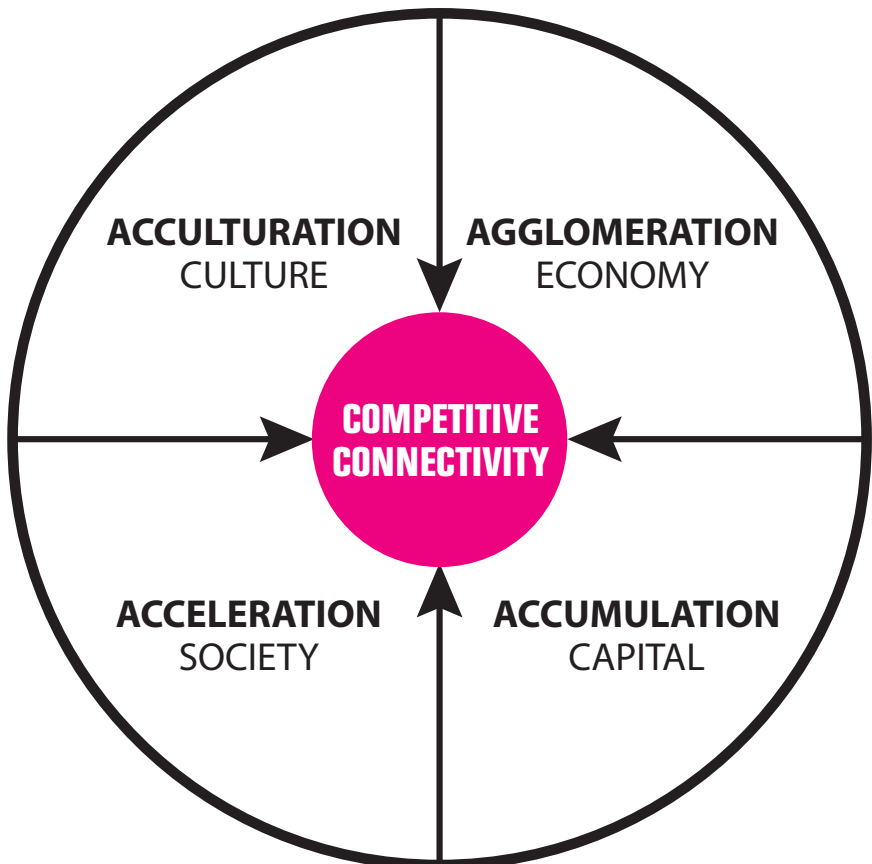


THE FOUR FORCES

THAT MAKE CITIES SUCCESSFUL

Barry Quirk



New Local Government Network (NLGN) is an independent think tank that seeks to transform public services, revitalise local political leadership and empower local communities. NLGN is publishing this report as part of its programme of research and innovative policy projects, which we hope will be of use to policy makers and practitioners. The views expressed are however those of the authors and not necessarily those of NLGN.

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CONTENTS

ACKNOWLEDGMENTS	4
INTRODUCTION	5
CITIES PURSUE COMPETITIVE CONNECTIVITY	7
THE FOUR FORCES	9
SYNTHESIS	30
CONCLUSIONS FOR POLICY MAKERS	34
ABOUT THE AUTHOR	37

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BARRY QUIRK

SEPTEMBER 2016

INTRODUCTION

“The city is a state of mind, a body of customs and traditions, and of the organised attitudes and sentiments that inhere in these customs and are transmitted with this tradition. The city is not, in other words, merely a physical mechanism and an artificial construction. It is involved in the vital processes of the people who compose it; it is a product of nature, and particularly of human nature.” Robert Park (1925)¹

Cities may be imagined by planners or architects: their directions may be invoked by politicians or civic leaders; their capabilities may be burnished by financiers or educators; but ultimately, cities are successful because of the collective energies and the creative chaos of the people who live and work in them.

Cities may be composed principally of bricks but they are created by people’s drive to succeed and to belong. Ambition and attachment are the two key desires that underpin a city’s success. You are part of the city in which you live, and the city is a part of you.

Thirty years ago the American social theorist Daniel Bell argued that, “The nation-state is becoming too small for the big problems of life, and too big for the small problems of life.”² As he saw it, the root cause of this dilemma was a mismatch of scale. When he wrote this, the current phase of pervasive globalisation was only just beginning. But Bell correctly foresaw the problems that nation states would have in taming global economic and demographic forces and in handling their consequences. What’s more he recognised that in large nations, governments would increasingly find it difficult to be responsive to the variety of needs and preferences among their citizens.

This “mismatch of scale” presents cities with the opportunity to fill the subsequent gap in public policy. Cities offer people opportunities for strong civic attachments and a palpable sense of identity. At the same time, many

¹ Park R, Burgess E, & McKenzie R (1925) *The City*, Chicago University Press

² Bell D (1987) *The World and the United States in 2013*, Daedalus, 116 (3) 1-33

cities offer people tangible opportunities for discovering economic security for themselves and their families. And some of the world's largest cities offer the greatest opportunities if they are to produce the correct blend of economic advantage, diversity and inclusion. At this juncture, it looks as if it is the world's cities, and not the nation-states, that are the right scale for the 21st century.

CITIES PURSUE COMPETITIVE CONNECTIVITY

Very many of the world's cities preceded the creation of the nation states in which they are located. And in many nation states, it is their cities that are more resilient and have the clearer future. That's because human activity centres in places with high connectivity and in places where people, goods, services, capital and knowledge flow openly and freely. Successful cities are the centres of creative innovation as well as being places of "flow".

But it is the nation state that sets the regulatory framework for the flows of people, goods, services, capital and knowledge that meet and mingle in cities. In short, while cities prize connectivity, nation states prize borders. In a cogent account of fast developing global networks, Parag Khanna argues that the central impulse that generates urban change globally is "competitive connectivity".³ Khanna describes cities as the nodal points of value networks. They are places where global supply chains inter-link. He suggests that in the fluid and networked world of the 21st century, cities are comprised of bundles of inter-linked supply chains. In a world where bridges are more important than borders; and nodes are more critical than nations, a city's competitive connectivity is becoming its comparative advantage.

Cities vary considerably in scale. And cities are themselves inter-dependent with each other. This may be as a result of their geographical proximity, as well as their economic and social connectedness. Each city has its own origins, its own path of historic development and its own specific geographical location. That is why when it comes to understanding a city, context is nearly everything. The physical barriers and connections within a city (its rivers, its railways, its transport nodes) can be as important as its cultural heritage or its industrial history. But while the specifics of a city's geographic and historic context is critical, each city is also subject to the personalities and ambitions of the people who live there as well as the

³ Khanna P (2016) *Connectography: mapping the global network revolution*, Weidenfield & Nicolson

profound forces of global change. The specificity of context can seldom negate the dominant trends of our age.

Major transformations affect the world's cities. First, is the rise of mega-cities (usually with a population of over 10 million people). Many of these mega-cities are located in “emerging countries” and while they are very large, most of them have minimal global reach. Second, a few of the world's largest cities have become “global cities”. This global city status not only reflects the world wide reach of their economy, culture and politics, it also reflects their leverage in the economic coordination of complex global activities.⁴ London is the UK's only global city and Europe's premier global city.

