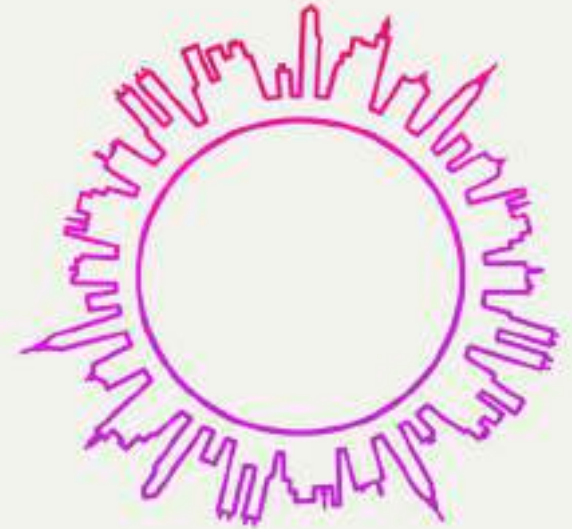


GLOBAL CITIES

GREG CLARK

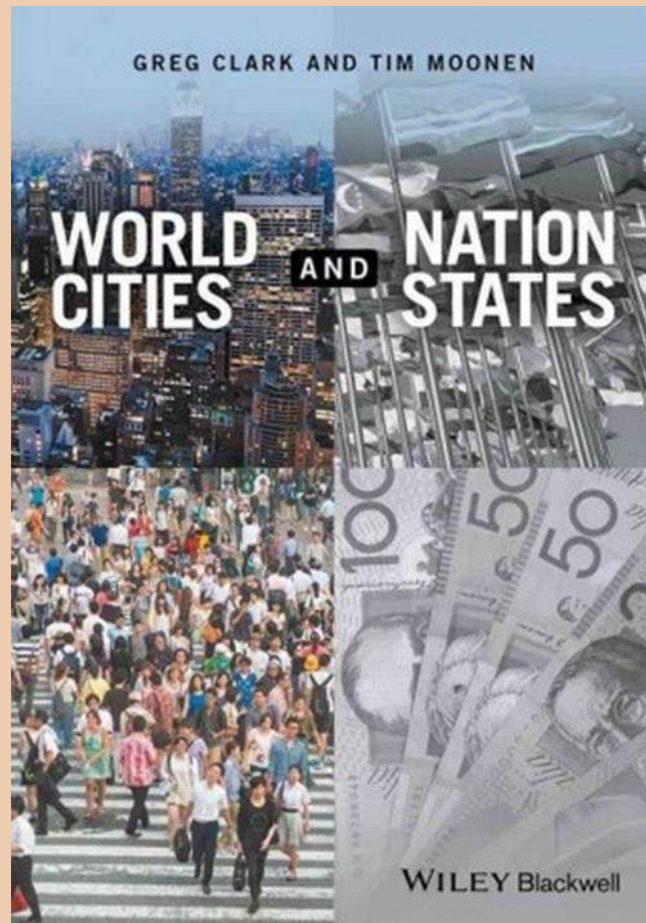


A SHORT HISTORY

Global Cities and Nation States

Prof Greg Clark &
Dr Tim Moonen

Tokyo
September 2017



Origins of the Global City: Trade and Connectivity

- 1300 BC Phoenicians Tyre, Syracuse, Carthage
- 500 BC Persian Royal Road Babylon, Susa, Ephesus
- 400 BC The Silk Roads Ctesiphon, Samarkand, Balkh
- 1300 AD The Mediterranean Venice, Barcelona, Genoa.
- 1300 AD Hanseatic League Hamburg, Lubeck, Bruges
- 1300 AD South East Asia Canton, Melacca, Surabaya

Trade led to Innovation = Transport, Exchange, Currency, Insurance, ...

Innovation led to Cities = specialisation, clustering, agglomeration, ...

Cities organised to promote trade = Connectivity, Logistics, Merchants, ...

183 Pages, 7 Chapters

- i. Navigating global cities.
- ii. Origins: Trade and cities.
- iii. Global Cities in the ancient world.
- iv. Global cities in the modern world.
- v. Understanding global cities. Theory and Benchmarking.
- vi. Global Cities today. New wave. Why and what?
- vii. Global City Futures: Challenges and leadership.

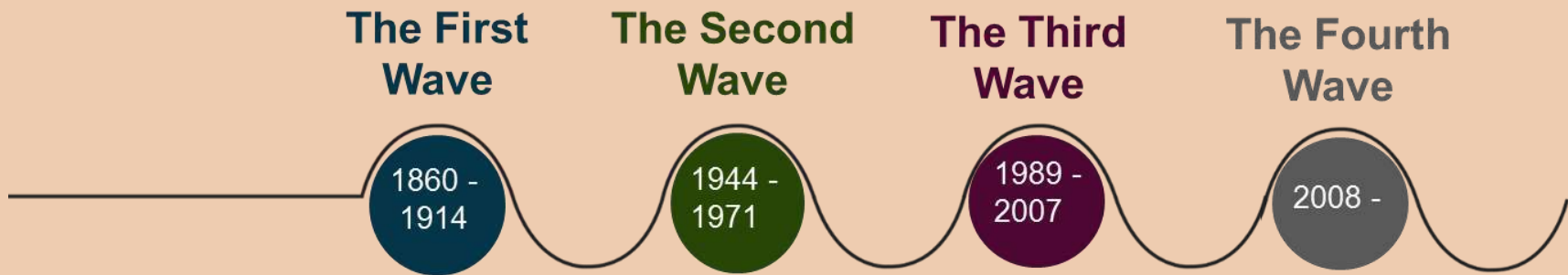
5 recurring ingredients of global cities over 5,000 years:

- Trade and connectivity
- Openness, diverse and entrepreneurial populations
- Innovation and Influence
- Discovery of new markets
- Geo-political opportunity

Navigation.

Why Now?

- New trends in current cycle post 2010
 - Global economic change and new dynamics.
 - Rising Number of Global Cities
 - Metropolitanisation
 - Anti-globalisation and populism
- Cycles, Waves, and Paths.

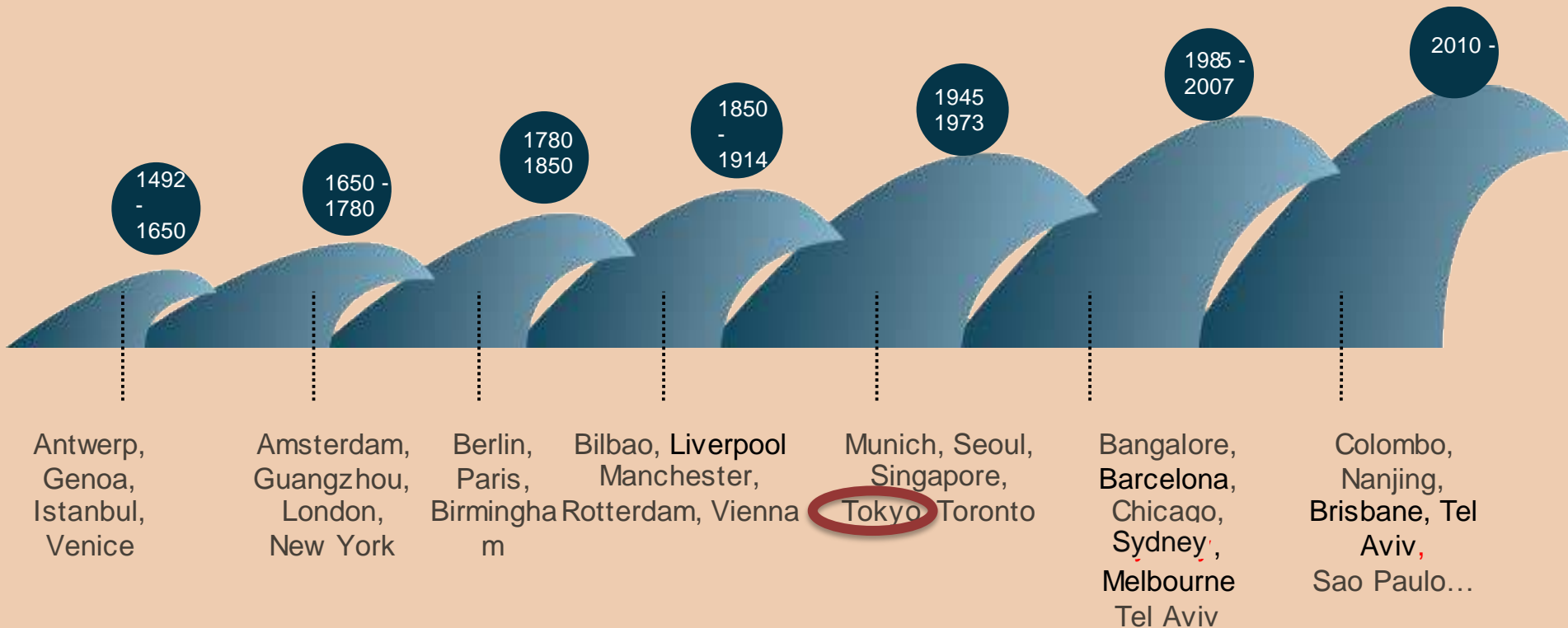


- Not just Finance and business centres, Capitals or Ports.
- **3 new types**: Emerged, Emerging and New.

