

Chapter 1

INTRODUCTION: THE DYNAMICS OF LIVING CITIES¹

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The year 2009 was an important watershed in human and urban history as the year when the proportion of the world population living in the cities reached 50%. Therefore, for 50% of humankind, quality of life depends on how good life is in cities (Roberts and Kanaley, 2006). But what does this really mean for policy makers and city leaders? How can they begin to assess and advance good living in cities? This book presents the “living cities” concept as a possible framework and attempts to investigate the contributing factors to the success of a city.

1.1. Asian City Trends

Over the last half century, cities have not only grown in terms of population but also have become (i) supermarkets for employment; (ii) incubators of technology; (iii) suppliers of social services and shelter; (iv) portals to the rest of the world; (v) processors of agricultural produce; (vi) contributors to added manufactured value; (viii) centres of learning; and, above all, (ix) places to make money through trade, industry, finance and real estate — with the attendant crime and corruption.

However, too often, under the challenge of growth, cities in developing countries are fast becoming the loci of dramatic crises. The main causes are rising unemployment, environmental degradation, lack of urban services,

¹The discussion in this chapter draws from and builds on the background research undertaken in 2006 when the Asian Development Bank (ADB) reviewed its 1999 urban sector strategy (ADB, 1999). Two important reports that evaluated ADB’s urban sector operations up to 2006 provide important insights; these reports are the Review of the Urban Sector Strategy (ADB, 2006a) and Special Evaluation Study on Urban Sector Strategy and Operations (ADB, 2006b). They contributed to the development of a new thinking within ADB on urban development.

deterioration of infrastructure and lack of access to land, finance and adequate shelter. Improving the urban quality of life will depend largely on understanding and managing the growth of cities. Cities, especially those in developing countries, must be reoriented to overcome these challenges of urban development and turn them into real gains for their populations. Growing cities offer a test bed for implementing strategies that facilitate (i) the adequacy of political institutions; (ii) the performance of government agencies; and (iii) the effectiveness of programmes to combat urban poverty and social exclusion, protect and repair the environment and promote human development.

Urban change in Asia is particularly challenging. Asian cities are growing faster in number and size than policy makers had expected or planned. Some 1.1 billion people will move to Asian cities in the next 20 years. Of the 25 largest cities in the world, 13 are in Asia (UN Department of Economic and Social Affairs, Population Division, 2004; UN-HABITAT, 2008). This includes 11 mega-cities, each with a population exceeding 10 million (Beijing, Calcutta, Delhi, Dhaka, Jakarta, Karachi, Metro Manila, Mumbai, Osaka, Shanghai and Tokyo), and two cities with more than 9 million people (Seoul and Tianjin). With the exception of Osaka and Tokyo, all are in developing countries. Managing cities will become a huge challenge for the future of Asia. The Asian Development Bank observed:

“We have learned through the past 50 years of development that it is institutions, their capacity, and the incentives that operate on decision makers within them, that determine success or failure in achieving positive change. Urban managers in developing countries do not have the necessary incentives to change the development pattern of their cities — to reduce the need for private cars, for example, or increase densities, or encourage energy efficiency in buildings. This is particularly the case in rapidly growing Asian cities, which are already stretched to breaking point, and which will contribute over half the increase in GHGs [greenhouse gases] over the next 20 years. A technology-driven approach will not work in isolation from self-reliant, well-resourced, and effective urban institutions. National and international actors need to ensure that these institutions are in place. The changing environment will force change in cities. The urban managers that are now in place will have to cope with this change. For these managers — the mayors, the urban development ministries, the city engineers

and planners — business as usual is not an option. Billions of urban Asians are living with the less-than-satisfactory outcomes of current practices. Their livelihoods and even their lives are in jeopardy. They will hold managers who fail to protect them to account” (ADB, 2008, p. xv).

1.1.1. *Cities as engines of growth*

Certainly, there are reasons to be cautiously optimistic about the future of Asian cities. As in other parts of the world, cities in Asia are engines of growth (Asian Development Bank, 2008). They contribute a major share to national gross domestic product (GDP). Large-scale investments in manufacturing, entrepreneurship, finance and information and communications technology take place in cities, contributing to high domestic productivity. Urban workers have higher salaries and wages than those of the corresponding rural labour force. The national GDP per capita is linked to the significant contribution and economic productivity of cities — more urbanised countries are in general more productive (UN Department of Economic and Social Affairs, Population Division, 2004; World Bank, 2004).