Other cities of smaller scale link to these mega-cities or global cities through the movement of talented and ambitious people, as well as through the inter-connected value chains of goods and services.⁵ Finally, the link between the skill base of a city (through trends in, among other things, graduate mobility) and its productivity through the blend of innovation, expertise and high skilled workers is becoming ever more evident.⁶

The current search for a new style of urban policy that rests on sustainability and inclusion is entirely sensible given the environmental pressures and social inequalities evidenced in large cities throughout the world. But in order to be successful cities need, at a fundamental level, to be both open and connected. Parag Khanna suggests that successful cities are propelled by an impulse to seek ever higher levels of “competitive connectivity” to the wider world – connections for people, goods, services, value and knowledge. In this paper I suggest that this competitive connectivity arises from how four interdependent and profoundly powerful forces are at work in cities.

⁴ Sassen S (1991) *The Global City*, Princeton: Princeton University Press; Bourdeau-Lepage L & Huriot J-M (2006) *Megacities vs Global Cities: development & institutions*

⁵ In addition to NLGN's ground breaking work on subnational devolution in the UK, several other “think tanks” (RSA, Centre for Cities, ResPublica, Demos, JRF, and MetroDynamics) have focussed away from London on the nation's cities and their challenges, producing a new lexicon of “core cities”; “key cities”; and “satellite towns”, etc.

<https://www.corecities.com>; <http://www.respublica.org.uk/wp-content/uploads/2015/10/Devolution-to-Britains-Key-Cities-ebook-edition.pdf>; <http://www.demos.co.uk/project/talk-of-the-town/>; <https://www.jrf.org.uk/cities-towns-neighbourhoods/cities>; <http://www.metrodynamics.co.uk>;

⁶ Clark G (2016) *Future of Cities: graduate mobility and productivity*, Government Office for Science, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/510421/gs-16-4-future-of-cities-graduate-mobility.pdf

THE FOUR FORCES

The forces at play in cities are not determined by nation states. But neither are they the product of random variation. There is a patterning to cities. It may be difficult to detect, but it's there; and the powerful forces that create this complex urban patterning apply in differing degrees, to all cities. This paper sketches the nature of these forces. It also suggests that these forces need to be enabled but they also need to be tamed. That's because these forces will feed upon themselves – what starts as being a force for urban success can end by distorting city economies and become a source of urban failure.

These four forces are economic, financial, social and cultural. The economic forces tend towards agglomeration (or clustering); the financial forces tend to enable capital accumulation; the social forces within cities tend to acceleration (to the pulse and pace of social life); and the cultural forces tend first to multiculturalism and then in time to acculturation.

These forces can be seen in plain sight in large global cities, like London. And on close examination they are evident in mid-size cities and across urban systems generally. The patterns we witness in successful cities may appear contradictory. These patterns are of economic specialisation and clustering, and yet of social diversity and inclusion. But these patterns emerge from the way that underlying forces are refracted through the changing economic processes in cities and through the social dynamics of cities. They produce layers of urban meaning as successive generations produce new urban forms and new communities. These forces may be universal but they result in unique outcomes in each city. That's why cities are not just successful, they are also alluring.

By sketching out these four forces I am adopting a normative approach – one based on idealised first principles. This style of approach differs dramatically from conventional urban research papers. They mostly follow one of two paths. The first pursues the root causes of economic success in cities through the thematic examination of sectoral productivity and

innovation; the second uses urban case studies to reveal evidence in an attempt to generate useful generalisations for urban policy makers. By contrast, I believe that the four forces that are outlined below offer policy makers strategic insights into how cities may actually succeed.

These four forces act together to foster the conditions for cities to be successful — although when they are imbalanced they distort the developments of cities. The forces involve economic clustering; the relative rate of capital accumulation; the pace of change in social life; and the rhythms of cultural cohesion and connection. Each of these four forces are powerful in their own terms. But each force, if left unchecked, will produce distortions in cities. Too much agglomeration produces the danger of over specialisation. Too much capital accumulation tends towards ever sharper economic inequality. Too much social acceleration produces emotional burnout and disconnection. And too much acculturation leads to a diminution of a sense of heritage and distinctive identities.

But it is the way that these four forces interact that makes for success. In particular they work together so as to drive openness and connectivity. Cities thrive on their connections to other places, not simply on the basis of their own internal capabilities. Too many urban policy makers focus internally on city form and function, when urban success arises from the cities cultural and economic connections to other cities across the globe. Instead these four forces operate in dynamic tension in successful cities. These forces are at play in cities of every scale but they operate most dynamically in large cities (i.e. those of over one million people).

Cartographers map cities. They describe their patterns, and they can reveal their dominant processes. But they seldom explain why these patterns emerge. Explaining is more difficult, but more useful, than describing. Copying a successful pattern is a quick way to learn. But understanding how a successful pattern emerges so as to reimagine it in a different context involves a deeper way of learning.⁷ And when it comes to cities, context is nearly everything. Indeed the four forces that produce the pattern of a city's comparative connectivity do so through the geographic and historic context of the city concerned.

⁷ Quirk B (2011) *Re-imagining Government: public leadership & management in challenging times*, Palgrave

In some cities one or two of the forces act as drivers for change. When that occurs, city growth and development becomes unbalanced. The test for urban policy makers is to discover which forces are most and least powerful in their city and for them to enquire into the leverage they have in relation to each force.

Conventionally, city planners look to the tools at their disposal: their infrastructure plans; and in particular their plans for housing and transport. These are essential platforms for city development but of themselves they don't generate success. They create the platform for success. Success arrives when economic clusters are successful at scale; when finance capital can make a return from its investment in business and in property; when the pace of social change doesn't leave people behind; and when the cultural diversity of the city genuinely and spontaneously adds value to life in the city and its global connectedness.

FIGURE 1 THE FOUR FORCES



Agglomeration occurs when businesses benefit by locating near each other. This effect was first observed by the economist Alfred Marshall in 1890.⁸ The idea of agglomeration is related to the concepts of economies of scale and network effects. As businesses in related fields cluster together, their costs of production may fall and they experience increasing returns to scale. In manufacturing and distribution businesses it is obvious that firms would locate where resources (of material and labour) as well as logistics and distribution factors are readily available. But post-industrial cities rely less on manufacturing economies. Their economic focus is on the service sector and the high value adding knowledge sector. And yet cities based almost exclusively on the service sectors (such as London) also reveal strong spatial clustering. To facilitate emergent clustering, city governments focus on effective infrastructure investment (such as rail, roads, housing, etc) that can serve to amplify existing labour market clusters as well as generate new ones.

