The Wealth of Cities: Towards an Assets-based Development of Newly Urbanizing Regions

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

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

After forty years of remittances,....remittances used responsibly, thriftily and cooperatively, the fact remains that if the remittances were to stop, Napizaro would

1 I would like to thank the following for their critical comments on an earlier draft of this lecture: Leonie Sandercock, Michael Leaf, Haripriya Rangan, Vinay D. Lall, and Matti Siemiatycki.
quickly sink back into the grim poverty it knew before the migrations and remittances began. Or more likely, its people would have to abandon the region entirely. For the fact is that despite the money sent back from Los Angeles and the television sets and other imports it buys, economic life in the region—ways of making a living right there—remain unchanged.2

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

Cities in Regions: an Organic Relation

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

begins to intersect with the outer boundaries of adjacent centers, forming a continuous landscape of the urban.

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

All this we know from personal observation. The organic relation of city and its region is nothing new. But we rarely think of them as a unit, especially when the region is itself partitioned into counties, municipalities, and townships. Scholars in both Europe and North America have written extensively about the growing need for regional governance, but to little avail.³ City and region remain divided and often compete with each other for global capital. A notable exception is China, where prefectoral cities have been designated as “leading” cities with authority over adjacent “rural” counties, thus becoming responsible for a coordinated development. Most of China’s population today lives in one or another of these city-regions. In the rest of my talk, therefore, when I speak of cities and regions what I have in mind is this organic relationship for which city-region is the symbolic expression.

\textit{Cities are not containers}

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

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

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

Heading the list are a city’s human assets, that is, people and the quality of their lives and livelihood. At issue here are the so-called basic human needs, principally adequate housing with secure tenure; educational opportunities for both girls and boys to prepare them for the modern world; and access to good health. (There is a fourth basic need of which I will speak later). The satisfaction of these tangible, material needs constitutes the foundation for our most fundamental right, the right to life. Achieving quality housing, education, and health for every citizen must therefore be the aim of every genuine development. In the final analysis, this is a state responsibility. Leaving their satisfaction to the blind operation of market forces will only create gross inequalities, allowing those few who already have a foundation in basic assets to pursue a life of human flourishing while marginalizing the majority who lack the foundations for this most precious of human rights.

The second regional asset is its organized civil society, that is, the multiple self-organizing activities of local citizens. No list can do justice to the myriad things people do for themselves when given a chance. There are local churches, mosques, and temples that are supported by and draw the faithful. In some countries, such as China, there are lineage and ancestral associations that link
the present generation to generations past. For younger people, there are
athletic groups promoting every sort of sport, while others engage in music
making and dancing. In Spain, I have come across gastronomic clubs whose
members enjoy cooking for each other, celebrating fellowship with food and wine.
Others join civic clubs promoting projects throughout the city from neighborhood
beautification campaigns to visiting old people’s homes. Hobbies ranging from
flower arranging to collecting song birds and crickets will inevitably bring
aficionados together. In some western countries, such as Canada, there are also
associations, some powerful, some not, that are active politically, lobbying the
government on behalf of various causes. And so on.

