinforcement of the pre-existing national urban hierarchy or - in most cases - seen the largest city-regions grow faster than the rest. In Scandinavia, for example:

- The dominant position of Copenhagen within Denmark has been reinforced by recent changes that have seen fastest economic growth in the capital city-region and the area around Aarhus but slower growth in other areas where GDP remains relatively high (i.e. around Aalborg and Odense) (Figures A.22 & A.23)

- The Oslo city-region has experienced a far higher growth rate than the rest of Norway, including the area around Bergen which ranks second in the country in terms of the concentration of GDP (Figures A.24 & A.25)

- Helsinki’s importance within Finland has been maintained as recent growth in the capital city-region has matched or outstripped that of areas focused on the country’s smaller urban areas (i.e. Tampere and Turku, respectively) and only trailed the growth, from a much lower GDP base, of the area around Oulu (Figures A.26 & A.27), and

- Stockholm’s economic importance in Sweden has been maintained as the growth rate in the capital city-region has matched those found in western and southern Sweden (including the areas around Gothenberg and Malmo) (Figures A.28 & A.29).

Similarly, within northern Europe:

- Recent growth rate in the capital city-region centred upon Paris has (a) matched those experienced in western and southern France which have also grown relatively quickly but, with the exception of the area around Marseille, from a much lower GDP base, and (b) outstripped those achieved in other areas with relatively high GDP (i.e. those centred upon Lyon and Lille) (Figures A.30 & A.31)

- Within the historically more balanced urban system in Germany, recent growth rates in and around Frankfurt, Munich, Stuttgart and the area to the north and west of Berlin have been higher than those of other areas – particularly those focused upon Dusseldorf, Koln and Hamburg – where GDP remains comparatively high (Figures A.32 & A.33), and

- In the Netherlands, recent growth in the area focused upon Amsterdam, and especially its eastern fringe, has outstripped that found in the area focused upon Rotterdam, the one other area of the country where GDP remains significantly higher than the national average (Figures A.34 & A.35).

The same broad trends can also be observed in southern Europe, where:

- The fastest rates of growth in Greece are found in the area centred upon Athens, which ranks highest in gross GDP terms, and in coastal and island areas, where recent growth is from a much lower base, whereas the other area of the country where GDP remains comparatively high – in the north of the country around Thessalonika – has experienced more moderate growth (Figures A.36 & A.37)

- Growth rates in the extended area around the capital, Lisbon, have been as high as in eastern and southern areas of Portugal but have been built upon a much higher GDP base whereas the other area of the country where GDP remains comparatively high – around Porto – has experienced minimal growth (Figures A.38 & A.39), and
• In Turkey, recent growth in the area focused upon the capital, Istanbul has been amongst the highest in the country and in excess of that achieved in the area focused upon Izmir, which ranks relatively high in terms of GDP. Ankara, however, is unusual in that it is one ‘second tier’ city in an OECD country that has experienced faster growth than its ‘first tier’ rival (Figures A.40 & A.41).

Within the same group of countries, in Eastern Europe, we find that:

• In Poland, the highest comparative levels of GDP are to be found in the areas centred upon Warsaw and Katowice but the highest recent growth rates are found in the former, again the capital city-region, rather than the latter, along with the area around Wroclaw which has grown relatively quickly from a lower GDP base (Figures A.42 & A.43)

• In Hungary, there is a very simple pattern whereby the capital city-region of Budapest dominates in terms of its economic ‘weight’ and its comparatively high level of recent economic growth (Figures A.44 & A.45), and

• Similarly, in the Czech Republic, the area around the capital, Prague, where GDP is highest, has experienced the fastest recent growth (Figures A.46 & A.47).

Only in a small group of OECD countries do we find evidence to suggest that the largest city-regions are not, in all cases, necessarily growing more quickly than other areas within their respective national territories. Within Spain, for example, GDP continues to be significantly higher in the areas centred upon the capital, Madrid, followed by Barcelona and, to a lesser extent, Bilbao, Seville, Valencia and Alicante. However the highest recent growth rates are found in the southern coastal belt which includes Alicante and Catalonia but not the other cities, where recent growth has been steady but more moderate (Figures A.48 & A.49).

This more mixed pattern is more noticeable still in the other OECD countries for which TL3 GDP data is available. Thus, for example:

• In Austria, the area focused upon Vienna continues to be vitally important in terms of economic weight as, on a smaller scale, do those around Linz, followed by Innsbruck, Salzburg, Graz and Klagenfurt. However growth has been moderate in most of the key urban areas, and relatively low in the areas around Graz and Salzburg, whereas the highest levels of recent growth are found in the south and west of the country between southern Germany and northern Italy and towards the borders with Slovenia and Hungary (including the area south of Vienna) (Figures A.50 & A.51)

• In Italy, the highest concentrations of GDP continue to be found in and around Milan, followed by Turin, Rome and Naples. However growth in these areas has been relatively sluggish and Florence is the one large urban area in the country in the group of TL3 areas in which GDP has grown fastest (Figures A.52 & A.53)

• In Belgium, the highest comparative levels of GDP are found in the areas centred upon Brussels and Antwerp but it is the area south of Brussels that has recently grown fastest; the two cities share moderate growth rates with much of the rest of the country (Figures A.54 & A.55)

• In Mexico, Mexico City continues to have by far the largest concentration of GDP but has experienced low growth rates compared to southern, western and eastern coastal areas where there has been far higher GDP growth albeit from a much lower base (Figures A.56 & A.57), and
In Japan, the areas of high GDP concentrated upon Tokyo (especially) and Osaka followed by Fukuoka, like the rest of the country (bar an isolated ‘success’ west of Osaka), have recently experienced low growth rates (Figures 58 & 59).

**How are contemporary patterns of urban economic change currently understood?**

This brief resume of patterns of urban economic change across OECD countries confirms that selective urban renaissance and a growing differentiation between the economic fortunes of different cities and city-regions, whilst by no means universal, is clearly the dominant trend. Urban hierarchies have become increasingly ‘stretched’ in a wide variety of national contexts and it seems that we live in a world that is not only more urbanized and dominated by urban economies but where differences in city-regional fortunes are growing. The questions that remain are whether this observation is particularly surprising and what factors have caused these patterns to occur. There is no consensus on either question. The former, though, is slightly easier to address than the latter. Whilst we have noted the strong streak of pessimism that characterizes much Anglo-American writing on cities and the fact that advances in technology were expected, by some commentators, to enable the further decentralization of population and economic activity away from the larger urban centres, the fact remains that, viewed over a longer timescale, national urban ‘systems’ remain remarkably stable.

The European urban system, judged by rankings of cities by population size, has remained relatively stable for centuries (Le Galès, 2002: 58). The pattern of dominant and lesser order cities that characterises contemporary Europe and its constituent nations, he argues, was more or less set during – and to a significant extent long before - the industrial revolution, so much so that the league table of Europe’s most populous cities for 1750 shows very significant similarity with its equivalent for 1950 and is readily recognizable as the ‘pecking order’ of modern-day urban Europe. Viewed in this light, what Europe’s major cities – or more accurately the firms, workers, households, public service providers and associational networks that constitute them – have been doing recently, in a ‘post-industrial’ age, is little different to what they have done through wave after wave of technological and economic change for centuries. They are exhibiting a capacity to adapt to a variety of ‘shocks’ in the environments in which they operate in ways that collectively continue to reproduce historically entrenched patterns of urbanisation or, at most, shift them incrementally and at the margin.

This is not to argue that it is impossible for new ‘entrants’ to join the ranks of the world’s major cities. Rapid industrialization in countries previously dominated by rural economies continues to produce intense urbanization and the rise of ‘new’ megacities, just as it did in earlier times in the older developed world. Rather, what it suggests is that large urban areas, once established, are remarkably resilient and able to adapt to ‘shocks’, even when these present fundamental challenges. So, for example, Castells (1989) may well have been right to suggest that what he calls the ‘informational mode of development’ is as different, in its own way, as was the industrial mode of production from the agrarian economic systems out of which it evolved. He may also have been right to suggest that, in an age in which ‘knowledge inputs’ to the production of goods and services have grown in importance compared to the established factors of land, capital and labour, the global economy is best interpreted as a ‘space of flows’ rather than a ‘space of places’. However our review suggests that it is those places that were particularly significant nodes in previous phases of economic development that have retained, and in most cases increased, their importance and centrality in an information-dominated economy. ‘Flows’, even when they involve the transmission of intangible rather than physical goods, have to operate between places and it appears from the available evidence that Castells’ ‘space of flows’ has been superimposed upon the pre-existing ‘space of places’ without changing the basic features of economic geography as radically as might once have been expected.

If the resilience of major urban areas should not surprise us, though, we are still left with the puzzle of explaining which factors encourage higher levels of growth in some cities and city-regions but not others.
If there is nothing necessarily automatic about recent urban growth or renaissance, what is it about the characteristics of those areas that have experienced positive change that differentiates them from those that have not? On this issue, there is no shortage of claims that the larger, internationally networked urban areas of the developed world have distinct, comparative advantages. Scott and Storper (2003), for example, argue that:

\[
\text{City-regions are locomotives of the national economies within which they are situated, in that they are the sites of dense masses of interrelated economic activities that also typically have high levels of productivity by reason of their jointly-generated agglomeration economies and their innovative potentials}
\]

Veltz (2005), similarly, offers the view that:

\[
\text{Metropolitan spaces are becoming, more and more, the adequate ecosystems of advanced technology and economy.} \quad \text{[T]he decrease of communication costs does not by itself lead to a spreading and diffusion of wealth and power; on the contrary, it entails their polarization.}
\]

History and pre-existing patterns of economic specialization remain more important to explanations of urban development trajectories than success in the active pursuit of new ‘global’ functions or status. When it comes to explanation of particularities, rather than observation of generalities, however, our current knowledge is, at best, tentative. Accounts of accelerated urban development and/or resurgence across the advanced, post-industrial nations vary in their emphasis and comprehensiveness but typically carry a similar message; that something has happened in the transition to a ‘knowledge economy’ dominated (at least in terms of employment) by services, which has:

- Triggered changes in the locational behaviour of key economic agents and the workforces that service them in ways that favour certain – but by no means all – major city-regions, and

- Seen the established tendency, in the late industrial period, for population and economic activity to decentralise from major cities and/or grow afresh on the periphery of expanding city-regions become overlain with a more recent tendency for the reconcentration of particular sorts of jobs and certain types of household within the core areas of cities.

The key concept that explicitly or implicitly underlies these accounts – agglomeration – is by no means new. Rather, what is effectively being argued is that the nature of agglomeration forces has changed, in the transition from a world economy dominated by a small number of nationally integrated systems of labour-intensive industrial production to one that is internationally organized and knowledge-intensive, in ways that privilege certain urban areas over others. To briefly provide a context for those accounts, though, it is important to understand that the efficiency of urban economies has traditionally posed something of a conundrum for economic analysis and to appreciate the role that the re-invigorated notion of agglomeration has begun to play in the way the geography of the ‘new’ economy is being interpreted.

Cities, as Fujita, Krugman and Venables (1999) have noted, have long represented a puzzle for mainstream economists ‘to such an extent that most textbooks in economic principles still contain literally no reference to the existence or role of cities and other geographic concentrations of economic activity’. The problem, as they see it, is that the role of increasing returns (Krugman, 1991), upon which the superior productivity of cities is seen to rest, has remained impenetrable to most economic theory based, as it is, on an assumption of constant returns. It is only recently, with advances in the ‘new economic geography’, that mainstream economists have begun to develop a deeper formal understanding of how it is that ‘the dramatic spatial unevenness of the real economy….is …the result not of inherent differences between
locations but of some set of cumulative processes….whereby geographic concentration can be self-reinforcing.’ In trying to tackle this theoretical conundrum, new economic geographers (e.g. Fujita and Thisse, 2002) have gone back to the notion of agglomeration, a concept that has long underpinned the work of urban economists and spatial scientists.

To agglomerate, according to the dictionary definition, is to ‘gather together in a mass’. Agglomeration economies, therefore, are the economic advantages enjoyed by producers from grouping themselves together within particular locations. The notion of agglomeration cannot account for the formation of cities in anything more than a general sense. Myrdal’s observation about the relatively random nature of the formation of centres of economic activity remains difficult to challenge:

...the power of attraction of a center today has its origin mainly in the historical accident that something was once started there and not a number of other places where it could equally well or better have been started, and that the start met with success.... (Myrdal, 1957; 27)

Nonetheless the notion of agglomeration is one of the key conceptual tools that has traditionally been used to explain urban growth. Much of the work on agglomeration economies has focused upon providing an explanation of why firms in similar or related lines of business group together rather than spread out, geographically, in order to serve spatially differentiated markets (Marshall, 1890). This form of agglomeration, which gives rise to what are usually referred to as ‘localisation economies’, is seen to depend upon ‘input sharing’, that is the benefit accruing to firms from being located close to suppliers and purchasers of intermediate goods, and to ‘knowledge spillovers’, through which firms are able to gain access to the tacit intelligence and understandings that circulate through formal and informal contact between economic agents with similar interests in particular localities and territories.

The benefits of agglomeration do not, however, accrue only to firms. Neither are its transmission mechanisms dominated by narrow inputs into the productive process. A second form of agglomeration, which gives rise to ‘urbanisation economies’, provides benefit to workers and residents too and is as much about demand as supply side factors. Essentially, it is concerned with the economic advantages of city size and diversity. Thus, for example, the extensive labour pools that are found in large urban areas not only provide employers with a high degree of choice when hiring staff, they also offer a large number of options to workers and potential workers and provide them, comparative to other sorts of place, with a high level of insurance against under- and unemployment. At the same time, the high demand for finished goods, personal and consumer services and homes generated by a large and comparatively discerning residential population drives innovation and competition amongst producers for domestic urban markets.

A fascination with the economic effects of these broader, urbanisation economies led authors such as Jacobs (1969, 1984) to argue that it is the classical attributes of cities noted by an earlier generation of sociologists – density, heterogeneity and the inter-personal mixing that arises from social encounters as well as employment-based contacts – rather than the sector-specific advantages associated with localisation economies that both attracts and produces economically innovative people and behaviour. On this view, cities are attractive to the more capable and ambitious individuals because participation in large and extensive urban labour and housing markets – by existing and new residents alike - acts as an ‘escalator’ effect on social and occupational mobility (see, e.g., Fielding, 1992). The ‘escalator’ benefits of big, diverse and heterogeneous cities, helps explain why they have long been associated with high productivity. Various estimates have been produced over the years to suggest, for example, that an increase in the urban population size automatically produces a related rise in productivity and that wages in larger cities are significantly higher than in smaller ones even when they are controlled for occupational differences. It also underlines the importance of city-regions in that the most dynamic cities, because of their attractiveness to people at early stages in their careers, tend to have relatively young age profiles and to be characterized by selective out-migration of older, economically active households who, at a particular stage
in their life-cycles, prefer the perceived amenity or life-style advantages of living outside the core of the conurbation and hence choose either to commute from more peripheral locations within the city-region or to use the skills and contacts they have acquired to engage in economic activities that retain a connection to the metropolitan economy but from less central locations.

Dynamic cities therefore typically concentrate wealth and wealth-creators but also tend to diffuse them, over time, to a broader geographical area, thereby underpinning the economic success of loosely integrated city-regions. There is a downside to this process too, of course, in that the opportunities for personal advancement that are perceived to be concentrated in the larger and more diverse cities also attract individuals with lesser skills and potential, thereby making the urban labour market more competitive for existing, less skilled residents. The result, whose geography depends upon the operation of housing markets, is that less occupationally mobile people who are unable to develop more marketable skills invariably become ‘trapped’ in the lowest status residential areas of cities. In short, urbanization economies tend to concentrate poverty and disadvantage as well as concentrate and diffuse wealth.

At least in principle, accounts of urban change based upon the notion(s) of agglomeration can explain decline as well as growth in that, at a certain point, the diseconomies of agglomeration, exhibited in terms of high property and land prices, traffic congestion, poor environments, crime and so on, can outweigh the advantages, thereby encouraging the outflow of people and economic activity. In practice, these ‘tipping points’ are difficult to identify, given that they vary significantly according to the nature of the decision-making unit concerned (e.g. firms, households, workers) and tend to be culturally specific (i.e. preferences for urbanity as opposed to suburban life differ substantially between countries). If we put this brief discussion alongside the evidence of urban and city-regional development and resurgence outlined in the last section, however, what they jointly suggest is that there is something about the nature of agglomeration that has shifted, with the transition to more knowledge-intensive production of goods and services, in such a way as to change the balance between the benefits and costs of living, working and developing businesses in the larger city-regions.

It is a measure of the increased interest in agglomeration that two of the major conceptual contributions to spatial economic policy debate in recent years have emerged out of the different traditions within agglomeration analysis. Thus the ‘clusters’ approach popularised by Porter (1990, 2000), for example, emerged from debates about the importance of localisation economies as a key source of competitive advantage and has taken on an increasingly ‘urban’ flavour. In similar vein, but taking a very different tack, Florida’s (2002) work on the ‘creative class’ adapts the notion of urbanisation economies to make the argument that it is those cities that offer the consumption facilities and ‘buzz’ (Storper and Venables, 2004) that can attract particular types of highly skilled labour that have the greatest economic potential.

Whilst they are endlessly ‘sold’ to city decision-makers as potential solutions to their problems, however (see, e.g., Peck, 2005, on the ‘Florida industry’), neither of these approaches are sufficiently critical to be particularly helpful in explaining the different fortunes and potentials of key urban areas in OECD countries noted in our review. We still await a conceptual account that is capable of doing this effectively. An interesting starting point, however, can be found in Veltz’ work (1996, 2005). Veltz’s analysis draws significantly upon earlier accounts about the central place of (certain) city-regions within a more globalised, knowledge-rich economy. Like, for example, Castells (1999) and Sassen (1991), he sees certain key city-regions as the ‘switchboards’ that connect chains of producers, consumers and intermediaries together within an increasingly internationalised system of production, distribution and exchange. What makes his analysis interesting is the importance he attaches to agglomeration economies in making this happen. So, for example, he argues that in an increasingly ‘weightless’ economy, where the costs of communication and transportation have fallen, agglomeration advantages have become more, not less important. ‘Metropolitanisation’, he suggests, is intimately linked to globalisation and to a regime of
competition between firms that is increasingly based upon quality and innovation and not solely upon cost and hence is particularly dependent upon knowledge resources.

What this has meant, he suggests, is that the traditional advantages of agglomeration – for example in terms of innovation in consumption goods and services, in providing choice and quality to both employers and workers in matching skills and jobs and in the ‘quality of co-operation’ between producers – have grown, particularly in the largest, densest and most economically diverse city-regions. As a result, they help firms, workers and households insure themselves against risk in a particularly effective way and hence both attract newcomers and erect barriers to exit from city-regions that override diseconomies. Veltz’ analysis does not support the view that city-regional resurgence, and the agglomeration advantages that bring it about, are in any sense ‘automatic’ or evenly distributed. Indeed his conclusion is that the process is highly selective, and that the ‘new’ economy – seen from either a global or a European perspective – will increasingly take the form of an ‘archipelago’ in which there are dense interactions and transactions, across national boundaries, between a variety of economic agents located in big, nationally and internationally connected city-regions. The main change he envisages, at least in Europe, is further differentiation between the core nodes of the archipelago and second tier city-regions.

Veltz’ observation about the importance of international connectivity as a key factor that helps sustain key city-regions’ places within an emerging global archipelago economy is taken up in Peter Hall’s paper, which assesses the extent to which the differential economic potentials of cities and city-regions is, or could be, reflected in the way major transport and communication infrastructures are planned, developed and organized. It also raises the broader question of the importance of globalization for patterns of urban economic change. This is an issue picked up in Saskia Sassen’s paper, which makes a number of useful observations about:

- The symbiotic (and under-explored) relationship between ‘old’ and ‘new’ economic activities
- The fact that the provision of ‘mundane’ goods and services are essential to servicing the needs of firms, workers and households engaged in the high order service activities that are assumed to be a key feature of ‘global’ or ‘globalizing’ cities, and
- The way these relationships are being played out in the economic, spatial and physical re-organisation of city- or mega-regions.

In shifting the focus beyond a small group of leading command and control centres from which global economic flows – particularly of finance – are managed, and looking more widely at the development of ‘mega-regions’ and not just at the areas – usually the central parts of cities - in which these functions are concentrated, Sassen implicitly makes the case for a broader understanding of the urban implications of globalizing processes than the one with which she has largely been associated and that has so far dominated academic analysis. Two implications are particularly noteworthy. The first is the idea that the mega-regions in which globalizing cities sit are not necessarily as disconnected from the fortunes of ‘their’ central cities as it has sometimes been made to seem. In other words the key, higher order economic agents that are most associated with globalizing cities, whilst they are increasingly connected with others like themselves on an international scale, can also drive innovation and employment-creation within their surrounding city- or mega-regions. The second is that, whilst it remains true to say that the ‘new’ economy is characterized by greater income polarization than was experienced under its late industrial predecessor, once we examine labour market change at the larger urban scale and not just within the central city, the divisive and polarizing effects that have dominated academic discussion of globalizing cities (see, e.g., Fainstein et. al., 1992; Marcuse and van Kempen, 2000) appear both less sharp and less directly driven by globalizing processes.
The larger, analytical problem that we face in talking about the impact of globalization on cities, though, is that most writing on ‘global’ or ‘globalizing’ cities takes a relatively narrow view of globalizing processes that gives pre-eminence to the movement of capital and, to a much smaller extent, labour (on the latter, see Smith, 2001). The metaphors set out in the first section of this paper – globalization as ‘plague of locusts’ or ‘irrigation system’ – represent two sides of the same coin which effectively assume that ‘globalization’ can simply be equated with the search by firms for the biggest return on capital investment. However, as Appadurai (1990) has argued, globalization is best conceived of not as a single, disembodied ‘thing’ but as a multifaceted and loosely inter-connected set of processes involving acceleration in the international circulation not just of money and people but also of goods, services, images and ideas, and the creation of the context that enables and encourages such flows. Seen in this light, the ‘global city’ model, assumed by most commentators to be based upon the development of a strong presence in internationally traded business and financial services, just like the subordinate developing world model, assumed to be based upon the development of low cost manufacturing capacity or the off-shoring of routine back office functions, represents just one of the myriad ways in which globalizing processes are affecting different sorts of urban areas. A next stage in the development of work on the urban implications of globalizing processes is clearly needed which can recognise this variety and, for example, take into account the fact that the out-migration of young and (differentially) skilled workers and households from metropolitan areas in Poland to areas of high labour demand elsewhere in the EU is just as important a part of the ‘globalization’ story as the growth of London or Paris but one that has different effects and policy implications.

4. Urban policy in retrospect

In his recent review of urban policy, Cochrane (2006) rehearses the difficulties that scholars have long faced in describing where ‘the urban’, seen in terms of policy, begins and ends. His broad conclusion is that, in an increasingly urbanized world, the notion of urban policy is difficult to define and to differentiate from the huge volume of public sector activities that produce urban effects of one sort or another. The vast majority of public expenditures, along with many policy decisions which involve regulatory activity or resource transfers between levels or agencies of government rather than the direct spending of money, have implications for urban development patterns. A myriad of unconnected decisions in different policy areas inevitably affect the operation of urban property, capital and labour markets, often ‘rewarding’ some areas at the expense of others. Some, by their very nature, are spatially selective; to take a simple example, decisions on motorway-building cannot avoid triggering development activity in some places as opposed to others. Others, such as generalized reforms of educational or training programmes or variations in the level or regulation of local authority capital and revenue expenditures, affect all urban areas, but rarely in equal measure. Cumulatively, such decisions have significant and uneven impacts upon urban economic fortunes, both positive and negative. Their importance in this regard is nonetheless implicit: their spatial (and therefore urban) effects are incidental and are rarely taken into consideration at the point at which decisions are made.

Much of what we currently consider to be ‘mainstream’ policy at the national scale – or the intermediate ‘regional’ level in the case of highly federalized countries – often developed originally as more localized responses to urban changes and challenges. The development of public policies in respect of sanitation and health, education, transport and utilities, housing, land-use planning and environmental amenity/recreation, for example, were ‘urban’ long before they became items on national policy agenda. Once they were ‘nationalised’, however, they ceased to be thought of as urban and tended, instead, to be considered as sectoral concerns. Recent attempts to decentralize and marketize certain aspects of national welfare provision notwithstanding, a rudimentary taxonomy of the ‘urban-ness’ of policy would still, ideally, need to take the implicit as well as explicit ‘urban’ roles of higher levels of government seriously and distinguish between the variety of ways in which public agencies’ decisions, structures and inter-relationships impact upon processes of urban change, whether or not they take their spatial/urban effects

62
into account. It might, for example, highlight the differential urban impacts, in different national contexts, of:

- Regulatory decisions (e.g. in terms of international trade agreements or the setting of interest rates) that have differential impacts upon economic sectors and hence upon geographical areas in which particular sectors are concentrated

- Constitutional and structural factors (e.g. levels of devolution, the extent of political representation and influence by ‘peripheral’ areas at or within ‘the centre’, the degree of importance attached to fiscal equalization) and the way these shape the nature and type of locational decision-making (e.g. in the form of institutionalised competition for firms and households and the locational assets that attract them)

- Inescapably spatial decisions that are not seen as ‘urban’ (e.g. the development of airports or the sitting of national R&D facilities),

- Specific spatial policies, as expressed through, for example, strategic land-use planning and policies for regional development, and

- Specific policies targeted at particular urban areas or groups within urban areas.

Of these categories, it is activity related to the first three that clearly carry the biggest implications for urban areas but only the latter are generally described as ‘urban policy’. Indeed, the limited amount of work that has been done comparing the development of urban policies in different national contexts in recent years (e.g. Kamal-Chaoui, 2004) suggests that one of the few characteristics that unite a wide variety of different approaches is the principle of selectivity. Explicit urban policies are usually justified on the basis that conditions are so unusual in particular sorts of places that the issues they face are not dealt with adequately through mainstream policy and thus they require specific, additional attention. In other words an important principal of urban policy interventions is, effectively, an admission of selective ‘failure’ in the way in which sectoral policy initiatives work in particular areas and an acceptance that a degree of positive discrimination in the use of resources is needed. Because this is never easy to justify for higher levels of government, it is not surprising that (a) the resources devoted to urban policy initiatives tend, overall, to be small, (b) it is easier to defend the idea of additional, specific urban policies when they are seen to focus upon ‘problems’ rather than on ‘potential’ (i.e. it is easier to compensate ‘losers’ than to justify ‘picking winners’), (c) there is a tendency to focus upon particular cities and, especially, certain ‘problematic’ neighbourhoods within them, and (d) there is always a temptation on the part of Governments to use urban initiatives symbolically in order to demonstrate that they are responding quickly to perceived crises.

The extent to which urban policies have become a feature of broader decision-making within OECD countries and the particular purposes on which they focus is not something that it is easy to generalize about. The table, below, draws upon two recent attempts to compare national urban policies in Europe (van den Berg et al., 1998, 2004) and supplements the information contained within them with a reading of various ‘territorial review’ reports produced by the OECD. To the extent that this literature allows, it sets out descriptions of urban policies as they have operated in particular OECD countries. The first observation that emerges from the table is that urban policies, inevitably, are the products of time and place, as understood at particular junctures. Looked at in the round, the key differences tend to depend upon:
• Degree and stage of urbanization (e.g. the extent to which key urban issues at any one time are associated with rapid urban growth, issues thrown up by suburbanization processes, de-urbanisation or some combination of them)

• Stage of economic development (e.g. whether OECD countries and the cities within them are primarily grappling with recent industrialisation, de-industrialisation or the challenges of a ‘post-industrial’ economy)

• The relationship between specific urban policies and other spatial and sectoral policies (e.g. the extent to which urban programmes support regional and technology policy aims or effectively represent alternative, and even conflicting, approaches to spatial development), and

• Differences in the urban form and the prevalence of issues related to urban order (e.g. in relation to the housing market, its effects on social and spatial segregation and the extent to which segregation is associated with concentrations of anti-social behaviour or conflicts within or between different groups within cities).

The second observation is that the ‘targets’ of urban policy vary widely, depending upon how the above factors come together in particular places and on the urban issues that are seen as pressing at any one time. The table bears out one of the messages of Le Galès’ paper - that urban policies have been applied to a huge range of issues spanning economic development, physical regeneration (commercial, residential), environmental improvement, labour market intervention, integration of minority ethnic communities and so on. The third observation that lies implicit within the table is that, to the extent that we can talk about urban policy transitions in recent years, the impetus for change has tended to come from assessments of the the effectiveness of urban policy initiatives in their own terms rather than a broader debate about where urban policy fits within the broader contribution of public agencies to the development of cities. Thus, for example, it is possible to identify evidence of reconsideration of (Table A.1).

• ‘Need’ as opposed to ‘potential’ as the basis for urban policy intervention and the logic, when addressing acute and concentrated social problems, of recognizing the relationship between areas of need and areas of potential

• Whether the isolated urban neighbourhood is the most appropriate ‘unit of analysis’ in designing new approaches to urban policy

• The extent to which it is possible to rely upon short-term ‘fixes’ and experimental programmes or whether the focus should shift, instead, to a smaller number of longer term and sustained investments

• Whether ‘urban initiatives’ can bring about transformational change if sectoral policies that have significant spatial effects continue to lack an ‘urban mission’, and

• Whether the highly decentralised delivery of urban programmes, often achieved through the creation of experimental new delivery vehicles and partnerships, is effective in encouraging the ‘nesting’ of policy and programmes at different levels of government.

Each of these questions is important, but it is not clear that they are grappling with the more fundamental issues that our earlier review of urban development trends identified. We therefore need to bring the two substantive sections of this paper together and consider the challenges that arise for urban policy.
<table>
<thead>
<tr>
<th>Country</th>
<th>National urban policies in a sample of OECD countries</th>
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<tbody>
<tr>
<td>Austria</td>
<td>No explicit urban policy at federal or regional (Land) level. The Lande are more driven by concern with the effects of suburbanisation and the ‘weak’ position of regional peripheries rather than ‘strong’ urban centres. Strong fiscal equalisation mechanisms mean that there is a high degree of ‘home rule’ amongst municipalities and intense inter-municipal competition.</td>
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<tr>
<td>Belgium</td>
<td>No specific urban policy until 1990s when the salience of urban issues rose, reflecting the rise of right wing political parties at local level, urban rioting and the growth and segregation of minority ethnic urban communities. A strongly federalised governmental system and the differential economic experiences of Belgium’s three regions has produced a divergence of policy approaches with an initial focus upon physical urban renewal in Wallonia, urban safety and poverty in Flanders and a mixture of the two in the Brussels region. The policy focus in the latter two regions has shifted recently towards an emphasis on quality of life issues (on one hand social control, on the other the attraction of high income residents and high value firms).</td>
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<tr>
<td>Canada</td>
<td>As in the US, Canadian federal government support for sectoral programmes whose main beneficiaries were urban areas has dwindled since the 1970s. The key relationship in urban policy development is therefore between provincial and municipal levels of government. The provinces, which are constitutionally superior in this relationship, have tended to pass responsibility for addressing key urban issues (sprawl, declining city centres, homelessness, transport, cohesion) to the municipalities and in some cases have led processes of metropolitan government re-organisation in the attempt to create new ‘units’ that can do so more effectively. There remains an unresolved debate, however, about how greater sharing of urban policy responsibilities between levels of government could improve the competitiveness and liveability of key urban areas.</td>
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<tr>
<td>Denmark</td>
<td>A good example of the importance of implicit rather than explicit urban policies. The latter remain relatively weak, with limited support from national government for programmes of urban renewal, focused upon tackling neighbourhood decline and social fragmentation. The former, traditionally based upon redistribution and the development of local government’s role in the national welfare state, began to shift in the 1990s with a series of initiatives (airport development, strategic use of state land assets, creation of bridge/tunnel link between Copenhagen and Malmo in southern Sweden) that had the effect of strengthening the competitive position of the capital city-region.</td>
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<tr>
<td>Finland</td>
<td>Little in the way of specific, overt urban policy but urban areas have been seen as key to a strong technology-orientated spatial policy that has been especially successful in the Helsinki city-region and is now being used to try and promote balanced spatial development across the country as a whole. Relatively lightly funded. Fits into a system of inter-governmental relations in which there is strong local authority ‘home rule’.</td>
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<tr>
<td>Eastern European accession states (Czech Republic, Hungary, Poland, Slovak Republic)</td>
<td>Little in the way of explicit urban policy as yet. Policies for urban areas dominated thus far by need to manage the transition to market economies, deal with its economic, social and physical consequences, build the professional and representative capacities of sub-national authorities and cope with the delayed but rapid growth of suburbanisation and the depopulation of certain urban centres (particularly their low quality residential areas).</td>
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<tr>
<td>France</td>
<td>Focus of urban policy has been on institutional innovation and the creation of institutional capacity, in a highly fragmented local government system, through (a) statutory encouragement of various forms of inter-municipal co-operation, (b) the provision of national government incentives through central-local contracts, and (c) the development of additional mechanisms for citizen and stakeholder engagement in local governance. Depending upon local conditions, the strengthening of</td>
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<tr>
<td>Country</td>
<td>Description</td>
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<tr>
<td>Germany</td>
<td>Urban policy developed in a context characterised by a highly federalized governmental structure, strong fiscal equalization mechanisms, a deep national commitment to the preservation of a balanced urban system, the need to manage the consequences of German re-unification and, recently, relatively late (by European standards) processes of de-industrialisation. Urban policies as a result have focused upon experimental ‘state-down’ and ‘bottom-up’ attempts to improve competitiveness and manage the physical and social consequences of industrial decline and depopulation through the repositioning of cities and city-regions to attract public and private funding within a set of well-established institutional relationships that are difficult to reform.</td>
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<tr>
<td>Greece</td>
<td>Little in the way of explicit urban policy. Urban programmes dominated mainly by the need to deal with the consequences of poorly-regulated patterns of market-driven urban development and the demands it generates, e.g. in terms of the provision of infrastructure. The limited financial capacity of local authorities to support urban development programmes has been eased to some extent by EU funding but Greece</td>
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<tr>
<td>Ireland</td>
<td>Weakly developed overt urban policy, focusing mainly upon commercial and residential urban renewal. EU programmes have been instrumental in supporting these efforts but their effects have been overshadowed by high rates of national economic growth, the impetus this has given to rapid and lightly regulated suburbanisation and associated growth in housing costs, congestion and segregation.</td>
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<tr>
<td>Italy</td>
<td>No formal urban policy until 1990s. Weakly developed since then as statutes for metropolitan reform remained unimplemented or partially implemented. Lack of coordination between national, regional and local levels of government means that urban programmes are piecemeal and dependent upon individual municipal efforts, hence dependent upon unevenly-developed institutional capacities.</td>
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<tr>
<td>Japan</td>
<td>Traditional focus in spatial and industrial policy on reducing inter-regional differences and relieving pressures caused by agglomeration in core urban areas. With the economic crash of the later 1990s, this policy regime has been revisited and the importance of key metropolitan areas to national economic recovery both recognised and supported, for example through an Urban Renaissance programme.</td>
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<tr>
<td>Netherlands</td>
<td>First formal urban policy developed in mid-1990s in response to de-industrialisation and economic crises/related social difficulties in the major cities. Initial focus on the ‘gateway’ functions of Randstad cities, especially Amsterdam and Rotterdam. Subsequently extended both geographically (to other urban centres in the Netherlands) and functionally (to social as well as economic/physical renewal). Resulted in strengthening of ‘compact city’ strategies of major cities but dilution of spatial focus. Ambitious programme of metropolitan governance reform failed but push for greater strategic, inter-governmental policy integration carried through. Subsequent national economic recovery and renaissance of major urban centres, along with high profile breakdown of social harmony in Dutch cities resulted in more recent urban policy focus on social order, integration of minority ethnic communities, education and citizenship.</td>
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<tr>
<td>Portugal</td>
<td>Urban programmes largely driven by EU funding and priorities. No explicit urban policy until late 1990s and the introduction of the National Spatial Planning and Urbanism Act and the subsequent establishment of a Ministry of Cities, Territorial Planning and Environment. Policies for cities nonetheless remain fragmented, horizontally (between different sectoral policy areas and municipal jurisdictions).</td>
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and vertically (between different levels of government).

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<tr>
<th>South Korea</th>
<th>Spatial policy in Korea has largely focused upon trying to decentralise population and economic activity from the overwhelmingly dominant capital city-region (around Seoul) through various controls upon and/or incentives for industrial and commercial development and the sitting of higher education institutions and activities. The fact that it has been largely unsuccessful in reducing Seoul’s influence upon the national economy, combined with debates about its importance in linking Korea into international circuits of trade and commerce, however, are beginning to trigger a rethinking of this approach.</th>
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<tr>
<td>Spain</td>
<td>Little in the way of formal, national urban policy. Urban initiatives given momentum by EU programmes and, to varying degrees, the devolution of powers and responsibilities to the regional scale. Complex division of responsibility between national, regional, metropolitan and municipal levels has meant that recognition of urban potential and problems has been dependent upon the development of joint programmes of activity between levels of government.</td>
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<tr>
<td>Sweden</td>
<td>First specific national urban policy introduced in 1998, focusing upon problems of social segregation in the country’s three main metropolitan areas (around Stockholm, Gothenburg, Malmo). 1st phase focused upon housing. 2nd phase focusing upon localised economic growth and development. Fits into a highly decentralised local government system and a lively, but as yet unresolved, debate about the extent to which the capital city-region around Stockholm is being ‘drained’, through the operation of fiscal redistribution mechanism, of resources that could be used to support its development.</td>
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<tr>
<td>United Kingdom</td>
<td>Forty-year history of explicit urban policy, initially focused upon ‘filling holes in the welfare net’ but subsequently, from the late 1970s, concerned primarily with the economic, social and environmental consequences of industrial restructuring. Mainly focused upon ‘problem’ areas within the larger conurbations. Constant changes in area-based initiatives and delivery arrangements; little continuity, sustained investment. With recent urban renaissance, signs of a longer-term, less problem-focused approach in which inter-governmental approaches to the development of city-regions may play a larger part.</td>
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<tr>
<td>United States</td>
<td>Federal urban policy in long term decline since the high point of the War on Poverty/Great Society programmes of the 1960s. Strongly federalized systems of government, high degree of ‘home rule’ for municipal governments and the reliance upon labour migration and low welfare entitlements to overcome spatial economic ‘shocks’ mean a highly fragmented and competitive system of government in which urban policies are unevenly developed and largely dependent upon state-municipality relationships. Recent debates about ‘the new urbanism’ and the potential benefits of ‘regionalism’ (i.e. metropolitan inter-municipal co-operation) for overall quality of life have encouraged a focus upon the need for dedicated, bespoke urban policies but seem unlikely to trigger fundamental change.</td>
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5. Rethinking the urban policy agenda

The evidence of trends in urban development patterns and urban policy in OECD countries bears out the observations with which this paper started; that there is evidence of a growing disconnection between what explicit urban policies have typically aimed to achieve and the broader changes that cities are experiencing in the transition to a more internationalized, knowledge-based economy. Within the academic literature on urban change and governance over the last twenty years, a ‘received wisdom’ has begun to develop which suggests that, in an increasingly complex, ‘globalizing’ world, a virtuous circle not only exists between urban economic competitiveness, urban social cohesion and effective urban governance but has become evermore important to national governments and national economic performance. (The opposite, of course, is also held to be true: that there is a vicious circle linking economic decline, social exclusion and poor governance). However the implications of this broad
observation for who ‘does’ urban policy, why and how, have not been thought through fully. This is one of the key challenges that OECD is looking to face in its future work on urban policy. To conclude this paper, though, let us pose a number of subsidiary but related questions which seem to be particularly important in the light of earlier observations. These are set out below under a series of headings.

*Competitiveness vs. cohesion*

A growing in-principle policy concern with urban competitiveness is often seen as associated with a declining concern with social cohesion, even though many ‘urban’ policy initiatives, promoted by international bodies such as the EU as well as national and sub-national governments, have focused upon ameliorating the social and environmental consequences of economic change and addressing concerns about social segregation and/or the skewed pattern of benefits (spatial and social) accruing from economic and labour market restructuring. It is true that such policies are often dressed up in the language of ‘urban competitiveness’ but, once we probe below the surface, are more often than not primarily concerned with promoting relatively small scale economic changes in particularly disadvantaged neighbourhoods as a way of addressing social problems. Meanwhile, major public sector decisions that shape competitiveness in more fundamental ways are taken with little regard to their urban effects. The critical issue, here, is whether it is sufficient that urban policy continues to concentrate primarily upon the least ‘competitive’ places, defined by relative levels of ‘need’, or whether there is a case for recognising that not all places can or will make the same level of contribution to broader regional or national competitiveness. The logic of the latter approach would be an urban policy that is, at least in part, driven as much by ‘potential’ as need and would therefore, necessarily, be relatively selective. This perspective would, in turn, raise issues about how we understanding national urban hierarchies, the effect of growth in certain cities/city-regions on others and ways in which policies can connect areas of potential to areas of need that have largely been missing from urban policy debate so far. The alternative is to accept that urban policy is and should remain primarily ameliorative and not transformational in any meaningful sense.

*Explicit vs. implicit ‘urban’ policy*

Closely allied to the issue of what a potential-driven urban policy might look like is the challenge of making implicit urban policy explicit; that is to say developing a clearer understanding of the contribution that a range of nominally ‘place blind’ sectoral policies make to differential patterns of urban change. There is no doubt that sectoral policies and spending patterns inevitably reward certain cities and city-regions and ‘punish’ others and there is every reason to suspect that national governments, in particular, will continue to find it politically difficult to be seen to be doing so overtly. Once again, however, we need to consider the costs of the status quo, which is that there will continue to be little constructive debate about the way in which decisions about significant public sector contributions to selective urban development – for example through infrastructure policy, research and development contracting, arts and cultural investments or the location of high level public employment – are made and to weigh this against the potential benefits of having a clearer, more predictable and evidence-based set of spatial development priorities based on realistic expectations of future growth potential.

*Multi-level governance vs. institutional autonomy*

A further key question deserving of more critical debate is who should ‘own’ urban policy. Every level of government appears to feel the need to develop its own set of ‘urban’ programmes, often in isolation. The price that is paid for this, in general terms, is a lack of coherence between the actions of different levels of government, difficulties in ‘nesting’ the different scales of policy development and delivery and the prospect of conflict between mutually incompatible approaches. Hence the seemingly endless debates about ‘joining up’ and ‘co-ordination’ and growing calls for the devolution of powers and resources to sub-national levels of government that are ostensibly better placed to make better informed
decisions because of their greater knowledge of local conditions. The apparent attractions of decentralising responsibilities for urban policy, however, also need to take account of what is lost as well as gained by any change. Seen in relation to the sort of selective, potential-driven urban policy that is being considered here, it is unlikely that fully devolved ‘solutions’ could be more effective, not least because the active participation of national or regional governments and their constituent departments and agencies is needed to reinforce spatial development priorities, encourage collaboration between local agencies at the city-regional scale and guard against destructive forms of institutionalised competition with or between key urban areas. Even if it were agreed that a significant degree of ‘benign centralism’ is demanded by a new urban policy, then, there still remains the challenge of nesting the priorities and actions of sub-national agencies more effectively and encouraging multi-level governance to work more effectively for key city-regions.

**Administrative vs. functional understandings of cities**

If vertical co-ordination between levels of government is a key issue for urban policy, so too is horizontal co-ordination between local agencies. As noted in the first section, most OECD countries are characterised by the absence of a scale of intervention and/or governmental ‘units’ that match the complex patterns of movement in, around and through contemporary urban areas. As a result, and as OECD’s recent work has found, there have been a number of recent, often faltering, attempts to develop policy interventions and administrative arrangements at the level of the cross-jurisdictional ‘functional urban area’ or ‘city-region’. Given the continued inadequacy of administrative definitions of cities and the co-ordination problems that arise from them, it would appear imperative that greater attention is given, within any future approach to urban policy, to (a) defining city-regions more effectively and understanding their inter-dependencies, and (b) exploring ways in which different forms of ‘city-regionalism’ can be constructed, for example through ‘imagined territories’, informal and structured co-operation between jurisdictions, the provision of higher level incentives for such co-operation, and formal institution-building.

**Short vs. long-term perspectives**

A defining feature of the reactive, problem-centred approach that currently dominates urban policy is the desire for quick results, often defined in terms of electoral timescales. Any move towards a more potential-driven approach would need to develop a much longer time frame. The challenge, here, would be to consider ways in which approaches to urban policy could be sufficiently ‘embedded’ so as to be able to broadly withstand fluctuations in political leadership whilst at the same time being sufficiently flexible that such fluctuations could be accommodated. This is a difficult balance to strike and would mean the pursuit of a degree of public understanding and support for urban policy priorities that parallels the growing realisation, in relation to climate change, of the need for consistent priorities and behavioural change over extended timescales. Indeed, in light of the close relationship between future patterns of urban development and climate change highlighted at the Madrid conference, it may be that these two sets of concerns need to be more closely inter-related.

**Legitimate vs. ‘post-democratic’ governance of urban policy**

The final dilemma for future urban policy is one raised by Allen Scott and John Friedmann in their papers, that is the degree to which urban decision-making in an era of multi-level governance, public-private partnership and complex overlapping public policy responsibilities can be subjected to effective democratic scrutiny and popular legitimation. It is not unreasonable to posit a connection between the ‘accountability deficits’ that emerge from much more complex and fluid ‘systems’ of urban governance and a widespread, if patchy, crisis of faith in the political process amongst a growing segment of citizens across the developed world. The danger for any new approach to urban policy in these circumstances is that it is seen to rely heavily upon accommodation between elites rather than upon engagement with
popular concerns. The related challenge is to develop ways of mobilizing civil society around a future vision of what more vibrant cities and city-regions could mean to individual and collective life. This is probably the hardest challenge of all but the one that might ultimately determine whether urban policy remains marginal and backward-looking or a genuine force for change.
BIBLIOGRAPHY


1. Introduction

In future history books, our century will be noted as the century when global society will have become in some fundamental sense fully urban. By current estimates, we have already passed the 50 percent mark. Towards the end of this century, the great majority of the world’s population, now projected to around 10 billion, will be living in towns, cities, and metropolitan regions. And most of the remaining 20 percent or so, while living in the countryside, will have become at least partially urbanized, being multiply linked to urban life through media access, markets, and relatives who have moved to the urban, thus completing the transition that began around 1800 and has been projected to be completed in 2100, a span of 300 years (Friedmann 2002).

This is the big news. But there are additional stories in our fictive news report a hundred years from now. Much of the increase in the urban will have happened in Asia, we are told, especially in the coastal areas of India and China. The world’s total population will have leveled off and, in many formerly industrialized countries, will have been going through a demographic aging process for years. No longer are their problems those of a surplus of children and youths with nowhere to go -- although this will still be true of many African and Middle Eastern countries -- but a population of preponderantly senior citizens looking for security, stability, and peace. For the first time in their long history, Japan and Russia will have had to allow large numbers of migrant workers from the global periphery to care for their rapidly aging populations and fill vacant positions in strategic economic sectors. Even more massive numbers of immigrants will have contributed to keeping the populations of Western Europe, North America, and Australasia from suffering similar declines, thus helping to slow down the general trend of a population that is growing older year by year.

According to reports from fictional media in 2100, corporate capital, always in search of greater profit potential and new markets, has been migrating for over a century, much as people have done. A number of de-industrialized regions have been successful in upgrading a substantial part of their labor force to advanced (knowledge-intensive) services, but many others have failed to make this transition and are struggling to stay afloat in a competitive global system that has become much more mobile and more mobile over longer distances, than it once was. As economic changes keep accelerating, according to these fictional media, economists are working out a new version of their science, which they call disequilibrium economics. Disequilibrium, it is argued, will be the new norm for the 22nd century. In light of these theories, heated debates have ensued concerning the role of the state in the face of constant but variable challenges to urban regions as they attempt to cope with dynamic but unstable fortunes. Should regions in long-term decline—the rustbelts and by-passed regions of the world—be helped to gain (or regain) their competitive edge against the overwhelming evidence of market signals, or should central resources be channeled towards promising “sunshine regions” to help improve their chances of capturing ever larger shares of in-bound capital? Which is the better policy? Or are there other strategic alternatives?

Since the 1930s, spatial disequilibria have been thought of as a problem to be addressed by national policies. The idea was to even out spatial income inequalities by raising the productive capacities of industrially backward regions. In the United States, the most promising of these federal programs was coordinated river basin development, with the Tennessee Valley Authority (TVA) pointing the way. The
Tennessee River was harnessed, and new industries did move into eastern Tennessee and northern Georgia to take advantage of low-cost hydropower, subsequently expanded to include large coal-fired power plants as well. But after World War II, market forces proved stronger in fuelling industrial expansion in the American South, and the TVA area was only one of several areas, not necessarily the most important, that benefited from this location strategy of firms. Industrial development boosted the fortunes of a number of the larger cities in the South -- Atlanta, Nashville, Memphis -- while stagnant rural counties made their own adjustments, chiefly by supplying surplus labor to the new metropolitan markets (McLaughlin and Robock, 1949).

In the following decades, a number of Latin American, African, and Asian countries undertook similar comprehensive programs of river basin development, but economic consequences often failed to meet high public expectations. Energy was of course always in demand, but it was far from being the hoped-for panacea for regional progress. Occasionally, other programs were designed to boost the fortunes of lagging pre-industrial regions. The Italian government, for instance, created the Cassa per il Mezzogiorno for its southern regions which subsidized inter-regional transport and tried to lure industry South, much as the U.S. had done, but with indifferent success. Brazil constructed Brasilia deep in the interior of the country and undertook a vast road building program that would link the new capital with the 20 states and territories of the Union, most spectacularly the Amazon region (Pará, Amazonas, etc.) in a move that many hoped would open up this relatively unspoiled wilderness to modern developments. But what the trans-Amazonian highway mostly accomplished was to create an environmental disaster of global proportions (Hecht and Cockburn, 1998). Chile, another Latin American country, attempted to decentralize its excessively centralized state to newly established administrative regions in a move intended to stimulate regional growth on its periphery, but to little avail. The centralizing powers of the state were seemingly irreversible, and the nation’s capital, Santiago, continued to grow unabated, while peripheral regions languished. As Gunnar Myrdal observed, a spatial disequilibrium, once established, turns out to be difficult to reverse. He ascribed such widening disequilibria to a process of “cumulative causation” (Myrdal, 1957). Today, we are more likely to speak of “path dependency” (Kawka, 2007).

The long-term persistence of a spatially uneven development was recognized as early as 1955 in my doctoral dissertation, The Spatial Structure of Economic Development in the Tennessee Valley (Friedmann 1955). City regions, so went the argument, are central to contemporary economic growth. To achieve high rates of growth, metropolitan resources must be developed. But there are limits to what can be achieved through direct intervention by the state in shifting the emphasis from rural to urban. In the decades that followed, the thesis of a selective, spatially concentrated development (Rodwin, 1963) fuelled a theoretically-driven discussion about pôles de croissance or “growth poles” (Perroux, 1950; Boudeville 1961; Friedmann and Weaver, 1979; Parr 1999a). This idea remained popular for a while, and a number of countries tried to adopt it as the basis for a national policy of regional development, among them South Korea, Venezuela, and Chile (Parr, 1999b). But no one, of course, actually knew how to make self-sustaining growth poles happen in practice. The Republic of Korea, for one, thought it could adopt the growth pole doctrine to prevent the Seoul metropolitan area from remaining the country’s dominant industrial “pole” but despite persistent efforts to create one or two “counter-poles” in the southern part of the country, the policy failed, and Seoul continued to get bigger. Today, 48 percent of South Korea's population is concentrated in the capital region. At one point, even Spain thought it could identify “growth poles” as a spatial foundation for a national policy. But since it was found politically convenient at the time to identify a hierarchy of poles that more or less coincided with the actual economic importance of major cities, the policy was unsuccessful in significantly redirecting the flow of state investments (Hansen, 1967 and Lasuén, 1986).

By the 1990s, growth pole theories and the policies based on them had been largely abandoned in favor of the recently coined concept of “world city” in Friedmann and Wolfe (1982), and a number of countries, including China, declared their intention to create what they called important cities in the world,
or world-class, international cities. These efforts, however, though state-supported, focused primarily on the marketing and branding cities for foreign capital. Emphasis was placed on spectacular projects, the most notable of which was Pudong (East Shanghai). Money poured into new transportation systems and flashy infrastructure, the value of real estate ballooned, and success or failure of the strategy was gauged by the amount of outside capital lured inwards. In a neo-liberal era of market-driven economic growth, globalizing cities were turning entrepreneurial (Jessop, 1997).

This brings us to the present moment, to this conference, which asks a question about the new urban policy agenda. In the following, the paper proposes to take a look at spatial planning and more particularly at how urban policies and spatial planning might fruitfully intersect, allowing for a new coordinative role for spatial planning. The paper is divided into five parts. It begins with a discussion of the three scales of spatial planning relative to urban policy: the neighborhood, the municipality or city proper, and the region beyond municipal boundaries. The paper concludes by arguing that spatial planning can serve as a matrix or framework for coordinating urban policies in globalizing city-regions which are themselves divided administratively into different governmental units. Part Two proceeds by suggesting three urban policy imperatives for our era: ecological sustainability, social cohesion, and democratic governance. These principles need to inform all urban policies at the same time that they must be viewed in a developmental perspective, cognizant that spatial structures never remain poised in equilibrium. Instead, minor and often major adjustments must continuously take place. Part Three takes a closer look at the nature of urban development policies, more particularly at their principal aims, which is choice between an externally or internally driven development path. The paper will argue for the second of these options and try in some detail to show how globalizing city-regions might want to think about their “metropolitan” resources. Part Four, then, finally arrives at the question of spatial planning and its role in urban policy. The paper briefly reviews the traditional approaches to spatial planning as they are now mandated in many countries. Following a critical survey of comparative planning cultures, it concludes by proposing a new coordinative role for spatial planning in urban policy formation. Part Five summarizes findings and conclusions.

2. Three Scales of the Urban

It is important to remind ourselves that nearly all our cities are open to the global flows of finance capital, trade, and ideas; and many, though not all cities, are also to varying degree open to migrants from less advantaged areas both at home and abroad. The symbolic walls which in mid-nineteenth century still surrounded some cities have long since been torn down and, where they remain, as they do for example in Xi-an, no longer serve defensive purposes but to attract tourists. Cities could never be effectively contained within their walls, and to some extent, even when walled, remained largely open to the world. Moments of closure have been few in history. Ever since the latter part of the 19th century, the urban has spilled out from central cities into the countryside, becoming virtually ubiquitous. Today you can make cell phone calls via satellite from the Tibetan high plateau and capture vivid images from around the world through satellite dishes in the Amazonian rain forest. Whether for good or ill, all of us are linked up, and the urban is everywhere.

Even so, the spatial patterns of the urban are not random. Urban core areas define surrounding regions to which they give their name and identity. And within these city-regions as we now call them (Scott, 2001; Sassen, 2006), there are both spatial and political subdivisions, each of which implies a different way of looking at and understanding the urban. Accordingly, it is useful to distinguish three interrelated scales of the urban (Brenner, 2004).

The smallest or neighborhood scale is also the scale of everyday life. It is this intimate scale that can give rise to a sense of place and the formation of local communities, though neither is an inevitable result of scale. Varying in size but generally built on a scale that is still walkable, neighborhoods are focused on residential areas and functions: parks and recreation; a range of community services; convenience
shopping; primary education; and religious worship. In many globalizing cities, certain neighborhoods have become focal points of ethnic tension with far-reaching negative consequences that need to be addressed. But even older, established neighborhoods are not necessarily stable. There are in- and out-flows of people as well as shifting patterns of fortune such as decline, gentrification, and redevelopment (Friedmann, 2003).

The municipal is the second scale of urban life. Municipalities are governmental and administrative units which may be further subdivided into boroughs and districts. In this densely settled space of the city, all urban functions are brought together: residential, productive, service, commercial, communicative, and cultural, along with all the other important things large cities provide, not least the critical circulation patterns formed by air, rail, bus, and car that bind them all together and to city-regions around the globe.

When we look at the city as a whole, we begin to see its historical districts and landmarks, its inner and outer suburbs, its broad social and ethnic divisions, its major arteries, its dominant landforms, its parks and lake shores, its commercial areas, its office towers and industrial districts. All these categories are in part superimposed, jostling each other inside the municipal jurisdiction. They constitute a fragmented pattern of the urban.

The space beyond municipal boundaries yet closely geared to the central city is the third scale of the urban, a more sparsely settled region that is nevertheless essential to the city’s survival and future expansion. Here we find the sources of its water supply, the sinkholes for its solid waste, new urban subdivisions, towns, and Edge Cities, commercial harbors, space-hungry industries and international airports, natural recreation areas and theme parks, intensive year-round farming, abattoirs, scenic sites of exceptional natural beauty, historical preservation areas and more. In one form or another, all of them contribute to the buoyancy and well-being of the entire urban region. This region is criss-crossed by expressways and railways that connect it to the rest of the world, at the same time that they carry weekday commuter traffic. Administratively, it is speckled with various governmental units that assert their restricted powers over sections of the regional space and may be combined into various forms of metropolitan-wide organizations that attempt to view the region as a whole.

Because of the close interconnectivity between central city and region, many urbanists today speak of city-regions as the basic spatial unit for policy and planning. Moreover, each city-region is linked to other regions both near and far. Although we often speak of globalizing cities, what we actually mean is globalizing regions that may grow to large and even very large size until they reach the amorphous, unübersichtlich scale of metropolitan Tokyo with its 35 million people, the largest urban concentration in the world.

The tasks for urban policy and appropriate procedures for their implementation are different at each scale. Here I can only hint at some of these differences. At the neighborhood scale, people’s needs and their well-being are the most important. Here, too, we find the autonomous organizations of civil society, the formation of territorially based communities, and also considerable though usually non-violent social conflict, because urban neighborhoods are rarely homogeneous, and despite their relatively small scale, residents will frequently disagree about the course of action to be taken. On the other hand, neighborhood gentrification will almost always meet with resistance from already established local communities, because

1. A few highly urbanized regions, such as Germany’s Ruhrgebiet, lack dominant central cities and can be called a dispersed metropolis.

2. Enormous urban concentrations such as Tokyo, Seoul, Beijing and Mexico City among others are partly a result of highly centralized systems of government. Gaining access to the sources of governmental power is one of the most important location factors contributing to the continued growth of these national capital regions.
however poor they may be, their residents are afraid of being displaced, their social networks disrupted. At the other end of the social spectrum, exclusive wealthy areas are keen to keep a certain type of people -- of a different color, a different language, a different culture -- away from their well-tended (and often fortified) precincts, even as working class neighborhoods are pleading with public authorities for services that are taken for granted elsewhere, such as garbage collection or easy access to health facilities and playgrounds. Neighborhoods are therefore by no means the cozy places that some people imagine. Certain neighborhoods are tough places that may be terrorized by gangs of young people who invest little hope in the future.

At the municipal scale, problems are perceived differently. The key actors here are city government, politicians and bureaucrats, as well as influencers from the business community, such as developers. Their focus tends to reflect these interests which revolve around the urban economy, land use, and the quality of urban infrastructure. At the same time, however, local politicians also have to please the many neighborhoods of the city and respond not only to their frequently loud demands but also be attentive to maintaining some sort of equity across the urban fabric as, for example, by providing access to public services. Not least, urban authorities have to learn to work together with their counterparts in the surrounding region on which so much of city life depends. Formal regional associations are difficult though not impossible to manage, as evidence from Europe has shown (Brenner, 2004: 274-81).

Coordinating urban policies across the gargantuan spaces of the modern metropolis is an enormously difficult task that requires a great deal of foresight, vision, and skill as well as new forms of collaborative governance along both horizontal and vertical dimensions. In many but not all OECD countries, there are active civil societies and social movements that must be listened to, and whose concerns, just as those of powerful industrial and business organizations, must be respected. Each country and, in some cases, even each city, has its own political culture that will determine just how these problems are managed and the inevitable conflicts resolved. National and provincial legislation set the rules of the political game, assigning powers to different levels of government.

Here the paper will attempt a somewhat easier task, which is to suggest how spatial planning might potentially serve as a matrix or framework for coordinating urban policies in globalizing city-regions that are administratively and politically divided. But before we get to this subject, this essay considers two additional topics. The first concerns normative principles that have become imperative for both contemporary urban policies and spatial planning. The second, to be treated at length in Part Three, is related to the strategic options for contemporary urban policy.

3. The new imperatives

Except for specialists, the language of urban policy is still relatively unfamiliar, particularly with reference to globalizing city-regions. Policy suggests general guidelines -- some mandatory, others indicative -- for specific application to decisions across a wide spectrum of public institutions that are charged with responsibility for the social, economic, and physical development of both central cities and adjacent regions. Particulars do not concern us here, as each region will need to evolve its own context-dependent policies. But what we can do is to identify a small number of general principles and approaches that by virtue of their generality cut across regional differences. These are imperatives, because for policies to enjoy widespread legitimacy, these principles will, in one way or another, need to be heeded. There are

Urban policies can of course also be formulated at national and supra-national levels. Indeed there are very few policies at either level which do not have some bearing on the spatial distribution of economic activities and life chances across the entire system of cities. The approach I am taking here, which focuses on city-regions and policies at that level, assumes that enabling national policies will be forthcoming for the kind of changes being proposed for all levels.
at least three such principles that govern the way we shall have to think about urban policy in the 21st century.

