Cities: New Frontier Zones in Development Processes

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- Opening up a strategic space for developing new categories, instruments , variables through which to understand “development”.

What are the norms wired into current “development”

- Norms are wired into many of the processes we call development, and since the 1980s , these norms are often about privileging certain sectors (finance, for instance) and certain notions about what is growth.

The result

- A sharp emphasis on modes of growth that produce extreme inequality, an impoverishment of the middle classes, and a sharp growth of the poor in the world…

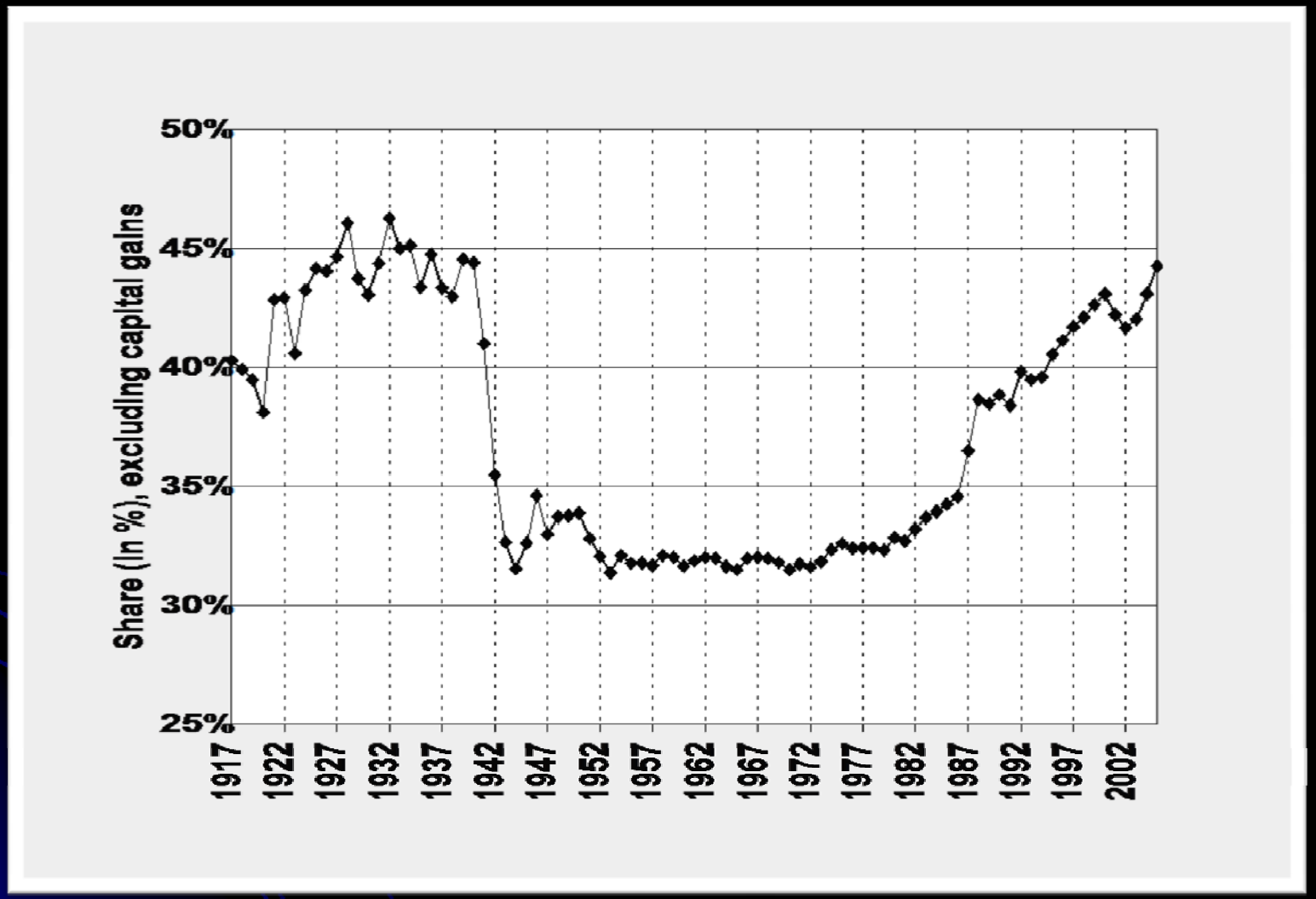
How does the city fit in?