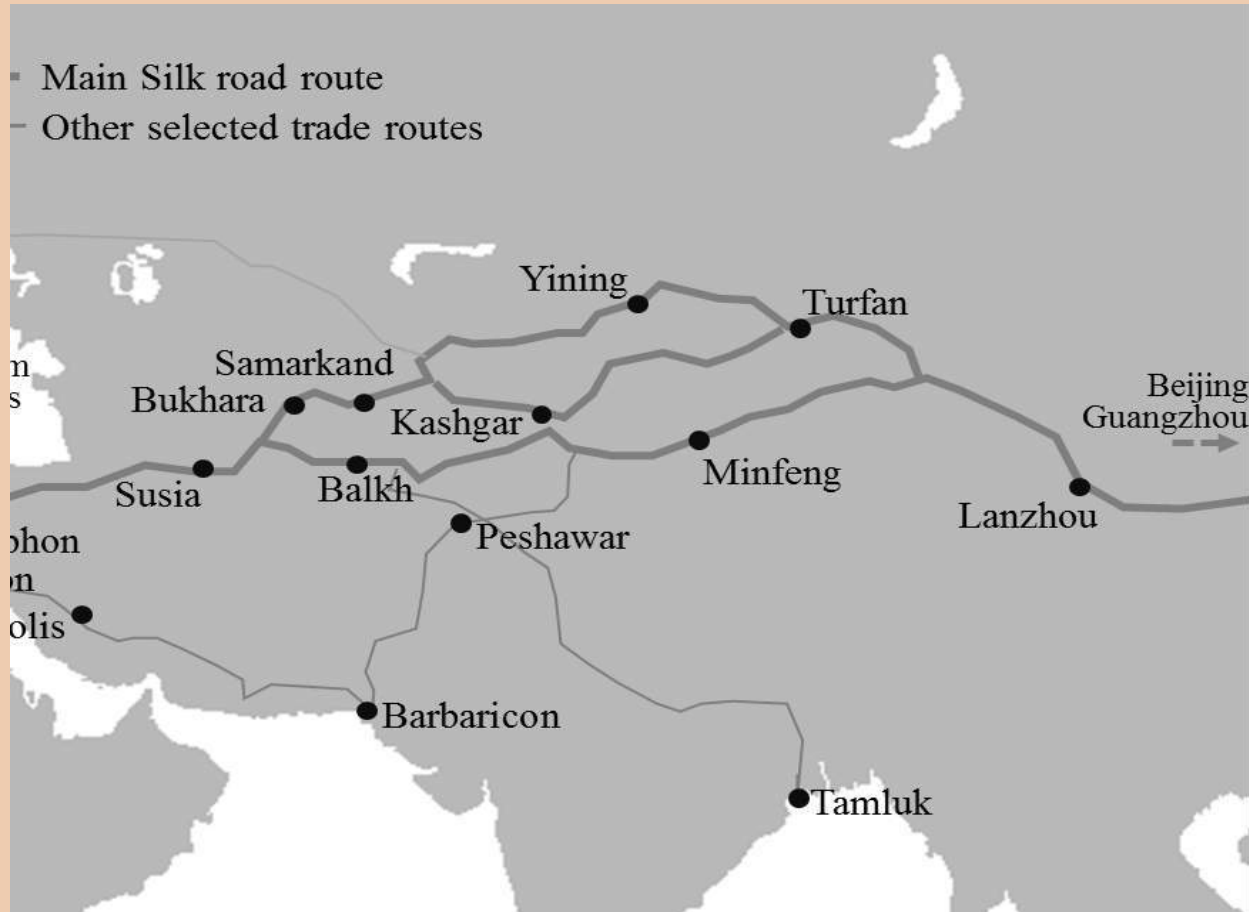
Cycles

Waves

Paths



The Silk Roads 400BC – 1600 A.D.



Innovations Caravans, paper, algebra, gunpowder, banking, medicine
Externalities The black death, Hunnic and Mongol Invasions, religious war

The Hanseatic League 1250-1550



Innovations

- Commercial organisation
- Shipbuilding
- Banking

Externalities

- Restrictive trade monopolies
- Self interest of individual cities
- Failure to adjust to new markets

Global Cities of the Ancient and Modern World: 10 Waves

- Phoenicians, Persians Silk Roads and Ancient roads.
- Post Roman Empire Baghdad, Tikal, Cairo
- 1300 Commercial Wave Hanseatic League, Venice, Barcelona
- 1500 Post Columbian Wave Antwerp, Amsterdam
- 1600 Mercantilist Wave London, New York, Buenos Aires
- 1760 Early Industry wave Guangzhou, Boston, Manchester
- 1850 Mass Industry wave Los Angeles, Birmingham, Bilbao
- 1945 Post War Waves Tokyo, Munich, Singapore
- 1985 ICT, liberalism and integration San Francisco, Hong Kong, Barcelona
- 2008 Techno-Globalism **3 city types:** Singapore, Tel Aviv, Seoul

Global Cities of the Ancient and Modern World

Alexandria 334BC – 1450s



Baghdad 8th-10th C
Heart of Islamic **single market**. “Showcase” city open to new cultures: **progress in sciences.**



Grain and Silk Roads **gateway**. Multicultural cross-roads = city of knowledge.

Guangzhou 10th-15th C 1760-1850s

China's **maritime gateway**
Tea, opium, war.



Global Cities of the Ancient and Modern World

Amsterdam 1550–1700



Financial and trade innovation. Colonies and canals = European distribution hub.

San Francisco 1970s–Present

- ICT driven by **R&D network, quality of life and local VC finance**



Vienna 1815–1914; 1995–Present

- From cosmopolitan capital to Fascism. Reborn as city of **diplomacy, culture, tourism and regional finance.**



Understanding Global Cities

	PROMINENT THINKERS	KEY IDEAS	PROMINENT CITIES
<i>First wave</i> 1966-1990	Peter Hall David Heenan John Friedmann Goetz Wolff	Qualitative: multinational firms, international divisions of labor, knowledge command posts	Brussels Frankfurt London New York Randstad Tokyo
<i>Second wave</i> 1990-2005	Saskia Sassen Peter Taylor Ed Soja	Quantitative: financial services command points, specialized producer services, social polarization	London New York Tokyo Followed by: Los Angeles Cities in global south
<i>Third wave</i> 2005-present	Allen Scott Michele Acuto Ben Derudder	City regions, more global cities, transnational and global city policy networks, city-states, national governments.	London New York Paris Tokyo Hong Kong Singapore Seoul Shanghai 50–100 others

+ Major comparative studies (OECD, UN, WB, Brookings, MGI)
+ 250 global benchmarks and indexes

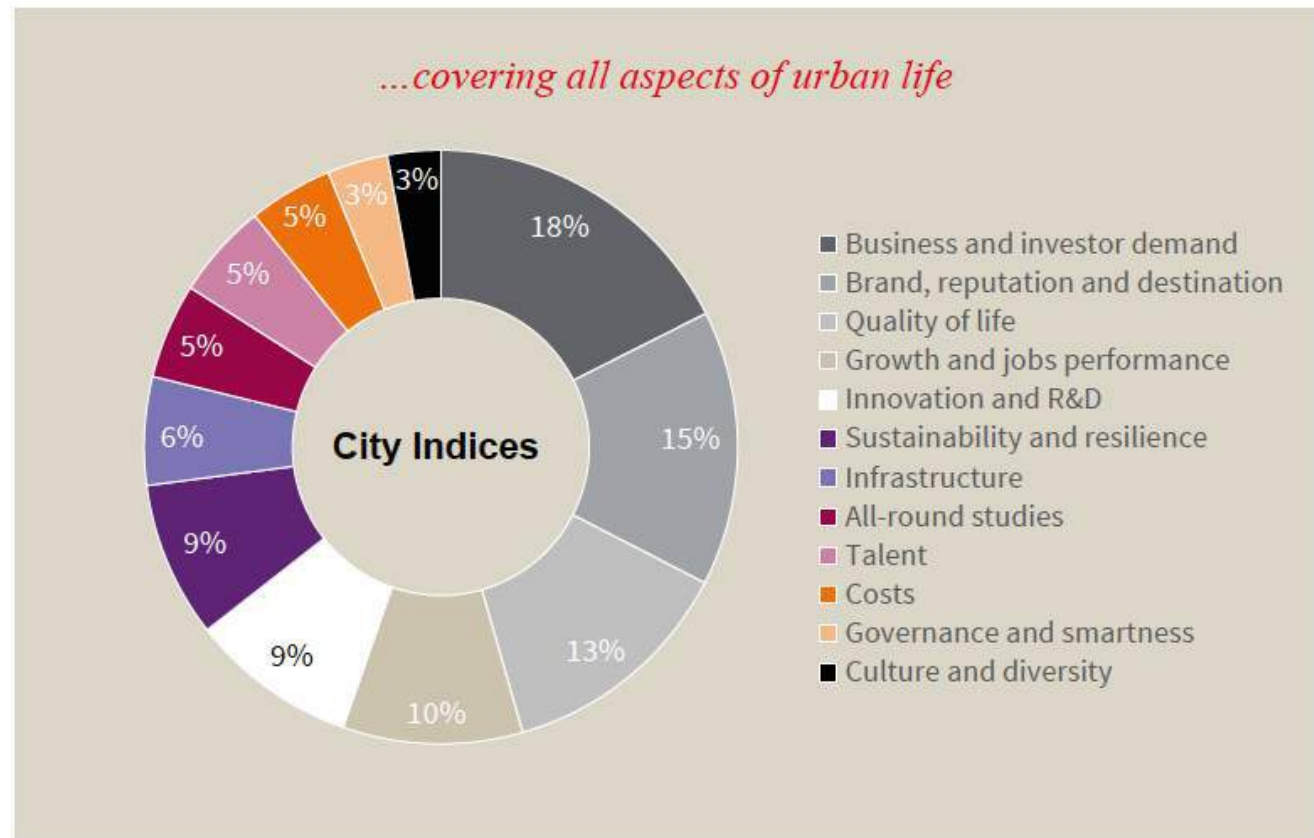
310 city indexes in 2017

The Universe of City Indices

There are now more than 300 city rankings, benchmarks and indices ...