1. **Ecological sustainability.** This principle is by now on everybody’s lips, but interpretations differ, and its application to urban development policy is not at all transparent. A more precise meaning might be that of long-term custodial management of regional resources. Even so, ecological sustainability needs greater specification with respect to urban policy. Here are some examples of potential urban policies that would promote it.

- Reduce the city-region’s ecological footprint (Wackernagel and Rees, 1996). The ecological footprint is a measure of the total resource consumption of a region or locality. Typically, the calculation used is to convert the total resources consumed into a measure of land area expressed in “global hectares” (gha) per capita. Though simple in concept, the ecological footprint of any area is difficult to calculate, and the measure can only be approximated. Still, the meaning of footprint analysis is relatively easy to communicate to a wider public, and research results have been promising (Barrett et al. 2002; Stewart et al. 2003). Although footprint analysis does not directly lead to a reduction in the size of the footprint, it does help to identify strategic areas for intervention;

- Calculate regional product statistics -- supposedly a measure of human welfare -- factor out the environmental costs of economic growth such as progressive resource depletion and the health impacts of pollution. This, too, is a difficult and laborious task, but promising results have been obtained at least for calculations of the environmental burden at the national level (Daly and Farley, 2004). To make good policy, the information on which it is based has to accurately reflect the net benefits of economic growth to human wellbeing, and what may reasonably be called a “cost” should not be counted as a net benefit, or simply be ignored. To the extent that economic analysis underpins urban policies, the system of social accounting used should be free of such confusions and contradictions;

- Reduce energy use per unit of regional product;

- Substitute “sustainable” energy (solar, wind, etc.) for fossil fuels;

- Establish benchmark standards for passive energy design in building construction;

- Increase urban densities (e.g., housing units per hectare);

- Set aside significantly large areas as ecological preserves, such as watersheds;

- Increase the proportion of regionally produced fresh food stuffs in aggregate consumption;

- Limit the use of private automobiles while encouraging alternative modes such as walking, cycling, and public transit;

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4. The more precise definition of ecological footprint is the total area of land and water eco-systems required to produce the resources that a population consumes and to assimilate the wastes generated, wherever on earth these eco-systems might be located (Rees 1992, 2001).

5. An interesting attempt to calculate a national Genuine Progress Indicator (GPI) has been undertaken by The Australia Institute. See [www.tai.org.au](http://www.tai.org.au)
• Expand and improve the recycling of solid waste;
• Impose restrictive quotas on carbon dioxide and other noxious industrial by-products;
• Raise public awareness of the need for greater progress towards an ecologically sustainable regional development.

These examples of how the urban footprint might be reduced represent only a partial list and help to underscore the potential reach of sustainable development across a wide range of urban policy areas.

2. **Social cohesion**: this is, first of all, a *distributional criterion* which argues that wide socio-economic disparities should be reduced. In this sense, cohesion is equivalent to the familiar principle of social justice. Second, social cohesion also argues for the *equalization of spatial access* to public facilities and services across the region, from schools to swimming pools, from public transit to health centers, from refuse collection to street lighting. Some refer to this aspect as spatial justice. Finally, the principle of social cohesion argues for the *reduction of inter-cultural and ethnic tensions* through specific programs aimed at strengthening local citizenship and solidarity, particularly at the level of neighborhoods (Holston, 1999). For many cities, this relatively new principle challenges familiar ways of seeing, understanding, and doing. This is not the place for an extended discussion of how to lessen inter-ethnic tensions, but important work along these lines has been done, among others, by Sandercock (1997; 2003), Attili and Sandercock (2006), and Amin (2002).

3. **Democratic governance**: the complexities and multiple scales of city-regions are such that decision-making which also leads to effective action is no longer exclusive to traditional government but increasingly involves “ecologies of actors” in Evans (2002). Governance (as opposed to government) refers to a *fluid, consultative, participatory, and deliberative process* that often blurs the classical distinction between public and private, involves civil society organizations as well as corporate interests and public institutions, and emphasizes dialogue and negotiation over hierarchy and rule-making. Above all, it is -- or should be -- a transparent process that encourages public deliberations on critical policy issues.6

In addition to these three imperatives, urban policies must also be viewed in a dynamic perspective. City-regions are located in a globe-spanning urban net that undergoes constant realignment, as some regional economies surge ahead, others experience decline, and still others get stuck in the doldrums while “storms of change” blow relentlessly across the world. The global network is thus in constant disequilibrium—economic, political, cultural and digital. It is organized hierarchically, with a few “global cities” at the top functioning primarily as financial clearing houses (London, Paris, Zurich, Tokyo, New York, perhaps soon to be joined by Shanghai) and a handful of other cities whose role is to articulate their respective multi-national, national, and regional economies with the global system as a whole. This hierarchy of “world cities” in Friedmann (1986); Knox and Taylor (1995); see also Beaverstock *et al.* (2006) is inherently unstable, however, with city-regions moving in and out according to their respective and variable fortunes.

The point is that over the past several decades we have come to realize that city-regions have become the major focal points or “poles” of economic growth. But the old idea of poles is a static formulation. To become proactive, city-regions have to be empowered by senior governments to guide their own development trajectory and acquire the legal and financial means to carry them out in Newman and Thornley (2005). City-regions, of course, are embedded in national economies, and the levers of national

6 . For a more extended discussion, see Healey 2005 and 2006; Gutmann and Thompson 2004.
policy continue to be important. But with globalization continuing, national policy instruments, while remaining important, are beginning to yield to urban-centered policies.

But what policies should these be? Should they be driven by a desperate sense of global competition for in-bound capital or rather by policies that look towards upgrading their own assets, mindful of the three principles of ecological sustainability, social cohesion, and democratic governance we have discussed?

4. Urban policy for what?

A sharp line divides two very different approaches to urban policy. The prevailing approach argues that in an era of footloose capital looking for high returns, cities are obliged to do their utmost to attract outside capital from investing in their region lest they fall behind in the game of global competition. It is said that to survive in these sweepstakes, cities, like firms, have no option but to compete. For example, many globalizing cities want to reach world-city status by becoming a hub for global corporations. Their policies emphasize favorable tax structures, attention-getting architecture, heavy investments in expensive infrastructure, athletic events such as the Olympics, and major trade fairs which they believe will put them on the map as desirable places for global capital. Urban development is thus understood primarily as a function of external, inward-bound investment. A less popular strategy is one that believes that a better use of scarce resources would be investing in a region’s asset base for long-term development. Though not opposed to in-bound capital, this thesis proposes to lay a solid foundation for a long-lasting development from within. This is the argument I should like to make.

There are seven clusters of such assets, including human, social, cultural, intellectual, natural, environmental, and urban. To varying degrees these assets are present in all city-regions, in rich countries as well as in poor, and could be argued that caring for and investing in them should be the principal task of local government.

Heading the list are a region’s human assets, that is, people and the quality of their lives. At issue here are so-called basic human needs, principally adequate housing with secure tenure; educational opportunities for young people to prepare them for the modern world; access to good health; and -- given the metropolitan scale -- affordable mobility. The satisfaction of these tangible, material needs constitutes the foundation for our most fundamental right, which is the right to life and human flourishing. Achieving quality housing, education, and health for every citizen must therefore be a primary aim of every genuine development. In the final analysis, this is a state responsibility. Leaving their satisfaction to the blind operation of market forces will only exacerbate inequalities, allowing those few who already have a foundation in basic assets to pursue a life of human flourishing while marginalizing the majority who lack these foundations for the most precious of human rights.

The second regional asset is its organized civil society, that is, the multiple self-organizing activities of local citizens. When given a chance, people will do myriad things for themselves. There are local churches, mosques, and temples that are supported by and draw the faithful. For younger people, there are football clubs, while others engage in music making and dancing. In Spain, there are gastronomic clubs whose members enjoy cooking for each other, celebrating fellowship with food and wine. Elsewhere, people support civic initiatives that promote projects throughout the city from neighborhood beautification campaigns to visiting old people’s homes. Hobbies ranging from flower arranging to bird watching will inevitably bring aficionados together. In some western countries, such as Canada, some civic associations are also active politically, lobbying the government on behalf of various causes.

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This section is based on my UN-Habitat Award Lecture delivered at the Third World Urban Forum in Vancouver, B.C. (Friedmann 2006).
Organized civil society is for the most part deeply engaged with the everyday life of neighborhoods and communities. Basketball or soccer teams from different parts of the city-region play against each other and are celebrated as local heroes. Religious associations honoring local saints generate a strong sense of belonging and support the work of volunteers in the community. Housing associations assist people in acquiring a home. Neighborhood centers help to integrate newcomers into the mainstream of urban life. Lobbying groups bring their concerns to the attention of government, pushing for new legislation. Youth clubs help young people who might otherwise be lost to the street find support among their peers. Organized civil society should thus be seen as a source of civic strength, an asset worthy of public support. Its active role acknowledges the full diversity of the city-region while promoting local citizenship.

The region’s heritage of its built environment and the distinctiveness and vibrancy of its cultural life comprise the third asset cluster. There are two parts to this cluster: physical heritage and the cultural traditions of everyday life. The first refers to historical buildings, distinctive urban neighborhoods, and monuments commemorating past events or personalities. As we think about heritage values, a question is raised about the role of memory in development. It seems to me that one of the reasons why we treasure the relics of bygone eras is that, if we did not, how could we value the future, which itself will soon pass into history? These continuities are important to us as human beings. They are also important in establishing a sense of place.

Therefore, heritage districts are of special significance in the vast expanse of the contemporary urban region. People identify with their neighborhoods before they identify with a region most parts of which they have never visited. For the most part, we live our lives quite locally, not universally, and we treasure the small spaces of the city, its public markets, and local tea rooms, coffee shops, and pubs that are places of encounter. In Canada’s Vancouver, one of the most popular of public spaces is Granville Island, a remarkable adaptation of an old industrial space that draws thousands of local shoppers and tourists day after day the whole year around.

The second part of the cluster is the vibrancy of a city’s cultural life. For instance, popular traditions in which people of all ranks and ages participate, which come round each year, and to which we look forward with pleasure. They include festive occasions that mark the passing of the seasons. A three-day festival in Tudela, a small city in northern Spain, is celebrated each year with dancing on the city square, communal breakfasts on tables set out in the streets, and a religious procession, carrying an image of the Virgin around the neighborhoods of her city. Such popular festivities emerge, as it were, spontaneously, year after year. Local traditions, they are both civic and popular occasions that build bonds of solidarity among the people while giving identity to a place. The strength of a region, I would argue, is its people and their ways of life.

The fourth cluster of a city-region’s tangible assets is intellectual and creative: the quality of its universities and research institutes, its local treasury of artisans and artists, intellectuals and scientists, and all others, musicians and writers, poets and film makers, actors and dancers who embody a region’s creative talent. Though small in number, they are essential to a region’s future. The best among them are also the rarest, and to lose them represents an inestimable loss to the city. But creativity must be nurtured. It is important to allow these human treasures to exercise their talents to the fullest. Scientists need research laboratories. Students pursuing advanced degrees require universities that are properly equipped and staffed. Film makers require studio spaces, and artists need galleries to display their work as well as studios in which to produce them. Actors and dancers must have stages to perform their work. And all of them require the freedom to create as they will.

There is much talk these days about a so-called creative class that cities should endeavor to attract (Florida, 2005). My argument here is different. Although creativity cannot be induced, creative work requires public support. Market forces alone do not suffice. New ideas and artistic creations are often
unpopular, and those who create them tend to march to a different drummer from ordinary people. Cultural and intellectual elites, their presence ensures a city’s capacity for innovation. Professional contacts extend across the globe to other cities, and from these exchanges come new ways of seeing and thinking that add to the city’s liveliness and vigor. It is these elites that are the primary source of informed critical thinking which can be crucial to charting a city’s future.

The fifth cluster consists of a city-region’s natural assets; this means its basic resource endowment: farms, watersheds, lakesides and ocean beaches, picturesque landscapes, forests, and fisheries, whose use is both for production and enjoyment. Natural assets are easily squandered through neglect or thoughtless exploitation. Peri-urban areas are critical spaces in resource management precisely because they are the sites where village and city encounter each other and intermingle in a crazy quilt of land uses. The city’s appetite for land is voracious, not only for new housing and industrial uses, but also for airports, landfills, power plants, amusement parks, suburban shopping malls and strip developments along major highways. What was once a serene landscape of wheat fields, small towns and villages can quickly turn into a fractured environment that, being neither urban nor rural, seems utterly “out of control.” And yet, because the city vitally depends on its natural endowment, its outward expansion must be constrained, and appropriate planning ensure the harmonious development of its richly diverse but often contradictory land uses. City and region stand in symbiotic relation, and so long as this relationship is rightly understood and carefully nurtured, both will advance together. Where this is not the case, the city’s relentless expansion will threaten to destroy the region’s natural endowment, generating economic, social, and environmental costs that will ultimately undermine its own development.

Closely related to its natural resource endowment is the sixth cluster of assets that we call environmental, which includes those qualities of the physical environment that are essential for sustaining life itself, such as the air we breathe, the water we drink, and the capacity of the land to support human settlement at high densities. The present paper will say little about it, because so much has already been written (e.g Keiner, 2005; Beatley and Wheeler, 2004). But unless we impose what many would consider draconian measures, we will eventually perish in our own wastes. Unfortunately, the message hasn’t sunk in to the extent that it needs to, and lip service to the environment is more common than rigorously enforcing the standards that we know must be applied.

The seventh and final asset cluster is the quality of urban infrastructure, which is all the facilities and equipment for transportation, energy, communications, water supply, sewerage, and solid waste disposal that typically swallow up a large portion of a city’s capital budget. There is nothing particularly novel about urban infrastructure as an asset. The question is rather what purposes and social groups are to be served by public works. In a sense, urban/regional infrastructure is supportive of the development of the remaining regional assets while informed by the imperatives of sustainability, cohesion, and governance.

The true wealth of cities -- so runs the argument -- will be found in the progressive development of its tangible assets through a concerted and sustained effort of its own. Real wealth is not measured by the growth of regional product, a single statistic that hides more than it reveals and is deceptive, because it feeds our predisposition to favor growth over decline, quantity over quality. Different sorts of hard data are needed to assess the state of a region’s true wealth, data that must be collected district by district and even neighborhood by neighborhood to reveal significant variations across space. Overall averages are not very useful for policy analysis, let alone in planning. Each of a region’s many assets must be separately evaluated in terms of investments made and the achieved results. Maps showing outcome measures can be produced and shared with a wider public to gain a comprehensive understanding of the existing situation, the results obtained over the past planning period, remaining disparities, and proposed ameliorative measures. Creating a public dialogue around shared information of this sort would create a basis for the next round of planned actions.
Building assets by steadily investing in them will do more for long-term urban and regional development than soliciting investments from global firms into an underdeveloped asset base subject to further degradation. Global capital is indeed highly mobile. It has no stake in the region where it places its money so long as profits are ensured, global markets are conquered. Seducing outside capital by selling off or simply neglecting regional assets leads to an illusory development. It sets up a situation in which eagerly competing city governments inevitably drive down global wages while benefiting only the top one-third of its population.

5. Spatial planning—from master plan to coordinating matrix for urban policies

What is the role of spatial planning in the process of urban policy formation for regional development? Like so many of the terms in this paper, spatial planning has only recently come into widespread use in English. More familiar terms, at least for some of us, might be physical planning, or town and country planning, or community and regional planning. In a recent global survey of planning practices that ranged from Japan to the Netherlands, from South Africa to Canada and the United States, I found almost universal acceptance of comprehensive, master planning or its equivalent (Friedmann, 2005). In country after country, cities are mandated by national government to produce master plans that specify future land uses and circulation patterns. To become official, these plans have to be approved by local councils as well as senior governments. Once approved, they are supposed to serve as a guide for specific land use and location decisions. This form of planning is a completely static practice, however, that needs to be rethought. It is out of step with the dynamic flows of globality that have rendered traditional approaches to physical planning obsolete. There are several reasons for this judgment:

- master plans are typically municipal rather than regional plans;
- they are exclusively concerned with land use (and only incidentally with circulation, which is the primary responsibility of what is usually an autonomous transport agency engaged in its own planning) rather than with the total spectrum of urban policy issues;
- they are drawn up by a specialized branch of municipal government rather than through a wider process of collaborative deliberation;
- the process of drafting master plans and getting them approved takes years, so that they are usually out of date by the time that they become effective;
- they are imposed from above, with relatively little and mostly symbolic citizen participation and other consultative processes; and
- when it comes to major project undertakings -- a riverfront redevelopment, a large-scale office and residential complex, a new subway line, a neighborhood revitalization program -- master plans are often set aside to allow for the necessary changes in land use and circulation patterns.

In short, master planning turns out to be an exercise in futility, an outdated practice that had its origin in beaux arts architecture that gave birth to it more than a hundred years ago. Architects design blue prints for buildings. But city-regions are not artifacts that can be designed. They are pre-existing, exceedingly complex, and continually changing structural webs of relationships. Although the spatial patterns of regions can be constrained and to some degree shaped by direct interventions, they cannot be simply imposed by the will of government. Planners deceive themselves if they think that they can guide, let alone build cities according to a plan drawn up by technical experts.
The new term “spatial planning” is therefore not just a change in terminology but a search for a new relevance in the context of urban policy and mega-project design. In short, it proposes a new model of physical planning that can be succinctly described as follows.

- While still concerned with location and, more broadly, with spatial relations, the power of spatial planning derives not from its official, mandatory character as in master planning but from its role as a coordinating instrument closely intertwined with urban policy formation and the design and implementation of large-scale projects.

- Spatial planning has different applications at the three scales of urban policy: neighborhood, municipality, and region. At each scale, it involves ecology of actors that may include local residents, a wide range of concerned government officials and private stakeholders, as well as representatives of civil society organizations. Across all scales, spatial planning should ideally operate with the same set of basic assumptions about future demographic, economic, and social trends that, as a practical matter, can be taken as “given” for purposes of urban policy and project design.

- The main purpose of spatial planning in this model is not to mandate particular land uses but to allow for the better coordination of urban policies and large-scale project developments across space, to test alternative policies and designs by looking at their spatial implications, and to allow for an informed public discourse about them. Like urban policy formation, spatial planning needs to become a more flexible instrument. In the course of considering the spatial consequences of policies and large-scale projects, participants are in fact engaged in an intensive, interactive learning process (Friedmann 1978). Even though written documents play a role in this process, they are not the most important product of spatial planning which instead should be understood and practiced as a process run in “real time. When spatial “plans” are produced in the course of this process, they will for the most part be transitory, provisional documents that, constantly updated, provide a series of snapshots of the globalizing city-region as it evolves under the influence of market forces, collective decisions, and popular resistance.

- Planners’ professional expertise is still needed, but in the coordinative processes of spatial policy, they will be working as members of working teams alongside other experts who have different knowledges, interests, and concerns rather than as the hierarchically super-ordinated masters of the arcane art of master planning.9

In the preceding paragraphs, an emerging model of spatial planning has been discussed. But models are abstract, logical creations that do not readily translate into actual practices. Therefore, it is important to give a brief account of an actual planning process that, although not identical with the model, is a close approximation.

Vancouver, British Columbia, has abandoned comprehensive master planning as the focus of its planning activities. Instead, it has evolved an intensely communicative, real-time process which, over time, has led to the dramatic transformation of its downtown peninsula, now widely studied as the Vancouver model. The following account is based on a recent study by Leonie Sandercock (2005).9

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8. With a particular focus on urban regions, Healey (2006) provides insights into how such processes have actually been carried out in Amsterdam, Milan, and Cambridge (U.K.). See also the 20-city survey by Kreukels, Salet, and Thornley (2002).

9. Other accounts of the Vancouver planning story include Olds (2001) and Punter (2003). Sandercock’s account does not include reference to the regional setting and the planning responsibilities of the Greater
Canada is a federal state, and urban policies are a prerogative of the provincial governments. As the economic capital of British Columbia, the country’s western-most province, the city of Vancouver has a population of just under 600,000. It is also the center of a metropolitan region -- the Greater Vancouver Regional District -- which is four times its size and has its own unique form of government. In 1953, the Province adopted the so-called Vancouver Charter which granted the municipality of Vancouver substantial autonomy over its own affairs.

Municipal political parties are somewhat improvised affairs in Canada, and are generally independent of major political blocks that function as electoral machines at the federal level. In 1972, a reform party, The Electors Action Movement (TEAM) ousted the business-friendly Non-Partisan Association (NPA) that heretofore had dominated city politics. As reported by Leonie Sandercock, “TEAM had a more sensitive approach to development, a more inclusive vision for the future of the city, and was committed to a more participatory planning process” (Sandercock, 2005, op. cit., p. 2). A Toronto-based planner, Ray Spaxman, was hired as the new director of planning, and thus began a new era of urban development which over the next three decades completely transformed the city from a small provincial city at the far end of the transcontinental railway into a global metropolis where more than 50 percent speak a language other than English.  

A major planning achievement during this period was the redevelopment of Vancouver’s downtown district which not only turned the city towards the water that flowed around its edges but also brought about a dramatic change in the form of its built environment. Within the past ten years, nearly 40,000 people have moved into more than 150 high-rise towers that sprouted within a one-mile radius of the central business district, raising its total population to 80,000. This new forest of glass and steel is also a city of neighborhoods, of green spaces, of mixed use, of schools, shops, and community centers, and of twenty kilometers of continuous seawall for public recreational use encircling the downtown peninsula. Arguably, it is the highest quality urban public realm in North America.

How this transformation of Vancouver’s central district came about reveals a planning culture that is based on a consensual process initiated and led by the local state that involved, in addition to the Municipal Council itself, city planners, architects, developers, and the general public. The recently retired co-director of planning responsible for the central city, Larry Beasley, characterized this process in a simple but telling phrase: “What we finally determine to do is the result of thousands of conversations” in (Sandercock, op.cit., p. 1).

One of the first steps undertaken by the newly elected TEAM Council under Mayor Art Phillips, a millionaire businessman, was the establishment of a three-person Development Permit Board, chaired by the Director of Planning ex officio. (Today, the chair is no longer the Director of Planning. But the Director of Planning continues to serve as a voting member). The Board was to meet in public and keep minutes of its proceedings, thus giving transparency to its decisions. To work with the Board, the Council also approved an Urban Design Advisory Panel, made up of two representatives each from the development industry, the design professions, and the general public. Thus was brought into being a design-sensitive permit system that has prompted one commentator to acclaim Vancouver as “distinguished by its sustained

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10. TEAM lasted only a few years in office. But its innovative approach to urban development was taken on board by a restructured Non-partisan Association (NPA) which compelled by an active citizen movement on the left, moved towards the political centre, remaining in power until 2002 when it was replaced by another “left-wing” movement, the Coalition of Progressive Electors (COPE). Spaxman served as planning director for sixteen years, from 1973 to 1989.
commitment to deploy civic powers and resources to reshape its urban space, form, and development trajectory” in Hutton (2004, p. 485).

A milestone in the city’s effort to re-imagine itself was Expo 86, a major “world’s fair” that was sited on a swathe of abandoned industrial land and railway yards on the south shore of the downtown peninsula. The Province had acquired the land in the late seventies from the Canadian Pacific Railway and, shortly after the Expo, decided to sell it. An international sale of this 76 hectares site was organized, based on a financial bid and a specific design concept. Eager to extend his property portfolio to North America, Hong Kong’s wealthiest developer, Li Ka-Shing, had long before sent his son Victor to Vancouver to acquire citizenship and establish himself as a residential developer. This was the beginning of Vancouver’s “Asia connection,” that would ultimately lead to a stream of Chinese immigrants from Hong Kong and the mainland, some of whom would come to reside in the residential towers of the new “Hong Kong on False Creek.” As Sandercock observes, “unlike most waterfront mega-projects elsewhere, from London to Sydney, no special legislation was created to override local planning provisions and processes to give developers what they wanted. On the contrary, the long gestation process of the official development plan of False Creek North...produced design principles...that have shaped all subsequent residential mega-projects in Vancouver and that give the new vertical city its distinctive design, attractiveness of public realm, and attentiveness to social planning issues” in Sandercock (op. cit., 39). Among the social provisions was the planners’ insistence that the new housing would have to set aside 25 percent of all units for families and 20 percent for social (affordable) housing. In addition, neighborhood facilities would have to be provided within each tower complex, such as community centers, primary schools, leisure facilities, and neighborhood shops and offices, as well as a seawall with a 35 foot wide promenade that would link a system of public parks along the entire extent of the project. These and other provisions would be paid for by the developer.11 All this was made possible by a unique process of collaborative planning. Sandercock explains:

The emphasis is on collaboration by teams comprised of developer and city staff to prepare master plans and convert them into official development plans, rezoning plans, and design guidelines rather than on planners preparing concept plans on their own. The development pays for the creation of a dedicated planning team to work full-time on project preparation, while the city works corporately, linking the planning function with other departments (Engineering, Social Planning, Parks) as necessary. Over almost three decades, the evolution of this approach has socialized a new generation of talented designers into a civic-oriented design culture exceptional in North America, producing not only some excellent architecture and urban design...but also an outstanding urban public realm, defined in particular by the public spaces of the seawall itself, the parks strung along and connected by the seawall, and the public art in this area (op. cit., 42).

It is important to note that the evolution of this local planning culture was grounded in an extraordinary public consultation process. Between 1988 and 1993, over 200 public meetings on the False Creek North (the Concord Pacific) project were held with some 25,000 citizens in attendance.12 Sandercock concludes her story of the remaking of downtown Vancouver with the following comment:

11. One reason for Concord Pacific’s acquiescence to assume development costs for social facilities was the very low price for which the company acquired the land on which it would build.
12. Extensive citizen participation is becoming more widespread throughout North America. For example, in the attempt to devise a Unified New Orleans Plan (UNOP) following the destruction of the city by Hurricane Katrina, the following event took place. “On Saturday,” writes Robert Olshansky, a professor of planning, “was a landmark event: UNOP’s “Community Congress II” involved over 2,500 participants in five cities, electronically linked via the magic of America Speaks. To a planner, the New Orleans Convention Centre was a stunning and historic sight. Imagine one thousand people at over one hundred tables, generally representing the demographics and neighbourhoods of pre-Katrina New Orleans, all...
...as a planning model, Vancouver’s shift to discretionary zoning for the Central Area proved crucial in allowing a flexible approach to development proposals. But this discretionary approach is only as good as the technical competence of planning staff and, even more important, of the values shaping the overall planning environment. Here is perhaps the heart of the Vancouver story: over three decades of public debate and slow gestation processes for official development plans, during which intensive design negotiations were undertaken, a unique local planning and design culture has involved in which not only public sector planners but also designers working for private firms have been socialized into a vision for Vancouver livability and civility, safety and vitality, and have worked collectively to generate the design and planning tools to create such a city (op. cit., 43).

A comparison with the more adversarial planning culture of the United States is inevitable. Canadian culture generally can be characterized by a greater reliance on the state to defend the public interest and to resolve ensuing conflicts with a consensus-building approach involving lengthy negotiations among the contending parties—Larry Beasley’s “thousands of conversations.” It is also more seriously concerned with social issues of urban development and with listening to a multiplicity of voices. Organized civil society is perhaps no stronger in Canada than in the United States, but it is politically more active, in part because it is encouraged to occupy political space at the municipal level. This has shifted Canadian politics, and especially urban politics, to the “left” of the economically dominated planning that rules South of the border.

This story of “planning by conversation” illustrates aspects of the proposed spatial planning model. This aside, “planning by conversation” is a homespun model that grew out of the local political culture, involved enlightened leadership, and an active civil society that welcomed the new forms of planning and its results that emerged. Like every such story, it is a uniquely singular account. At the same time, it demonstrates that successful spatial planning can be shifted away from documents to real-time processes. The story at the regional level, which is not covered here, is more ambiguous. Even so, the existence of a hybrid body such as the GVRD, ensures a level of coordination and decision making that is regional in scope, itself a recognition that cities located in the metropolitan area cannot be “planned” in isolation from each other.13

6. Summary and Conclusions

This paper has by-passed the question of urban policy institutions and guidelines at national and supra-national levels, important as they are, arguing that city-regions are the new units for formulating their own policies. This is not to say that senior governments have become irrelevant for cities. But as Brenner (2004) has convincingly argued, there has been a realignment of decision-making powers over the past two decades, with substantial devolution from national levels downward to cities and, at least in Europe, upward to the supra-national level of the European Union. Additionally, many of the decisions of actively engaged in planning conversations with fellow residents. Imagine them electronically linked to halls in four other cities, all doing the same thing. They discussed, voted, and created their own ideas. They did this from 9 am to 4 pm on a Saturday. All they got was a free lunch (some also got a free bus ride or child care). Most participants stayed until the end. This all transpired in a town that supposedly suffers from ‘planning fatigue.’ I dare you to try this at home.

13. Cooperation across metropolitan regions is a difficult assignment with often mixed results. For European experiences, see Heeg et al. (2003). In an unpublished paper, Andy Thornley proposes four characteristic models for European regions with different impacts on multi-level governance relationships: (1) unitary regional models; (2) dual models of local and regional governance within a regional hierarchy; (3) dual models of local and regional governance with mediating regional government and strongly equipped local government; and (4) functional and ad hoc models (Thornley 2004).
intergovernmental bodies with worldwide reach, of which the World Trade Organization is probably the most important, indirectly affect urban fortunes in both positive and negative ways, though they lack a mandate to make urban policies. The interactive network of relations, of which global business is also part, creates a dynamic situation which requires constant adjustments on the part of local governments even though the consequences of their decisions are increasingly difficult, if not impossible, to predict. In short, all of us live today in a high-risk society where there are few certainties, the future is difficult to predict, and the system of contingent decision-making has to be pushed further and further down the hierarchy.

Accordingly, three distinct scales of “urban policy” were identified, with neighborhoods at the smallest scale and the city-region at the largest. In between them, the municipal scale is perhaps the most immediately important because it can be directly linked to the powers of a local state, leaving open the question of whether governance can be pushed, on one hand, still further down to borough and neighborhood levels and, on the other hand, further out to the region. At each scale there are different actors and different modes and procedures of policy formation and planning practice. The paper suggested that in some ways the most important scale is that of the neighborhood, because the legitimacy of local government ultimately depends on the well-being of the population, and it is in neighborhoods that most of us live.

The argument then continued with a consideration of what urban policies might mean. The discussion was divided into two parts. First, the paper suggested that all urban policies today need to be informed by three imperatives which were identified: ecological sustainability, social cohesion, and democratic governance. Second, there was the question of strategy: whether to go all-out in enticing in-bound global capital via city branding and mega-projects, or else ensure the long-run viability of the regional economy by investing directly in seven major clusters of its tangible assets. Favoring the second alternative, then the paper turned to the last question, which is the role of spatial planning in urban policy formation.

Spatial planning has become the new international language for what in many parts is still called comprehensive master planning or its equivalent. The latter practice is based on the notion that cities, and more specifically urban land uses and circulation patterns, can be laid out in two-dimensional space to serve as a guide to city builders over many years, and that planners can, in fact, design the “good city” the way good buildings are designed by architects. Whatever the origin of this practice, it has by now become an “exercise in futility” at a time when nothing stands still for very long, when the future is uncertain, when governments have yielded powers to the private sector, and when governmental decision-making has increasingly been replaced by governance—a system of decision-making that is at once “fluid, consultative, participatory, and deliberative.” Spatial planning is therefore more than a new term for an old practice but a practice that needs to be completely re-thought. It is no longer engaged in laying down a comprehensive pattern of land uses and circulation for the long-term future, but a practice that must intersect with urban policy formation in “real time,” that is through ongoing face-to-face transactions with all relevant stakeholders. It may be appropriate here to repeat the short paragraph from earlier in this paper in which this new mission is spelled out:

The main purpose of spatial planning ... is not to mandate particular land uses but to allow for the better coordination of urban policies and large-scale project developments across space, to test alternative policies and designs by looking at their spatial implications, and to allow for an informed public discourse about them. Spatial planning, like urban policy formation, needs to become a more flexible instrument. In the course of considering the spatial consequences of policies and large-scale projects, participants are in fact engaged in an intensive, interactive learning process. Even though written documents play a role in this process, they are not the most important product of spatial planning which instead should be understood and practiced as a process that is run in “real time.” Spatial “plans” produced in the course of this process are for the most part transitory, provisional documents that, constantly updated, provide a series of
snapshots of the globalizing city-region as it evolves under the influence of market forces and collective decisions.

This new spatial planning model is illustrated with a case study of planning the new downtown peninsula of Vancouver, a city that abandoned master planning for a new system in which planning proceeds by way of “thousands of conversations” involving public hearings, bargaining, and negotiations. The widely acclaimed results of this effort over a period of 25 years are testimony to the viability not only of the Vancouver model (with all its peculiarities) but also of the more abstract spatial planning model summarized above.
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C/ THE REPOSITIONING OF CITIES AND URBAN REGIONS IN A GLOBAL ECONOMY:
PUSHING POLICY AND GOVERNANCE OPTIONS.

Saskia Sassen
University of Chicago and London School of Economics

1. Introduction

Globalizing processes are having diverse impacts on major urban areas, and as a result, urban policies will have to move beyond the familiar focus on ‘urban problems’ so as to help cities benefit from, as well as cope with the implications of globalization. There are two promising ways of extending the terrain for urban policy proposed by this conference. On the one hand, to build a stronger urban dimension into policies which, while not specifically urban, have sharp urban impacts; critical here is the lack of a spatial dimension in these policies. On the other hand, to understand what kinds of inter-governmental joint action are needed insofar as urban policy in globalizing cities cannot be limited to national or regional/local governments?

This paper addresses these two critical policy issues by examining two major sets of processes. One concerns actual shifts in the scales, spaces and contents of economic activity. The second concerns the needed shifts in our interpretations and policy frameworks to adjust to these novel trends and maximize their benefits and distributive potential.

First, the paper examines some of the key components of ‘globalising processes’ and what this means for different types of cities and urban regions. Rather than reviewing all components, the paper singles out three types of processes as critical. The ongoing formation of global cities is one of these, but as this is a well-documented trend, the paper will touch on it only when it intersects with two other developments which are examined in more detail. One of these is the novel trend towards the formation of mega-regions, which in the case of European countries especially, tends to be a cross-border process. The other is the expansion of cross-border flows connecting cities at diverse levels of the urban hierarchy. To capture this paper has developed a kind of “small world” sample of cities and maps their interconnections; the purpose here is to broaden the range of globalizing cities and to reduce the overwhelming weight of the top forty global cities. These are two very different formations: one a mega-region and the other a partly deterritorialized network.

It will be argued that it is possible, analytically, to identify a distinct dynamic at work in both of these very diverse components of globalizing cities and urban regions. This dynamic is the interaction between geographic dispersal and new kinds of agglomeration economies. Specifying a common analytic ground for these two very diverse spatial forms should enable us to develop a sharper approach to policy, and, secondly, to establish the actual negotiating power of urban/regional actors, as well as novel types of inter-governmental actors. Both of these very diverse spatial forms also should help in assessing the extent to which policy decisions can encourage greater economic integration between the more globalised cities within any one national context and other metropolitan areas performing subordinate functions within the national urban hierarchy. In other words, it might help in connecting the ‘winners’ and the ‘laggards,’ and do so both within the mega-regional scale and within a partly deterritorialized network. Within the mega-region it might mean that rather than pursuing
only the most advanced sectors through economic policies there is also a strong case for concentrating upon the poorer regions: for instance, in attempting to bring back some of the jobs that have been outsourced to low-wage countries.

Secondly, the paper will examine some of the key challenges these developments generate for globalising cities and urban areas, from economic to social. A critical question here is what will happen if current policy and development trajectories are simply allowed to continue? To address this question the paper uses the case of the “knowledge economy” as a window onto a whole range of issues confronting cities and urban regions. What is the role of cities in regional competitiveness and how can current territorial and urban policies be drawn together more effectively? This focus can also add to our understanding of ‘soft’ policy instruments -- for example in higher education, skills, innovation, enterprise and social policy areas -- can be reconfigured in order to face these challenges more effectively, and to get a sense of what needs to change and why. For instance, even the most advanced sectors need a range of jobs (truckers, cleaners, etc.) and economic sectors (“urban manufacturing” and certain components of the new types of informal economy) we usually fail to recognize as belonging to an advanced economy. Identifying these types of articulations should help in identifying how sector-specific policies should be working together in many cases where they are not; we need to recognize that a strong advanced services sector may need a well-functioning urban manufacturing sector. Another type of articulation that needs to be recognized is that certain non-urban policies actually can have strong effect on cities and urban regions.

2. Core elements in today’s cities and urban regions

Two novel Spatial Formations:

a) Mega-regions.

One major tendency evident throughout the world is the formation of increasingly large urban scales, which at some point are best described as megaregions. Often these are merely seen as more of the same – more people, more endless urban landscapes. At its most elemental the mega-region results from population growth in a geographic setting where cities and metro-areas blend into each other. And this does indeed call for cross-regional infrastructures, notably transport and electricity, and various forms of regional planning and coordination, as can be seen today. But are these conditions, which amount to an expanded version of urbanization economies, all there is to consider?

Mega-region emerges as a sufficiently internally diverse territory, that novel development strategies might be explored, to the advantage of both the more advanced and the least advanced areas within a mega-region. It would take innovative governance umbrellas and new types of private-public arrangement. Familiar advantages of scales larger than that of the city, such as metropolitan and regional scales, come from sharing transport infrastructures for people and goods, enabling robust housing markets, and, possibly, supporting the development of office, science, and technology parks. More complex and elusive is whether the benefits of mega-regional economic interaction can go beyond these familiar scale economies. There is no definitive research on this subject. Thus empirical specification can only be partial as the available evidence is fragmentary for the urban level, a shortcoming that becomes acute when dealing with the novel category of the mega-region. There is, however, enough analysis and evidence on one particular component of this subject -- the advantages for global firms and markets of particular types of agglomeration economies at the urban level -- that we can begin to use it as a lens onto the mega-regional scale. Agglomeration economies are to be

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14. For one of the definitive examinations of the shortcomings of the data on sub-national scalings see the report by the National Academy of Sciences 2003. See also generally, OECD 2006; 2007.
distinguished from familiar urbanization economies. They involve complex interactions of diverse components, not simply, for instance, more people using a train line and the scale economies this might enable.

The specific advantages of the mega-regional scale consist of and arise from the co-existence within one regional space of multiple types of agglomeration economies. These types of agglomeration economies today are distributed across diverse economic spaces and geographic scales: central business districts, office parks, science parks, the transportation and housing efficiencies derived from large (but not too large) commuter belts, low-cost manufacturing districts (today often offshore), tourism destinations, specialized branches of agriculture, such as horticulture or organically grown food, and the complex kinds evident in global cities. Each of these spaces evinces distinct agglomeration economies and empirically at least, is found in diverse types of geographic settings – from urban to rural, from local to global.

The thesis is that a mega-region is sufficiently large and diverse so as to accommodate a far broader range of types of agglomeration economies and geographic settings than it typically does today. This would take the advantages of mega-regional location beyond the notion of urbanization economies. A mega-region can then be seen as a scale that can benefit from the fact that our complex economies need diverse types of agglomeration economies and geographic settings, from extremely high agglomeration economies evinced by the specialized advanced corporate services to the fairly modest economies evinced by suburban office parks and regional labor-intensive low-wage manufacturing. It can incorporate this diversity into a single economic mega zone. Indeed, in principle, it could create conditions for the return of particular (not all) activities now outsourced to other regions or to foreign locations. ¹⁵

Thus the critical dimension for the purposes of this paper is not just a question of the contents of a mega-region, such as its economic sectors, transport infrastructure, housing markets, types of goods and services that get produced and distributed, exported and imported – a sort of x ray of a mega-region. Also critical is the specification of economic interactions within the mega-region in order to detect what could be re-incorporated into that region (e.g., factories or routine clerical work that is now outsourced to other national or foreign areas) as well as to detect emerging mega-regional advantages.

b) Cross-border Economic Networks

To get at the question of cities and the global economy, it helps to specify the multiple global circuits through which cities are connecting across borders. Particular networks connect particular groups of cities. This allows us to recover details about the diverse roles of cities in the global economy. The formation of inter-city geographies is contributing a socio-technical infrastructure for a new global political economy, new cultural spaces, and new types of social networks. Some of these inter-city geographies are thick and highly visible– the flows of professionals, tourists, artists, and migrants among specific groups of cities. Others are thin and barely visible – the highly specialized electronic financial trading networks that connect particular cities depending on the type of instrument involved. A bit thicker are the global commodity chains for diverse products that run from exporting hubs to importing hubs.

The paper examines the top intercity networks generated by these 100 top firms in the specialized corporate services sector, specifically, in law, advertising, management consulting, accounting, and insurance. The Taylor data set was used to select 24 out of the 100 cities encompassing a range of locations, both in the world and in the global urban hierarchy (see Table 1 for details). The effort was to understand the inter-city geographies among a somewhat randomly selected group of cities to capture a small world possibly revealing unexpected and often hardly visible or known interconnections. Exiting the global hierarchies and networks dominated by the most powerful economic centers enables us to discover such intercity geographies.

These global firms produce and deliver critical inputs for firms and markets, and even governments, around the world. They service the types of firms involved in the commodity trading and futures markets, and the financial services firms described later. And they service architectural and engineering firms, major international art exhibitions and biennales, and avant-garde circuses. In brief, they are in the business of specialized servicing, and ready to service the latest inventions not only for firms, but also for other types of organizations.

The Knowledge Economy and Place

The deep economic history of a place is actually one critical variable in the development of a competitive knowledge economy. If this is so, then one of the things that matters in a global economy is the specific difference of a city and of a region. This positions cities and urban regions in terms of their specific differences rather than, as it is common to assert, in direct competition with all kinds of cities who are all becoming similar. The argument goes against two very common notions: i) that “the” knowledge economy is some sort of standardized, no matter how state-of-the-art, entity, which reduces policy to the effort to capture some of that knowledge economy that seems to float above everything, and bring it into an area; and ii) that for the knowledge economy to take hold in an area, and to develop, that are has to overcome/surpass/destroy its older material economies (manufacturing, mining, agriculture, etc). My research suggests that the strongest knowledge economies have complex imbrications with the deep economic history of a place (city, region).

The second argument is that the knowledge economy depends on a larger social and economic infrastructure that has mostly been rendered invisible and been devalued. Knowledge economies are easily reduced to their “knowledge” components. Yet they a) require non-knowledge-economy components: e.g. producing a financial instrument requires not only knowledge and software, but also a range of material conditions, including truckers to bring the software, and b) knowledge economies are often embedded in non-knowledge economy sectors: e.g. the knowledge economy component might be embedded in rather elementary manufactured goods (a toaster, a washing machine), and not only high-tech goods or immaterial goods.

Both arguments signal that much more complex understandings are needed of the parameters and conditionalities of knowledge economies, and of its implications for urban and regional development. There are policy implications for each of these arguments, and they can go in unexpected directions or directions that do not correspond to many of the widespread notions about the knowledge economy and the policies that seek to promote it.

3. Scaling and its consequences

Moving from the scale of the city to that of an urbanized region alters the analytics. A region easily contains sites that evince agglomeration economies and sites that offer the option of geographic dispersal of activities. Beyond this, questions of power and inequality play out rather differently when regions and cities are compared. To sharpen the focus, the discussion in this section of the paper is
confined to global cities and global-city regions. The concept of the global-city region adds a whole new dimension to questions of territory and globalization.\textsuperscript{16} This type of comparison illustrates some of the issues developed in the more analytic discussion of the preceding sections. And it makes the argument in a more descriptive manner, so even if a reader rejects the analytics of the preceding section it still leaves room for the empirics.

A first difference concerns the question of territory. The territorial scale of the region is far more likely to include a cross-section of a country’s economic activities than the scale of the city. For instance, it is likely to include as key variables manufacturing and a range of standardized economic sectors that are at the heart of the national economy. This, in turn, brings with it a more benign manifestation of globalization. The concept of the global city introduces a far stronger emphasis on strategic components of the global economy, typically subject to extreme agglomeration economies in top level management functions and specialized corporate servicing; this in turn can lead to extreme forms of power and inequality in the global city. Secondly, the concept of the global city will tend to have a stronger emphasis on the networked economy because of the nature of the industries that tend to be located there: finance, media, and other specialized services. And, thirdly, it will tend to have more of an emphasis on economic and spatial polarization because of the disproportionate demand for very high and very low income jobs in these cities compared with what would be the case for the region which would have far more middle range firms and workers.

Overall, the concept of the global city is more attuned to questions of power and inequality. The concept of the global-city region is more attuned to questions about the nature and specifics of broad urbanization patterns, a more encompassing economic base, more middle sectors of both households and firms, and hence to the possibility of having a more even distribution of economic benefits under current economic growth dynamics, including economic globalization. In this regard, it could be said that the concept of the global-city region allows us to see the possibilities for a more distributed kind of growth, a wider spread of the benefits associated with economic growth, including growth resulting from globalization.

Secondly, both concepts have a problem with boundaries of at least two sorts, the boundary of the territorial scale as such and the boundary of the spread of globalization in the organizational structure of industries, institutional orders, places, and so on. In the case of the global city this paper has opted for an analytic strategy that emphasizes core dynamics rather than the unit of the city as a container – a container being an entity that requires territorial boundary specification. Emphasizing core dynamics and their spatialization (in both actual and digital space) does not completely solve the boundary problem, but it does allow for a fairly clear trade-off between emphasizing the core or center of these dynamics and their spread institutionally and spatially. It is possible to deal with both sides of this trade-off: by emphasizing, on the one side of the trade-off, the most advanced and globalized industries, such as finance, and, on the other side, how the informal economy (typically seen as local) in major global cities is articulated with some of the leading industries.

A third difference is the emphasis on competition and competitiveness, much stronger in the global-city region construct. The nature itself of the leading industries in global cities strengthens the importance of cross-border networks and specialized divisions of functions among cities in different countries and/or regions rather than inter-national competition per se. Further, though competitiveness is a necessary condition, it is far less prominent in these sectors which tend to flag “talent” as their key rather than competence, than it would be in developing regional rapid rail where the question of

competence (rather than speculative talent, for instance) is essential. Global finance and the leading specialized services catering to global firms and markets --law, accounting, credit rating, telecommunications-- constitute cross-border circuits embedded in networks of cities, each possibly part of a different country. It is a de-facto global system, centered in more than competition and competitiveness.

The industries that will tend to dominate global-city regions are less likely to be networked along these lines. For instance, in the case of large manufacturing complexes, and of final and intermediate consumption complexes, the identification with the national is stronger and the often stronger orientation to consumer markets brings to the fore the question of quality, prices and the possibility of substitution. Hence competition and competitiveness are likely to be far more prominent. Further, even when there is significant off-shoring of production and in this regard an international division of production, as in the auto industry, this type of internationalization tends to be in the form of the chain of production internal to a given firm, which today can cross borders. Insofar as most firms still have their central headquarters associated with a specific region and country, the competition question is likely to be prominent and, very importantly, sited --i.e. it is the US versus the Japanese auto manufacturers, though even this is changing.

The question of the competitiveness of a region is deeply centered in its conventional infrastructure -transport of all sorts, water and electricity supply and distribution, airports, and so on. To some extent this is also a crucial variable in the case of global cities, but it is a far more specialized type of infrastructure in the latter. The regional scale brings to the fore questions of public transport, highway construction, and kindred aspects in a way that the focus on global cities does not. Again, it reveals to what extent a focus on the region produces a more benevolent representation of the impacts of the global economy. A focus on the regional infrastructure is far more likely to include strong consideration of middle class needs. In contrast, a focus on the global city will tend to bring to the fore the growing inequalities between highly provisioned and profoundly disadvantaged sectors and spaces of the city, and hence questions of power and inequality.

A fourth difference, connected to the preceding one, is that a focus on networked cross-border dynamics among global cities also allows us to capture more readily the growing intensity of such transactions in other domains --political, cultural, social, criminal.17 There is growing evidence of greater cross-border transactions among immigrant communities and communities of origin and a greater intensity in the use of these networks once they become established, including for economic activities that had been unlikely until now. There is also evidence of greater cross-border networks for cultural purposes, as in the growth of international markets for art and a transnational class of curators; and for non-formal political purposes, as in the growth of transnational networks of activists around environmental causes, human rights, and so on. These are largely city-to-city cross-border networks, or, at least, it appears at this time to be simpler to capture the existence and modalities of these networks at the city level. The same can be said for the new cross-border criminal networks. Dealing with the regional scale does not necessarily facilitate recognizing the existence of such networks from one region to the other. It is far more likely to be from one specific community in a region to another specific community in another region, thereby neutralizing the meaning of the region as such.

One key implication of this comparison is the need to control for some of the inevitable differences that are a function of scale per se. There is a risk of reifying the spatial organization of a bounded terrain, whether that is a city, a region or a megaregion. Comparing a city and a region does add important information to our effort of understanding the variability of location and of the

advantages of proximity. But it is also a fact that the reality of a mega-region may well rest on dynamics that underlie both of these – city and region.

Part of the task of specifying mega-regions needs to get at these sharp differences within a region and at the possibly shared dynamics underlying these differences: thus the multipolarity and geographic dispersal that characterize these mega-regions may in part also feed agglomeration economies in these regions’ cities arising precisely out of that dispersal. A critical question is whether some of these diverse formations -- multipolarity, dispersal, agglomeration -- can be re-regionalized. This can take two forms, one more elementary and one more complex. The elementary one is increasing the range of formations that could be incorporated within a mega-region, rather than only thinking in terms of the high-end of an economic sector or a firm’s operations, as is often done. The complex form is to increase the range of formations that are part of a given growth sector or a firm’s multi-sited chain of operations. Such a re-regionalizing of the components of economic growth could emerge as a major advantage of megaregions.

4. Mega-regions

The paper seeks to identify possible types of intraregional economic interactions that could be enabled by the mega-regional scale. The concern is to understand two things. First, whether such interactions might mean moving beyond economic planning styles that search to capture only the most advanced economic sectors, such as “knowledge economies” and begin to find value in areas within a region that are not advanced economic spaces. Second, whether this might in turn give mega-regions particular advantages in today’s global economy. If both of these are indeed the case, it is useful to ask whether and how novel types of mega-regional coordination and governance could be helpful. The central effort is to take the benefits of mega-regions beyond the familiar scale economies.

One critical dimension in this effort is to examine whether a mega-region is a scale that can benefit from the fact that our complex economies evince diverse types of agglomeration economies and geographic setting, from very high (e.g. the specialized advanced corporate services) to fairly modest (e.g. suburban office parks and labor-intensive low-wage manufacturing). A mega-region can incorporate this diversity into a single economic mega zone. Indeed, in principle, it could create conditions for the return of particular (not all) activities now outsourced to other regions or to foreign locations. This would expand the project of optimizing growth beyond the usual preference for state of the art sectors (such as office and science parks) and include a greater diversity of economic sectors. A second critical dimension examined concerns the growth effects resulting from the interactions of a firm’s diverse types of sites: from the perspective of a mega-region this would mean having both a firm’s top level headquarters and its low-cost routine work adds yet another specific source of growth for the region, one beyond the mere sum of the jobs involved.

One way of specifying some of this empirically is to establish whether agglomeration economies (not just urbanization economies) matter for developing the spatial organization of a mega-region. Examining the question of agglomeration economies in the current period is framed by two facts that are potentially in tension with each other. On the one hand, the new information technologies enable firms to disperse a growing range of their operations, whether at the metro, regional, or global level, without losing system integration;¹⁸ this has the potential to reduce (though not eliminate) the benefits of urbanization economies for such firms. On the other hand, the evidence clearly shows the

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¹⁸ For one of the best data sets on the dispersal at the global scale of the operations of firms in corporate services see Globalization and World Cities Study Group and Network (GAWC.) 1998. http://www.lboro.ac.uk/departments/gv/research/gawc.html
urbanizing and densifying of massive regions, including scale-ups to the mega-regional level as identified for instance by RPA for the case of the U.S.\textsuperscript{19}

The paper first addresses the most extreme instance -- globalized firms with considerable digitization of their production process and their outputs. In this case there are conceivably fewer and fewer agglomeration advantages, especially for the most advanced sectors, typically high-value producing, able to buy the latest technologies, and highly globalized, that is, with multiple operations across the world.

Contesting this technologically driven explanation, the paper describes how and why precisely these firms are subject to extreme agglomeration economies in some -- not all -- of their components.\textsuperscript{20} This fact matters for understanding mega-regional advantage because mega-regions also contain extremely dense cities with diverse resources and types of talent. A second implication for the mega region is that the “multi-sited” character of the leading economic sectors includes cities as one key site, but these advanced sectors also have other sites -- some marked by medium and even low or no agglomeration economies, with some economies of scale, but strong preferences for low-cost, often underdeveloped areas.

What gives this added meaning is a third implication for the mega-regional scale which has to do with the growth effects resulting from interactions of a firm’s diverse types of sites: a firm’s central headquarter functions expand as a result of that multi-sidedness (whether national or global).\textsuperscript{21} This is a growth potential that builds on the second point above in that the co-presence of a firm’s top level headquarters and low-cost routine work adds yet another specific source of growth for a mega region that contains both; that is to say, this is a growth effect that goes beyond the mere addition of jobs resulting from that mega region capturing more sites of a firm’s chain of operations.

Now the question becomes: Can a mega region seek to accommodate a larger range of the operations constituting a firm’s value chain -- from those subject to agglomeration economies to those that do not evince such economies? Practically speaking this points to the possibility of bringing into (in some cases, back to) a mega region some of the services and goods now produced offshore to get at lower wages and less regulations. Can these be reinserted in the low-growth, low-cost areas of a mega region? What type of planning would it take, and can it be done so as to optimize the benefits for all?

\textsuperscript{19}RPA report-full cite


\textsuperscript{21}This is a type of agglomeration economy that characterises global cities, but it can also be applied to national or regional scales. The hypothesis was that the greater the capabilities for geographic dispersal a firm has, the higher the agglomeration economies it is subject to in some of its components, notably top level headquarter functions. (See The Global City. Princeton: Princeton University, 2001, 2\textsuperscript{nd} ed.; original edition 1991: New Preface) for a brief explanation of the nine hypotheses that specify the global city model. It is the most specialized functions pertaining of the most globalized firms which are subject to the highest agglomeration economies. The complexity of the functions that need to be produced, the uncertainty of the markets such firms are involved in, and the growing importance of speed in all these transactions, is a mix of conditions that constitutes a new logic for agglomeration; it is not the logic posited in older models, where weight and distance (cost of transport) are seen to shape agglomeration economies. The mix of firms, talents, expertise in a broad range of specialized fields, makes a certain type of dense environment function as a strategic knowledge economy wherein the whole is more than the sum of (even its finest) parts.

101
involved, not only firms, but also workers and localities? This would expand the project of optimizing growth beyond the usual suspects – office and science parks being one notable example — and move across far more diverse economic sectors. It would use the lever of the mega regional scale to provide diverse spaces catering to different types of activities, ranging from those subject to high to those subject to low agglomeration economies. And, finally, the mega regional scale would help in optimizing the growth effect arising from the interactions of some of these diverse agglomeration economies. This growth effect would be optimized by re-regionalizing some of the low-cost operations of firms today spread across the country and/or the world.

If this type of thesis does indeed capture a potential of mega regions, it would be the making of new economic history. The possibility of this type of potential is easily obscured by the prevalence of national level economic indicators, data sets, and policies. Identifying the mega region produces an intermediate level, one that even though partly dependent on national macro-policies also inserts a far more specific set of issues into the economic picture. A mega region can combine a very large share of the diverse economies that are very much part of our current era. And it can incorporate growth effects arising from the interactions of some of these diverse economies.

This way of thinking about the mega regional scale raises the importance of planning and coordination to secure optimal outcomes for all parties involved, including the challenge of securing the benefits firms are after when they disperse their operations to low wage areas. This would work for some types of economic sectors and types of firms, not for all. Some activities that have been outsourced to other countries have not worked out and have been repatriated – they range from airline sales agents to particular types of design work in industries as diverse as garments and high-tech. But many of these outsourced activities are doing fine as far as the firms are concerned. Research and specific policies are needed to establish the what, how and where of the advantages for the pertinent firms of accessing low-wage workers in the US; this includes understanding how location of these low-cost components in the megaregion where a given firm is headquartered could compensate for higher costs. This may require megaregional investment in developing low-cost areas for such jobs – a kind of rural enterprise zone.

There is possibly a positive macro-level effect from repatriating some of these jobs if a race to the bottom can be avoided and a certain level of consumption capacity secured via reasonable wages or particular indirect subsidies. This brings a specific positive effect for a mega region’s less developed areas insofar as lower-wage households tend to spend a much larger share of their income in their place of residence – they lack the investment capital of upper income strata who can wind up allocating most of their income on overseas investments. Finally, this is also one element in the larger challenge of securing more equitable outcomes.

22. The region, the metro area and the city are scalings that enable research to capture the many highly specialized circuits that are comprised by “the” global economy. Different circuits contain different groupings of regions and cities. Viewed this way, the global economy becomes concrete and specific, with a well defined geography. Goods and services are redistributed to a vast number of destinations, no matter how few the points of origin are in some cases. With globalization, this capacity to redistribute globally has grown sharply. By focusing on a scale such as the region and on the diverse types of economic spaces it contains, it is possible to capture multiple of these points of redistribution, as well as points of origin. For a definitive treatment of some of these issues as they apply to service industries see Peter J. Taylor. 2003. *World City Network: A Global Urban Analysis*. New York: Routledge

current configuration and of (potentially) optimized outcomes as described in this paper; there is sufficient evidence of how extreme ill distribution of the benefits of economic growth is not desirable in the long run.

These ways of specifying the meaning of a mega region (or a region) take us from a “packaging” approach to a more dynamic concept of the mega region: beyond urbanization advantages, a mega region may well turn out to be a sufficiently large scale to optimize the benefits of containing multiple and interacting agglomeration economies.

5. Proximity and its advantages: does it hold for mega regions?

Today’s information technologies and communication capabilities can deliver system integration no matter how far-flung the operations of a firm or sector might be. If all firms and sectors can buy/use these technologies to reduce or neutralize agglomeration economies/advantages, the result would be a decline in the benefits of locations that deliver agglomeration economies, most notably global cities. Such a decline would be further strengthened by the possibility of rising shares of e-commuters -- working online from home.

In its most extreme version this scenario suggests that the advantages of locating in a mega-region would be limited to urbanization economies. Firms need to locate somewhere and so do their workers, so why not a mega region; and, secondly, regardless of whether there are or not specific mega regional locational advantages, there would be a demand for local suppliers of final and intermediate goods and services that need to be produced in situ --that cannot be imported from far away, or at least not yet. The fact itself of population growth -- a fact in most of the RPA mega regions -- is enough to feed this type of demand.

Under these conditions, the specificity of megaregional locational advantages comes down to the fact that there is a market, or rather a whole range of markets for needed goods and services, both final and intermediate. Transport, housing, office buildings, factory buildings, and so on, all meet a real demand by households, governments and their multiple instances, from schools to courts, institutions of all sorts, and firms. As populations and distances grow, novel types of demand emerge: for speed-rail, super highways, more diversity in the housing supply. No matter how complex the components of this final and intermediate demand, this is, in some ways, a very elementary version of the advantages of the mega regional scale.

The starting point is that location is a variable. The firm that can replace agglomeration advantages with the new information technologies represents one extreme case on the location variable: it evinces minor if any agglomeration economies. The fact of population growth and the associated need for housing and all that comes with it, is in many ways the same type of point on that variable; the difference is that it is subject to urbanization advantages. At the other end of these two cases is high agglomeration economies; this is well-established for very specialized branches of global finance and the most innovative branches of high-tech industries, with global cities and silicon valleys the respective emblematic spatial forms.

The advantages of location in a mega region in these three diverse types of instances need to be empirically specified. In the first two cases the particular advantage is some very broad, and geographically expanded, notion of urbanization advantages -- the bundle of infrastructures, labour markets, buildings, housing, basic institutional resources, and amenities. In a mega region these advantages spread over a vast geographic terrain, engendering its own specific components of final and intermediate demand, e.g. rapid-transit systems.
The question then becomes how to enhance these urbanization advantages, how to avoid excess growth/expansion/spread and its negative effects on congestion, prices, costs, etc. Whether markets or planning are the desirable instruments to optimize “urbanization” economies (broadly understood in that they include not only urban locations) will depend on a range of variables. One potentially innovative line of analysis here is the extent to which the mega region enables novel ways of handling negative externalities.

On the other hand, in the case of sectors subject to agglomeration economies, it may well be the case that the mega region does not contain distinctive advantages over other scales, notably cities and metro areas. What these sectors seem to need is a bundle of resources that correlate with high-density, and, at its extreme, very dense central places —such as global cities and silicon valleys. The question then becomes whether there is one or several specific types of agglomeration economies that can develop, and be enhanced, at the scale of the mega region. Mega regions contain high-density locations; a firm subject to agglomeration economies may well find the mix of highly specialized diverse resources it needs in one of those locations. But does it need a whole mega region attached to that location?

Here, a new theoretical and empirical territory opens up. One critical hypothesis developed for the global city model is that insofar as the geographic dispersal of the operations of global firms (whether factories, offices, or service outlets) feeds the complexity of central headquarter locations, the more globalized a firm the higher the advantages its headquarters derive from central locations (see footnote 6). One inference is that the advantage of a mega regional scale is that it could, in principle, contain both the central headquarters and at least some of those dispersed operations of global firms. In other words, is a mega region a scale at which such firms can actually also “outsource jobs” and suburbanize headquarter functions -- both in search of cheaper costs -- and benefit from the region’s major city(s), including in some cases, global cities, or cities with significant global-city functions.