- How does the city help to constitute processes that have new types of norms and ethics wired into them.
- Wired into the actual process – not just depending on leaderships insisting on them, talking about them.
- Problem is in good part structural –what is seen as “development”, growth is the problem.

- Notion that “development“ is the “problem” of poor countries. I think this is incorrect.
- Our current model of development often produces ‘underdevelopment’ and we then see a need for ‘development’.
- A high GDP growth rate is seen as automatically good. But the question is what kind of distribution and what content.

- The interaction of structural processes, policy and distributive outcomes can be illustrated with data for the US.

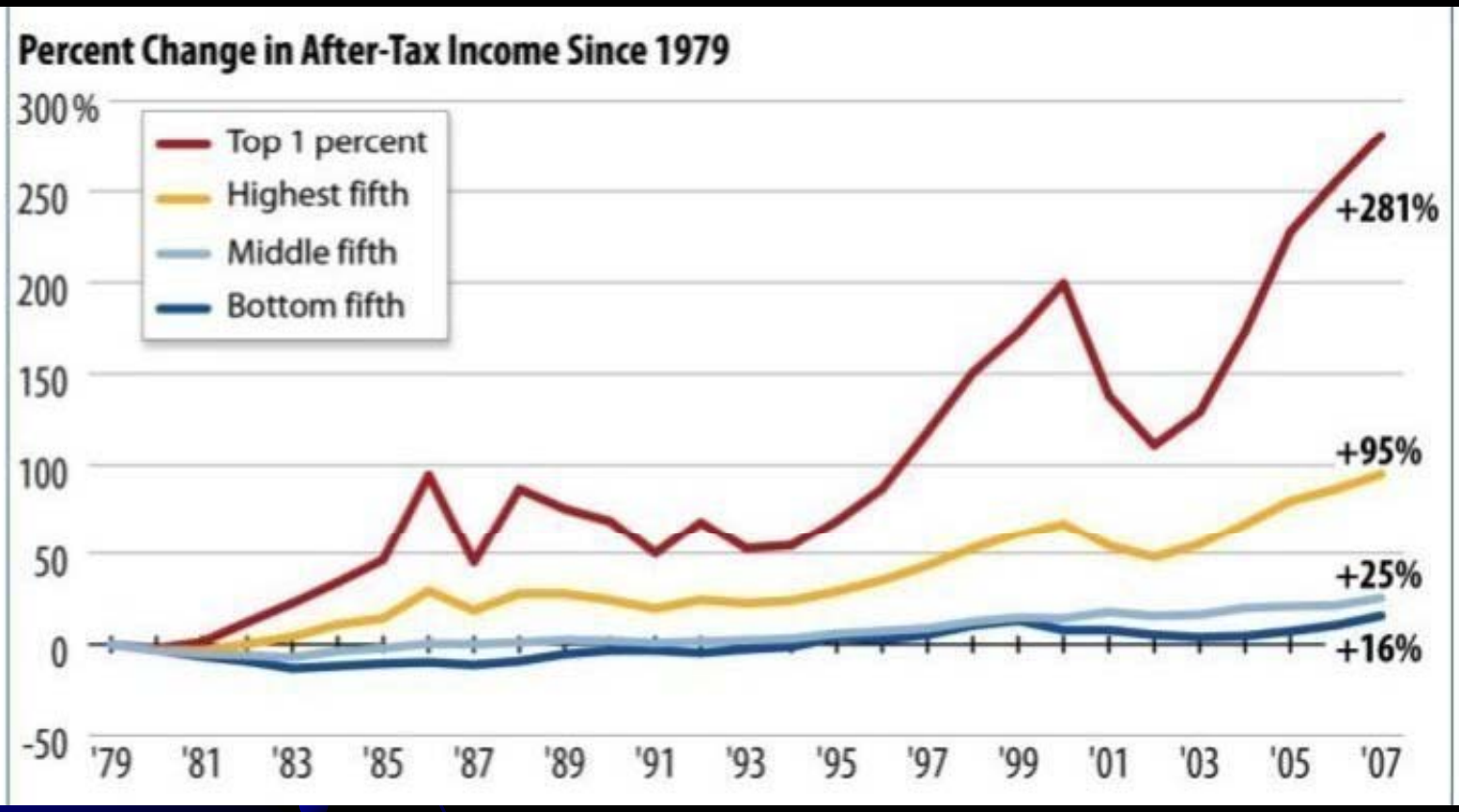
Table 1: Top Decile Income Share, 1917-2005