Even when competing with firms in the same sector, there may be advantages in businesses locating near each other because the cluster attracts more suppliers and customers than a single firm could achieve alone. This is why jewellery stores co-locate (such as in Hatton Garden or New Bond Street in London). It's also why two ice cream salesman on a linear beach end up moving next to one another in the centre of the beach.⁹

In a very real sense, cities can be said to form and grow simply to exploit economies of agglomeration. There are two types of agglomeration: urbanisation economies, and localisation economies. Urbanisation economies arise when firms in a number of different industries receive benefits from population and infrastructure clusters. A prosaic example of this is found in the case of large shopping centres. Unlike clusters of jewellery shops or ice cream salesmen, these shops are selling different products. Nonetheless, despite the fact that they are selling unrelated products, by locating close together they get an opportunity to use the same infrastructure.

⁸ Marshall, A (1890) *Principles of Economics*. Macmillan

⁹ Hotelling H (1929) "Stability in Competition", *Economics Journal*; Hotelling's Law is also referred to as the principle of minimum differentiation (of location, products, etc)

By contrast, localisation economies, occur when firms in the same industry get supply based benefits from being located close together. These include the ability of businesses to draw from the same skilled group of workers; and the quicker spread of ideas among firms within the same industry — through “knowledge spillovers”. These knowledge spillovers may also be formalised through city-university compacts and so called “smart growth” strategies. But as Marshall argued some 125 years ago, these location based advantages arise emergently through social interaction:

“When an industry has thus 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 it 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 organization 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.”¹⁰

While clustering has been a key economic concept for a century, it was given added impetus in respect of city growth, by Michael Porter in two related articles in the Harvard Business Review in the 1990s.¹¹ Porter used his core business concepts of distinctive capability and competitive advantage, and applied them to inner city renewal and business competition. Porter’s insights triggered a fresh stream of research on urban clusters, business innovation and economic performance.

The precise way in which clustering works to produce positive local economic benefits is, to use Marshall’s term, rather mysterious to those outside of the cluster. It rests upon how innovation occurs within and between firms in local ecosystems of production, distribution and exchange.

¹⁰ Marshall A (1895) *Principles of Economics*, Chapter 10, the concentration of specialised industries in particular localities, para 3

¹¹ Porter, M. E. (1995) ‘The Competitive Advantage of the Inner City’, *Harvard Business Review*, May–June, pp. 55–71.

Porter, M.E. (1998) ‘Clusters and the new economic competition’, *Harvard Business Review*, 76, pp. 77–90.

Clusters based on specific resource or locational factors — such as mining resources or along river banks or coastal inlets — differ from clusters based on how people gather in groups for social exchange and networking purposes. Some cities grow through their nodal connectivity to other places — usually through ports or airports.¹²

The majority of clusters cannot be imposed from above or planned into existence. Those that are planned so as to “turn around” decaying urban areas, often rely upon large investors placing the equivalent of very big bets. For example, the 1.5 million square metres of office and retail space in Canary Wharf in East London was conceived in the mid-1980s. The visionary developers Olympia & York, led by the Canadian, Paul Reichmann, went bust twice (losing some £7bn) before it was finally successful some twenty-five years later.¹³

The global fascination with the success of Silicon Valley and its related clusters, understandably fuels policy makers to pursue technological clusters centred on high performing universities, hip restaurants and local high-tech firms. But one exhaustive academic survey of the literature on effective agglomeration recently concluded, “we still have not opened the black box of how clusters operate.”¹⁴

What we do know however is that agglomeration has positive economic effects in many cities. These effects most probably arise from organic and emergent processes rather than from “top down” design from governments or city leaders. Nonetheless, each large city needs to focus on its distinctive capabilities (relative to other cities) and offer incentives that enable businesses to gain from effective clustering and knowledge spillovers. Global cities, like London, which are multi-polar and have dense networks and clusters need to develop their global specialisations and external networks while also enabling internal clustering and specialisation.

¹² Karsada G & Lindsay G (2012) *Aerotropolis: the way we'll live next*, Allen Lane

¹³ The Economist (2013) Paul Reichmann: saviour of the docklands, *The Economist*, 2 November 2013

¹⁴ Carlino G & Kerr W (2014) *Agglomeration and Innovation*, Working Paper 15-007, Harvard Business School

Strong economic clustering forces can be the principal source of comparative advantage for a city. However, cities need to be adaptive to changes in the economic fundamentals that create these clustering forces. And these fundamentals are in perpetual motion. It is the changing economics of businesses that create clusters; cities simply host these clusters, although they may also reinforce them. Think of buying a pair of running shoes. The company is headquartered in London but has centred its business base in Doxford near Sunderland. You buy the shoes online through a website that is hosted in Milton Keynes. The shoes are produced in Vietnam; they travel through logistics hubs in Bangkok and Cologne before arriving in the distribution centre somewhere near your home. This is the current character of the dispersed and dislocated nature of business economics. It is creating a new geography of the global economy and a new geography of jobs.¹⁵ It also serves to disrupt existing and established agglomerations.

But agglomeration can actually go too far. It can serve to lock cities into monopoly forms of production, distribution or consumption. Cities can become over specialised; their economies lacking the diversity that is needed to provide resilience during periods of economic shocks. Of course, this would not be a problem if economic advantages remain static over time - but they don't. Things change and what was once a strength could in time lead to a relative weakness. The one time advantages of a trading location; or a natural resource; or a "first to market" technical capability, can soon be washed away after just two generations of profound economic and technological change. There is a paradox here. Clustering forces are centripetal in nature, they focus attention inward towards the centre of the cluster concerned. However, clustering only succeeds if it is combined with external connectivity (to other clusters or to markets). In establishing his new approach to the geography of economics, Paul Krugman explained how serendipity plays a part in starting clusters; and that once established, path dependency and "lock-in" play their part. His key insight is how the localisation of economies is linked to the economics of trading within and across nation states.¹⁶

¹⁵ Moretti E (2013) *The New Geography of Jobs*, Mariner Books

¹⁶ Krugman P (1991) *Geography and Trade*, MIT Press

Clusters can benefit suppliers as well as consumers, but they can also homogenise how a city feels to its residents. City residents want reliable goods and services of consistently high quality at varied points of affordability. Among other things, this can tend to drive to uniformity in the urban form. Shopping centres look the same, riverfront apartments have the same feel and even “hipster zones” and “cultural quarters” can affect the same look and feel in cities of very different histories and character. This uniformity can offer a hollow lived experience.

Urban populations may demand uniformity as consumers but as residents they desire uniqueness. They want distinctive places that are unique and offer human scale attachments. They want places to possess identity and to affirm locality. When everywhere feels the same, nowhere really matters. As a result people will reject or avoid bland public places that reflect large scale specialisation but that lack a sense of heritage, history or local cultural connection.

Accumulation is the inexorable blind logic that is followed by capital. It surfs on the uneven development of economies around the globe and the variable rate of return found in different asset classes and sectors of the world’s economies. The pursuit of capital accumulation (both current and anticipated) is essential to the financial lifeblood of cities. Capital accumulation is closely tied to the production and construction of the urban form as well as to the pursuit of future rental flows.¹⁷ And if businesses and investors cannot make a return on their cash in one city, they will look for another.