Can mega regions deliver particular advantages if they can also contain some of the geographically dispersed operations of a firm? The evidence shows that increasingly the spatial organization of firms and economic sectors contains both points of spatial concentration and points of dispersal. Further, the evidence also shows that in many cases these points of spatial concentration contain segments in a firm’s chain of operations that evince rather strong agglomeration economies. One underlying (and disciplining) trend here, becoming visible already in the 1970s, is that spatial concentration is costlier for many firms so that the push is to disperse whatever operations can be dispersed; this contrasts with earlier periods when even large headquarters kept all functions in one place. This dispersal of a firm’s operations can be at a regional, national and/or global level, and agglomerations might vary sharply in content and in the specifics of the corresponding spatial form. For instance, just to refer to US cases, Chicago’s financial center, Los Angeles’ Hollywood, Northern

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24. But there is a caveat. A second key hypothesis used to specify the global city model is that the more headquarters actually buy some of their corporate functions from the specialized services sector rather than producing them in house, the greater their locational options become. Among these options is moving out of global cities, and more generically, out of dense urban environments. This is an option precisely because of the existence of a networked specialized producer services sector that can increasingly handle some of the most complex global operations of firms and markets. It is precisely this specialized capability to handle the global operations of firms and markets that distinguishes the global city production function in my analysis, not the number per se of corporate headquarters of the biggest firms in the world, as is often suggested.

California’s Silicon Valley, each deliver agglomeration economies to firms and sectors which also contain often vast geographic dispersal of some of their other operations.

A focus on the fact that much economic activity contains both spatial concentration and trans-local chains of operations helps us situate the specifics of a city, a metro area, or a mega region in a far broader systemic condition, one that might include both points subject to sharp agglomeration economies and points that are not -- where geographic dispersal is an advantage. What the mega region offers in this context is a bigger range of types of locations than a city or a metro area -- from locations subject to high agglomeration economies all the way to locations where the advantage comes from dispersal.

Taking it a step further, most globalized and innovative firms were characterized by the fact that agglomeration economies are themselves partly a function of dispersal. That is to say, the more globalized and thus geographically dispersed a firm’s operations, the more likely the presence of agglomeration economies in particular moments (the production of top-level headquarter functions) of that firm’s chain of operations. For the purposes of this essay, it underlines the fact of a single dynamic with diverse specializations, i.e. both agglomeration and dispersal, across diverse geographic scalings; a mega region would then conceivably be a scaling that can incorporate these different settings.

One way of specifying some of this empirically is to posit a direct relation between growth in a mega region’s locations for dispersed economic activities and locations for activities subject to high agglomeration economies. The more the former grow, the more the latter will also grow. The trick is then to maximize the co-presence in a given mega region of these two types of locations. It is important to notice that this also sets limits to the advantages of urbanization economies. The latter turn out to be a curve: they grow with scale, but up to a point. That point is typically specified in terms of negative externalities. But what the analysis here suggests is that this point can also be specified in terms of the economic losses derived from not allowing the “development” of dispersal locations; since this means locations where firms can send their low-wage jobs requiring little education, it clearly goes against the prevailing aims of most places, which is to get high-wage, high-capital intensive jobs. Finally, if what is today the point on the curve where familiar negative externalities set in (e.g. excess congestion) can be made to coincide with that development of “dispersal locations” for firms, an advantage could be made out of what is now a disadvantage.

In practical terms there are, clearly, massive challenges for a mega region to achieve this type of co-presence -- maximizing the extent to which a mega region can contain both the agglomeration and dispersal segments of a firm’s chain of operations. For one, it is a counter-sensical, counterintuitive proposition. It is not easy to see why a mega region’s highly dynamic economic spaces (the central areas of its global cities and silicon valleys), anchored by the headquarters of global and national firms, might actually be partly fed and strengthened by developing the “dispersal locations” of those same firms. Thinking of developing such “dispersal locations” as one way of making the most of negative externalities might make it more acceptable to the sceptics --you might as well go for activities that benefit from geographically dispersed arrangements once you hit excess congestion disadvantages. But one option at this point is of course such items as golf courses and ex-urban luxury housing. This is an argument that could be countered since mega regions tend to contain much land.

26. And, indeed, certain very contemporary forms of dispersal are a function of particular capacities developed in settings marked by high agglomeration economies (exemplified by global cities). And they are not only happening in the narrowly understood sphere of the economy: it is possible to identify the growth of an international curatorial class, and major museums allowing their most valued collections to go on tour in a foreign country.
that is not optimal for such uses, but that could be optimal for developing “dispersal locations;” further, and critical to some of my substantive concerns for disadvantaged areas, these could benefit from such development, if a race to the bottom is avoided.

The mega region can then be seen as an interesting scalar geography: it can contain some of the dispersals of a firm’s operations that feed these new kinds of agglomeration economies. It would suggest that strategic regional planning could aim at maximizing the combination of different locational logics. It is this combination that in my view marks the specificity of the “project” contained in the notion of the mega region. This kind of region cannot be looked at simply as an outcome: there it is, and let’s then find a packaging that brings a lot of this together under one umbrella. As a term, mega region has a certain passivity attached to it. Mega regional agglomeration economies, on the other hand, is a notion that captures a dynamic that produces outcomes. This in turn opens up a research agenda: for instance, to understand at what territorial scales such economies are enhanced or become weaker. Mega region is, however, a catchy term, describing a self-evident condition, and in that sense is an acceptable and digestible term (something that cannot be said about mega regional agglomeration economies).

The hypothesis here could be framed as follows: The more an urban region is being shaped by the new economic dynamics, the more its spatial organization will involve agglomeration economies as a function of geographic dispersal of economic activities under conditions of systemic integration, no matter the scale – regional, national or global.

The next section examines one critical aspect of such co-presence: does geographic dispersal feed agglomeration economies? The extreme case is taken into account -- the most digitized and globalized firms -- as a natural experiment to understand the parameters of the articulation between geographic dispersal and agglomeration economies, and what it would mean to regionalize this articulation.

6. Does geographic dispersal feed agglomeration economies?

A good starting point is to focus on why the most advanced firms of the knowledge economy are subject to what seem often extreme agglomeration economies, even when they function in electronic markets and produce digitized outputs. Another way to ask it is by focusing on the most globalized and digitized of all knowledge sectors: Why does global finance need financial centers? Or, more generally, why do highly specialized global corporate services that can be transmitted digitally thrive in dense downtowns? This means inserting place in an analysis of knowledge economies that are usually examined in terms of their mobility and space-time compression. Looking at the knowledge economy, and more broadly, global firms, from the optic of regions, cities, or metro-areas, brings in different variables.

Much is known about the wealth and power of today’s global firms. Their ascendance in a globalizing world is no longer surprising. Similarly, with the new information and communication technologies, much attention has focused on their enormous capacities for world-wide operations without losing central control. Less clear is why cities or regions should matter for global firms, particularly global firms that are rich enough to buy whatever the technical innovations that free them from place, its frictions, and its costs. There are several logics that explain why cities matter to the

27 . This spatial lens is also to be distinguished from the more common angle of firms and markets (see, for example, Dieter Ernst. 2005. “The New Mobility of Knowledge: Digital Information Systems and Global Flagship Networks.” pp. 89-114 in Digital Formations: IT and New Architectures in the Global Realm, edited by Robert Latham and Saskia Sassen. Princeton: Princeton University Press.
most globalized (dispersed) and digitized firms and sectors in a way they did not as recently as the 1970s. Here three of these logics are taken into account.\textsuperscript{28}

The first one is that no matter how intensive a user of digital technology a firm is, its operational logic is not the same as the engineer’s logic for designing that technology. Confusing these two potentially very diverse logics has produced a whole series of misunderstandings. When the new information and communications technologies (ICTs) began to be widely used in the 1980s, many experts “forecasted” the end of cities as strategic spaces for firms in advanced sectors. Many routinized sectors did leave cities and many firms dispersed their more routine operations to the regional, national and global scale. But the most advanced sectors and firms kept expanding their top-level operations in particular types of cities.

Why were those experts so wrong? They overlooked a key factor: when firms and markets use these new technologies they do so with financial or economic objectives in mind, not the objectives of the engineer who designed the technology. The logics of users may well thwart or reduce the full technical capacities of the technology.\textsuperscript{29} When firms and markets disperse many of their operations globally with the help of the new technologies, the intention is not to relinquish control over these operations. The intention is to keep control over top level matters and to be capable of appropriating the benefits/profits of that dispersal.\textsuperscript{30} Insofar as central control is part of the globalizing of activities, their top-level headquarter functions actually have expanded because it is simply more complicated and riskier to function in 30 or 50 or more countries, each with distinct laws, accounting rules, and business cultures.

As these technologies are increasingly helpful in maintaining centralized control over globally dispersed operations, their use has also fed the expansion of central operations. The result has been an increase in high-level office operations in major cities and a growth in the demand for high-level and highly-paid professional services, either produced in-house or bought from specialized service firms. Thus the more these technologies enable global geographic dispersal of corporate activities, the more they produce density and centrality at the other end – the cities where their headquarter functions get done.

A second logic explaining the ongoing advantages of spatial agglomeration has to do precisely with the complexity and specialization level of central functions. These rise with globalization and with the added speed that the new ICTs allow. As a result global firms increasingly need to buy the most specialized financial, legal, accounting, consulting and other such services. These service firms get to do some of the most difficult and speculative work. It is increasingly these corporate service firms that evoke agglomeration economies, as their work benefits from being in complex environments that function as knowledge centers because they contain multiple other specialized firms and high level professionals with worldwide experience. Cities are such environments –with the forty

\textsuperscript{28}. For a full development of this subject please see Sassen 2006a (\textit{Territory, Authority, Rights: From Medieval to Global Assemblages}. Princeton, NJ: Princeton University Press): chs. 5 and 7; 2001 (op. cit.).

\textsuperscript{29}. For a detailed explanation of this thwarting of technical logics by the economic, financial, or for that matter cultural and political logics of users see Sassen 2006a (op.cit): ch 7

plus global cities in the world the most significant of these environments, but a growing number of
other cities strong in particular elements of such environments. In brief, cities or central places provide
the social connectivity which allows a firm to maximize the benefits of its technological
connectivity.31

A third logic concerns the meaning of information in an information economy. There are two
types of information. One is the datum, which may be complex yet is standard knowledge: the level at
which a stock market closes, a privatisation of a public utility, a bankruptcy. But there is a far more
difficult type of "information," akin to an interpretation/evaluation/judgment. It entails negotiating a
series of data and a series of interpretations of a mix of data in the hope of producing a higher-order
datum. Access to the first kind of information is now global and immediate (even if often for a high
fee) from just about any place in the highly developed world and increasingly in the rest of the world
thanks to the digital revolution.

But it is the second type of information that requires a complicated mixture of elements -- the
"social infrastructure" for global connectivity -- which gives major financial centers a leading edge.
When the more complex forms of information needed to execute major international deals cannot be
gotten from existing data bases, no matter what one can pay, then one needs to make that information;
it becomes part of the production process in specialized corporate service firms, including financial
services both as service providers and as firms in their own right. That making includes as a critical
component interpretation, inference, and speculation. At this point one needs the social information
loop and the associated de facto interpretations and inferences that come with bouncing off
information among talented, informed people. It is the importance of this input that has given a whole
new importance to credit rating agencies, for instance. Part of the rating has to do with interpreting and
inferring. When this interpreting becomes "authoritative" it becomes "information" available to all. For
specialized firms in these complex domains, credit ratings are but one of these inputs; the making of
authoritative information needs to be part of a production process, either in-house or bought from
specialized firms. This process of making inferences/interpretations into "information" takes an
exceptional mix of talents and resources. Cities are complex environments that can deliver this mix.

The key implication of this analysis for mega regions is the possibility of containing both (at least
some of) the dispersed operations of a given firm and the central headquarter operations. The feedback
effects of containing both can be significant, feeding simultaneously growth in a mega region’s low-
cost possibly marginal areas and in its global cities, or cities that are national business centers.

7. The ongoing importance of central places

Cities have historically provided national economies, polities and societies with something that
can be thought of as centrality. The usual urban form for centrality has been density, specifically the
dense downtown. The economic functions delivered through urban density in cities have varied across
time. But it is always a variety of agglomeration economies, no matter how much their content might
vary depending on the sector involved. While the financial sector is quite different from the cultural
sector, both evince agglomeration economies; but the content of these benefits can vary sharply. One
of the advantages of central urban density is that it has historically helped solve the risk of insufficient
variety. It brings with it diverse labor markets, diverse networks of firms and colleagues, massive
concentrations of diverse types of information on the latest developments, diverse marketplaces. The
new information and communication technologies (ICTs) should have neutralized the advantages of

31 . For a detailed examination of the importance of the subnational scale for a global market, see Harvey,
centrality and density. No matter where a firm or professional is, there should be access to many of the needed resources. But in fact, the new ICTs have not quite eliminated the advantages of centrality and density, and hence the distinct role of cities for leading global firms.  

Even as much economic activity has dispersed, the centers of a growing number of cities have expanded physically, at times simply spreading and at times in a multi-nodal fashion. The outcome is a new type of space of centrality in these cities and their metro-areas: it has physically expanded over the last two decades, a fact that can actually be measured, and it can assume more varied formats. The geographic terrain for these new centralities is not always simply that of the downtown; it can be metropolitan and even regional. In this process, the geographic space in a city or metro area that becomes centralized often grows denser as measured in number of firms, though not necessarily households, than it was in the 1960s and 1970s. This holds for cities as different as Zurich and Sydney, Sao Paulo and London, Shanghai and Buenos Aires. (But population density is not necessarily the best indicator of this type of density)

The global trend of expanded newly built and rebuilt centralized space suggests an ironic turn of events for the impact of ITCs on urban centrality. Clearly, the spatial dispersal of economic activities and workers at the metropolitan, national and global level that began to accelerate in the 1980s actually is only half the story of what is happening. New forms of territorial centralization of top-level management and control operations have appeared alongside these well-documented spatial dispersals. National and global markets as well as globally integrated operations require central places where the work of globalization gets done, as analyzed in the preceding section.

Centrality remains a key feature of today's global economy. But today there is no longer a simple straightforward relation between centrality and such geographic entities as the downtown, or the central business district (CBD). In the past, and up to quite recently in fact, centrality was synonymous with the downtown or the CBD. Today, partly as a result of the new ICTs, the spatial correlates of the “center” can assume several geographic forms, ranging from the CBD, the metro area, to the new global grid comprising global cities.

Particular urban, metro and regional spaces are becoming massive concentrations of new technical capabilities. A growing number of buildings are the sites for a multiplication of interactive technologies and distributed computing. And particular global communication infrastructures are connecting specific sets of buildings worldwide, producing a highly specialized interactive geography, with global firms willing to pay a high premium in order to be located in it. For instance, AT&T’s global business network now connects about 485,000 buildings worldwide; this is a specific geography that actually fragments the cities where these buildings are in as you need to be in a “member” building to access the network. The most highly valued areas of global cities, particularly financial centers, now contain communication infrastructures that can be separated from the rest of the city, allowing continuous upgrading without having to spread it to the rest of the city. And they contain particular technical capabilities, such as frame relays, which most of the rest of the city does not. Multiplying this case for thousands of multinational firms begins to give us an idea of this new inter-city connectivity, largely invisible to the average resident.

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33. For a full development of these patterns see Sassen 2006b (op.cit.): ch.5
One question is whether some of these trans-local operations are actually located within some of the mega regions that concern this essay. This is an empirical question, but one with policy/planning implications. Similarly, if these globally networked spaces of centrality are seen as platforms for global operations of firms and markets, it is important to ask what components of these platforms are contained within a given mega-region. Finally, these platforms consist of a variety of specific geographic sub-national spaces but also electronic spaces. Hence it is important to ask what are the implications for mega regions of the fact that a growing number of sub national scales -- from cities to precisely such mega regions -- emerge as strategic territories that contribute to articulate a new global political economy, and new national and regional political economies.


One way of thinking about the global economy is in terms of the many highly specialized circuits that make it up. Different circuits contain different groups of countries and cities. Viewed this way, the global economy becomes concrete and specific, with a well defined geography. Globally traded commodities -- gold, butter, coffee, oil, sunflower seeds -- are redistributed to a vast number of destinations, no matter how few the points of origin are in some cases. With globalization, this capacity to redistribute globally has grown sharply.

These circuits are multidirectional and criss-cross the world, feeding into inter-city geographies with both expected and unexpected strategic nodes. For instance, New York is the leading global market to trade financial instruments on coffee even though it does not grow a single bean. But a far less powerful financial center, Buenos Aires, is the leading global market to trade financial instruments on sunflower seeds. Cities located on global circuits, whether few or many, become part of distinct, often highly specialised inter-city geographies. Thus if one was to track the global circuits of gold as a financial instrument, it is London, New York, Chicago, Zurich, that dominate. But if I track the direct trading in the metal, Johannesburg, Mumbai, Dubai, and Sydney all appear on the map.

This networked system also feeds unnecessary mobilities, because the intermediary economy of specialized services thrives on mobilities. Thus in the case of the UK economy, a study by the New Economics Foundation and the Open University of London found that in 2004, the UK exported 1,500 tonnes of fresh potatoes to Germany, and imported 1,500 tonnes of the same product from the same country; it also imported 465 tonnes of gingerbread, but exported 460 tonnes of the same product; and it sent 10,200 tonnes of milk and cream to France, yet imported 9,900 tonnes of the same dairy goods from France.

One way of tracking the global operations of firms is through their overseas affiliates. The top 100 global service firms have affiliates in 315 cities worldwide. For all multinational firms, the figure jumps to 1 million overseas affiliates.

The global map tightens when financial networks are examined - for instance, when what is getting traded is not the butter or coffee as such, but financial instruments based on those commodities. The map of commodity futures shows us that most financial trading happens in 20 financial futures exchanges. These 20 include the usual suspects, New York and London, but in perhaps not so familiar roles as well. Thus London, not necessarily famous for its mining, is the largest futures trader in the metal palladium. But besides these two major financial centers, these 20 also include Tokyo as the largest trader in platinum, Sao Paulo as one of the major traders in both coffee and gold, the already mentioned case of Buenos Aires as the major trader in sunseed flowers, and Shanghai in copper. Finally, some of these centers are highly specialized in unexpected ways: London controls potatoes futures.
The map tightens even further when the 73 commodities thus traded are aggregated into three major groups. Five major global futures exchanges (NYME, LME, CBOT, TCOM and IPE) located in New York, London, Chicago, Tokyo and concentrate 76% of trading in these 73 commodities futures traded globally. Aggregated into three major groups, one single market clearly dominates in each. For agricultural commodities futures, the CBOT (Chicago) controls most global trading, for energy it is the NYME (New York), and for metals, the LME (London).

This escalation in the capacity to control points to the multiple global economic spaces that are being generated. Thus the commodities themselves come from well over 80 countries and are sold in all countries of the world, even as only about twenty financial exchanges control the global commodities futures trading. This tighter map of commodities futures trading begins to show us something about the role of cities in today’s globalizing and increasingly electronic economy.

It is here that global cities enter the picture. They are not the places where commodities are produced but they are the places where commodity futures are invented so as to facilitate the global trading of these commodities and partly manage some of the associated risks, and they are the places where these futures are traded. It brings to the fore the distinction between the sites and networks for producing the actual good, and the sites and networks for managing and coordinating the trading of the actual good and the financial instruments they support. And it makes concrete what is one of the main counterintuitive trends evident in today’s global economy: that the more globalized and non-material the activity (trading in financial instruments), the more concentrated the global map of those activities.

There are other such global maps, beyond commodities, commodities futures, and finance in general. A focus on the global networks of global service firms, migration flows, and flight patterns, shows us a far more distributed global map.


Mapping the global operations of specialized service firms shows almost the opposite of the sharp concentration of the financial futures exchanges mentioned above. The servicing operations of these firms are in demand everywhere. When countries open up to foreign firms and investors and allow their markets to become integrated into global markets, it is often foreign service firms that take over the most specialized servicing; it happened in cities as diverse as Buenos Aires and Beijing. This is, clearly, one particular mapping of interconnectivities among a group of very diverse cities. What follows is confined to the inter-city connections among 24 cities, rather than the 315 cities in the original data-set generated by Peter Taylor and his colleagues (2004; see generally the GaWC website) who have generously put the data in the public domain (Table C.1). What the numbers capture is the extent to which these 24 cities are connected through the office networks of these 100 firms. This information is one microcosm of a pattern that repeats itself over and over with a variety of other types of transactions, such as the almost meaningless measure of a city with McDonald’s outlets or the extreme concentration of the commodities futures discussed earlier. Against this background, the connectivity measures of such office networks are a middle ground, very much a part of the infrastructure for the new inter-city geographies.

Except for Turin and Lagos, the 24 cities are in the top third of the 315 cities where these firms either have headquarters or branches. Table 1 shows the overall connectivity of these cities among themselves for six major corporate services. Five of our cities are among the top 10 of the worldwide total for the 315 cities where these firms have operations. London and New York stand out in our sample, as they do in the world generally, with vastly higher levels of connectivity than any other city. A second rather diverse grouping for our 24 cities includes Tokyo, Milan, Los Angeles and Sao Paulo. A third grouping includes Mexico City, Jakarta, Buenos Aires, Mumbai, Shanghai, and Seoul. A
fourth grouping Moscow, Johannesburg, Istanbul, Manila, and Barcelona. A fifth group Caracas, Bogota, Berlin, Dubai, Cairo. Turin and Lagos are at a considerable lower level of connectivity. Turin, with the lowest connectivity of the cities, nonetheless houses offices of 14 of these global firms, pointing to the extent to which these firms network the world, albeit on their specialized and partial terms.

Table C.1 Select Cities: Ranking and relative global network connectivity among 24 cities (all sectors)*

<table>
<thead>
<tr>
<th>Rank</th>
<th>All service sectors</th>
<th>Gross Connectivity</th>
<th>Proportional connectivity</th>
<th>Relative global network connectivity **</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>London (LON)**</td>
<td>11,789</td>
<td>0.0874</td>
<td>1.000</td>
</tr>
<tr>
<td>2</td>
<td>New York (NEW)</td>
<td>11,524</td>
<td>0.0855</td>
<td>0.978</td>
</tr>
<tr>
<td>3</td>
<td>Tokyo (TOK)</td>
<td>8,533</td>
<td>0.0633</td>
<td>0.724</td>
</tr>
<tr>
<td>4</td>
<td>Milan (MIL)</td>
<td>7,178</td>
<td>0.0532</td>
<td>0.609</td>
</tr>
<tr>
<td>5</td>
<td>Los Angeles (LA)</td>
<td>7,068</td>
<td>0.0524</td>
<td>0.600</td>
</tr>
<tr>
<td>6</td>
<td>Sao Paulo (SAO)</td>
<td>6,561</td>
<td>0.0487</td>
<td>0.557</td>
</tr>
<tr>
<td>7</td>
<td>Mexico City (MEX)</td>
<td>5,824</td>
<td>0.0432</td>
<td>0.494</td>
</tr>
<tr>
<td>8</td>
<td>Jakarta (JAK)</td>
<td>5,782</td>
<td>0.0429</td>
<td>0.490</td>
</tr>
<tr>
<td>9</td>
<td>Buenos Aires (BUE)</td>
<td>5,779</td>
<td>0.0429</td>
<td>0.490</td>
</tr>
<tr>
<td>10</td>
<td>Mumbai (MUM)</td>
<td>5,579</td>
<td>0.0414</td>
<td>0.473</td>
</tr>
<tr>
<td>11</td>
<td>Shanghai (SHA)</td>
<td>5,293</td>
<td>0.0393</td>
<td>0.449</td>
</tr>
<tr>
<td>12</td>
<td>Seoul (SEO)</td>
<td>5,110</td>
<td>0.0386</td>
<td>0.442</td>
</tr>
<tr>
<td>13</td>
<td>Moscow (MOS)</td>
<td>5,079</td>
<td>0.0377</td>
<td>0.431</td>
</tr>
<tr>
<td>14</td>
<td>Johannesburg (JOH)</td>
<td>5,026</td>
<td>0.0373</td>
<td>0.426</td>
</tr>
<tr>
<td>15</td>
<td>Istanbul (IST)</td>
<td>5,004</td>
<td>0.0371</td>
<td>0.424</td>
</tr>
<tr>
<td>16</td>
<td>Manila (MAN)</td>
<td>4,847</td>
<td>0.0359</td>
<td>0.411</td>
</tr>
<tr>
<td>17</td>
<td>Barcelona (BAR)</td>
<td>4,770</td>
<td>0.0354</td>
<td>0.405</td>
</tr>
<tr>
<td>18</td>
<td>Caracas (CAR)</td>
<td>4,317</td>
<td>0.0320</td>
<td>0.366</td>
</tr>
<tr>
<td>19</td>
<td>Bogota (BOG)</td>
<td>4,182</td>
<td>0.0310</td>
<td>0.355</td>
</tr>
<tr>
<td>20</td>
<td>Berlin (BER)</td>
<td>4,117</td>
<td>0.0305</td>
<td>0.349</td>
</tr>
<tr>
<td>21</td>
<td>Dubai (DUB)</td>
<td>4,033</td>
<td>0.0299</td>
<td>0.342</td>
</tr>
<tr>
<td>22</td>
<td>Cairo (CAI)</td>
<td>4,011</td>
<td>0.0297</td>
<td>0.340</td>
</tr>
<tr>
<td>23</td>
<td>Lagos (LAG)</td>
<td>1,997</td>
<td>0.0148</td>
<td>0.169</td>
</tr>
<tr>
<td>24</td>
<td>Turin (TUR)</td>
<td>1,343</td>
<td>0.0100</td>
<td>0.114</td>
</tr>
</tbody>
</table>

*Sectors: Six major specialized corporate services sectors: banking/finance, management consulting, advertising, legal, accounting, and insurance. Uses the Taylor methodology but applies it to a sample of 24 cities; measures the connectivity among these 24 cities.

** London =100

Some of these outcomes reflect key patterns in the remaking of space economies. (Tables for each of the specific service industries are on file with author). Thus Berlin and Turin rank low because the major international financial and business centres in their respective countries, Frankfurt and Milan, are extremely powerful in the global network and concentrate a growing share of whatever the global components in their national economies. This is a pattern that recurs in all countries. In banking and finance, Jakarta’s connectivity is high because it is a major and long established banking centre for the Muslim world in Indonesia’s geopolitical region, and hence of great interest to Western firms but also in need of these firms to bridge into the West. Shanghai’s connectivity is high because it is one of the major financial centres for the region, and has become the leading national stock market in China – with Hong Kong having regained its position as China’s leading international financial centre. South Korea is the tenth largest economy in the world, and has undergone significant deregulation after the 1997 Asian financial crisis. It has made Seoul an attractive site for Western financial firms as foreign
investors have been buying up a range of holdings in both South Korea and Thailand since the 1997 financial crisis.

Dubai is an interesting case that points to the making of a whole new region, one not centred in the operational map of our top 100 global service firms. Only in the last few years has Dubai become an important financial and business centre at the heart of a new emergent region that stretches from the Middle East to the Indian Ocean; its financial global connectivity is not principally derived from Western financial firms but increasingly its own and its region’s firms. Its specific financial connectivity is not picked up when the focus is upon the interactions among the cities, but its accounting connectivity is extremely high for the very simple reason that western style accounting rules the world.

When these global connectivity measures are disaggregated by specialized sectors, there is considerable reshuffling because of the high level of specialization that marks the global economy. In accountancy, Mexico City and, perhaps most dramatically, Dubai and Cairo, move to the top. They are becoming deeply connected with global economic circuits, they mediate between the larger global economy and their regions, and hence they offer the top global accounting firms plenty of business. In contrast Shanghai moves sharply down—the global accounting firms have set up their operations in Beijing because going through the Chinese government remains critical.

The other sectors evince similar reshufflings. The often sharp changes in the degree of connectivity for different sectors in a given city is generally due to misalignments between global standards for legal and accounting services and the specifics of the national systems. Global insurance firms have clearly decided that locating in Johannesburg and Shanghai makes sense, as this move to the top ten among our cities. It signals that the domestic insurance sector is either not sufficiently developed or is too “unwestern” to satisfy firms and investors, and hence foreign insurance firms can gain a strong foothold. The low connectivity of Seoul and Mumbai tell us that the domestic insurance sector is taking care of business. The high connectivity for legal services in the case of Moscow, Sao Paulo, and Shanghai, which all move into the top 10, signals the need for western style legal services in a context of growing numbers of foreign investors and firms. Sao Paulo, for instance, hosts about 70 financial services firms from Japan alone.

In management and consultancy, Buenos Aires, Sao Paulo, Seoul and Jakarta move into the top ten cities in our sample, in good part due to the dynamic opening up their national economies in the 1990s, and the resulting opportunities for foreign and national firms and investors. Barcelona, Mumbai, and Cairo have drawn far fewer of our global 100 service firms because either the domestic sector could provide the services, as is the case in Mumbai and Cairo, or the opportunities lied elsewhere, as is suggested by Spain’s massive investments throughout Latin America, and now even including banking in the UK.

For the top 100 global advertising firms, Mumbai and Buenos Aires, both with rich cultural sectors and industries, were a strong draw. Again, the weaker presence of global advertising firms in Cairo and Dubai’s is due to these cities’ sharper orientation to their emergent region.

London has the strongest presence of these global firms in accounting, banking/finance, insurance, and New York is strongest in advertising and management consulting. It should be noted that this dominance is due mostly to the sharp concentration of headquarters, as well as branches.

The global map produced by the operations of the top 100 service firms is dramatically different from that produced by the financial trading of commodity futures, which is in turn different from that of the trading in the actual commodities. The extreme concentration evident in finance would stand out
even more if a map was drawn of goods trading and the innumerable criss-crossing circuits connecting points of origin and destination. It does suggest that the specialized services are a sector that seeks out cities, the more the better.

11. Flight connectivity

Taking into account flights among the group of 24 cities, it is possible to get a measure of each city’s percentage of the total of flights among the 24 cities. 24 cities were selected out of a total data set of 100. For details of the data set see Derudder, Ben and F. Wiltox 2005. “An appraisal of the use of airline data in assessing the world city network: A research note on data.” The methodology was applied to a 24 city sample to measure air traffic among these 24 cities. Not unexpectedly New York, London and Los Angeles have the largest number of connections within the group of 24, and with the world. NY dominates traffic with Latin America and Los Angeles with Asia, London dominates global routes. Links among these three top hubs are strong. Further, there are strong connections between particular sets of cities: Dubai and Cairo, Mumbai and Johannesburg; Johannesburg and London; Lagos and London, New York, and Johannesburg. One of the strongest links is Shanghai and Tokyo, and also Shanghai and Taipei. There follow four tables that cover three very diverse possibilities, one familiar and expected (New York), the others perhaps less (Shanghai and Moscow) (Tables C.2-3-4-5).

Table C.2 Airline Traffic: City rank and percentage in the 24-city system

<table>
<thead>
<tr>
<th>Rank</th>
<th>Cities World</th>
<th>Cities</th>
<th>Number of Passengers</th>
<th>% in the total 24 cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New York (NEW)</td>
<td>5,894,498</td>
<td>17.4</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>London (LON)</td>
<td>5,608,799</td>
<td>16.6</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Los Angeles (LA)</td>
<td>4,228,342</td>
<td>12.5</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Tokyo (TOK)</td>
<td>2,131,225</td>
<td>6.3</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Milan (MIL)</td>
<td>1,606,643</td>
<td>4.7</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Seoul (SEO)</td>
<td>1,556,053</td>
<td>4.6</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Dubai (DUB)</td>
<td>1,499,039</td>
<td>4.4</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Mumbai (MUM)</td>
<td>1,120,655</td>
<td>3.3</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Mexico City (MEX)</td>
<td>1,106,001</td>
<td>3.3</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Manila (MAN)</td>
<td>1,055,638</td>
<td>3.1</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Barcelona (BAR)</td>
<td>1,052,455</td>
<td>3.1</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Sao Paulo (SAO)</td>
<td>976,122</td>
<td>2.9</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Buenos Aires (BUE)</td>
<td>915,310</td>
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</tr>
<tr>
<td>14</td>
<td>Johannesburg (JOH)</td>
<td>709,505</td>
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<td></td>
</tr>
<tr>
<td>15</td>
<td>Cairo (CAI)</td>
<td>695,659</td>
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</tr>
<tr>
<td>16</td>
<td>Istanbul (IST)</td>
<td>603,942</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Shanghai (SHA)</td>
<td>583,653</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Berlin (BER)</td>
<td>563,827</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Moscow (MOS)</td>
<td>491,618</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Caracas (CAR)</td>
<td>453,746</td>
<td>1.3</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Bogota (BOG)</td>
<td>419,126</td>
<td>1.2</td>
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</tr>
<tr>
<td>22</td>
<td>Lagos (LAG)</td>
<td>243,215</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Jakarta (JAK)</td>
<td>220,399</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Turin (TUR)</td>
<td>131,158</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total (24 cities)</td>
<td>33,867,068</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

34. This information was derived from a far larger sample produced by Ben Derudder at the University of Ghent, who kindly has put this in the public domain. To avoid the distortion of hubs, that data set uses the full trip

### Table C.3 New York: Flight connectivity

<table>
<thead>
<tr>
<th>Rank</th>
<th>Cities World</th>
<th>New York</th>
<th>Number of Passengers</th>
<th>% in the total 24 cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Los Angeles (CA)</td>
<td>1,697,593</td>
<td>28.80</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>London</td>
<td>1,609,337</td>
<td>27.30</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Tokyo</td>
<td>312,208</td>
<td>5.30</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Mexico City</td>
<td>281,749</td>
<td>4.78</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Milan</td>
<td>207,392</td>
<td>3.52</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Seoul</td>
<td>197,243</td>
<td>3.35</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>São Paulo</td>
<td>189,167</td>
<td>3.21</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Mumbai</td>
<td>176,124</td>
<td>2.99</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Buenos Aires</td>
<td>161,274</td>
<td>2.74</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Cairo</td>
<td>140,307</td>
<td>2.38</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Barcelona</td>
<td>116,815</td>
<td>1.98</td>
<td></td>
</tr>
<tr>
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<td>Manila</td>
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<td>1.79</td>
<td></td>
</tr>
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<td>13</td>
<td>Caracas</td>
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<td>Istanbul</td>
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<td></td>
</tr>
<tr>
<td>15</td>
<td>Moscow</td>
<td>97,044</td>
<td>1.65</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Bogotá</td>
<td>95,104</td>
<td>1.61</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Shanghai</td>
<td>70,488</td>
<td>1.20</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Johannesburg</td>
<td>67,894</td>
<td>1.15</td>
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<tr>
<td>19</td>
<td>Berlin</td>
<td>56,789</td>
<td>0.96</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Dubai</td>
<td>45,547</td>
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<td></td>
</tr>
<tr>
<td>21</td>
<td>Lagos</td>
<td>40,492</td>
<td>0.69</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Jakarta</td>
<td>39,966</td>
<td>0.61</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Turin</td>
<td>8,986</td>
<td>0.15</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL 23</td>
<td>5,894,498</td>
<td>100.00</td>
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</table>

### Table C.4 Moscow: Flight connectivity

<table>
<thead>
<tr>
<th>Rank</th>
<th>Cities World</th>
<th>Moscow</th>
<th>Number of Passengers</th>
<th>% in the total 24 cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>London</td>
<td>137,281</td>
<td>27.92</td>
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</tr>
<tr>
<td>2</td>
<td>New York (NY)</td>
<td>97,044</td>
<td>19.74</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Milan</td>
<td>54,727</td>
<td>11.13</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Berlin</td>
<td>54,136</td>
<td>11.01</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Istanbul</td>
<td>29,351</td>
<td>5.97</td>
<td></td>
</tr>
<tr>
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<td>Barcelona</td>
<td>24,012</td>
<td>4.88</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Los Angeles (CA)</td>
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<td>4.31</td>
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</tr>
<tr>
<td>8</td>
<td>Tokyo</td>
<td>16,732</td>
<td>3.40</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Dubai</td>
<td>16,147</td>
<td>3.28</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Mumbai</td>
<td>6,056</td>
<td>1.23</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Seoul</td>
<td>5,289</td>
<td>1.08</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Cairo</td>
<td>5,017</td>
<td>1.02</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Johannesburg</td>
<td>4,164</td>
<td>0.85</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Buenos Aires</td>
<td>3,685</td>
<td>0.75</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Mexico City</td>
<td>3,617</td>
<td>0.74</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Shanghai</td>
<td>3,211</td>
<td>0.65</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Turin</td>
<td>2,986</td>
<td>0.61</td>
<td></td>
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<tr>
<td>18</td>
<td>São Paulo</td>
<td>2,151</td>
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</tr>
<tr>
<td>Rank</td>
<td>Cities</td>
<td>Number of Passengers</td>
<td>% in the total 24 cities</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>---------------</td>
<td>----------------------</td>
<td>-------------------------</td>
<td></td>
</tr>
<tr>
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<td>Los Angeles (CA)</td>
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<td>25.87</td>
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<tr>
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<td>Tokyo</td>
<td>131,956</td>
<td>22.6</td>
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<td>Seoul</td>
<td>127,118</td>
<td>21.78</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>New York (NY)</td>
<td>70,488</td>
<td>12.08</td>
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<tr>
<td>5</td>
<td>London</td>
<td>38,475</td>
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<td>6</td>
<td>Milan</td>
<td>13,284</td>
<td>2.28</td>
<td></td>
</tr>
<tr>
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<td>Manila</td>
<td>8,184</td>
<td>1.40</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Berlin</td>
<td>7,068</td>
<td>1.21</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Barcelona</td>
<td>6,468</td>
<td>1.11</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Istanbul</td>
<td>5,326</td>
<td>0.91</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Jakarta</td>
<td>4,286</td>
<td>0.73</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Dubai</td>
<td>3,432</td>
<td>0.59</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Mumbai</td>
<td>3,284</td>
<td>0.56</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Moscow</td>
<td>3,211</td>
<td>0.55</td>
<td></td>
</tr>
<tr>
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<td>Johannesburg</td>
<td>2,964</td>
<td>0.51</td>
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</tr>
<tr>
<td>16</td>
<td>Turin</td>
<td>2,075</td>
<td>0.36</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>São Paulo</td>
<td>2,047</td>
<td>0.35</td>
<td></td>
</tr>
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<td>Buenos Aires</td>
<td>948</td>
<td>0.16</td>
<td></td>
</tr>
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<td>Mexico City</td>
<td>849</td>
<td>0.15</td>
<td></td>
</tr>
<tr>
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<td>Cairo</td>
<td>822</td>
<td>0.14</td>
<td></td>
</tr>
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<td>Lagos</td>
<td>192</td>
<td>0.03</td>
<td></td>
</tr>
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<td>Caracas</td>
<td>128</td>
<td>0.02</td>
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</tr>
<tr>
<td>23</td>
<td>Bogotá</td>
<td>29</td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

**Table C.5 Shanghai: Flight connectivity**

12. Global Immigration cities

Finally, and very briefly, given the heightened importance of immigration, the top 33 immigrant receiving cities (in terms of share in their total population) in the world were selected. One of the main utilities is to show to what extent European cities are not among the top recipients, and further, that some of the very high recipient cities are several generally considered to be well-functioning cities (Table C.6). Only Amsterdam, Geneva and The Hague are among the top ten in terms of share of immigrants in the population, but the absolute numbers are relatively small. There is a similar combination in the bottom ten, with Frankfurt, London, Brussels and Zurich.
## Table C.6 Global Immigrant Cities

A Global Perspective on the Connections between Immigration and World Cities 20

### Appendix 2: Foreign Born Percentages and Total Population for Selected Cities

<table>
<thead>
<tr>
<th>City</th>
<th>City Population</th>
<th>Foreign Born Population</th>
<th>% Foreign Born</th>
<th>Year</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubai</td>
<td>857,233</td>
<td>702,931</td>
<td>82.00</td>
<td>2002</td>
<td>Dubai Development and Investment Authority, 2002</td>
</tr>
<tr>
<td>Miami</td>
<td>2,253,362</td>
<td>1,147,765</td>
<td>50.94</td>
<td>2000</td>
<td>Census Bureau, 2000</td>
</tr>
<tr>
<td>Amsterdam</td>
<td>735,328</td>
<td>347,634</td>
<td>47.28</td>
<td>2002</td>
<td>Amsterdam Bureau of Research and Statistics, Key Figures Amsterdam, 2002</td>
</tr>
<tr>
<td>Toronto</td>
<td>4,647,960</td>
<td>2,091,109</td>
<td>44.99</td>
<td>2001</td>
<td>Statistics Canada, Census 2001</td>
</tr>
<tr>
<td>Suva</td>
<td>661,000</td>
<td>294,881</td>
<td>44.81</td>
<td>2000</td>
<td>Statistical Yearbook 2000, Ministry of National Economy</td>
</tr>
<tr>
<td>Vancouver</td>
<td>1,967,475</td>
<td>767,715</td>
<td>39.02</td>
<td>2001</td>
<td>Statistics Canada, Census 2001</td>
</tr>
<tr>
<td>Auckland</td>
<td>367,737</td>
<td>143,417</td>
<td>39.00</td>
<td>2001</td>
<td>Auckland City Council, 2001</td>
</tr>
<tr>
<td>Geneva</td>
<td>427,700</td>
<td>163,118</td>
<td>38.37</td>
<td>2002</td>
<td>Statistique Geneve, 2002</td>
</tr>
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<td>Mecca</td>
<td>4,467,670</td>
<td>1,686,595</td>
<td>37.75</td>
<td>1996</td>
<td>Central Department of Statistics, Statistical Yearbook 1997</td>
</tr>
<tr>
<td>The Hague</td>
<td>441,595</td>
<td>161,509</td>
<td>36.57</td>
<td>1995</td>
<td>Swing Online, Den Haag, ABF Research</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>9,519,838</td>
<td>3,449,444</td>
<td>36.24</td>
<td>2000</td>
<td>Census Bureau, 2000</td>
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<tr>
<td>Tel Aviv</td>
<td>2,075,506</td>
<td>747,400</td>
<td>36.01</td>
<td>2002</td>
<td>Central Bureau of Statistics, Israel, 2002</td>
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<tr>
<td>Kiev</td>
<td>2,616,000</td>
<td>941,760</td>
<td>36.00</td>
<td>1992</td>
<td>Ukrainian Ministry of Statistics, Census 1992</td>
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<td>Medina</td>
<td>5,448,773</td>
<td>1,893,213</td>
<td>34.75</td>
<td>2000</td>
<td>Demographic Survey, AD 2000, Central Department of Statistics</td>
</tr>
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<td>New York</td>
<td>9,314,255</td>
<td>3,139,647</td>
<td>33.71</td>
<td>2000</td>
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<td>San Francisco</td>
<td>1,731,183</td>
<td>554,819</td>
<td>32.05</td>
<td>2000</td>
<td>Census Bureau, 2000</td>
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<td>Perth</td>
<td>1,336,239</td>
<td>422,547</td>
<td>31.62</td>
<td>2001</td>
<td>Western Australia Office of Multicultural Interests, 2001</td>
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<td>Riyadh</td>
<td>4,730,338</td>
<td>1,477,601</td>
<td>31.24</td>
<td>2000</td>
<td>Demographic Survey, AD 2000, Central Department of Statistics</td>
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<tr>
<td>Frankfurt</td>
<td>650,705</td>
<td>181,184</td>
<td>27.84</td>
<td>2000</td>
<td>Source: Annuat Statistics, City of Frankfurt, 2001</td>
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<td>Thessaloniki</td>
<td>1,399,105</td>
<td>379,932</td>
<td>27.30</td>
<td>1999</td>
<td>State Department for Statistics, 1999</td>
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<td>London</td>
<td>7,172,091</td>
<td>1,540,390</td>
<td>27.05</td>
<td>2001</td>
<td>National Statistics, Census 2001</td>
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<tr>
<td>Brussels</td>
<td>978,384</td>
<td>260,040</td>
<td>26.58</td>
<td>2002</td>
<td>National Statistical Institute, Demographic Statistics</td>
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<td>Munich</td>
<td>1,247,934</td>
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<td>22.61</td>
<td>2001</td>
<td>Source: Unknown</td>
</tr>
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<td>Zurich</td>
<td>1,247,906</td>
<td>280,779</td>
<td>22.50</td>
<td>2000</td>
<td>Statistisches Amt des Kantons Zurich, Census 2000</td>
</tr>
<tr>
<td>Calgary</td>
<td>943,310</td>
<td>205,000</td>
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<td>2001</td>
<td>Statistics Canada, Census 2001</td>
</tr>
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<td>Brisbane</td>
<td>1,609,116</td>
<td>338,159</td>
<td>21.01</td>
<td>2001</td>
<td>State of Queensland Department of the Premier and Cabinet, 2001</td>
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<tr>
<td>Houston</td>
<td>4,177,646</td>
<td>854,669</td>
<td>20.46</td>
<td>2000</td>
<td>Census Bureau, 2000</td>
</tr>
<tr>
<td>Honolulu</td>
<td>876,156</td>
<td>168,248</td>
<td>19.20</td>
<td>2000</td>
<td>Census Bureau, 2000</td>
</tr>
</tbody>
</table>
13. Regional specificity and knowledge economies: any links?

How much a region’s specificity matters will vary, partly depending on that region’s economy. The point is that a region’s specificity matters more than is usually assumed, and that it matters in ways that are not generally recognized. The policy implications of the argument is that too great a focus is put upon competition – between cities, between regions, between countries—and not enough on the emergence of new types of networked systems and the partly associated emergence of an increasingly specialized global divisions of functions. These networked systems arise partly out of the multi-sidedness of firms and out of the evolution of global markets into global platforms open to many and from many different places. And the increasingly specialized global division of functions arises of the multiplication of specialized economic sectors and the increasing complexity of many of these sectors.

Among the key implications for mega regions of these combined trends is that their scale can allow them to capture a large share of those networks, and, secondly, that the specialized economic strengths of a region increasingly matter. Yes there is competition, but it accounts for far less than is usually assumed. What really matters is the specialized difference of a city or region. This section examines the connection between regional economic specificity and the formation of advanced knowledge economies. And in the ensuing section I examine the question of increasingly homogenized landscapes and built environments to understand how regional or urban specificity can co-exist with that homogenizing.

How does a city or a region become a knowledge economy? The case of Chicago may prove helpful to illustrate the point. It is common to see Chicago as a latecomer to the knowledge economy (and thus to global city status). Why did it happen so late – almost fifteen years later than in New York and London. Typically the answer is that Chicago had to overcome its agro-industrial past, that its economic history put it at a disadvantage compared to old trading and financial centers such as New York and London.  

But its past was not a disadvantage. It was one key source of its competitive advantage. The particular specialized corporate services that had to be developed to handle the needs of its agro-industrial regional economy gave Chicago a key component of its current specialized advantage in the global economy. While this is most visible and familiar in the fact of its preeminence as a futures market built on pork bellies, so to speak, it also underlies other highly specialized components in its.....

36. For one of the most detailed examinations of the current and past economic patters of Chicago and its region see Greene (ed) 2006.

37. This brings to the fore the specialized division of functions in the global economy, one partly constituted and implemented through a proliferation of specialized cross-border city-networks. The critical mass of these networks has expanded to include about forty major and minor global cities. There are many networks and different types of functions/positions for cities. Detecting this has required developing new methodologies (see Taylor 2004 (op. cit.); Alderson, Arthur S. and Jason Beckfield. “Power and Position in the World City System.” American Journal of Sociology 109(4): 811-51; and the illuminating debate on questions of method between Taylor and Alderson/Beckfield, forthcoming in The American Journal of Sociology). The global network of cities is much more than just a set of cross border flows connecting cities. It is a complex, highly specialized organizational infrastructure for the management and servicing of the leading economic sectors.
global city functions. The complexity, scale and international character of Chicago’s historical agroindustrial complex required highly specialized financial, accounting, legal expertise, quite different from the expertise required to handle the sectors New York specialized in — service exports, finance on trade, and finance on finance. Today there are other sectors that are, clearly, also critical to Chicago’s advanced service economy, notably the conventions and entertainment sector and cultural industries. But the point here is that Chicago’s past as a massive agro-industrial complex gave the city some of its core and distinctive knowledge economy components.

But for this specialized advantage to materialize entails repositioning that past knowledge in a different set of economic circuits. It entails, then, dis-embedding that expertise from an agro-industrial economy and re-embedding it in a “knowledge” economy — that is to say, an economy where expertise can increasingly be commodified, function as a key input, and, thereby constitute a new type of intermediate economy. Having a past as a major agro-industrial complex makes that switch more difficult than a past as a trading and financial center. This then also explains partly Chicago’s “lateness” in bringing that switch about. But that switch is not simply a matter of overcoming that past. It requires a new organizing logic that can revalue the capabilities developed in an earlier era (Sassen 2006a; chapters 1 and 5). It took making to execute the switch.

Through its particular type of past, Chicago illuminates aspects of the formation and the specifics of knowledge economies that are far less legible in cities such as New York and London, which even though they did have manufacturing were dominated by predominantly trading and banking economies. A first issue is then that Chicago’s past as an agro-industrial economy points to the mistake of assuming that the characteristics of global cities correspond to those of such old trading and banking centers.

A second issue raised by the Chicago case is that while there are a number of global city regions today with heavy manufacturing origins, many once important manufacturing cities have not made the switch into a knowledge economy based on that older industrial past. Along with Chicago, Sao Paulo, Tokyo, Seoul, and Shanghai are perhaps among today’s major global city regions with particularly strong histories in heavy manufacturing. But most once important manufacturing cities, notably Detroit and the English manufacturing cities, have not undergone that type of switch. They were to some extent dominated by a single or a few industries and shaped up more like mono-cultures. This points to the importance of thresholds in the scale and diversity of a region’s manufacturing past to secure the components of knowledge production I identify in Chicago’s case — specialized servicing capabilities that could be dislodged from the organizational logic of heavy manufacturing and relodged in the organizational logic of today’s so-called knowledge economy.

The specialized economic histories of major cities and regions matter in today’s global economy because they are the main way in which national economies are inserted in variable ways in multiple globally networked divisions of functions. It never was “the” national economy that articulated a country with the international division of functions. But today it is even less so because the global economy consists of a vast number of particular circuits connecting particular components of cities and regions across borders. It is at this level of desegregation that it is best to understand how cities and regions are globally articulated. It is also in this context that it is possible to see how much more the specialized economic histories of a region matter today than they did in the Keynesian period of marked by national territorial convergence, rather than today’s targeting, and by mass production rather than today’s proliferation of increasingly specialized and diverse services.

Sassen (2006a) develops this notion of switching (existing capabilities switching to novel organizing logics) in order to understand the formation of today’s global economy as well as today’s partial denationalizing of state capacities.
Thus, returning to the Chicago example, the city today has a specialized advantage in producing certain types of financial, legal and accounting instruments because financial, legal, and accounting experts in Chicago had to address in good part the needs of the agro-industrial complex; they had to deal with steel and with cattle produced for regional, national and international markets. It is this specialized type of knowledge that matters for Chicago’s competitive situation in the global market. Chicago, Sao Paulo, Shanghai, Tokyo, and Seoul are among the leading producers of these types of specialized corporate services, not in spite of their economic past as major heavy industry centers, but because of it.

The fact that these distinctions and differences in the specialized economic histories of cities and regions become increasingly prominent and value-adding in today’s global, and also national, economy is easily obscured by the common emphasis on competition and cross-border standardization. Competition and standardization have been rescaled partly to the subnational level of cities and regions – this is a reality that it is difficult to avoid. But the emphasis remains on competition, notably inter-city competition, and on standardization – the notion that globalization homogenizes standards of all kinds, business cultures, built environments (no matter how good the architecture).

The economic trajectory and switching illustrated by the case of Chicago contests the thesis of the homogenizing effects of today’s advanced economic sectors, a thesis which also brings with it an emphasis on inter-city and inter-regional competition. This thesis and its implications could also be extended to certain types of regions and mega regions with similarly specialized economic trajectories, albeit very different contents. The Chicago case shows that becoming part of a knowledge economy is not simply a question of dropping a manufacturing and agro-industrial past, and then proceeds to converge/homogenize on the headquarters-services-cultural sector axis. Critical is executing the switch described earlier – whatever might be the specifics of an area’s past.  

Further, Chicago also indicates that the meaning of homogenized urban and regional landscapes needs to be examined empirically. It becomes critical to establish the particular specialized sectors that might inhabit that homogenized landscape.

14. Homogenized built environment: obscuring economic difference

The homogenized and convergent state-of-the-art urban and increasingly regional landscapes are actually functioning as an “infrastructure.” As an infrastructure, these homogenized built environments guarantee the provision of all advanced systems and luxuries needed/desired by the firms and households in leading economic sectors are in place. Office districts, high-end housing and commercial districts, conventional and digital connectivity, cultural districts, security systems, airports, and so on, are all in place and they are all state-of-the-art.

Comparative analyses rely on similarities and differences to make their point. Contemporary urbanization, whether at the urban, metro or regional level, is often seen as marked by a homogenizing of the urban landscape and a growing range of its built environments. This is especially so in the case of global cities and global city-regions due to the intensity and rapidity of urban reconstruction in such areas. And yet this obscures the fact of the diversity of economic trajectories through which cities and regions emerge and develop (as discussed in the preceding section), even when the final visual

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outcomes may look similar. Out of this surface analysis based on homogenized landscapes and built environments, comes a second possibly spurious inference, that this homogenizing is a function of economic convergence, for instance, the notion that there is a general move to (the same) knowledge economy. Both propositions – that similar visual landscapes are indicators of both similar economic dynamics and of convergence — may indeed capture various situations. But these propositions also obscure key conditions that point to divergence and specialized differences; in fact, divergence and specialized difference is easily rendered invisible by such notions. Such spurious inferences need to be taken into account when understanding the character of these mega regions.

At the most general level it is possible to start with developments at the macro-economic level which can easily lead observers to buy into the homogenization thesis. An important structural trend evident in all reasonably working economies is the growing service intensity in the organization of just about all economic sectors, including rather routine and often non-globalized sectors. Whether in mining and agriculture, manufacturing, or service industries such as transport and health, more firms are buying more producer services. Some of this translates into a growing demand for producer services in global cities, but much of it translates into a demand for such services from regional centers, albeit often less complex and advanced version of those services.

The growth in the demand for producer services is then, in the analysis, a structural feature of advanced market economies which affects most economic sectors. It is not just a feature of globalized sectors. What globalization brings to this trend is a sharp increase in the demand for complexity and diversity of professional knowledge. It is this qualitative difference that leads to the heightened agglomeration economies evinced by firms in global cities compared to other types of urban areas. But the basic structural trend is present in both types of areas. This perspective also clarifies what is in my view a somewhat misguided interpretation about the higher growth rates of producer services in cities that are not global. The trend is to assume ipso facto that these higher growth rates of producer services reflect decline and/or the departure of producer services from global cities. Those higher growth rates are actually in good part the result of lagged growth of these services throughout the national economy; global cities had their extremely high growth rates much earlier, in the 1980s. The lower growth rates evident in global cities compared with other cities should thus not necessarily be interpreted as losses for the former, but rather as the latter entering this new structural phase of market


41. In developing the global city model I posited that a critical indicator is the presence of a networked, specialized producer services sector capable of handling the global operations of firms and markets, whether national or foreign. Given measurement difficulties, a proxy for this networked sector is the incidence and mix of producer services in a city. This is frequently reduced to the share of producer services employment as the indicator of global city status. This is fine, though it needs empirical specification as to the quality and mix of the producer services industries. More problematic is to interpret a small share, or a declining share, or a falling growth rate, or a lower growth rate than in non-global cities, as an indicator of global city status decline or as signaling that the city in question is not a global city. Similarly problematic is a variant on this indicator is the share a city has of national employment in producer services and whether it has grown or fallen; the notion here is that if a city such as New York or London loses share of national employment in producer services, it loses power.

Looking at matters this way recodes some common interpretations of growth and decline.

What is critical for the analysis in this section is that the growth of this intermediate economy across diverse urban areas amounts to a kind of structural convergence that explains a homogenizing of built environments and spatial patterns even when the sectors serviced are radically different. Regardless of economic sector and geographic location, firms are buying more of these services. A mining firm, a transport firm, and a software firm all need to buy legal and accounting services. To some extent these services may be produced in the same city and in similar built environments, even though they are feeding very different economic sectors and geographic sites of the larger economy, including the mega regional economy. Thus “old economy” sectors such as manufacturing and mining are also feeding the growth of the intermediate economy.

This structural convergence does filter through and homogenizes spatial organization and the visual order of the built environment. It does account for key patterns evident in cities small and large, notably the well-documented growth of a new type of professional class of young urbanites and the associated high-income gentrification and growth of the cultural sector. This convergence and homogenizing of the visual order easily obscures the specific trajectories and contents through which a region develops a knowledge economy, as discussed in the preceding section of this paper.

Seen this way, it is possible to begin to qualify the homogenization and convergence thesis. There is a kind of convergence at an abstract systemic level, and at the level of the needed built environments for the new intermediate economy and the new kinds of professional workforces. But at the concrete, material interface of the economy and its built environments, the actual content of the specialized services that inhabit that built environment can vary sharply.

From here, then, my proposition that critical components of the homogenized/convergent urban and regional landscape frequently presented as today’s quintessential new advanced built environment, are actually more akin to an infrastructure for economic sectors. This unsettles the concept (and the reality) of the built environment as it is generally used. The critical question becomes what inhabits that “infrastructure.” Looking similar does not necessarily entail similar contents, circuits, moments of a process. This illustrates the thesis that different dynamics can run through similar institutional and spatial forms, and vice versa. Thus the substantive character of convergence in the global city model, for instance, is not the visual landscape per se but its function as an infrastructure; and it is, above all, the development and partial importation of a set of specialized functions and the direct and indirect effects this may have on the larger city, including its built environment.

One question here is whether this distinction between homogenized built environments and the often highly diverse contents they house also need to become part of our understanding of what is

44. In Sassen (2006a) a parallel argument is posited for the liberal state as it is subjected to the forces of economic and political globalization. The outcome does not necessarily mean that these states lose their distinctiveness, but rather that they implement the necessary governance structures to accommodate global projects and that they do so through the specifics of their state organization.
specific to a city, an urban region or a mega region. State of the art office buildings or speed rail or airports can look very similar yet serve very different economic sectors. These types of differences are becoming increasingly important to understand a city’s, a region’s and possibly a mega region’s place in the global economy. There are two reasons for this. One is the shift from a Keynesian spatial economy striving for national territorial convergence to a post-Keynesian space economy oriented towards territorial targeting (global cities, silicon valleys, science parks, and so on). The second is that a city’s, a region’s and possibly a mega region’s advantage in the global economy is a function of positioning in multiple highly particularized, and often very specialized, economic circuits; it is not helpful to think of “the” place of “the” mega region in “the” global economy.

15. Conclusion

Beyond the familiar policy suggestions, these comments point to policy implications that go beyond ensuring that the most dynamic sectors of developed economies are targeted for support. It is also needed to counter excessive targeting to ensure more territorial convergence. Developed countries have entered a distinct phase of territorial organization, away from Keynesian convergence and towards territorial targeting: from global cities to silicon valleys and technopoles. Much of this territorial targeting is linked to the development of knowledge economies. This raises several questions about the actual content of these knowledge economies and the relationship between that content and the older economic histories of a place.

Secondly, knowledge economies are merely one (albeit critical) component of national, regional, or urban economies. Prioritizing only advanced sectors is a critical mistake, and it risks furthering a “plantation economy;” no matter how fancy the crop, depending on a monoculture is not a good way to proceed. Further, the most advanced sectors require a vast array of types of firms, workers, and products/services that are not usually seen as “advanced.” A key policy implication is that the knowledge economy should not be reified as something that exists by itself. It is embedded in multiple other sectors.

The soft underbelly of the knowledge economy is the vast array of low wage jobs, low-profit and low-tech firms, and under-resourced economic spaces that are part of the knowledge economy, even though rarely coded as such. If addressing this undesirable condition requires “soft” policy fine. But the objective has to be upgrading those jobs, firms, and spaces. This is one way of counteracting the strong tendencies towards polarization wired into the knowledge economy. Low-growth sectors may also contain such tendencies towards growing inequality (though in a much narrower range) but rarely contain the resources to even begin to counteract polarization. One policy objective should be to avoid the outcomes of the US, where a third of workplaces are below standards, and the incidence of workplace injuries and fatalities is the highest of all developed countries.

Finally, if the relationship between older material economies (manufacturing, mining, agriculture, etc) and today’s knowledge economy is rethought, it is possible to see that this is not one of conflict as is typically thought, but rather that the former can feed the latter. This relationship is usually overlooked or not addressed in analyses of the knowledge economy because the latter is new and hence it is easily assumed that it had to overcome the older economies of a place.