*Income is defined as market income but excludes capital gains

Source: Mishel, L. 2004. "Unfettered Markets, Income Inequality, and Religious Values." *Viewpoints.* May 19, 2004. Economic Policy Institute. Retrieved July 26, 2008 [www.epi.org/content.cfm/webfeatures_viewpoints_moral_markets_presentation.]

% CHANGE in After-Tax Income, USA 1979-2007



Expulsions: Foreclosures

- 2006 : 1.2 million foreclosures, up 42% from 2005. This is: One in every 92 U.S. households
- 2007: 2.2 million forecls, up 75% from 06
- 2008: 3.1 million, up 81% from 07
- 2009: 3.9 million (or 1 in 45 US hholds)
- (From 2007 to 2009: 120% increase in forecls)
- 2010: 2.9 mill forecls. (2006-2010: total 14.2 mil)

- Source: RealtyTrac 2007, 2008, 2009, 2010; Blomquist 2011

Dead Cities

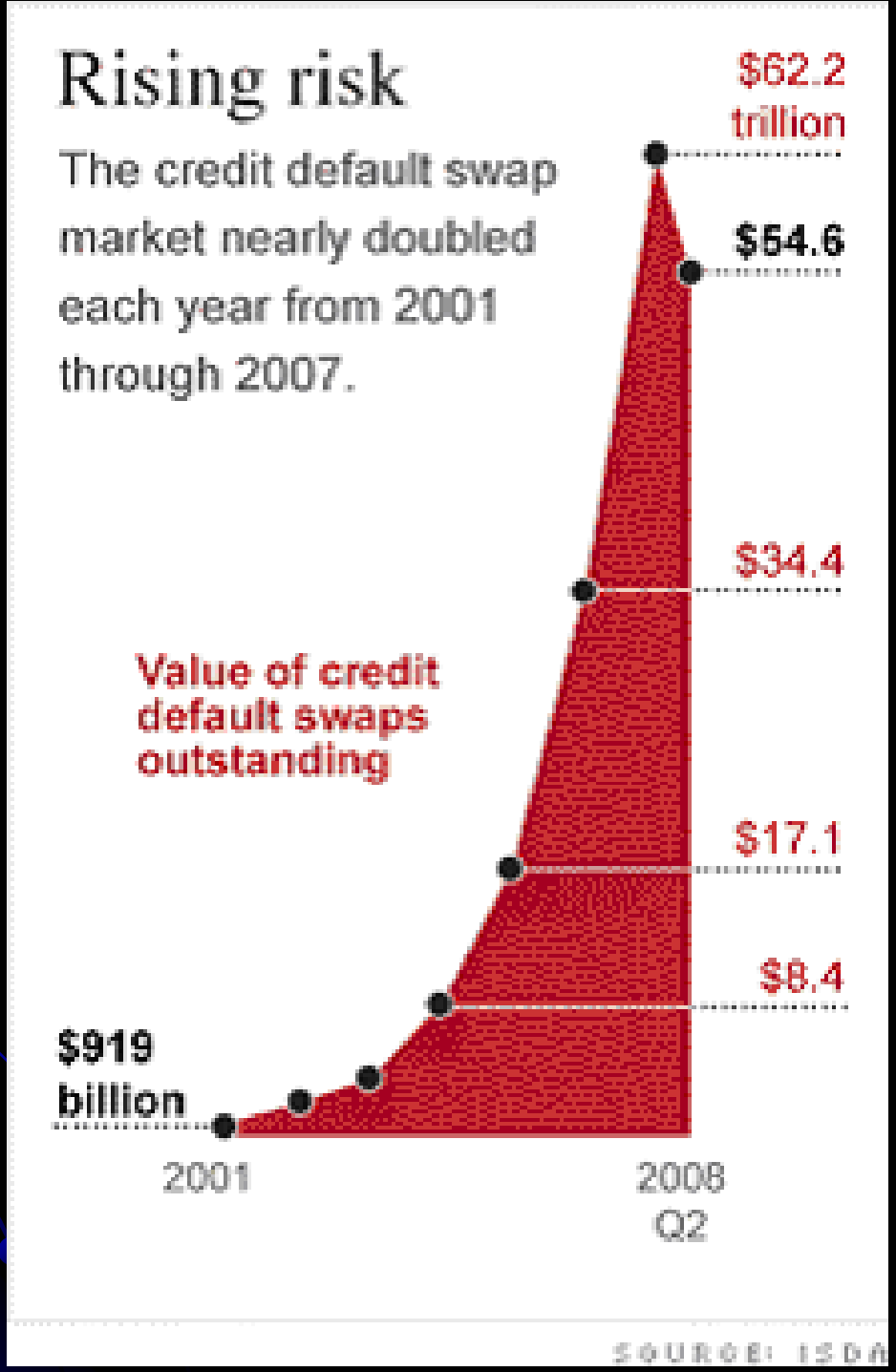
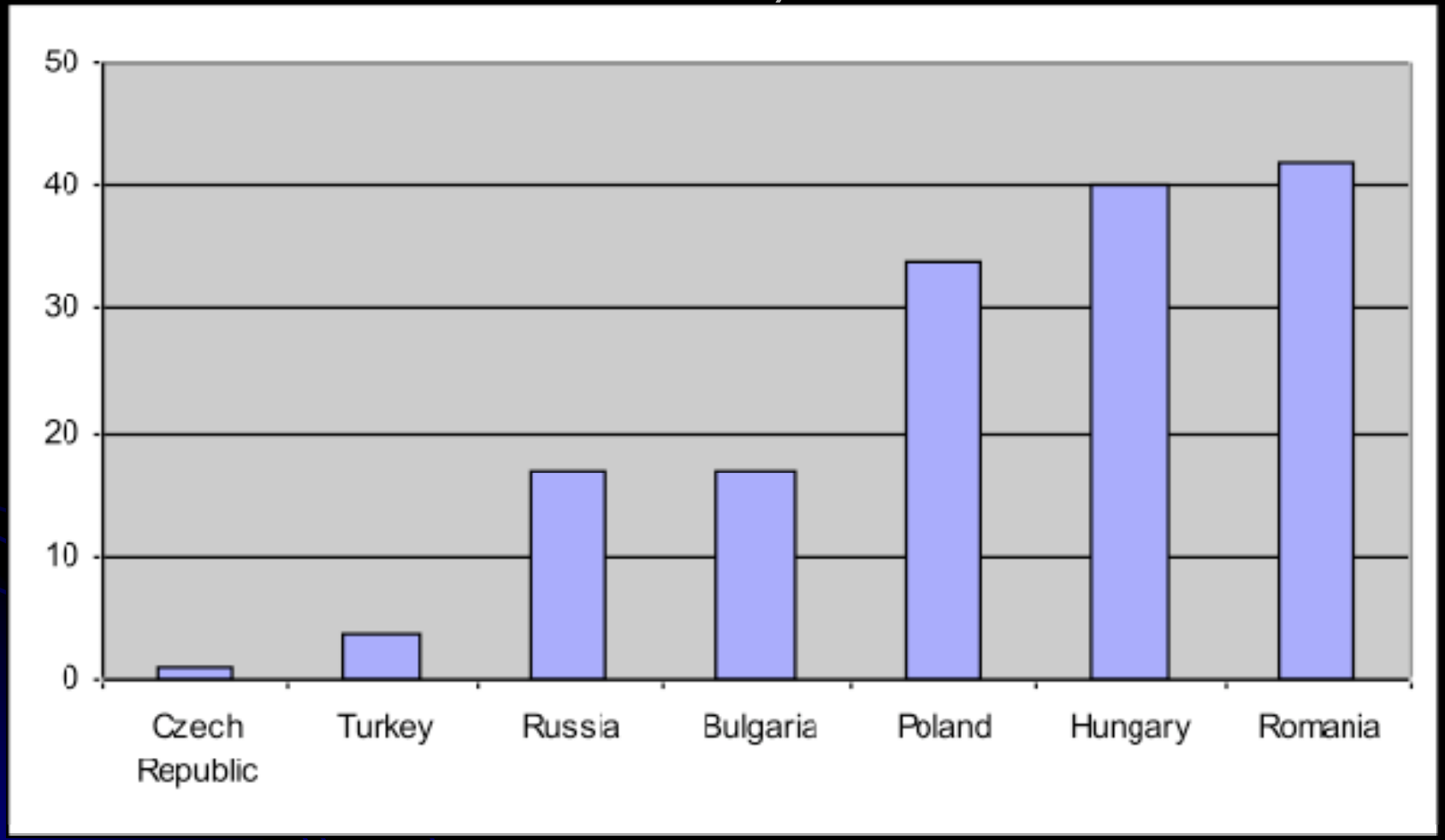