But in what ways, we might ask, are these associational forms of civic life an
asset to be nurtured, particularly at the local level? In some countries, the state
regards civil society organizations as a potential threat to the established order.
Many believe that unless these organizations are closely monitored, they are
potentially a source of trouble for the state. The answer is that organized civil
society is for the most part deeply engaged with the everyday life of
neighborhoods and communities. Basketball or soccer teams from different parts
of the city-region play against each other and are celebrated as local heroes.
Religious associations sponsoring festivals honoring local saints, generate a
strong sense of belonging and also support the work of volunteers in the
community. Housing associations assist people in acquiring a home.
Neighborhood centers help to integrate newcomers into the mainstream of urban
life. Lobbying groups bring their concerns to the attention of government, pushing
for new legislation. Youth clubs help young people who might otherwise be lost to
the street find support among their peers. And thus, far from encouraging
dreaded chaos, organized civil society should be seen as a source of civic
strength and as an asset worthy of public support. Its existence acknowledges
the full diversity of the city while promoting local citizenship.
The region’s heritage of its built environment and the distinctiveness and vibrancy of its cultural life comprise the third asset cluster. Culture is the spirit of the people, and neglected or carelessly destroyed, as happens so often, the spirit atrophies and eventually succumbs.⁴ There are two parts to this cluster: physical heritage and the cultural traditions of everyday life. The first refers to historical buildings, distinctive urban neighborhoods, and monuments commemorating past events or personalities. As we think about heritage values, a question is raised about the role of memory in development. It seems to me that one of the reasons why we treasure the relics of bygone eras is that, if we did not, how could we value the future, which itself will soon pass into history? These continuities are important to us as human beings. They are also important in establishing a sense of place.

I would argue that heritage districts are of special significance in the vast expanse of the contemporary city. People identify with their neighborhoods before they identify with a city-region, most parts of which they have never visited. Most of us live our lives quite locally, not universally, and we treasure the small spaces of the city, its public markets, neighborhood temples, local tea rooms, coffee shops, and pubs that are places of encounter, and even an entire district such as Kyoto’s Gion quarter centered upon its famous shrine. Here in Vancouver, perhaps the most popular of all public spaces is Granville Island, a remarkable adaptation of an old industrial space into a public market that draws thousands of local shoppers and tourists each day. On the other side of the Pacific, in China’s southern Fujian Province, the city of Zhangzhou is another example of a city that values its physical heritage, particularly in the so-called historical block with its memorial archways carefully preserved in harmony with their surroundings.

⁴ This has happened in many African cities that have lost any semblance of collective identity they may have had. See AbdouMaliq Simone, “Pirate Towns: Reworking Social and Symbolic Infrastructures in Johannesburg and Douala,” Urban Studies, 43:2, February 2006, 357-370 as well as his book, For the City yet to Come: Changing Life in Four Cities. Durham, NC: Duke University Press, 2004. There is an amazing spirit of self-preservation in the African cities Simone describes, but it is the total failure of collective life in these cities that leads me to think that their spirit, which was once a glimmer of hope, has died.
The second part of the cluster is the vibrancy of a city’s cultural life. Here I am thinking of popular traditions in which people of all ranks and ages participate, which come round each year, and to which we look forward with pleasure. They include festive occasions that mark the passing of the seasons, such as São João’s Day in the Brazilian city of Salvador, Bahia, with its ancient flower sacrifice to the fishermen’s goddess, Iemanja, and magical paper balloons that carry flickering lights across the darkening night sky. Or a three-day festival in Tudela, a small city in northern Spain, with dancing on the city square, communal breakfasts on tables set out in the streets, and a religious procession, carrying an image of the Virgin Mary around the neighborhoods of her city. Or celebrating the Dia de los Santos in Mexican barrios.

All these popular festivities emerge, as it were, spontaneously, year after year. Local traditions, they are both civic and popular occasions that build bonds of solidarity among the people while giving identity to a place. The strength of a region, I would argue, is its people and their ways of life.

The fourth cluster of a city-region’s assets are its intellectual and creative assets, which are the quality of its universities and research institutes and what the Japanese call their “living human treasures,” its artisans and artists, intellectuals and scientists, and all others, musicians and writers, poets and film makers, actors and dancers who embody a region’s creative powers. Small in number, they are nonetheless essential to a region’s future and should count among its finest treasures. The best among them are also the rarest, and to lose them is an inestimable loss to the city. Creativity must be nurtured. It is important to allow these human treasures to exercise their talents to the fullest. Scientists need research laboratories. Students pursuing advanced degrees require universities that are properly equipped and staffed. Film makers require studio spaces and artists need galleries to display their work as well as studios. Actors and dancers
must have stages to perform their work. And all of them require the freedom to create as they will.