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One key policy implication of rethinking that relationship is that a city or region can build strengths in terms of its “specialized difference.” For example, Chicago’s knowledge economy is strong because its agro-industrial past was strong. Law, accounting, finance, etc. all had to be developed to address the needs of large manufacturing and agro-business. This view goes against the common view that Chicago had to overcome that agro-industrial past. On the contrary! That past gave it its specialized advantage in the national and global economy. Thus a city or a region needs to build on the specifics of its economic history in order to achieve specialized differentiation (high levels of complexity) in developing a knowledge economy. This also means distinguishing the formats of the knowledge economy from its contents (e.g. both are leading financial centers, but NY’s financial knowledge economy is built on trade and finance, Chicago’s on agro and manufacturing). It is essential to develop more encompassing understandings of the parameters and conditionalities of knowledge economies, and of the implications for urban and regional development.
1. Introduction

‗Globalisation‘ and ‗the knowledge economy‘ are the defining and inter-twining narratives of the last two decades of transformation in the world economy. Yet both incite more myths and scare stories than evidence-based assessments of what has really changed in our economies and societies, and of how cities need to respond. The analysis suggests that both the knowledge economy and globalisation happen in places, albeit unevenly, and that cities and regions often provide the nodal points where these processes interact. This means that globalisation and the knowledge economy offer huge opportunities for cities. Successful cities will be those that recognise these opportunities and rise to the challenges of the shifting economy, building on their strengths and adapting to the changes.

This paper reviews how cities might make use of ‗soft‘ intangible policy instruments, such as skills and leadership, to rise to the challenges of the changing economy. It aims to complement Sir Peter Hall’s paper on ‗hard‘, more measurable policy instruments, such as transport and connectivity. The paper is written based on the assumption that city policymakers who are seeking to enable their cities to adapt and to be innovative need to focus on both ‗hard‘ and ‗soft‘ policy instruments, which in practice are intertwined. However, a more detailed understanding of specific issues helps generate an understanding of how the different policy instruments work together. This paper focuses on the four soft policy instruments that are most important for cities seeking to respond to the changing economy:

- Skills: cities need to invest in skills appropriate to their key sectors, and can benefit from the innovation associated with higher skills as well as the spin-off benefits of education institutions;
- Leadership: if cities are to change direction, they need strong leadership to work with key stakeholders and generate a sense of shared purpose;
- Distinctiveness: successful cities are those that have a particular identity that helps them attract businesses, skilled workers, visitors and students. Often this may involve strengths in the creative and cultural sectors, which can in turn impact on economic success;
- Collaboration: Different cities have different strengths, but frequently these are complementary and working together can enhance the offer that both cities can make to businesses and to workers, for example a large city could find it easier to employ workers if a nearby city offers a high ‗quality of place‘ offer where they can live with their families. Collaboration may be particularly important for cities where the core industry has declined.

This paper reviews why cities should focus on these four issues and looks at how cities might make use of these policy instruments to thrive in the knowledge economy, assessing the different roles of the OECD, national governments and cities. These recommendations are set out in more detail in...
section five. Overall, the paper argues that the transformation of the world economy over the last two decades makes it imperative that place is put back into policymaking. National, regional and local policymakers need to work together, across boundaries, to ensure that places both support the knowledge economy and benefit from its growth. When it comes to ‘soft’ policy instruments, city policymakers can make particular use of skills, leadership, distinctiveness and collaboration to rise to the challenges of changing economies and societies.

2. Context: Globalisation and the knowledge economy

“…a strategic goal for the next decade: to become the most dynamic and competitive knowledge based economy in the world.”

Lisbon 2000 EU Council Strategy objective

‘Globalisation’ and ‘the knowledge economy’ are the defining and inter-twining narratives of the last two decades of transformation in the world economy. Yet both incite more myths and scare stories than evidence-based assessments of what has really changed in our economies and societies. Before looking at the ways in which cities need to respond to the changing world, it is important to be clear about how the world is changing, and what that means for our economies, societies and cities.

Globalisation & the Knowledge Economy

Over the last two decades, the world has become more globalised as transnational processes have increased. The International Monetary Fund describes this in mainly economic terms, focusing on the growing economic interdependence of countries through increased international trade in goods and services, ease of international capital flows and rapid and widespread diffusion of technology. Arguably, however, increased speed of information flows and migration have also meant that globalisation has not just economic but also cultural, political and social implications.

For many people, however, the main consequence of these increased transnational processes is seen to be job losses. The term “globalisation” is perceived to be shorthand for job losses from developed countries to low-cost competitors and for threats to the welfare state in those countries. Globalisation is often regarded as an incentive for countries to adopt protectionist policies.

A review of the evidence shows, however, that this understanding of the consequences of globalisation is at odds with what is happening. In practice those developed countries most likely to bemoan the impact of globalisation have tended to be the winners in terms of affluence and jobs. China, regarded as an enormous threat by many developed countries, in fact relies on foreign companies for nearly 60% of its exports, nearly all its high tech exports and more than half its patents: “in essence it is a subcontractor to the west, boosting the profits of our multinationals and the real incomes of our consumers” (Hutton 2007).

The jobs that have moved to China tend to be in sectors where companies benefit from competing on low wage costs (e.g. some manufacturing jobs) rather than ‘higher value’ more knowledge intensive work. These jobs have grown in number and are overwhelmingly based in developed countries, despite the wage differentials.

This analysis illustrates that, despite the rhetoric about globalisation encouraging a race to the bottom and the chasing of low wages around the globe, the consequence of globalisation has overall been the creation of jobs and greater affluence, but with place-based differentials. Developing countries have gained more jobs that are ‘low value’, as well as some higher value jobs and slightly

more international trade; developed countries are reaping proportionately greater benefits through the creation of more ‘high value’ and high wage jobs.

This balance of low wage work and higher-value work, based in different places, is a strategy that many successful companies adopt. For example, Dell has outsourced many aspects of its business, benefiting from cost savings in doing so, but has retained in-house capacity to customise its equipment, as well as in-house marketing and distribution. Retaining this in-house capacity makes it easier for the company to respond more quickly and innovatively to changing markets. Berger’s 2005 survey of 500 multinationals in ‘How we compete’ supports the importance of this balanced ‘costs and innovation’ approach, highlighting that the most successful companies are those that are well organised and embedded in strong institutional networks. This work, supported by other surveys of successful companies such as Porras and Collin’s (1997) *Built to Last*, suggests strongly that success in the global economy depends above all on responding quickly and innovatively to a changing market.

This importance of responding rapidly to changing markets means that ‘globalisation’ is still an ongoing process rather than a stage that has been reached and also means that globalisation remains place-based (Sassen 2006\(^47\)). Despite increased international flows, there are few truly transnational processes. A review of the research and development flows between the United States, the EU and Japan, for example, demonstrates that these are rarely global in nature. Instead, most companies manage their complex processes to disperse money, products and information by having a ‘specialised command centre’ based in one country and often one city. Sassen (2006) argues that this is the role of global cities, such as London, New York and Tokyo, where many companies base their global operations because of their connectedness, access to talent and the increased ability of companies to respond quickly to changing markets.

This ‘place-based’ element to globalisation is rarely discussed but very apparent on a closer examination of successful companies. For example:

- The hugely successful clothing company Zara sources half of its products from trusted local suppliers located in and around its base in La Coruna;
- Ford insisted that suppliers were physically close to its new flexible factory in Chicago in order to manage its supply chain more effectively;
- Despite the higher costs of Italian wages, Benetton, Safilo, Max Mara, Tie Rack and Ermenegildo Zegna are globally recognised companies with production bases in Italy. They form a small-firm cluster whose collective output and profitability supports trade fairs, design schools, training and information about foreign markets, all feeding back into their firms’ productivity.

Places therefore matter in the globalised economy, as basing functions in particular places helps companies to respond to changing markets innovatively, as well as to manage costs where appropriate.

Yet globalisation mainly affects those sectors that trade internationally and that are sensitive to low wages, which accounts for about 10 % of GDP. The even bigger story, when it comes to describing and understanding changes in the world economy and their impact on cities, is that of

affluence and the knowledge economy, which reinforces both the importance of rapid responsiveness to changing markets, and the importance of place to doing this.

The general level of affluence across OECD countries is rising rapidly. The level of happiness across many of these countries, however, is remaining fairly static, reflecting the findings of a number of studies (Layard, 2006; Krueger and Kahneman, 2006) that, beyond a certain basic level, higher income does not automatically make people happier. A higher income does, nonetheless, give people more money to try to pursue happiness. As individuals move up Maslow’s hierarchy of needs, they can fulfil their basic wants and start to want to ‘self-actualise’, to meet their psychological, experiential and emotional needs. People with considerable disposable income are identified as “apex consumers”, people who want to spend their income on customised services that are delivered at the times and places that suit those individuals best. These are the people who are changing the markets, and whom cities and businesses need to understand if they are to keep up with the changing economy.

“Apex consumers” tend to demand customised services, and this places a premium on industries where adding value does not just mean creating tangible products, but also creating a particular brand or feel to a product. This ‘brand’ helps the purchaser feel that they are not just buying a product or an experience; they are buying psychological self-determination, a certain kind of identity associated with that ‘brand’. Zuboff and Maxim’s work The Support Economy (2002) argues that this trend means there are significant rewards for those businesses that create value not just through combining materials into outputs, but by helping consumers navigate complex choices and helping them find psychological well-being. This is reflected in the figures: spending on the services sector has doubled in thirty years in the UK alone, from 27% of household spend in 1970 to 54% in 2006. In a world where brand loyalty can be changed with the click of a mouse, it is those companies that respond to these demands quickly, by retaining control over the way their organisation adapts to changing demand, that are likely to win in terms of customer satisfaction and growth.

The economic response to demand for customised products is the rapid growth of the knowledge economy, those industries that rely on highly skilled workers to innovate in order to make more effective use of existing capital and labour. This is the growth of organisations that employ ‘hard knowledge’ – scientific, technological and skill inputs – with ‘soft knowledge’ – less tangible production inputs such as leadership, communication, emotional intelligence, the disposition to innovate and social capital – and creates customised products for “apex consumers”. Industries that The Work Foundation defines as ‘knowledge industries’ not just the typical science and technology industries, but also high to medium tech manufacturing; financial services; telecommunications; business services; education and health services. Based on this definition, the importance of these industries across OECD countries is clear (Figure D.1):

48. Overcoming Exclusion through Adult Learning, OECD (1999)
49. See Ideopolis: Knowledge City-Regions for a more detailed breakdown of the SIC codes used in this analysis
Within the EU15 alone, Brinkley & Lee’s (2006) paper *The Knowledge Economy in Europe* highlights that “over the past decade most of the new jobs across the EU15 have come from the expansion of the knowledge-based industries. Between 1995 and 2005, employment across knowledge-based industries went up 24 %. In contrast, employment in the rest of the EU15 economy went up by just under 6%.” Indeed, this analysis also found that technology and knowledge-based industries created 2.5 times more net jobs than the rest of the economy within the same time period. Knowledge industries are also contributing to export growth, for example knowledge service exports from the UK have trebled in ten years, from GBP 27 billion in 1995 to GBP 76 billion in 2006. Together with demanding “apex consumers”, two other factors have also supported the growing knowledge economy and the increased importance of responding innovatively and quickly to changing markets.

One factor is changing supply. There has been a “cognitive transformation”, with a quadrupling of those with degrees since 1975. Concurrently, the number of people with no qualification has reduced from half of all men and women in 1974 to 13% of men and 15% of women in 2001. This, combined with a range of other factors, has contributed to the rise of not only knowledge industries but also knowledge jobs. It has enabled individuals to increase their personal affluence and so become “apex consumers” and has enabled businesses to transform their products and strategies.

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The second factor is the importance of innovation to increased productivity in any economy, at any time. The only way to increase productivity is through innovating to make more effective use of capital and labour, creating more effective ways of organising work and supporting the creation of new products. In a more globalised world, the main difference is speed: more sophisticated technology and faster information flows mean that consumer demands may shift more quickly and companies can respond more quickly. But even in an enclosed economy with no global links, a combination of hard and soft knowledge would be required to support innovation if productivity was to increase.

Overall, then, the increase in transnational processes and the growth of the knowledge economy are creating a world in which companies need to respond more quickly and innovatively to changing markets. What is striking is that many of the most successful companies do this not in a “weightless” world but in a “place-based” world. Those companies who tend to best understand the way in which their customers are changing also tend to stay close to their customers (Berger, 2005), which tends to mean staying close to cities, as this is where the bulk of the population live, work and consume in OECD countries. Companies that do well are inclined to cluster their innovative functions in close physical proximity, making it easier for them to exchange ideas and implement change, and again cities are popular locations for this kind of physical proximity. In other words, in an economy where responding innovatively to changing markets matters, places and particularly cities also matter.

Cities, Globalisation and the Knowledge Economy

This importance of place in the knowledge economy means that the increase of globalisation and the knowledge economy presents real opportunities to cities and city-regions. However, it also means that cities need to understand why they matter in the knowledge economy, how they can enable companies to respond innovatively to changing markets, and then what policy interventions can be undertaken to affect the ‘offer’ a city makes to businesses and its inhabitants.

There are two main reasons why cities and city-regions matter in the knowledge economy and in the globalised economy. First, because they offer productivity benefits, including access to markets and a variety of external economies of scale, including access to large and specialised labour pools (particularly of high skill workers). Cities and city-regions also offer proximity to other knowledge workers, enabling ‘tacit’ knowledge to be shared; the knowledge that cannot be easily ‘codified’ and is best exchanged and developed through face-to-face contact and trust-based relationships. They offer a critical mass of firms, who interact through staff moves, networking and personal relationships. In other words, firms can benefit from ‘spill-over effects’ from other firms’ innovative activity. These spill-over effects are particularly important in the knowledge economy as they can significantly contribute to companies’ ability to respond innovatively to changing markets.51

The second reason that cities and city-regions matter in the knowledge economy is consumption benefits: access to a rich variety of goods, services, cultural facilities and social opportunities. Research suggests that the benefits of living in a city or city-region may be particularly attractive for the most talented and entrepreneurial workers 52 – in other words, the workers that drive the knowledge economy.53 This can in turn mean that knowledge workers gain access to a range of employment options, giving them the incentives to develop specialised skills. Clustering consumption services together also supports further innovation, as well as enabling providers to better understand their markets.

51  See DCLG (2006) Enabling Cities in the Knowledge Economy
52  See Cheshire, 2006; Hall, 2000; Florida, 2002; Glaeser, Kolko & Saiz, 2001
53  DCLG ibid
Across the OECD member countries, there is growing recognition that cities offer these production and consumption benefits, and that they are both engines of the knowledge economy and places that offer a high quality living environment. This is not to say the problems that post-industrial cities have been grappling with in recent decades have gone away: cities continue to be the sites of some of the most profound social problems and highest levels of poverty in OECD countries. Yet the “urban renaissance” that many cities have undergone in the past twenty years is regarded as a hopeful portent for the future and as potentially “providing an opportunity to narrow the economic gap between regions and to tackle deprivation at the local and neighbourhood levels” (HM Treasury, 2006, UK) by enabling businesses to better respond to the changing demands of “apex consumers” and the knowledge economy.

The argument is that this context of globalisation and the knowledge economy mean that it is vital that businesses respond innovatively to changing markets. Whilst success is partly supported by tangible issues, such as transport to move workers, consumers and products to a particular place, innovation also requires ‘soft’ interventions. The Ideopolis work suggests that there is four soft policy instruments in particular that can help cities respond to the changing economy – skills, leadership, distinctiveness and collaboration. This paper explores these in more detail, focusing on:

- A review of why skills, leadership, distinctiveness and collaboration matter to cities;
- An analysis of how cities and national governments can make effective use of these policy instruments to enable cities to thrive in the knowledge economy.

It is recognised, throughout the paper, that there are substantial differences between the institutional frameworks in different OECD countries, and that these will affect how cities operate. The freedoms available to a city in a relatively centralised state like the UK, for example, are considerably less than those of a more decentralised (and polycentric) system such as Germany. It is beyond the scope of this broad paper to outline in detail each different system particularly as, even within countries, systems can affect different cities in different ways. Instead, each case study example should be considered in the context of the particular institutional and policy structure of that country and city. Institutional frameworks should not become a reason for inactivity: whilst many cities would argue that more autonomy would be the main enabler of greater success, there are many policy interventions that can be undertaken in the meantime that will increase the chances of city success. All cities within the OECD have some scope to shape their future direction. The remainder of the paper is organised into the following sections:

- Drivers of city success in the knowledge economy and the Ideopolis framework;
- Why do soft policies, and in particular skills, leadership, collaboration and distinctiveness, matter to cities?
- How can these four “soft” policy instruments be applied to support cities’ success?
- Conclusions and Recommendations.

3. Drivers of city success in the knowledge economy

Before looking in detail at ‘soft’ policy instruments, it is important to outline the core research on which our paper is based. Recognising that place matters in the knowledge economy, The Work Foundation launched a year-long research programme looking at the factors that contributed to
successful ‘knowledge’ cities, involving a literature review, data analysis and 14 city case studies, 10 UK, 3 EU and 1 US city. The research project found that there was no one magic way to become a successful knowledge city. Instead, successful cities were those that had built on a city’s distinctive economic and social history, distinctive physical environment and distinctive geography, as well as built links with nearby cities, to adapt to the changing economy.

Building on these findings, and as argued in a publication for the UK Department of Communities and Local Government, Enabling Cities in the Knowledge Economy (2006), all policymakers need to keep in mind the following principles when planning policies for cities:

1. **A city’s size has a significant influence upon its opportunities for economic development and its sustainability.** This is not a simple matter of either large or small being good or bad. Large and medium-sized cities have different advantages and disadvantages associated with their size. The size of large cities brings its own advantages, including: higher productivity; greater international presence; more diverse range of knowledge industries; and a greater range of leisure and cultural activities that are particularly attractive to knowledge workers. As knowledge workers tend to be more mobile than other workers, they may also be willing to live outside a large city and travel a reasonably long distance in order to work there. However, medium-sized cities also offer advantages based on their size. When large cities get to a particular size they can become very expensive locations for businesses and individuals, congestion can increase and wages can become higher. This can make it beneficial for businesses and individuals to locate in medium-sized cities offering a smaller range of industries but higher quality of life and lower costs. Urban and national policy instruments need to reflect the differences between different sized cities, and cities themselves need to recognise the way in which their size affects their economy and society, how it affects the way different industries work together, and how this impacts on their ability to adapt to changing demand.

2. **A city’s relationships and proximity to other cities has a significant influence upon its opportunities for economic development and its sustainability.** Although cities of different sizes have distinctive qualities, it is also important to note that they cannot be treated simply as isolated examples of a particular category. All cities are firmly embedded in a network of inter-relationships between different places. A range of evidence from the US and Europe shows that the hierarchy of cities -- their size and economic success relative

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55. It is challenging to define city size, particularly because a medium-sized city in China would be a large or very large city in Europe. Hildreth’s comparative approach to describing cities as large or medium-sized is used here.


59. Henderson (1997) ibid

60. Henderson (1997) ibid
to each other -- has changed little since the early 20th century. Whilst there are exceptions to this rule, the implication of the relative stability is that all cities, regardless of their size, are growing or shrinking at the same rate. So when one large city grows, nearby medium and smaller cities are likely to grow at a similar rate, thus maintaining the urban hierarchy. What this suggests is that all cities - large, medium-sized and small - are inter-dependent within the national economic framework (Polese 2005; Hildreth 2006), and that hence cities need to consider how these relationships work and how to make the most of them. This is particularly important for medium-sized cities, which should seek to work closely with a large city if they are in a city-region, or potentially to work with other medium-sized cities if they are not in a city-region. Large cities, however, can benefit substantially from closer working with their nearby medium-sized cities, who may be an important source of labour in some of their growth sectors, such as knowledge industries.

3. **A city’s economic development and sustainability strategies need to be built upon an understanding of that city’s history, its strengths and its weaknesses.** As the history of a city has such a significant impact upon its current strengths and weaknesses, future strategies need to be firmly built on an understanding of where the city has come from, where it is now and how the economy is changing. Without this ‘building on what’s there’ approach, there is a danger that some cities could invest in ‘fashionable’ strategies that are unlikely to be effective given those cities’ particular set of economic, social, cultural and physical circumstances. For example, nanotechnology has become a regular feature of economic development strategies, despite the lack of a research base, skills base or accommodation base in many locations that are striving to become ‘nanotechnology centres’. Cities that do build on existing specialist strengths are more likely to be able to adapt to the changing economy in a sustainable way.

4. **Economic and social policies – or ‘hard’ and ‘soft’ policy instruments - should be linked.** Our research found that growth in knowledge industries drives economic success, but not necessarily quality of life for all residents in a city. Many successful cities continue to have deprived communities that are seeing few benefits from the city’s economic progress, and continuing social and economic exclusion means many are unable to benefit from rising affluence. ‘Trickle-down’ does not occur automatically, making it important that strategies to respond to the changing economy and to create more jobs in a city must also consider how to link with regeneration initiatives. This is both a moral and social imperative, but also about sustainable economic success: growing cities cannot afford to have a large resident population that do not have the skills required to access the available jobs, particularly if they run out of people living nearby with the appropriate skills.

5. **There is a ‘tipping point’ at which knowledge intensity makes a substantial difference to a city.** In Ideopolis: Knowledge City Regions, a detailed empirical analysis was conducted of the knowledge economy in UK cities. One of the findings was particularly striking. There was clear evidence of a tipping point, robust across four different measurements of knowledge intensity and over two different time periods. In short, beyond a ‘threshold level’,

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61. For example, Black and Henderson (1998) conducted a systematic analysis of all US cities between 1900 and 1990 and found that in general, the relative sizes of US cities changed very little over the ninety years. See Hildreth (2006) for a more detailed discussion of the evidence.

62. DCLG (2006) ibid
a city begins to benefit from knowledge intensity. The findings went beyond this, however. Using an OECD definition of knowledge intensive businesses that excludes Health, Education and some Creative Industries, change over time was examined and it was found that the ‘tipping point’ increased between 1997 and 2002. (Figure D.2). There was also evidence of a second tipping point. Beyond a point where 25% are knowledge businesses the returns are larger, but after 40% the returns are even larger again. There was a similar effect using qualifications as a proxy for knowledge intensity. When more than 20% of the population have degrees the returns are large, but when more than 30% do the returns are even larger (Figure D.3).

Given the above, it is obvious that knowledge industries matter for economic success. But it is less clear why this ‘tipping point’ exists, and why a second tipping point has been found for some indicators. One explanation might be composition, where there is a select group of highly productive industries, which are only found in a few local authorities, such as R&D labs or financial services functions. But a second explanation might be that knowledge industries increase the productivity of other workers in a city. This might be through more knowledge sharing, or because a rich cultural sector may attract more staff. It may also be because the presence of a critical mass of knowledge jobs benefit from agglomeration economies – benefits of being close to other firms – which increase the productivity of other similar firms. A final explanation might be about ‘crowding out’. If knowledge industries are really productive, they could be able to pay more for their rents and labour than non-knowledge intensive companies. This forces them out, over a certain level, and so increases the relative effect of the knowledge industries (Figure D.4). Furthermore, there are always problems with the data that need to be borne in mind as part of an analysis such as this. For this piece, Local Authority data was used. As Paul Cheshire has shown, these are not necessarily the most appropriate units for modelling economies, which ignore administrative boundaries. There are also problems in the UK with using devolved data collection and the quality of data at a local level. Nevertheless, given the strength of the association and the consistency using a range of different knowledge intensity variables, the research remains reasonably robust.

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63 A spline regression was used, here, which calculates a normal regression for different areas and allows for multiple slopes at different values of a single independent variable. The research analysed the impact of knowledge intensity on Gross Value Added (GVA) across the 94 largest UK Local Authority areas (excluding London).

Figure D.2: Tipping point with OECD Definition for Knowledge Intensive Businesses

Figure D.3 Tiping point with TWF definition for Knowledge Intensive Businesses
6. All cities across the OECD are affected by the knowledge economy but not every city will have the potential to become a primarily knowledge-driven city. Some cities, for example, may prosper more in a knowledge-driven, service-dominated economy by becoming a regional services hub. However, all cities can assess their strengths and weaknesses (using the framework of drivers below) to see how likely it is that they can become a knowledge-driven city and to identify if they have other assets that may have more potential for growth in the changing economy. With these principles in mind, nine key drivers of success for cities in the knowledge economy were developed – see figure four below - intended to demonstrate the different areas which city and national policymakers need to focus on if they are to create and sustain successful knowledge cities. The Ideopolis drivers and principles provide an analytical framework for all cities to use in order to consider their strengths and weaknesses as a potential ‘knowledge city’, and to formulate an economic development strategy accordingly (Box D.1). They also highlight the importance of not only understanding each driver as its own issue, but also of understanding how it impacts on other drivers and on the city’s relationships with other places. Within the framework, it is clear that ‘hard’ and ‘soft’ policy instruments are closely inter-linked. However, certain ‘soft’ policy instruments emerge as particularly important for those cities seeking to respond to the changing economy: skills; leadership; distinctiveness; and collaboration. These issues provide the focus from which the paper assess how “soft” policy instruments can help a city to adapt to the changing economy and what the implications of these findings are for policymakers across the OECD countries.

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<tr>
<th>Box D.1 The Nine Ideopolis Drivers</th>
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<td><strong>Investing in the physical knowledge city:</strong> Commercial and residential accommodation, public buildings, infrastructure, public space;</td>
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<td><strong>Building on what's there:</strong> Recognising historic strengths and building on them where possible, recognising that development is path dependent;</td>
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<td><strong>Diverse specialisation:</strong> A reputation for excellence in a limited number of industries (but definitely more than one industry);</td>
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<td><strong>High skill organisations:</strong> Organisations with high skill occupations and workers;</td>
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A vibrant education sector: Including schools, FE and universities, and embedded in the community and the economy;

A distinctive "knowledge city" offer: Having something that complements nearby cities but is distinctive from them;

Leveraging strong connectivity within and outside the city-region;

Strong leadership around a knowledge city "vision", supported by networks and partnerships;

Investing in communities: A determination to tackle social exclusion and ensure that the fruits of growth are equitably shared alongside a commitment to invest in the most deprived communities


4. Why do soft policy instruments matter to cities?

Why look at ‘soft’ policy instruments?

In a rapidly growing knowledge economy, cities matter as the places where businesses tend to congregate and where “apex consumers” tend to spend their money and time. In this context, it seems fairly evident why ‘hard’ policy instruments might matter to cities. Without an attractive city centre, strong transport infrastructure, the appropriate accommodation for knowledge businesses and knowledge workers, consumers would not be able to access products and businesses would struggle to attract workers and to connect with other places.

‘Soft’ policy instruments can appear to be more difficult to justify spending time on, being more difficult to measure and often having outcomes only emerging after a considerable period of time and that are difficult to associate with the initial policy intervention. Furthermore, it is easy to fall into the trap of seeing “hard” policy issues as being economic policy (and thus more worthy of investment) and “soft” policy issues as being social policy (and thus a secondary consideration in economic development). Indeed, policy interventions in response to “hard” issues are frequently funded by large-scale capital investment projects whereas “soft” issues are funded by revenue funding with a generally more short-term focus. Yet more visible “hard” issues, such as transport connections, are only successful if they are enabling less tangible “soft” issues, such as quality of life, to be seen to be improving. Understanding the distinctive nature of different “hard” and “soft” issues is important but prizing one above the other ignores the fact that both are critical to cities’ success in the knowledge economy.

Just as, in the knowledge economy, value can come from a process of innovation that is difficult to codify or pin down, so too in cities does success come as much from more intangible ‘soft’ policy instruments as from the more measurable ‘hard’ policies. In practice, our case studies suggest that ‘hard’ and ‘soft’ policy instruments are difficult to disentangle, for example, city connectivity – a “hard” infrastructural issue – both responds to and shapes decisions made by skilled knowledge workers on where to locate. The analysis in this paper builds on the assumption that “hard” and “soft” policy instruments are both vital to cities and are strongly inter-linked. However, it also recognises that a more detailed understanding of different policy instruments helps generate an understanding of how they all work together in cities.

Whilst there could be any number of ‘soft’ policy instruments, four have been identified that the Work Foundations’ Ideopolis research suggests are the most important for cities when it comes to responding to the changing economy and society. They are also issues over which cities have, in many countries, some degree of influence, and are:
Skills: cities need to invest in skills appropriate to their key sectors, and can benefit from the innovation associated with higher skills as well as the spin-off benefits of education institutions;

Leadership: if cities are to change direction, they need strong leadership to work with key stakeholders and generate a sense of shared purpose;

Distinctiveness: successful cities are those that have a particular identity that helps them attract businesses, skilled workers, visitors and students. Often this may involve strengths in the creative and cultural sectors, which can in turn impact on economic success;

Collaboration: Different cities have different strengths, but frequently these are complementary and working together can enhance the offer that both cities can make to businesses and to workers, for example a large city could find it easier to employ workers if a nearby city offers a high ‘quality of place’ offer where they can live with their families. Collaboration may be particularly important for cities where the core industry has declined.

As with all soft policy instruments, they are somewhat intangible areas. Even skills, which can be codified through qualifications, are not fully represented by such measures. Many businesses in the UK complain that the skills their highly qualified employees lack, for example, ‘soft’ skills such as team working and communication. On the flipside, uncertified skills such as on the job training are not recognised in formal measures of skills. The remaining three issues - leadership, collaboration and city identity or distinctiveness - are all emerging areas of research and have no clear measures attached. Yet all four issues emerge in the Ideopolis research as the most important ‘soft’ factors in supporting a city to respond to the changing economy in a socially sustainable way:

Three of the four issues are identified as drivers of successful knowledge cities (skills, leadership and distinctiveness);

Collaboration has increasingly emerged as a way in which cities can effectively build on and enhance their strengths; and

The four issues help support four other drivers: the embedding of education institutions; building on what’s there; diverse specialisation and investing in communities.

This makes these four issues worth investigating in more detail to explore what they mean to cities and how policymakers should respond. This section will review each issue in turn to review how these soft policy instruments can support cities to respond more effectively to the changing economy and to social change.

**Why do skills matter to cities?**

Skills matter to cities for the same reasons they matter to countries: they support higher productivity and better social outcomes for individuals. The UK Leitch Review of Skills (2007), published earlier this year, drew on international literature and case studies and highlighted that skills are important because:

Individuals without skills are much more likely to be unemployed, which has an impact not only on their income and physical and mental health but potentially on that of their family;

Low levels of skills constrain growth and innovation in firms;
• Above level 2, skills have a wage premium for individuals;

• Demand in developed countries is increasingly for skilled or ‘knowledge’ workers;

• Firms employing skilled individuals are likely to be more productive;

• Countries that have high numbers of skilled individuals are more likely to be affluent.

These findings will have resonance across most OECD countries. This summary of the benefits of skills highlights that there is a range of collective and individual economic and non-economic outcomes associated with increasing national skills levels. National policy-makers have recognised this, with 6.1% of collective GDP from OECD countries now spent on education. Reflecting the evidence that graduate skills in particular are important in the knowledge economy, investment has been particularly focused on higher education institutions, and it is starting to reap results. Based on current levels of participation, 53% of young people in OECD countries will attend higher education institutions, whilst many countries have benefited financially and socially from foreign students choosing to study in their universities.

Yet whilst countries and cities benefit from skills, there are enormous differences in skills profiles between and within countries in cities. For example, across OECD countries the percentage of adults with higher education qualifications ranges from 20% in Austria, Germany and the Czech Republic to over 40% in Australia, Denmark, Finland and Poland. The countries benefiting from student migration tend to be Australia, France, Germany, the United Kingdom and the United States: the same countries benefiting from the leading ‘world class universities’. Within cities the situation is similar: some highly successful cities such as London or Boston have pockets of poverty and deprivation often associated with poor skills, amongst other issues.

Whilst skills policy may seem a soft issue that has no tangible outcome (beyond simply boosting qualifications which are not always what businesses are looking for), there are clear benefits not only to national economies but also to cities’ ability to respond to the changing economy and provide both production and consumption benefits to businesses and individuals. Specifically, investment in skills and education institutions will mean that a city can:

• Have a labour market with skills that respond to the needs of the knowledge economy, making that city a more attractive place to locate and increasing the likelihood of successful businesses (production benefit);

• Have education institutions that are embedded within the city and which can contribute to the innovation required in knowledge intensive firms (production benefit) and generate their own economic activity through student demand (production and consumption benefit); and

• Have improved social inclusion and healthier residents because of the non-economic outcomes of investment in education.

Responsive labour market

As discussed above, a changing economy demands that cities respond by providing the appropriate skills for new and growing industries, and retraining those who may have worked in

shrinking industries. The growth of knowledge industries and knowledge jobs is creating demand for higher levels of skills, and cities that can provide those skills are thriving because it is a response to the growing demand for high levels of skills and ‘high value’ work. Research consistently links the average level of qualifications in a city with economic growth, with considerable evidence existing that the highly skilled are more productive. Glaeser and Saiz (2003) draw on US evidence and suggest that that this may be in large part due to the ability of skilled cities to adapt to economic change. The Work Foundation’s research endorses this, finding that the most successful cities were those that increased their skills levels over time.

However, whilst cities that have high levels of skills reap clear benefits, there is also evidence that the changing economy demands that cities have a good mix of skills. Across OECD countries, employment is not just growing in knowledge services but also in other services, such as retail and personal services. As discussed in section two, it is likely that the increased affluence of some of the more highly skilled workers, combined with pressure on their time, may be driving some of the demand for these retail and personal services. Given this growth, successful cities not only need highly skilled ‘knowledge’ workers but also people with the skills to work in other growing areas of the economy that respond to rising affluence, consumer demand and the marketisation of domestic and personal services.

Many cities, however, struggle to respond to demand for this mix of skills. For example, the Work Foundation’s detailed case study of Manchester highlighted that the Greater Manchester region in the UK struggles with:

- The quality of the education institutions on the supply side, particularly schools;
- Responding to employers’ demands for skills because a significant proportion of the labour market have low or no skills; and with
- Ensuring that employers that will provide high quality jobs to retain Manchester’s graduates are attracted to the city.

Skills are not just an important policy lever because of the economic benefits associated with supporting cities to respond to changing demand, but also because skills can lay the foundations of social inclusion. Lack of skills can contribute to and reinforce polarisation within cities, particularly if the increase in ‘knowledge jobs’ means that there are fewer jobs for those with lower skills levels.

Nationally, most OECD countries have a sense of the extent to which their skills supply matches demand but, as discussed earlier, cities across the OECD are radically different from the countries they are in and the skills picture varies enormously from place to place. A key challenge for cities seeking to ensure they have a responsive labour market is being able to respond to their particular demand and supply issues. Yet many national and regional policies and institutions do not support cities to do this. Returning to Manchester in the UK, one of the main barriers to getting the mix of skills right in that city-region are national and regional policies and funding regimes that prevent the city from responding to its local issues as well as delivering national priorities. Centralised models of policymaking, particularly an issue in countries such as the United Kingdom but relevant even in federalised countries such as Germany, too often tend to enforce national or regional priorities onto

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local issues, instead of freeing up these cities to formulate their own response within a national framework.

This can mean that, whilst education policy at a national level is, as discussed in relation to several OECD countries, starting to respond to the demands of the knowledge economy, a lack of flexibility within the skills policies which do not allow for adequate flexibility in places means that the leaders and partners in city-regions such as Manchester are not empowered to make strategic decisions about the skills problems within the city-region. This can prevent them from building on their distinctive strengths in a way that responds to changing demand in the knowledge economy.

Related to this, the separation between thematic policy areas -- skills, welfare to work, regeneration policies -- in most countries leads to a lack of joined-up policymaking at national and regional levels, and means that it is challenging to address some of the root social and economic causes of differential education outcomes. In particular, it can be difficult to address the needs of school leavers with low or no qualifications and the so-called ‘hardest to help’ in the labour market, because the policies are not joined up.

The disjuncture between national, regional and local priorities in most OECD countries, and the separation between policy areas, combine to make it difficult for local leaders to exert influence over the skills problems. It is very difficult for cities to use their regional and local expertise to translate national and regional skills strategies into local policies that combine different issues into a coherent approach to responding to changing demand and to the needs of deprived communities. This, in turn, makes it harder to achieve nationally desirable outcomes.

**Vibrant education sector embedded in the economy, especially universities**

A vibrant education sector, from schools to further and higher education, which is embedded in the community and the economy, enables a city to support businesses to innovate in response to changing demand, as well as to transform the cultural and leisure offer of a city because of student demand. Whilst the whole education sector matters to knowledge intensity and sustainability, it is very clear from our case studies that universities and higher education institutions are particularly important for knowledge intensive cities. All of the successful cities examined have universities that either already have, or are growing, an international reputation and have close relationships with businesses based on the particular specialisms of the university, as in the case of Helsinki (Box D.2).

**Box D.2 Helsinki – Academic concentration and innovation**

Helsinki is a highly innovative city, notable for a high concentration of both Finnish R&D and academics. The population is extremely highly educated, with around 21% of the population over 15 having achieved university level education. Meanwhile, around half of all the academics in Finland live in the city-region, there are eight universities including four art academies amounting to around 60,000 students. Meanwhile, the innovation strategy for the city-region maintains a focus on quality of life – recognising the need to keep knowledge workers in the area.

This relatively highly educated environment has resulted in world-class innovation and has paid off in terms of economic growth. The city is highly knowledge intensive, with notable strengths such in high-tech industry with firms such as Nokia. In 2003 value added in the city-region was almost 60% higher than the European average.

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67. Figures for 2004, City of Helsinki Urban Facts
Furthermore, universities are more likely to be located in cities, meaning that the increased importance of higher education in the knowledge economy draws attention to the role of higher education in cities. The increase in participation rates in higher education has benefited cities because it is an attractive offer for businesses to locate near sources of highly skilled labour and of innovation, not just in their specific industry but also in other industries. For example, many German and international hi-tech businesses decide to locate their German headquarters in Munich, despite it not being the capital city. These include Allianz, BMW, EPCOS, Infineon, MAN, Munich Re, Siemens, Microsoft Germany, Oracle Germany, ProSiebenSat.1 Media. One of the reasons for these location decisions is the high level of skills within the labour market in Munich, as well as the city’s reputation as offering a high quality of life (consumption benefits), which attracts the highly skilled workers to the jobs that are there.

Across the OECD countries, successful city authorities are creating formal and informal partnerships with universities (e.g. Helsinki city authority makes a financial contribution to Helsinki university). This includes the establishment of intermediary institutions to facilitate the ‘knowledge transfer’ from academic research into private enterprise (e.g. ‘incubators’ in cities such as Barcelona and Cambridge), and the establishment of regional economic development and promotion agencies that broker relationships between skills institutions and public authorities (e.g. Oresund Science Region and Manchester Knowledge Capital).

There is also some good evidence that the relative size of the university sector is significant and positively related to urban economic growth. This is for two reasons, first because of the local growth effects, but also because the better the institution the wider will be its catchment area and the better the human capital it will gain. Once students are in a local area there is also a likelihood that they will stay in that local labour market – further increasing the human capital of an area and helping that place to respond to demand for more highly skilled workers.69

Nonetheless, just having a university or strong higher education sector does not in itself drive growth in a city. Those cities that are successfully driving knowledge intensity through their education sector ensure that the education sector is linked closely with the community and the local economy to understand its needs and how it is changing – and this means a partnership that is mutually beneficial. Universities, for example, usually aim to increase their international profile in research and cities need to recognise this. At the same time, cities and universities may have common objectives about developing strong links between research and businesses and improving knowledge transfer within the city itself. Universities also have a role in the social inclusion agenda in the cities in which they are located: for some this means working with the education sector in the city to provide opportunities for lifelong learning for working and non-working residents; for others it is about knowledge transfer to the public, private and voluntary sectors in areas related to tackling deprivation and worklessness.

Too many cities are failing to capitalise on their university(s) as a driver of knowledge intensity because they do not strive to create a mutually beneficial partnership. This may take the form of involving the university too late in conversations about the regional economic strategies and priority sectors for the region, or demanding a great deal of time from the university in multiple partnerships that do not necessarily draw on the university’s expertise or help the university achieve its own objectives. There are also universities whose focus is almost exclusively on links with other universities and research and hardly at all on their locality, meaning that cities do not benefit greatly from the work the university is doing. Successful Ideopolises are those that have partnerships between

the university, businesses and local authorities that start early, are mutually beneficial and have shared goals, even if not all of their work is pulling in the same direction.

The UK’s Lambert Review (2003) recognised and sought to address some of these issues, making a number of important recommendations for easier interaction between universities and businesses which have relevance for all OECD countries. The Review argues that the most effective form of knowledge transfer involves human interaction – ‘soft’ interventions. Whilst there is no easy, linear path from university-led R&D to its commercial exploitation in every case, the Review makes clear that there are central roles for institutions such as Regional Development Agencies in the UK, or other regional institutions in other OECD countries (e.g. Lander in Germany) in facilitating university / industry relationships and meeting a central challenge of knowledge transfer: raising the demand from business for research.

Improving the quality of skills supply and demand also seems to require more working at a regional and local level not only to respond to current employer demand but to predict, where possible, future demand. Based on demographics (for example, is the population ageing in particular sectors) and current sector growth, plus economic strategies, education institutions and their partners should be able to work together at a city-region level to help plan for some of the current and emerging needs of the city-region. This gives an area large enough to reflect the economic realities and respond to change, but small enough to have an influence. Students also create demand, creating production and consumption benefits for cities.70 These are young people who not only change the culture and feel of the city, but also create new markets for services (restaurants, bars and clubs). Successful Ideopolises are those that are planning how to respond to this demand, managing any difficult consequences (such as housing problems) but also building on the opportunities. As several cities identified, students who enjoy their time in a particular city are also much more likely either to stay there or to return there if jobs are available in future – and this again gives cities a way of effectively responding to the changes in the economy.

Using the education sector to invest in communities

Growing income inequality has been a feature of most developed countries over the last few decades. Some argue that globalisation and the knowledge economy have contributed to this, suggesting that increased demand for high skilled work and for lower skilled ‘services’ work (such as baristas and cleaners) creates a polarised labour market, with less demand for intermediate jobs in Sassen (2006). Yet whilst Goos and Manning’s work in the UK71 and Katz and Kearney’s work in the US72 finds that employment growth between 1990 and 2000 is disproportionately in the top and bottom of the labour market, other work such as that by the DTI in Fitzner (2006) and The Work

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70. Glasgow has a large student population with three universities, which take on different roles within the city. Glasgow University was the first UK University to establish a research and enterprise unit, recognising the need to encourage working between the university, public authorities and local businesses. One of the strengths of having several universities relates to the different functions that each has. For example, Glasgow University has a strong medical school, and Glasgow Caledonian complements this by training ancillary medical professionals that work across the West of Scotland and Scotland in general. The university also trains 40% of teachers in Scotland


Foundation in Fauth and Brinkley (2006)\textsuperscript{73} suggests this may be overstated and that the labour market has been largely stable.

Whether polarisation is a real issue or not, however, the briefest review of places highlights that cities are polarised between those who are in employment and benefiting from increased affluence, and those who are not. The Work Foundation’s case studies of eleven UK, three European and one US city highlighted this, finding that in many of the most successful cities there are deprived communities that are socially excluded and do not reap the benefits of the city’s growing affluence. Lack of appropriate skills, other barriers to work (such as mental health problems), poor transport links and lack of appropriate employment are among the barriers to excluded individuals finding work, and failure to invest in these issues increases polarisation between those in work and those either out of work or in poor quality jobs.

An economy that requires and utilises different levels of skills is not a problem in itself: the forces of “globalisation” and the knowledge economy require a critical mass of highly qualified knowledge workers as well as a critical mass of people to work in non-knowledge services. But the problem is that evidence from the UK and the US finds that levels of social mobility have been very low in recent decades, meaning that the chances that a child whose parent(s) work as, for example, a cleaner, will go on to higher education and become a ‘knowledge worker’ are low.

The shifts in labour market structure associated with the knowledge economy create a paradox for policymakers, and specifically urban policy makers: high levels of growth and rising affluence on the one hand and increasing inequalities and low levels of social mobility on the other. Policymakers need to understand and respond to the challenges of the way that globalisation and the knowledge economy is changing cities with one hand, and to manage the consequences this may have for the people who live there with the other.

Skills policies – what should the focus be?

Given the growing importance of skills in the knowledge economy, cities striving to improve skill levels and invest in education institutions in response to the demands of the knowledge economy should:

- Work with employers to understand their skills demands. Successful cities understand how their economy is changing and try to respond to these changes. In terms of skills, the knowledge economy creates increasing demand for high-level skills, for communication (“soft”) skills, and for service sector skills. Cities need to work with employers to identify the skill needs of the industries in their locality as well as focusing on future skill needs in the labour market. These should enable them to shape local education policy as well as feeding into national initiatives. For employers, this may require a shift in approach as they need to articulate their skill needs and to take a long-term view of the labour market.

- Invest in all education institutions to raise the quality of supply. The knowledge economy requires high quality institutions at all levels as well as having qualifications in courses that respond to the demands of the knowledge economy. Policymakers at a city level need to work within the national policy system to ensure that the institutions within the city meet the needs of individuals and businesses.

\textsuperscript{73} Fauth and Brinkley (2006) \textit{Efficiency and Labour Market Polarization} The Work Foundation: London
• Raise aspiration from businesses and individuals Investing in city pride and having a clear strategy for the future of the city can help to raise aspiration for the communities and businesses in the city. This can encourage more people to gain qualifications and to feel they have an opportunity to participate in the future economy in the city. It may also attract better quality businesses to the city, squeezing out “bad jobs” and making room for good jobs.

• Link skills to other policy agendas. Skills cannot be considered in isolation from welfare, health, development strategies and infrastructural investment. Policymakers need to ensure that even if the approach to skills is not joined up with other policy agendas at a national level, it is at a local level, as otherwise cities will struggle to respond to the changes in the economy and the implications this has for their society.

• Work in partnership with education institutions for the benefit of the local economy and community. Education institutions can themselves generate economic activity through local and international spin offs and through student demand. These activities are crucial to cities in the knowledge economy and city policymakers should forge strong and mutually beneficial partnerships with these institutions. In addition, successful skills policies will benefit communities where they are linked to the local economy and to local need.

Why does leadership matter to cities?

Leadership is a difficult concept to pin down - hence our categorisation of it as a “soft” policy instrument – but it is a key issue for successful cities. All our Ideopolis case studies demonstrated that successful cities have strong leadership around a clear vision of how the economy is changing, how their city should respond and what the future of the city might look like. Meaningful networks and partnerships support this leadership vision, enabling it to have a real impact on how the city works and how it responds to changing business and consumer demands.

This is not to say that leadership looks the same in every city. The approach to leadership required for a city depends on its current strengths and weaknesses in the changing economy. Those cities with higher levels of historic assets, enabling them to respond more easily to the changing economy, are likely to depend on leadership much less than those cities, for example, that have suffered post-industrial decline having previously relied upon an industry such as coal or steel as their primary source of employment and wealth.

The role that leadership plays in enabling a city to respond to changes in the economy and society will also vary according to the individual circumstances of a city. Successful cities may need leadership less to enable them to respond to changing demand, and more to be able to manage the consequences of success. The city of Cambridge in the UK, for example, is a highly successful knowledge intensive city that has benefited from university and business leadership, but is now struggling with the consequences of its economic success, such as congestion and pressure on public services. It already has strong leadership from the private sector, but has a growing need for more leadership from the public sector. In contrast, the strong public sector leadership in Sheffield is helping the city to find its feet after the substantial decline of its core industries – but there is a growing need for more business leadership there (Box D.3).
Box D.3 Public and Private Sector Leadership in Cities

Bilbao, Spain: The transformation of Bilbao over the last twenty years was initiated by Bilbao Town Hall: ‘The Town Hall’s initiative and its firm insistence created a kind of “spark” which motivated other public authorities and some well-known local firms, which joined the process of breathing new life into the city.’

Cambridge, UK: In Cambridge, a combination of business and university leadership sparked the vision for Cambridge as a leading knowledge city that is driven by the creation of innovative networks to attract investment.

Despite the variation in the role that it plays in different cities, leadership remains a key driver of success in the knowledge economy. Particular benefits of leadership are:

- It creates a clear vision of the city and how it will respond to the changing economy and society. This acts as a framework for decision-making and helps to attract knowledge intensive businesses and workers, providing production benefits;
- It brings together different stakeholders – local authorities, local community bodies, businesses, and the university – in strong networks that have a clear purpose and can enable ideas to be shared;
- It improves clarity for businesses about where decisions are made and who makes them;
- It helps to engage key stakeholders by being clear about the benefits of engaging in discussions about how the city should develop.

The case studies suggest that the main challenges to leadership supporting cities to rise to the economic and social challenges of globalisation and the knowledge economy are around having appropriate powers to affect the city’s destiny and around the capacity to do the things required. The first issue, leadership at the right level, is almost always cited, regardless of the governance arrangements in different countries. International examples reinforce the suggestion that economically successful cities are those that are able to exercise powers at the level of the city-region, where this is defined as ‘the enlarged territories from which core urban areas draw people for work and services such as shopping, education, health, leisure and entertainment’. If cities are to respond to the changing needs of the economy, through providing appropriate transport, office accommodation, education, business support and digital connectivity for growing business areas, then it makes more sense to plan it according to economic boundaries rather than administrative boundaries (Box D.4).

Box D.4: Appropriate levels of governance in cities

Stuttgart, Germany: Stuttgart was facing commercial meltdown in the early 1990s and, faced with this impending disaster, the 179 local authorities voted to transfer resources to a central association with control over planning, transport, marketing and major construction projects to catalyse the economy. The result has been a dramatic improvement in the city’s economic health.

74. OECD Territorial Reviews: Newcastle in the North East, United Kingdom, 2006
75. See www.theworkfoundation.com for a detailed case study of Cambridge.
76. A Framework for City-Regions, ibid
77. Seeing the Light? Next Steps for City Regions: New Local Government Network
The central finding therefore is that cities striving to respond to economic and social change need to have leadership powers at an appropriate spatial scale. What is “appropriate” will vary, however: for some issues the appropriate spatial scale is at community and neighbourhood level. For others, such as planning, transport, skills and housing, it is likely to be a city-region level: (e.g. via elected mayors or city cabinets). Without devolving appropriate powers to different levels, including the city-region, it is highly unlikely that the potential of leadership to enable cities to respond to changes in the economy and society will be fully realised.

The appropriate spatial scale also applies to two other issues, funding arrangements and accountability. On funding, people from outside areas use the facilities in a city, but some of these services are funded by council taxes that are paid only by those in the central city. This means that there is in effect a subsidy on the urban area, leading to under-provision of some services potentially to the detriment of the city as a whole. On accountability, there is an issue about ensuring accountability at regional and local levels if new bodies are created at city-region scale. Otherwise there is the possibility that some institutions may be in danger of having considerable power over how a city develops, without having strong accountability to the public for the decisions that institution makes.

However, as discussed in the first section, despite the variations between countries, those cities in countries where there is little devolution should not focus all their energies on campaigning for further devolution. There are other policy instruments, over which cities do have some control, which cities can deploy to respond to the changing environment and increase their success in the short term.

The second issue, capacity, is raised every time there is a discussion of leadership at a local level. Concerns are raised about the calibre of leadership at local and regional level, although the level of concern varies in different OECD countries, often depending on the degree of power at different levels and hence how attractive those jobs are to talented people. Our Ideopolis case studies also suggested that multi-national firms taking over locally owned organisations may have a detrimental impact on capacity, as CEOs and senior managers may be based elsewhere and potentially be less engaged in the city (although this was by no means the experience of every city). ‘Partnership fatigue’ of the ‘best people’ is also a regular criticism of the way cities are currently led, with concerns that there are too many networks involving too few people in too many meetings. Lack of leadership capacity across the public and private sector is a serious issue for cities seeking to respond to the changing economy, and particularly for those cities already at a disadvantage because of post-industrial decline.

**Leadership – what should the focus be?**

Effective city leadership requires:

- **Balancing national and local interests.** Across the OECD, cities score differently to the countries in which they are based on almost every socio-economic indicator. This is not to undermine the importance of social and economic outcomes defined as desirable at a national level, nor to suggest that cities are entirely separate from the countries that they are in. Cities should be subject to national initiatives, but should be given sufficient autonomies to make decisions on and respond to national initiatives and targets in a way that reflects local circumstances and enables them to respond more effectively to wider economic and social changes.

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78. Discussed by David Miliband MP, Minister for Communities and Local Government, in his speech to National Council of Voluntary Organisations, 21 February 2006
• **Clarity about responsibilities for strategy and delivery.** There is not a perfect institutional architecture that will support cities in the knowledge economy because of the complexity of the issues that places face and the different historical legacies of institutions and governance arrangements across OECD countries. However, effective city policies require clarity about who is making strategic decisions and who is going to implement these decisions, working with the grain of existing structures and removing structures that no longer serve a purpose. A key part of this clarity includes processes to link up cross-cutting policy areas on which a city needs to focus. It is also important to strive to make decisions at the level of social and economic activity – where people live, work and consume – rather than simply reflecting existing administrative boundaries which may not help cities to respond to the challenges they face.

• **Building capacity at all levels.** In overly centralised models of governance, cities may struggle to find the right calibre of people to lead. In overly localised models, leaders may focus too much on very local issues even if this does not reflect the economic and social realities of the place. Cities and national governments need to invest early in developing future leaders across the public, private and voluntary sectors.

• **Working in meaningful partnerships.** Successful cities rely on strong links between civic leaders, businesses, higher education institutions, the voluntary sector and other stakeholders. Where partnerships are meaningful and have clear objectives it allows a city to draw on a range of perspectives and expertise, enabling more effective use of resources in responding to changing economic and social circumstances and hence increasing the likelihood of better outcomes.

**Why does distinctiveness matter to cities?**

Distinctiveness is difficult to define or measure, being an issue that tends to focus on intangibles, that is socially and culturally embedded and that is highly subjective. Ivan Turok (2004) has defined it very simply, however, as “differentiation”, with the basic proposition that:

“…by developing unique strengths, original knowledge and creative capabilities that are difficult for other places to replicate, cities can build competitiveness on the basis of ‘non-price’ or quality-based advantages, rather than the cost or availability of local resources.”

The distinctive assets of a city have always been important, whether geographical location or access to raw materials such as coal making particular places attractive for particular businesses. The importance of distinctiveness has increased more recently, however, because of wider economic changes and the growth of the knowledge economy. As discussed in section one, “brand” and identity matter in the knowledge economy. Cities can benefit from offering lower cost business environments, but they can also give products a value by virtue of where they are produced. This value based on place applies for both niche goods, such as Champagne, or knowledge services, such as the language schools that spring up near Oxford or Cambridge to take advantage of the reputation of the Universities.

City policymakers are increasingly recognising that they can make use of distinctive features about their city, such as a recognised culture or identity, to build civic identity and to create a positive image or ‘brand’ for the city. This image can then be used to add value to city products, attract specialised industries or knowledge workers and – hopefully for the cities – create a distinctive comparative advantage by offering distinctive production and consumption benefits that other cities...
cannot. The successful cities examined as part of the Ideopolis case studies had identified how they were distinctive and frequently actively sought to promote this distinctiveness, whereas many of the less successful cities were much less clear about how they were distinctive or how this might affect their vision of the future.

Distinctiveness is not just about perceptions, however: it can also have a ‘hard’ policy edge. For example, architecture is often cited as a way to build distinctiveness, with a great deal of attention paid to ‘iconic’ buildings, structures or public art that draw peoples attention to the city. Successful examples have included the Guggenheim Bilbao, which has changed the reputation of the city from a Basque port to an important tourist destination, or the Petronas Towers in Kuala Lumpur - the tallest building in the world for a short period, before being overtaken by the Taipei 101 tower. These all require ‘hard’ capital investment, but have the ‘soft’ benefit of affecting perceptions of a city’s image, reputation and identity. This is an example that highlights the importance of considering ‘hard’ and ‘soft’ issues together, as capital investment can also send the ‘wrong’ messages about a city’s distinctiveness (e.g. investment in factories when a city wishes to become known for its knowledge industries).

Despite its abstract nature, distinctiveness can affect both internal and external perceptions about a city. Internally, perceiving a city as distinctive for any reason can help to build civic pride, for example the internal solidarity of Liverpool or the Catalan solidarity of Barcelona. By drawing people around a common theme or identity for the city, a sense of ‘distinctiveness’ can align developments to help reinforce this distinctiveness, helping policy interventions achieve more than the sum of their parts by ensuring they contribute to a similar vision. It can also help individuals and businesses achieve more than they might have done by creating higher levels of ambition and aspiration for the future.

Internal city identity can also have an external impact by affecting decisions about governance arrangements. For example, debates about city-regions and relevant governance structures often focus on the extent to which people living within the individual towns and cities within the region identify the city-region as an entity of which they are part. This can affect how partnerships between areas work, and can make it difficult for cities to take decisions at the level of economic geography where this crosses administrative boundaries. This, in turn, can make it more difficult for the city to respond to changing economic and social circumstances, making it important that cities that need to work in partnership with other areas find a way to do this without being perceived to undermine the distinctive identity of each area that makes up the “city-region” as a whole.

Externally, a distinctive identity can benefit a city wishing to promote itself. This can be through building on history in order to attract tourism, or can be through quasi-marketing activities such as signature events (such as the Olympics), iconic architecture (like the Guggenheim Bilbao) or festivals (such as the Cannes Film Festival). More blatant attempts at city marketing have also been used, such as the successful “Glasgow’s Miles Better” campaign, or a host of forgotten marketing exercises (who remembers “Toronto Unlimited”?).

For every project that effectively gives a city a distinctive ‘offer’ to businesses or residents, however, there are projects that have tried to create distinctiveness and failed. For every Guggenheim Bilbao there is a Sheffield Centre for popular music (which went bankrupt). For each ‘tallest building in the world’, there is a taller one being built, intended to display a similar breed of economic confidence and ‘distinctive’ international branding. Projects that are not designed with one eye on the

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long term tend to do less well, whereas a focus on quality and long-term prospects reaps dividends. Two excellent examples of this are Edinburgh’s New Town and the Gaudi Architecture of Barcelona. The Edinburgh New Town was produced in the 18th century to attract merchants and professionals, the knowledge workers of the day. In this it largely succeeded, and it has left the city with a distinctive architectural legacy it retains today. Similarly, Barcelona offers a model of unique quality - the architecture of Antonio Gaudi for the thirty years from 1880 is still important for the tourist trade and the city’s identity today. The lessons from cities that have used distinctiveness to good effect are that it works when the distinctiveness strategy:

- **Builds on what is there.** Effective distinctiveness strategies recognise the unique or unusual aspects of each place, and by recognising these they will produce more appropriate strategies. By building on the existing distinctive features of a place, the city avoids the common trap of attempting to start a new, fashionable industry that has little other reason to site there. This does not mean that cities should be without ambition or drive for the future, or that cities which lack leading edge industries now should be without them forever. It simply means that future plans for economic development should be realistic, and for them to be realistic they should reflect the history and existing assets of that place.

- **Does not over-specialise.** Cities should not aim for an over-specialised (and therefore dependent on one industry) view of their economy, but should try and retain specialisations in diverse industries. Ivan Turok describes many of these, arguing that distinctiveness may encourage flashy, costly projects without substance: “The consequences of a narrow emphasis on distinctiveness may be over-specialisation in a restricted range of industries or occupations, grandiose property schemes and inauthentic branding of places. (Turok, 2004:3)”

- **Recognises where a city sits in an urban system.** For example, Stuttgart would be foolish to style itself as a financial capital while it remains close to Frankfurt. It would do better instead to continue building on its sizeable science and technology base.

- **Links distinctiveness with economic development strategies.** Distinctiveness needs to be linked with plans for the city’s future economic development. It should recognise how a city’s distinctive characteristics might respond to businesses’ desire to locate near their markets and their labour markets, and to consumers’ desire to spend their money somewhere that makes their consumption ‘special’, and strive to make the most of the opportunities that exist. Distinctiveness, as with other policy instruments, cannot be seen in isolation, but needs to work with other drivers if it is to create a longer term and substantial change in cities’ fortunes. An image campaign, for example, is only successful if it is reasonably true: there is little point marketing a beautiful city if it not a campaign building either on existing beauty or on the wholesale revitalisation of the city centre if it needs it. Similarly, distinctiveness campaigns pushing an untrue image have been and will continue to be a waste of money and time. A marketing strategy alone will not be successful. Instead, distinctiveness can be used as a conceptual tool to help to create a vision of a future city, in response to economic and social change, and to use the distinctive assets of a city as an advantage in a knowledge economy that prizes ‘brand’ and identity. It offers an opportunity for a city to create an identity that appeals not only to particular businesses but also to the people those businesses wish to employ by providing a consumption environment that makes living in that city, rather than elsewhere, attractive for both professional and personal reasons.
Distinctiveness – what should the focus be?

In the knowledge economy, the distinctive identities of places, both internal and external, become more rather than less important for cities seeking to respond to changes in demand. For policymakers, the response needs to be:

- Identify the distinctive attributes of a place and use these to formulate a strategy for distinctiveness, linked with the economic development strategy. Cities need to conduct a strategic assessment of their strengths and weaknesses, identifying the attributes that make them distinctive from other places and how they can build on these. This enables them to build on existing strengths or address current weaknesses, but this should not prevent them from taking advantage of other opportunities to build a reputation in new areas, as long as there is some kind of foundation on which this reputation can be built. The key is striking a balance between building on existing strengths and identifying opportunities to change the city in a strategic way, and linking any work on distinctiveness with an overall vision for economic development and the city’s future.