Rising risk
The credit default swap market nearly doubled each year from 2001 through 2007.
$62.2 trillion
$54.6
$34.4
Value of credit default swaps outstanding
$17.1
$8.4
$919 billion
2001
2008 Q2
SOURCE: ISDA

Table 8: Ratio of Household Credit to Personal Disposable Income (2000-05)

	2000	2001	2002	2003	2004	2005
Emerging Markets						
Czech Republic	8.5	10.1	12.9	16.4	21.3	27.1
Hungary	11.2	14.4	20.9	29.5	33.9	39.3
Poland	10.1	10.3	10.9	12.6	14.5	18.2
India	4.7	5.4	6.4	7.4	9.7	…
Korea	33.0	43.9	57.3	62.6	64.5	68.9
Philippines	1.7	4.6	5.5	5.5	5.6	…
Taiwan	75.1	72.7	76.0	83.0	95.5	…
Thailand	26.0	25.6	28.6	34.3	36.4	…
Mature Markets						
Australia	83.3	86.7	95.6	109.0	119.0	124.5
France	57.8	57.5	58.2	59.8	64.2	69.2
Germany	70.4	70.1	69.1	70.3	70.5	70.0
Italy	25.0	25.8	27.0	28.7	31.8	34.8
Japan	73.6	75.7	77.6	77.3	77.9	77.8
Spain	65.2	70.4	76.9	86.4	98.8	112.7
United States	104.0	105.1	110.8	118.2	126.0	132.7

Source: IMF Staff estimates based on data from country authoriies, CEIC, OECD, and Bloomberg

Table 11: Share of Foreign-Currency-Denominated Household Credit, End-2005 *(In percent of total household credit)*



Source: IMF 2006. "Global Financial Stability Report: Market Developments and Issues." *IMF: World Economic and Financial Surveys.* September, 2006. Retrieved August 26, 2008. [http://www.imf.org/external/pubs/ft/GFSR/2006/02/pdf/chap2.pdf] p. 54

Expulsions from the land

From 2006 to 2010: 70million hectares of land in Afri ,LatAm, Cambodia, Ukraine bought/leased by rich govts,firms,fin firms

- The land is now more valued than the people or activities on it
- The active making of surplus populations
- Novel assemblage of Territory/Authority/Rights

Africa: main target for land acquisitions.

- Sudan: South Korea has signed deals for 690,000 hectares and the United Arab Emirates (UAE) for 400,000 hectares.
- Ethiopia: Saudi investors are spending $100m to raise wheat, barley and rice on land leased to them by Ethiopia's government; they received tax exemptions and export the crop back to Saudi Arabia.

- Congo: China secured the right -to grow palm oil for bio-fuels on 2.8m hectares – this would make it the world's largest palm-oil plantation.
- Zambia: China is negotiating to grow palm oil for bio-fuels on 2m hectares.

