Chapter 4

The cities of the 21st century

This chapter examines the main challenges connected with 21st century urbanisation. It looks both at challenges that are similar across the globe, as well as those that are specific to a certain country or group of countries. It then turns to the more specific question of what are the important features of liveable and environmentally friendly cities, and the policies that are needed in this respect. The chapter finally speculates about the shifts in power that are likely to result from 21st century urbanisation, and discusses the best way for governments to deal with them.

Chapter Synopsis

The 21st century wave of urbanisation creates both great opportunities and challenges. Some challenges are global, but many differ across countries. In the developing world, many cities struggle to provide basic infrastructure, such as drinking water, sanitation or electricity, to all of their residents. While not restricted to the megacities and metropolises in emerging and developing countries, pollution is an especially grave problem in many of them. Many cities, in particular in the United States, face the challenge of reducing the carbon footprint of large agglomerations that are based on car travel, and of organising the effective transport of large, and often increasing, populations. Japan, as well as a number of other countries, will have to adapt cities to ageing populations. Europe needs to deal with the fact that – in global comparison – its large cities are relatively small, which implies a specific need for cities to be well connected to each other. Last but not least, existing or emerging middle classes all across the globe increasingly ask for cities not only to provide for good jobs and livelihoods, but also to become more liveable. A higher level of well-being in the context of a city includes less pollution and congestion, good access to the places where residents need or want to go, and a generally attractive and secure city environment with a good choice of leisure activities.

While in large parts of Europe and Northern America the bulk of urbanisation has already taken place and is embodied in city forms and existing infrastructures, developing and emerging countries currently have an unprecedented opportunity to shape their urban futures. The decisions taken by governments at national, sub-national and city levels now will have consequences for the functioning, liveability and environmental sustainability of their cities for decades, if not centuries, to come.

The important challenges connected to urbanisation may explain why many countries still have policies in place that attempt to prevent or contain urbanisation. However, governments would be better advised to accompany and shape urbanisation to ensure that it results in well-functioning, liveable and environmentally sustainable cities. For example, reserving public space for infrastructure, including for roads or rail tracks, in advance, and gradually and proactively developing infrastructure is much cheaper, both financially and politically, than installing it once areas have been settled. Also, most large metropolitan areas will not be able to function well without good public transport systems, as evidenced by the congestion levels that can be observed in many of the fastest growing cities in emerging economies. The quality and efficiency of public transport, in turn, is closely connected to good land-use and transport planning, and adequate metropolitan governance structures can be critical to allow for this. But the success of cities depends not only on local institutions and actors; the framework set by national governments is also of critical importance. Only when national policy settings are sufficiently supportive can city-level initiatives have sufficient impacts and pay-offs. National policies typically determine both what cities can do and what cities have an incentive to do.

It would appear to be just a question of time before the economic strength of most OECD countries will have been overtaken by numerous urban agglomerations. Taken together with an increasing importance of large cities within countries, this will imply some shifts in power. It would seem in the best interest of central governments to accompany these shifts by modernising and adapting administrative structures to better reflect the needs of metropolitan agglomerations, and to ensure that functions which are best carried out at the metropolitan level are actually located there. Several national governments have recognised this, and are actively pursuing such an agenda.

"A city is not gauged by its length and width, but by the broadness of its vision and the height of its dreams." (Herb Caen, 2010)

The challenges of 21st century urbanisation

The preceding chapters have documented the great potential of urbanisation to benefit residents, countries and the planet at large. They have, however, also highlighted important challenges that need to be met so that the benefits of 21st century urbanisation accrue on all these levels. Some of these challenges are the same around the globe, though possibly at varying intensity. For example, all cities face environmental challenges, not least lowering their carbon footprint. All cities would also be well advised to increase their levels of resilience to various types of shocks, such as global warming, natural catastrophes, and terrorist or hacking attacks on vital infrastructure. A large number of cities around the globe – and especially those with rapidly growing populations – face the challenge of providing affordable housing with good access to transport.