Cities cannot grow and be successful without a fresh flow of money to invest in properties and businesses. It is not feasible for everyone, everywhere to pull themselves up by their own bootstraps; some times we need a boost from people who are based elsewhere, investing in us here. The savings of people living elsewhere may find this location a profitable place in which to invest. And they will make their investments through the numberless capillaries of the global system of capital finance. It is seldom directed by the owners of capital themselves. A teachers’ pension fund from southern California may decide to invest in commercial property just around the corner from where you work. In this way, the dynamic of capital (from

¹⁷ Harvey D (2010) *The Enigma of Capital*, Profile Books

savings to asset investing) flows through an array of financial investment intermediaries into the city in which you live.

This force of capital accumulation is more powerful than the public policy choices of urban innovators. Capital will flow into your city if it can make a good return on its investments compared to other cities. And it will flow out if the circumstances that favour these returns cease to exist. Despite this, it is feasible to capture mobile capital by positively encouraging it to invest in your city.

In terms of investing in place, the routing of new rail and road networks will produce new patterns of land value that can entice investors. And the zoning of new residential areas will also offer opportunities for development value to be realised. When it comes to investing in business it is also feasible to encourage micro and social finance and foster city regional approaches for venture capital. Tax incentives, property tax subsidies and other subsidies can serve to bend and deflect investment. But cities need to understand that most of the investment flowing into and past their cities cannot be directed by policy makers. It is following the blind logic of accumulation.

In an era of low or zero inflation the nearly negative returns “gained” on holding cash prompt investors of all types to seek securer and higher quality assets in which to invest. They focus on where to invest (in which locations, in which asset classes and in which sectors) and then on which stocks to invest (in property A or property B; in overseas equity X or in UK equity Y).

The economist John Kay, describes the two functions of financial capital as “search and stewardship”. For Kay, “search is the pursuit of new investment opportunities, stewardship the management of long term assets that have already been created.”¹⁸ He also outlines how businesses and households put their money into one of two channels. Money that is needed for monthly cash flow is placed “on deposit”. That fraction of money that businesses and households put into longer term savings is directed into “investment”.

But while investment into commercial and residential properties usually outperforms that which flows into equities, we live in highly uncertain and

¹⁸ Kay J (2015) *Other People's Money*, Profile Books, p 144

turbulent times. The value of intangible assets (such as “residual brand value”) often trumps the known value of real assets. For example, Uber (with its unique self organising transport system, mobile Internet platform, and smart software engineering) has a current market valuation of some £54 billion — some £16bn more than either Ford or General Motors. Critically, this is not the value of Uber’s operating assets but the market’s evaluation of its likely future profits. In short, capital flows into fixed assets, operating assets and into intangible assets in rather unpredictable ways.

In large cities, capital flows into property (fixed assets) and it also flows into equities to sponsor business innovation that could realise higher returns. The balance between returns on property and company shares changes over time and depends, critically, upon whether dividends earned are reinvested. Obviously, the rising value of residential property is predicated on a rising population. If the population in a city is falling, house values will inevitably fall. Over a 30 year period to 2015 in the UK, according to one analyst, the returns on property (433%) were marginally higher than returns made on shares (402%).¹⁹

At one level, cities are the physical expression of the balance that has been struck over time by finance capital seeking returns in fixed tangible property assets or in anticipated future value of company shares. One visible illustration of whether finance capital is seeking returns from fixed property assets is in the number of construction cranes in a city. Indeed “Crane Surveys” are undertaken, in cities like London, by several economic consultants to gauge the health of city development.²⁰

However, a number of strong forces are at work in determining whether capital flows into property development or into businesses. One driving force is the requirement for capital to be repaid with adequate interest. The concomitant for capital to seek avenues to accumulate is that lenders need to find ways to finance their indebtedness. And as the former banker and investment manager, Richard Vague argues:

¹⁹ Jeffries T (2015) What’s done best - cash, stocks or bricks and mortar? *This is Money*

²⁰ Deloitte (2016) *The London Office Crane Survey*, <http://www2.deloitte.com/content/dam/Deloitte/uk/Documents/real-estate/deloitte-uk-crane-surve-summer16.pdf>

“The accumulation of higher levels of private debt over decades impedes stronger growth. Money that would otherwise be spent on things such as business investment, cars, homes, and vacations is increasingly diverted to making payments on that rising level of debt — especially among middle and lower income groups that compose most of our population and whose spending is necessary to drive economic growth. Debt, once accumulated, constrains demand.”²¹

This can produce dilemmas for policy makers. Increasing the indebtedness of businesses and households in a city doesn't bode well for the buoyancy of a city's wider economy. If the residents in a city are paying a comparatively higher share of their disposable income on renting a home (or financing the cost of its long term purchase) they simply have less money to spend in the city as a whole. Moreover, while urban policy makers may be keen to encourage renewal and development, they are unlikely to be able to finance physical development and necessary public infrastructure from local property taxes alone.

Urban renewal has to be financed by developers themselves, by those who provide finance to the developers — and ultimately by those who will pay rents to occupy the properties on which the return on investment is required. But cities don't just need to find finance for the costs of renewal, they have to finance the externality costs that flow from these developments. This could involve major or minor infrastructure works, exterior landscaping, community facilities as well as contributions to local public goods (including schools, etc).

In a global city like London, with a growing population and rising land values, escalating property prices present real problems. As one US correspondent to *The Economist* acerbically put it when considering moving home from Washington to London,

“London property owners, as a class, are effectively an incredibly successful rent-seeking operation greedily sucking up the economic surplus generated by the city's economy.”²²

²¹ Vague R (2014) *The Next Economic Disaster*, University of Pennsylvania Press, p 3

²² *The Economist* (2013) *London House Prices in The Parasitic City* (3 June, 2013)

A 2015 study of the risks to London's future competitive advantage, unsurprisingly put the affordability of its housing at the top of a short list.²³ Within London, arguments about “affordable” housing can easily be reduced to how best to depress land value, lower construction costs and intensify or densify the proposed developments. More nuanced approaches are needed to tame the blind logic of capital accumulation. Variety in tenure mix and a degree of corporatising the private rental sector is part of the solution.

Cities that do not fetter (in sensible ways) capital accumulation in their property and residential market, will damage the natural over-lapping character of their residential areas and will sharpen economic inequalities amongst their residents. And urban policies that move the poorest people out of areas of high land value simply so that rental values can be increased for newcomers, are bound to fail in terms of social outcomes. Nonetheless, it remains possible to bend the direction of capital investment in cities. And it is equally as feasible to tame the crushing logic of accumulation so that cities possess variety and are socially inclusive.