Number of City Rankings, Benchmarks and Indices



		All-round					Finance, Corp HQs, Investment								Gateway + transport platform			Talent and innovation			Culture, image and brand		
		EIU/ Citigroup Hotspots	Cities of Opportunity 7 PWC	AT Kearney Global Cities Index	Mori Global Power City Index 2016		Xinhua-Dow Jones International Financial Centers	Qatar FCA: Global Financial Centres Index	FDI global cities of the future 2016/17 winners	KPMG Global Investment Monitor Top 15 Greenfield	IBM 'International HQ'	JLL Cross-border Real Estate Investment	CBRE: How Global is the business of retail?	Knight Frank Global Cities Skyscraper Index	DHL Global Connectedness Index	MORI GPCI 'Accessibility'	Mastercard Destination Cities Index	2thinknow Innovation Cities Index	Dubai Innovation Index	QS Best Student Cities	Mori GPCI 'Cultural Interaction'	EIU/Citigroup 'Global Appeal'	The Guardian/Saifron: World's most powerful brands
1	London	2	1	1	1		2	1	2	1	1	1	1	4	3	1	2	1	4	5	1	1	3
2	New York City	1	6	2	2		1	2	5	3	3	2	4	2	4	8	5	6	1	20	2	8	2
3	Paris	4	4	3	4		7	29	9	5	6	3	8	14	5	2	3	9	2	1	3	2	4
4	Singapore	3	2	8	5		4	3	1		2	35	5	6	1	7	6	8	6	6	4	4	14
5	Tokyo	6	15	4	3		3	5	7	10	19	4	9	3	6	11	9	10	5	3	5	3	28
6	Hong Kong	4	9	5	7		5	4	6	4	5	30	7	1	2	3	11	22	3	8	19	6	-
7	Seoul	20	11	11	6		23	14	17		30	20	15	21	8	10	10	5	8	10	16	13	5
8	Amsterdam	17	5	22	8		19	33	7	13	4	34	35		14	5	13	7		27	11	7	-
9	Toronto	12	3	17	18		13	13		15	8	29	29		10	21		11	13	13	24	28	-
10	Shanghai	43	21	20	12		6	16	4	2	38	9	3	11	7	4	19	20	19	39	17	24	33
11	Los Angeles	19	14	6	13			25			20	6	23	10	12	28		21		42	13	31	1
12	San Francisco	13	8	23	24		12	6	10	14	14	7	53	5	24	33		2	11	27	26	44	8
13	Sydney	15	10	14	14		11	11	19	6	17	11	65	7	29	29		18	14	4	14	42	16
14	Beijing	39	19	9	17		9	26	12	12	42	18	10	13	9	24		40	21	25	9	5	38
15	Vienna	25		19	10		31	37			18	45	34		40	20	18	3		16	7	10	39
16	Zurich	7		31	16		14	9	13		9	51	69		33	30		72	9	12	36	18	

The Established World Cities: the 'Big Seven'

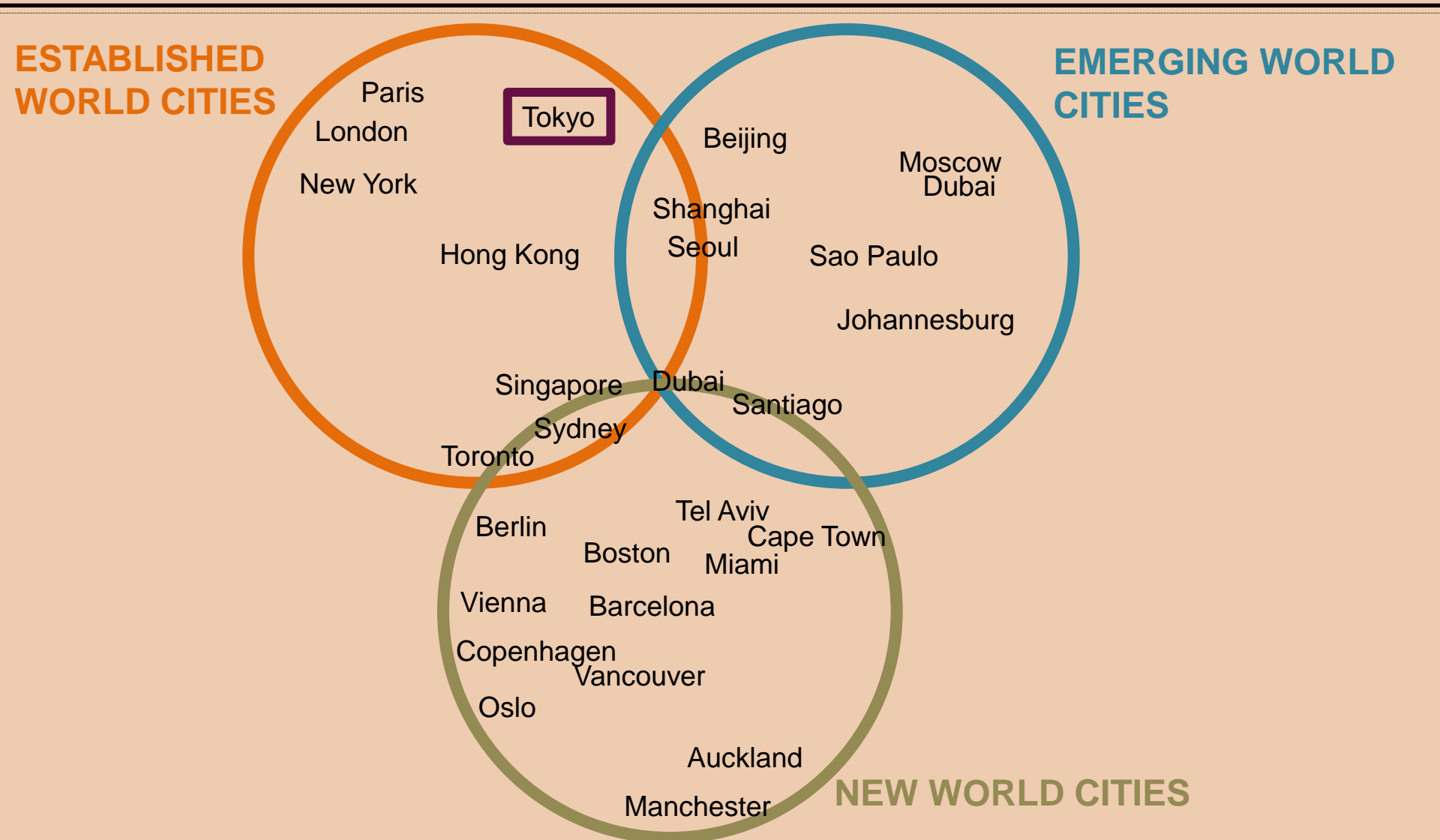
The Big Seven account for around 25% of global real estate investment