But as cities and urbanisation trends differ across the world, so do many of the connected challenges.

- Many cities in the developing world struggle to provide basic infrastructure such as drinking water, sanitation or electricity to all of their residents. In many cases, this is not simply a question of affordability but also of repressed demand: many people would be willing to pay for such services, but are unable to get them. In addition to the obvious reductions in well-being, lack of basic services contributes to low levels of productivity, and perpetuates inequality. Basic infrastructure is critical not only for the current generation, but will also affect the possibility of the young to develop good health and education, and thereby will have long-lasting effects.
- The number of premature deaths resulting from particulate matter is estimated to rise from current levels of nearly 1.5 million to 3.5 million by 2050, highlighting the need to bring down local pollution levels in most cities around the globe. Water and air pollution are an especially grave problem in many of the megacities and metropolises in emerging and developing countries. Typically, pollution levels are particularly high in places that have benefited from strong increases in industrial activity in recent decades. Also, some of the megacities in the emerging world that have seen rapid population growth are the most congested cities, indicating the need for further developing transport infrastructure, in particular for public transport.
- In the United States, a big challenge will be to reduce the carbon footprint of large agglomerations which are based on car travel, and to organise the effective transport of large, and often increasing, populations. Especially, but not exclusively, in the largest agglomerations it is doubtful that this can be achieved without a stronger reliance on public transport. Given the recent trend of highly educated young professionals to locate in city centres, and the importance to cities of attracting talent, it would also seem in the interest of US cities to increase the attractiveness of their city centres.

- Japan, as well as a number of European and other countries, will have to adapt cities to ageing populations that require an even stronger focus on connecting residents with social and health services and on providing opportunities for elderly residents to maintain a social network and to remain active.
- Europe will have to deal with the fact that – in global comparison – its large cities are relatively small. This is not only in comparison with megacities in the emerging world: while overall levels of urbanisation in Europe are not that dissimilar from those in American OECD countries, the population share in metropolitan areas is almost 20 percentage points lower in Europe. The size of European cities will not allow them to reap agglomeration benefits to the level this can be achieved elsewhere. In such a context, "borrowed" agglomeration benefits from neighbouring cities become particularly important, implying a specific need for Europe to ensure that it has well-connected networks of cities.
- Last but not least, existing or emerging middle classes all across the globe increasingly ask for cities not only to provide for good jobs and livelihoods, but also to become more liveable. A higher level of well-being in the context of a city includes less pollution and congestion, good access to the places where residents need or want to go, and a generally attractive and secure city environment with a good choice of leisure activities. Especially in countries where many new large cities are arising, or where old, smaller cities are demolished to make way for modern high-rise developments, central authorities and city planners may want to keep in mind that residents – beyond tangible improvements of their daily lives – also like to identify with the city they live in. This is easier if the city has attractive features that differentiate it from other cities.

In large parts of Europe and Northern America, the bulk of urbanisation has already taken place and is embodied in city forms and existing infrastructures. The scope for changes in such an environment will be more limited, and by necessity have a tendency to take place fairly gradual. Developing and emerging countries, by contrast, have an unprecedented opportunity to shape their urban futures. The decisions taken by governments at national, sub-national and city levels now will have consequences for the functioning, liveability and environmental sustainability of their cities for decades to come.

Preparing the cities of the future

The important challenges connected to urbanisation may explain why many countries still have policies in place that attempt to prevent, slow or contain urbanisation. Such policies often resemble the mythical fight of Don Quixote against windmills. But while attempts to prevent urbanisation are futile, policies to accompany urbanisation are certainly needed. Rather than trying to fight a global trend, national, sub-national and city governments need to focus on ensuring that urbanisation results in well-functioning, liveable and environmentally sustainable cities.