Acceleration is something we experience in our everyday life. Things just seem to get faster. As a result this produces, what has become known as, a “Red Queen effect”. In Lewis Carroll's 1871 fantasy novel, the Red Queen said to Alice, “It takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!”²⁴

Thus, when the pace of change in the world is increasing you have to move faster and adapt more quickly if you want to keep ahead. Agility, adaptability and innovation are the key words of those who live at the cusp of change. This form of “evolutionary arms race” stems from the dynamic pulse of life where we try to outpace not just the rate of change in our operating environment but the rate of change at which our contemporaries are moving.²⁵

This Red Queen effect particularly applies to those businesses and workers who are operating in fast changing environments that face disruptive

²³ Miller J *et al* (2015) *Future Proofing London*, Atkins, Oxford Economics & the Centre for London

²⁴ Carroll L (1871) *Through the Looking Glass*, Macmillan

²⁵ In biology, abiotic evolution stems from successful adaptations to a changing environment (to droughts, floods, etc); while biotic evolution stems from succeeding in competition with others (such as when hyaenas fight each other over small bones, or with other species over bigger bones).

innovation. When demand for a good or a service can ratchet up or down swiftly, it is best to be able to respond equally rapidly. In some sectors, slow responses to market conditions can herald bankruptcy (having too much stock when demand drops off a cliff is as bad as having too little when demand surges). When a disruptive technology or agent enters a market the impact on existing competitor rivalry can be equally as dramatic.

In cities people definitely walk quicker, and they appear to talk quicker.²⁶ In a ground breaking examination of the “geography of time”, Robert Levine, investigated how our perception of time is culturally constructed. He argued that, “The pace of life is the flow or movement of time that people experience. It is characterised by rhythms, by sequences, and by synchronies. But first and foremost the pace of life is a matter of tempo.”²⁷ And the tempo appears to quicken in direct relation to city size.

In 1999, during the infancy of Internet and at a time when having a fax machine was the height of global business connectivity, James Gleick wrote a book called “Faster”. He argued that in the move from industrial to post industrial society, people have changed from having time to fill and time to spare, to treating time as a precious commodity to be guarded, hoarded, and managed. Indeed having a lack of time had become a status symbol. Society was becoming divided between those with demanding working lives who were subsequently “time poor”; and those who were not in full-time work but who as a result were “time rich”. Gleick showed how scientific advances and technical changes altered people’s very perception of time itself.

Ironically, Gleick’s book was published just before the full explosion of web-based communication networks began in the earlier 2000s. Since then the impact of technological change and in particular the enveloping web of the Internet has increased the velocity of many human activities. One earlier theorist of the impact of the Internet on human affairs wrote of the “informed bewilderment” that may fog the minds of consumers of digitised information.²⁸ Only some 15 years later are we beginning to discover the

²⁶ Jaffe E (2012) Why People in Cities Walk Fast, CityLab, *The Atlantic*, 21 March 2012

²⁷ Levine R (1997) *The Geography of Time: on tempo, culture and the pace of life*, Basic Books, quote from p 3

²⁸ Castells M (2001) *The Internet Galaxy*, Oxford University Press, phrase from p3

profound power of the digital revolution. This power is fuelled by, among other things, the interplay between smartphone technologies, dynamically accessible information, knowledge creation and global networked communication.

We all know that our capabilities at work, in study and in our social lives is subject to information overload. And to some degree, we all suffer attention deficit. In 1999, websites lost a third of their traffic if they took eight seconds to load. By 2006, that had shrunk to four. Apparently Google puts them on notice, now, if it takes more than two seconds. In an account of the impact of technological change on our psychological, cognitive, social and political lives, Robert Colvile posits that, *“The toxic combination of more information and less time to process it, is another of the feedback loops with which the great acceleration is rife.”*²⁹

According to the social theorist, Hartmut Rosa, there are three types of acceleration. First, is technical acceleration. This includes the average time for commuter flows in cities; the times taken by trains to travel between cities; the increasing pace of “on demand” responses by service providers to their consumers; and the speed of information processing. Technical acceleration fuels the economic motor — literally it is the descriptor of when “time is money”.

For example, when 3G mobile communication standards were implemented in 2004, it was possible to connect to the Internet at a rate of 100 megabits of data per second — however the “latency” (a measure of time delay from one networked point to another) was 500 milliseconds. By 2014, people using 4G could download 1 gigabit per second with a latency of 50 milliseconds. Within the next five years, people will be using 5G which will enable them to download 10 gigabits per second with a barely measurable 1 millisecond of latency. This will enable real time instantaneous communication globally. It will greatly accelerate knowledge production and dissemination across all sectors.

The second aspect is the acceleration of social change. Generational effects (including increasing longevity) have the effect of speeding up the future. We reflect on the past, live in the present and anticipate the future. But the

²⁹ Colvile R (2016) *The Great Acceleration*, Bloomsbury, quote p 51

reflexive character of social life and the pervasive character of uncertainty, means that we tend to “contract the present”. This propels us more quickly into the future. The social theorist, Hartmut Rosa, calls this effect the “social motor” of acceleration.

The third aspect of social acceleration is the increasing pace of daily life. The accelerating tempo of life involves a condensing of episodes of action — so that we can do more activities in the same available segment of time. It thereby condenses daily experiences into overlapping activities. No longer are activities segmented into different parts or hours of the day. This can result in the feeling of “stressful compulsion” whereby people are fully engaged in trying to keep up. Rosa argues that, rather than the much anticipated fast paced mobilisation of modern life, the dominant experience may be one of “frenetic standstill”.³⁰

We are open to informational bombardment on a 24/7 basis. And yet our information is increasingly socially filtered. The more our information is filtered by our social networks, the more narrow and shallow is our attention and focus (such that we only get to know very quickly what is known by others whom we already know socially). The inexorable reduction of our attention span and the subsequent narrowing of our focus has significant political as well as social consequences.

Like the other forces, acceleration can produce negative effects when taken too far. Not only may an ever faster pace of life induce stress and anxiety, some researchers argue that it may also increase levels of self-regard and narcissism as well as reducing levels of empathy.³¹ And in the day to day politics of governing, the demands for immediate response to issues can limit the space for calm deliberation by elected executives (and those who advise them).

The fast feedback loop between press and politicians, and between the public and the politicians they elect, may actually weaken politicians’ ability to act appropriately. What’s more, it may incentivise decisiveness

³⁰ Rosa H (2013) *Social acceleration: a new theory of modernity*, Columbia University Press

³¹ Among the best books on the positive and negative impact of technological change on human life are the following: Jackson M (2009) *Distracted*, Prometheus Books; Carr N (2010) *The Shallows*, Atlantic Books; Morozov Y (2013) *To Save Everything, Click Here: the folly of technological solutionism*, Allen Lane; and Schulte, B (2014) *Overwhelmed*, Bloomsbury

in respect of lots of trivial things rather than enable a focus on more important public questions. In this way, urgent and important political events can become confounded by recursive media examination and the demands of transparent decisiveness. An interview with John F. Kennedy's speech writer, Ted Sorenson, conducted eight years ago, led to the sobering conclusion that the current demands of the media (for continual transparency) may not have enabled the effective handling of the Cuban Missile Crisis were the circumstances to happen now.³²

The process of social acceleration is at the centre of people's everyday experience of cities. It's where the pace of change in technical, social and daily life is at its fastest. Some people move to cities because they want a faster life; while others leave cities because they want their life to slow down. For those city dwellers who cannot move home away from the fast pace of life, escaping into episodes of "mindfulness" and other techniques for "expanding the present" may help them cope with the acceleration of life and adjust to the ever present pressures on people.