Top 30 cities for direct commercial real estate investment, Q3 2012 - Q2 2015



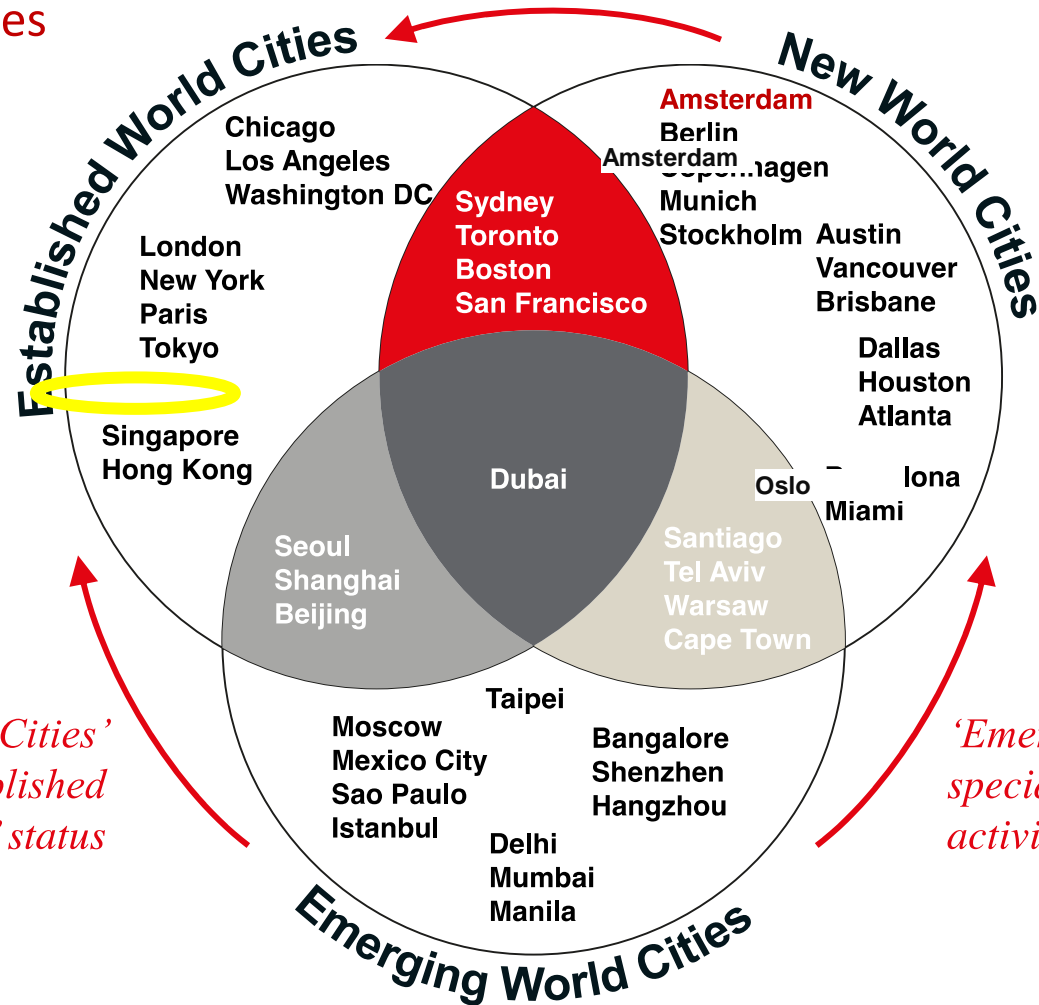
(US\$ billions)
Source: JLL, 2015

- ✓ Uniquely globalised
- ✓ Corporate clusters with global reach
- ✓ Biggest shares of financial and biz services
- ✓ Strong infrastructure platform
- ✓ Cultural appeal
- ✓ Political and legal frameworks
- ✓ Magnets for global FDI



'New World Cities' attaining global reach

The New World of Cities



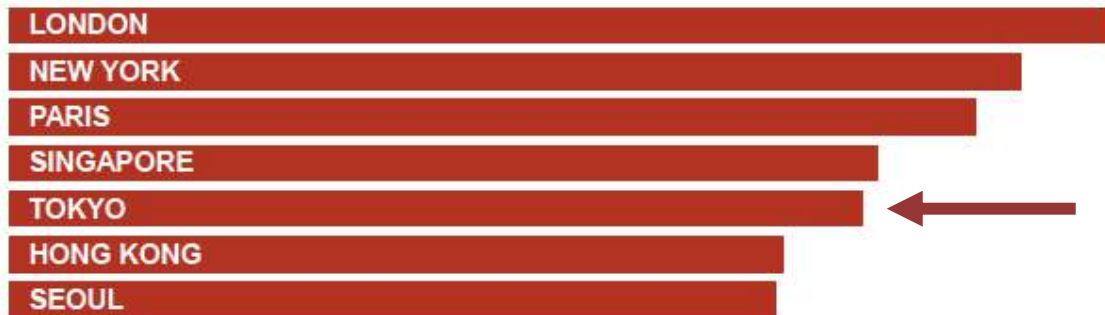
'Emerging World Cities' transitioning to 'Established World Cities' status

'Emerging World Cities' specialising in higher-value activities

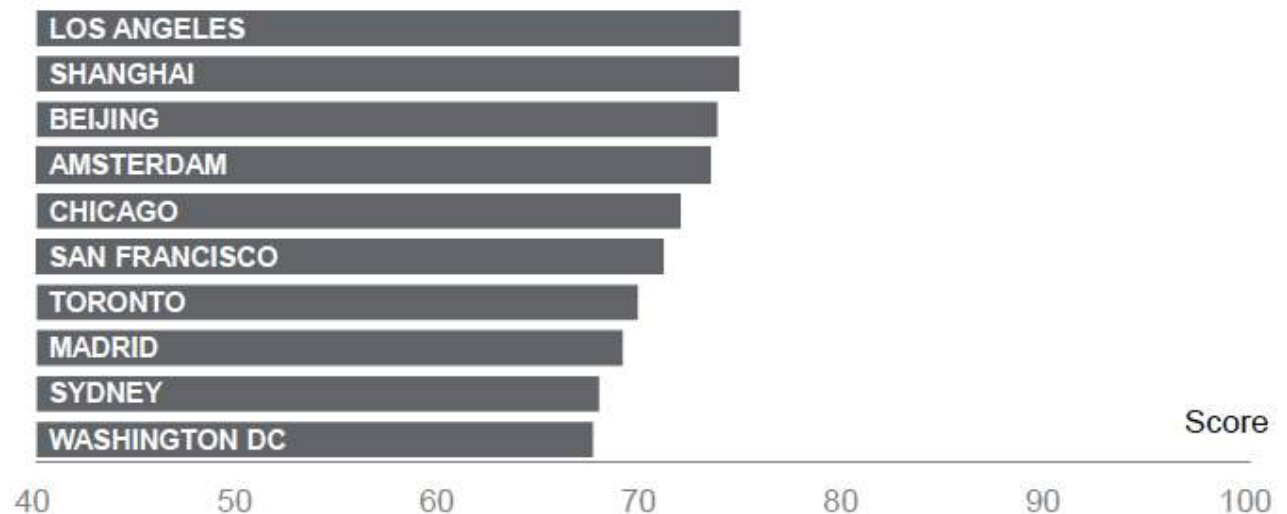
Source: The Business of Cities, JLL, 2017

Established World Cities

The 'Big Seven'



The 'Contenders'



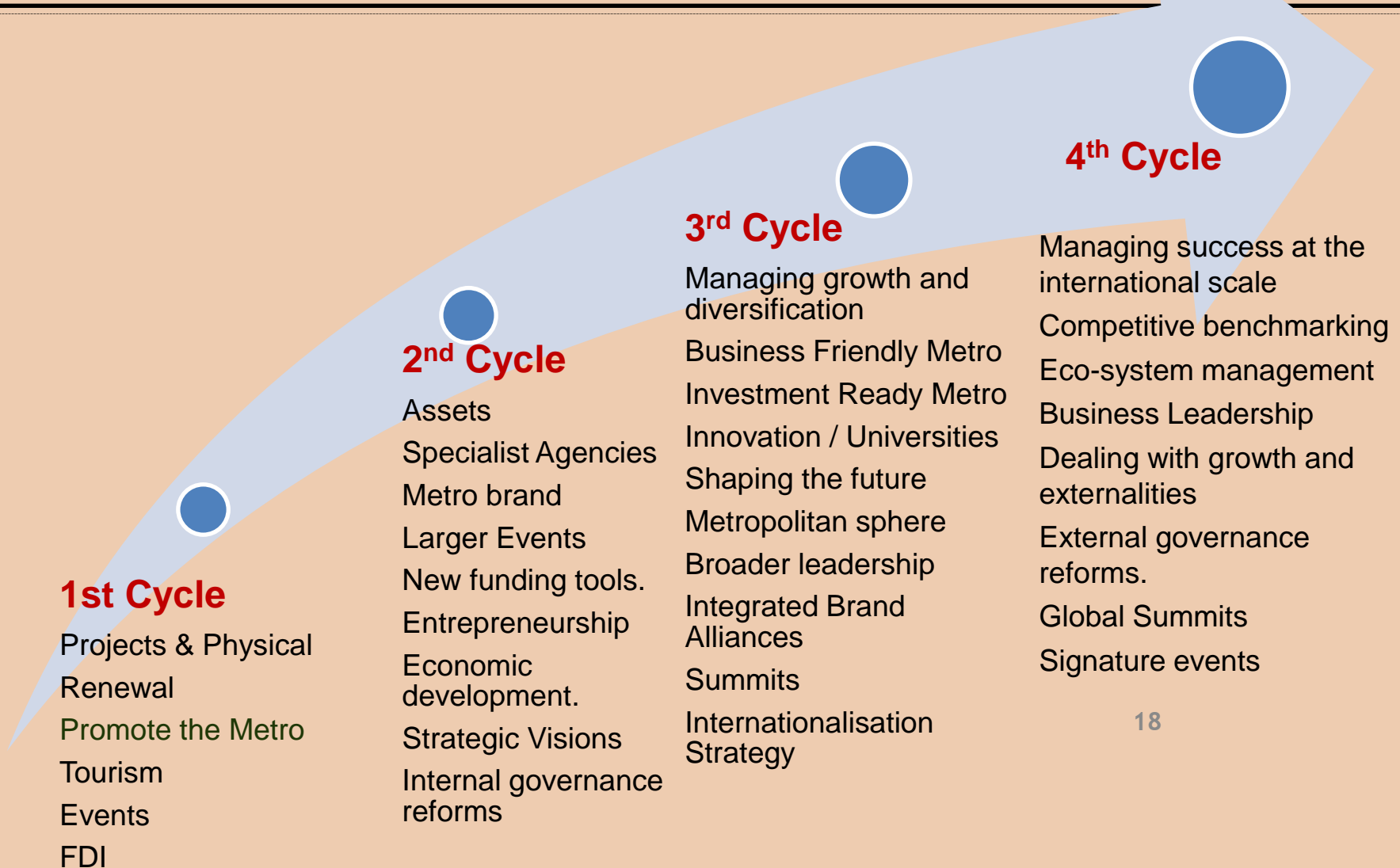
Score

40 50 60 70 80 90 100

Scored from 44 indices selected on the basis of range, robustness and currency. Cities ranked by percentile performance in each index. Equal weighting between each of seven categories (corporate presence, gateway functions, market size, infrastructure platform, talent, specialisation and innovation, and soft power).