Russia and Ukraine

- Much buying of privatized land in the former Soviet Union, especially in Russia and Ukraine: some cases in 2008:
- A Swedish company (Alpcot Agro), bought 128,000 hectares in Russia.
- South Korea's Hyundai Heavy Industries paid $6.5m for a majority stake in Khorol Zerno, a company that owns 10,000 hectares in eastern Siberia.

More Russia and Ukraine

- Morgan Stanley bought 40,000 hectares of agricultural land in Ukraine.

- Gulf investors are planning to acquire Pava, the first Russian grain processor to be floated on the financial markets to sell 40% of its landowning division, giving them access to 500,000 hectares.

Consequences

- The land is now more valued than the people or activities on it
- The active making of surplus populations
- Novel assemblage of TARs

The City

- A space for the making of the social, the political, the economic,
- And a lens to understand larger processes
- To address some of the larger normative questions organizing this congress, we need to understand not just the rapid growth of the urban population but also some of the sources of this growth

- This complexity of the city makes it also a critical space for understanding and implementing some of the aim of rethinking development of this conference.

- What are some of the features of the city that might help in developing a new approach to development, to constitute processes that have new types of norms and ethics wired into them – not just depending on leaderships insisting on them, talking about them.

Makes visible the making of inequality

- The city makes the juxtaposition of high growth , high price redevelopment of certain areas visible, and the displacement/impoverishment.
- In this process also makes visible the people and modest shops displaced by luxury development.

Urban Politics. The Right to the City

- In this visibility lies a politics, or at least the possibility of a politics. It is one element. Tahir Square, Tel Aviv and other Israeli cities. Earlier the anti-gentrification struggles.
- In poor areas: Urban Violence as a form of speech.

Making presence

- The city gives the possibility to the poor and disadvantaged to become present to power, and, as important, to each other. The making of a multitude.
- Making presence as a form of politics.

- New social media, the power to convoke which takes on its full magnitude in cities, more so than rural areas..

The Urbanizing of Global Governance Challenges

- when we consider the fact that most global governance challenges become concrete in cities, we can say that changing some of the core norms embedded in current development models, must also take place in cities.

Global Cities and Mega-Regions

- Major shifts in the scales, spaces, and contents of economic activity lead to novel spatial formats.
- Most prominent: global cities and mega-regions.
- Both contribute to old and new intercity geographies.

Enormous variety of global circuits connecting cities

- Some global circuits are specialised/some are not.
- Some are worldwide, others are regional.

Each circuit contains specific countries and cities.

For instance, Mumbai is today on a global circuit for commercial real-estate development/investment that includes firms from diverse cities: London and Bogotá

- Global commodity trading in coffee includes New York and São Paulo as major hubs. Global commodity trading in sunflower seeds includes Buenos Aires, Chicago and Mumbai. Gold includes Sao Paulo, Johannesburg, Sydney, Dubai, Mumbai, New York London, Zurich.

Specialized differences feed growing nr of global cities

- Each of the 100 plus major and minor global cities in the world contributes to the production of these capabilities in its home country, and thereby functions as a bridge between its national economy and the global economy.

There is no perfect global city

- When firms go global they locate operations in multiple cities: they are entry points into national economies.
- This bridging capacity is critical: the multiple circuits connecting major and minor global cities are the live infrastructure of the global economy. It indicates, again, that cities do not simply compete with each other.
- Today's global phase does not function through one imperial global capital that has it all.

- A global firm does not want one global city, even if it is the best in the world. Different groups of cities will be desirable to different types of firms, even if some of these cities may have some serious negatives. This helps explain why there is no one ‘perfect’ global city.