Social acceleration is one of the most powerful forces of change. It operates in our perceptions, in our social lives and also in how we live and work on a daily basis. It has a compound effect on agglomeration effects in that it speeds up clustering by condensing the social connections within clusters. One argument for this trend, which is consistent with the idea of innovation multipliers caused by forms of agglomeration, is the idea of "collision density." The term has its origins in physics where it is used to reference the rate of interactions among atoms in a physical system. More recently the idea of city governments actively fostering this collision density between urban innovators and entrepreneurs is taking hold.³³

Acculturation is a powerful social force that can be seen in all of the world's successful large cities. It is the process of cultural change that results from contact between culturally dissimilar people, groups, and social influences. These differences can be a blend of ethnicity, nationality, faith

³² Colville R (2016) *The Great Acceleration*, Bloomsbury. Colville focusses on how the pace of politics is accelerating and in so doing he refers to Sorensen's Cuban Missile Crisis thesis, found in, Rosenberg H & Feldman C (2008) *No Time to Think*, Continuum

³³ Cohen B (2016) What makes a thriving and interesting city: a thing called "collision density", *Fast Coexist* 11th May 2016

and identity. It is conventionally examined in respect of the rate at which immigrant groups adopt and adapt to the dominant cultures of the nations into which they move. More critically it is examined in terms of how new urban cultures emerge, often as a response to racism and the multiple economic disadvantages experienced by migrants — and particularly young migrants or the children of new migrants.³⁴ The co-existence of different cultures in the same localities can result in syncretism — where two cultures merge through amalgamation; but more usually hybrid adaptations emerge when cultures connect and collide.

Some theorists view acculturation as a psychological process that influences individuals. However, it is mostly viewed as a social process, affecting social groups of all types and characteristics. The process of acculturation differs from assimilation (which is often a politically inspired process whereby minority cultures are encouraged to adopt the practices of majority cultures). Assimilation and integration are undoubtedly positive processes that help minority communities adapt and prosper in wider society. Acculturation also differs from cultural appropriation — this occurs when powerful majority cultures adopt minor aspects of the cultural practices of minority communities (in say, art and music) as an adornment for mainstream popular culture.

Acculturation occurs in cities due to high population density and the social movement of residents on a daily basis. The process of acculturation is not additive; nor is it simply absorptive — it more often involves the creation of new culturally hybrid practices. The very process of social interaction (in neighbourhoods, at the school gates, at the doctors' surgery, the hospital, in the shops, and so on) serves to generate acculturation. On the streets of Manhattan a stall selling “Halal hot dogs” offers one small symbol of the process of acculturation.

In large cities with many different cultures, acculturation is inter-twined with global processes of economic consumption and social openness. The existence of social diversity and the processes of social interaction inevitably loosen the ties of tradition and custom. However, that does not

³⁴ Back L (1996) *New Ethnicities and Urban Culture: racism and multiculturalism in young lives*, Routledge

mean that during the process of acculturation, issues of heritage, identity and tradition become less important to people over time. Simply that tradition and custom can be honoured and respected in new and innovative ways. Where this does not happen, social divisions become palpable. In an evocative account of cultural difference, Jonathan Sacks (the Chief Rabbi in Britain from 1991 to 2013) wrote,

“Throughout history until recently, most people for most of their lives were surrounded by others with whom they shared a faith, a tradition, a way of life, a set of rituals and narratives of memory and hope ... that is not the situation today. We live in the conscious presence of difference.”³⁵

But some people avoid this conscious presence of difference: either passively or actively. Research on the experience of how some Asian communities have settled into cities and towns in Northern England has given rise to descriptions of segmented communities with people living parallel (and highly unequal) lives.³⁶ The extent and intensity of residential segregation crystallises “difference” into daily life. People may live in the same locality but they may also be separated by large social distances.

People have plural and competing affiliations that underscore their sense of identity in the modern world. Rarely does our sense of personal identity stem from a single source. Our communities are usually bundles of diverse diversities rather than federations of separate and distinct social groups. And discussions across communities are best based on reasoned dialogue than passive respect and tolerance for difference. Quoting Akbar the 16th century Moghul, Amartya Sen suggests that cultures, particularly those based on faith, should avoid “the marshy land of tradition” and instead choose how best to live through reasoned dialogue between people of difference.³⁷

The extent to which people socialise with people who differ from themselves is a mark not just of a plural and diverse society, but of a socially inclusive and cohesive community. However, the extent of this social separation is very

³⁵ Sacks J (2005) *The Dignity of Difference*, Bloomsbury

³⁶ Cattle T (2008) *Parallel Lives: the development of community cohesion*, The Smith Institute

³⁷ Sen A (2006) *Identity and Violence: the illusion of destiny*, Penguin quote on p 162

obvious in some cities and less so in others. In Britain, the role of faith and tradition as a source of personal identity and also as a cause of social separation has received considerable critical comment over the past few years.³⁸

By contrast, authentic acculturation is influenced by long run generational change as well as adaptive changes to civic culture and politics. Comparative studies of fundamental values over time, support the thesis that over the long run, and with generational change, the values of human rights, emancipation and “self expression” become increasingly important.³⁹ With declining deference, and increasing social diversity, the impact of these changes in large cities is to move to greater social integration. It also involves the movement from allegiant to more assertive styles of citizenship.⁴⁰

Acculturation differs from multiculturalism in critical and important ways. Multiculturalism is a term that, in the UK, is used with two meanings. First, it can be the description of a pattern of diversity and pluralism. In this way, it can be said that the 0.5 million people living in County Durham in Northern England (97 per cent of whom are of white British origin) are less multicultural the 3.2 million people living in “inner London” (of whom 39 per cent are of white British origin). But multiculturalism is not just a descriptor; it is also a political process: a way in which social groups with different identities are engaged in the process of community governance. For governance involves people as citizens and focusses on their equal rights as citizens not simply on their rights as a member of a minority group. And in the UK, it is this second use of the term which has attracted criticism. According to Keenan Malik,

“Multicultural policies accept as a given that societies are diverse, yet they implicitly assume that such diversity ends at the edges of minority communities. They seek to institutionalise diversity by putting people into ethnic and cultural boxes — into a singular, homogeneous Muslim community, for example — and defining their needs and rights

³⁸ Phillips T et al (2016) *Race and Faith: the deafening silence*, Civitas

³⁹ Inglehart R & Welzel (2005) *Modernisation, Cultural Change and Democracy*, NY Cambridge University Press

⁴⁰ Dalton R & Welzel C eds (2014) *The Civic Culture Transformed: from allegiant to assertive citizens*, Cambridge University Press

accordingly. Such policies, in other words, have helped create the very divisions they were meant to manage.”⁴¹

That is why assimilation or enforced integration policies are likely to fare no better than policies based on multiculturalism. For they institutionalise social differences and tend to discriminate and marginalise small groups by the processes of social coercion or legal enforcement. Instead city governments would do well to follow the advice of Robert Putnam; building opportunities for connection — or civic “bridges” between differing cultural groups — rather than simply encouraging greater “bonding” within these groups.⁴²

But while city governments can model the way, the social force of acculturation is characterised by psychological and social processes of open emergence. It happens when over a sustained period the connections and collisions of people’s experiences cause change across the cultural practices that distinguish and sometimes divide them. In the socially mediated world of the early 21st century there is much talk of the power of networks. But even on the Internet, “birds of a feather flock together”. The truth is that networks are not communities. Networks seldom enable acculturation. That happens when people of different cultures have the practical need to share a “commons” — and thereby get to learn each others cultural practices up close and in some depth.