- External city reputation and “brand” matters – but it has to be about quality, not gimmicks. With the increasing importance of distinctiveness has come the proliferation of city marketing agencies, identifying often similar “sexy” “unique selling points” or focusing on only one area that does not necessarily reflect what a city has to offer. This is not going to be effective. The reputation of a city externally matters in the knowledge economy because it affects decisions made by businesses and individuals about where to locate and where to consume. However, people can also see straight through a marketing campaign that has no substance, and may require tangible investment, for example physical regeneration, for people to believe in the rhetoric. This is not only an issue for city policymakers but also for the actors within the city, including higher and further education institutions, businesses, cultural and heritage boards and the community and voluntary sector.

- Funding for city development needs to inspire strategic aspirations. This does not mean that cities have to have realised their aspirations before publicising their distinctive assets and applying for funding, but it does require policymakers to understand the way that the knowledge economy is impacting on cities and to enable cities to identify their distinctive way of rising to these challenges.

- City pride and identity has social and economic outcomes. City pride is not necessarily generated by an external marketing campaign but needs to be a separate activity in which policymakers invest to renew pride in the city and to raise the aspirations and outlook of inhabitants and local stakeholders. By shaping social cohesion, city pride can also affect engagement in local democracy, transaction costs for businesses, make a city a more attractive place to live, work, study and consume, and change the feel of a place in a way that is perhaps not measurable but is tangible.

Why does collaboration matter?

The research highlights strongly that cities should not be seen as detached from the wider economic geography of their country. Cities of different sizes, with the different general characteristics that tend to accompany their size, are all inter-linked within the national economy. They are enmeshed in a complex series of overlapping relationships at different local, regional, national and global levels. This means that within a national urban hierarchy are more localised or regional economic structures. These might include areas that are relatively decentralised or polycentric, or mono-centric areas with
smaller urban areas surrounding a central city. The location of a city within this economic geography is crucial to the functions they perform, the potential for change and their economic structure, and so to how effectively they respond to the changing economy.

Evidence for the importance of city locations and the relationships between cities of different sizes can be observed quickly from travel to work patterns in different areas, which can often overlap beyond administrative boundaries. For example, the Polynet study of the South East of England looked at the functional interrelations between different cities and towns, and their relations with London. It was clear that they were defined both locally, by their relations to the towns and cities near them, and by their relations to each other. Near London, therefore, Reading had benefited from businesses ‘outsourcing’ from London, while Brighton benefited from people commuting for quality of life and tourists.

Sassen (2001), looking at the relations between global cities and their hinterlands has found that functions subject to external economies of scale, such as specialised service functions, often locate in the central city to gain from knowledge sharing and clustering effects, while other offices – such as corporate headquarters – operate outside the congestion of the core. Similar spatial logics apply at a range of levels, and different places need to incorporate this into their economic development plans.

This further suggests that large, medium-sized and small cities could benefit considerably from actively seeking to work with nearby cities and capitalise on the different strengths that different size cities offer if they are to respond to the changing knowledge economy (Duranton & Puga, 2001). The logic is simple: the bigger the size of the area, the greater the diversity of goods and services that can be produced, the larger the local labour pool and so the greater the potential for specialisation and so efficiency. By working with nearby cities, without increasing congestion in a central core, both cities can become more economically successful through generating economies of scale.

Yet the relationships between cities will depend on a wide range of issues: physical proximity; ease of travel between the cities; the different industries; the demographics of cities. For example, cities such as Bolton that are near a large city-region like Manchester are in a very different situation to cities such as Stoke-on-Trent, which sits between Manchester and Birmingham. This makes it important for policymakers considering how collaboration can help them respond to the changing economy to consider not just size and where the city sits in the urban hierarchy, but also the way in which relationships between cities will differ for historical or geographical reasons.

In the UK, some of the main work in collaboration to improve the economic success of more than one city has been between Glasgow and Edinburgh. They have succeeded in working together to support the growth of financial services in the area, with Edinburgh specialising in providing front-office services and Glasgow specialising in providing back-office services such as call centres.

A prominent international example is the Oresund region, which stretches between Sweden and Denmark, and crosses the straights of Oresund. In 2000 a bridge opened across the straight, and the two sides are now linked economically and socially, with over 9000 commuters crossing daily. The region has been seen as an emerging region for bio-medical technology, and has attempted to

80 . Source: www.oresundregionen.org
become a ‘science region’, with collaboration in areas including infrastructure and higher education. There is evidence, however, that the private sector has been less enthusiastic in making links between the two areas than the public sector.82

**Collaboration – what should the focus be?**

There is increasing interest in collaboration as cities become more entrepreneurial and begin to recognise the role that their position in the wider economic geography of their country plays in the way they can respond to wider economic change. Cities should:

- **Build realistic and genuine links with other cities.** If city authorities acknowledge both their position in an urban system, and the economic and social flows which run through them, the potential for city collaboration becomes clear. Links with other cities must have clear objectives, however, with consensus about what the links are for and how they will work. At a local level, this might be about identifying mutually beneficial collaboration on specific issues in order to respond to economic and social change, for example the transport infrastructure, a shared labour market pool or a shared retail centre. However, links should not only be restricted to nearby cities. Links between different regions or with international cities (for example Cambridge, UK and Cambridge, MA) can be highly beneficial and go beyond notions of twin towns to links that generate real economic activity and exchanges of ideas.

- **Have national governance structures that support strategic decision-making across cities.** There are limited resources in all OECD countries and strategic decisions need to be taken about where funding should be invested to realise the greatest economic and social returns. Where cities collaborate, there is an opportunity to have a more strategic conversation that moves beyond competitiveness or very local issues to take decisions about how to enhance the economic success and quality of life across a wider area and for a wider pool of people. This may require difficult decisions about investing in one place rather than another, on occasion, and governance structures should support cities to work together in a way that generates trust, acknowledges their interdependence, and enables decisions to be taken in a transparent way, with consideration for how all areas may benefit from success. Governance structures should also try to support decision-making with an eye to the short, medium and longer term.

- **Change the conversation about city collaboration.** The literature on ‘competitiveness’ has, unhelpfully, implied a race between cities to become economically successful. Relations between cities are not a zero sum game, however: increased wealth in one city can lead to increased wealth in another (for example through supply chains, increased standard of living, more employment and commuter flows). Collaboration is not an approach to which cities are accustomed, or indeed often encouraged by the way funding streams are structured, but there are mutual gains to be had from cities with common interests collaborating in order to pool their strengths and more effectively rise to the economic and social challenges of the knowledge economy.

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5. Conclusions and Policy Recommendations

The world economy is changing as processes become more transnational, affluence rises and ‘knowledge’ becomes a key element of countries’ economies. In this context, cities, as the places where most people work, live and consume, have real opportunities to become economically successful, innovative, high quality places in which to live and work. Yet cities also face real challenges around responding to changing demand in the knowledge economy and responding to social change and the needs of their inhabitants who do not have the skills and attributes to participate fully in this knowledge economy.

For policymakers seeking to consider how cities can adapt to the changing economy, it is important to understand how the knowledge economy is affecting demand, what its likely implications are for businesses and for individuals, and how cities can respond by offering production benefits (access to markets, a wider labour pool and tacit knowledge exchange) as well as consumption benefits (access to a wide range of culture and leisure activities). Different policy instruments, both hard and soft, can support different cities to maximise the production and consumption benefits they offer. This paper, whilst arguing that soft and hard policy instruments cannot easily be separated, has focused on the four ‘soft’ issues that Ideopolis research highlighted as important for cities seeking to respond to the changing economic and social environment. These are: skills, distinctiveness, leadership and collaboration.

The assessment of each issue in section three highlights how complex it is for cities to rise to the overall challenges, as well as the specific issues associated with each policy instrument. Before summarising how different policymakers can respond to our findings, it is important to highlight that despite the variation in institutional structures across OECD countries, there are some common policy barriers that cities face:

- **Absence of ‘place’ in policies:** In countries with centralised governance models, many national policies that have an impact on cities, at least indirectly, do not sufficiently recognise or consider spatial factors, and this can mean that policies are inappropriate at a city level because they are not tailored to regional or local circumstances.

- **Lack of “joined-up” working:** Many issues require a holistic and cross-cutting approach. Policymakers are dealing with complex problems -- one initiative may impact on another and unforeseen consequences may materialise as a result. Responding to this demands a much better articulation of policies at national, regional and local level and a sense that policies are pulling in the same direction. Of course, it is easier to make this statement than to put it into practice. Nevertheless, there is no substitute for a systematic and comprehensive approach. Joined-up working must be a reality rather than an aspiration.

- **Too many strategic institutions:** Of course, the institutional map looks different from country to country but it is often the case that there is no shortage of institutions striving to make regional, city and local policy more co-ordinated. In the UK there are arguably too many bodies trying to be strategic, often at the same geographical level (for example Government Offices and Regional Development Agencies). This can result in confusion over responsibilities and accountabilities can mean policies are either over-worked on (wasting resources) or slip between different institutions, and can mean that decisions are not being taken at the appropriate level.
• **Administrative geography is not the same as economic geography:** People and organisations move across administrative and sometimes national boundaries\(^{83}\) for employment, leisure, culture, health, education or other business purposes. All too often policy and funding streams encourage local and regional policymakers to focus internally on their locality or region rather than across boundaries. This approach poses a major barrier to policies being able to meet their objectives, simply because it does not reflect the reality of economic and social activity in the knowledge economy.

These barriers should be borne in mind when considering the policy recommendations.

**Framework & principles for policymakers**

Drawing on our research, policymakers seeking to respond to the changing economy at the level of cities should ensure they work within the following framework:

• **Tailor policies to the needs of each city:** The nine Ideopolis drivers that The Work Foundation has developed provide cities with a framework in which to do this and to understand their strengths and weaknesses given the changes in the economy (source?). Applying the Ideopolis drivers to different cities and in different circumstances requires first understanding and applying the drivers to the city’s distinctive set of issues, and second prioritising the drivers and linking them in a way that responds to the city’s distinctive situation. Misunderstanding the drivers as being a “one-size-fits-all” route map to success could lead a city-region to use resources inefficiently in pursuit of a policy agenda that is less relevant than other agendas, e.g. focusing on creating a distinctive reputation for the city when the priority should be to invest in its physical development and in developing new areas of expertise. Furthermore, a city-region may have a strong set of policies to build the physical knowledge city, but may lack the focus (and funding) to ensure that businesses have access to the skilled workforce, infrastructure and services that drive economic growth. A city strategy needs to bridge the gap between where a city is now and where it wishes to be in the future.

• **Accept ‘institutional messiness’:** There is no ‘neat’ solution to the institutional architecture and governance structures that cities need to succeed in the knowledge economy. Different issues will require a policy response that is developed and funded at the level that is most appropriate, and that is delivered by the relevant agency. To achieve this degree of flexibility, there will be a need for institutional messiness rather than the pursuit of the ‘perfect’ governance and institutional structures. This may not sit comfortably with local and regional policymakers who often focus on structural change to support the development of urban policy (such as the pursuit of ‘city-regions’ or a shift in the balance between centralised and localised governance). However, evidence from our case studies and other international work suggests that not getting too caught up on institutional and governance structures is imperative if cities are to work effectively.

a) **Join up policymaking where possible:** As argued in *Creating an Ideopolis*, cities in the knowledge economy require more than just the ‘right’ structures; they also require an approach to policymaking that coherently links different policy areas if they are to respond to wider economic and social change. For this to happen, policies must be based not only on evidence about what works in that particular policy area, but also, crucially,

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\(^{83}\) For example in Oresund

155
on a local and sub-regional understanding of how the issues play out on the ground. A national and more theoretical perspective is much less likely to be successful. The success of cities in the knowledge economy depends on the institutions and the decision-makers at all levels being able to work together and to maintain clear lines of accountability.

b) **Encourage innovation:** Successful cities depend on an entrepreneurial approach from city policymakers themselves - and this innovation cannot be prescribed by national policy or by academics and think tanks. City authorities and leaders who take an innovative approach to partnership working, who develop a vision and take a long-term strategic view of the city that is appropriate to its history, economy and society, will be the cities with the leadership and strong networks required to succeed in the knowledge economy.

Within this framework, the following underlying principles for developing policy instruments to support cities in the knowledge economy are recommended:

- Desired outcomes should be agreed between national government and lower tiers - regional, city-region and local level. These should be the outcomes against which existing architectures are assessed.

- Policies and institutions should enable strategic decisions to be made at a level that reflects the economic geography of that policy issue and that enables sufficient information to be captured and used in order to develop a coherent strategy.

- Policies and institutions should enable funding to be pooled so that it supports achieving agreed desired outcomes and gives discretion to strategic institutions (at national, regional and local levels, depending on which institution it is), giving them the authority to develop real strategies.

- Policies and institutions should support delivery at the lowest level that is cost-effective, enabling local knowledge to inform the way in which the strategy is implemented and that supports achievement of desired outcomes.

- Policies and institutions should balance incentives to ensure that it is in the interests of different tiers of government to work together to achieve desired outcomes, making the most of links between cities and local authorities, rather than incentivising unilateral working.

- Any recommendations for a new policy or institution should be built on a business case that demonstrates how the new policy will more effectively achieve the desired outcomes – and what it will replace.

- Policies and strategies should have a spatial focus in order to provide the mechanism for matching national and local priorities.

- Institutions should work together to ensure that thematic policy areas -- or the Ideopolis drivers -- are not developed in isolation from each other. Regional, sub-regional and local institutions should play a leading role in this co-ordination.

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84. Adapted from: *Creating an Ideopolis: A case study of Manchester*
Given our assessment of what matters to cities in the knowledge economy and what soft policy instruments can support cities to become successful in the knowledge economy, how can different institutions and tiers of policymakers respond?

**What can the OECD do to support effective use of ‘soft’ policies?**

- **Set the agenda on globalisation.** The OECD is in a strong position to present a realistic and balanced view of globalisation and the knowledge economy to cities, and to highlight how cities may need to respond to these challenges. While the impacts of globalisation and the knowledge economy will be different between and within OECD countries, they are likely to have significant economic benefits to these countries and cities while presenting a new set of challenges. A more realistic understanding of what globalisation and the knowledge economy is and means can only help national, regional and local policymakers to respond and to mitigate any adverse effects.

- **Continue developing policies for cities.** The OECD has rightly developed policies for cities. But it needs to continue this, developing a solid international evidence base for regions and urban areas that can inform policy in the future. While there is a considerable body of evidence in the US, and some evidence in European countries, there is a lack of comparable empirical data for cities in the OECD. Our analysis also highlights the need to recognise the distinctive economic geography of cities in their wider spatial economy, but this is not always clear in research or data. This knowledge gap prevents the large scale empirical analysis that would allow informed policy. The OECD is well placed to address that need.

- **Work to develop leadership and collaboration.** Rigorous policy analysis is important, but so too are the local leaders who enact such policy. The OECD can help them to develop their policies, building capacity and sharing best practice. In part, this is about collaboration – helping international cities to learn from each other and work out the best policies for their place. But it is also about providing an evidence base from which the most appropriate policies for each place can be achieved. This should not be prescriptive but allow local leaders to choose the policies for their circumstances. For the OECD, this role may be particularly important for large cities. Within a nation there may only be a few large cities, making it vital they collaborate and learn internationally.

**What can national policymakers do to support effective use of ‘soft’ policies?**

National policymakers have a significant role to play in removing barriers to cities responding to the challenges of the knowledge economy, particularly around soft policy instruments. This includes balancing the needs of individual cities and regions with an equitable approach for the whole nation:

- **Devolve power to the appropriate units.** By giving cities the power to develop at the appropriate level, using the framework set out earlier in this section, cities will be better able to respond to their individual needs. Flexibility of functions at a local level should be allowed, ensuring that city and regional authorities can adapt to their particular circumstances.

- **Don’t be afraid to remove some functions.** In many countries, redundant structures remain in place when they outlive their usefulness. This complicates the institutional architecture, wastes public money and makes it unclear which agency the public (or businesses) have to deal with. National bodies should be more robust about managing this.
What can city and sub-regional policymakers do?

This paper has argued that both the knowledge economy and globalisation are intrinsically spatial processes, albeit impacting unevenly on different places, and that cities and regions often provide the nodal points where these processes interact. Cities seeking to focus in particular on the four specific soft policy instruments reviewed in this paper could undertake the following actions:

On Skills:
- Work with employers to understand their skills demands
- Invest in all education institutions to raise the quality of supply
- Raise aspiration from businesses and individuals
- Link skills to other policy agendas
- Work in partnership with education institutions for the benefit of the local economy and community

On Distinctiveness:
- Identify the distinctive attributes of a place and use these to formulate a strategy for distinctiveness, linking this with the economic development strategy;
- Cities need to conduct a strategic assessment of their strengths and weaknesses, identifying the attributes that make them distinctive from other places and how they can build on these.
- External city reputation and “brand” matters – but it has to be about quality, not gimmicks
- Funding for city development needs to inspire strategic aspirations.

On Leadership:
- Balancing national and local interests
- Clarity about responsibilities for strategy and delivery
- Building capacity at all levels
- Working in meaningful partnerships

On Collaboration:
- Build realistic and genuine links with other cities;
- Have national governance structures that support strategic decision-making across cities;
- Change the conversation about city collaboration.
The transformation of the world economy over the last two decades offers a mix of opportunities and challenges for the cities in which the effects of this change are most being felt. Across OECD countries, there is a need for a shift in policy to recognise the importance of place to realising desired outcomes, and for national, regional and local policymakers to work together, across boundaries, to ensure that places support the knowledge economy, and benefit from its growth.
1. Do communications matter?

How important is hard infrastructure, in the form of transport links and advanced telecommunications, in linking key metropolitan areas into global circuits of investment and trade? To begin to answer this question, it is necessary to understand precisely what is happening in the global economy, in particular within the advanced economies, and then to consider their implications for the location of economic activity.

The argument is occasionally advanced that current trends suggest no future for cities at all. Ten years ago Frances Cairncross predicted the “Death of Distance”: a world in which the traditional distance-deterrence effects, embodied in every locational model, diminish to zero and the entire world becomes a frictionless plain on which it is perfectly easy to locate any activity anywhere in Cairncross (1995, 1997). In such a scenario, everyone will be free to locate in the place that best suits their personal preferences and whims, intercommunicating freely and at uniform cost with every other person in the world. Because the long-term trend in advanced societies has been for people to migrate from city to suburb and from suburb to countryside, so this scenario runs, a huge dispersal of human beings and human activities across continents can be expected. Five thousand and more years of city-building will come to an end: the traditional advantages of the city as a place for doing business, and for living, will finally have been eroded.

The reasoning behind this argument is economic, technological and organisational. Economically, the balance of production in advanced economies has shifted sharply away from manufacturing and goods-handling and towards services, especially those that handle information. Manuel Castells has described this as the transition to the informational mode of production: a shift as momentous, in his view, as the shift from an agrarian to an industrial economy in the eighteenth and nineteenth centuries (Castells, 1989; Castells, 1996; Hall, 1995b, 1995c). This is not new: it was already recognised over half a century ago (Clark 1940); by 1991, in typical advanced countries, already by 1991 between three-fifths and three-quarters of all employment was in services, while between one-third and one-half was in information handling: for information, the proportions were 48 per cent for the United States, 46 per cent for the UK, 45 per cent for France, 39 per cent for Germany and 33 per cent for Japan. Typically these proportions have doubled since the 1920s in Castells (2000, pp. 304-324). The trends are very strong and consistent, so there can be little doubt that the proportions will continue to rise, so that by 2025 80-90 per cent of employment in these economies will be in services, and up to 60-70 per cent will be in information production and exchange.

The question then becomes: what exactly is the nature of the work performed in these informational services, and that does that imply for their location? Manuel Castells’ celebrated work speaks of the “space of flows”, the space where the information flows in Castells (1989, 1996). In research on Four World Cities, comparing London, Paris, New York and Tokyo, four key sectors of the metropolitan economy were distinguished: financial and business services, both financial and non-
financial (including the fast-growing design services like architecture, engineering and fashion); command and control functions such as company headquarters, national and international government agencies, and the whole web of activities that grows around them; cultural and creative industries including the live arts and the electronic and print media; and tourism, both leisure and business in G.B. Government Office for London (1996). These are highly synergistic; and many key activities (hotels, restaurants; museums, art galleries; the media) occupy the interstices between these four sectors. All four sectors essentially deal with the generation, exchange and utilisation of information in different forms. They relate closely to the cognitive-cultural economy identified in Allen Scott’s paper for this conference. They cater simultaneously for local, national and international markets; the international business, though generally a minority share, is significant in providing an export base. Further, they merge rather confusingly with advanced consumer services (conferences; cultural tourism) which in practice are often difficult to distinguish. Some but not all of them are now exhibiting productivity gains associated with the injection of information technology, which is producing jobless growth. They offer a wide range of job opportunities, but – as stressed by Scott - there is a sharp tendency to polarisation: on the one hand there are what Robert Reich (1991) has called the symbolic analysts, performing jobs that require high formal education, professional training and interpersonal skills; on the other, there is a wide range of semi-casual and low-paid work in personal services, which offer no career prospects and are often unattractive as an alternative to welfare payments (Wilson, 1987, 1996).

Technologically, the cost of both personal travel and of telecommunications has dramatically fallen over the last half century, as the first jet airliners have been supplanted by the jumbo jets and as the internet has become the medium of preference for telecommunication. Telecommunications costs have fallen most dramatically: the cost of a three-minute call from London to New York, expressed in constant 1996 prices, fell from GBP 486.98 in 1927 to GBP 62.80 in 1945, GBP 12.46 in 1970 and GBP 0.52 in 1996 (Cane, 1996), and the Internet is effectively free once a flat fee is paid.

Organisationally, global corporations have exploited these technologies to extend into every country, crossing and increasingly ignoring national boundaries. But globalisation too is not new. Ancient Athens and Renaissance Florence were global cities for their worlds, as was London from the sixteenth century onward in Hall (1998). Thirty foreign banks were already established in London before 1914, 19 between the two world wars, another 87 down to 1969. Then the pace accelerated: 183 in the 1970s, 115 in the first half of the 1980s; in all, between 1914 and the end of 1985 the number of foreign banks in the City grew more than fourteen-fold, from 30 to 434. Both London and New York now had more foreign than domestic banks in Thrift (1987, p. 210); King (1990, pp. 89-90, p. 113); Moran (1991, p. 4); Coakley (1992, pp. 57-61); Kynaston (1994, 1995, passim). So the scope of globalisation has progressively widened.

But there are problems with the “death of the city” formulation. First, though it is undoubtedly true that the long-term trend is for both transportation costs and communication costs to fall, and even fall dramatically, they never quite diminish to zero, nor do they become spatially indifferent; it will always cost more to call New York than another part of London. The internet may appear to be the exception, but high-speed broadband access will always be unevenly available, with the highest-level access available in the major centres where there is the most demand. Long-distance personal movement has also fallen in cost, but less dramatically; and there are additional time-costs in being located remotely from major air or rail hubs.

There has been much discussion of the importance of tele-work. This seems to divide into two entirely different phenomena: first, call centres, which are highly agglomerated large-scale factory-style units, highly prone to off-shoring to lower-cost locations and to replacement by web-based direct access; second, part-time home-work on the part of professionals, a large and increasing proportion of
the total workforce in informational industries and occupations, who may increasingly divide their working time among a three very different types of activity: quiet solitary work (reading, report writing); face-to-face meetings either in offices or conference-style settings; and electronic communication, which increasingly takes place almost anywhere. The first of these can be well performed in a well-equipped home office used for quiet work, and so can be - and often is - dispersed, even to quite remote (but accessible) rural locations. The second remains agglomerated, though not always in traditional central locations: a new archetype is the IBM building at Bedfont Lakes next to London’s Heathrow airport, which consists of electronically-equipped hot desk facilities for short stays plus a variety of café-type meeting facilities. The third is performed in a variety of mobile working places such as conference facilities, trains, airplanes, airport lounges and hotel bedrooms -- and so is also agglomerated, but along lines of travel, including travel hubs -- which also, of course, are central locations for all kinds of tourism, including business tourism.

There is a basic reason for this continuing agglomeration: although telecommunications can substitute for personal movement, they can also complement and stimulate it. It was observable that the invention of the telephone, in 1876, was immediately followed by the development of concentrations of high-rise business offices in the centres of New York City and Chicago, together with the growth of commuter railroad traffic; paradoxically, the telephone had a concentrating rather than a dispersing effect on business Hall (1998, p. 770). This was explained by John Goddard, whose early work on London showed that the telephone was used for preliminary “programmed” contacts but personal meetings were used for more important discussions of an “unprogrammed” nature, where the outcome was uncertain in Goddard (1973). Evidence from France suggests that over a period of more than a century, roughly since the spread of the electric telegraph and the invention of the telephone, personal business traffic has grown at almost exactly the same pace as telecommunications traffic in Graham and Marvin (1996; Fig. 2). This strongly suggests that telecommunications of all kinds do not finally replace the need for face-to-face contact. Not merely the growth of personal business traffic by air and rail, but also the development of the conference/convention industry, suggest that this must be the case.

This continuing significance of face-to-face communication is surely true, if data were available, intercontinentally, internationally, and within a country: personal transport increases with electronic communication. All the evidence, even from high priests of cyberspace like Bill Gates or Bill Mitchell of MIT in Gates (1995) & Mitchell (1995), suggests that city centres will retain their unique role in providing the most efficient locations for much of this activity, simply because of the accumulated weight of interrelated functions that have historically accrued there, and because radial-oriented transport systems focus on them. The 1996 Four World Cities study showed that although some activities decentralise from the major cities, others grow to take their place (Fig. 1b). This is the basic reason why the economies of cities like London, Madrid, New York and Los Angeles are now growing so remarkably: it is that the economic drivers so heavily concentrate in these cities. The empirical evidence suggests that the hierarchy of cities here in Europe has not changed very much in the last forty years and will not change very much in the future.

**Face-to-Face Information Transfer: Air and High-Speed Rail**

So the need is to understand how information moves for face-to-face communication. Over longer distances it will continue to move by air, through the great international airports (Shin and Timberlake 2000). It is interesting to notice the correspondence between this list and another from recent research by the GaWC (Globalisation and World Cities) Programme at Loughborough University in England, which shows the urban hierarchy of the informational or knowledge economy (Taylor, 2004). The two are significantly very similar.
The main new influence is likely to be the development of the high-speed train system, on present plans largely in place shortly before 2010 (Hall 1995a). From the extensive experience in Europe, and in Japan, it is known that these trains will take about 80-90 per cent of traffic up to about 500 kilometres and about 50 per cent up to about 800 kilometres.; the most recent evidence from France suggests the competitive range of the high-speed train may be even greater because of its comfort and convenience for business travellers (Pepy and Leboeuf 2005, Pepy and Perren 2006). This means that by 2010, when the system will connect all the principal cities of Europe from Bari right up to Glasgow and Umeå, virtually all traffic between key city pairs -- Naples and Rome and Milan, Milan and Paris, Munich and Cologne, Cologne and Brussels, Brussels and London, Brussels and Paris, Copenhagen and Stockholm -- will go by rail. The longer-distance traffic -- southern to northern Europe, far west Europe to far east Europe, as well of course as intercontinental traffic -- will largely remain in the air, and a critical planning question will then become the linkages at the airports between the two systems. These can already be seen at Europe’s most advanced airports: Amsterdam, Frankfurt, Paris-Charles de Gaulle. The likelihood is that these places will become effectively new urban centres, as Dejan Sudjic suggested over a decade ago (Sudjic, 1992). They will not only attract a vast amount of business in the form of conference centres, exhibition centres and hotels; they are likely to become shopping centres in their own right, as you can see from the plans for London’s new Heathrow Terminal Five. So they will compete with traditional downtown areas as business hubs.

Measuring Information Flows

Unfortunately, there is virtually no direct measurement of the impact of communications infrastructure on patterns of location of the advanced service industries. It is possible to relate the distribution of global air traffic to measures of the global urban hierarchy. There is virtually no research on the pattern of telephone and internet traffic and its relation to urban development, because of the lack of data. Partial studies have been made of individual cities, starting with the pioneering work of John Goddard on London over thirty years ago Goddard, (1973). Halbert (2004) has mapped telecommunications flows for the Ile-De-France using a unique data set from France-Télécom (Fig. 3); and Carlo Ratti has begun important work at MIT based on mobile telephone (cell-phone) data in Berry and Ratti, (2007 forthcoming). The POLYNET project attempted to map telephone and email traffic in North West Europe but the response rates were poor in Hall and Pain (2006). Insofar as patterns emerge, they suggest a strong concentration on the “First City” within each Mega-City Region, both of information flows within the region and of flows outside that region to other regions (Figs. 4-6).

Given this lack of data, researchers have sought to employ proxies for communications information flows. The most important recent work on a global comparative scale has been done by the GaWC group in Taylor (2004, 2005). They use the internal branch office structure of large multi-locational Advanced Producer Service (APS) firms as a proxy. Table 1, which shows the resulting hierarchy, bears a close resemblance to work on the hierarchy of global airports in Shin and Timberlake (2000; Table 2). Taylor and his colleagues have applied these techniques at a regional scale in the POLYNET project. Fig. 5 gives an illustration for South East England: it shows a degree of polycentricity, since some linkages bypass London, the “First City”. The analysis was able to show structures at different spatial scales: critically, at the highest (global) level, the structure was much more primate than at regional or local level. Thus, within the Rhine-Ruhr region, Cologne recorded 99 per cent of Düsseldorf’s local connectivity, but only 58 per cent of its global connectivity.

2. Where to invest?

How important are inter-city connections in raising economic productivity? Is there hard evidence, of the kind that would persuade economic advisers in government departments of finance,
that investment in new or improved links would have a demonstrable economic effect, over and above measurable gains in time or reductions in cost of travel? There is in fact very limited work on this question. An intensive review has recently been conducted in the UK as part of the review of transport policy headed by Sir Rod Eddington, supported by a commissioned research study in Eddington (2006a, b) & Crafts and Leunig (2005).

**The Eddington Study: Main Conclusions**

The report acknowledges that in national economies, transport networks have historically played a critical role in driving phases of rapid economic growth. Step changes in connectivity, often associated with new transport (and more recently communications) technologies, have been of particular significance. But in countries with well-established transport networks, giving good connectivity between centres, there is considerably less scope for such dramatic effects. Here, the report suggests, attention should be focused on the capacity and performance of existing domestic links, and the addition of new links to support the growth and performance of the labour market in growing and congested urban areas, through an incremental approach. Research suggests that it is important not only to consider the benefits from investment, but also the efficiency with which existing transport networks are used.

Internationally, the most recent phase of globalisation appears to be driven by a rapid expansion in global connectivity, provided both by new communications technologies, and falling international transport costs. The report argues that it is perhaps too early to judge whether this could represent another step change that will drive significant growth in the global economy.

Historical and macro-economic evidence can only take us so far. It is also important to understand what users value from the transport system; the mechanisms by which transport impacts on the economy; where transport may be the answer to economic challenges; and what the future implications are for the UK given its role in the world economy. The evidence is very clear that users value journey time, journey time reliability, cost, network coverage, comfort, safety and security. Improvement or worsening of these characteristics impact on the economy through a variety of mechanisms: increasing business efficiency, investment and innovation, improving the functioning of agglomerations and labour markets, increasing competition, increasing trade and attracting globally mobile resources.

Some of these microeconomic drivers are becoming more significant; notably the importance of reliability grows with widespread adoption of just-in-time management techniques; the importance of urban areas as centres of highly-productive service industry growth means an increasing role for transport in supporting agglomeration economies; and transport’s role in facilitating trade and attracting and retaining globally mobile resources becomes ever-more important in a globalising world. A significant proportion of these economic benefits, from freight and business time savings, are already well captured. But current methodologies do not reflect other potentially significant impacts. Assessments of overall benefits on a project-by-project basis could in some cases increase by up to 50%, if new evidence concerning the importance of reliability and agglomerations were to be included in the appraisal of transport schemes. These are particularly likely to impact on interventions in highly agglomerated major cities. Furthermore, important international effects, namely transport’s role in boosting trade and globally-mobile activity are strategically significant, but as yet unmeasured even with significant recent advances in appraisal techniques. The report recommends that transport strategy and appraisal should incorporate the full range of these effects as a matter of urgency.

Eddington concludes from the evidence that transport improvements aimed at tackling existing problems and shortages are most likely to offer real benefits. Particularly important here is that an
the economy can become the victim of its own success because of rising congestion which dampens growth - particularly damaging in agglomerations or where they impact on the costs of doing trade, within the UK or beyond. So the key signals will be signs of economic success (economic growth, very high wages and land prices), plus signs of congestion and unreliability. “In areas without such clear signs, it is unlikely that transport is holding back productivity and growth. Without signs of congestion and high prices, any transport investment is likely to be high-risk in terms of delivering productivity and competitiveness benefits. The economic fortunes of areas which already have sufficient transport capacity to meet demand will not depend in any great part on transport improvements: such economies can continue to succeed without significant increases in transport provision. Even in less vibrant areas transport improvements will not turn around a local economy when adequate transport provision already exists. Instead, other policy measures will be important” in Eddington (2006a, p. 16).

The exceptions, suggested by economic theory, are:

- if transport improvements enable an urban area to grow the size of its labour market significantly, this may lead to agglomeration benefits; or

- if new connections open up access to genuinely new markets, this will deliver trade benefits, particularly when providing new global connectivity; or

- if transport improvements contribute to the global attractiveness of the UK as a place to live, work and invest.

However, the report stresses, projects aimed at achieving such goals should be approached with a high degree of caution. There is no substitute for careful cost-benefit analysis based on robust economic evidence and there are many examples around the world of projects founded on speculative demand forecasts, which did not deliver their purported economic benefits. Further research would be needed to understand the potential scale of these latent demands and the benefits may well be speculative. There is certainly enough for government to be getting on with in the meantime, to tackle the more certain looming challenges of congestion and overcrowding, where intervention offers far more certain economic benefits. Prioritisation of transport pending must mean focusing on those schemes where the economic benefits are more certain.

The Eddington study specifically asks what role transport can play in facilitating productivity benefits through agglomeration economies. It finds that the literature has been largely unsuccessful in answering this question. Its own assessment of the literature and analysis based on simulated models suggests that although transport alone cannot generate clusters, it can play an important role in facilitating their expansion by reducing travel time and costs, bringing firms, workers and consumers closer than otherwise would be the case. This is particularly the case for service industries which benefit from large, dense labour markets and proximity not just to similar firms but also to a variety of complementary firms – for instance City of London financial and trading businesses which make use of insurance and legal services. It concludes that firms would not tolerate such high-costs locations unless there were compensating productivity effects. Nowhere, however, does the study distinguish the effects of inter-city transport from those of intra-metropolitan transport (for commuters and clients); it appears implicitly to be thinking mainly about the latter: “Transport can therefore be fundamental to the future success of major urban areas and their labour catchments, by facilitating business to business interactions and reducing congestion on commuter links” in Eddington (2006b, p. 29).
The Eddington study thus fails to find any connection between transport investment and measures of economic performance, except perhaps to boost the performance of already-strong regions: “It is unclear whether a general policy of significantly improving the connections between a peripheral urban area and a core urban area through transport generates productivity benefits for both areas. A link between the two areas can result in a displacement of economic activity, with the core benefiting at the expense of the periphery, and with little or no impact on national productivity”. The conclusion is that “a transport link is unlikely to improve an unproductive urban area unless there is underlying demand for this connection, and that productivity returns are likely to be greatest where there is demand for transport, as manifest, for example, through congestion” in Eddington (2006b, pp. 15-16).

Some international evidence

It is notable that this conclusion depends heavily on UK research at a broad scale, and appears to contract a great deal of evidence from more specific local evaluations of transport impacts – as, for instance, of the Japanese Shinkansen or the French TGV. The original Tokaido Shinkansen in Japan, which opened in 1964, has accelerated the growth of the major cities along the line, and speeded up the development of a megalopolis. Tokyo and Osaka, especially Tokyo, have generally been strengthened while the position of Nagoya, the main intermediate city, has been weakened in Kamada (1980, p. 48). On the TGV-Sud Est between Paris and Lyon, opened in 1981-3, similarly, the result is that the structural effects have been centred on urban poles and their immediate environs (Bonnafous 1987, 129). There is an historic imbalance between the economies of the two regions at the end of the TGV-SE line: Rhone-Alpes has half the population of the Paris region but only one-third of the production, one-fifth of the higher level services, and one-twenty-fifth of the headquarters of top companies in Bonnafous (1987, p. 131). Surveys show that high-level services in Rhône-Alpes have benefited by getting better access to Paris, while Paris competitors are happy to stay with their own market. Parisians have increased their journeys by 52 per cent to Rhône-Alpes to buy or sell a service, while inhabitants of Rhone-Alpes have increased theirs by 144 per cent in Bonnafous (1987, p. 136). Thus service industries, particularly consultancies, do not need to move to Paris, but can sell their services from Lyon in Bonnafous (1987, pp. 135-6). On the "new trunk line" of the European TGV, linking London, Brussels, Paris, Amsterdam and Cologne, a reinforcement or enhancement of the positions of London, Paris, Brussels, Cologne and Frankfurt and a weakening of intermediate places is likely to be seen; the sole exception will be Lille, because of its position as hub of the entire system. Places like Leeds, Manchester, Cardiff, Lyon and Stuttgart may also benefit so long as they are connected into the system, as the French are doing for Lyon. Recent Dutch research suggests that the system will increase the lead of Paris over all competing cities, but with London still in second place; Brussels will gain sharply; the British provincial cities all drop sharply in their relative scores in Bruinsma and Rietveld (1993).

The general effect is bound to be that cities in the European heartland - the "Golden Rectangle" bounded by London, Amsterdam, Köln and Paris, connected by fast train networks which have a natural advantage over air - will mutually benefit; and this effect may extend over a wider fringe area, approximately as far as Bristol, Birmingham, Dortmund, Frankfurt and Lyon. Beyond this, travel to and from the heartland will be predominantly by air; but fast trains may play an important role as regional systems focusing on such centres as København, München, Milano and Madrid. Both in the heartland and in these more peripheral regional nodes, there is likely to be increasing stress on good interconnection between longer-distance air and shorter-distance fast train feeds, because increasing air congestion may persuade deregulated airlines to invest in new train systems. Paris Charles-de-Gaulle and Lyon-Satolas have set the lead here; they will be followed by Amsterdam-Schiphol, København-Kastrup, Bruxelles-Zaventem, and perhaps Frankfurt and Berlin. This, again, may fortify the position of such air-rail hubs as European business centres.
Within the major urban areas, high-speed trains will reinforce the position of the city centres and will tend to restrain any tendencies to business decentralisation; but this may depend in part on the decision to develop an airport station, either as an addition to a central station or as an alternative to it. A critical question is whether new high-speed train stations can be used as the basis for urban development or regeneration efforts. On this, the evidence is ambivalent. There seems no doubt that new stations can stimulate local regeneration effects, both at the edge of the central business district and also in selected edge-city locations. Examples of the first are the huge Euralille development in Lille, the Part-Dieu development in Lyon, the Quartier-Lu in Nantes, and on a smaller scale at Wilhelmshöhe in Kassel, where in effect the old city centre has been displaced by planned regeneration around the new station. British Rail's first high-speed line, the InterCity 125 from London to Bristol, opened in 1976. The area around Reading Station 70 km west of London is now the third office centre in southern England after Central London and Croydon. However, office development was occurring even before 1976, associated with Reading's favourable position west of Heathrow, in the high-technology manufacturing belt that has come to be known as the M4 Corridor (even though the motorway was completed only in 1971, just five years before the train service opened). In Lyon, Part-Dieu is now the most favoured office location in the city, where total office space rose by 43 per cent between 1983 and 1990 (Sands 1993a, 25). In Nantes, a major regional centre in Brittany, located 380 km. from Paris, the city and private developers have collaborated to develop a mixed-use development incorporating a major conference centre and office park with about 592 000 sq.ft. (55,000 m²) on the 6.7 acre (2.7 ha.) site of an old biscuit factory (the Quartier Lu, officially the Quartier Champ-de-Mars-Madeleine), next to the new TGV-Atlantique station, which opened in 1990. However, like Reading and Bristol, Nantes was already a high-tech centre in its own right, and was proving attractive as a regional office location (Sands 1993b). On the other hand, the new Bruxelles-Midi station is located in an extremely depressed edge-of-centre area which has only recently shown signs of regeneration. In Lille a public-private partnership has built the Euralille Centre around the new TGV station, which opened in summer 1994 to coincide with the start of through Eurostar services via the Channel Tunnel; there seems to be no definitive evaluation as yet.

Outside the city centres, high-speed trains do nothing for the areas through which they speed; they have precisely the same impact as an airplane flying overhead. What is still in doubt is how far intermediate stations can be successfully developed in advance of demand, in effect creating their own development which in turn generates demand, either in greenfield locations or in edge-city locations. There is only fragmentary evidence on this point; there are relatively few high-speed railways, the oldest is less than 30 years old, and most are much newer than that. And in each case the effects are very difficult to disentangle from the effects of other phenomena. It is difficult to unpick the impact of the Shinkansen from the fact that the Tokaido Corridor west of Tokyo, through which it runs, is the crucible of Japan's high-tech revolution.

Speculation must therefore be built upon anecdotal evidence. At Bristol Parkway station on the first British high-speed line, 170 km from London, there has been extensive recent campus-type office development; but again, Bristol has been a successful high-technology industrial centre and a favoured location for decentralised offices because of its location on the M4 Corridor, and the site is close to the major interchange between two national motorways, the M4 and M5. On the other hand, the new station at Le Creusot, standing in a greenfield site, conspicuously failed to attract development in Sands (1993a, 25).

The most interesting cases are edge-city developments on the fringes of major metropolitan areas. At Massy in the south-west suburbs of Paris the local authority plans a huge European business centre around the TGV station which opened in Autumn 1993, serving the new Interconnection around Paris which opened in 1994; but, once again, this will exploit the fact that the site is gateway to the Cité Scientifique Ile-de-France Sud, the French equivalent of the M4 Corridor in Anon (1989a); Germon
Similarly, there is very extensive office and other commercial development at the other end of the Paris Interconnection, at Roissy-CDG Airport; but this is attracted to the airport location at least as much as to the TGV in Anon (1989b); Anon (1991a, 1991b) & Pommelet (1991).

But the most important cases, because the best-documented, are in Japan. Gifu-Hashima near Nagoya is a station on the Kodama service, opened in open fields some distance from the nearby city of Ogaki, capital of Gifu prefecture; it has developed modestly but not spectacularly on the intervening thirty years. In sharp contrast Shin Yokohama, some 25 miles south-west of Tokyo, was also a station in a green field, when it opened in 1964. Ten years later it had achieved a ridership of 15,000 a day, but then the figures fell to an average of 10,000 a day for the next decade. But then an underground station opened, cutting the journey to central Yokohama, four miles away, to 12 minutes. And then JR introduced Hikari super-expresses; nearly half of all the super-expresses, 48 out of 105 each day in 1990, stop here. In a mere five years ridership nearly trebled, to 27,000 a day in 1989, the fastest growth of any station on the entire system. The physical result is quite anomalous: half the site, on one side of the railway, is still a rather derelict green field defiled by scrapyards and similar uses, because local citizens have resisted development. The other is an Edge City of concentrated new office development, which is evidently the creation of the railway: about one kilometre long and one third of a kilometre deep in Sands (1993b).

Shin Yokohama makes quite clear the development potential of high-speed trains. The only question is how many such development nodes it is realistic to create along a single line. In the UK, the Channel Tunnel High Speed link to London, due to open in November 2007, has two intermediate stations, at Stratford in East London and at Ebbsfleet just outside Greater London in the country of Kent, both "edge city" locations as defined here. Major commercial developments are proposed and are about to start at both stations; the first played a major role in selection of London for the 2012 Olympics next to the train station, which are predicted to have major urban regeneration impacts. But it is interesting that at this site, earlier independent assessments of development potential have shown great variations in PIEDA (1993) & Hausner (1993). This illustrates the difficulty of predicting long-term parametric shifts in the pattern of development potential and resulting land values, arising from fundamental transport investments and/or major redevelopment schemes involving public-private partnership.

4. Is urban quality important for building "Creative Cities"?

Do the physical attributes of cities and the 'quality of place' – cultural and residential environments, and lifestyle advantages – matter in attracting the kind of high-level workers who are deemed critical in driving and servicing economic development? The research in this area tends to the anecdotal. There are a number of well-known studies that seek to measure urban quality of life, going back to the original Places Rated Almanac published in the United States since 1981. This achieved some notoriety when in 1985 it ranked Pittsburgh the most liveable city in the United States. It argued that this ranking was based on objective criteria such as low crime and housing costs, and its high arts, education and health care quality, and it has continued to rank the city highly, most recently at 12th place in 2000. However the city’s economy has not been dynamic; rankings that include business performance tend to place it lower.

The Economist Intelligence Unit (EIU) periodically ranks 127 cities worldwide for quality of life, in terms of personal risk, infrastructure and the availability of goods and services. In 2005 Vancouver scored top, followed by Melbourne, Vienna, Geneva, Perth, Adelaide, Sydney, Zürich, Toronto and Calgary. Notably, all the cities in the top "liveability" bracket were in Canada, Australia and Western (more specifically, Central) Europe. All, therefore, were in highly-developed countries with high
levels of GDP per head. However, it is notable that other similar countries (the United States, United Kingdom, France, Germany and Italy) had no representation. Notably, also, all were medium-sized cities, ranging in size from 0.5 million (Geneva) to 4.9 million (Toronto), the majority between 1.0 and 2.2 million (Table 3). There seems to have been no attempt to correlate these results with measures of economic performance, but all are affluent cities with high average personal incomes.

The Florida study

The most celebrated attempt to relate quality of life factors to economic performance comes from Richard Florida in Florida (2002). Florida argues that the entire nature of work in advanced economies has demonstrated a major shift: in the United States in 1999, the Creative Class numbered 38.3 million Americans, roughly 30 per cent of the workforce, against 10 per cent during the period 1900-1950 and 20 per cent in the 1970s and 1980s; a Super-Creative Core included 15 million workers or 12 per cent of the workforce against only 2.5 per cent in 1900. The traditional Working Class numbered 33 million workers, 25 per cent of the labour force, but has seen a decline since 1920 when it included 40 per cent, slow until 1970 and then declining sharply. The Service Class, numbering 55.2 million or 43 per cent, is ten times the number a century ago in Florida (2002, p 74). He further argues that the Creative Class has become a major factor of location in its own right: it chooses congenial locations in which to live, and in effect generates new economic growth in new places in Florida (2002, pp. 5-7). It is moving away from traditional corporate communities and Working Class centres like Pittsburgh and even from Sunbelt regions in the south, to a set of Creative Centres like the San Francisco Bay Area in California, Austin (Texas) and Seattle, not for “the physical attractions that most cities focus on building -- sports stadiums, Freeways, urban malls and tourism-and-entertainment districts that resemble theme parks -- [which] are irrelevant, insufficient or actually unattractive to many Creative Class people. What they look for are abundant high-quality amenities and experiences, an openness to diversity of all kinds, and above all the opportunities to validate their identities as creative people” in Florida (2002, p. 218).

Florida goes on to try to quantify exactly what gives such places a specially attractive milieu. He develops a dependent variable, the Creativity Index, which is a mixture of four equally weighted factors: (1) the Creative Class share of the workforce; (2) innovation, measured as patents per capita; (3) a High-Tech industry index; and (4) diversity, measured by the Gay Index, used as a proxy for an area’s openness to different kinds of people and ideas. This puts the San Francisco Bay Area as the undisputed leader in creativity; other leading metropolitan areas include both established East Coast cities like Boston, New York and Washington DC, as well as younger high-tech places like Austin (Texas), Seattle, San Diego and Raleigh-Durham in Florida (2002, pp. 245-6). He produces some cross-correlations of rankings between the four constituent elements and the composite index, as well as other indicators such as the percentage of foreign-born immigrants and a “Bohemian Index” measuring the “number of writers, designers, musicians, actors and directors, painters and sculptors, photographers and dancers”, which he concludes is “an amazingly strong predictor of everything from a region’s high-technology base to its overall population and employment growth” in Florida (2002, p. 260). He does not however produce regression results, nor is it at all clear what is supposed to cause what: the results could simply demonstrate that fast-growing regions are dominated by economic sectors that need large numbers of such creative individuals. It is of course quite likely that these areas are demonstrating complex dynamic agglomeration effects: growing activities attract talented workers who then in turn generate new activities and new growth by a process of circular and cumulative causation, in much the same fashion as Alfred Marshall described over a century ago in a celebrated passage:

*When an industry has chosen a locality for itself, it is likely to stay there long: so great are the advantages which people following the same skilled trade get from near neighbourhood to
one another. The mysteries of the trade become no mysteries; but are as if they were in the air, and children learn many of them unconsciously. Good work is rightly appreciated, inventions and improvements in machinery, in processes and the general organisation of the business have their merits promptly discussed: if one man starts a new idea, it is taken up by others and combined with suggestions of their own; and thus it becomes the source of further new ideas. And presently subsidiary trades grow up in the neighbourhood, supplying it with implements and materials, organizing its traffic, and in many ways conducing to the economy of its material. (Marshall 1890).

Florida’s work is based on American data and it is unclear whether it would produce similarly clear patterns if extended worldwide. Recent work for instance has compared the successful development of creative industries in London, Vancouver and Singapore, finding an explanation in the presence of a “traditional” or old urban structure in Hutton (2006). Yet Singapore does not fit easily into Florida’s definition of the elements of a successful creative city.

An historically-based approach

An entirely different, historically-based, approach came from the present author in a study of six “creative cities” in Hall (1998): Athens in the fifth century B.C.; Renaissance Florence; Shakespearean London; Vienna in the eighteenth and nineteenth centuries; Paris between 1870 and 1910; and Berlin in the 1920s. The first three of these cities became culturally creative long before they proved very adept either at technological advance, or in managing themselves effectively. All enjoyed golden ages even while the majority of their citizens laboured in abject poverty, and even while most people lived in conditions of abject squalor - at least, by today’s standards.

The literature offers relatively little clue as to where creativity happens, and why there. Only two contributions appear central: first, that of Hippolyte Taine, a nineteenth-century professor at the École des Beaux-Arts in Paris, who in his 1865 publication Philosophie de l'Art developed the concept of the artistic milieu: what he called "the general state of manners and mind" in Taine (1926, I, 55), producing a certain “moral temperature” that allowed a particular kind of talent to develop in one place at one time. This was something people acquired from long residence in a particular place, a kind of accumulated culture and style of life. The other comes from the Swedish geographer Gunnar Törnqvist, who developed the notion of a creative milieu in Törnqvist (1983). It had, he said, four key features: information transmitted among people; knowledge, consisting in the storage of this information in real or artificial memories; competence in certain relevant activities, defined in terms of the demands of an external environment, which can be instrument-specific or region-specific; and finally creativity, the creation of something new out of all these three activities, which could be regarded as a kind of synergy. He said that special kinds of competence can be attracted to certain magnetic places - the Vienna case, again. They need communication between individuals and between different areas of competence; so there must be a certain density of communication, which seems to require a rich, old-fashioned, dense, even overcrowded traditional kind of city.

Törnqvist further argued that such a creative milieu is quintessentially chaotic: it suffers from structural instability, like a river that enters a period of instability in its middle course. Another Swedish scholar, Åke Andersson, developed a very similar concept and uses the same river metaphor in Andersson (1985a, b). He lists six essential characteristics of such a milieu: a sound financial basis, but without tight regulation; basic original knowledge and competence; an imbalance between experienced need and actual opportunities; a diverse milieu; good internal and external possibilities for personal transport and communication; and structural instability - a genuine uncertainty about the future within the general scientific and technical environment. He quotes two classic instances but both from technological not cultural innovation. One, borrowed from Koestler's The Act of Creation,
is Gutenberg's invention of the printing press. This demanded an association between three disparate technologies, all already existing: wood block engraving, raised letters as on coins, and the wine press. Koestler describes the final breakthrough when Gutenberg attended a wine festival in Koestler (1975, 121-4). Neither he nor Andersson makes the additional point: that the breakthrough came because the region around Gutenberg's city of Mainz was (and is) one of Germany's major wine-growing areas. The other case was the Wright Brothers' realisation that structural instability was the clue to powered flight. It is perhaps not fanciful, again, to think that this was because of their experience as bicycle manufacturers. The key is the ability to transfer ideas from one circuit into another - for which, there must be many such circuits.

How far can these ideas help explain the six cases? There are some general lessons; but none that comfortably fits all the facts. These six cities varied enormously in size, but they were generally among the bigger and more important places of their time. They were generally rather unpleasant places, at least by the material standards of the early 21st century: even their haute bourgeoisie lived extraordinarily squalid lives compared to the average family in Europe or North America today.

What was important was that every one of these cities was in the course of rapid economic and social transformation, a city that in consequence had grown with dizzy speed. Athens can hardly be called a capitalist city, but it was the first example in the world of a great global trading emporium with a complex system of exchange arrangements. The others were all capitalist cities, but interestingly with strong pre-capitalist features: Florence and London were still essentially guild craft cities, Vienna and Paris likewise had strong atelier traditions; only Berlin was a fully-fledged capitalist manufacturing city. They were all great trading cities; in the cases of Athens, Florence and London, the true global cities of their time. And out of trade came new ways of economic organisation, and out of those came new forms of production. Their geographical position, as ports or as national or regional capitals, helped here; but this was no guarantee, because there were other similarly-placed places that achieved far less. In economic terms they were sometimes world leaders (Athens, Florence, London, Berlin), sometimes laggards (Vienna, Paris); there is no clear pattern. But all led their respective polities, these polities were large by the standards of their day, and that made them magnets for the immigration of talent, as well as generators of the wealth that could help employ that talent.

The wealth clearly played an important role. Athens was not a rich place, but by our standards its citizens had exceedingly modest personal needs, and there was wealth to spare; the other European cities were by far the wealthiest places in their respective domains, and - as seen - that wealth was concentrated in relatively few hands, usually that of the rising bourgeoisie and the more canny of the old aristocracy, who might [though not inevitably] intermarry. So it was true that, as D.H. Lawrence once said, culture was founded on the deep dung of cash. That meant individual patronage, but it also meant community patronage whether at the level of the city or [after the arrival of the nation in early modern times] the nation state. The role of the community was always vital, whether in creating the Florentine Baptistery or the court theatres of London or the Louvre or the Vienna Rathaus or the great Berlin theatres.

These were all high-culture cities, cities in which culture was fostered by a minority and catered for the tastes of that minority. Athens was the last case in history, or perhaps the last before mass television culture, where an actual majority of the population could share the same plays or poems; and even then, of course, the majority was a minority, because it did not include the slaves. But in any subsequent place and time, art had a bourgeois clientele. That had to imply a very unequal distribution of wealth, because that would be needed to foster individual consumption, and also to generate a surplus necessary for state support. So most creative cities were bourgeois cities - but the reverse is
not always true: by no means all, or most, bourgeois cities were creative; it was a necessary but not a sufficient condition.

So the presence of talent may be more important than the availability of wealth. And a notable feature is that recent in-migrants - sometimes from the countryside, but often from far-distant places, provided both the audience and the artists: the Metics of ancient Athens, the artists who came to Florence from the countryside or from further afield, the provincial musicians of Vienna and provincial artists of Paris, the Jews in fin-de-siècle Vienna. The creative cities were nearly all cosmopolitan; they drew talent from the far corners of the empires they controlled, often far-flung. Probably, no city has ever been creative without this kind of continued renewal of the creative bloodstream.

But these talented people then needed something, a stimulus, to react to. These were all cities in transition: a transition forward, into new and unexplored modes of organisation. Because these were all societies in economic transition, they were also societies in the throes of a transformation in social relationships, in values and in views about the world. As a huge generalisation, but one that works rather well, they all were in a state of uneasy and unstable tension: between a set of conservative forces and values - aristocratic, hierarchical, religious, conformist - and a set of radical values which were the exact opposite: bourgeois, open, rational, sceptical. "These were societies troubled about themselves, societies that were in course of losing the old certainties but were deeply concerned about what was happening to them" (Hall). Because of the influence of Marxist thinking, there is a tendency to associate the first set of values with medieval feudalism and the second with modern capitalism, but its more complicated: during the nineteenth century the bourgeoisie might become a brake on the development of new artistic forms and new values, as was evident in 19th-century Paris. It might take a near-revolution and a total breakdown of the established aristocratic-bourgeois coalition, as in Berlin after 1918, to generate the creative spark. So Törnqvist and Andersson appear to be right: creative cities, creative urban milieux, are places of great social and intellectual turbulence, not comfortable places at all.

What appears to be crucial is that this disjuncture is experienced and expressed by a group of creative people who feel themselves in some way outsiders: they both belong and they do not belong, because they are young or because they are provincial or even foreign, or because they do not belong to the established order of power and prestige; quite often most or all of these things. That label applies to the Athenian Metics, to the guild craftsmen of Renaissance Florence, to the young actor-playwrights of Elizabethan London, to the court musicians and later the Jewish intellectuals of Vienna, to the Impressionists and later the Cubists, to the producers and writers who flocked from the provinces into Berlin in the 1920s. Great art is not produced by insiders, even though the artists may be patronised by insiders (as many of these groups were) and may in consequence enjoy a fleetingly close relationship to them. A creative city will therefore be a place where outsiders can enter and feel that state of ambiguity: they must neither be excluded from opportunity, neither must they be so warmly embraced that the creative drive is lost.

They must then communicate their avant-garde notions to at least part of the class that patronises them: they must communicate their uncertainties, their sense that there is another way of perceiving the reality of the world. That demands a widespread social and spiritual schism in the mainstream society, wide enough to provide at least a minority of patrons for the new product. This is evident with the Athenians who heeded the doctrines of the Sophists and the playwrights who followed them, the Florentine burghers who commissioned the new naturalist religious art and finally had the temerity to put themselves in the pictures, the Elizabethan playwrights whether in the galleries at the Globe or in the royal playhouses, the Viennese concertgoers who embraced romanticism or their great-grandchildren who eagerly read Die Fackel, the Parisian bourgeoisie who bought Manet and later
Picasso, and their Berlin equivalents who flocked to Brecht’s Theater am Schiffbauerdamm to hear their values parodied and attacked. So, once again, creative cities are almost certainly uncomfortable, unstable cities, cities in some kind of basic collective self-examination, cities in the course of kicking over the traces.

That means that there must be traces to kick over. Conservative, stable societies will not prove creative; but neither will societies in which all order, all points of reference, have disappeared. To a remarkable degree, creative cities have been those in which an old-established order, a too-long-established order, was being challenged or had just been overthrown; that was true, almost to a point of parody, of Vienna 1900, but it was only slightly less bluntly evident in the London of 1600, the Paris of 1860 or the Berlin of 1920. There is indeed something subversive about most serious art; it is likely to express the forces of discontent and unrest that challenge the old order of doing things and thinking things, and at the same time to help foster and give voice to those forces. That is self-evidently true of art with an explicit political purpose, such as Piscator's Berlin theatre; but it can be equally true of art with no such purpose or with a merely incidental political aim, such as most Elizabethan drama, Picasso's Cubist paintings or the work of the Viennese Sezession.

Is then the milieu purely a reflection of broad socio-economic forces in a particular place at a particular time, or does it spring from cultural traits that develop almost independently of the economic substructure? That proves a very difficult question. Athens' lead over the other Greek states can be explained in terms of Attica's central position and the consequent trading advantages within the eastern Mediterranean; but it seems difficult to express the scale of the difference. Likewise, fifteenth century Italy had developed as the most advanced part of Europe, and Florence as perhaps the most advanced city in Italy; but again, the Florentine achievement appears quite disproportionate in comparison with cities like Siena or Verona, let alone Bologna or Parma or Ravenna. It seems that an initial economic advantage is massively transformed into a much larger cultural one. So it is almost as if there is such a socio-economic explanation, but it is hardly enough to bear the weight of explaining why Athens or Florence should have developed so uniquely.

5. Have cities seriously addressed these issues in developing their strategic policies for economic development and regeneration?

There have been a host of initiatives in cities worldwide to try to create a new economic base as an antidote to the contraction of traditional manufacturing industry. These have consisted both in the attempt to create “technopoles” of high-technology industry based on advanced research and development (science parks, science cities) and in the creation of new galleries, museums, theatres and other cultural artefacts, sometimes associated with temporary one-off events like forums or designation as city of culture.

*Technological initiatives (“Technopoles”)*

The first was exhaustively analysed by Castells and Hall (1994). Their conclusions are worth summarising in some detail.

Technology Parks aim to concentrate in a designated area a number of high-technology industrial firms that will provide jobs and skills, and eventually will generate enough income and demand to sustain economic growth, in a region that is seeking to survive in the new conditions of international competitiveness and information-based production. Their emphasis is on manufacturing, although some specialise in the R&D component of manufacturing. Governments aim to attract investment by private firms through fiscal incentives, offering facilities and productive infrastructure, accommodating specific demands from incoming firms, seeking to improve telecommunication and
transportation, helping the creation of educational and training institutions, and creating a favourable image, usually by improving the environment and staging public relations campaigns. Industrial competitiveness, rather than scientific quality, remains the fundamental goal.

Castells and Hall analysed three different cases that represent different contexts and different industrial structures. Sophia-Antipolis, on the French Riviera, combines the European branch establishments of multinational corporations, small and medium firms, and large public research centres and universities, under the auspices of public regional authorities. The "Cambridge phenomenon", built around the Cambridge Science Park in England, is a semi-spontaneous spin-off from a major research University, which gave birth to a technology-oriented complex consisting essentially of small and medium firms. The Hsinchu Science-Based Industrial Park in Taiwan illustrates a more deliberate national Government project to attract advanced foreign firms into a new area, built around national research centres and universities, in order to diffuse technology and industrial know-how into networks of local firms, as a way of upgrading the Taiwanese industrial structure.