Even though smaller cities in rich countries may be able to function by relying on individual transport (and their main challenge may be to "green" it), large metropolitan areas will not be able to function well without good public transport systems. The congestion levels that can be observed in many of the fastest growing cities in emerging economies amply attest to this. The quality and efficiency of public transport, in turn, are closely connected to good city planning. Transport-oriented city development is certainly not a luxury that large cities can ignore without significant reductions in the well-being of their residents. In this context, reserving public space (including for roads or rails) in advance and developing infrastructure in an organised way as a city grows is much cheaper, both financially and politically, than installing it once areas have been settled.[1] All in all, good city and transport planning have a big role to play, and adequate metropolitan governance structures can be critical to allow for this.

But the success of cities depends not only on local institutions and actors, the framework set by national governments is also of critical importance. Only when national policy settings are sufficiently supportive can city-level initiatives have sufficient impacts and pay-offs. National policies typically determine both what cities can do, and what cities have an incentive to do. For example, a strong national framework based on a carbon tax or price broadens the range of environmentally effective options available to cities and reduces the costs, or increases the returns, to any investment in climate change mitigation (e.g. green infrastructure, energy efficiency measures).

Box 4.1. **Liveable metropolises in the 21st century**

So what does a liveable 21st century metropolis look like? There may be some controversy around the issue, and in any case differences across cities are desirable insofar as preferences differ, so that people can opt for cities with the qualities they most care about. It is also important for metropolises to remain open to new inventions and developments.

However, at this point in time, some basic principles for liveable metropolises could look like this: A metropolis with an attractive, dense core which contains poles of activity both for business and leisure, which has some areas of high-rise buildings, and which is effectively connected to the other parts of the city by public transport. This core also features (areas of) apartment housing to ensure that it is an active and attractive place around the clock, and to give residents who like to be close to the city centre the choice to live there.

In addition to this core, there likely are other centres of high activity and (labour) density, which are also relatively well accessible by public transport. Population density will gradually decrease when moving away from the city core(s), thus allowing all individuals to choose how "urban" they want their life to be. Areas generally are mixed developments, i.e. featuring enterprises, shops, leisure activities and housing, though the choice of amenities will necessarily be lower in less densely populated areas.

Even when moving away from the core, developments are constructed such that residents have the possibility to access the city centre(s) via public transport, even though in the less densely populated parts the role of individual transport will be higher than in the more central, more densely populated parts. Access to preschools, elementary schools and other amenities of daily life (doctors, pharmacies, supermarkets) is quick. Most other amenities can typically be accessed from most parts of the city within a reasonable amount of time (maybe half an hour, but "reasonable" may depend on local circumstances and preferences). This should not be misunderstood as implying that each type of amenity or all parts of the city need to be reachable from everywhere in the city in such a time, which especially in large cities is obviously unrealistic.

Walking and biking are safe and agreeable, thus complementing public and individual motorised transport. Especially in areas of high population density, private car ownership is both unnecessary and expensive (as public transport is well developed and public space is too valuable to be used for parking at subsidised rates that do not take into account all of the negative externalities). Many residents of these areas rely on taxis or car-sharing arrangements when they need motorised individual transport services. At least in the large metropolitan areas, access by individual transport to the more densely populated central areas of the city is regulated and adequately taxed in some form (e.g. congestion charges). Water and air quality are high. All across the metropolis, attractive public spaces and attractive "going out" areas with cinemas, restaurants or cultural amenities are available.

The political economy of the metropolitan century

When thinking about the political changes in the metropolitan century, it may be useful to start by looking at some basic facts. Within the OECD, eight metropolitan areas have larger populations than the median OECD country, and the population level of the 10 smallest OECD countries is surpassed by more than 60 metropolitan areas worldwide. Already today, only a dozen OECD countries have populations as large as Tokyo, Guangzhou, Shanghai, Delhi, Jakarta or the Seoul agglomeration.[2] Of course, OECD countries often still have higher GDP than cities in non-OECD countries. But many of these cities have been experiencing fast population and economic growth in the recent past. With the number of megacities (i.e. cities above 10 million inhabitants) projected to grow to more than 40 by 2030 – and with many of them in fast-growing countries – it would appear to be just a question of time before the economic strength of most OECD countries will have been overtaken by numerous urban agglomerations.