Source: The Business of Cities, JLL, 2017

Established World Cities – cycle dynamics



Strategic imperatives for Established World Cities

	Established World Cities
Population	Maintain population growth from international in-migration.
Housing	Boost new supply in housing markets and confront NIMBY-ist tendencies.
Inequality	Address challenges of urban under-class.
Sustainability	Tackle climate change adaptation and resilience.
Land	Undertake big redevelopment efforts to shift from old to new modes and recycle land effectively.
Business framework	Maintain competitive business climate and tax regime and IP environment.

Strategic imperatives for Established World Cities

Established World Cities

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The Future and global challenges

Global cities will continue to emerge despite external threats.

Why?

- Global economy and nation states need them (talent and capital and trade and innovation)
- Diversification from Established WCs by talent, capital, technology and firms. Appetite for more.
- Infrastructure investment will create them. New global infrastructure scenario will reinforce open cities.

What does change in city functionality and connectivity mean for global cities?



3 strategic imperatives...

1. How to **compete and achieve inclusion, resilience, flexibility?**
2. How to manage success **and unintended consequences of growth?**
3. How to resolve **external challenges** to global city model?

GREG CLARK AND TIM MOONEN

**WORLD
CITIES**

AND

**NATION
STATES**



WILEY Blackwell

The city-state returns



By **Justin T. Clark** | AUGUST 09, 2015

FIVE HUNDRED YEARS ago, cities were both smaller and more autonomous, their citizens



THE CHICAGO COUNCIL
ON GLOBAL AFFAIRS

ISSUES ON PUBLICATION

December 1, 2015 | By [Simon Curtis](#)

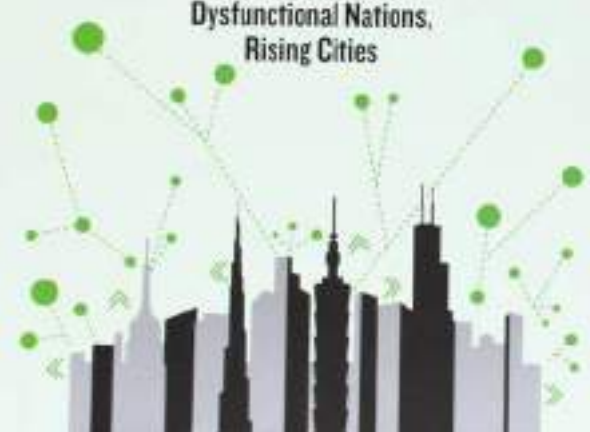
A FOREIGN POLICY FOR GLOBAL CITIES?

BENJAMIN R. BARBER

author of *Jihad vs. McWorld*

IF MAYORS RULED THE WORLD

Dysfunctional Nations,
Rising Cities



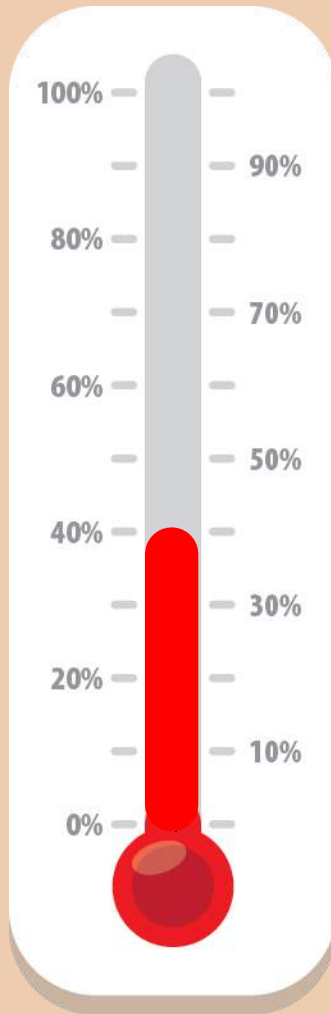
FINANCIAL TIMES

myFT

Special Report: **Doing Business in Chicago**

Chicago – the rise and revolt of the city state

‘Thermometer’ of city empowerment



Singapore

Hong Kong

Hamburg, Berlin, Zurich

Stockholm, Vienna, Oslo

Amsterdam, Shanghai, Beijing

New York, Tokyo, Seoul

Barcelona, Milan, Mumbai

Toronto, Auckland, Sao Paulo

London, Manchester (post-2017)

Other UK cities, Dublin, NZ cities

The nation state is not dead!



They:

Establish ‘ground rules’ .

Support or deter inter-municipal co-ordination

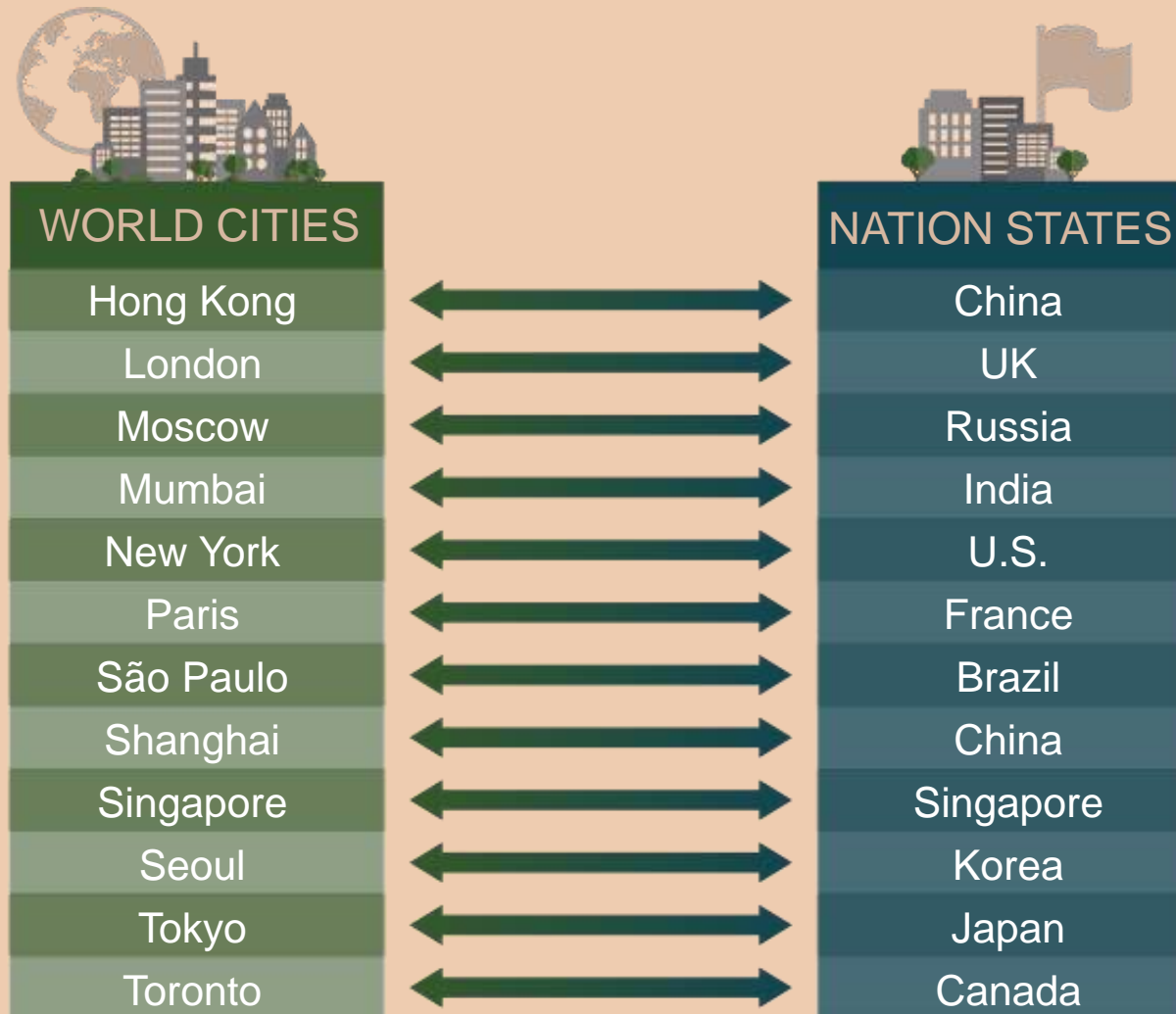
Set in train a multi-level approach (or not)