There is much talk today about a so-called creative class that cities should promote. My argument is different. Creativity cannot be commanded, but creative work requires public support. Market forces alone will not suffice. New ideas and artistic creations are often unpopular, and those who create tend to march to a different drummer from ordinary people. Cultural and intellectual elites, their presence ensures a city’s capacity for innovation. Professional contacts extend across the globe to other cities, and from these exchanges come new ways of seeing and thinking that add to the city’s liveliness and vigor. It is these elites that are the primary source of informed critical thinking which can be crucial to charting a city’s future.

I turn now to the fifth cluster consisting of a city-region’s natural assets, by which I mean its resource endowment: its farms, watersheds, lakesides and ocean beaches, picturesque landscapes, forests, and fisheries, whose use is both for production and enjoyment. As we know, natural assets are easily squandered through neglect or thoughtless exploitation. The fringe or peri-urban areas identify the margins of urban expansion, where village and city encounter each other and intermingle in a crazy quilt of land uses. The city’s appetite for land is voracious, not only for new housing and industrial uses, but also for airports, landfills, power plants, amusement parks, suburban shopping malls and strip developments along major highway routes. What was once a serene landscape of rice fields and villages can quickly turn into a fractured, fragmented environment that is neither urban nor rural and seems utterly “out of control.” And yet, the city depends on its natural endowment that will continue to further the quality of its life so long as its outward expansion is constrained and appropriate planning for the rich diversity of regional land uses ensures an

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harmonious development of its many, often contradictory functions. City and region stand in symbiotic relation, and so long as this relationship is understood and carefully nurtured, both will advance together. But where this is not the case, the city’s relentless expansion will not only threaten to destroy the region’s natural endowment but generate economic, social, and environmental costs that ultimately undermine its own development.

Closely related to its natural resource endowment is the sixth cluster of assets that we call environmental, which includes those qualities of the physical environment that are essential for sustaining life itself, such as the air we breathe, the water we drink, and the capacity of the land to support human settlement at high densities. I will say little about it, because so much has already been written. But unless we impose what many consider to be draconian measures, we will eventually drown and perish in our own wastes. Unfortunately, the message hasn’t sunk in to the extent that it needs to, and lip service to the environment is more common than rigorously enforcing the standards that we know must be applied. Newly urbanizing regions are often among the worst offenders, and it is precisely during the early period of what some call primitive accumulation that the worst offenses against the environment take place.

The seventh and final asset cluster is the quality of urban infrastructure, which is all the facilities and equipment for transportation, energy, communications, water supply, sewerage, and solid waste disposal that typically swallow up a large portion of a city’s capital budget. There is nothing particularly novel about urban infrastructure as an asset. The question is rather what purposes and social groups are served by public works. Consider the question of city roads. They are certainly needed, but are they needed for buses and other public means of locomotion or to accommodate private automobiles in constantly growing numbers? In short, are they needed to serve the interests of the 15 percent of the

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population that constitute the emerging middle class or the needs of the great
majority of ordinary people for an affordable mobility through public transit,
bicycles, and walking? Affordable transport that, as it happens, is also
ecologically sustainable, is a primary need of people living on limited incomes;
six-lane super-highways and complicated, Los Angeles-style cloverleaf
intersections are of little use to them.

The importance of ordinary people’s needs for affordable mobility was clearly
demonstrated by the experiment with the participatory budget in Porto Alegre in
the 1990s where road paving and bus services in outlying city districts was
signaled as a matter of high priority by most neighborhood assemblies. And so it
is with other infrastructure projects: is city building to be a 15 or an 80 percent
solution? The temptation is to head for the 15 percent, because—so the
argument goes—it is the more affluent, educated middle class that ensures
continued economic progress. And if the middle class prefers the automobile and
other amenities of life, so be it; ordinary people’s needs can always be
postponed, sometimes for generations. But the result of such a strategy is the bi-
polar city of the fortified citadels of the rich and the teeming, over-crowded slums
to which the rest of the population is consigned, their needs for housing,
education, health, and affordable mobility ignored.