Furthermore, larger cities have become more productive, with high employment generation linked to jobs in the expanding industries of manufacturing, trade and services (Asian Development Bank, 1999). In other words, successful cities around the world are driving the economic and social transformation and progress of their respective nation states (World Bank, 2008). Many of them, for example, Hong Kong, Seoul, Singapore and Tokyo, are the size of nations. The experiences of these cities in the last two decades are valuable for other cities that are either growing or will emerge in the future.

1.1.2. *Urban–rural dynamics*

While the urban population drives the economy, the rural population is equally important, especially in terms of agriculture and food security. Several trends in urban–rural links and synergies have been observed in the past decades. First, the implementation of structural adjustment policies has forced many urban households to seek additional sources of income and food, including urban agriculture. Second, retrenchment and deepening of urban poverty occasioned by structural adjustment has triggered return

migration: households returning to their rural homes to survive. Third, urban-to-rural household remittances are declining, while the ability of poorer urban households to import food for their own consumption from their rural relatives is increasingly difficult due to spiralling costs of transport. Fourth, in some countries, many temporary agricultural workers employed by commercial farms, especially during the harvest season, are urban-based, giving rise to a diversification of income sources among poor urban households. This is testing traditional definitions of “urban” and “rural” as the physical and occupational boundaries are becoming increasingly blurred (Webster and Muller, 2004).

Fifth, globalisation is creating new forms of links for cities as well as small towns and their rural hinterlands, sometimes referred to as “city-regions”. Traditional city-based urbanisation is progressing towards regional urban systems and configurations. Some Asian cities are developing into mega-urban regions. Tokyo–Nagoya–Osaka–Kyoto–Kobe, for example, is anticipated to become a mega-region of 60 million people by 2015, while Hong Kong–Shenzhen–Guangdong will grow to 120 million by 2010. These mega-regions will require new systems of management and coordination, including their surrounding rural areas.

1.1.3. Living in cities: Poverty and social and cultural transformation

Urbanisation, particularly in Asia, is occurring at a price. Urban governance — the institutions and arrangements for the planning, provision and financing of urban infrastructure and services — has been overwhelmed by the speed and magnitude of urbanisation (Roberts and Kanaley, 2006). Traffic congestion and pollution continue to worsen, reducing the quality of life in many urban environments. The economic impacts of pollution in Asian urban areas in terms of loss of productivity and health costs have been estimated at 1–5% of GDP. Overcrowding has become endemic in many cities. Urban poverty, associated with unemployment and lack of access to adequate housing and services, is an increasing social problem. About 70% of the world’s poor live in Asia. Despite the potential of cities to improve living standards, the benefits are not being shared equally.

Notwithstanding the overall positive impacts, globalisation and economic growth have been associated with increased social inequities, higher levels of unemployment and poverty in many parts of Asia, all

of which reinforce crime, social violence and corruption (Bourguignon, 1999). Often, Asian cities are divided into the haves and have-nots. Nearly one third of the urban poor do not have access to safe water and half of them do not have access to adequate sanitation. About the same number live in environmentally dangerous areas and/or slums and squatter settlements without any security of tenure. High levels of environmental stress compound poverty.

In recent years, largely as a result of economic development, many Asian cities have been transformed from identifiable towns into amorphous, standardised urban areas. The forces of urban growth often destroy the social, cultural and environmental fabric that they were intended to improve. Changes accompanying urban growth frequently have involved the destruction of distinctive and meaningful cultural and natural elements, eradicating the physical expression of former indigenous ways of life that are part of the settlement culture in Asia.

Many Asian cities that have grown around historic heritage sites are threatened by a host of factors, including (i) neglected and crumbling infrastructure, (ii) overcrowding, (iii) inadequate public services to meet population needs, and (iv) financially weak governments. Cultural resources tend to be particularly vulnerable to changing values and development priorities. The need to press much harder for the promotion of a “development with conservation” planning approach in all cities with historic significance is obvious. Cultural heritage conservation can be an effective antidote to the increasing “globalising sameness” that is engulfing many cities in Asia. As demonstrated elsewhere, cultural and historic heritage has economic value as well, offering an important lever for economic development.

1.1.4. Growing importance of cities

Many national governments in Asia and the Pacific retain direct control over the cities within their national boundaries. Cities and localities, however, are becoming more important arenas for decision making, with many more actors involved in the planning and management of urban settlements. The overriding principle in government reform today is subsidiarity, implying that decision making and public responsibility should be exercised at the level of authority that is most responsive to the public. Many Asian localities in recent years have witnessed decentralisation policies and the introduction of so-called direct democracy provisions

(Brillantes, 2004; Robredo, 2004). The rationale for strengthening lower levels of government is at once political (enhancing democratic practices) and economic (more effective and efficient implementation of public policies and programmes).