Cities are at the forefront of acculturation for two main reasons. First, there is growing empirical evidence to support the common sense observation that people who migrate to cities tend to be more open minded than their peers.⁴³ For surely it is the ambitious, the outgoing and those who are genuinely open to new experiences (or in the case of refugees, the desperate) that leave their homes to live in cities hundreds or thousands of miles away from their place of origin. And so it is not surprising that, as a generality, these people tend to be less constrained by custom and tradition than their peers. They inevitably tend to be more tolerant of others and more adaptive in their own approaches.⁴⁴

⁴¹ Malik K (2015) The Failure of Multiculturalism, *Pandaemonium*, <https://kenanmalik.wordpress.com/>

⁴² Putnam R (2000) *Bowling Alone: the collapse and revival of American community*, Simon & Schuster

⁴³ Rentfrow J (2009) *The New Geography of Personality*, Cambridge University, www.cam.ac.uk/research/news/the-new-geography-of-personality

⁴⁴ Florida R (2002) *The Rise of the Creative Class*, Basic Books; Florida R (2008) *Who’s Your City*, Basic Books

But cities are more than a magnet for the ambitious; they are also a maelstrom of social life. Yes, cities may be places where people coexist in largely parallel lives but they also host incredible possibilities for connection and interaction. Agglomeration effects can speed up the process of acculturation where people socialise together in the same commons. In many cities, people cannot avoid having to rub along with other people who are different to themselves in their every day life, at work, and in the communities in which they live. Acculturation is a powerful if much understated process of social change — it can happen quickly (following socially significant and culturally iconic incidents) but more usually it tends to operate generationally.

When acculturation processes are overly strong cultures can converge or minority cultures can be dominated. Convergence results in syncretism. And in these circumstances, people's distinctive sense of heritage can get lost. This may result in stronger attachments to place but it may also be accompanied by a sense of cultural rootlessness. In the UK we live in a dominant culture based on individual consumption; and at a time when personal identity and authenticity have become so important to daily life. Furthermore, acculturation inevitably involves power relations between social groups. For this reason it is critical that diversity is not viewed as simply a matter of cultural variation with a related challenge of social inclusion. Issues of racial and social justice need to be attended to with equal vigilance by city governments and policy makers. The central political aspect of civic rights in a city is that when cultural difference is celebrated, everyone's heritage needs to be honoured and respected.

SYNTHESIS

The significance of these four forces is that they are interdependent of each other but, depending upon the context of the city concerned, they can also serve to amplify or dampen the effects of each other. Agglomeration is critical to cities in that it enables the formation of denser economies as well as intensifying specialisation. But large cities have many clusters within them and these clusters impact upon the way that capital flows through the city and how the social and cultural life of the city works.

Accumulation is the key process for financing the city, for making urban developments viable and city businesses sustainable. But an over-concentration on financial accumulation will exacerbate inequalities, distort housing and commercial markets within a city and generate inequalities between cities. Acceleration has become a key feature of life in cities. Driven by the pulse of technological change it affects economic, social and political life. It impacts upon the search for agglomeration and the pursuit of accumulation. And acculturation is the force for generational as well as day to day change in a city. Acculturation enhances social connection and cohesion but it may also weaken peoples sense of heritage and rootedness.

Agglomeration forces can be fuelled by the logic of capital accumulation, which in turn may be influenced by these same clustering factors. Social acceleration of daily and generational life is quickened by the increasing pace of technological change and also by the reflexive character of the increasing scale of social networks. Acculturation processes can be slow in circumstances of cultural conservatism and constraint. But they can also move quickly because of iconic events and how prominent individuals (including political and business leaders as well as popular celebrities) can themselves, through the narratives of their personal lives, act as the message platform for cultural tolerance, respect and adaptation. In this way social acceleration interplays closely with processes of acculturation.

In different cities, and in different contexts, the four forces interact with each other in varied ways. The challenge for policy makers is to find ways

to optimise how these forces interact in their specific urban context so as to enhance their prospects for shaping a successful city that is open, plural, diverse, vibrant and yet inclusive.

Cities are the centre stage in human progress in every nation state. They each have unique locations; they each have followed different paths of development; and they each have distinctive cultural heritages. In the UK, the new urban policy agenda, which developed after 2010, aimed to encourage cities to improve the economic well being of their areas by fostering the conditions for business growth and for broader renewal.

At a time of uneven development in the national economy, and with the astonishing underlying rate of growth of London, it is sensible for cities of all sizes — core cities, key cities, and satellite towns — to work to strengthen their economies. Whether the focus is on sponsoring start-ups; on scaling up existing small enterprise; or on retaining or relocating large enterprises; a focus on business success and improving labour market conditions is essential.

But economic success is a singular goal and a narrowly focussed pursuit of that goal, can produce an unbalanced city. City governments are not simply vehicles for boosterism. They are vehicles for the modelling of civiness and for the promotion of civility. Economic success is hollow if it is not accompanied by a sense of civic attachment and a culture of tolerance and respect amongst citizens. And economic success is shallow if it is captured by a minority at the top of the income scale. Cities need to address inequality and disadvantage.

The call for cities to grow their economies in the 1990s, was followed by a call for them to encourage sustainable growth in the early 2000s. More recently the claim is for cities to develop programmes of inclusive growth. Programmes where the poorest citizens are not left behind. Policies on transport subsidies, rental support and employment access programmes can each generate greater inclusion. This needs to be achieved at the level of the neighbourhood if it is to be achieved at the scale of the city.

Five years ago, Edward Glaeser in a book of the same title, declared the “triumph of the city”.⁴⁵ His book was a reminder of the incredible success of cities despite the secular stagnation of very many national economies. Cities draw talent and ambition together; and, simultaneously, they amplify people’s capabilities.

However, Glaeser recognised that the world’s most successful cities do follow different paths. He wrote of imperial cities like Tokyo; well-managed cities like Singapore; smart cities like Milan; consumer cities like Vancouver; catapult cities like Dubai; and growing cities like Atlanta and Houston. Glaeser began the argument for connectivity as the *raison d’être* of cities. Nation states may regulate borders, but it’s cities that build bridges, and that enable connections in the modern world.

“The most successful cities like London, Bangalore, Singapore and New York still connect continents. Such cities attract multinational enterprises and international expatriates. Immigrants are often a vital part of their economic model, both at the top and at the bottom ends of the pay scale, and the success of global cities depends upon national policies towards trade and immigration. An open city can’t exist in a closed nation.”