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7 These percentages are indicative only. If we look at particular cities, we will find a more
accurate division between the haves and have nots. For example, Bangalore, the capital of
Karnataka State in India, is a city of over 5 million people. In the late 1990s, the city generated an
estimated 3000 tons of solid waste, of which little more than 1000 tons were actually collected.
One could reasonably assume, therefore, that one-third of the population (those living in the
middle class neighborhoods of the city) is relatively well served, while two-thirds are not. Hence,
Bangalore would be a 30 percent city in my language. See Solomon Benjamin, “Governance,
Economic Settings and Poverty in Bangalore,” *Environment & Urbanization*, 12:1, April 2000, 35-
56. The story in Lagos, a city with an estimated population of over 10 million people, is different.
Lagos is the former capital of Nigeria, but its recent history, writes Matthew Gandy, has been
marked by a stark deterioration in quality of life: “Over the past 20 years, the city has lost much of
its street lighting, its dilapidated road system has become extremely congested, there are no
longer regular refuse collections, violent crime has become a determining feature of everyday life
and many symbols of civic culture such as libraries and cinemas have largely disappeared. The
city’s sewerage network is practically non-existent and at least two-thirds of childhood disease is
attributable to inadequate access to safe drinking water.” (Matthew Gandy, “Planning, Anti-
planning and the Infrastructure Crisis Facing Metropolitan Lagos,” *Urban Studies*, 43:2, February
2006, 372. In my 80 percent city, such conditions would not exist.
For the present audience, I do not need to be more explicit; the statistics on dual cities are sufficiently well known to us. What is needed in the longer term is the 80 percent city. But how in newly urbanizing regions can such a city be achieved?

The true wealth of cities is found in the progressive development of its assets base through a concerted and sustained effort of its own. Real wealth is not measured by the growth of regional product, a single statistic that hides more than it reveals. Different sorts of hard data are needed to assess the state of a region’s wealth, data that must be collected district by district and even neighborhood by neighborhood to reveal significant variations across space. Overall averages are not very useful for policy analysis, let alone planning. Each of a region’s many assets must be separately evaluated in terms of investments made and the achieved results. Maps showing outcome measures can be produced and shared with a wider public to gain a comprehensive understanding of the existing situation, the results obtained over the past planning period, remaining disparities, and proposed solutions. Creating a public dialogue around shared information of this sort creates a basis for the next round of planned actions.8

My argument is that building assets by steadily investing in them will do more for urban and regional development than soliciting investments from global firms into an underdeveloped asset base subject to further degradation. Global capital is mobile. It has no stake in the region where it places its money so long as profits are maximized. Seducing global capital by selling off one’s assets leads to an illusory development. It sets up a situation in which eagerly competing city governments inevitably drive down global wages while heading straight for the 15 percent city with all that this entails.

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The role of government and planning

I turn now to my final topic, which is the role of government and the best ways to plan for an endogenous development. To shift from city-marketing to an endogenous strategy that is focused on developing the city-region’s tangible assets requires a strong government capable of undertaking major interventions. It also calls for enlightened political leadership that has embraced a vision not geared to an imaginary that comes straight out of Hollywood movies and television. Finally, an endogenous strategy will need the backing of a majority of the city’s population whose long-term support is essential to its success.

