UN-HABITAT Lecture Award Series, No. 1

The wealth of cities: Towards an assets-based development of newly urbanizing regions

John Friedmann

University of British Columbia

United Nations Human Settlements Programme (UN-HABITAT)

Nairobi, 2007

Cover design: UN-HABITAT.
Cover photo credits: Image Vortex Services (middle photo) and UN-HABITAT (all other photos).
Printing: UNON Print Shop, Nairobi.

UN-HABITAT Lecture Award Series, No. 1.
HS/880/06 E.
ISBN 978-92-113-1892-0 (this volume).
ISBN 978-92-113-1925-5 (UN-HABITAT Lecture Award Series).

An electronic version of this publication is available from the UN-HABITAT website at http://www.unhabitat.org/hs-net.

UN-HABITAT publications can be obtained from our Regional Offices or directly from:

UN-HABITAT
Information Services Section
Box 30030, GPO Nairobi 00100, Kenya
Tel: +254 (20) 7623477; Fax: +254 (20) 7623477/7624266/7624267
E-mail: infohabitat@unhabitat.org; Website: http://www.unhabitat.org/

The wealth of cities: Towards an assets-based development of newly urbanising regions

In one of her books, the recently deceased American-Canadian urbanist Jane Jacobs, a national icon, tells the story of a village named Napizaro several hundred miles to the northwest of Mexico City. Local families had lived there for generations on subsistence farming supplemented by a few cash crops. Their lives, writes Jacobs, were inconceivably grim. But a couple of generations ago, a new factor entered the lives of some of these people: the pull of jobs in the United States. And over the years, Napizaro has come to depend on those jobs for its present prosperity. The community now has street lights, a modern infirmary, and a new bull ring named the North Hollywood in honor of the industrial section of Los Angeles from which this prosperity comes. For the most part today, the village's twelve hundred inhabitants live in comfortable brick houses with pretty patios and TV antennas.

But what you see in Napizaro is less important than what you do not. At any given time, more than three-quarters of the men are away, working in North Hollywood. For all its amenities, Napizaro is described as a sad settlement where leave-takings are sorrowful and absences long, and where women live dreary, lonely lives. Jacobs concludes her story with this observation:

> *After forty years of remittances,…remittances used responsibly, thriftily and cooperatively, the fact remains that if the remittances were to stop, Napizaro would quickly sink*

> *back into the grim poverty it knew before the migrations and remittances began. Or more likely, its people would have to abandon the region entirely. For the fact is that despite the money sent back from Los Angeles and the television sets and other imports it buys, economic life in the region – ways of making a living right there – remain unchanged.*

I would like to take this story, which to me reads like a parable, as the theme for my talk. Only I won't be talking about poor villages in remote parts of the world but of cities and their regions in the rapidly urbanizing countries of the global South. My argument has four parts. First, I want to suggest that we can no longer treat cities apart from the regions surrounding them with which they are intensively entwined. Second, I want to critically examine the current policy consensus that a city's future rests chiefly on its exports, and that to achieve such exports, outside capital with its undisputed knowledge of global marketing and up-to-date technology must be invited in to generate the jobs and incomes that are needed. Third, I would like to consider an alternative policy that concentrates on the long-term endogenous development of seven clusters of regional assets that will generate what I consider to be the true wealth of city-regions. Finally, I will close with some comments on the role of government in promoting such a development.

Cities in regions: An organic relation

We often speak of cities, because the term conveys a general idea, but if we are pressed to be more specific, we quickly discover how nebulous the notion of city really is. For some it means a municipality with clearly defined boundaries. For others, it signifies the central business district, the core of a metropolitan area. And what about suburban areas even when they are self-governing entities? Do they, too, form part of what we mean by city? And if they did, why do airports that bear the name of the central city so often lie beyond suburbia in the terrain of the peri-urban? And indeed where does the city end and the countryside begin? This last is a question that is almost impossible to answer with precision, because "citiness" is a quality that spreads outward from given centers until it begins to intersect with the outer boundaries of adjacent centers, forming a continuous landscape of the urban.