Can cause or correct perverse incentives

Align fiscal frameworks with sectoral policies

Set the framework conditions (economy, regulation, investment)

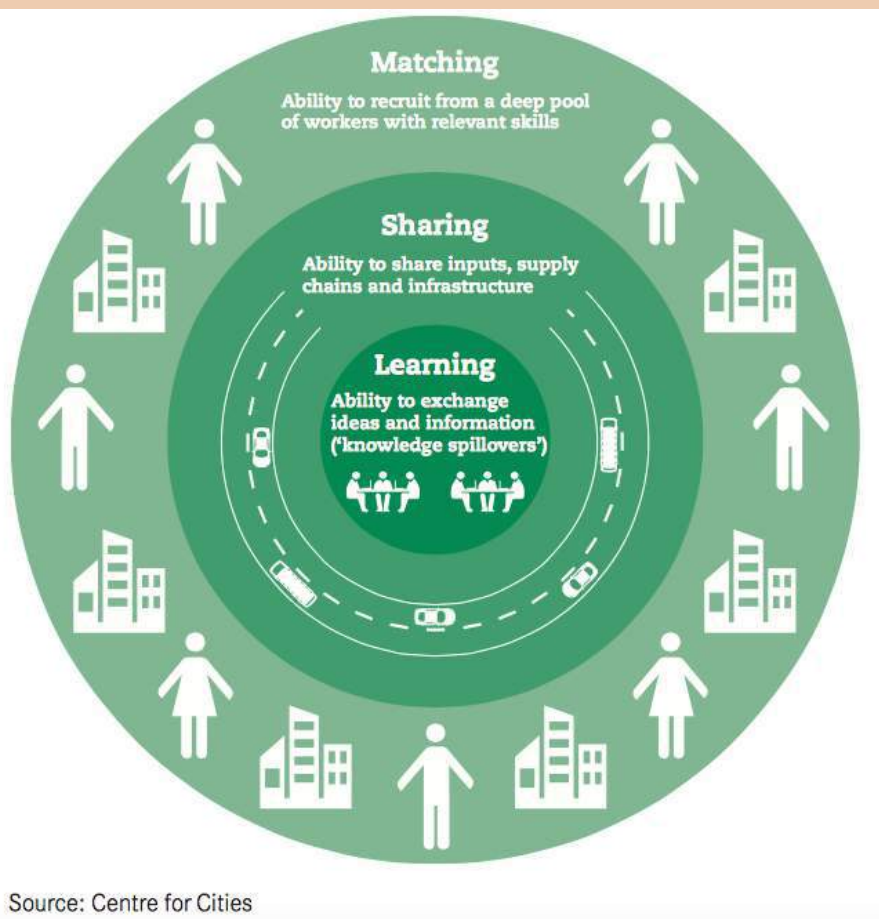
World Cities and Nation States



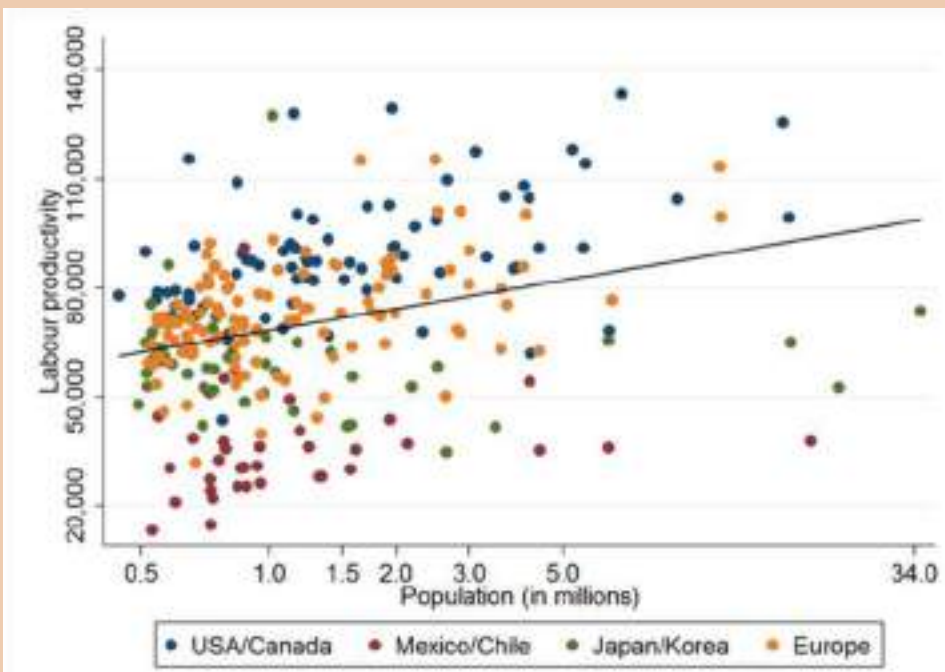
The four dimensions of successful national government and world city relationships

World city success in its own right	World city contribution to the national economy
Role of national government in helping the world city succeed and compete	Role of national government in managing the consequences of its world city for the rest of the nation

Agglomeration phase 1: Growth



City size and Labour productivity



Ahrend et al. (2015). 'What Makes Cities More Productive?' OECD

Agglomeration phase 2: Externalities (the price of success)



- High costs: housing, labour, living
- Infrastructure investment demand
- Two-tier labour market



- Social cohesion and integration
- Sprawl? Congestion? Pollution? Inflation?
- Opposition to growth model

How are higher tier governments adjusting to support their world cities?

- Increased attention to internal and external infrastructure (Crossrail, Grand Paris, Moscow metro, Shanghai, Toronto)
- Step changes to address housing/real estate challenges
- Improved metropolitan governance and spatial development (London, Moscow, Paris, Sydney)
- Fiscal and investment systems (Sao Paulo)
- Awareness of competitive dynamics, business climate and labour markets (Shanghai, Mumbai, Toronto)
- Increased investment in research and innovation (Toronto)
- Extended emergency support (New York, Tokyo)

Impact of World Cities on Rest of the Nation

Advantages

Disadvantages

Impact of World Cities on Rest of the Nation

Advantages

1. Tax yield from higher-value industries
2. Transport gateways for tourists and visitors
3. Fosters supply chain development and demand for national goods and services
4. Provides access to international markets and capital, innovative techniques/products
5. 'Escalators' for productivity
6. Financial expertise and trade management capabilities.
7. Improve the 'business brands' for nations