Overall Ranking: WCOC Index, Top 20

1	London	79.17
	New York	72.77
	Tokyo	66.60
	Singapore	66.16
	Chicago	65.24
	Hong Kong	63.94
7	Paris	63.87
8	Frankfurt	62.34
	Seoul	61.83
10	Amsterdam	60.06
11	Madrid	58.34
	Sydney	58.33
	Toronto	58.16
14	Copenhagen	57.99
15	Zurich	56.86
16	Stockholm	56.67
	Los Angeles	55.73
	Philadelphia	55.55
	Osaka	54.94
20	Milan	54.73

The need for shifts in our interpretations of change

- These shifts in the scales, spaces, and contents of economic activity call for:
- a) shifts in our interpretations of economic change, and
- b) shifts in our policy frameworks
- *If* we are to maximize the benefits and distributive potential of these novel spatial formats.

Different spatial formats/similar economic dynamics

- Megaregions and global cities are different formats.
- But analytically we can identify similar dynamics at work in both.

Two such dynamics stand out

. Scaling and its consequences –in this case mega-regional scaling and global scaling.

The interaction between geographic dispersal and new kinds of agglomeration economies -- in this case operating respectively, within a mega-region and between the global economy and global cities.

The advantages of common analytic ground

- Specifying a common analytic ground for these two very diverse spatial formats should enable us to develop a sharper approach to empirical research, and possibly, policy.
- These diverse spatial formats also should help in assessing the extent to which policy decisions can encourage greater economic integration between a country's more globalised city (or cities) and its other territorial areas.

Connecting ‘winners’ and ‘laggards’

- In today’s world these *other* areas tend to perform subordinate functions within the national territorial hierarchy.
- At a mega-regional scale it should be possible to connect the ‘winners’ and the ‘laggards’ of a country’s major regions.
- The mega-region then becomes a scale that includes both globalizing and provincial cities, both urban and rural economies.

Articulating the fortunes of ‘winners’ and ‘laggards’

- One consequence:
- Not only ‘winners’ get privileged, as is typical with “targeting” of resources to enable the formation of world-class cities and silicon valleys. Also ‘laggards’ become an active part of a growth-oriented economic policy.
- More precisely, laggards can be enabled to become dynamically interconnected with winners *within* a mega-region.

- To some extent this would replicate current practices at the global scale, notably outsourcing to low-cost areas.
- But it should also generate novel effects (more just effects?) because the low-cost area is within a mega-region that is within a single country.

Many advanced sectors contain low-profit and low-wage sub-sectors

The hope would be that rather than pursuing the usual economic policies focused on the most advanced sectors, this would make a strong case for concentrating upon the poorer regions.

Often, a preference for both extremes: a global city and a low-wage area

- Many advanced economic sectors combine sufficiently diverse tasks that they have both
- A preference for lower-cost areas for some of these tasks (e.g., outsourced jobs),
- and at the *same* time
- A preference for dense high-cost areas for other tasks (e.g. global cities).

- This type of framing would bring value to poorer areas within the most developed countries as these might be developed to house activities that are now outsourced to low-wage countries.
- One key aim should be to avoid a race to the bottom as happens when these activities are off-shored, which might be simpler to ensure when both headquarters and low-wage activities are in the same country.

- A second aim should be to provide alternative or complementary development paths to what is today’s prevalent path, i.e. the policy preference for high-end economic activities, such as bio-tech parks and luxury office parks.

Using complexity

- The complex systemic and multi-scalar capacities of cities are a massive potential for a broad range of positive articulations with nature’s complex ecologies.

Bridging the ecologies of cities and of nature

- Cities are a type of socio-ecological system that has an expanding range of articulations with nature's ecologies.
- Today, most of these articulations produce environmental damage.
- How we can begin to use these articulations to produce positive outcomes that allow cities to contribute to environmental sustainability.

- The city is multi-scalar in the geography of the environmental damages it produces. Some of it is atmospheric, some of it internal to the built environment of the city, as might be the case with much sewage or disease, and some of it in distant locations around the globe, as with deforestation.

- It is multi-scalar in that today its demand for resources generates a geography of extraction and processing that spans the globe
- it does so in the form of a sequence of confined individual sites, distributed worldwide.

- This global geography of extraction instantiates in particular and specific forms (e.g. furniture, jewelry, machinery, fuel) inside the city.
- The city is one moment—the strategic moment—in this global geography of extraction, and it is different from that geography itself.

Cities mobilize new kinds of socio-ecological systems

- As socio-ecological systems they often have planetary reach.