In the past, cities were surrounded by walls that marked their boundary, but the walls have long since gone, and the physical area of the city has spilled out into the countryside with no clearly marked borders. Urban water supply is captured in regional watersheds that make the city possible in the first place. I've already mentioned airports that are located far from the center but are visibly linked to it with rapid transit and super-highways. Some of these airports have attracted major multinational investments forming so-called edge cities on greenfield sites. Food for the city is typically grown in the region and trucked to distribution centers in various metropolitan locations. On weekends, masses of people exit from urban and suburban centers to the regional periphery, hoping to enjoy some moments of leisure in mountain resorts, regional parks, and on beaches.

All this we know from personal observation. The organic relation of city and its region is nothing new. But we rarely think of them as a unit, especially when the region is itself partitioned into counties, municipalities, and townships. Scholars in both

Europe and North America have written extensively about the growing need for regional governance, but to little avail. City and region remain divided and often compete with each other for global capital. A notable exception is China, where prefectural cities have been designated as "leading" cities with authority over adjacent "rural" counties, thus becoming responsible for a coordinated development. Most of China's population today lives in one or another of these city-regions. In the rest of my talk, therefore, when I speak of cities and regions what I have in mind is this organic relationship for which city-region is the symbolic expression.

Cities are not containers

Compete or perish, say neo-liberal pundits. The competition, of course, is not for the attention of consumers but for outside investors. The imaginary which has become widely accepted is that capital — call it surplus money — is constantly on the look-out for opportunities to grow more capital, and will go wherever the prospects of growing capital are the most promising. Global capital is footloose, we are told. It has no loyalty to place, and its horizon of expectation is short: investments have to be recouped in only a few years. What cities must therefore do to attract this footloose capital is to show their willingness to accommodate its hard-core needs: appropriate economic infrastructure, cheap land, disciplined labor, and tax relief. Following this advice, cities try to make themselves as attractive as possible to global suitors. Turning themselves into commodities for the capital market, they compete for attention by branding their image. They chase after the magic of the Olympics or some other global sporting event, hoping that if they win over competing locations, they will become household words, like Coca-Cola or Nike athletic gear. They prostrate themselves before the power of global corporations, promising to deliver what is wanted of them, from virgin sites to low wages and political stability.

Once a city is successful in luring a promised investment, its emissaries return home to great acclaim. But the city is not simply a container for inbound investments unless it wishes to repeat the fate of Jane Jacobs' village Napizaro of which she said, if ever the flow of remittances should cease, it would soon return to its former misery. Because once capital moves on to more promising regions as it often will, what it leaves behind is nothing more than the empty shell of abandoned factories. Meanwhile the city will have lost more than just a few hundred or even thousands of jobs. It has squandered an opportunity to develop its own tangible assets, which in their place-specific qualities are always unique. It has failed to initiate and sustain an endogenous development — a development from within — based chiefly on local savings supplemented by international aid and private contributions. And it has lost a chance to learn about how to promote a genuine development by engaging in it directly. I turn now to a consideration of these assets, and why neglecting them engenders a false hope in the shimmering pot of gold at the end of the rainbow.

True wealth: The quality of a city's tangible assets

I divide the tangible assets of city-regions into seven clusters that include human, social, cultural, intellectual, natural, environmental, and urban assets. To varying degrees these assets are present in all city-regions, in rich countries as well as poor, and I shall argue that investing in them should be the principal task of local government.

Heading the list are a city's human assets, that is, people and the quality of their lives and livelihood. At issue here are the so-called basic human needs, principally adequate housing with secure tenure; educational opportunities for both girls and boys to prepare them for the modern world; and access to good health. (There is a fourth basic need of which I will speak later). The satisfaction of these tangible, material needs constitutes the foundation for our most fundamental right, the right to life. Achieving quality housing, education, and health for every citizen must therefore be the 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 create gross 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 the foundations for this most precious of human rights.

The second regional asset is its organized civil society, that is, the multiple self-organizing activities of local citizens. No list can do justice to the myriad things people do for themselves when given a chance. There are local churches, mosques, and temples that are supported by and draw the faithful. In some countries, such as China, there are lineage and ancestral associations that link the present generation to generations past. For younger