Castells and Hall show that it is indeed possible to create new high-tech industrial spaces, even in relatively remote locations, such as North-Central Taiwan, or in previously under-industrialised regions, such as the Cote d’Azur or Cambridgeshire, given the presence of certain critical factors and the support of local, regional, or national authorities. Among the critical factors are the presence of research and training institutions, favourable tax and credit incentives, availability of industrial land, a local labour market with quality engineers and technicians, a good transportation system, and adequate telecommunications. Environmental quality, bureaucratic flexibility, and a good locational image also enhance the attractiveness of a Park.

Quite different, however, are the conditions for the "success" of a Technology Park. Most difficult of all is the creation of linkages and synergistic interaction between the Park's various components. In general, industrial high-technology Parks are made up of three components: public research centres and universities; large firms; and small and medium firms. Experience seems to show that the relationships between large firms on the one hand, and public and University research centres on the other, prove most difficult. They tend, as in Sophia Antipolis, to generate two different cultures, often secluded and sometimes hostile to each other.

Thus, the critical question for the generation of synergy proves to be the relationship between small and medium firms and each one of the two other components. When large firms link up with a network of small firms, as in the case of Sophia Antipolis' information technology complex, a new productive dynamism can appear. Such is also the case in the relationship between Cambridge University and a number of spin-off private firms in that city, and between ERSO's Electronics Laboratory and Taiwanese firms in Hsinchu. On the other hand, the isolation of the biology-pharmaceutical-chemical complex in Sophia Antipolis or the relative self-sufficiency of foreign electronic companies in Hsinchu provides evidence that the mere fact of location in a Technology Park does not generate synergy by itself. The differences are due to the diversity of firms' strategies, as well as to the stage of development of the Park at the moment of the location of the firm.

Another crucial factor is the role of government in the development of a Park. Without such support, it seems very unlikely that Technology Parks could ever develop in previously under-industrialised regions. In Hsinchu the Government was primarily responsible for the Park, as is generally the case in the Asian Pacific Region, the supposed epitome of laissez-faire economies. In Sophia-Antipolis, the initial impulse came from a public Grande École, with the support of the local authorities, and later received help from the national government and from nationalised companies, such as Air France, which were lured into the venture by the Government. Even in Cambridge, a

174
semi-spontaneous development spun-off from the University, industrial development was blocked for some time by obstructive local planning policies, and could only take off after the revision of the Cambridgeshire Development Plan in 1971 to follow the recommendations of a 1969 University report which advised the establishment of a "Science Park" in the area.

Thus, the role of Government and/or a University seems to be crucial for the establishment and growth of a Park. Yet the ability of the Park to generate new economic dynamism depends also on the awareness of Governments that they must let Parks grow primarily through private investment and entrepreneurial initiative. The greater the role of private firms in the development of the Park, as in Cambridge, the greater the chances of generating growth and innovation. At any rate, in these three cases, and in many more experiences around the world, Technology Parks that meet these basic conditions do create jobs and attract inward private investment, thus playing an important role in industrializing or reindustrializing regions.

But judged by the criterion of creation of an innovative milieu, few Technology Parks proved a success. Indeed, even the three cases above are only partial successes on this count. Economic and technological synergy requires the development of industrial linkages and information networks that took place only on a limited scale among small firms in Cambridge, in the information technology complex in Sophia-Antipolis, and between the Government Laboratory and small and medium firms in Taiwan. But in all three cases, the existence of a Technology Park in its various forms triggered a process of industrial growth and technological upgrading of the local economy, literally putting these areas on the map of the new industrial geography.

Science cities go a stage further: they are new settlements, generally planned and built by governments, and aimed at generating scientific excellence and synergistic research activities, by concentrating a critical mass of research organisations and scientists within a high-quality urban space. In some cases, they are intended to link up with industrial firms or to generate commercial spin-offs; in other instances, not so. But what characterises them, in contrast with other types of technopole, is their focus on science and research, independent of their impact on their immediate productive environment. They are generally conceived as supports to national scientific development, considered a positive aim in its own right, in the hope that better scientific research will progressively percolate through the entire economy and the whole social fabric. But they are also often presented as tools of regional development, intended to assist the decentralisation of scientific research, with all the prestige that involves, to the national periphery or, failing that, the metropolitan periphery.

Underlying the experience of science cities is the notion of the campus model as the spatial expression of research, innovation, and high learning. Given that in most modern societies scientific institutions are highly dependent on governments, their spatial location is often easier to manipulate than the investment decisions of private corporations. Thus, governments vowing to decentralise major functions from major cities and/or from traditionally dominant regions, are always tempted to exile research institutions to new areas, forcing them into the pioneering role of disseminating knowledge in the virgin lands - that is to say the uninformed territories - of the information economy.

The results are rich, diverse, and indeed contradictory. More often than not, they substantially depart from the intentions of their would-be creators; yet they always introduce new dynamics, both in their regional environment and in their internal working. One extreme case is the creation of a Science City under the conditions of total State control over research, industry, and spatial location: conditions that should favour the complete articulation of all the necessary ingredients of a synergy-generating science city. This case is Akademgorodok, near Novosibirsk, personally designed by Khrushchev in the late 1950s as part of his grand vision to develop Siberia into the future power house of Communism. A different case is a major project resulting from a direct Presidential decision to foster
science and regional decentralisation by building a science town in the President's native province: the Taedok Science Town built from the mid-1970s onward near Taejon, South Korea. Different again is the implementation of technocratic logic in building and developing Tsukuba Science City, near Tokyo, perhaps the best known Science City experiment in the world. Finally, there is the Kansai Science City, between Kyoto, Osaka, and Nara: a new urban form that brings together public and private organisations from the outset, and that moves away from the old locality-based concept of scientific city to introduce a new model of a linked, multi-nuclear development, apparently characteristic of the space of flows within the informational economy.

These four experiences provide some clues that help shape answers to the fundamental questions underlying the inquiry. First, it appears that spatial concentration of research activities has little effect on scientific innovation in the absence of a deliberate programme to favour synergy and of specific mechanisms to implement such programme. If there is no system to stimulate networking and cross-fertilisation, the science units located in the new area are as valuable only as the value of their individual members. If there is scientific excellence in the institutes established in the science city, research findings will undoubtedly emerge, but these will not necessarily be more far-reaching or more industrially applicable than if they had originated in a more traditional academic setting.

Indeed, in some instances, the fact of moving the research units from their original networks may hamper the quality of the research, by increasing their isolation vis-à-vis national and international scientific milieus. True, the improved working conditions and scientific equipment, which generally go hand in hand with the investments in establishing the science city, may help research activity. But such improvements might yield even more productive results if provided to existing units of academic excellence. The organisation of new research institutions may have a positive effect in breaking bureaucratic rules and in undermining the conservative ideology of established academic centres. Yet, unless new systems of research management and organisation are established, observation shows that, after a short period of time, old scientific vices are simply reproduced in the new science cities. In such conditions, research institutions, researchers, and research directors all carry with them the viruses of their own demise. By relocating without reorganizing, the old problems will not fade away.

Secondly, it would seem that the development of a Science City requires a fundamental impetus from the public sector: it must be anchored from the outset on the location of government and/or university research institutes. It is extremely difficult for private firms to take the initiative in such a risky venture without a strong commitment from government agencies, including the presence of government research institutes that provide a basis for reaching the critical mass of researchers and research activities in a given location. But the more a technopole is based on public research institutes, the more it is difficult to link up with industrial applications that make the research economically useful. While such linkages are still possible, they require the expansion of the original nucleus of public research institutes into the domain of private firms' research institutes, which alone will provide the channel for the commercialisation of research findings. The two-stage evolution in Tsukuba illustrates this analysis, with the private firms being called in by the government itself in the 1980s, after the initial failure of the public research institutes to generate sufficient research with direct industrial and agricultural applications. Thus, if the goal of a science city is to provide the research basis for economic productivity and competitiveness, it seems that the integration of public agencies and private firms at the very onset of the design is a precondition for future linkages between basic research, R&D, and industrial applications - as appears to be the case in Kansai.

Thirdly, it does not seem that in themselves science cities are powerful tools of regional development, at least in the absence of specific policies linking the information they generate to the local and regional economy. Both Akademgorodok and Taedok have remained exotic enclaves in their regional environment, actually condemned by local authorities as a waste of scarce resources,
unconnected in any way to the regional economy, generating few jobs, the most skilled of which go to scientists and technicians from other areas. Yet, if the conditions of regional development change, if the areas where science cities are located become dynamic in their own right, they can then make use of the scientific potential contained in their science cities. Thus, when the expansion of metropolitan Tokyo finally reached Tsukuba, this science city suddenly became an additional element of the multinuclear technopole that is emerging in Greater Tokyo. If the current tendencies of articulated regional development in South Korea end by integrating Taejon and the central area of the country, Taedok will certainly be an asset for the region.

Undoubtedly, Castells and Hall concluded, the presence of thousands of scientists and engineers in an area is a fundamental asset for the economic dynamism of that area in an information-based economy. But the science city will be directly productive for that regional economy only as long as it is materially related to its productive activities, through the integration of its knowledge and expertise into a network of regionally-based enterprises. It would seem, though, as if the efforts involved in designing and constructing science cities are too great in comparison with the value added they generate, be it in scientific excellence, in industrial applications, or in regional growth.

Japan’s Technopolis programme is distinctive in its scale. It was a national plan, master-minded by MITI - Japan’s Ministry of International Trade and Industry - to create an entire series of new science cities in the country’s peripheral areas, in order simultaneously to promote new technologies and develop lagging regions. The plan sought to achieve this through multiple strategies: concentrating public and private research institutes, promoting hybrid technologies, upgrading local university labs establishing technology centres, funding joint R&D projects, and providing R&D funding.

Combining elements of Silicon Valley and Tsukuba, and even much older garden city notions that the Japanese had imported from England early in the 20th century, the vision featured research universities, science centres (technocenters), industrial research parks, joint R&D consortia, venture capital foundations, office complexes, international conventional centres and residential new towns. Unlike earlier Japanese regional development exercises, it rejected public works projects in favour of a “soft” infrastructure of trained people, new technologies, information services, venture capital and telecommunications services. MITI however had another objective: to discourage offshoring, also known as hollowing-out, of the Japanese economy.

In selecting the 26 technopolis sites, the main emphasis was clearly on the peripheral regions; but the sites varied very greatly in their relationship to the dominant Tokyo-Osaka (Tokaido) axis: while a few, such as Kofu and Hamamatsu, are very close to and almost part of it, the majority are more than 300 kilometres from Tokyo, and ten are off the main island of Honshu - six on the southern island of Kyushu, two on the small island of Shikoku off western Honshu, and two on the northern island of Hokkaido. In terms of their size and population they were somewhat more homogeneous: areas ranged from 30,000 to 140,000 hectares; populations of the main (mother) city ranged from 175,000 up to 728,000, with most close to the middle of the range; most significantly, the targeted industries conformed closely to MITI’s general priority list. And in every case, there was a significant research complex at the heart of the site, developed either out of an existing institute, or through creation of an entirely new centre.

Castells and Hall drew two main conclusions. First, in the majority of cases the programme had not been very successful in generating new activity. There was a distinction between the eight Technopolis areas within 300 kilometres of Tokyo - Utsunomiya, Kofu, Hamamatsu, Toyama, Koriyama, Asama, Yamagata, and Sendai-hokubu - and the rest. For the remaining seventeen sites, a Japanese assessment concluded that prospects are poor. The second conclusion is that even the limited successes mainly lie in promoting branch-plant type operations, which have little innovative potential
and are highly vulnerable to the risk of off shoring. The programme has failed to achieve the original objective of a satellite city integrating R&D, educational facilities, and production facilities for high technology industry; decentralised firms have been mainly confined either to the making of parts for shipment to Tokyo, Osaka or overseas or to routine assembly, and very little technology transfer has occurred between incoming factories and local industries; university-industry links have failed to develop; there is a lack of "soft" infrastructure of R&D consortia, venture capital funds, and university research needed to drive the technopolises; R&D has remained in Tokyo and Osaka; inter-industry linkages are lacking; spin-offs are generally lacking; key workers have not been attracted; the fiscal burden on local governments is considerable; and off shoring continues apace.

This points to the underlying tension, or contradiction, between the two main objectives of the programme: national development and regional development. However, the Technopolis policy cannot be seen in isolation. It represents a very deliberate attempt - almost certainly, the most determined yet made by any major industrial nation - to pursue a concerted innovation-based regional policy. But it makes sense only in terms of an even higher national priority to shift the Japanese industrial base, away from exploitation of imported technologies, and toward a world role in the development of leading-edge high technology industry. What is still uncertain is how far these two policies can be made compatible. Other things being equal, an emphasis on innovation may well fortify the tendencies toward centralisation that are so evident in the Japanese (or indeed any) urban and regional system. The regional policy emphasis may try to harness the forces working in the opposite direction - particularly, the massive negative economic externalities that operate in the Tokyo area - but the result may merely be the development of a branch-plant R&D system, in which regional laboratories take their orders from Tokyo headquarters.

MITI would doubtless counter that by saying: time alone will tell. Certainly, the early 1990s were too early to reach a definitive judgement on a programme that was first announced in 1980, passed into law in 1983, began to operate in 1984-5 and is planned to achieve full operation just about now. What remains unclear is how a bottom-up regional policy can be grafted on a top-down centralised system of industrial management in the world.

**Cultural initiatives**

There has been no subsequent systematic study of the Technopolis programme, and no similar systematic comprehensive study of cultural initiatives. But a centrally relevant review is to be found in one chapter of the new book by Charles Landry (2006). He estimates that no less than 60 cities worldwide are currently claiming to be creative cities, twelve of them in Britain alone. But viewed more closely, most are concerned narrowly with strengthening the arts and cultural fabric and the creative industries. This, for him, is different from – though obviously related to – the critical issue, which is how to achieve a truly creative city. He gives specific individual examples of creativity policies in selected cities worldwide, deliberately leaving it to the reader to judge whether these are truly creative cities:

- **Dubai.** Here Landry expresses his own doubts: “Courageous, strategic, a place of visions, determined, motivated and focused are words one night use, but creative? That is doubtful” (Landry 2006, 341). Dubai deliberately aimed to diversify away from oil and usurp the lost role of Beirut as financial centre and transactional hub of the Middle East. It has invested prodigiously in a new airport, a metro system and huge land reclamation projects on which a new recreational complex and residential developments will arise. But it is a city of expatriates, without any sense of history, and is an ecological catastrophe. Above all, it simply is not creative in Landry (2006, p. 347). Yet it is being imitated elsewhere - above all in neighbouring Kuwait.
Singapore. At the end of the 1980s Singapore deliberately embarked on a programme of cultural development. It has built the new Esplanade cultural centre, designed for major performances. Later it developed the Renaissance City project, ambitiously designed to make creativity permeate the lives of all Singaporeans. Landry concludes, however: “The Renaissance City strategy implied a completely different way of operating, but this has not occurred. The historical mindset that worked so well for the past has not adjusted. The notion of a creative city implies a level of openness that potentially threatens Singapore’s traditions of more top-down action” in Landry (2006, p. 354). Significantly, its “One-North” research park embodies the traditional Singaporean approach of investment in hard infrastructure. And, after embracing tolerance towards gays, in 2004 it cancelled a licence for a gay event. Landry concludes that “Singapore’s strengths embody its weaknesses…It is better at creating the containers than the contents, the hardware rather than the software” in Landry (2006, P. 360). In particular, “Singapore therefore oscillates between constraint and creativity…It has a desire to plan creativity as against creating the conditions in which creativity can occur” in Landry (2006, p. 360).

Barcelona. Barcelona was not a promising place to develop a creative city strategy: thirty years ago, at the rebirth of Spanish democracy, it was a rundown industrial city. But it had a tradition of great design, out of which it sought to “create its identity as a designed work of art, from its architecture, street furniture and interior design to ships, bars and restaurants. Barcelona has become a cultural icon in itself – one of the few places where the city is a living work of art as distinct from a dead one” in Landry (2006, pp. 362-3). Then it went on to reconstruct the city starting from public space rather than housing, roads or offices, creating spaces of communication and gathering so as to foster conviviality and stage performances, with a revival of traditional public events. Finally, the city put culture at the centre of its policies, particularly stressing a combination of public design and big events such as the Olympics of the Universal Forum of Culture in 2004 (which, in Landry’s view, was not an unreserved success). All this was based on a Metropolitan Strategic Plan, developed in 1988, which included a so-called innovation and creativity “block”. In consequence the city has steadily moved up the hierarchy in terms of business ratings, so far so that it is beginning to compete with leading European cities like London, Paris, Brussels and Frankfurt; it has become a major tourist destination. But, Landry concludes, “Whether these add anything to the city’s creativity potential, however, is an open question” in Landry (2006, p. 368).

Bilbao. Bilbao, for Landry, provides three lessons in creativity: long-term thinking, staying strategically principled though tactically flexible; standards of design; and the need to shift values towards openness in Landry (2006, 368). Its long-term Perspectiva de 2005 dates from 1989, a decade before the Guggenheim, and was specifically designed to address the challenge of developing a new economy to replace its lost port and steel-making industry. In 1991 it set up a driving mechanism, Metropoli-30. This provides the vision, while implementation is in the hands of Bilbao Ria 2000, the key agency for physical renewal. This was driven by a whole series of investments in infrastructure and culture, all designed by internal architectural stars who could help create a “new centrality” for the city: “The levers to create this centrality include high quality design standards, iconic architecture, cultural facilities, advanced eco-friendly design and sustainability, attracting the headquarters of European-level organisations and developing global events” in Landry (2006, p. 372). There is a stress on shared vision, shared ambition and shared vision based on common values: “the way we do things around here” in Landry (2006, p. 372). The result has been huge investment, and has become the equal of places like Rotterdam and Birmingham as a business location. One key to achieving this, Landry concludes, was the
city’s considerable budgetary autonomy – something that British cities, for instance, can only envy.

- **Curitiba.** Curitiba’s global reputation -- it shares with Freiburg in Germany the reputation for the world’s most ecologically concerned city -- has helped make it very successful economically, with a threefold increase of population in 35 years. Essentially it was the product of a group of activist architectural and design students – one of whom, Jaime Lerner, three times became the city’s mayor. A key step came in 1965, when a master plan led to the creation of an Institute for Urban Planning and Research. “Like in Barcelona and Bilbao, this was a forward-looking thinking brain for the city” in Landry (2006, p. 377). Its approach was encapsulated in Lerner’s phrase *urban acupuncture*: “identifying pinpointed interventions that by being accomplished quickly can be catalytic by releasing energy and creating a positive ripple effect” in Landry (2006, p. 377). They can be small actions by individuals, like the dentist who ended his day’s practice by playing the trumpet at his window, or by the city, like the planting of the first of a million trees, which the citizens were asked to water themselves – and they did. Very fast approaches overcame inertia by completing projects almost before anyone could object. All kinds of smart incentives were developed, from the free food for poor people who collect material for recycling, to tax incentives for developers who include green areas. Further, importantly, three elements – planning, execution and administration – are handled by three different agencies – but the three interfaces constantly though weekly meetings.

- **Amsterdam:** a creative city over centuries, Amsterdam has been anxious to establish what it is creative *for* “a creative city for the highly educated and prosperous upper class or a creative city for all the city’s inhabitants” (q. Landry 2006, 383). But Landry has doubts whether the Zuidas (South Axis), the city’s planned new business core, will have the necessary quality as opposed to the small-scale traditional structures preserved in the city’s seventeenth-century core. And its policy of positively encouraging squatters to take over buildings and develop them as artist studio and performance complexes, is threatened by high rentals and local opposition – so much so that in early 2007, the squatters are threatened with wholesale eviction (*The Observer*, London, 14 January 2007).

- **Vancouver,** ranking as the world’s most attractive city in the EIU 2005 ranking, Vancouver has since the early 1970s developed and implemented a clear framework for urban planning and design, based on making the urban core mixed use with shopping and residential as well as offices. This has been achieved through discretionary zoning, cooperative megaproject schemes, development levies, managed neighbourhood change and building intensification both around the central core, in the False Creek redevelopment zone, and also in eight regional neighbourhood centres, accessible via the region’s splendid transit system. Here developers have received incentives for densification which in turn has allowed a very high level of investment in a top-quality urban public realm, very unusual for North American cities, demonstrating that it is possible for a city to go totally against the general grain.

Landry concludes that the aim of creative city-making is “to think of your city as if it were a living work of art where citizens can involve and engage themselves in the creation of a transformed space. This will involve different creativities: the creativity of the engineer, the social worker, the planner, the business person, the events organiser, the architect, the housing specialist, IT specialists, psychologists, historians, anthropologists, natural scientists, environmentalists, artists of all kinds and, most importantly, ordinary people living their lives as citizens. This is comprehensive creativeness” in Landry (2006, 385-6). In particular, he stresses, “Organization, management and leadership, with a control ethos and hierarchical focus, did not provide the flexibility, adaptability and resonance to cope
in the emerging competitive environment. Cities’ atmosphere, look and feel were seen as coming from the industrialised factory age where quality of design was viewed as an add-on rather than the core of what makes a city attractive and competitive” (Landry 2006, 388).

Creativity however comes painfully to many established professions. “For the traffic engineer continuity and predictability are at a premium, as they are for the property developer. The lawyer thrives within a plethora of rules to be nit-picked to achieve clarity. Planers can project a future only with clear guidelines; they would prefer less instability. In fact most people and professions prefer order” (Landry 2006, 391). But the activities that dominate city economies today, often described as quinary, “emphasize the creation, rearrangement and interpretation of old and new ideas and information as well as innovation of methods in the knowing, gathering and interpretation of data. They are thus concerned with the reconceptualisation of thinking, concepts, products and services at different levels. This is the strategic realm of the creative city thinking” (Landry 2006, 392). The aim must be to create conditions open enough so that decision-makers can rethink potential in every aspect of urban life, from waste disposal to education.

A diverse population is critical for urban creativity, as it has been throughout history: cities need an influx of outsiders to bring in new ideas, products and services. Such diversity generates much of the life of the city, exemplified in street markets. Policies need to focus much more on these qualities of the urban experience rather than concentrating on purely physical solutions. Above all, they need to open out the process of imagination and decision-making, to encourage a “yes” rather than a “no” attitude. This means ensuring that as many different groups and interests as possible – the municipality, the universities, business interests, individuals with new ideas – can all be kept in constant interaction. One this starts to happen, “the agglomeration of resources, talent and power accelerates and reaches a critical mass” (Landry 2006, 412); this explains why the world’s great cities continue to maintain their position as creative places, but makes it more difficult for new entrants to compete.

Landry is of the firm opinion that what he calls soft creativity is the wave of the future. This involves thinking of solutions that go with the grain of the local culture, rather than believing in a technological fix to everything. Innovative places, those with a strong track record of technical achievement, may in fact hinder real creativity. Above all, “The creative city notion is about a journey of becoming, not a fixed state of affairs. When taken seriously it is a challenge to existing organisational structures, power configurations and habitual ways of doing things” in Landry (2006, 415). Clearly, in Landry’s view, “hard” policy instruments have only a very tenuous relationship to this process.

6. Are national governments seriously linking their (a-spatial) macro-economic policies to their spatial development policies? How could they do more?

There are a number of key requirements, here:

**Develop a national spatial strategy.** It is an elementary point, but it needs stressing: national governments can link macro-economic policies to spatial development policies only if they have spatial development strategies in the first place. So the first essential is to develop a national spatial strategy that guides key investments in infrastructure (especially transport and communications) and in higher education, research and development and culture, while giving maximum autonomy for cities and city regions to utilise the opportunities thus offered to forge imaginative solutions that are tailored to the specific requirements of each place. Many nations – and also state governments in nations with Federal constitutions – have developed such strategies in recent years. The new German report *Perspektiven der Raumentwicklung in Deutschland* (Germany Bundesamt 2006) is an excellent
example, albeit only a first stage in the development of a strategy that will be developed over the course of 2007. In the UK, paradoxically, the devolved governments of Scotland and Wales have both published such strategies, while no equivalent exists for England. The Town and Country Planning Association established a high-level Commission to examine the case for such a Development Framework for England, which pronounced itself strongly in favour; introducing the report, its chair wrote:

"England isn’t working to its full potential. Without a strategy to guide key infrastructure projects and national programmes, to set priorities – from rail to road investment, the location of ports to airports, the allocation of university research funding on an equitable basis – the country will simply drift directionless, reinforcing a belief, real or imagined, that the winner takes all" (Town And Country Planning Association 2006, 2).

Specifically, the Commission recommended the development of a Development Framework for England (DFE) that would:

- create a shared national infrastructure framework – of ports, flows and networks including education and skills networks on which all regions depend;
- manage the inter-regional impacts of ‘local’ decisions and region proof Government investment decisions;
- enable confident decision-making based on evidence at national, regional and local levels;
- demonstrate joined up Government spending and investment;
- ensure best value from the current level of Government expenditure, reduce duplication, and show how investments made in different sectors can reinforce each other;
- avoid the enormous time delays and costs in delivering major projects that arise because of the lack of an agreed national framework and priorities; and
- demonstrate how local and sectoral programmes of action add up to the required scales and directions of change sought by national policies for economic growth, social justice and the environment in Town And Country Planning Association (2006, p. 8).

A key Commission proposal was that planning decisions on nationally significant research facilities should be region-proofed as part of a public process to ensure that their regional development implications are highlighted and the benefits to regional development objectives are optimised. This was proposed to a UK Parliamentary Committee by Professor John Tomaney of the University of Newcastle upon Tyne, who pointed out that “prospects for development in lagging regions are partly dependent on decisions made by a plethora of national government bodies, which spend large amounts of public money but whose activities are rarely coordinated at the regional level. On the contrary, these organisations have an explicitly national mission, which can conflict with regional priorities. There is a case for much stronger region proofing of policies.” In Tomaney, J. (2003) Memorandum to Select Committee on Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions Ninth Report, House of Commons, London, q. Town And Country Planning Association 2006, 32).

Such an approach could be developed through a Planning Policy Statement for Major Education and Research Facilities, and the approach could be widened to apply to any major development of
truly national significance (Town And Country Planning Association 2006, 32). The Commission stresses that the effect should not be to direct investment to inappropriate places but rather to ensure central and local Government (and regional bodies) were able to offer clear and co-ordinated support for agreed regional development outcomes as opposed to region competing with region. A DFE would make regional priorities for such investments clearer and more explicit.

The Commission also proposed that major transportation investments – ports, airports and a new high-speed train line – should be consciously developed to assist the development of the lagging peripheral regions of England: an approach in direct contrast to that of the Eddington report, which suggests that such investments will prove sub-optimal and poor value for money in Town And Country Planning Association (2006, pp. 38-41).

**Develop specific transport strategies to improve face-to-face communication.** The key is to plan to integrate different transport modes: air (for longer-distance, especially intercontinental, travel), high-speed rail (for travel up to approximately 100 km. within Europe), regional express networks (S-Bahn systems) and local metro, so as to provide a “seamless web” of high-quality public transport. Such networks will best be developed at regional (provincial) level, though national finance will often be needed to invest in them, dependent on the degree of financial devolution in the country concerned.

**Encourage development of strategies for polycentric Mega-City regions** in lagging regions, especially to harness the growth of “core” regional cities in order to “irrigate” the economies of old one-industry towns around them. Examples include the Manchester city region in England and Lille Metropole in France. Transport strategies (see (2) above) will play a role here, in creating better accessibility for these towns to the wider national and international economies. But beyond that, specific triggers will need to be devised which will help such places make the transition from the “old” manufacturing economy to the “new” economy. The solutions here will need to be specific to each place, and will involve a great deal of creative imagination on the part of “crazy” urban thinkers; the example of “Madchester” in the 1970s is highly instructive: “dance culture and the gay scene remade this faltering industrial behemoth as a trend-setting centre, precipitating the city’s regeneration … five creative entrepreneurs were crucial to the city’s club, music and gay scenes. It is no coincidence that, to this day, they are key players in shaping Manchester’s physical regeneration, economic development and transport strategy” in Walker (2007, pp. 20-21).

**Encourage and help fund bold strategic schemes at municipal and city region level**, in particular urban regeneration projects that exploit major opportunities arising from external events (e.g. the completion of a new transport link; a major one-off cultural or sporting event; the availability of a large tract of available land). There is abundant evidence in the literature that such actions can be transformative: La Défense in Paris and its relationship to the original RER Line A; the regeneration of London Docklands in the 1980s and 1990s; the continuing development of this strategy in the Thames Gateway scheme including developments at the new Channel Tunnel Rail Link stations of Stratford and Ebbsfleet; the new Amsterdam Zuidas development axis; the impact of the 1992 Barcelona Olympics on the regeneration of that city’s waterfront, and of the 2004 Forum on the continuing regeneration of the east side. Needless to say, the impacts are almost impossible to quantify in advance and some developments may fail to produce the expected results – though even then, it is vital to consider impacts over a time span of 10-20 years, i.e. over more than one construction cycle. But the recent evidence is fairly overwhelming that cities can restructure themselves, transforming relic or residual areas into dynamic places, if the right transformative actions are undertaken.
Develop approaches that incentivise cities to do better, particularly by competition for national (and international) funds for imaginative projects in the arts and cultural fields. These can include one-off events with a longer-term permanent spin-off, such as a Festival or Forum or International Expo or recognition as Capital of Culture, and more permanent projects. Examples of one-off events include Glasgow’s year as European City of Culture in 1990, which essentially kick-started the city’s renaissance as a centre for cultural tourism; the Seville International Expo of 1992 on the La Cartuja site opposite the city centre, which was the basis for an ambitious attempt to create a new high-technology research centre in Andalucia; and the Barcelona Forum of 2004, a kind of intellectual Olympic Games, which (it is claimed) brought millions of visitors to the city. Examples of more permanent projects are of course legion, including galleries like the Bilbao Guggenheim or the Lowry in Salford, Greater Manchester, new museums like the Imperial War Museum North in Trafford, Greater Manchester, or new or refurbished theatres outside major capital cities. These and many other efforts demand systematic evaluation to quantify what long-run difference they made to the economic fortunes of cities. Currently much of the evidence is anecdotal and may be unreliable in Landry (2006) asserts that estimates of visitor numbers at the Barcelona Forum were exaggerated; and there is certainly difficulty in arriving at a good comparative assessment; particularly of the additional effect that a particular investment may have triggered.

Concentrate on human capital. Successful places increasingly appear to be those with universities that attract able young people and then retain them after graduation, especially through an attractive urban ambience. But it will be crucial to retain these people when, after a few years, they begin to have children. Building apartment complexes in and around the city centres and the university campuses and quarters must be combined with family-friendly policies (housing, schools) in the middle and outer rings of the cities in Mace (et al 2004) & Nathan and Urwin (2006), so that cities retain their vital human capital resources within their boundaries rather than dissipating them in distant suburbs.

Develop policies to manage urban space so as to encourage creativity. Hutton’s work on London, San Francisco, Vancouver and Singapore clearly establishes that new creative enterprises tend to start in low-rent premises in run-down “funky” areas close to city centres – but there is a danger that such areas become victims of their own success, as rent levels rise and the creative industries and firms are forced out of the area and even out of business, as demonstrated by Sharon Zukin over 20 years ago in Hutton (2004, 2006) & Zukin (1982). Managing such areas to restrain redevelopment is essentially a local matter for city planning, but is an extremely delicate and difficult business; national governments can guide them in this process and provide the right legislative framework for such local policies to become effective.
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F/ THE RESURGENT CITY: ECONOMY, SOCIETY, AND URBANIZATION IN AN INTERCONNECTED WORLD
by Allan J. Scott

Distinguished Professor
Department of Public Policy and Department of Geography,
University of California - Los Angeles

1. Introduction

An urban problematic is identified by reference to the essential characteristics of cities as spatially polarized ensembles of human activity marked by high levels of internal symbiosis. The roots of the crisis of the classical industrial metropolis of the twentieth century are pinpointed, and the emergence of a new kind of urban economic dynamic over the 1980s and 1990s is discussed. An argument is proposed to the effect that this new dynamic is based upon the growth and spread of cognitive-cultural production systems. Along with these developments have come radical transformations of urban space and social life, including major efforts on the part of many cities to assert a role for themselves as national and international cultural centers. This argument is the basis of what we might call the resurgent city hypothesis. The effects of globalization are shown to play a critical role in the formation and geographic proliferation of resurgent cities. Three major policy dilemmas of resurgent cities are highlighted, namely, (a) their internal institutional fragmentation, (b) their increasing character as economic agents on the world stage and the concomitant importance of collective approaches to the construction of localized competitive advantage, and (c) their deepening social fragmentation and segmentation.

2. Urban Continuities and Disjunctions

One of the salient characteristics of modern society is its apparently endemic association with high levels of urbanization. This association is no mere contingency. Modern economic systems are made up of myriad units of capital and labor whose collective efficiency and competitiveness depend crucially on the formation of spatial aggregations of these factors of production (Scott 1988a; Storper 1997). In brief, economically advanced societies persistently give birth to locational clusters of capital and labor that crystallize out on the ground in the form of distinctive urban settlements. But equally, and even as cities emerge out of the logic and dynamics of productive activity, they are in turn fully implicated in ensuring that economic and social life can be successfully reproduced through time.

Urbanization in modern society, however, is never a smoothly operating process, partly because of the wayward course of wider national and international affairs, partly because cities are always susceptible to the build-up of internal disruptions, diseconomies, and social collisions. Over the period of the long post-War boom in the United States and Western Europe, large industrial cities flourished on the basis of a thriving fordist mass-production system with its voracious demands for direct and indirect inputs and its dependence on enormous local reservoirs of labor. By the mid-1970s, many of the cities that had benefited the most from this system were brought to the verge of bankruptcy, as foreign competition, labor-management discord, stagflation, and rapidly shifting production technologies steadily eroded the economic sustainability of the old order. As a consequence, the 1970s and 1980s were a period in which many analysts published strongly pessimistic accounts of the future
of cities and regions, and in which notions of long-run secular decline were very much in the air. Yet this was also a period in which the seeds of an unprecedented urban renaissance were being planted, as expressed in both accelerating shifts toward a more knowledge-based economy in primate cities like New York, London, and Paris, and in the emergence of new industrial spaces and communities in many formerly peripheral areas throughout the developed and the less developed world (Scott, 1988b).

Even as this renaissance was occurring, pessimism about the future of cities remained at a high pitch in many quarters, though the diagnosis was now taking a very different turn from that of the economic declinism of the 1970s and 1980s. Thus, in the 1990s, as consciousness about the potentialities of new communications technologies gathered momentum, it was proclaimed that distance was effectively dead and that a new era of globally deconcentrated interaction was about to be ushered in. Accordingly, it was thought in a number of quarters that cities would henceforth steadily lose much of their reason for being (Cairncross, 1997; O'Brien, 1992). It is certainly the case that the new communications technologies have vastly extended our powers of interaction across geographic space, but the predicted concomitant of urban decline has thus far failed signally to show up in statistical data. Indeed, mounting empirical evidence and theoretical argument point to the conclusion that intensifying globalization and its expression in a virtual space of flows is actually intensifying the growth and spread of cities throughout the world (Hall, 2001 and Taylor, 2005). As Cheshire (2006) has declared, cities in the early twenty-first century exhibit strong symptoms of resurgence, especially in comparison with the dark days of the dying fordist regime.

3. The Socio-Geographic Constitution of the City

Presumably, few urban analysts would disagree with the notion that the city is a distinctive spatial phenomenon embedded in society, and therefore expressing in its internal organization something of the wider social and property relations characteristic of the whole. Any attempt to define the city in more concrete terms, however, is almost certainly liable to generate considerable controversy. A cursory examination of the literature on urbanization reveals a cacophony of interests, perspectives, and points of empirical emphasis that are all said to be “urban” in one way or another. Empirical phenomena are frequently qualified as being urban for no more obvious reason than that they are to be found inside the limits of the city, and much of the time, as well, cities are simply equated with “modern society” as a whole. Even if more than eighty percent of the population of the United States today lives in metropolitan areas, we can scarcely claim that cities therefore represent eighty percent of everything that constitutes American society. Education, or for that matter, the evolution of language, the meaning of art, or the effects of income on voting behavior are not in the first instance urban questions, even though there might be senses, in the second instance, in which we can say that they intersect with an urban process. If we are to make sense of this confusion (and in order to understand just exactly what it is that is resurgent, and why), we need some sort of problematic, i.e. a circle of concepts by which we might pinpoint a social logic and dynamics that clearly demarcate the urban within the wider context of social life at large (Castells, 1968).

A basic but rather abstract point of departure here is the observation that one of the things all modern cities share in common is their status as dense polarized or multipolarized systems of interrelated locations and land uses. No matter what other social or economic peculiarities may be found in any given instance, cities are always sites or places where many different activities and events exist in close proximity to one another. Proximity and its reflection in accessibility is an essential condition for effective unfolding of the detailed and ever-shifting forms of exchange, interaction, and interdependence that constitute the lifeblood of the city. The quest for proximity in turn promotes the piling up of diverse economic and social activities at selected points of high gravitational intensity, with the greatest density invariably occurring at and around the very center of the city. The spatial competition and land market effects that are unleashed in this manner result in the locational sorting of
functions so that different parts of the city come to be marked by different specialized forms of land use. The complex, evolving whole constitutes the urban land nexus (Scott, 1980), though as it stands here, the concept remains something of a formal skeleton devoid of social content. Accordingly, we now proceed to probe the meaning of the concept further in the context of three main questions. First, what is it in general that drives the search for proximity? Second, and as a corollary, what is it specifically that constitutes the central function or functions of the city as such? Third what administrative and political tasks are intrinsically conjured up as the logic of intra-urban space unfolds? The answers to these questions provide important clues about the mainsprings of the resurgent city.

It is possible to think of many reasons why large number of people would want to participate in spatially agglomerated activity systems. One commonly cited factor is the search for some kind of human and cultural community; another is the efficiencies that can be obtained by building many different kinds of social and physical infrastructures in compact local settings (Glaeser and Goettlieb, 2006). That said, and as an initial argumentum ad hominem, it seems hard to imagine that the massive urban growth that has occurred in the more economically advanced societies over the last couple of centuries might be ascribed simply to some sort of communal impulse or to the lumpiness of infrastructural artifacts. These factors no doubt make some contribution to the overall process of urbanization, but their powers of centripetal attraction must surely become exhausted long before we arrive at the kind of large metropolitan areas that are found in modern society. Much less does it seem likely that the emergence of major global city-regions like New York, Los Angeles, London, Paris, Tokyo, Mexico City, Shanghai, and so on can be accounted for in this way. To begin with, there can be no sustained process of urban development in the absence of employment opportunities for the mass of the citizenry. Further, these same opportunities are constituted out of vast networks of productive capital (industrial, service, retail, etc.) that express the many different lines of mutual interdependence and interaction knitting individual units of economic activity in the city into a functioning system. Moreover, these networks are not just inert sources of jobs for the populace; more importantly, they are also dynamic social mechanisms, much given to expansionary thrusts, and, on occasions, to significant contraction (with inevitably negative consequences for the rest of the urban complex). In any case, large cities are huge axes of production and work that function primarily on the basis of their interrelated firms and their dense local labor markets. As it will be discussed below, the inherent economic dynamism of these systems is underpinned by the propensities for learning, creativity and innovation that frequently characterize dense grids of human interaction. These complex phenomena constitute the fundamental engine of urban growth and development. The workings of the engine generate powerful agglomeration economies that set up a strong gravitational field, and therefore, as the engine is mobilized, the city expands by continually drawing in new additions to its stock of capital and labor. Cities are also increasingly emmeshed in processes of globalization, but this does not necessarily mean, as Amin and Thrift (2002) suggest, that they cease to function as sites of local interdependency and economic power. On the contrary, the more the urban economy is able to reach out to distant markets, the more it is able to grow and differentiate internally, leading in turn to reinforcement of its agglomerative magnetism (Scott, 1998b). To be sure, countervailing trends to decentralization are also always at work, but processes of urban expansion have thus far – with only occasional and temporary interruptions -- tended to outrun any long-term tendency to decline.

Precisely because the city is not just an inert aggregate of economic activities, but is also a field of emergent effects in the guise of agglomeration economies and competitive advantages (as well as many different sorts of negative externalities), it is by the same token a collectivity in the sense that the whole is very much greater than the sum of the parts, or, more to the point, its destiny is in important respects shaped by the joint outcomes that are one of the essential features of urbanization as such. These outcomes constitute a sort of commons that is owned by none but whose benefits and costs are differentially absorbed by sundry parties, oftentimes unconsciously so. As such, the
commons is resistant to market order, and in the absence of some rationalizing agency of collective order is liable to serious problems in regard to the ways in which its benefits and costs are produced and spread out over urban space. This means in turn that there is intrinsically a positive social role for agencies of policy mediation and planning in the city with a mandate to seek out solutions to the problems posed by the commons in all its complexity. These agencies will sometimes exist at extra-urban levels of institutional organization, though the principle of subsidiarity suggests that they will usually be constituted as elements of local society. Their role involves, in theory and in practice, a many-sided effort both in the production space and the social space of the city to enhance the supply of positive externalities, to bring negative externalities and other urban breakdowns under control, and to ensure that rewarding opportunities which would otherwise fail to materialize are pursued as far as feasible. The city is also a place where latent political contestation and collisions about the use and allocation of urban space are always present, and from time to time these tensions break out in practice. The same tensions are a further element of the urban land nexus and contribute significantly to the overall managerial problems that it poses. Indeed, they are often sparked off in the first place by collective interventions that seek to impose remedial order in one phase of the urban system, only to generate the need for further rounds of intervention in order to deal with the reactions of the citizenry to the first.

It is in this broad context that we need to situate any claims about the resurgence of the city. The remarks outlined above suggest that it will be fruitful to approach this issue with a focus on questions of production and work combined with a clear sense of the social logic of intra-urban space and the intrinsically collective nature of its overall dynamics. Some of the most important changes that are currently being wrought in patterns of urbanization around the world have their roots, precisely, in a number of major shifts in structures of economic activity, as well as in the special circumstance that modern cities are increasingly implicated in processes of globalization. In order to set the scene and to fix ideas, we take up the story with a brief account of an earlier and now largely abandoned version of urbanization. This may at first appear as something of a diversion, but its relevance will become more sharply apparent as we see how it throws light on the problematic of urbanization sketched out above, as well as on the widespread urban crisis that preceded the current period of urban resurgence.

4. From Growth to Crisis in Fordist Mass-Production Society

Over much of the twentieth century, the dominant (though by no means exclusive) model of economic growth and development in North America and Western Europe revolved around the central mechanisms of “t” mass production in Coriat (1979) & Piore and Sabel (1984). This system of economic activity was based on large capital-intensive lead plants linked to lower tiers of direct and indirect input suppliers, thus forming dynamic growth poles in industries like cars, machinery, domestic appliances, electrical equipment, and so on in Perroux (1961). Many individual producers caught up in these growth poles had a strong proclivity to gather together in geographic space, and the resulting industrial clusters constituted the backbones of large and flourishing metropolitan areas. The production system itself was distinguished by a fundamental twofold division of labor comprising blue-collar workers on the one side and white-collar workers on the other. This division of labor was then cast out, as it were, into urban space where it became re-expressed, imperfectly but unmistakably, as a division of residential neighborhoods, upon which was superimposed a further pattern of social segmentation based on differences of race and national origins. The Manufacturing Belt was the main locus of this peculiar form of industrial-urban development in the United States. The equivalent area in Western Europe consisted of a swath of territory stretching from the British Midlands through northeast France, Belgium, southern Holland, and the Ruhr, with outliers in northwest Italy and southern Sweden.
The core regions of the mass production economy expanded rapidly over the middle decades of the twentieth century, and they developed apace as new investments were ploughed into productive use and as streams of migrants converged upon the main urban settlements. Notwithstanding persistent decentralization of routinized branch plants to low-wage locations in the periphery, the core regions continued to function as the main foci of national economic growth, for as the arguments of Myrdal (1959) and Hirschman (1958) suggest, the synergies generated within the major cities of the mass-production system kept them consistently in positions of economic leadership relative to the rest of the national territory. Moreover, from the New Deal of the 1930s onward, mass production society was subject to increasingly elaborate policy measures designed to maintain prosperity and social well-being. After the Second World War, these measures evolved into the full-blown Keynesian welfare state policy system designed to curb the cyclical excesses of the mass-production economy and to establish a safety net that would help to maintain the physical and social capacities of the labor force, especially in periods of prolonged unemployment. The scene was now set for the long post-War boom over the 1950s and 1960s, and for the climactic period of growth of the large metropolitan areas that functioned as the hubs of the mass-production economy. This policy system was supervised and controlled by central governments but as Brenner (2004) has argued, it was in many important ways put into effect through municipal agencies, and it had major transformative impacts on urban space. Throughout the 1950s and 1960s, urban renewal, housing programs, intra-urban expressway construction, suburban expansion, and diverse welfare schemes performed the interrelated functions of maintaining economic growth and keeping the urban foci of the boom operating in a reasonably efficient and socially manageable way.

By the early 1970s, the classical mass-production system in North America and Western Europe was beginning to show signs of stress, and as the decade wore on it entered into a long-run period of exhaustion and restructuring. The reasons underlying this development involve many different factors including changes in technologies, the rise of superior alternatives to classical mass production in Japan and elsewhere, and big shifts in national and international market structures. The details of these changes need not detain us here, except to note that the endemic pattern of decentralization of production units away from core areas was by the early 1970s turning into a rout, and the formerly thriving industrial cities of the system were now faced with massive job loss, unemployment, and decay. Deindustrialization of the old manufacturing regions advanced at a swift pace over the 1970s, and with the deepening of the crisis the US Manufacturing Belt itself came more commonly to be known as the Rustbelt. In the metropolitan areas that had formerly functioned as the quintessential centers of the long post-War boom the watchwords now became stagnation and decline, most especially in inner city areas where residual working-class neighborhoods were marked by a pervasive syndrome of unemployment, poverty, and dereliction. In the United States, even those metropolitan regions that had weathered the economic crisis relatively well were left with deeply scarred central cities as a result of industrial decentralization and restructuring. By this time, too, much of the job flight that was occurring was no longer simply confined to national peripheries but was increasingly directed to low-wage locations in the wider global periphery.

Analysts such as Carney et al. (1980), Bluestone and Harrison (1982), & Massey (1982) now began to write notably gloomy accounts about the prospects of the cities and regions that had most benefited from economic growth over the period of the long-post-War boom. For many of these analysts, the prospect of a vigorous urban recovery seemed to be extremely dim indeed. The neoliberal political agenda initiated by Reagan in the United States and Thatcher in the United Kingdom confirmed this pessimism in many quarters as the main underpinnings of the Keynesian welfare-state system were steadily dismantled, and as more and more stable high-paying, blue-collar jobs disappeared permanently from the urban scene.
5. Into the Twenty-First Century (1): Cities and the New Division of Labor

In the early 1980s, at the very moment when this gloom seemed to be reaching its peak, intimations of an alternative model of economic organization and development started to appear in various places. Several early attempts to conceptualize this model were offered under the rubric of “sunrise industries,” or “flexible specialization,” or “post-fordism,” or simply the “new economy” (Bagnasco, 1977; Esser and Hirsch, 1989); Markusen, Hall, and Glasmeier 1986; Piore and Sabel, 1984). In any case, and right from the start of this effort of conceptualization, many analysts noted that a spurt of agglomeration and urbanization seemed to be following on the heels of the new model, especially in regions that had been bypassed by the main waves of industrialization in the immediate post-War decades, such as the US Sunbelt or the Third Italy, as well as in selected densely urbanized areas like the New York metropolitan area or the London region that had in any case always had a relatively diverse economic base.

There was, and is, much debate about the character and meaning of the new economy that began to emerge some two or three decades ago85 (see for example Gertler, 1988; Hyman, 1991; Pollert, 1991; Sayer, 1989). Whatever specific controversies may be at stake in this regard, there does not seem to be much disagreement about the fact that a rather distinctive group of sectors much typified by deroutinized production processes and relatively open-ended working practices began to move steadily to the fore of economic development at this time, and have continued to expand at an accelerating rate up to the present. This group of sectors includes much technology-intensive manufacturing, services (business, financial and personal), cultural-products industries (such as media, film, music, and tourism), and neo-artisanal design- and fashion-oriented forms of production such as clothing, furniture, or jewelry. These and allied sectors have now largely supplanted mass-production industries as the main foci of growth and innovation in the leading centers of world capitalism, where they constitute the foundations of what is still often referred to as post-fordism, but that might more meaningfully be relabeled as a new cognitive-cultural economy. The core of this phenomenon is comprised of a stratum of high-wage professional and quasi-professional workers concerned with tasks that can be seized in generic terms as scientific and technological research, administration and deal-making, representation and transacting, project management and guidance, conception and design, image creation and entertainment, and so on. This core is at the same time complemented by and organically interrelated with a second stratum composed of poorly-paid and generally subordinate workers engaged in either manual labor (as for example in apparel manufacturing or in the assembly of high-technology components) or low-grade service functions (such as office maintenance, the hospitality industry, child-minding, janitorial work, and so on, on). While the tasks faced by workers in the lower tier are often quite routine and monotonous, there is even here a certain tendency -- especially in large US cities -- for many of them to require some substantial degree of cognitive flexibility and judgment and/or cultural sensitivity on the part of employees (McDowell, Batnitzky and Dyer, 2007).

Autor et al. (2003) and Levy and Murnane (2004) have proposed rather plausibly that the absolute and relative growth of deroutinized labor processes in the American economy over the last few decades can best be understood as a consequence of the steady incursion of computer technologies into the workplace. Their argument suggests that as computerization has moved forward, many different kinds of standardized jobs have been eliminated in both the white-collar and the blue-collar segments of the economy. Thus, jobs such as bookkeeping, filing, low-level clerical operations, and routine repetitive manual work generally are rapidly being displaced by digital technologies, thereby

85. Strictly speaking, the roots of the new economy can be traced back to the 1960s and even the 1950s if such early precursors as Hollywood after the 1948 Paramount Decree or Silicon Valley after the mid 1950s are considered.
releasing labor power for deployment into more discretionary forms of work. Of course, two other important factors also need to be taken into account here. One is essentially expressed by Engel’s Law, which states that as income levels rise, so households will tend to spend proportionately more money on non-essential indulgences. The other relates to the continuing movement of much factory work offshore, and this trend probably accounts at least partly for the decline of routinized manual jobs in large American cities. Whatever the precise dynamics of this overall economic restructuring, the growth of the cognitive-cultural economy seems now to be proceeding at an accelerating pace. The same trend has been accompanied by an ever-widening gap in average personal income levels between the two main occupational strata of the new economy (Autor, Katz, and Kearney, 2006). The cognitive-cultural economy, then, is marked by a new division of labor revolving around the increasingly flexible and malleable systems of production (with their ever-varying palette of goods and services) that are now so much at the leading edges of the contemporary economy. As it happens, the cognitive-cultural economy is also highly concentrated in urban areas, and many of its most dynamic segments have a particular affinity for major global city-regions like New York, Los Angeles, London, Paris, or Tokyo (Daniels, 1995; Krätke and Taylor, 2004; Pratt, 1997; Sassen, 1994; Taylor, 2005). Often enough, distinctive clusters of firms in this new economy congregate together in specialized industrial districts within the fabric of urban space where they typically also exist cheek by jowl in association with a range of allied service suppliers and dependent subcontractors. In point of fact, a characteristic intra-urban geography of the new economy is frequently observable in which the more service- and design-oriented sectors (e.g. business and financial services, the media, fashion-oriented industries, and so on) are found in specialized quarters lying toward the city center, whereas more technology-intensive sectors (e.g. electronics, biotechnology, aerospace, and so on) tend to occur in agglomerations or technopoles located in suburban areas (Scott 2002). This intra-urban geography represents at best a broad tendency, of course, and is never realized in practice in anything but approximate form.

The reasons for the attraction of cognitive-cultural industries to locations in the city reside primarily in the organizational logic of the new economy generally, in combination with the ways in which the uncertainties and risks that characterize these industries are moderated by the size and density of the urban milieu. Unlike fordist mass production, the cognitive-cultural economy is focused on small production runs, niche-marketing, and monopolistic competition (in the Chamberlinian sense), and its core sectors tend to be radically deroutinized and destandardized. Individual producers are almost always caught up in detailed transactions-intensive networks of exchange and interdependence with many other producers, often in situations where considerable inter-personal contact is necessary for successful mediation of their common affairs. These networks, in addition, are susceptible to much instability as firms adjust their process and product configurations and hence swing from one set of input specifications to another. Equally, local labor markets are subject to a great deal of unpredictability as a consequence of the volatility of markets and the growth of temporary, part-time, and freelance forms of employment, even among well-paid and highly-skilled workers (Angel, 1991; Blair, 2001). This situation is exacerbated by the recent expansion of project-oriented work in which teams of workers are assembled around multidimensional projects calling for a diversity of skills and talents over some given horizon (Grabher, 2004). Once any project is completed, the team is then disbanded, with the result that at least some of its members must then search for new employment.

These features of the cognitive-cultural economy alone are calculated to encourage a significant degree of locational convergence among individual producers and workers in selected urban areas, not only as a way of reducing the spatial costs of mutual interaction but also as an instrument allowing them to exploit the increasing returns effects that flow from the risk-reducing character of large aggregations of latent opportunities (Scott, 2005). However, there is a further factor that contributes greatly to this process of convergence. As interacting firms and workers gather together in one place,
and as auxiliary processes of urban development are set in motion, a distinctive field of creative and innovative energies is brought into being in the sense that the links and nodes of the entire organism begin to function as a complex ever-shifting communications system characterized by massive interpersonal contacts and informal information exchanges (Storper and Venables, 2004). Much of the information that circulates in this manner is no doubt little more than random noise. Some of it, however, is occasionally of direct use to the receiver, and, perhaps more importantly, individual bits of it – both tacit and explicit – combine together in ways that sometimes provoke new insights and sensibilities about production processes, product design, markets, and so on. In this manner, strong creative-field effects may be mobilized across sections of intra-urban space, leading to individually small-scale but cumulatively significant processes of learning and innovation.

These remarks help to clarify why it is that the new cognitive-cultural economy has such a manifest affinity for locations in urban areas. In turn, the great expansion of the cognitive-cultural economy and allied sectors helps to explain much of the urban resurgence that has occurred so dramatically over the last couple of decades. Even many old and formerly declining manufacturing centers (e.g. various large cities in the US Manufacturing Belt, some parts of the north of England, and the Ruhr region of Germany) are experiencing a rebirth as they too now begin to participate in the new economic order (STADTart, 2000; O’Connor, 1998). Once all of this has been said, it needs to be recalled that the resurgence is also associated with a definite and increasing bifurcation of incomes and life chances in the cities where it has been most evident, a circumstance that has been exacerbated by the voracious demands of the new economy for low-wage immigrant workers.

6. Into the Twenty-First Century (2): Urbs et Orbis

The contemporary resurgence of cities is inscribed in and greatly magnified by a deepening trend to globalization. This trend is expressed in the vast geographic extension of the range of markets that any given city can reach, and has also made it possible for ever-deepening international streams of labor (both skilled and unskilled) to flow into the world’s most dynamic metropolitan regions.

Cities that have been most caught up in these processes have not only experienced profound changes in their economic and demographic profiles, but have frequently undergone dramatic shifts in their physical appearance as well. In part, these shifts reflect the pervasive gentrification that has been occurring over the last few decades in many old working-class neighborhoods, especially where they lie adjacent to inner-city areas. These neighborhoods are notably susceptible to colonization by the new cognitive-cultural elite, reflecting their demands for residential locations accessible to downtown areas where so many of their jobs are located. In part, they can be ascribed to the activities of municipal authorities and large corporate organizations seeking to enhance the status of their particular city as a global economic and cultural center by means of urban renovation projects (Smith, 2002). These activities often take concrete shape in the guise of new cultural, recreational, and shopping facilities in the city; sometimes they are expressed in the recycling of old industrial and commercial buildings by turning them into concert halls, art galleries, theaters, malls, and so on. Perhaps the most egregious instance of this impulse is to be found in the contemporary fashion for erecting dramatic architectural set pieces of monumental proportions in large metropolitan regions with global ambitions. Some of the more remarkable examples of this fashion can be observed in a number of large Asian city-regions such as Hong Kong (Hong Kong Central Policy Unit 2003), Kuala Lumpur (Bunnel, Barter and Morshidi, 2002), Shanghai (Huang, 2002), and Singapore (Yeoh, 2005), where sustained efforts are being made not only to move decisively into the era of cognitive-cultural production, but also to proclaim by means of visible markers the status of these cities as flagships of the new global order and hence also as points of attraction for large-scale investors and a high-quality cosmopolitan labor force. These different aspects of the resurgent city dovetail together in mutually sustaining synergies in which the urban economy, the cognitive-cultural labor force, and the physical
environment all contribute to a developmental dynamic that entails constant upgrading of the attractiveness and symbolic significance of the city together with rising actual or potential mastery by local producers of selected world market niches.

As these trends unfold, the geographic pattern and logic of globalization itself is shaped and reshaped in various ways. In the old core-periphery model of world development, major metropolitan areas of the advanced capitalist countries were seen as being essentially parasitic on the cheap labor of the periphery by reason of unequal development and exchange (Amin, 1973; Emmanuel, 1969). A major attempt to revise the model was made by Fröbel et al. (1980) in their theory of the New International Division of Labor, where they claimed that the core tends to develop as a specialized center of white-collar work (command, control, R&D, etc.), while the periphery evolves as a vast repository of routinized blue-collar work. None of these different claims stands up very well in confrontation with the specifics of urbanization and globalization over the last couple of decades. In particular, the rise of the cognitive-cultural economy with its associated underbelly of sweatshops and low-grade service activities employing huge numbers of unskilled immigrant workers has meant that major cities of the core are now directly interpenetrated by growing Third World enclaves, while many parts of the erstwhile periphery have become leading foci of high-skill technology-intensive production, business and financial services, and creative industries. To be sure, we can still detect important elements of the core-periphery model in the great expansion of international labor outsourcing from high-wage to low-wage countries that has occurred in recent years in Gereffi (1995) & Schmitz (2007). In spite of these continuing echoes, much of the old core-periphery pattern of international economic development seems to be subject to gradual supercession by an alternative geographic structure comprising a global mosaic of resurgent cities that function increasingly as economic motors and political actors on the world stage. Not all of these cities participate equally in the cognitive-cultural economy, though all are tied together in world-encircling relations of competition and collaboration. And those that have emerged or are emerging as leaders in the cognitive-cultural economy find themselves functioning increasingly as cynosures of the contemporary global system.

In the context of these developments, the resurgent cities and city-regions of today are evidently beginning to acquire a degree of economic and political autonomy that would have been for the most part unimaginable in the earlier fordist era when the national economy and the nation state represented the twin facets of a sovereign framework of social order and political authority. In line with the general spatial rescaling of economy and society that has been occurring as globalization runs its course, something like a new regionalism is also becoming increasingly discernible. A state of affairs in which as individual identities, social being, and institutional structures are subject to reconstitution at diverse scales of spatial resolution, cities and city-regions are now starting to come to the fore as important functional components of the world system. In view of this remark the early speculations of Jacobs (1969) about cities being rather more organically fitted than states to serve as units of economic organization and social life must be seen as having been remarkably prescient. If anything, the waning of Keynesian welfare state and the turn to devolution in the context of an insistent focus on markets and competitiveness has helped to bring the substance of these speculations closer to concrete reality. Major city-regions are everywhere struggling with a multitude of social experiments as they attempt to consolidate their competitive advantages in the face of the deepening predicaments posed by globalization, and as they and the citizenry at large search out local institutional arrangements capable of responding effectively to idiosyncratic local economic needs and purposes. In an era of intensifying neo-liberalism and globalization, when national governments are less and less able or willing to cater to every regional or sectional interest within their jurisdictions, cities must now either take the initiative in building the bases of their own competitiveness or face the negative consequences of inaction. One noteworthy expression of this trend – especially in large global city-regions – is the growing realization that some sort of administrative and institutional coordination across the urban
land nexus as whole is a necessary condition for achieving overall efficiency, workability, and local competitive advantage. The force of this realization is such as to have encouraged diverse experiments in local government in many different places, including the construction, or proposals for constructing, cross-border metropolitan governance structures, as in the Øresund region in Scandinavia, Cascadia in North America, or the Pearl River Delta in southern China.

7. Life and Politics in the Resurgent City

It is clear that the resurgent city of the contemporary era presents several radical points of contrast with the fordist industrial metropolis of the mid-twentieth century. These contrasts are manifest in both to the economic base of these two categories of city and in their general social structure. The principal lines of contrast in regard to the latter issue can be identified, on the one side, as the deeply polarized upper and lower tiers of the contemporary urban workforce, and on the other side, as the classical blue-collar/white-collar pattern of stratification that was more typical of the fordist metropolis. Moreover, while the fordist metropolis exhibited significant racial and ethnic diversity, today’s resurgent city is assuredly more diverse in cultural terms, and, more crucially, is increasingly a magnet for immigrants from less developed countries all over the world. Even the upper-tier of the workforce in resurgent cities contains significant and increasingly higher proportions of immigrants from other countries. The net result is a new sort of cosmopolitanism in the populations of these cities in Binnie et al (2006), not so much the rarified cosmopolitanism of an earlier era whose defining feature was its allusion to a free-floating group of individuals of dubious origins but elite pretensions, but an everyday cosmopolitanism that freely accepts an eclectic mix of urban identities and cultures as a perfectly normal aspect of modern life.