For instance: The impact of cities on traditional rural economies and their long-standing cultural adaptation to biological diversity.

- Rural populations have become consumers of products produced in the industrial economy, one much less sensitive to biological diversity.
- The rural condition has evolved into a new system of social relations, one that does not work with biodiversity.

Scaling generate new eco-social systems

- The city instantiates a broad range of environmental damage that may involve very different scales and origins yet get constituted in urban terms:
- CO2 emissions produced by the micro-scale of vehicles and coal burning by individual households becomes massive air pollution covering the whole city with effects that go beyond CO2 emission *per se*.

- Air and water borne microbes materialize as diseases at the scale of the household and the individual body and become epidemics thriving on the multiplier effects of urban density and capable of destabilizing operations of firms whose machines have no intrinsic susceptibility to the disease.

Is it urbanization per se or the particular types of urban systems

- Is it agglomeration and density as such? NO.
- It is the contents we have historically and collectively produced: specific ***types*** of systems to handle it all: transport, waste disposal, building, heating and cooling, food provision, and the industrial process through which we extract, grow, make, package, distribute, and dispose of all the foods, services and materials we use.
- And the processes of path-dependence which kept eliminating alternatives as we proceeded.

Re-orienting the material and organizational ecologies of cities

- We need to use and build upon those features of cities that can re-orient the material and organizational ecologies of cities towards positive interactions with nature's ecologies.

- These interactions, and the diversity of domains they cover, are themselves an emergent socio-ecological system that bridges the city's and nature's ecologies.

Delegating back to the biosphere

- **Self Healing Concrete**.
- Bacteria residing within concrete structures seals cracks and reduces the permeability of concrete surfaces by depositing dense layers of calcium carbonate and other minerals.
- Human structures would thus more closely model the self-sustaining homeostatic physical structures found in nature.

Specific features of cities that help re: environment

- Economies of scale, density and the associated potential for greater efficiency in resource use.
- Dense networks of communication that can serve as facilitators to institute environmentally sound practices in cities.
- The temporal dimension becomes critical in environmentally sound initiatives: What is inefficient or value-losing according to market criteria with short temporal evaluation frames, is positive and value-adding using environment driven criteria.

Non-scientific elements are significant in cities

- While in some of the other environmental domains it is indeed possible to confine the treatment of the subject to scientific knowledge, this is not the case when dealing with cities.
- Non-scientific elements are a crucial part of the picture: questions of power, of poverty and inequality, ideology and cultural preferences, are all part of the question and the answer.

- Urban systems are built party through systems of social relations and laws that support the current configuration.
- Beyond adoption of practices such as waste recycling, it will take a change in this system of social relations and the law itself to achieve greater environmental sensitivity and efficiency

The need to engage legal systems and profit logics

- Urban sustainability requires engaging the legal systems and profit logics that underlie and enable many of the environmentally damaging aspects of our societies.
- The question of urban sustainability cannot be reduced to modest interventions that leave these major systems untouched.
- And the actual features of these systems vary across countries and across the North-South divide.

- The city is also multi-scalar in that it instantiates a variety of policy levels.
- It is one of the key sites where a very broad range of policies—supranational, national, regional and local—materialize in specific procedures, regulations, penalties, forms of compliance and types of violations.
- We should distinguish these specific outcomes from the actual policies -- designed and implemented at other levels of government.

In short…

- Cities are complex systems in their geographies of consumption and of waste-production and this complexity also makes them crucial to the production of solutions.
- Some of the geographies for sound environmental action in cities will also operate worldwide.
- The network of global cities is a global space for the management of investments but also potentially for the re-engineering of environmentally destructive global capital investments into more responsible investments.
- It has the sites of power of the most destructive actors but potentially also the sites for demanding accountability of these actors.

Concluding

- Cities and their growing presence in the world add something specific to the larger question of development.

- The city functions as a sort of algorithm where information, knowledge, policies, experience, many coming from rural experiences, all flow in.

- Can cities contribute to making what flows in emerge strengthened by the redistributive and civic logics of cities and bring such logics also to rural areas.