Opposition is sure to emerge. Critics will ridicule the principles of an endogenous development. They will ask where the money will come from for such an effort if foreign capital is not involved. They will call it a hopeless bootstrapping operation that will trap the city in perpetual poverty, a sinkhole from which there is no escape. Such criticisms, I would argue, fail to grasp the whole story. First, I’m not presenting endogenous development as an exclusive strategy. If the city has unique advantages for foreign capital, foreign capital will come. Nor is all capital fly-by-night, and firms choose to locate their plants overseas for any number of reasons of which profit maximization (calculated over a longer time period) is only one among a number of other objectives, such as gaining entry to new markets. Second, the upgrading of asset qualities will itself stimulate foreign investments that might hesitate to locate plants in a city such as Lagos, Nigeria, with its shocking conditions of everyday life, but might very well consider investing in a city that has a progressive policy of upgrading both its economic, social, and environmental infrastructure. Third, local savings can be substantial even in relatively poor economies so long as the government is prepared to impose on itself stringent fiscal discipline and to vigorously combat corruption. Fourth, the capital expenditures needed for an endogenous development may amount to less than one might think. Meeting the basic needs of an 80 percent city will be expensive, but it needn’t happen all at once. What is important, rather,
is that city-regions mark steady progress year-by-year, especially in sectors of the basic needs economy—in housing, education, health, and affordable mobility—that can be amply documented and made visible to all. Some assets, such as the natural asset base of the region or its physical heritage and cultural vibrancy, require support for and recognition of popular culture as well as good planning and design, but only a relatively low level of public expenditures. Fifth, priorities for public investment must be established. Urban and regional development is not a smooth process towards an imaginary equilibrium state. Instead, as Albert Hirschman taught us long ago, it lurches forward from imbalance to imbalance, as different pressure points become activated, forcing an adjustment in policies and budgetary allocations.⁹

In closing, I would like to make a few observations concerning planning for urban development in emerging regions. Land use or more broadly spatial planning has its place in the total scheme of things. But the sort of planning that effectively addresses the seven asset clusters of the urban region cannot be subsumed under a single plan. It will involve public interventions in housing, education, health services, transportation, sanitation, community and cultural affairs, and all the rest in a “whole of government approach.” And such an approach is possible only if there is broad agreement within local government on a long-term strategic vision. Building a local consensus is only a beginning, however. Beyond the local bureaucracy there are not only the bureaucracies of senior governments and powerful corporate interests that must be brought along but also, and proceeding downwards to the lower echelons of the city’s bureaucracy, the region’s county and township governments, urban neighborhoods and community-based organizations will all have to be consulted, because it is here that interventions must ultimately come to rest. Realistically, not everyone’s energies can be harnessed and aligned with the project of development. What is clear, however, is that development planning proceeds through direct communication, a dialogue

⁹ The idea of development as a lurching forward from imbalance to imbalance is found in many of Albert O. Hirschman’s works. See for example his early book on Latin American, A Bias for Hope: Essays on Development and Latin America. Yale University Press, 1971.
among all relevant actors, because it is only as a collaborative venture that it can succeed. No one has the power and knowledge sufficient to carry out such a vast undertaking without getting everyone on board.

Putting the matter this way poses a new challenge for planners, which is to master the art of listening to a multiplicity of voices, in an attempt to understand their different viewpoints and rationalities, especially when they conflict with our own. Writing of Johannesburg, Philip Harrison puts it well:

> planners and city authorities have revealed a strong capacity to engage…with the rationalities of the corporate world. They have struggled, however, to deal with the complex, largely hidden network of informal rules, rationalities and desires that structure the lives of ordinary citizens of the city. Yet, an increasing body of evidence suggests that the plans and policies that are able to engage with this hidden network…are those which are most likely to have a positive impact on the lives of urban citizens.\(^\text{10}\)

Planning in this sense is largely a communicative process in which formal plans, maps, and other documents have a part to play but where the written word is less important than direct speech, and where mutual understandings are forged through continuing collaboration. The project at hand is the creation of wealth through investing in a region’s tangible assets that, in the longer term, will reduce its dependency on outside capital, helping to make its future more sustainable.

The sustainable city is a possible dream. It means embracing the fact that cities are embedded in their environment on which their future depends. It means engaging local citizens in the common effort by giving them a stake in the society of which they are a part. It means reaching out to other cities, other regions and strengthening emerging networks. Above all, it means trusting in your own powers to shape the future that lies ahead.

Thank you very much.

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