Just over a century ago, Simmel (1903; 1950) characterized the denizens of the modern city as a mass of mechanistically interconnected but psychologically disconnected individuals. Much of this characterization is no doubt still valid in the context of the resurgent city, with its synchronized in-step rhythms of work and its atomized forms of social life. The individualism of urban society has, if anything, made considerable headway by comparison with the cities of middle and high modernity. There is much evidence to suggest that traditional urban or neighborhood webs of community and solidarity continue to disintegrate while norms of market order and purely meritocratic criteria of human evaluation penetrate ever more deeply into the fabric of social existence. Hence, Sennett (1998) has pointed to an apparent corrosion of traditional forms of affectivity and trust in both the workplace and social life, while Putnam (2000) has written more generally about the weakening of communal ties in America. Even the apparently countervailing expansion of civil society -- NGOs, non-profit organizations, philanthropic foundations, and the like -- seems more to be a sign of underlying processes of social fragmentation and the retreat of formal government than it does of political solidarity and mobilization in Mayer (2003). Still, the new kinds of consumerism and hedonistic social rituals of contemporary urban life offer consolations of sorts in the face of what Simmel calls the “unrelenting hardness” of cities, at least for privileged segments of society. Lloyd and Clark (2001) have alluded to something of what this paper is reaching for here with their description of the modern metropolis as an “entertainment machine,” i.e. as a place in which selected spaces are given over to ingestion of the urban spectacle, up-scale shopping experiences, entertainment and distraction, night-time scenes, and occasional cultural adventures in museums, art galleries, concert halls, and so on. These spaces dovetail smoothly in both formal and functional terms with the gentrified residential neighborhoods and high-design workplaces that are the privileged preserve of the upper tier of the labor force of the modern cognitive-cultural economy.

This paper has already pointed out that life and work in the resurgent city are subject to high levels of risk, both for lower-tier and upper-tier workers. As social welfare provisions are steadily pared away and as traditional union organization declines in contemporary society, lower-tier workers
in particular are exposed to the full stresses and strains of this situation, especially those who make up the large and increasing corpus of marginalized (often undocumented) immigrant workers. Upper-tier workers, for their part, usually have capital resources, both human and financial, that provide a degree of shelter from the most deleterious effects of risk, and in certain cases they are further protected by professional organizations and guilds that help to secure a modicum of labor market stability. All the same, even for this tier of the labor force, the deepening unpredictability of employment prospects poses severe problems, notably for individuals in the early phases of their working lives. Many of these individuals are no longer focused on careers that involve quasi-automatic upward mobility within the individual firm, and many of the firms that employ them no longer even have traditional in-house personnel management departments. Instead, upper-tier workers increasingly manage their own careers as they move from project to project and from firm to firm, thereby building a widening reputation and accumulating a portfolio of experiences. This mode of operation is intimately dependent on the formation of multifaceted social networks that make it possible for individual workers to exchange information, to keep abreast of new developments in their field, and to form a stable of acquaintances who can be called upon for advice and help when needed. For these reasons, upper-tier workers are inveterate participants in both the formal and informal social networks that proliferate around work-related issues in cities where the new cognitive-cultural economy is most highly developed (Batt et al. 2001; Blair 2001; Neff, Wissinger, and Zukin 2005; Scott 1998a; Ursell 2000).

This is a world, however, in which the possibilities of large-scale political mobilization seem more and more remote, and in which collective action on the part of municipal authorities seems increasingly to assume the mantle of a professionalized, technocratic activity lying outside the sphere of hard-edged political contestation. By the same token, much of the intra-urban conflict over the welfare and distributional impacts of planning action that was so characteristic in the past (and that reverberated especially throughout the working-class neighborhoods of the fordist city) has now more or less subsided into the background. In some respects, the only resonances that remain of the disappearing agonistic political atmosphere of the large metropolis emanate from the identity-based claims and conflicts that seem now to have overridden popular political agitation in regard to economic justice. Even in its currently depoliticized form, however, collective action in the resurgent city is far from being a merely neutral or disinterested force. Municipal authorities today are acutely focused on the concerns of business (Harvey 1989), and virtually everywhere are engaged in schemes directed to the shoring up local competitive advantages and the attraction of inward investors. Large-scale redevelopment projects, investment in urban amenities, place-marketing, the promotion of local festivals, and so on, figure prominently among these kinds of schemes.

Concomitantly, one of the major shifts taking place in urban policy trends today is a growing concern with issues of “creativity” and a widening search for instruments that might allow policymakers to harness the forces of creativity in order to promote local economic development (Florida 2004). It is not my brief to examine this specific issue in detail here except perhaps to observe that irrespective of the kinds of policy advocacies that are currently being advanced in pursuit of urban creativity, the rise of a cognitive-cultural economy in major world cities predictably puts this question squarely on the policy agenda. Cities like New York, London, Paris, Sydney, Tokyo, Osaka, Hong Kong, Seoul, and Singapore, among numerous others, have all made decisive attempts to promote their status as creative cities and as global centers of the new cognitive-cultural economy, and there is every reason to believe that the trend will broaden and intensify over the coming years (see, for example, British Department of Culture 2001; Chang 2000; Hong Kong Central Policy Unit 2003; IAURIF 2006; STADTart 2000).

As it happens, much of the normative discussion about creative cities in the current literature puts considerable emphasis on the supposed efficacy of openness, tolerance, and social diversity as the
basis for a new kind of urban dispensation, both socially and economically. These qualities are no doubt excellent in and of themselves, and there can be little question that most of us would prefer to live in cities in which they flourish compared to cities marked by closure, intolerance, and uniformity. The significance of these qualities as active agents in economic development processes, however, remains open to question, and more to the point for present purposes, it is not even clear what specific relevance they may have for the constitution of the city as a social and political community. In fact, the formula of openness, tolerance, and diversity -- without further careful specification -- can serve as much as an invitation to isolation, individualism, and mere mechanical difference as it can to solidarity, camaraderie, and meaningful political engagement of the citizenry in urban life. Something of the sort is already observable in the resurgent cities of contemporary America where elements of the formula are more strongly present now than they ever have been in the past, but where the economic and social welfare of the urban community as a whole remains at a low ebb, and where so many of the fundamental structural tensions of urban life fail to register durably in the public consciousness. Of course, that is also partly why these same tensions occasionally spring forth into spontaneous open conflict. The point can be dramatically exemplified by reference to the Los Angeles riots of 1992, as well as to the disturbances that broke out in the immigrant quarters of the Paris suburbs in the latter part of 2005 and that then spilled over into other parts of the metropolitan area. The paradox of the resurgent city is the escalating contrast between its surface glitter and its underlying squalor, even as the “bien-pensant” acknowledgment of the virtues of openness, tolerance, and diversity in American society becomes more and more a matter of course.

8. Conclusion: Prospect and Challenge

This extensive meditation on the resurgent city has taken us from the organization of the internal space of the city, through the rise of a simultaneously local and global cognitive-cultural economy, and then back again to intra-urban space as a distinctive site of political tensions and possibilities. Since the general crisis of fordism in the 1970s and early 1980s, cities have resumed their long-term spiral of expansion, and with the ascent of the cognitive-cultural economy, selected cities around the world have demonstrated an extraordinary capacity for growth, innovation, and demographic renewal. Despite contemporary claims to the effect that globalization and the Internet are about to transform human society into a placeless space of flows, the inexorable advance of urbanization continues apace. As I have shown, moreover, this advance has been accompanied in many instances by dramatic qualitative shifts in the internal form and functions of the city. Concurrently, large cities play a major role as the core components of a new regionalism, i.e. as localized systems of daily work-life interactions within a wider global network of relationships. In this sense, globalization can be partly comprehended in its reflexive relations to the interconnected mosaic of cities and city-regions that form its locational bulwarks.

From all that has gone before, three great challenges appear to loom on the horizon as resurgent cities continue to build momentum. It is possible to describe these challenges in quite general terms, though it need scarcely be added that their detailed substantive character is apt to vary greatly from one city to another, so that any remedial action must be appropriately tailored to local circumstances. The first of these challenges flows from the widespread dysfunctionalities and inefficiencies that arise when intra-urban space is politically and administratively fragmented, and the concomitant need to harmonize the institutional bases of urban governance. It is of vital importance, in other words, especially in large cities, to recognize the multiple interdependencies and spillovers that pay no respect whatever to patterns of municipal fragmentation, and to build an effective system-wide forum of collective action and accountability. The second challenge is focused on building and sustaining urban economic and cultural dynamism in the face of the ever mounting threats and opportunities of globalization. Success in this regard will depend in significant ways upon the degree to which the first challenge is met, but this second challenge also poses a unique and perplexing set of questions about
how exactly policy-makers should proceed in any attempt to coordinate and intensify local competitive advantages in the era of the cognitive-cultural economy. The third and no doubt most difficult challenge revolves around the striking inequalities of income, opportunities, and life-chances that beset the contemporary metropolis, and that also almost certainly undermine the full flowering of its cultural – not to mention economic -- potentialities. Associated with this challenge is the void that needs to be filled with respect to issues of democratic participation in the public affairs of the city, and the concomitant imperative of incorporating all segments of urban society into one or another form of political community capable of articulating some sense of shared destiny and of reining in the pernicious narcissism of so much of life in the large metropolis of today.

Above and beyond these very specific challenges that individual cities must face, a further major question can be raised in regard to the global community of cities as a whole. As we have seen, cities are increasingly subject to world-wide functional integration in an intensifying system of long-distance trade, communication, and interaction. The ultimate effects of this process of integration are extremely difficult to gauge. A case might be made for the idea that the process will in due course result in an increasingly polycentric and polyphonic system of economic and cultural production (Scott 2005), in contradistinction to the homogenized landscape that some analysts see as the likely eventual outcome of globalization. In any case, there are clearly going to be rising pressures for system-coordination as a consequence of this situation, both to deal with persistent inter-city disequilibria as and when they make their appearance, and to mediate conflicts over the differential costs and benefits (both economic and cultural) of participation in the global mosaic. In the long-run, then, some institutional means of absorbing tensions and of redressing the grievances of this putative global league of city systems will no doubt eventually have to arranged, above and beyond existing frameworks of international consultation and cooperation.
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1. Introduction

What happened to urban policies? Rumours and evidence of retreat or even death of urban policies have been documented in line with the restructuring of the nation state, globalisation processes and the neo liberal turn of many public policies: large public investments in social housing is for instance at low ebb (Harloe 1995). By contrast, urban policies seem to be everywhere, “new” urban policies in particular, whatever that means, seem to flourish even at every level. Against the view that globalisation is sweeping everything and determining the faith of cities, a set of literature attempts to show that state and cities have still a major say in the structuring and organisation of cities, hence a role for politics and institutions in relation to social groups, and economic relations constrained and articulated to different sets of pressures (Saraceno 2002; Marcuse & Van Kempen 2002; Moularet 2002; Jessop 2002; Le Galès 2002, Brenner 2005, Harding, Forthcoming). Urbanization is reaching new high in the contemporary world with the rise of mega cities beyond 15 million inhabitants such as Calcutta, Los Angeles, Cairo, Tokyo, New York, Bombay or Seoul. Beyond the modern metropolis, researchers try to make sense of those large urban areas: postmetropolis, global cities, global city-regions. Processes of globlisation, including transnational migration, architecture, financial transactions, transport flux, or dissemination of technological innovations contribute to the rise of mega cities in different part of the globe. The puzzle of contemporary urban policies has to be studied in relation with two trends: 1) the development of multilevel governance and 2) during the current “Urban moment” (Beauregard & Body-Gendrot 2000; Healey, Khakee, Motte & Needham 1995), globalising cities are growing, gaining inhabitants (not everywhere,) and they are seen, for the time being, to be gaining momentum to be again place of cultural innovation, economic development, places for different kinds of projects and attempts to implement new modes of governance of multiculturalism.

However, there are tensions. The urban is as unsettled as ever, urban regions organised in networks, metropolitan areas, global cities, ever increasing suburbs, towns, neighbourhood, may all be targeted by urban policies. They face all ranges of problems: new forms or renewed forms of inequalities, poverty, competition pressure, illegal immigration, extreme right vote, urban renewal issues, pollution, crime, suburbanization, health alerts, creation of gated communities, globalisation, lack of social housing, etc.

For the time being, the political, economic, cultural and social questions are increasingly becoming urban questions under current conditions of capitalism. A key symptom of this dynamism of cities, and the importance it represents for the nation states is the conflicts surrounding urban policy which have been on the cards for the last decade in Western Europe. In Denmark, Germany, Italy, the Netherlands, France, Finland, Britain lately to name a few. Associations of cities were organised to challenge national urban policies and to claim a growing part of resources in order to both deal with social problems and to face investments related to their new economic and cultural role. This occurs at the expense of classical priorities of State regional policies, like for instance remote rural areas or support to small towns. Although not determinant, the urban/rural cleavage has gained new salience in Nordic countries (rise of agrarian parties) but also in Britain, Germany and France. Urban policies have even emerged in centralised uniform
welfares states such as Sweden (in 1998 for Göteborg, Malmö and Stockholm) and Finland, or in the South of Europe.

In the modern conception of the word city, characterised by the size, the aggregation of housing, differentiated division of labour, density of interaction several conceptions of cities were entangled and sometimes opposed underlining different processes of integration: the material city of walls, squares, houses, roads, light, utilities, buildings, waste, and physical infrastructure; the cultural city in terms of imaginations, differences, representations, ideas, symbols, arts, texts, senses, religion, aesthetics; the politics and policies of the city in terms of domination, power, government, mobilisation, public policies, welfare, education; the social city of riots, ethnic, economic or gender inequalities, everyday life and social movements; the economy of the city: division of labour, scale, production, consumption, trade, etc.

At a superficial level, the contrast between US and Europe is quite sharp: American scholars write about the decline of national urban policy, local welfare to work, race and attempts to revive metropolitan government, new urbanism, private developers, urban regime and growth coalitions. European scholars emphasise urban social policies, public investments, growing cities, political legitimacy and initiatives of urban elites, welfare anti poverty policy. However, the combination of both remaining of the European legacy, in particular the combination of economic and social policies supported by powerful groups and public funds, together with increasing pressures and fragmentation of the policy process which make the comparison with the US case much more obvious. Issues of social and racial segregation, violence or boosterism make the point.

Urban policies have come back on the political agenda both because of their own dynamics but in relation with state restructuring and economic changes. The paper attempts at documenting some of the current changes of urban policies in different context. Those are likely to shape the future of urban policies. The paper looks at what the priorities might be for a new round of reshaped urban policies and set some priorities. As in previous period, changing economic and social conditions, state restructuring and political entrepreneurs are on their way to set a different list of priorities and therefore to bring those problems on the policy agenda under the heading “urban policy”.

2. Urban Policy: legacy of the past and innovative labelling

Instead of analysing urban policies as they are labelled by governmental agencies, it is first useful to remember past urban policies and how at times, different set of policies are labelled as urban policy.

Before concentrating on new urban policy and moving toward reshaping urban policy, it is worth remembering briefly past experiences. Urban policy is nothing new of course and there is in Europe a long history related to the rise of the medieval cities, communal government and the making of the nation state. Bourgeois running medieval urban communes invented public policies to organise town planning, to maintain social order, to build housing and protect properties, to foster economic development, with the last being their main concern. The making of nation states also had an urban policy dimension to dominate cities: states elites created castles and fortresses to protect cities, symbols of their powers through public buildings and transports networks such as roads. Developing a prestigious capital was seen as an essential element of state making. In many ways, over several hundreds years, national urban policy was first and foremost about the transformation of the state capital with the support of state resources. London, Madrid, Paris, Vienna, Stockholm, Berlin, Rome all benefited from national programmes designed to develop the capital, creating new buildings, brightening the streets, creating avenues, developing a police system to control the poor. Competition between regional cities to attract the railways or major public building, or in the distant past to be on the main road or to locate the main seat of the Churches was nothing new as for instance.
In the US, as Hutchinson and Gottdiener (2006) remind us, the colonial period had in particular three major consequences for American cities which sharply contrast with their European counterparts: 1) the absence of city walls i.e. the fact that location within and beyond the city was remarkably free of various constraints; 2) the absence of independent economic privileges or rights specific to the city and therefore the freedom for various groups to split for whatever reasons and to develop new settlements hence a pattern of fragmentation, privatism and weak political power attached to the city, to this day; 3) the crucial role of land development when land was so freely available and cheap and the competition between coalition or network to organise land development, a major source of wealth creation, a distinctive pattern of boosterism and economic competition.

In the modern sense, urban policies started during the XIX century, i.e. at the time of the making or the reinforcement of the modern nation state using all the modern techniques of government. The European urban map was modified by the rise of industrial cities, mainly in Britain and Germany and the coming of age of imperial capitals, Vienna, London, Paris, Berlin. In that context, both urban government elites and state elites had to face the consequences of rapid urban growth in terms of need to build or organise streets, roads, sewerage, gas and then electricity networks, transport, street lighting, refuse collection, fire stations, abattoirs but also uncertainties associated to crowds, riots, mass epidemics and cycles of unemployment. New circulation and knowledge about health and epidemics gave rise to concerns about the interdependence of populations within cities, hence the rise of national policies to bring hygiene to cities in De Swaan (1988). Embryonic urban public policies were then adopted at the national level because public health issues and social concerns formed the basis upon which political elites started to react and to implement programmes such as vaccination of slums clearances. The fear of the working class and the threat it posed to the existing social and political order were also central in the “urban” policies of the time.\(^{86}\)

The development of urban policies went hand in hand with the making of professions and international networks of professionals, planners in particular but also social reformers more generally. In many ways, forms of internationalisation processes were strongly at play at the time as cities elites and urban professionals from different countries and cities were in close contact and influencing each other, policy transfers were common practice, including with the US (Saunier, 2001).

After the two wars, a new cycle of modern urbanisation was at play. Decades of economic growth fed urbanisation and city growth. During the time of economic and welfare growth, cities were rather an anonymous category within the nation state. In the North of Europe for instance, the rise of the universal welfare state tended to erase the social or economic distinctiveness of cities. French centralising Jacobins or British anti urban elites did not trust cities: this did not contribute to either the development of urban programmes or the political rise of cities elites. Urban policy was the development of welfare state programmes and services, first in cities and then all over the country: schools, universities, hospitals, roads, railways stations, research and cultural centres, social housing in the central and northern part of Europe.

However specific cases of urban policies emerged. In the Netherlands, the ambitious social housing programmes were the main vehicle to contribute to the development of cities. In Italy, there was no such thing as urban policy (and a limited amount of social housing) but gradually, historic city centres became centres of interest. They had to be restored and protected from cars and pollutions. “Centro storico” became a key word and goal of urban policies to protect historic city centres all over Italy. In Britain, urban policy was about planning the growth and then restructuring of the major industrial conurbations and was understood in terms of land and planning regulations, including the construction of New Towns. France in the 1960’s had at least three, often contradictory urban policies: the building of utilities, transports and housing, the development of regional capitals supported by state investment (research centres, hospitals, cultural centres).\(^{86}\).

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\(^{86}\) In Topalov (1990) as Harvey (1985b) eloquently put it in the Paris case
cultural centres) and the organisation of the Paris region hence the creation of new towns, motorways, rail networks, and La Défense business centre.

Urban policies came back on the agenda, labelled as such in the 1970’s. After president Nixon declared that the war against poverty in US cities was over (sic!), the hopes of poverty erosion, of welfare and economic growth vanished with the economic crisis, long term unemployment, new forms of poverty and social exclusion, the strengthening of anti immigrants ideas and groups, and the coming back of a political form of mobilisation that many thought had disappeared: riots. The social question was transformed and presented again as an urban question. In that meaning, the rise of urban policies in the 1970’s could be labelled in terms of urban policies to deal with the social and economic crisis of industrial cities in particular in large housing estates, in the city centre (inner city) or in the suburbs of ports and industrial cities such as cities in the Ruhr, Liège, Turin, Lille, St Etienne, Manchester, Birmingham, Sheffield, the West Midlands, Antwerp, Glasgow, Liverpool, Le Havre, Marseille, Rotterdam, Göteborg, Porto, Genoa, Napoli, Bilbao but also part of the largest metropolis, in London, Paris, or Berlin.

New waves of immigration also made the urban crisis more visible within the public debate. The post war economic boom and imperial legacy attracted many new populations in Western Europe, in particular in the North and much later, particularly in the last decade, in the south. Business leaders encouraged immigration of cheap labour but that was often debated and contested in the political debate not least in France, Britain or Germany (Hansen and Weil, 2001). From the late 1960’s onwards, the issue of “immigration” or “race” has become an important political issue with a clear urban bias in most countries (Body-Gendrot and Martiniello, 2000). The current debate in Italy and Spain echoes older debates in northern more industrial cities. The urban became “coloured” in many ways, not to the American extent, not for the time being one may say, but in a very obvious way. Immigrants communities organised as such became a component of urban life first in large industrial cities, capitals and ports such as Birmingham, Stockholm, Antwerp, Brussels or Marseille but gradually in most European cities. Policies to accommodate those new groups had a distinct urban element.

The social dimension of urban policy was therefore central in the new “urban policies” of the 1970’s. Social redistribution in favour or the rising tide of poor population within cities appeared central. However, rapidly, the issue of urban regeneration and economic development was also brought forward either because it was ideologically driven by the neo liberal Thatcher revolution in the UK case or because cities came to be seen as crucial engines of economic development in the new post industrial economic development. In the UK, the basic assumptions and urban policy instruments were radically modified: public investments and social services were not seen as the solution to the urban crisis but as causes of the problems. This version of “new” urban policy aimed at promoting market disciplines, competition and private sector investments in most cities at the expense of the professions, local authorities, planning rules and social redistribution, sometimes mimicking US urban initiatives in terms of flagship projects, private developers’ investments in quays and harbours, and business led partnership.

Beyond the UK, most governments became concerned with the role of cities in economic development. From the mid 1980’s onwards, Western European cities enjoyed economic and demographic urban growth run parallel with processes of suburbanisation and metropolitanisation, hence opening new conflicts for urban policies, including processes of centrifugal fragmentation (Dematteis, 2000).

3. Policies for cities, metropolis or suburbs?

From the 1960’s onwards, the American debate on cities has also been dominated by the image of the crisis which links three elements. Cities like St Louis, Pittsburgh or Philadelphia have simply lost more than half of their population, a figure which in Europe is only comparable to the worse British cases of
urban decline: Liverpool, Manchester, Glasgow, and hardly known elsewhere “on the western part of the continent.”

Firstly, the image of the urban crisis was shaped by the series of urban riots in the 1960’s in New York, Los Angeles and a few others. The obsession with race became even more central in urban America. The question of the ghetto, ethnic and spatial segregation of the black population became essential. Secondly, the industrial economic crisis led to the accelerated decline of industrial cities from the North East which has been underlined. The classic image of metropolis/cities in the US became associated with crime, social problems, violence. The departure or collapse of firms led to major financial difficulties epitomised by the bankruptcy of New York in the 1970’s. Thirdly, the state supported boom of new houses in suburbs fed the “white flight”, the massive suburbanisation of the US, what observers have called the rise of “edge cities”. White middle classes massively left the inner cities and the metropolis for either the suburbs or rapidly growing cities in the south and the west, leaving the rustbelt. The cultural divide between city and suburb grew, and the political support for the needs of cities and their poorer inhabitants declined.

The gloomy picture of the marginalisation of cities and metropolis remained both politically and empirically accurate in the 1980’s in the US when booming cities were at last identified in the European context. By the 1980’s, there was a remarkable revival of not only large but also medium size classic European cities and urban agglomeration, regional capitals for instance, in particular in the North of Europe, the Netherlands, part of Germany, France, Austria, and to a lesser extent in Italy, much later in the UK. On average, this dynamic was marked by one feature which confused many analysts: the growth concerned both the city and the urban agglomeration. In most cities, the urban growth took the dynamics of suburbanisation. However, in most cases the city centre also enjoyed growth, or gentle decline in marked difference with the UK and the US. Timing is essential here: by the late 1980’s, medium sized European cities/urban agglomerations were enjoying growth and dynamism while gloom prevailed in the American context. In the US the 1990s presented the strongest urban growth in four decades (Katz, 2005). Urban America is striking back, for the first time in decades, the census showed the revival of urban agglomerations.

The contrast is of course not just about the timing: the remarkable feature of Europe was the long term stability i.e. the revival of medieval cities or regional and national capitals with strong identification and public role of the city centre. By contrast in the US, beyond New York and Los Angeles, fastest growing cities and urban agglomerations are to be found in the sunbelt, Las Vegas, Austin, Dallas, Atlanta, Miami or Phoenix epitomizes the urban growth of sprawled, polycentric, low density cities.

One way to think about urban development in US and Europe alike is to defend the idea of the end of cities and the triumph of urban sprawl, in other words the suburbanisation of cities and the urbanisation of suburbs, what Dear and his colleagues in Los Angeles sometimes call the Los Angelisation of the world (Dear et al. 2000). This makes sense as suburbs are more and more diverse in the US and cases of sprawls are rapidly growing in Europe ... but that does not undermine the strength of cities. “Sprawl is a land development pattern that spreads residential units over a large area ... sprawl also encompasses the separation of residential from commercial land uses, the absence of clustered development of town centers, and reliance on the automobile” (Dreier, Mollenkopf and Swanstrom 2004: 59). In that line of analysis, the dissolution of the city is taking place within a large fragmented, chaotic, unstable urban world: if that is the case, why bother for urban policy? It is useful to look at figures about cities and metropolitan areas in the two continents (Tables G.1-2)
### Table G.1 Fifty largest US (2000) and European cities (2003)

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<tbody>
<tr>
<td>1</td>
<td>New York</td>
<td>8,008,278</td>
<td>1</td>
<td>London</td>
<td>UK</td>
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<tr>
<td>2</td>
<td>Los Angeles</td>
<td>3,694,820</td>
<td>2</td>
<td>Berlin</td>
<td>Germany</td>
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<tr>
<td>3</td>
<td>Chicago</td>
<td>2,896,016</td>
<td>3</td>
<td>Madrid</td>
<td>Spain</td>
<td>2,824,000</td>
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<td>4</td>
<td>Houston</td>
<td>1,953,631</td>
<td>4</td>
<td>Roma</td>
<td>Italy</td>
<td>2,649,000</td>
</tr>
<tr>
<td>5</td>
<td>Philadelphia</td>
<td>1,517,551</td>
<td>5</td>
<td>Paris</td>
<td>France</td>
<td>2,152,000</td>
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<td>6</td>
<td>Phoenix</td>
<td>1,321,045</td>
<td>6</td>
<td>Hamburg</td>
<td>Germany</td>
<td>1,705,000</td>
</tr>
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<td>7</td>
<td>San Diego</td>
<td>1,223,400</td>
<td>7</td>
<td>Vienna</td>
<td>Austria</td>
<td>1,540,000</td>
</tr>
<tr>
<td>8</td>
<td>Dallas</td>
<td>1,188,580</td>
<td>8</td>
<td>Barcelona</td>
<td>Spain</td>
<td>1,455,000</td>
</tr>
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<td>9</td>
<td>San Antonio</td>
<td>1,144,646</td>
<td>9</td>
<td>Milan</td>
<td>Italy</td>
<td>1,306,000</td>
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<td>Detroit</td>
<td>951,270</td>
<td>10</td>
<td>Munich</td>
<td>Germany</td>
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<td>San Jose</td>
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<td>Naples</td>
<td>Italy</td>
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Contrasting urbanization in US and in Europe

At first glance, two features make those two continents more or less comparable. Firstly, both continents are now massively urbanised, more than 80% of inhabitants live in cities. As shown in previous figures, the dynamics was staggering in the US case while more progressive in the European case. For most Southern European countries and some Nordic European countries, the generalisation of urbanisation only took place in the post war period, while rural populations and interests were still very strong and organised. Secondly, if one takes as a measure, the number of urban agglomerations comprising more than a million inhabitants, one will find a more or less comparable number of urban agglomerations, around 35. However, this does not suffice, and those averages mask profound differences.

Europe and the US are distinct not only because of the “longue durée” of European cities but also the relative stability of the urban map made of medium size cities. Beyond London and Paris, other European cities of this size are rare. Thanks to their work in building databases on European and world cities (Moriconi and Ebrard, 1993) Cattan (et al. 1994) are able to highlight the factors that distinguish Europe. With a degree of urbanization comparable to that of the United States, Europe is characterized firstly by its very large number of cities and their marked proximity to one another: in Cattan (et al. 1994: 23); secondly, by the fact that the major cities of Europe are not huge: large metropolises with a population of over two or three million are rare, and ‘if one compares the total number of urban areas of over 200,000, the average size is of the order of 800,000 in Europe, as against 1.3 million in the United States and Japan. The top thirty American cities are markedly larger than the top thirty European cities’ in Cattan (et al. 1994 p. 26); and thirdly, by the relative importance of small and medium-sized cities: Europe distinguishes itself by its relatively large number of urban areas of between 200,000 and one or two million. In 1990, the European Union contained 225 urban areas of 200,000 or more, forty or so of these exceeding one million and a very small number, two million.

Given that to some extent size goes with social, political, and economic diversity and complexity, these facts provide a very important contextual element for the analysis of European cities: one that is accounted for partly by the age of cities that came into being before the development of different forms of transport. The relatively stable core of Europe’s urban system is made up of medium-sized and reasonably large cities, which are fairly close to one another, and a few metropolises This importance of regional capital cities, of medium sized cities (200 000 to 2 million inhabitants) remains a major feature of contemporary European societies in Therborn (1985) and Crouch (1999). But are those features under threat?

Cities versus metropolis: the Los Angelisation of the world?

In the 1970’s, cities, in the US and Europe alike many cities and urban areas lost population and were bound to disappear. Many prophets, including sociologists announced the end of cities as we knew it, the coming age of a post city era, or the final crisis of cities organised by capitalism. The loss of population includes two different phenomena: 1) departure of population from both the city and the metropolitan area because of deindustrialisation for instance or the decline of the city because of suburbanisation and 2) the rise of the metropolitan area (case of Paris for instance, Brussels, Milan, Marseille, or Lisbon). Again similar dynamics in the two continents had very different outcomes. “Born to run” Americans massively
left the cities for the suburbs but also the industrial North East, when “born to stay Europeans” only left the more industrial cities to a lesser extent. Those individual choices are largely influence by collective strategies: European Welfare states and urban policies contributed to the regeneration of quick growth of medium size cities when the absence of regional or urban policy and less generous welfare state encourage adjustments by mobility.

In the European context, the economic crisis of the 1970’s marked the decline of the once symbol of economic development: industrial cities. Large scale economic restructuring processes took place the relative or absolute decline of the most industrial regions, particularly the oldest, and of industrial ports. UK northern cities in particular lost hundreds of thousands of inhabitants. The decline was even more pronounced in small industrial cities. All these have experienced the effects of deindustrialization, the urban crisis, loss of population (especially the most highly-skilled people), and the departure of firms, followed by attempts to renew the fabric of enterprise, either by attracting businesses or by creating them. (See the Urban Audit 2000). The scale of the urban decline was particular massive in UK cities, in industrial Belgian cities, in the Ruhr Germany, in industrial harbours or in the industrial triangle of the North West of Italy.

However, this was not the dominant pattern of European cities: industrialisation and then deindustrialisation were important dynamics but overall represented a parenthesis in the structuring of urban Europe. The power of images of urban decay together with the dominance of UK literature gave the overall impression that cities were in decline all over Europe. Also, beyond the urban industrial crisis, the rise of post 68 anti urban ideology in the European greens and left gave rise to powerful images of the coming age of a post city period. Numerous account of the “end of the city” prophecy developed all over Europe, in the north in relation for instance with ecological disasters or the final crisis of capitalism.

Increasing urban concentration has been accompanied by apparently inescapable, unlimited dispersal into conurbations and into urban regions with fluctuating outlines. Cities have expanded, fragmented, and organized into networks like those in Northern Italy or the Netherlands, and this is said to be rendering traditional spatial representations obsolete. Many writers stress the unending extension of the suburbs, the development of ‘non-places’, in Augé (1992) anonymously similar urban spaces (motorway slip roads, shopping centres, residential developments, areas of commodified leisure facilities, car parks, railway stations and airports, office blocks, and leisure parks), and megalopolises (“post-cities”) in different parts of the world. In short, this is the time of ‘citizens without cities’ (Agier, 1999), where new forms and experiences are being invented.

Physically, the medieval European city was characterized by: a citadel, an enclosing wall and a marketplace, a built-up area around a focal point, administrative and public buildings, churches, monuments, squares, areas for commerce and trade, and development radiating out from the centre revealing the centralisation of power, the relative integration, if not coherence of the city, unlike American cities, which are organized around a geometric plan. The medieval city evolved little by little, partly as a result of the development of such towns and partly because walls and identifiable town boundaries gradually disappeared to make way for “faubourgs”, i.e. districts beyond the walls, and peripheral urban spaces.

By contrast, the US model was constructed around the industrial city with its low-income neighbourhoods linked to manufacturing districts and close to commercial cores and its middle income neighbourhoods beyond. The theme of the physical break-up of the city is classic in the American literature, because of the exodus into residential suburbs and the decline of the centres of big cities. This vision of break-up has been strengthened by the political marginalization of cities, the creation of fortified districts on the margins of cities, and the development of secessionist movements, for example in Los Angeles or Toronto (Boudreau and Keil, 2000). In the American experience, privately owned, fragmented
technical networks have promoted urban sprawl and the break-up of cities, giving rise to urban regions with several focal points defined in contrast to the city centre.

This built-up-town model, characteristic of the medieval city, has not remained unchanged. The logic of the metropolis exerted a strong influence on the way in which the urban space broke up and became increasingly complex. Revolutions in technology, starting with roads and railways, had an impact on the development of cities and the forms they took. Finally, every state made its mark, in the shape of public buildings, networks, forms of urban planning, and the development of forms of housing. It was a mark that varied considerably according to country: the ascendancy of the Jacobin French state, with its prefectures and stations, had little in common with that of the Italian or Swedish states. Despite these significant differences, the centre, whether historic or not, continues to hold meaning in most European cities and has preserved its historic influence — for example, as a place for citizens to gather at protest meetings. The way authority is organized also still has meaning in relation to the centre. European cities have remained relatively built-up in nature, even though important developments have taken place, and the imagined picture of the city is still a reality.

American cities were organised around a particular type of urban planning model “the grid”, with low density, essential role given to cars, zoning, and suburbanisation. After 1945, mobility became even more the distinctive characteristics of American within a dynamic society where the large middle class was in them making. The post war period marks the triumph of highways, trucks, flights air freight (Warner, 1985). Moving people and commodities became inexpensive. The rise of ports and trading centres in all four corners of the USA led to major urban development. Progressively cities in the West and the South of the US started to grow from Houston, Dallas, San Antonio but also Memphis, New Orleans, Seattle and Phoenix and Los Angeles. The rise of a large number of widespread metropolises was accompanied by the dispersal of population from central city.

In the US, the 1990’s are characterised by the following elements: sprawl, continuous decline of the poorest industrial cities and revival of central districts within metropolitan areas. Out of the suburban migration of the middle classes accentuated after World War II, emerged the prototypical metropolis with its central city ringed by suburban enclaves. In the best cases, the commercial core became dominant. In the worst cases, it along with manufacturing districts was in decline. The dynamics of development was horizontal, with activities de-concentrated and decentralized from the centre and the making of secondary centres in the urban region, hence the image of the polycentric metropolis.

The 1990s saw, as has been the case for at least 50 years, a continuous sprawl of metropolitan areas. A study of the 50 American largest cities during that period shows that they grew faster than in the 1970s and 1980s: 9.8 % according to the 2000 census, whereas this rate was 6.3 % in the 80s and – 1.6 % in the 70s. Several cities, such as Atlanta, Chicago, Denver or Memphis, gained population after a decrease in the 1980s. Nevertheless, suburbs grew even faster: the population growth in the 100 largest cities during the 1990s was 8.8 %, in the 100 largest suburbs it was 17 %. In Atlanta for instance, the central city’s population growth was 6 %, 44 % in its suburbs. The analysis of the 2000 census about US cities with populations greater than 100 000 also reveals that the median growth rate for cities in the 1990s was 8.7 %, more than double the median growth rate of the 1980s (Glaeser and Shapiro, 2001). Old industrial metropolitan areas with high unemployment rates are growing slower and have not yet entirely recovered after a period of economic decline. By contrast, the cities with less social and economic problems are growing fast: levels of residents’ education and income are consistent predictors of urban growth (Glaeser and Shapiro, 2001). Also, foreign-born residents contributed to strong-city growth rates. Storper and Manville (2006) rightly suggest distinguishing two different processes: the coming back of metropolitan areas which had lost investment and population on the one hand, the revival on central cities on the other. The coming back of various groups within the central cities, enjoying city life was seen as a major shift.
Europe: increase of sprawl but not the decline of cities

The European context is made of few declining cities, many dynamic medium size and large cities, and two dynamic large global cities, whatever that means. European cities make a fairly general category of urban space, relatively original forms of compromise, aggregation of interest and culture which brings together local social groups, associations, organised interests, private firms and urban governments. The pressures created by property developers, major groups in the urban services sector, and cultural and economic globalization processes provoke reactions and adaptation processes of actors within European cities, defending the idea of a fairly particular type of city that is not yet in terminal decline. The modernized myth of the European city remains a very strongly mobilized resource, and is strengthened by growing political autonomy and transverse mobilizations.

The long term meta stability of the European urban structure has been central in the making and development of European societies but that does not lead to a conservative view of the urbanity of the European city—balanced, welcoming, innovative, and dynamic, isolated from any restructuring of the labour market, from globalization processes, social conflicts, re-organized power relations, new forms of domination, deregulation of transport, telecommunications, and energy services, as well as from pollution and from persistent and developing forms of poverty. This stability goes together with its original structure (the high concentration of medium-sized cities) and the remains of its physical form. European cities (if we set London and Paris apart), although they are gaining more autonomy, are still structured and organized within European states—in particular, welfare states. The ongoing restructuring process does represent a threat, but—for the time being—European cities are supported and to some extent protected by the state, including in terms of resources. European cities are becoming more European, in the sense that the institutionalization of the EU is creating rules, norms, procedures, repertoires, and public policies that have an impact on most, if not all, cities. The EU also is a powerful agent of legitimation. By designing urban public policies and agreeing (under the influence of city interests) to mention the idea of ‘a Europe of cities’ as one of the components of the EU, it is giving a boost to cities to act and to behave as actors within EU governance. This also, to some extent, leads other actors—for instance, firms—to take European cities more seriously. Another point relates to their economic and social structure. European cities are characterized by a mix of public services and private firms, including a robust body of middle class and lower-middle class public sector workers, who constitute a firm pillar of the social structure. Despite increasing social tensions, inequalities, even riots at times. There is no ideal world of European cities but the remains of a less unequal social structure than in most cities in the world. The more important the welfare state and the scale of redistribution (North of Europe), the lesser the level of inequality and poverty. Both the form of the city, the existence of public spaces, the mix of social groups, and despite powerful social segregation mechanisms, and one can suggest the idea of continuing sense of “urbanity” still characterizing European cities in Zijderveld (1998). Despite sprawling movements in most European cities, the resistance of the old city centres epitomizes their peculiarity. Levy takes the example of large public collective transport (in particular the tramway) together with pedestrian areas and cycling paths to demonstrate the remaining strength of the idea of European city. Finally, there is a continuing representation of the city as a whole, Crouch (1999) suggests a “Durkheimian” view of the city which still exists in Europe. The increased legitimacy of political urban elites sustains and re-invents this presentation. European cities are still strongly regulated by public authorities and complex arrangement of public and private actors. European cities appear to be relatively robust, despite pressures from economic actors, individuals, and states (including welfare states) being reshaped within the European Union. Processes of exclusion, strengthening and transformation of inequalities, segregation, and domination are also unfolding in these cities. The development of residential suburbs separated from the city and of polycentric cities, the isolation of disadvantaged districts, the development of cultural complexes, leisure facilities and shopping centres, as well as diverse cultural models and migrations, all clearly demonstrate the pressures exerted on the traditional medium-sized city. The urban regions of Milan, the Randstadt are good example of more polycentric structure and interdependent dynamics between the city centre and other cities. Finally—and
this point is vital to our analysis — actors within cities have been strongly mobilized to direct the future of cities.

Yet, focusing on European cities nowadays goes hand in hand with analysis of forms of interdependence between scales, between levels of government, multilevel strategies of social actors and linkages between forms of mobility and local societies. It would be a vain exercise to work on European cities without applying oneself at all to the global strategies of major firms from private developers to utilities and leisure firms, to the transnational communities that weave links on both sides of the Mediterranean or towards the East, to the competition rules drawn up and then imposed in the European Union context, or to the restructuring of welfare states.

Since the mid-1980s, cities (those that are not old industrial cities), and above all the largest cities, have felt the full benefits of growth. In centralized countries, it seems to be mainly the region around the capital city that absorbs the strongest forces and the economic dynamism: this is true not only of London, Paris, Rome, and Berlin, the capitals of the leading Member States, but also of Madrid, Dublin, Stockholm, Helsinki, Copenhagen, and Lisbon. In the lower echelons of the hierarchy of cities, some regional capitals and other medium-sized European cities have also experienced strong growth: Bologna, Strasbourg, Lyon, Grenoble, Nice, Montpellier, Toulouse, Bordeaux, Nantes, Rennes, Munich, Cologne, Frankfurt, Geneva, Valencia, Seville, Saragossa, Norwich, Bristol, Swindon, Leicester, Turku. In some cases, however, economic dynamism has actually combined with population losses to release the grip previously exerted by certain metropolises, a development that has been particularly spectacular in Northern Italy, where medium-sized cities from Milan to Venice have seen very strong growth. A new feature has been that a number of cities have undergone economic development disconnected from the regions surrounding them. The movement of concentration/dispersal of activities favours smaller cities and rural spaces around cities. By contrast, others — especially smaller cities (which, from a French point of view, might be described as medium-sized cities) — are experiencing changes that tend more towards decline, as if regional metropolises in their turn are largely absorbing the economic dynamism of their region, as in Tuscany, Emilia-Romagna, Languedoc-Roussillon and Midi-Pyrénées.

4. Urban policies as public policies

This brief historical account reminds us of the wide range of policy programmes which make sense as “urban policies” but also of the limits of labels such as “urban policy”. Urban policies are part of the complex crossed boundaries, crossed sectors world of public policies and should be analysed in those terms. In analytical terms, it has been a common mistake to analyse urban policy as independent from changes in public policy in general.

Firstly, in multi-level governance system, every level of government is required to be able to demonstrate it has an urban policy. Once the question of urban crisis, poverty and or social exclusion has entered the political field, and it has been the case in old industrial cities, in the US and now more else everywhere, it acquired a dynamics of its own as an issue which will be regularly activated through research reports, claims by organised interests, images, policy discourses. Political elites, whatever the level, cannot be seen doing nothing. In his classic account of symbolic policies, M. Edelman (1985) chooses the example of the creation of a national urban agency in the 1950’s in the USA to show that something was done. The creation of task forces, committees, agencies surrounded by publicity is a classic tool of government. In the cases of urban policies, where the time scale of change is rather slow, several years or a decade, and where many actors and issues are mixed, it is particularly tempting for political elites to demonstrate ad hoc commitment to large programmes, priorities, new agencies, emergency programmes, and units. For instance, the fantastic photograph or Mrs Thatcher within the urban ruin of an industrial city, wearing a building worker’s helmet, in the early 1980’s, also clearly signalled that the
government was in charge and was dealing with the problem. Creating an urban programme or initiative is a way to avoid blames in case of problems, for instance urban riots.

Most of the times, a “new policy” results from the re-organisation of existing pieces of public policy which are reassembled, brought together and re-branded as “new urban policy”. Reassembling and reframing elements of public policies is a major activity within ministries for two reasons: 1) policies die hard and 2) there is a constant pressure for ministers to be visible in the public debate, to start new initiatives, to launch new policies, to start innovative programmes. Even cases of innovation most of the time build upon existing marginal programmes which are brought to the fore as was for instance the case of the “new urban policy” in France, labelled as “politique de la ville” before it got a dynamics of its own (Estèbe, 2003).

Secondly, urban policies, as most public policies, are part of the world of overlapping powers within the global and regional (such as European) governance in the making: municipalities, metropolitan authorities, regions sometimes, federal states or Autonomies, the nation state, the EU and sometimes the OECD, the UN (Habitat Summit) international rules comprising environmental norms, can play a role in urban policies. There are endless cases of urban policies where the norm is now for the overlapping funding and influence of different levels of government, for the better i.e. more targeted and coordinated effort, or the worse, more piecemeal fragmented actions. In most countries, the territorial organisation of the nation state has been facing serious reshaping, an ongoing process which leads to the pluralisation of territorial interests within the state. Associations, voluntary sector organisations, from neighbourhood group to giant utility firms have a say and some power in urban policies. Urban policy therefore covers a wide range of actors from different sector of societies, with different status, acting at different levels. Emerging problems raise questions which cross horizontally over bureaucracies and sectors, and vertically over different levels of government.

Urban problems, programmes and networks of actors are characterised by deep heterogeneity hence the attraction of decentralisation and experimentation. The development of new policy tools provides evidence of attempts to redefine public policy in a rather flexible way in order to face ill defined problems and to cope with difficult heterogeneous goals. If “combating poverty” or “regenerating urban neighbourhood in crisis” is a set goal, the degree of generality provides large room of manoeuvre to define, design, “bricoler” (Lascoumes & Le Bourhis 1998), various types of representations, goals and programmes. In all countries, urban public policies are not given. Some constructionist approach is required to see how locally, or nationally, the problem is constructed by different actors, how adjustment processes are taking place to define a cognitive frame which is adopted by the actors, what the relations of power are. The dynamic of partnership offers some remarkable insights of these processes (Benington & Geddes 2001).

Thirdly, changing urban policies in a globalising world may require to be analysed through the framework on the sharpest critics of globalised capitalism. N. Brenner for instance provides an ambitious theoretical framework and brings empirical evidence to analyse the transformation of the state under current conditions of capitalism (Brenner, 2004). In order to do so, Brenner concentrates on urban policy, that he defines as “encompassing all state activities orienting towards the regulation of capitalist accumulation” (Brenner, 2004: 2), as the chief political mechanism to analyse those changes. He then argues that although the importance of the national state controlled scale of political power has been in decline, states are still very active and control many resources. In other words “they play a key role in formulating, implementing, coordinating and supervising urban policy initiative”. He develops his political economy of scale to analyse the rescaling of the state, or rather, statehood. He focuses on the dynamics of uneven development under capitalism and the rescaling of the state to deal with this. By contrast to most of the critical analysis of uneven development, he concentrates on the particular role of the state in dealing with the contradiction of accumulation by promoting regional and urban policy. That allows him to
contrast the post war fordist Keynesian period with the more competitiveness driven approaches to contemporary state spatial policies.

Crucially, he therefore argues that “it is no longer capital that is to be moulded into the (territorially integrated) geography of state space, but state space that is to be moulded into the (territorially differentiated) geography of capital (p.16)” and therefore “the goal of national, regional and local state spatial policies is no longer to alleviate uneven geographical development but to intensify it through the deployment of locational policies designed to strengthen the place-specific socio-economic assets of strategic, globally linked regions”. His arguments allow a sharp contrast to be made between the urban governance and the nationalisation of state space under Keynesianism and then the coming age of inter-locality competition as a state project. Empirically, Neil Brenner aims at explaining what he calls the “major realignment of urban governance and state spatial policy that has occurred across Western Europe in the past three decades” (p.2). Brenner develops new ideas on the dynamics of regulatory regimes and their failure as the prime mechanism to restructure statehood and to develop new scales of urban policy, for instance at the neighbourhood level or at the city region level. There are some limits to this argument (Le Galès, 2007) but urban policy has to be considered not just at the level of cities themselves: the state plays a crucial role.

Urban policies are increasingly brought together and implemented at the urban level

All the points made previously stress the role of the urban elites to design, implement, and coordinate policies. Urban policies therefore are also a result of urban governments/governance transformation (John 2001; Le Galès 2002). In most OECD countries, more than half of public investment is now made at the local or regional level, in particular by urban governments hence the flourishing of projects and initiatives. Altogether, urban policies are at least as important as initiated by urban elites than national programmes. In terms of revenue raising and sharing, the context in which the cooperation/competition between various levels of government takes place is making the choice more acute and politically contested.

Urban government has not disappeared from globalising cities. Organised within nation states they still perform functions for the state together with having more responsibility because of the decentralisation, restructuring and differentiation of the state and the fragmentation of public policies. As cities are becoming even more a site of aggregation and representation of different interests then the job remains of bringing them together to organise a mode of governance of the city, to institutionalise collective action and to integrate them with a more or less shared cognitive framework, a set of priorities which may appear as the city common good. In cities, local governments have been profoundly restructured, becoming more political, strategic and organised for action, for implementing policies (Klausen and Magnier, 1998; John, 2001). Urban governments retain a strong presence, and their political expertise and influence are also tending to increase. By comparison with American public-private partnerships, which frequently vest most of the power in the private sector, European public-private partnership experiments remain fairly limited (except in the UK), and urban governments still have strong capacities for initiative and control. Urban governments have developed their mode of action in three directions in particular: consideration of group, neighbourhood and resident demands, diversification of public policies and management of urban services despite privatisation (Lorrain and Stoker, 1995). The processes of making collective choice, choosing, linking, aggregating and representing interests within a territory, taking and implementing decisions are inherently politics. Therefore, within cities, urban governments and elected politicians are under pressure both to deal with a set of problems which used to be under state control (economic development, law and order, social exclusion, representation of the city in Europe). In terms of urban policies they are now at the first place both to deliver and implement national, European urban programmes –in the EU-, international norms and standards and to implement their own urban policies. There are issues which cannot be addressed at that level, but most of the literature on urban
What does the label “urban policies” cover?

The point has been made: urban policy is a rather elusive category, (but aren’t there all?). In most countries, urban policy was organised, shaped, determined by a set of actors, interests, institutions, representations, ideas which were related to the particular situation of a nation state. During what may be called a century cycle of the nation state, national variables were central to determine what urban policy would be, or would be considered to be in Asia, South America, North America or Europe. This national different structuring of what urban policy meant and its outcomes have not disappeared overnight. Any attempt to provide some views on urban policies has to take into account this heritage which has only been recently mixed with a different set of powers and internationalisation pressures. But new issues have arisen in close interaction with dynamics of state restructuring. Because cities are back on the agenda, because more resources, social conflicts and wealth production are concentrated there, the notion of urban policy is now recovering an ever increasing range of issues. Here is a list of items with a deliberate effort to avoid classification (Table G.3).

Table G.3 Urban policies: an empirical list

- Strategic planning, urban collective projects
- Housing, social housing (construction and destruction)
- Construction and management of utilities, infrastructures
- Transport: railways, buses, airports, metro, tramway, stations, dealing with NIMBY’s
- Area-based, transversal/global policies
- Social services, targeting of categories: young children, old people
- Training for the workforce, attracting specific professionals groups
- Policies against social exclusion
- Cultural policies: prestige projects, new museums, but also carnivals, festivals, Neighbourhood initiatives, initiatives to deal with multiculturalism
- Regeneration policies, renovation of old urban centres, Quays, property developments, flagship projects
- Economic development: training, attracting investment, image making, support to firms, enterprise zones, tax policies
- Innovation policies
- Anti-violence, social control, policing, dealing with marginal groups, surveillance, safety
- Integration of immigrants, control of immigrants
- Quality of life, environment, anti pollution, sustainable development
- Patrimoine, protection of the historic centre
- Urban tourism promotion, leisure and consumption spaces, public spaces, malls, entertainment,
- Policies to raise participation of the inhabitants, democratic procedures, consultations
- Health policies to target groups at risks, to deal with epidemies (Aids)
- Investments in science, universities, research centres, innovation districts
- Positive discrimination in disadvantages neighbourhoods: education, heath, economic development, public services
- International exchange, twinings, international relations
- Programmes to coordinate fragmented policies: partnership, contracts

“New” urban policies are often the result of existing elements with a different emphasis. For instance, the EU “urban policy” came out as the hybrid result of different national traditions (mostly UK, France, The Netherlands) bringing together issues of economic, social and environmental regeneration. A European wide urban coalition has gradually organized, finding intermediaries among Commissioners, Member State representatives to the Commission, and in the Parliament, promoting the URBAN Programme for the renewal of urban neighbourhoods. The Commission also produced a document entitled
‘Europe’s cities, community measures in urban areas’ (1997), which has strengthened this dynamic. The URBAN programme has its objectives: promoting local employment, revitalizing depressed neighbourhoods both socially and economically, providing social and other services, improving living conditions and the urban environment and public spaces, and improving local strategies and decision-making processes so as to involve local communities. A second phase is now on the way (Aldskogius, 2002). This URBAN programme is therefore a classic case of hybridisation between different urban policy traditions (Atkinson, 1999a). The creation of the EU URBAN programmes goes together the making of a European network of Cities benefiting from that programme and its funding, the creation of professional networks and the dissemination of norms and rules, i.e. a classic case of horizontal European integration mechanism. However, urban policies in Europe are also shaped by EU competition policy, immigration policy or environment policy.

5. What sort of urban public policies for more mosaic like cities and metropolis? Urban policy and urban integration

Basically, in most places, some elements of those different policies are already at play one way or another, but with contrasting degrees of priority, funding, visibility. We identify seven trends in urban policy:

- How can different ethnic, age and social groups live together within cities? Policies for the relative incorporation of different groups, the making of an urban common good, social policies
- Policing the city: Regulating the flux, controlling the poor and the immigrants; control and surveillance
- Urban renovation, housing, private developers, back to basics but financiarisation of private developers
- Fantasy cities, Internationalisation, place marketing, cities of culture
- Economic development, places for innovation, economic competition
- Sustainable development, energy saving, controlling utilities, investments in cities Transport, infrastructure, immaterial city
- Anti-Corruption, performance, accountability, democracy

Each trend deserves a serious analysis. The present work concentrates on the issues of social order and integration within cities and on the policy instruments which are central for urban policies.

Inequalities are by definition quite central in cities which are more and more diverse. Historically, phases of vigorous capitalist accumulation and economic growth led to more class division, social and economic inequalities. Current development in developing cities of the world, from urban China to Sao Paolo, Johannesburg, Moscow or Mexico do not provide evidence that this classic line of analysis is obsolete. On the other hand, classic analyses on the doom obvious scenario of dual cities and massive exclusion have proved wrong in many cases. Although the situation is often complex because of the importance of lower middle and middle classes, similar pressures are at play in most large cities of the North. However, economic and social inequalities are also put in perspective with gender, ethnic, health, cultural inequalities, categories which may or may not relate to divisions of class. In terms of urban policy, some neo liberal thinkers have argued that as there are conflicting, plural differences, that does not justify public intervention (urban policies for instance) to combat them, individuals should adjust. By contrast, the
great Swedish sociologist G. Therborn (2006) argues that it is essential to distinguish inequality from difference.

‘Inequalities are differences that we consider unjust.....a difference may constitute an unjust inequality because

- It is a difference that constitutes a violation of some just equality, of human rights, of citizenship – in brief of some human qualification held to be equal, whether by humanity, by social membership or by achievement;

- It is too large a difference, limiting the life possibilities of the disadvantaged, either directly materially by concentrating resources among the privileged, or indirectly via social psychological mechanisms of humiliating signals of superiority and inferiority;

- It goes in the wrong direction, giving undeserved, unfair advantages to some – for example, to people born in certain countries or milieus, or to people on the basis of power rather than of contribution.

....In brief, there is inequality in this world because so many are denied the chance to live their lives at all, to live a life of dignity, to try out their interests in life, to make use of their existing potential. The inequalities of the world prevent hundreds of millions of people from developing their differences.

Inequalities derive from four basic factors of social differentiation:

- Natural endowments (of individuals, groups, territories)
- Systemic arrangements of opportunities and rewards
- The performance of productivity of actors; and
- Individual and collective distributive action, including via use of the state’ (Therborn (2006: 4 and 10)

In urban terms the question of inequalities remains central for the development of cities....and therefore the mobilisation for those mechanisms (individual or collective) to combat them, urban social policies being one of them. In those representations of the city, the question of integration or coherence as marginalised to the minimum or organisation needed for competition between cities on the one hand and the renewed perceived dangers of the city on the other. It has been an enduring theme within urban policies that modern cities are sites for fragmentation, isolation and anomie. Traditional class identities and related modes of socialisation and social reproduction which had shaped the cities, for one or two centuries in some cases, for a few decades in others, although still present, are being fragmented and reshaped, new groups, new identities, new socialisation processes are emerging, in a context where divisions, fragmentation, inequalities, segregation, fragilisation seem to be deeply affecting all categories, including middle classes. Thus the capacity of cities to foster social integration, social cohesion as some put it, is questioned in new ways. Urban policies were used to reflect on issues of fragmentation, exclusion, on various processes of disintegration of the social fabric of cities, re-evaluating what has been an enduring theme within urban studies, that modern cities are sites for fragmentation, isolation and anomie.

Within cities, what and who is supposed to cohere, to integrate, to assimilate, to define collective interests and general goals as well as to fragment? This is a major theme for urban policies. Although it is understandable that much attention be paid to the socially disruptive character of capitalist restructuring for the social fabric of cities – and the research agenda has often been influenced by that of social policies – it
seems that this is excessively one sided, and that by exploring how former structures of socialisation are being dismantled we fail to see how they reorganize and how new structures emerge supported by urban policy. Forms of urban competition and conflict might actually help generate urban coherence, either as unintended consequence or through the way that the city can emerge ‘topologically’ as ‘immutable mobile’ which serves as point of intersection and interchange between otherwise diverse populations. We lack a developed conceptual vocabulary for this purpose. The concept of ‘integration’ encourages a normative perspective which celebrates the ways that individuals and social groups are assimilated to an overarching urban order, when it might be argued that what it more important is for individuals and groups to ‘come together’ without being integrated. A similar problem besets the concept of ‘cohesion’, locality, and urban society or of ‘urban community’. Social cohesion has been particularly put forward by New Labour in the UK. Like the other terms just mentioned, the issue of social cohesion brings back old questions of social order within cities that were at stake in the capitals of old empire from the Romans to the Chinese or the Ottomans. N. Buck argues that in the modern sense, “social cohesion conflates three quite separate concerns: about social inequality, about social connectedness and community and about social order.” i.e. issues of income and life chance, access to networks and knowledge, and security (Buck, 2003). Some authors (Forrest and Kearns) add questions of common values and civil culture, place attachment and identity.

In the classic old European sense, politics had a major role in bringing together, aggregating and representing the city. The city was conceived as an integrated local society (most of the time, incomplete), and as a complex social formation, more or less structured in their economic and cultural exchanges and the different actors may be related to each other in the same local context with long-term strategies, investing their resources in a co-ordinated way and adding to the social capital riches. Urban policies were the results of the interplay and conflicts of social groups, interests, and institutions, and the way in which, to some extent, regulations have been put in place through conflicts and the logics of integration. Urban policies developed by local communes regulated groups, actors and organizations opposing one another, entering into conflict, co-ordinating, producing representations in order to institutionalize collective forms of action, implementing policies, structuring inequalities, and defending their interests. That perspective on cities highlights the informal economy, the dynamism of localized family relations, the interplay of associations, reciprocity, culture and ways of life, the density of localized horizontal relations, and local social formations but under the control and the active policies of local governments.

Other forms of integration were identified, for instance integration by conflict and work experience as in the working class city organised by industrial capitalism. Industrial cities were characterized by their social structure and by their form and organization. Although these cities had large firms and major entrepreneurs, they were above all workers’ cities, sites of immense poverty and exploitation a crucible for working-class organization, and that is still the case at the moment, in China for instance. The industrial city took the form of this combination of industries, workers’ housing (slums, social housing, and suburban houses), minimal communal amenities, transport and later social democrat forms of urban government developing urban policy for the working class: housing, social services, schools, leisure activities.

For observers of the late 19th, early 20th century (and the German sociologist Simmel in particular), the development of large cities, metropolis was the major phenomenon, both in Europe and then in the US leading to different forms of integration and urban policies. Capital cities benefited from the consolidation of states, the shift of political life onto the national level, and the strengthening of the states’ - and therefore the bureaucracies’, including the army - capacity for control, as well as from industrial development and colonization. They absorbed a large part of the flow of migration, thus providing sizeable reserves of labour. They were the first beneficiaries of the transport revolution, from tramways to road and rail networks. Open to the world in an era that saw increasing numbers of different kinds of exchanges, discoveries, and technical innovations, they established their role by organizing universal exhibitions and great fairs. Concerned with public health and safety, governments organized major improvement works,
created wide avenues and constructed new public buildings: stations, squares and monuments that symbolized their dynamism and technical progress. These cities were also places of speculation, of public and private investment in housing, and of financial capital. Their cultural influence changed scale because of more rapid diffusion, transports and colonial empires. London, Paris, Berlin, Vienna in particular, were the theatre of extraordinary physical and cultural transformations. As university cities and cultural centres, they were the focus of unrest and the sites of the political and social revolts that punctuated the 19th century. The great metropolis became the site of consumption, of department stores and wide avenues, of over stimulation with changed the urban cultural experience. This led also to physical transformation with the ever increasing diffusion of urbanisation around those large metropolis, hence the rise of suburbs, either working class ones as the red belt in Paris or bourgeois suburbs where middle classes abandoned the centre.