This paper has focused on the four profound and powerful forces that drive cities forward — together these vectors enable *competitive connectivity*. And connectivity is the core purpose of urban development — it’s why 150 million people a year are moving to cities across the globe. These four forces are rarely harnessed as part of intentional policy. However, by recognising their power and their interdependencies this paper contends that it may be more feasible to devise effective interventions in urban policy. City practitioners may need to tame the excesses of these four forces and to try to nudge how they positively interconnect so as to enhance the prospect for their city to be successful.

Given the profound and powerful nature of these forces it would be easy to slip into a form of urban fatalism. To ease back into a powerlessness. But so many successful cities around the globe demonstrate that it is possible to turn the tide; to remedy city decline; to reimagine positive futures for their

⁴⁵ Glaeser E (2011) *The Triumph of the City*, Macmillan

cities; and to renew city ambitions. Cities can grow by deliberate design; they can be recovered through pragmatic urban strategy; and they can become vibrant and engaging places for human flourishing.

CONCLUSIONS FOR POLICY MAKERS

This paper has sought to sketch a new approach to how cities develop; by focussing on the profound and powerful forces that energise them. Economic and demographic mega-trends set the context in which cities grow. Technological trends make trade and communication borderless. But national policies also have an important bearing. In the UK the 2016 national vote to leave the European Union raises substantial issues for politics and economics. It will also have a significant bearing on urban policy. Events, as they say, will unfold. But post Brexit UK policy is critical to the continuing success of the UK's cities (regardless as to how the electors in these cities voted). Trade may be regulated at the level of the nation state, but it is conducted at the business and city level.

Approaches to urbanism are usually firmly rooted in one or other academic discipline or in the related design sciences of architecture and planning. Instead I have drawn upon the disciplines of economics and finance, as well as social and cultural theory. For that is where the future of cities lies — at the intersection of economics and culture. Comparative connectivity is the “secret sauce” for city success. The key ingredients of this secret sauce are the four forces identified in this paper.

The forces of agglomeration, accumulation, acceleration and acculturation are real and genuine. These four forces are offered as a normative tool to enable practitioners to decide, “what should be done next?” Practitioners want to know that the concepts they are using are sound; are appropriate to the context in which they work; and will offer a compass for decisions into the future. They may not point to the precise steps that should be taken, but they should suggest how to balance competing claims, how to choose between different priorities; and how to pursue public betterment. In this regard, I suggest there are ten practical conclusions that flow from the foregoing analysis for urban policy makers.

1. Choose a functional urban economic area that makes sense to your city and its stakeholders and admit to yourself and your city's stakeholders that your city is porous and is subject to enormous spillover and leakage effects from elsewhere.
2. Beware the “perils of parochialism” (the dark side of localism). It's likely that those with power in your city region will want to identify a series of problems that they can solve. They will therefore nearly always draw the boundary of their city too narrowly. Remember that your city is a part of the world, it should never act as if it were apart from the world. Start with the goal of increasing your city's competitive connectivity to other cities and places.
3. Recognise that different policy domains have differing geographies. The labour market area in which you function will differ from the area that makes policing responsive and efficient, primary schooling effective or hospital planning sensible. You will always have to balance neat and tidy solutions with fuzzy geographies. Don't worry about having tidy boundaries.
4. Acknowledge that you can't impose economic clusters — “we have decided that there's going to be two cultural quarters in our city; over there in locality A, and there in neighbourhood B”. You can foster the conditions for some clusters to be realised. But you can't decide exactly where others will be entrepreneurial and innovative. Don't fall prey to the fallacy of strategic planning — adopt strategic intuition instead.
5. You need to recognise if clusters are becoming too dominant and in danger of making your city the 21st century equivalent of a “factory town”. Over specialisation is a danger unless it is world class and world leading. And remember, just because something is specialised, it doesn't make it world class. But even then it can be a problem. Over one-fifth of London's economy stems from the finance and insurance sector; just one-fiftieth stems from the manufacturing sector.
6. Your city stewardship role includes ensuring that the city isn't dominated by one class of assets and one class of people. It is likely that in your city you will want to ensure that capital accumulation follows many tributaries if your city is to grow in a variegated, resilient

and sustainable way. If you try to prevent capital accumulation altogether you will most probably suffer the fate of King Canute (or your city will suffer the fate of Atlantis).

- 7.** There are two routes to economic growth — “bootstraps or boosterism”. Cities can focus on sharpening their distinctive capabilities (to pull themselves up by their bootstraps) or they can seek investment from others outside the area — selling the city as a preferred investment opportunity compared to other cities (through boosterism). Use both — but carefully.
- 8.** Always remember that the pace of life for everyone is accelerating and that rate of change in your policy agenda is glacial by comparison to the daily lives of the people in your city. Cities are magnets to ambitious people who seek a faster paced life but even these people need locations of tranquility and solitude. Develop environments that enable speed and which help people expand the present.
- 9.** Perhaps above all, cities are places of people with bewildering diversity — of ethnicity, national origin, faith, identity and values. Your role is to help them build bridges with each other — rather than for them to live in segmented communities pursuing parallel and unconnected lives. Harmony, tolerance, empathy and respect are the watchwords for your actions in this critical space for civic action. Remember, we will only engage with others if we respect them for their authentic selves.
- 10.** Successful cities in the modern world require scale for their specialisations to work (whether it’s about high quality orthopaedic surgery or efficient public transportation). But scale can be a problem. Successful cities enable personal attachments; they build belonging. Cities don’t just do deals with the nation states that host them; they build compacts with the citizens who live there. Cities and their citizens together nurture “the civic” — the virtues, duties and habits that sponsor engaged citizenship. And they also foster “the civil” — the sense of empathy, courtesy and reciprocity that sponsors a sense of community and helps people connect across differing identities and cultures.

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Barry Quirk has 35 years of experience in urban policy and implementation in London. He has been the chief executive of the London Borough of Lewisham since 1993. He has a PhD in political and social geography, and is a Fellow of the Royal Geographic Society. In 2001 he was awarded a CBE for his service to London's local government. He has written this paper in a personal capacity.

Thirty years ago the American social theorist Daniel Bell argued that, “The nation-state is becoming too small for the big problems of life, and too big for the small problems of life.” As he saw it, the root cause of this dilemma was a mismatch of scale. When he wrote this, the current phase of pervasive globalisation was only just beginning. But Bell correctly foresaw the problems that nation states would have in taming global economic and demographic forces and in handling their consequences. What’s more he recognised that in large nations, governments would increasingly find it difficult to be responsive to the variety of needs and preferences among their citizens.

This “mismatch of scale” presents cities with the opportunity to fill the subsequent gap in public policy. Cities offer people opportunities for strong civic attachments and a palpable sense of identity. At the same time, many cities offer people tangible opportunities for discovering economic security for themselves and their families. And some of the world’s largest cities offer the greatest opportunities if they are to produce the correct blend of economic advantage, diversity and inclusion. At this juncture, it looks as if it is the world’s cities, and not the nation-states, that are the right scale for the 21st century.