Disadvantages

Impact of World Cities on Rest of the Nation

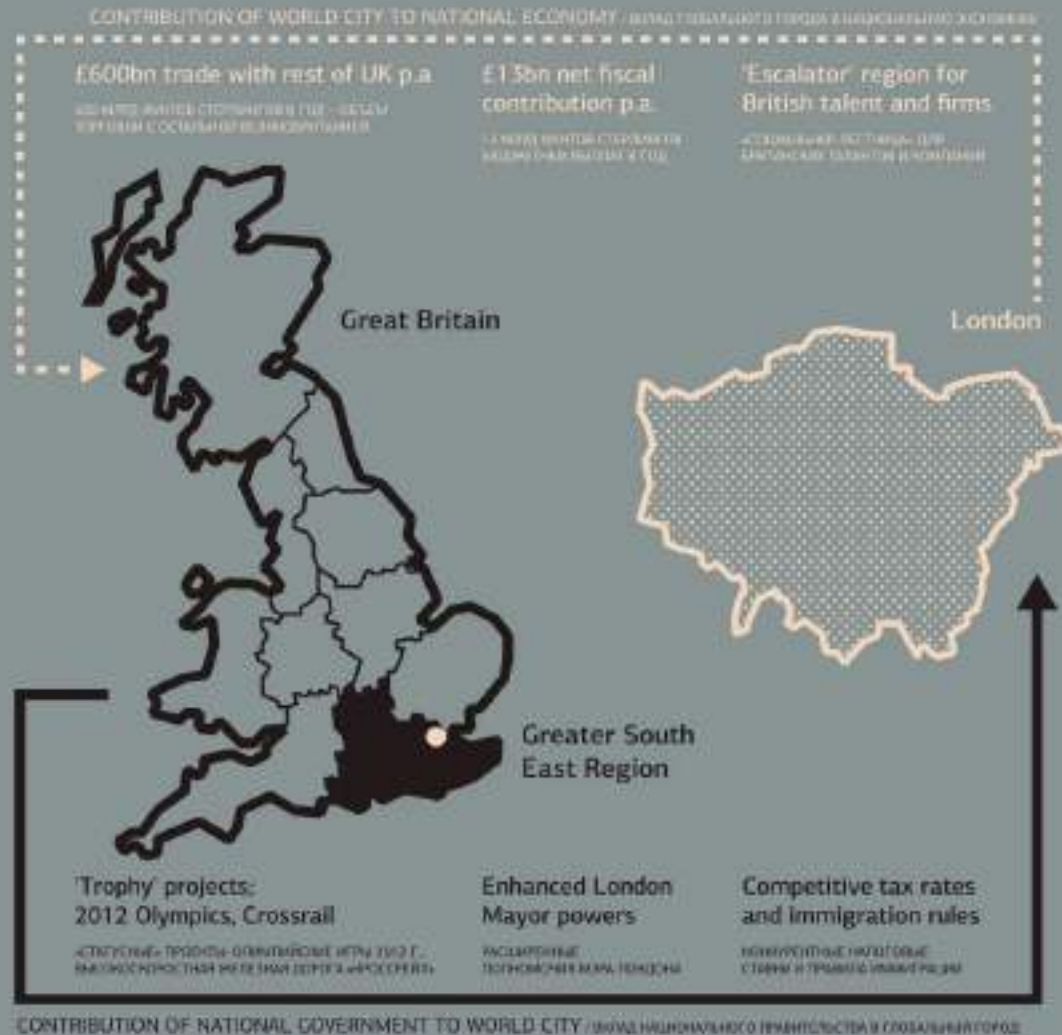
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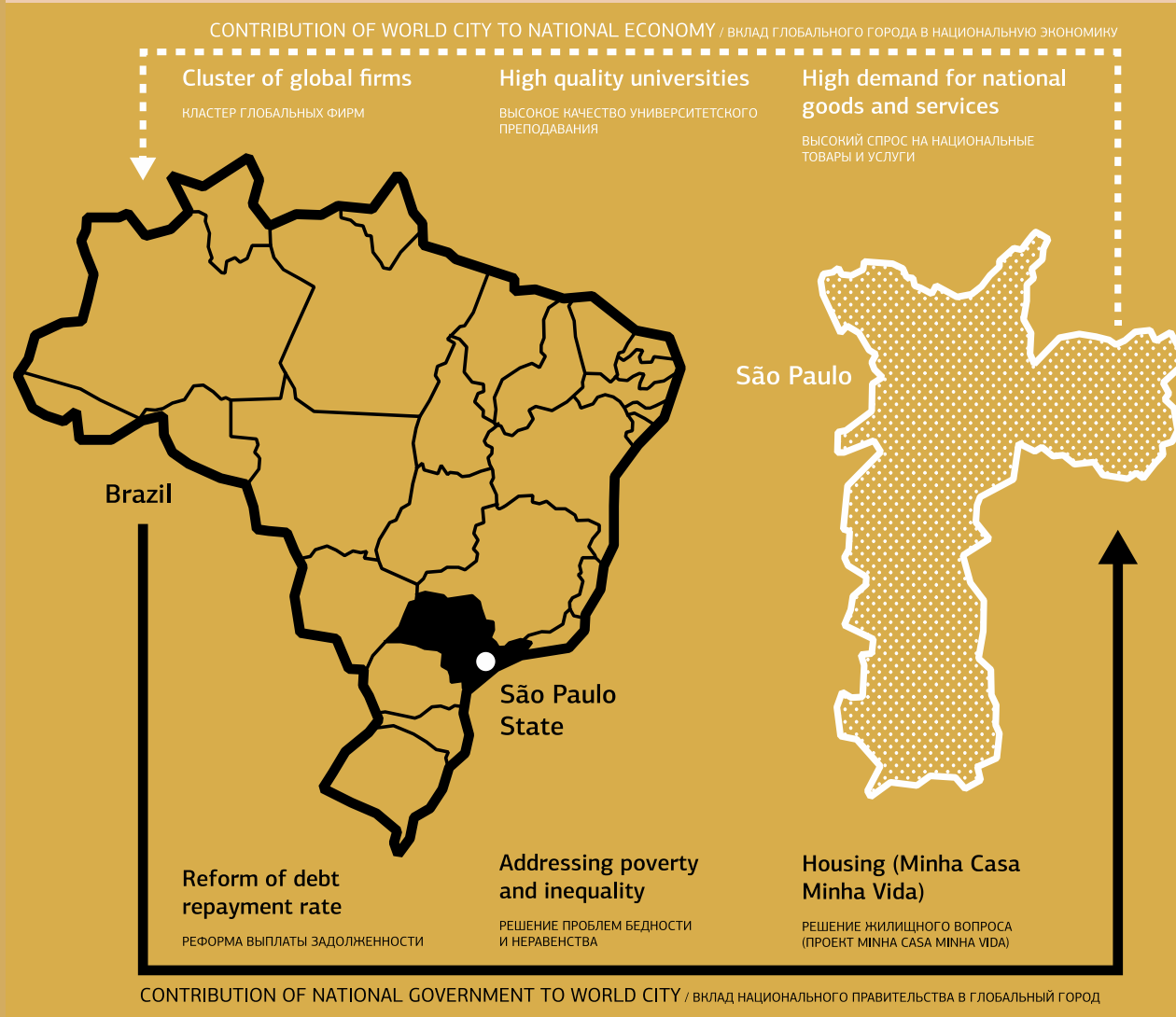
Disadvantages

1. Exposure to economic volatility.
2. Brain drain.
3. Over-concentration in key sectors.
4. Perceived favouritism by national govt investment
5. Other cities and regions become less bankable.
6. Two-tier housing and labour markets – rising inequality
7. HQ and govt role = 'locked-in' to prioritising world city, excessive influence on macro/industrial/housing policy.