The rise of the large metropolis became an American feature: New York and Chicago and later Los Angeles in particular gradually replaced European cities in the urban imagination of the modernist metropolis. They grew thanks to stunning economic development and massive immigration. In the 1920’s both American and European metropolis are places of strong inequalities, anti-Semitism, violence against foreigners, racism, anti communist movements, and flamboyant cultural creativity. The US model is constructed around the industrial city with its low-income neighbourhoods linked to manufacturing districts and close to commercial cores and its middle income neighbourhoods beyond. Out of the suburban migration of the middle classes accentuated after WW II, emerged the prototypical metropolis with its central city ringed by suburban enclaves. In the best case, the commercial core became dominant. In the worst cases, it along with manufacturing district was in decline. The dynamics of development was horizontal, with activities deconcentrated and decentralized from the centre. The whole development was very much encouraged by state tax policy for housing but weekly regulated and governed: urban policies were not central here.

The link between globalisation trends and inequalities within cities rose in the 1990’s and was structured by Sassen’s seminal work on the ‘global city’ (1991) which made a link between rising inequalities and globalization trends. The correlation recorded between the accelerated growth of metropolises and economic globalization processes has sharpened consideration of the contemporary logics of metropolization in Asia, in the Americas, and – to a lesser extent – in Europe. Her approach to taking this debate forward is to look at a small part of the economy, choosing one that seems to be a driving or dominant force in the economy, and then to examine the logics of globalization and the spatial implications. Sassen does this in highlighting global cities. Classic definitions of ‘global cities’ describe them in terms of their central role in exchange flows - flows of travellers and of merchandise, and as headquarters of the largest firms and of cultural and political institutions, banks, and insurance companies: in other words, on the basis of their functions and their power to exert economic and political influence. Thus, growth in exchanges of goods and persons, which has accelerated since the 1970s, gives cities at the heart of these exchanges a special position. The development of multinational and then global firms means the concentration of economic power within these firms, which establish their headquarters - and therefore the power of highly aggregated economic command – in a small number of very large metropolises. These metropolises are thus integrated into the most globalized part of the economy, which gives them a special role.87

87. Sassen (1991) goes further, first and foremost by stressing that the dynamic of economic globalization requires capacities for control and co-ordination, which are changing scale. Global cities are cities within which these modes of control and co-ordination are organized, giving such cities increasingly extensive influence. Above all, global cities have an original dynamic of producing innovations for the leading services of capitalism - financial and legal services, consultancy, and communication. The global city is a particular environment, producing specialized, innovative services that enable co-ordination and control of the globalized economy, thanks to the concentration of global firms’ headquarters and of these services.
For Sassen, the dispersal of activities increases the need in the global city for a social and economic environment that can produce its own codes and its own culture, thus contributing to co-ordination. She deduces from this that there is a new social structure, distinguished by the concentration of social groups involved in the global city dynamic, who need a whole set of professional and domestic services: hence the proliferation of low-paid, insecure workers cleaning offices, providing various domestic services, and staffing restaurants and cafés. This dual structure is characteristic of advanced capitalism and the global cities that are its command centres: New York, London, Tokyo, and, to a lesser extent, Los Angeles, Paris and Frankfurt. In these conditions, the global city could be said to constitute an original social structure. However, in this regard, Hamnett’s work on London and Prêteceille’s on Paris invalidate the thesis. Both confirm the dynamic of growth and of segregation of the most privileged groups, but do not detect either an accentuation of polarization or the decline of the middle strata.

**Ethnicity, immigration and the city: post assimilation urban policy?**

Pluralism and immigration are nothing new within cities. However, processes of globalisation have major impacts on cities: 1) thanks to technological innovation and transport – as long as there is enough energy-mobility is on the rise, either due to long term immigration, temporary immigration or just general short term transnational mobility. Cities are now systematically characterised by important ethnic minorities, of different origins who are both reshaping urban societies and urban politics. After black mayors, the US are experiencing the rise of Latino politics with for instance the election of a Latino mayor in Los Angeles and the organisation of ethnic group within the political process (see Jones and Corea, 2000). The issue of ethnic minority representation is also under discussion in large cities of most OECD countries, with massive difference in the way this is organised or resisted (for a contrast between France and Britain see Garbaye, 2005). Britain or the Netherlands have given significant political spaces for the ethnic minorities within their political systems. 2) The rise of supranational governance mechanisms and international norms make the questions of the rights - can foreigners vote in elections? - and duties -taxes- of those groups more important. 3) City users are not just city dwellers: Cities develop not just because of old inhabitants, but also travellers, tourists, students, suburbanites, foreign residents who spend a few days a month, rooted ethnic minorities, groups circulating between two countries, consumers. These have serious implications for urban policy. Urban societies are more complicated to govern, the competition between groups for resources is not easy to regulate. Fierce conflicts emerge for the use of public space, for the priorities in terms of investments, for the control of schools, for access to housing or social welfare…..The rise of extreme right votes in Europe or anti immigrants mobilisation in various cities all over the world just remind us how central those issues are. Making sure that those different groups can coexist within cities is now a major priority for all cities both in the positive sense, but also in the sense of control, police and surveillance.

The Chicago school scholars identified various mechanisms of assimilation of diverse ethnic groups such as the race relation cycle, competition, accommodation without much urban policy. They more or less assume some logic between socioeconomic and residential mobility to the suburbs as key mechanisms of assimilation within the American mainstream. In that context, issues of immigration and ghettos became central and anti-black racism was quickly established as the leading cultural divide within cities. The question of race and relation between ethnic groups in the US and within cities in particular has become the cornerstone of urban politics. Ghetto formation, competition between ethnic groups and assimilation are still today the main lenses through which cities are analysed due in particular the remains of spatial segregation. Not so different debates took place in European cities at the time of large immigration in industrial cities in the 1960’s and 1970’s and the urban/ethnic issue has also become central in the political and social dynamics of cities: suburbanisation and rise of xenophobic organisations. These issues are now

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88. See Prêteceille, 2005
widespread as immigration of workers or involved in caring activities is developing in different context from Japan, Korea to countries of recent immigration such as Spain or Italy.

By contrast to the Durkheimian view of integration, the founders of the Chicago School, more influenced by Simmel, emphasised the mechanisms concerning groups and individuals. For them, as is well known, the question of integration is framed in terms of assimilation of diverse ethnic groups at the level of individuals as much as the level of ethnic group. In line with Simmel, there is no contradiction between the idea of individualisation process in the large cities and forms of integration or assimilation. In their early definition of assimilation Park and Burgess focus on the process of fusion, interpenetration, incorporation of a group, in order to share memories and cultural attitudes.

In their excellent discussion of the assimilation debate in the US, Alba and Nee (2003) emphasise the fact that in Park’s view, there is no need for the erasure of all signs of ethnic origins in the assimilation process: “The Chicago School’s definition of assimilation envisioned a diverse mainstream society in which people of different ethnic/racial origins and cultural heritages evolve in a common culture that enables them to sustain a common national existence. This flexible definition receded in favour of a more rigid approach, influenced by Parson’s functionalism” (Alba and Nee, 2003: 10)

As most authors of the assimilation debate mention, in the post war period, the notion of assimilation became identified with the idea of cultural integration to the norms, social practices and values of white American middle classes, a normative perspective more or less equal to the idea of Americanization, i.e. a one way acculturation process to the cultural beliefs and norms of the American society, a view echoed in modernization theory of the times (Waldinger, 2002). Very similar to the French case of the Republican model, this post war view of assimilation stresses the direct link between the citizen and the nation state without the mediation of ethnic community. These views on assimilation emphasised the change concerning the individuals, the group (families) but were not concerned either with the urban dimension in the locality sense, or with conflicts and rarely urban policy. By contrast in Nordic welfare state or in the French Republican model, public policy was central in this issue of integration, but not very urban: universalist welfare state services or national organisations such as the Army and schools were supposed to guarantee integration within the mainstream model.

This view on assimilation or integration has been heavily criticised from different corners of American sociology in particular by Portes but also by those who have tried to redefine the concept of assimilation such as Waldinger and in particular Richard Alba and Victor Nee in their groundbreaking book “Remaking the American Mainstream” (2003). Their criticism of earlier work concentrates on the following points: the normative view of assimilation (which was not so much part of the Chicago School original framework), the absence of explanation in terms of precise mechanisms, the emphasis on distinct ethnic group which underestimates the dynamic of interaction between group (in other words the wrong unit of analysis), the absence of conflicts and power relationship. Although their emphasis is on the assimilation of immigrants, it is important to specify collective and individual mechanisms at play in contemporary cities and the role of urban policies in those. There is room to distinguish between a variety of mechanisms operating, at different level and in particular more individual ones by contrast to institutional and more collectivist ones.89

89. Waldinger also criticises this work which in his view does not emphasise what he sees as the crucial factor of integration: the labour market. Indeed the changing structures of inequalities in the US, income redistribution or the labour market are hardly taken into account. He argues (2002, p.15) that “Economic progress is the linchpin of assimilation driving all other shifts in the social structure of ethnicity”. For this author, after the orginal cluster phase, it is only when immigrants get a better income that they are able to increase their options, become less dependent upon their ethnic neighbours, move away to different neighbourhoods and jobs, diversify their interactions. Even if they keep strong link with their original
Most of the literature now emphasises the fact that beyond “assimilation issue”, “the American mainstream” was reshaped over the last century though the assimilation of different groups i.e. to show that assimilation is a two ways process through which the “American mainstream” is more composite and diverse hence making it easier for those who want to assimilate. That point is absolutely central to think about the reshaping of urban policy because cities all over the world are being transformed by the flux of various groups and the way they use the city, using urban policy in order to achieve assimilation or integration in the classic sense is probably irrelevant.

As sometimes happens in sociology, there is a major blind spot in this analysis i.e. politics and policies. The emphasis on the American mainstream is no reason to forget the difference of social structures, political opportunities, urban policies, and labour markets in different cities (Waldinger, 2002-2005; Hall, 2003; Jones and Correa, 2000). Cities have different resources, structures and capacity to respond to the problems of integration and assimilation.

It is quite clear that in most cities, the differentiation process between groups, ethnic groups in particular is one of the difficult and interesting issue for urban policy because they raise different questions in the public space or for social services but they also are a key asset for the dynamism of the city, its international networks. The new urban policy agenda is partly shaped by this question and should be so. Two principles may guide urban policy designers in that area:

- Urban policy cannot be just about classic welfare redistribution, the feminists have taught us a long time ago the limits of those
- Urban policy cannot just set the rules and let the individuals adapt and compete. The market is not very good at preventing social and spatial exclusion, exploitation, racism, shortage of social housing.

What we observe is that in a pragmatic way, not without conflicts and controversies, most urban policies in cities are a mixed of timid experience, straightforward multiculturalism, progressive adaptation: from the organisation of food at schools, to the building of mosque, temples and churches of different religions becoming visible in the public space, the delivery of social benefits to various members of the family, the representation to various attempt to control or interact with representatives of more or less structured communities, most urban policies are going along the way of some elements of multiculturalism, some element of universal services, some elements of positive discrimination. Systematising and developing those post-assimilationist urban policies is a major concern for cities.

**Social inequalities: middle classes against urban policy?**

Various urban forms are on the increase in the suburbs that are growing in most urban areas: beyond the dynamics of suburbanisation, scholars have pointed to the increase of gated communities (Bridge and Atkinson, 2005), secession crisis in Boudreau (Keil, 2002), the making of ghettos of rich, dynamics of privatisation, individualisation, fears of the public space. When looking at urban policy in terms of inequality, it is therefore essential to take into account two important trends:

- the difficulties of integration produced by different social actors, not only poor immigrants:
- upper classes refusing integration - self-segregation in cities, avoiding fiscal solidarity at the local or national level, etc.


ethnic community, once the spiral is in the making, their children are likely cross ethnic lines and to have different pattern of cultural beliefs and social interactions.
- destabilized middle-classes taken between wider collective mobilizations and defensive distancing from poorer groups increasing diversity of social links (strong/weak, bonding/bridging, interpersonal/with institutions, etc)

- processes of individualization:
  - Dissolution of social structures (and of the question of integration?) in the enchanted vision of the free moving and choosing individual?
  - or need for a more complex analysis of individualized trajectories of socialization within family/group/class structures, constraints and opportunities, and in relation with institutions and structured forms of regulation?

The rise of various types of mobility allows some individuals, some groups, to partially exit from the national society to which they belong or the cities where they leave. They can choose to exit but that remains pretty rare. Mostly, they can choose to partially exit: their culture, consumption, friends, jobs, housing, children, financial investment, may be organised at the transnational level or in relation to this level. They have a different set of opportunities which allow them to play at different level: the transnational scale, the national or the local/urban. This opportunity for partial exit allows them to negotiate their own position within the national social structure, for instance to actively campaign against high level of taxes, to escape taxation or to send their children to international schools and universities. This does not just apply to individual: large firms, religious organisations or environmental groups have some capacity to mobilise and invest resources at the national level but also at the international level, that gives them extra resources to put pressure on national structures. However, let’s not have an exaggerated view about mobilities, fixity is as important as mobility and mobility has to be shown empirically.

The point here is very similar to what Mike Savage and his colleagues have argued about the rise of “elective belonging” (Savage et al., 2005), i.e. that the differentiation and overlapping of various scales of interactions for individuals, beyond the national frontiers, open room of manoeuvres for individuals in terms of choice of residence, of social practices, of identity claiming, of investment of different resources (including time, social capital) in different territories. For Savage, in principle, mobility and individualisation increase the dynamics of choice for individuals and households: a major influence to blur national logics of stratification, distinction, national income or prestige hierarchies.

In different research projects, M. Savage, Tim Butler and their colleagues have emphasised this spatial dimension of class, in particular for middle classes. For Butler (2005) the differentiation of spaces for interaction opens the field of the possible for individuals, in terms of belonging and of negotiating their involvement in a given space. Individuals are to some extent able to choose or negotiate their belonging to one political or social space or another, and their degree of investment and interaction. Mobility and individualization open the way to logics of choice. However, uncertainty and risk associated with changes also reinforce interdependence between individuals and groups. In that sense, one wonders whether cities might become a level at which interdependence is structured to prevent risk.

For upper middle classes groups, their status often results from both their occupation (may be narrowly defined by a type of employment or a professional community) and a residential choice or trajectory. They partly define who they are by the place –neighbourhood, city, urban region- they live in

Historically, the upper classes in Europe have had a strong capacity to choose where they live – and they use it. In France, Pinçon and Pinçon-Charlot (1989, 2000) working on the upper class have identified the ‘spatial stamp’ of the bourgeoisie – a way of building and organizing ‘good districts’ in cities,
especially the largest ones. This has not disappeared. This geographical mutual reinforcement enables them to deploy inheritance and reproduction strategies: ‘this spatial segregation, pushed to the extreme, is in fact an aggregation, the choice of a social group, of a class, through which it is expressing its awareness of the group’s deep community of interests’ (2000: 54). The same thing was shown by Savage and Butler’s research on the UK middle classes (1995), particularly in relation to educational strategies.

European cities differ significantly from US ones on this point. Historically – and this is linked to the role of the city centre in European cities – the most privileged social strata (the cultural, political, and economic elites) have remained in the cities and in their centres, except in the UK. They have maintained and reproduced their presence, and they have accumulated economic, social, cultural, and political capital. New groups of managers and professionals have followed the same logic but they have settled less systematically in the centre, they also move to residential suburbs. European cities are rarely distinguished by urban crisis in the city centre, except in 19th-century industrial cities, ports, and some special cases such as Brussels or Frankfurt. On the contrary, their bourgeoisies have often been sufficiently active to push the building of factories and social housing out towards the periphery – more so in France and southern Europe, and less so in Scandinavia.

European bourgeoisies and aristocracies have not systematically deserted the centres of old European cities, and their presence has become more pronounced again since the 1980s. Comparative studies of social mobility show higher rates of upper-class segregation in European cities, and not merely in the larger metropolises in Burtenshaw (et al. 1991). However, some sections of the middle and upper strata have gradually settled on the peripheries of cities. In most European cities, it is easy to distinguish those suburban local authorities where there are concentrations of well-off households, including the richest (historically, they tend to lie to the west). In Scandinavian and Italian cities, the phenomenon was initially limited, but is now gaining momentum. It is more common in Germany and France. Areas of suburban houses or peri-urban developments and small, ethnically and socially homogeneous residential towns, largely of owner-occupiers, have developed on the periphery of cities, and these benefit from the two movements of urban growth and dispersal. Horizontal dispersal has gradually affected European cities but has not led to the decline of city centres, except in the cases mentioned above. Good districts and residential suburbs are especially visible in the biggest cities because there are more important households there, particularly in capital cities, close to government; but most European cities are experiencing this phenomenon on a lesser scale.

In the European context, we now see at the same time dynamics of gentrification in the classic sense of city centres, continuous embourgeoisement of historical bourgeois neighbourhood, the political construction of middle classes brand new neighbourhood close to city centres, corporation headquarters and financial districts and also some trend toward suburbanisation and the making of more or less gated communities. Making sense of those different dynamics, identifying what Lockwood used to call “the urban seeking”, versus the “urban fleeing” middle classes (1995) seems to us a fruitful way to understand inequalities.

**Territorialisation of welfare Social urban policies: urbanising social policies**

As inequalities are seen as more urban, social policies tend to become more urban social policies. There are two reasons for this: one is the attempt to be more precise and effective to deal with social problems, for instance urban poverty. The second has to do with the restructuring of the state and social policies, the decentralisation of penury (Pickvance and Préteceille, 1991) and the rescaling of the state, the welfare state in particular (Brenner, 2004). From a neo Marxist perspective, Jessop argues that states – and therefore urban policy- are being transformed as Schumpeterian workfare state concentrating upon two main functions: 1) through supply-side policies, to promote innovation in terms of products, processes, organisation and markets in the globalised economies in order to reinforce the countries' competitiveness,
and; 2) the subordination of social policies to the flexibility requirements of the labour market. In that case, urban policies are becoming more urban mobilised in favour of economic development, aiming at restructuring of social policy, local welfare state, through the privatisation of urban services, developing new forms of local politics and urban governance in terms of arrangements and exchanges between public and private players (the famous public-private partnerships in areas of growth), association members, which can make the mobilisation of new social actors and groups possible.

Because social policies are more decentralised, the question of the implementation at the urban level is becoming central (see for instance Bifulco and Vitale for Italy, 2005). The social question is now more central within urban policies because State social policies are being decentralised or eroded or have failed to be properly implemented. The regulation of the urban society through the use of social policies is therefore more important also because urban policy elites are often in the position of reshaping or cutting some of the expenditure. Those issues are becoming more salient for two reasons: the aging population and substantial level of poverty, sometimes on the increase.

Urban policies are in part related to state strategies and policies. As mentioned before, policies die hard and long term welfare state commitments are not that easy to undermine on a short term basis, not even at the time of the Thatcherite UK. OECD states are characterised by a diversity of institutional arrangement and generalisation is perilous. In cases where state intervention is more developed, urban policies and anti poverty strategies alike are developed upon a set of premises: 1) the state is legitimate to develop a policy, urban policy is a legitimate domain of state intervention; 2) there is a large body of state funding and public agencies which can be involved. Beyond all the local initiatives and partnerships, there is a robust welfare state with powerful mechanisms of redistribution through pensions, social security expenditure, public investments in major equipments (schools, hospitals, railways stations or universities). Most of these mechanisms are relatively long term, discrete and automatic. The relative stability of the importance of the state measured as a percentage of the GDP, with some exceptions, suggests a relative macro stability of this powerful base which, even if it is not called urban policy, provides a massive support to inhabitants within cities both in terms of services, jobs and revenue. In comparative terms, by contrast to the USA, or other OECD countries, European cities are far more dependent/supported by the welfare state and the public sector. This has two consequences: 1) urban elites are not so dependent upon business interests and middle classes, hence a much smaller degree of urban boosterism, less pressure from economic competition and 2) groups within cities and associations of cities are powerful interest groups to defend existing welfare patterns and to oppose radical cuts or reshaping. The strongest the welfare state, ie in the north of Europe, the strongest the welfare pillar of cities.

The long term trend of increasing resources for subnational governments, and cities in particular, is not uniform and masks large variations among and within countries. It is not just the result of the pressures from within the state but also the result of the strategy of state elites. Pickvance & Prêteceille (1991) had clearly shown that decentralising the management of cuts and shortages – i.e. decentralisation of penury- was a popular move among nation states elites. However, by contrast to the US, the support for urban policy has been relatively strong over time in Europe because 1) suburbanization has not taken place at the same scale, cities and the metropolitan area are growing and 2) lower middle classes from the public sector, often depending upon public employment still constitute the bulk of the cities social structure in most countries, less so in the South. Lower middle classes from the public sector are organised within the social democratic parties, the greens and sometimes the extreme left in Sellers (2002). Those groups play an active role within urban and national politics and are able to make demands at the national level to support the welfare state and cities. A good deal of middle classes also lives in the cities, hence an interest for good services, transports and schools for instance. In the European urban systems, there are therefore powerful forces at play which, by contrast to many US cities, support public investments in cities, urban policies more than anti poverty policies as such.
Beyond this macro dimension which is the basis upon which urban policies are based upon, what is labelled as “the urban crisis” questioned vertical policies and paved the way to all sorts of new, experimental, innovative urban policy programme which were aimed at tackling the crisis. There is no need in this chapter to come back on the dimensions of this urban crisis: process of deindustrialisation, marginalisation of the working class, rising and renewed forms of poverty, immigration, the retreat from the state in social housing, increasing unemployment, flexibility of the labour market, forms of privatisation of services and utilities. Waves of riots, mostly in France, Britain, Germany but also Belgium, the Netherlands, Denmark, less so in the south of Europe, epitomized and made visible in the media forms of urban crisis which were associated in the media to large housing blocks, youth unemployment, crime, immigrants. From the state point of view, urban policies are not central but state elites cannot accept too many problems in cities for revenue and social order reason. From a purely functionalist perspective, some degree of urban policy is useful for state elites for blame avoidance reason and to maintain social order but they are not crucial. This is the reason why most accounts of urban policies tend to emphasise the ad hoc nature of urban polices, the experiments, the incomplete institutionalisation, the multiplication of initiatives, the contradictions.

6. Changing instruments of urban policy

Urban policies are public policies: as such, they exist through the selection of policy instruments. General trends about this give some insight on how to restructure urban policies. The argument is that urban policy is less using classic interventionist tool and relies more upon regulation on the one hand, partnership and contract on the other.

The dynamics of growth of the state during the 20th century were accompanied by the development and diversification of public policy instruments and by the accumulation of programs and policies in the different sectors where the state intervenes as in urban policy. Each phase of state development or restructuring has been accompanied by a new wave of innovations relating to these instruments. That was the case during the rapid growth of the welfare state in the post war period that is obviously the case nowadays. The issue of reshaping urban policy makes sense within the general restructuring of public policies.

The current phase is no exception. The proliferation of actors and coordination instruments has been noticed in an ever-increasing number of sectors for instance in recently expanded areas of public policy, such as policies on risk (environmental risks, health risks, etc.) (Gunningham and Grabosky, 1998), the regulation (statutory or otherwise) of the market, building infrastructures, running utilities, and state or welfare state reforms in Moran (2003), urban policy in Cochrane (2006). Some authors have brought out a new paradigm: “the new governance” in Salamon (2002) & Rhodes (1996), or “new negotiated governance”, in which public policies are less hierarchized, less organized within a sector demarcated or structured by powerful interest groups (for example, urban policy, environmental policy, new social policies or the negotiation of major infrastructures) – at the risk of denying the interplay of social interests and of masking power relations. Over and above deconstructing this issue (as well as the limits of government and failures of reform), research into government and public policies has highlighted the renewal of public policy instruments either for the development of depoliticized formulas in “the new governance” or through fostering powerful mechanisms for the control and direction of behaviours in Hood (et al.1998).

In addition to the question of who governs – (Robert Dahl’s famous book) – as well as who guides, who directs society, who organizes the debate about collective aims – there is now the question of how to govern increasingly differentiated urban societies. Jean Leca’s definition of government (1995) differentiates between rules (the constitution), organs of government, processes of aggregation and direction, and the results of action. “Governing means taking decisions, resolving conflicts, producing
public goods, coordinating private behaviours, regulating markets, organizing elections, extracting resources, allocating spending” (Jean Leca, quoted by Pierre Favre 2003).

Globalized cities are parties to multinational regional logics of institutionalization (for instance the EU), to diverse and contradictory globalization processes, to the escape of some social groups and to economic flows, to the formation of transnational actors partly beyond the boundaries and injunctions of governments. Within the EU, for instance, the state no longer mints coins, no longer makes war on its neighbour; it has accepted the free movement of goods and people, and a central bank… Enterprises, social mobilizations and diverse actors all have differing capacities for access to public goods or political resources beyond the state – the capacities for organization and resistance that, in the 1970s, brought out the theme of the ungovernability of complex societies in Linders and Peters (1990) & Mayntz (1993). This literature has reintroduced the issue of instruments, through questions about the management and governance of public subsystems of societies and policy networks in Kickert (et al. 1997) & Rhodes (1997).

The state itself is increasingly differentiated. It seems to be a series of enmeshed agencies, organizations, flexible rules, and negotiations with an increasing number of actors. Public policy is characterized by ad hoc or contingency arrangements and enmeshed networks, by the random, by a proliferation of actors, multiple aims, heterogeneity, cross-linking of issues and changes in the scales of reference territories. The capacity for direction of the state is subject to challenge; it seems to be losing its monopoly, is less the centre of political processes or of conflict regulation, hence the importance of cities

More broadly, the proliferation of actors and coordination instruments in an ever-increasing number of sectors has brought out a new paradigm: “the new governance”, or “new negotiated governance”, in which public policies are less hierarchized, less organized within a sector demarcated or structured by powerful interest groups (for example, urban policy, environmental policy, new social policies or the negotiation of major infrastructures) – at the risk of denying the interplay of social interests and of masking power relations. Over and above deconstructing this issue (as well as the limits of government and failures of reform), research into government and public policies has highlighted the renewal of public policy instruments either for the development of depoliticized formulas in “the new governance” or through fostering powerful mechanisms for the control and direction of behaviours in Hood (et al. 1998).

- However, urban policy instrumentation and its choice of tools and modes of operation are generally treated either as a kind of evidence, a purely superficial dimension (governing means making regulations, taxing, entering into contracts, communicating, etc.), or as if the questions it raises (the properties of instruments, justifications for choosing them, their applicability, etc.) are secondary issues, merely part of a rationality of methods without any autonomous meaning.

Instrumentation is a significant avenue for reflection, primarily because it produces its own effects. In his major book on statistics, Desrosières (2002) has clearly shown this: “Statistical information does not fall from heaven, purely the effect of a ‘prior situation’. On the contrary, indeed: it can be seen as the temporary, fragile culmination of a series of equivalence agreements between beings that a multitude of disordered forces continually seek to differentiate and separate” (p.397). The common language and representations that drive statistics create the effects of truth and an interpretation of the world.

1) Public policy instrumentation is a major issue in public policy, since it reveals a (fairly explicit) theorization of the relationship between the governing and the governed: every instrument constitutes a condensed form of knowledge about social control and ways of exercising it and 2) that instruments at work are not neutral devices: they produce specific effects, independently of the objective pursued (the aims ascribed to them), which structure public policy according to their own logic. A Public policy instrument constitutes a device that is both technical and social, that organizes specific social relations
between the state and those it is addressed to, according to the representations and meanings it carries. It is a particular type of institution, a technical device with the generic purpose of carrying a concrete concept of the politics/society relationship and sustained by a concept of regulation. It is possible to differentiate between levels of observation by distinguishing between ‘instrument’, ‘technique’ and ‘tool’: for the sake of clarity we suggest to understand

- the instrument as a type of social institution (census taking, map making, statutory regulation, taxation);
- the technique as a concrete device that operationalizes the instrument (statistical nomenclature, a type of graphic representation, a type of law or decree);
- the tool as a micro device within a technique (statistical category, the scale of definition of a map, the type of obligation provided for by a legal text, presence/absence of sanction).

Public policy instrumentation means the set of problems posed by the choice and use of instruments (techniques, methods of operation, devices) that allow government policy to be made material and operational. Another way of formulating the issue is to say that it involves not only understanding the reasons that drive towards retaining one instrument rather than another, but also envisaging the effects produced by these choices. By way of indication, a brief catalogue of these instruments can be drawn up: legislative and regulatory, economic and fiscal, agreement- and incentive-based, information- and communication-based. But observation shows that it is exceptional for a policy, or even a program for action within a policy, to be mono-instrumental. Most often, the literature notes a plurality of instruments being mobilized and then raises the question of coordinating them (M.L. Bernelmans-Vides, et al. 1998).

For instance, the use of standards in urban policy and best practices shows how the sphere of standards has been extended, part of the process leading to the development of a regulatory state. Standards illustrate the tendency of the public authorities to delegate responsibility to private sector organizations for preparing and monitoring implementation of documents that sometimes have almost the force of law. They are among those low-profile policy instruments that are beyond the reach of the usual political processes developed through consultation between different interests. Public policy instrumentation reveals a (fairly explicit) theorization of the relationship between the governing and the governed. Weber too, in his analyses, stressed that administration and its techniques are interdependent with domination. Administration, according to Weber, is the system of practices best adapted to legal rational domination.

In order to clarify the place of instruments in the technologies of government, it is necessary to differentiate between its various forms and to distinguish five major models. This typology relies partly on the one developed by Hood and based on the resources mobilized by public authorities (modality, authority, pressure, institution) but suitably reformulated and supplemented, taking into account types of political relations organized by instruments and the types of legitimacy that such relations presuppose.

Legislative and regulatory instruments are tools that borrow from the routinized legal forms constituting the archetype of state interventionism. However, the latter is not homogeneous, and much of the literature of the sociology of law has shown that this type of regulatory instrument includes three fairly clearly articulated dimensions. First of all, legislative and regulatory instruments exercise a symbolic function, since they are an attribute of legitimate power and draw their strength from their observance of the decision-making procedure that precedes them. Beyond this eminent manifestation of legitimate power, legislative and regulatory measures also have an axiological function: they set out the values and interests protected by the state. Finally, they fulfil a pragmatic function, in directing social behaviours and organizing supervisory systems. These three functions are combined in different proportions, and there are very many examples of situations in which the symbolic dimension prevails over the organization of
methods of action. But sending out these political signals is part of a general pedagogical thrust, combining
the need to demonstrate will with the need to frame activities.

Economic and fiscal instruments are close to legislative and regulatory instruments, since they follow
the same route, deriving their force and their legitimacy from having been developed on a legal basis. However, they are perceived in terms of their economic and social efficiency. Their peculiar feature is that
they use monetary techniques and tools, either to levy resources intended to be redistributed (taxes, fees) or
to direct the behaviours of actors (through subsidies or allowing deduction of expenses). This type of
instrument must also be situated in relation to particular concepts of the state, which may be shown
through types of taxation (wealth tax; tax earmarked for social purposes; the system of taxing financial
products) or through the use of techniques such as deficit reduction or European convergence indicators.
Many urban policies were designed during the Keynesian redistributive welfare state, and followed that
road.

For ease, the three other types of instrument can be referred to under the heading of “new public
policy instruments” that are flourishing in urban policy. They have in common the fact that they offer less
interventionist forms of public regulation, taking into account the recurrent criticisms directed at
instruments of the “command and control” type. In this sense, they lend themselves to organizing a
different kind of political relations, based on communication and consultation, and they help to renew the
foundations of legitimacy. We shall end by presenting a few observations about these three categories –
instruments based on agreement, instruments based on information, and de facto standards.

- **Contracts, charter, and partnership**: This mode of intervention has become generalized in
a context strongly critical of bureaucracy – of its cumbersome yet abstract nature, and of the
way it reduces accountability. Further criticism has related to the rigidity of legislative and
regulatory rules and to the fact that their universality leads to impasse. In societies with
growing mobility, motivated by sectors and sub-sectors in search of permanent normative
autonomy, only participatory instruments are supposed to be able to provide adequate modes
of regulation. A framework of agreements, with the incentive forms linked to it, presupposes
a state in retreat from its traditional functions, renouncing its power of constraint and
becoming involved in modes of ostensibly contractual exchange. Ostensibly, the central
questions of autonomy of wills, of reciprocity of benefits, and of sanction for non-observance
of undertakings are rarely taken into account. The interventionist state (or urban leaders) is
therefore supposed to be giving way to a state that is prime mover or coordinator, non-
interventionist and principally mobilizing, integrating and bringing into coherence. The little
research conducted in this area concurs in the view that this type of instrument’s chief
legitimacy derives more from the modernist and, above all, liberal image of public policy, of
which it is the bearer, than from its real effectiveness, which is in fact rarely evaluated. This
has become central in urban policy where various types of contracts and partnership in order
to mobilise resources and capacity for collective action are essential. All the literature on
urban governance and urban regime points to this attempt to mobilise resources in a
coordinated way, with goals in Le Galès (2002). In many ways, urban policy is about
collective action and bringing together different actors with resources to deal with the urban
renovation or economic development issue over some years.

- **Communication-based and information-based**: these instruments form part of the
development of what is generally called “audience democracy” or “democracy of opinion” –
that is, a relatively autonomous public space in the political sphere traditionally based on
representation. There has been a decisive change since the 1970s, in the form of a reversal:
citizens’ rights of access to information held by the public authority have been developed into
obligations on the public authorities to inform citizens (‘mandatory disclosure’) in Barbach
and Kagan (1992). Instruments to increase participation of inhabitants have grown systematically and urban policy is increasingly about trying to include groups and inhabitants in the decision process through new policy instruments.

- **De jure and de facto standards**: these organize specific power relations within civil society between economic actors (competition-merger) and between economic actors and NGOs (consumers, environmentalists, etc.). They are based on a mixed legitimacy that combines a scientific and technical rationality, helping to neutralize their political significance, with a democratic rationality based on their negotiated development and the cooperative approaches that they foster. They may also allow the imposition of objectives and competition mechanisms and exercise strong coercion.

To give an example of this shift or urban policy when looking at the instruments, it is instructive to examine the example of the UK. Analysing urban policy in the UK is a rather demanding experience. There is no such thing as an “integrated urban policy”, but that is nothing exceptional (Le Galès, 2004). As one of the leading analysts puts it, in the UK case however, urban policy is first and foremost “an often bewildering range of short term government area-based urban programmes. Burgess et. al. (2001) recently identified 42 running concurrently” (Harding, 2005, p.74). The organisation of urban policy has, if anything, become steadily more fragmented over the years; new agencies were relentlessly created by Conservative and new Labour governments alike. Partnership and various types of non elected agencies were created all over the country to deliver specific programmes at the sub-national level with uncertain, changing relations to local government. The “agencification” of Britain (Bulmer and Flinch 2005) is particularly clear in the case of urban and regional policy, leading to a fair amount of competition between the agencies.

Very briefly, urban policy in the UK brings together several lines of public policy programmes:

- Classic urban policy in the physical sense: Housing, Urban regeneration, planning, transport, infrastructures
- Organisation of urban government/governance, centralisation of local (in particular urban government), City Regions
- Redistirbition/social policy with an urban focus
- Policies designed to enhance competitiveness with an urban focus
- General policy mainly delivering or organising services at the urban level (crime)
- The regional urban dimension: policy for London, Northern Way, and different policies in Scotland and Wales,
- Policies to control, audit evaluate the programmes

This diversity is not unusual in most countries although in Britain, in line with New Management Principle and analysis derived from economics (rational choice), the extent to which no attempt was made to integrate those different dimensions either in terms of agenda, organisation, implementation, delivery, policy discourse, is quite exceptional – even if the integration of policy programmes is no guarantee for effective policy implementation.
As is well known, under the conservative governments (1979-1997), a very long list of reforms and programmes led to the radical reshaping of urban policy in the following directions:

- The priority given to economic development, competition between cities, Large urban projects
- The demise of local authorities (resources) in the delivery of programmes and the creation of single purposed agencies (Urban Development Corporations for instance), including the destruction erasing of the metropolitan governments
- The leadership given to the private sector
- The competition between programmes and agencies organised at the national or regional level (City Challenge programmes or Single Regeneration Budget)
- Privatisation of social housing

All in all, a very different kind of urban policy gradually appeared but which never had a high level of political priority.

By contrast, the election of the New Labour government in 1997 (and subsequently in 2001 and 2005) gave rise to what appeared as a revival of urban policy. There is no surprise there as New Labour owed a lot to urban local authorities which kept the party in some form of power and gave it resources while it remained in the opposition for almost two decades.

Over the past few years, a whole range of initiatives and programmes have signalled what is sometimes labelled as the “the new urban policy”, evidence of which is signalled by the following elements:

- The first White Paper on urban policy in 20 years
- The creation of an Urban Task Force under the famous architect Lord Rogers and the creation of the Policy Action Teams, highly praised report in 1999 “Towards an urban renaissance”
- A reorientation of focus and priorities : to the urban competitiveness issue, new labour elites have added sustainable development, public services, anti poverty programmes,
- The reorganisation of local government including the creation of the Greater London Authority
- Creation of the “New Deal for communities” programme (area based) in several dozen of urban local authorities (partnership form) followed by the “New Commitment to Neighbourhood Strategy Action Plan”
- The priority given (quite late) to housing developments in the South East and in the North (Northern Way)
- The political weight of the “Office of the Deputy Prime Minister”, i.e. the aggregation of different ministers under the leadership of John Prescott a Northern MP from Hull and allied to urban and regional interests within New Labour
- The multiplication of programmes and strategic partnerships in order to deal with crime, education, health in the most deprived areas (Social Exclusion Unit, Heath Education Action Zones, Safer cities, Employment Zones, Housing Renewal Fund, English Partnership…)
- The development, in England, of a regional strategic framework to deliver and implement elements of the urban policy.
Urban policy under New Labour cannot be understood in isolation but rather as one element of a more transversal “modernisation” programme which aimed at adapting Britain to the globalising world with a competitive neo liberal understanding and analysis of globalisation. Above all, in the urban/local world, as in others, the New Labour inherited a central local government framework based upon weak local autonomy for local government, and strong central control exerted through performance measurement and audit, plus the development of partnership between local authorities, voluntary and local community organisations, the private sector. In contrast to the Conservatives however, the Blair-Brown government has pushed the “modernisation” agenda for local authorities including emphasis on autonomy, markets, opportunities, effective service delivery, ongoing process of reforms and target setting.

Most programmes within urban policy were designed to enhance the competitiveness of cities – and therefore of the UK - in a wide sense, comprising social and environmental issues, and to increase both the effectiveness and the efficiency of public programmes and public services. This was supposed to be achieved by the emphasis on “new modes of governance” and new policy instruments and not the return to the much criticised old style local government structure (by contrast to New Labour new governance). This new governance, whatever that means, is characterised on the one hand by an activist state which has also become a vigorously centralising state with the effective use of objectives, targets, synthetic indicators (CPA for instance) which have been relentlessly audited, inspected and, if needed, sanctioned. On the other hand, most programmes within New Labour have focussed on the participation of local communities at the neighbourhood level. Last but not least, although the business community has lost the systematic leadership granted to them in urban policy by conservative governments (much to their relief), private sector individuals and organisations are systematically included in the partnerships and given a prominent role, when they take it.

The urban policy under New Labour is therefore firstly characterised by an activist central government which is experimenting, launching a whole range of new programmes which special focus on delivery in different urban zones. Secondly, despite all the emphasis on partnership, the so called “new urban policy” is not much more than a “mille feuilles” made of the sedimentation of programmes, policy instruments, special programmes, using all sorts of policy instruments and targets in particular. Thirdly, following the asymmetric devolution of power in different parts of the UK has given rise to even more differentiated programmes, including within England. Fourthly, the rise and rise of partnership both at the urban and national level has maintained a very high level of fragmentation in the delivery of urban policy programmes, a point reinforced by the confusion among different zones and more or less systematic overlapping of competencies, leading at time to the “partnership fatigue” underlined by observers. The governance of those partnerships has also given rise to a number of worries as demonstrated in the recent report “Governing partnerships, bridging the accountability gap” which was published by the Audit Commission. In many places there seems to a contradiction which may contribute to explain why partnerships face some difficulties (and there is not doubt here that in many cases, partnership are an appropriate solution to deal with some issues such as urban regeneration): agencies and local governments are under financial and performance pressure in a systematic way hence a large degree of competition between them. Many contracts with voluntary sectors organisations are on a yearly base, another evidence of the short term culture contract which seems to be governing many public sector domains. On top of it, political leadership is weak as local leaders, with some exceptions, rarely have the time, the resources, the legitimacy of the money to be heavily involved in the running of those partnerships. The endless question of leadership in many areas rather hide the underlining structural problems : agencies in competition and short term contract and pressure to perform are unlikely to deliver effective partnership which requires clear guidelines, some elements of trust and cooperation, long term collective projects.

One interesting point here is the insistence of civil servants of judging “local government” by its capacity to take “tough decisions”. One wonders how “tough decisions”, whatever that means, could be taken within a world of overlapping partnership, strategies and fragmented agencies, weakly coordinated
by local government and under constant pressure from central government targets and objectives. It seems very unlikely.

There is a more general point to be made here. Public policies are increasingly started and implemented in relation to the new iron law of economists: they can only be justified is there is proper evidence of market failures, hence the obsession with “evidence based” policy. That mantra would require many detailed comments, including positive one. Let’s just observe that in the urban policy world, as in many others, this is an extraordinary narrow minded view of the world of public policy. There is a wealth of market failures as there is a wealth of government or governance failures. The whole point is “what is the evidence”? Firstly, to argue, as was done in some interviews with government civil services, that markets are superior and that a policy only makes sense if there is a clear market failure demonstrates a belief in the superiority of market mechanisms which, in the field of public policy, has never been systematically shown, far from it. This is therefore a matter of beliefs in the superiority of markets, not an evidence-based statement. Of course, on many areas of public policy, market mechanisms could be more effective, more efficient. However, in many cases, that is not the case. This is therefore a matter of quasi religious belief.

Also, the problem is to find evidence of market failure. Of course, many measurements have proved essential to improve public policies and the delivery of services. However, in a whole range of domains, the measurement is just not adequate, or does not make sense, or the proxy which is used to measure some failure is just not appropriate. Identifying evidence of market failures to believers in market based mechanisms which only believe “sound evidence” is therefore too often a no go area. Supposedly “evidence based” policy is often a catch word to justify the lack of investment or financial cuts. This brief overview shows how policy instruments within urban policy have massively changed over time: partnership and standards have become central, goals are not so clear.

**Conclusion**

Urban public policies are a difficult business and one often tends to conclude that the less serious the problem is, the more likely the policy may appear as a success. It follows that governments are even more eager to promote their initiatives, new programmes. The analysis of urban policy over time (Andersen, 2001, Atkinson 1999, Imrie and Thomas, 1999, Le Galès 1995, Cochrane, 2006) underlines the wealth of procedures, new schemes, new combination of policy instruments, a never ending process of policy initiatives, auditing, creation of organisation, an immense field of experimentation undertaken by local actors… as if this movement could dissimulate the lack of capacity to act on some basic issues of labour market, education or wealth redistribution. The power to design what is relevant and what should be excluded from the urban policy field as defined by the government is an important one. The rise of evaluation research, a good thing by other means, also lead to endless evaluation processes which do not question the boundaries and the categories of public policy as designed by the government, whatever the level or the power relationship between different groups. The French urban policy ignored for years the ethnic minorities’ questions in Morel (2002) & Garbaye (2005) while the UK urban policy tended for a while to leave out the question of poverty in Atkinson (1999). Public policy, whatever the label put upon them or the announced goals, are constantly shifted, redesigned as a result of conflicts between groups, organisations, interests, political entrepreneurs who try to define a cognitive frame, or several, a legitimate view of problems which will lead to action in their interests. This is the reason why the question of governance, coordination and coherence has become so crucial as reflected in the language and the policy instruments such as partnership, global approach, integration project, strategic programme, coalitions, leadership, contracts, governance, etc.


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H/CITIES AND CLIMATE CHANGE

Professor Oyebanji Oyeleran, Director,
and Dr. Edlam Abera Yemeru, Human Settlements Officer
Monitoring and Research Division, UN-HABITAT

1. Introduction

We are living in an ‘urban millennium’ in which, for the first time in history, more than half of humanity will be residents of cities. The world is urbanising rapidly. Rural populations are expected to contract from 2015 onwards and by 2030 a phenomenal 5 billion people will be living in cities. Much of the urban growth in the coming years will take place in developing regions of the world. Between 2000 and 2015, 65 million new urban dwellers are expected to be added annually, 93 per cent of these in developing countries. Asia and Africa are set to urbanise fastest and are expected to have urban populations of 54.5 per cent and 53.5 per cent respectively by 2030. By this time, over 80 per cent of Latin America’s population will be city-based. In such an urbanised world, climate change will have its greatest impacts in cities as this is where human beings, economic assets, cultural heritage and life support systems are concentrated. It follows that cities should be a central, if not a principal, focus of efforts to mitigate and adapt to climate change and its consequences.

2. The Vulnerability of Cities to Climate Change

Cities are directly affected by rising global temperatures induced by climate change and the consequent changes in weather patterns and sea levels. The increased incidence and severity of extreme weather events such as tropical cyclones, flooding, landslides, heatwaves and cold snaps will have severe consequences for cities and their inhabitants, not least because the geographical location of many of the world’s major urban settlements exposes them to hydro meteorological hazards.

Since ancient times, urban settlements have developed close to large bodies of water, including oceans, and today many cities are located near coastlines. Around 40 % of the world’s population lives less than 100 km from the sea, within reach of severe coastal storms. 360 million urban dwellers worldwide live in coastal areas that are less than 10 metres about seal level. Moreover, an increasing number of people are gravitating towards fast growing coastal cities. Indeed, 21 of the 33 cities which are projected to have a population of 8 million or more by 2015 are located in coastal zones. At the same time, a global rise in sea level of 0.2-0.9m is expected by the year 2100, potentially exposing millions of people to the related effects. If sea level rises by one meter, many coastal cities such as Buenos Aires, Rio de Janeiro, Jakarta, Lagos, Karachi, Mumbai and Kolkata, all ‘megacities’ with populations over 10 million, will be greatly threatened.

Forces of globalization continue to drive the sprawl of coastal cities that are often national, regional are global economic hubs. The concentration of wealth, infrastructure and people in cities inevitably attracts further investments and growth as well as new residents. However, urban growth, especially in developing countries, is rapid and largely uncontrolled thereby increasing the physical vulnerability of cities to the effects of natural disasters. Almost a billion urban residents now live in slums which are located in low
lying coastal zones, flood prone plains and ravines which are vulnerable to flooding, landslides, storm surges and other hazards. Cities in developing countries continue to spread into such hazardous locations in order to accommodate their poor residents unable to afford homes in safer areas. In Africa, slum dwellers constitute no less than 70% of the urban population whilst in the rest of the developing world, a still shocking 50% live in slums. Slum dwellers are most vulnerable to extreme weather related hazards as they lack the resources to cope with the impacts of climate change.

Climate change will expose cities and their inhabitants to extreme weather hazards (flooding, tropical cyclones etc). The degradation of coastal ecosystems around the world by cities further exposes their inhabitants to hydrological hazards. Rising temperatures will increase the risk of urban heat islands (and thus heat waves) affecting human health and productivity but also increasing energy consumption. Water supplies will be at risk of salinization, warming and evaporation due to higher temperatures. A rise in water tables is also expected, potentially reducing the safety of foundations of the urban built environment. Climate change will also have less dramatic and direct effects on cities. Already, climate change and the consequent extreme climatic variations has been identified as a factor causing rural populations in Africa to migrate to urban areas, thereby fuelling rapid and often uncontrolled urban growth. In turn, this exacerbates other risk factors such as the spread of settlements into easily accessible yet hazardous locations and unsafe building practices.

3. Contribution of Cities to Climate change

Whilst cities are threatened by the effects of climate change, they also contribute directly to global warming. Cities consume 80% of the world’s energy and are responsible for 75% of CO2 emissions that cause climate change. Direct sources of greenhouse gas emissions in cities include energy generation, vehicles, industry and the burning of fossil fuels and biomass in households. Emissions from vehicles and transport equipment are rising at a rate of 2.5% each year, and contribute not only to CO2 emissions, but also to local and regional pollution problems through the emission of carbon monoxide, lead, sulphur oxides and nitrogen oxides. The electrical energy for public lighting and transportation, and industrial, commercial and household consumption, is also a source of emissions. Industry is responsible for 43% of the global CO2 emissions from fossil fuel combustion. As the world’s urban population continues to increase rapidly, so to will the contribution of cities to climate change.

4. Strategies for Mitigation and Adaptation

National governments and cities can address climate change either through measures that seek to curb the process (mitigation) or strategies that enhance capacity to cope with its anticipated effects (adaptation). A number of measures can be adopted at the city level to mitigate climate change through the reduction of greenhouse gas emissions. These include:

- Renewable energy, cleaner production techniques and regulations to control industrial emissions;
- Energy efficient housing and construction, including simple measures such as solar water heating, adequate insulation, double glazed windows and improved architectural designs for heating or cooling;
- Strategies to reduce vehicle emissions and promote non-motorized transport;
- Localised, cleaner energy generation systems;
- Waste-to-energy conversion systems.

Successful examples of programmes to reduce CO2 emissions are already available (see Box 1). Behavioural changes are fundamental for such emission reduction strategies to be effective. For example, to reduce emissions from the transport sector, it is necessary to encourage people to change their travel habits and opt for more sustainable modes.
**BOX 1: City level successes in CO2 reductions**

**Clean Vehicles slash tons of CO2 annually, Stockholm, Sweden**

With a population of 775,000, Stockholm has the highest percentage of vehicles in Europe. Not only are the city’s vehicles on the way to being 100% clean by 2010, but citizens of Stockholm are also going green at a fast rate, with 5% of all vehicles now either hybrid or using biofuels. The Clean Vehicles programme in Stockholm is committed to achieving 100% clean vehicles by 2010 and ensuring 80% of cars run on clean fuels. Critical to the success of this programme has been the expansion and enhancement of biofuels. The city government has also provided several incentives including free parking, removal of congestion charges and subsidies for cleaner vehicles. The national government offers tax discounts, to owners of clean vehicles and also provides grants to biogas stations. It is also mandatory for fuel stations to provide clean fuels. The programme has succeeded in reducing Stockholm’s CO2 emissions by 200,000 tons a year.

**Halfway to becoming fossil fuel free, Växjö Sweden**

Växjö is a city of 78,500 inhabitants. An incredible 51 per cent of Växjö’s energy comes from sources such as biomass, renewable electricity, geothermal and solar energy sources. In little over a decade, emissions have been reduced by 24 per cent per person to 3.5 tons of CO2 annually, well below the European (8CO2t/a) and world (4CO2t/a) averages per annum. Since 1993 the city has been monitoring CO2 emissions closely. In 1996, a ‘Fossil Fuel Free Växjö’ policy was introduced with a commitment to reduce CO2 emissions per capita in heating, energy and transport by 50% by the year 2010 and by 70% by 2025. This policy incorporated a number of other measures including reduction of per capita electric energy use and an increase in the use of non-motorised and public modes of transport. The city is well ahead of its goals with these commitments, having achieved an average annual reduction of 4,951 tons of CO2 emissions in heating, electricity and transport between 1993 and 2005.

**Gas emissions reduced by 40% through a Bus Rapid Transit System, Bogotá, Columbia**

Bogotá has a population of 6,981,500. The Bogotá Transmilenio System is a rapid bus transit system which consists of 850 buses and serves 1,400,000 passengers per day. The system has managed to reduce the city’s gas emissions by 40%. It was initiated with a view to improving public transport, restricting private automobile use, expanding and improving bicycle paths and enhancing public space. The system operates 18 hours a day and has dedicated lanes, large capacity buses and elevated bus stations that allow pre-board ticketing and fast boarding. By 2012, the Transmilenio is expected to serve 1.8 million passengers.

**Fuel-Substitution for Diesel-Fed Songteaws, Chiang Mai, Thailand**

Chiang Mai is the second largest city in Thailand with a population of 170,348. The city designed a master plan for improving air quality to be operational from 2000 to 2010. One of the highlights of this plan is the production and utilization of bio-diesel as alternative fuel for songteaws. Songteaws (converted pickup trucks) are the main public utility vehicles in the city, with 2,710 providing services to residents. A study in 2002 illustrated that the city’s transportation sector accounted for 106,978 tons of CO2 emissions of which 27,169 tonnes came from songteaws. A pilot project involving 1,000 songteaws has produced annual carbon savings of 267 tonnes.


In addition to curbing emissions, cities can pursue strategies to adapt to the effects of climate change, some of which are already underway. The expansion and growth of cities in particular should be managed with the risk of sea level rise in mind. For instance, land-use planning and building controls should consider the expected impacts of climate change. Improving disaster risk reduction capacity (preparedness, response and recovery) is also fundamental in preparing cities to cope with the effects of climate change.

Such city level strategies need to be implemented with the support of national level policy and legislative frameworks. Governments can facilitate city level strategies by integrating climate change issues in national level policy and development strategies. In the absence of national policies or legislation, approaches to emission reduction at the sub national level may be non-existent or divergent.
Cities can learn from the experiences of climate change mitigation strategies implemented by other cities. In turn, experiences from the city level can feed into and inform global policies. Cities should also work in partnership with international agencies and networks, such as the Cities for Climate Protection (CCP) through which more than 800 local governments have committed to integrate climate change mitigation into their decision-making processes and the C40 Cities: Climate Leadership Group, a group of 18 of the world’s largest cities working together to reduce green house gas emissions.

5. Policy Challenges for National and Local Authorities to Tackle Climate change

A key factor that hinders the development and implementation of climate change policies is the uncertainty in the assessment of potential risks of climate change and the costs of averting it. This uncertainty creates differences in perceptions of the threats posed by climate change, how to tackle it and the urgency for action. Uncertainty makes it especially difficult to identify design targets for adaptation. Adaptation strategies require long time horizons, and are thus not popular with governments which tend to focus on shorter time frames. A focus on adaptation now may be perceived as a commitment of scarce public resources to a threat which is not seen as imminent. Thus, climate change policy has so far focused largely on mitigation, despite the need for adaptation to climatic changes that are already underway.

Affordability is a key factor determining the implementation of measures to mitigate climate change. Climate friendly technologies are not always cheap, or market friendly, and new technologies may not be developed at the required pace and scale, preventing their uptake by national governments and city authorities. Balancing the current investment and economic growth needs and priorities of cities with longer term strategies to curb climate change trends is a particular concern for developing countries, but also for developed nations. The cost implications of adaptation strategies (including the reduction of CO2 emissions) are often too high for many developing countries. Thus, developing countries, and their cities, concerned with economic growth and poverty reduction may be reluctant to cut emissions.

City level adaptation strategies should be both economically viable and not overly burdensome on the urban poor. For instance, it is possible for government measures to encourage urbanization away from coastal locations to disproportionately affect inhabitants of informal settlements. Furthermore, certain strategies, such as land use planning, may be met with resistance in coastal cities if they go against economic investment interests.

A major challenge for cities relates to the rapid and uncontrolled expansion of informal settlements (slums) which are most vulnerable to the effects of climate change. Addressing the slum challenge will contribute significantly to reducing human vulnerability to the effects of climate change in cities. This is exacerbated by the lack of institutional and legislative capacity at the local government level in developing countries which limits the adoption and implementation of climate change priorities.

National governments may not be obliged to cut emissions given dissent and mistrust at the international level with regards to the climate change challenge. This is evident, for instance, in the case of the Kyoto protocol and the difficulty for countries to reach consensus on the modalities of its adoption and implementation. The different interests and perspectives of developed and developing countries make it difficult for a consensus to be reached regarding cuts in carbon emissions, as illustrated most vividly by the stand-off between the US and China with regards to the Kyoto protocol.

6. Conclusion

A recent report of the Intergovernmental Panel of Climate Change (IPCC) has illustrated beyond doubt the scientific link between anthropogenic (human) greenhouse gas emissions and climate change. The debate on climate change should thus focus less on questioning the human impacts on climate change, and more on the identification of appropriate mitigation and adaptive strategies. Cities are the main
contributors as well as potential victims of climate change and should thus be central to international, national and local level climate change policies.
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25 Sherbinin et al, 2007
26 Zhang, 2007
27 Zhang, 2007
McGranahan et al, 2007

Satterthwaite, 2006

Nicholls and Hoozeman, 1996.

Leopold, 2007

Najam, 2003; Zhang, 2007

IPCC, 2007
APPENDIX – FIGURES

Figure A.1 Travel to work flows to selected English cities, 2001: professional and managerial workers
Figure A. 2. Travel to work flows to selected English cities, 2001: routine and unskilled workers
Figure A. 3. GVA in UK NUTS 3 areas, 2003
Figure A.4. GVA in UK NUTS 3 areas, 2003
Figure A.5. Percentage change in GVA in UK NUTS 3 areas, 1995-2003
Figure A.6. Percentage change in GVA per capita in UK NUTS 3 areas, 1995-2003
Figure A.7. Trends in NUTS 3 in Scotland

Regional Share of GVA
% Change 1995 - 2003

-0.7
-0.6 - 0.5
-0.4
-0.3
-0.2 - 0.1
0.0 - 0.1
0.0
0.1 - 0.0
0.1 - 0.4
0.5 - 1.9

Mapping by: Salford GIS

Source:
GVA statistics - National Statistics website: www.stats.gov.uk
NUTS boundaries - Geoserver TID

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Figure A.8 Change in GVA share by NUTS 3 areas in Northern Ireland, (1995-2003)
Figure A.9. Change in regional GVA share by NUTS 3 areas in England's north East region (1995-2003)
Figure A.10 Change in regional GVA share by NUTS 3 areas in England’s Yorkshire and the Humber region (1995 – 2003)
Figure A.11. Change in regional GVA share by NUTS 3 areas in England's North West region (1995-2003)
Figure A.12. Change in regional GVA share by NUTS 3 areas in Wales (1995-2003)
Figure A.13. Change in regional GVA share by NUTS 3 areas in England’s East Midlands region (1995-2003)
Figure A.14. Change in regional GVA share by NUTS 3 areas in England's West Midlands region (1995-2003)
Figure A.15. Percentage in regional GVA share by NUTS 3 areas in England’s South West region (1995-2003)
Figure A.16. Percentage in national GDP accounted for by areas at Territorial Level 3 in 2003: Ireland
Figure A.17. Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Ireland

Source: OECD Territorial database
Figure A.18. Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: South Korea

Source: OECD Territorial database
Fig A.19. Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: South Korea

Source: OECD Territorial database
Figure A.20. Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Slovak Republic

Source: OECD Territorial database
Figure A. 21 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Slovak Republic

Source: OECD Territorial database
Figure A. 22 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Denmark

Source: OECD Territorial database
Figure A.23 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Denmark

Source: OECD Territorial database
Figure A.24 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Norway

Source: OECD Territorial database
Figure A.25 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Norway

Source: OECD Territorial database
Figure A.26 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Finland

Source: OECD Territorial database
Figure A.27 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Finland

Source: OECD Territorial database
Figure A.28 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Sweden

Source: OECD Territorial database
Figure A.29 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Sweden

Source: OECD Territorial database
Figure A.30 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: France

Source: OECD Territorial database
Figure A.31 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: France

Source: OECD Territorial database
Figure A.32 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Germany

Source: OECD Territorial database
Figure A.33 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Germany

Source: Territorial database
Figure A.34 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Netherlands

Source: OECD Territorial database
Figure A.35 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Netherlands

Source: OECD Territorial database
Figure A.36 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Greece

Source: OECD Territorial database
Figure A.37 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Greece

Source: OECD Territorial database
Figure A.38 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Portugal

Source: OECD Territorial database
Figure A.39 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Portugal

Source: OECD Territorial database
Figure A.40 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Turkey

Source: OECD Territorial database
Figure A.41 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Turkey

Source: OECD Territorial database
Figure A.42 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Poland

Source: OECD Territorial database
Figure A.43 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Poland

Source: OECD Territorial database
Figure A.44 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Hungary

Source: OECD Territorial database
Figure A.45 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Hungary

Source: OECD Territorial database
Figure A.46 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Czech Republic

Source: OECD Territorial database
Figure A.47 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Czech Republic

Source: OECD Territorial database
Figure A.48 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Spain

Source: OECD Territorial database
Figure A.49 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Spain

Source: OECD Territorial database
Figure A.50 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Austria

Source: OECD Territorial database
Figure A.51 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Austria

Source: OECD Territorial database
Figure A.52 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Italy

Source: OECD Territorial database
Figure A.53 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Italy

Source: OECD Territorial database
Figure A.54 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Belgium

Source: OECD Territorial database
Figure A.55 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Belgium

Source: OECD Territorial database
Figure A.56 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Mexico

Source: OECD Territorial database
Figure A.57 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Mexico

Source: OECD Territorial database
Figure A.58 Percentage of national GDP accounted for by areas at Territorial Level 3 in 2003: Japan

Source: OECD Territorial database
Figure A.59 Annual rate of GDP change in Territorial Level 3 areas, 1998-2003: Japan

Source: OECD Territorial database