Within countries, the relative weight of metropolitan areas is also increasing, though less rapidly in the most developed ones. This shift of power towards large cities would potentially be amplified if increases in the number of countries, as could be observed over the last two decades, were to continue. More importantly, in coming decades, economic competition between countries is likely to increasingly turn into economic competition between their large agglomerations. Also, to respond to the needs of residents and global competition, and to correct outdated governance arrangements, countries will need to give increasing levels of responsibility to large urban agglomerations. It has, for example, been argued that the increased partisan divide in US politics has *de facto* increased the importance of the actions of the mayors of the large US agglomerations.[3] Last but not least, with increasing urbanisation, the share – and thereby the weight – of urban voters is going to increase.

All this does not mean the end of the nation state in its current form – or unions of nation states – as the dominant ways of political organisation, but it certainly implies a shift in power. It would seem in the best interest of central governments to accompany these shifts by modernising and adapting administrative structures to better reflect the needs of metropolitan areas and to ensure that functions which are best carried out at the metropolitan level are actually located there.[4] Staying with outdated, fragmented metropolitan structures could certainly delay shifts in power from central governments to large cities within a given country but would come at a hefty price. Constraining metropolitan areas – the motors of economies and societies – would weaken not only the economic and political might of those areas, but also of the country at large.

For the time being, the main mechanisms of international co-operation are at the national level (G7, G20, European Union, Mercosur, WTO, NATO, OECD, IMF and other international organisations). Given how complex and slow especially governance reforms of such entities are, this will likely stay so for at least a considerable time to come. However, the dominance of this form of international co-operation should not necessarily be taken for granted, as the spectrum of possible outcomes is wide. At one extreme of the spectrum, large metropolitan areas could take on a key role in international co-operation. While current networks of cities are mainly for establishing contacts, exchanging information and to lobby for common aims, there have been historical precedents where city networks played a much larger political, and military, role. At the other end of the spectrum, nation states (or associations of them) may maintain their dominance in international and diplomatic affairs, while further integrating and representing the interests of their large metropolitan areas at this level.

In the international context it may also be of importance that the lifestyle of high-skilled professionals in a metropolitan area with global reach is often in many respects more similar to the one in comparable metropolises in other countries than to the life in more rural places within the same country. This is to some degree connected to a larger set of professional choices, but more widely also related to a wider offer of amenities provided in large cities, and more generally a question of preferred lifestyles. A concrete sign of this trend is that many high-skilled young professionals from the European metropolises such as Paris, London or Berlin are more inclined to move to other globally important metropolises than to, for example, rural areas in their own country.

Overall, it would seem important that politicians on all levels, as well as other professions involved with city development, keep in mind that cities are, in a certain way, living organisms. Cities have a dynamic of their own, and what makes a metropolis special is not mainly its buildings and streets, but the combination and abilities of all its residents, and the interactions among them. As long as a city is compatible with the sustainability of this planet and provides high levels of well-being to its residents, its exact composition and aspects matter little. After all, cities have been, and will be, evolving and changing over time. It is hence of limited use to narrowly aim for some city ideal that at least in part will reflect the past. Instead, constructively accompanying future developments and rapidly responding to arising new challenges would seem a more promising strategy for metropolises – and thereby their countries – to ensure that the changes underway in the metropolitan century will benefit city dwellers and, more generally, humankind.

Notes

1. On this issue see e.g. Angel (2012).
2. Comparisons based on OECD (2014a; 2014b) and UN DESA (2014).
3. See Katz and Bradley (2013) for details.
4. See City Growth Commission (2014) for an outline of strategies to provide greater autonomy to metropolitan areas in the United Kingdom.

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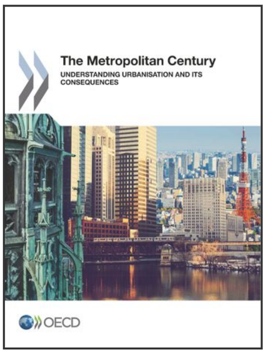

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