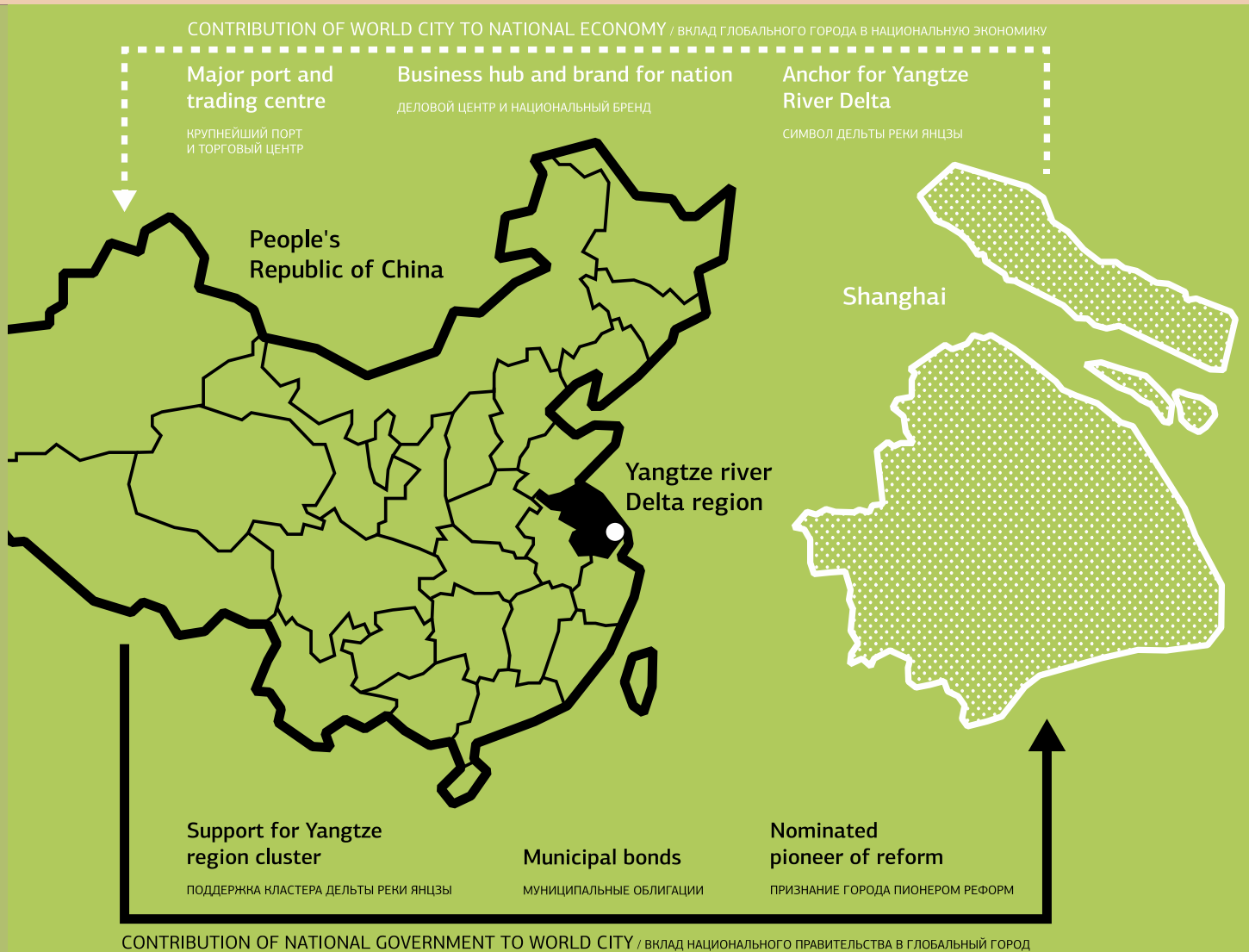
World city in a Unitary system: London



World city in a Federal system: São Paulo



‘Special status’ city: Shanghai



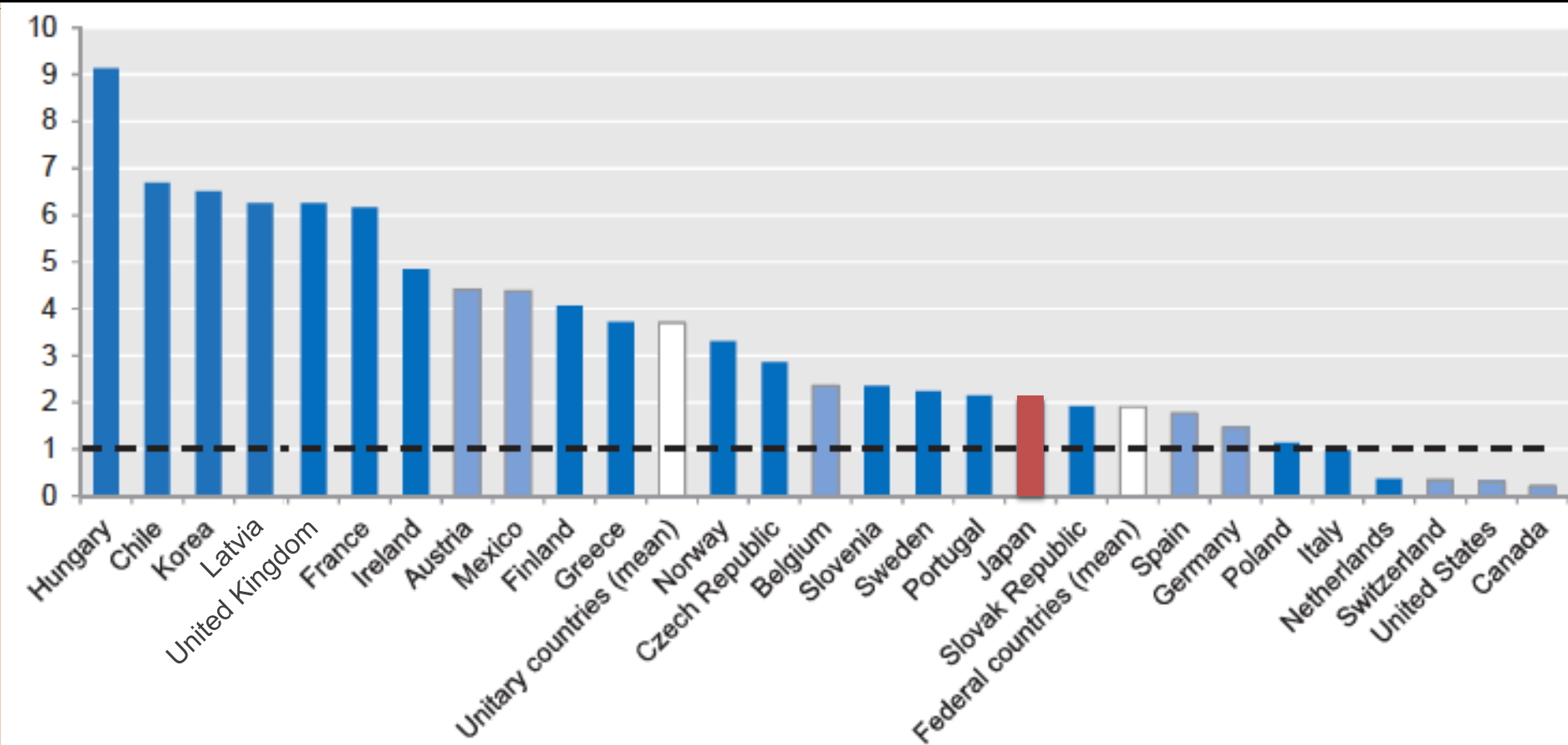
Tokyo

% of national population	% of national GDP	GVA per capita vs national average	City global competitiveness rank	Country global competitiveness rank	Average Job Growth 2000-14	Average GDP per capita Growth 2000-14
28%	32%	1.17	6	6	0.5%	0.6%

Source: Brookings Global Metro Monitor 2014, OECD Stat., WEF Global Competitiveness Report, 2015-16; EIU Hotspots, 2012.

- ➔ Centralised system where TMG gained early autonomy – 1940s. Further reforms in 1990s.
- ➔ Growing policy co-operation since 2000, shared objectives and communication
- ➔ Partnerships around Urban Renaissance, Special Zones, 2020 Olympics
- ➔ Dilemmas around economic policy, regulation and global competitiveness.

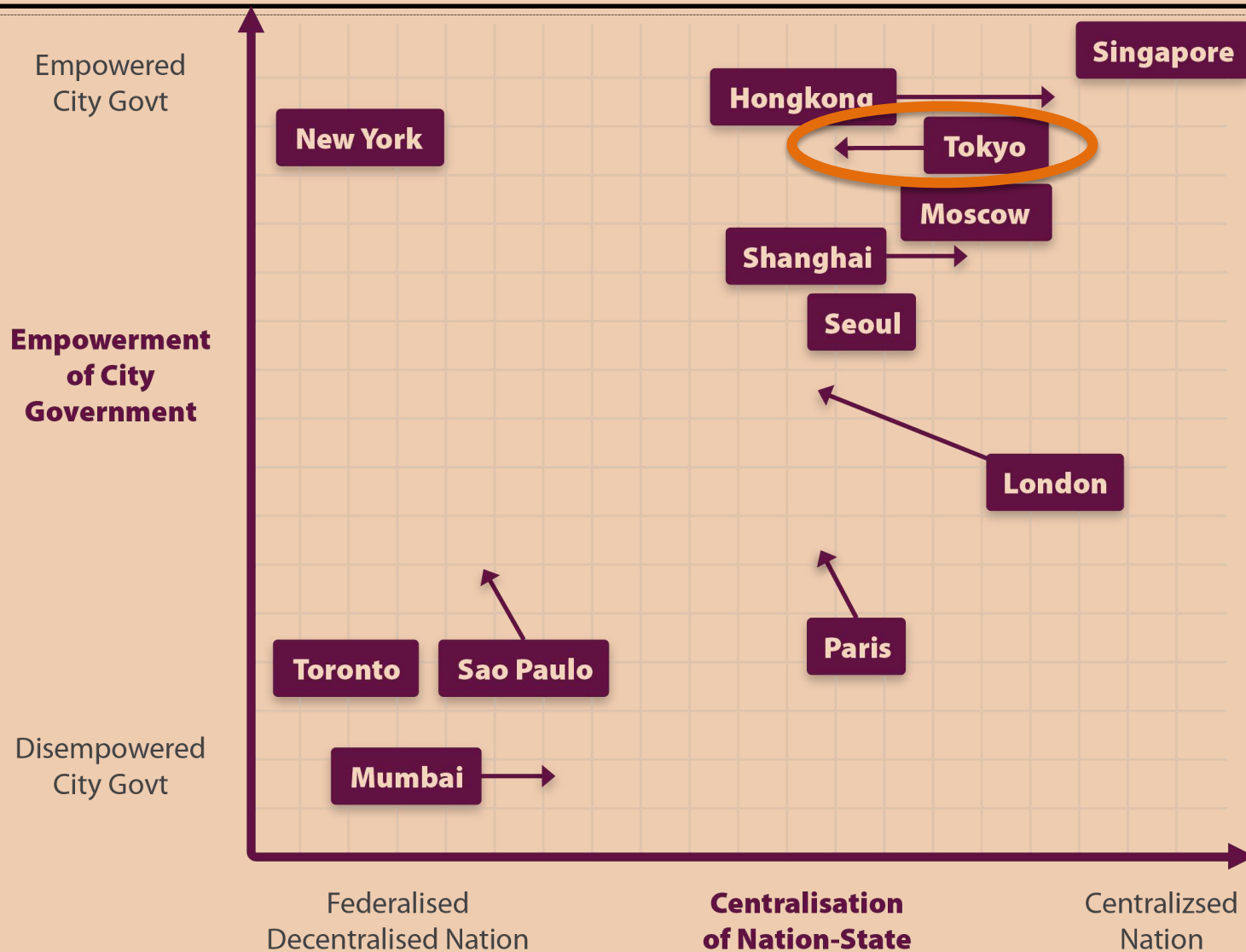
Size of capital city compared to next largest city



OECD (2015). 'Metropolitan Century'

National support for Tokyo

- ✓ Co-investment in Tokyo regeneration and infrastructure connectivity
 - ✓ Shared global ambitions in key sectors = Zones
 - ✓ Strong support for resilience and for sustainable national system of cities
 - ✓ Olympic preparations and communication to the world
- ? speed of regulatory reform to attract talent and enable Tokyo's 'Big Bang'
 - ? Promoting the sharing economy and innovation economy
 - ? Sharing the costs of an aging population
 - ? fiscal redistribution to high need regions



From 'zero-sum' to inter-dependence

National level

Highly focused on supporting territorial policies

Aware of incentives as well as rules.

'Systems of cities' thinking.

Customised arrangements for different cities.

+

World City

Increased self-governing powers.

Higher fiscal autonomy.

Able to manage the externalities of growth

Strong customer to the other cities and rural areas.

+

Secondary cities and metros

More empowered and capable of investing in their own growth

Greater specialisation and complementarity

Increasingly well-connected (with each other)

What's needed from leadership?

City and regional leaders

- go beyond 'zero sum' competition with neighbours
- take a longer term development view
- shift to higher investment, higher return equilibrium
- pool sovereignty
- plan land uses better

National leaders

- address coordination failures, trade-offs, and tensions between fiscal, spatial, economic, environmental policies
- address system of cities and system of regions dynamics.
- increase mutual gain mechanisms between places
- empower sub-national tier and incentives as

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