Notwithstanding the regional trend of decentralisation, central governments continue to be important in the governance of cities, holding critical fiscal and regulatory powers as well as normative and political legitimacy. The new role of the state is to create frameworks and facilitate collective action with less direct intervention. As the political process has become more inclusive, representative and democratic in recent decades, so has the planning process, especially at the local level (Asian Development Bank, 2008). The planning profession has changed, often leading the way to new and varied forms of planning to respond to structural adjustments in the political scene (Hague *et al.*, 2006). City planning has adopted many of the methods and objectives of advocacy planning to bring a broader range of citizens into the decision-making process.

In the past five decades, planning has gone from a purely physical approach to one that places equal importance on economic, social and environmental issues. This reflects a shift toward political equity, which leaves politicians to face the classic problem of trade-offs among these three domains. Each can be an ideological worldview with its own staunch advocates. Thus, one of the most useful functions of planning in any city is the intelligence function — providing assessments of the social, economic, and environmental trends — and offering advice on what choices to make to achieve multiple and sometimes conflicting goals.

1.2. Living Cities: A Suggested Framework for Better Planning and Management of Future Cities

Targeted equally at policy makers and academia, this book argues for the concept of cities as “living” organisms and proposes a framework for “living cities”. The literature on urbanisation and urban planning and management documents well the long struggle by experts to convince policy makers of the need for long-term planning (Taylor, 1998; Healey, 2007). Often, experts lament the inadequacy of institutions, lack of capacity of policy makers and inability of municipal governments to cope with the challenges (Roberts and Kanaley, 2006; Asian Development Bank, 2008). Yet, experts have also presented urban planning and management as “very complex” and “difficult”, resulting in a reticence by leaders and policy makers to

take any action; “do nothing” has become the politically popular choice (Hague *et al.*, 2006; Harrison *et al.*, 2008). In the end, citizens “cope” with the problems. This is the situation in many Asian cities suffering from dilapidated public infrastructure, unreliable basic services (water, sanitation, electricity), highly congested traffic, air pollution and slums. All these are well-documented in the vast primary literature as well as documents published by the Asian Development Bank, UN-HABITAT and the World Bank.

In the late 1960s, Jay Forrester, the founder of system dynamics, alerted policy makers to interesting new behavioural insights about cities. Forrester built a computer simulation model that suggested that the major United States urban policies all lay somewhere between neutral and highly detrimental, either from the viewpoint of the city as an institution, or from the viewpoint of the low-income, unemployed residents (Forrester, 1969).

The traditional treatment of the term “urban” has been based on its academic meaning and tended to be abstract for policy makers. In today’s globalised world, systems thinking provides new insights for policy makers to better prepare their cities for the future. Cities need to be managed for resilience, as they are for competitiveness or productivity. Resilience in terms of quality of life and environment has its limits. The human body is a classic example of resilience. We build on the insights of Forrester (1972), using a systems-thinking approach to shape better policies for cities to become resilient.

To make it easier to understand as well as remember, future interventions in the urban sector may be defined by the term “living cities” (Seetharam, 2006), whose components are as follows (Fig. 1):

L — Leadership and good governance are the forces that drive cities and nations to succeed. Success stories have confirmed that inspired leadership is the essential ingredient for achieving goals. Leaders solve problems with an out-of-the box approach, and by looking at problems from a higher level. Leaders are visionary, most of them even ahead of their time, their policies often driving cities to success.

G — Good governance exemplified by transparency, accountability, autonomy and rule of law, provides the enabling framework for leaders to perform. There is no second opinion on these two factors. Schools of public policy around the world have committed themselves to nurturing leadership and fostering good governance.

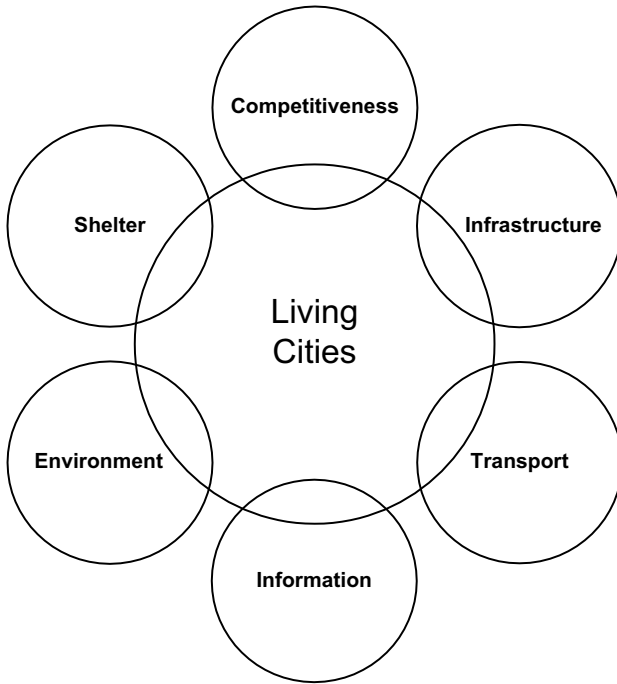


Fig. 1. Components of living cities.

C — **Competitiveness** is crucial for cities to be the engines of growth for the nation. **Commitment** by the local political administration is critical for cities to maintain competitiveness.

I — **Infrastructure** of cities (i.e., basic services) must be efficient and affordable to achieve competitiveness. It should be improved and expanded expeditiously, and operated on commercial principles that ensure sustainability.

T — **Transport and communications** should provide mobility and be safe and reliable in order for cities to function effectively. Successful city residents spend nearly one-third of their time on the road and on the telephone.

I — **Information** is the key factor for good governance, which is necessary for the continued success of cities. Transparent and low transaction costs through e-government are key requirements.

E — When the living **environment** (i.e., quality of life, open space, air quality, etc.) is good, cities will be liveable and sustainable. Cities are not just spaces for making a living; they must have life.

S — Good **shelter** (i.e., adequacy, availability and affordability of housing space through appropriate planning, land use and housing policy) is a salient feature of a city with vision.

The components of living cities are inter-linked through reinforcing and balancing loops. For example, competitiveness is achieved by good infrastructure and transport. It is, however, constrained by environment and space for housing.

Needless to say, there can be no enduring development unless urbanisation is sustainable. In this regard, the living cities framework could offer policy makers a way to look at cities as living organisms that form part of the larger national system and as integral elements in a specific spatial, social, political, economic, financial, environmental and cultural context. The framework can contribute to the following urban policy areas:

- Promote poverty reduction, equity and a decent quality of life for all, especially basic living standards for the poor — including access to secure land tenure and adequate land and housing — and improve air and water quality, safe waste disposal, safety and security, access to credit, and opportunities for local economic enterprises.
- Support and strengthen urban areas as engines of growth; enhance the growth and diversity of urban employment, economic production and investments; and promote increase in household incomes, growth in foreign direct investments and a business-friendly environment.
- Manage urban growth; promote good urban governance and management, particularly accountable, honest and responsive local governments; and strengthen the capacity of local governments and their partners in national governments, the private sector and civil society in defining and pursuing shared goals.
- Strengthen the effectiveness of financial management, especially the treatment of revenue sources and expenditures, credit worthiness and ability to access capital markets; promote a market-based approach to service-delivery functions of local governments while keeping social concerns in view; and reform national policy frameworks for financing local public expenditures and to help local governments undertake public investment and financing.

1.3. An Overview of the Chapters

The components of the living cities framework are discussed in the ensuing chapters. Wherever possible, each component is illustrated by examples of urban development in developed- and developing-country cities. There is a strong perspective on Asian cities, particularly Singapore as a possible follow-up test bed for the living cities analytical framework. The discussion aims to present some of the current thinking and performance benchmarking on cities, the choices that have been made, the challenges and achievements, and explanations of what makes cities grow. Understanding some of these determinants is central to making better-informed policies and redefining the role and dynamism of cities in urban and national development.

The next chapter addresses the all-important concern of many Asian cities: economic growth; Ng Mee Kam and Dennis Hui discuss some of the key considerations in developing strategically competitive cities. Chapter 3 by John Wanna and Jennifer Craik focuses on the governance and partnership issues. This is followed by an examination of the different sectors of urban development, beginning with infrastructure in Chapter 4 by Peter Newman, transport and communications in Chapter 5 by Peter White and information technology in Chapter 6 by Kenneth Corey and Mark Wilson. Chapter 7 by Jeremy Harris and Rita Padawangi discusses the environmental dimension of growth, which is increasingly making itself felt around the world. Austin Ley and Peter Newton in Chapter 8 investigate the rising importance of liveability, which is beginning to appear in many assessments of world cities, while Belinda Yuen examines the issue of adequate housing in Chapter 9. The penultimate chapter by Seetharam Kallidaikurichi, Priyanka Anand and Daniel Tay addresses urban sustainability (the desired end result) and the concluding chapter brings together the book's key messages.

It is our sincere hope that the chapters in this book will motivate city leaders and policy makers to seriously consider the living cities framework as they plan and manage the future cities in their nations. "We know a tremendous amount about how the world works, but not nearly enough. Our knowledge is amazing; our ignorance is even more so" (Meadows, 2008).

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