

# *World cities*

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## World Cities

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### Abstract

The World Cities concept has been subject to vigorous debate in a prolific interdisciplinary literature for nearly a century. Generally understood to refer to leading global centres of economic and political power, it has been associated with internationally competitive urban concentrations of business, specialised expertise, knowledge and finance. But specification of the dynamics of this major manifestation of global capitalism has been subject to controversy. World cities have been theorised variously as: basing points for global capital in a complex spatial hierarchy; strategic centres for globalizing advanced producer services in a new space economy; a process generating a space of flows that is superseding the mosaic space of places; a system of interconnected nodes in a world city network; or an expanding space for economic globalization in functionally interlinked, polycentric mega-city regions. In an increasingly integrated and territorially competitive global economy, the power geometries and ethics of the world cities phenomenon remain contentious.

### Main Text

#### *Introduction*

World Cities are generally understood to be leading global centres of economic and political power. Widely seen as internationally competitive urban concentrations of business, specialised expertise, knowledge and finance, they are undoubtedly a major manifestation of global resources and capital.

The world cities phenomenon has captured the imagination of scholars and policymakers, especially after Peter Hall's book *The World Cities*, published in 1966, brought this powerful concept to widespread international attention. Fifty years earlier, *Cities in Evolution*, written by Patrick Geddes in 1915, had depicted world cities as a manifestation of the competitive international economy and, prophetically, as the generators of competitive *regions*. Roderick McKenzie went on to describe them in 1927 as world "centers of gravity" within a new form of global urban organisation characterised by relations of dominance and subordination. It is this foundational conceptual framing of world cities, as an outcome of, and a generator of, competitive *spatial* relations that has sustained discourse about this evolving expression of modern global capitalism for almost a century. Unsurprisingly, contemporary global economic integration has acted as a spur to intense *world city competition* yet, at the same time, the ethics of the spatial centralities and power geometries which manifest the global system of world cities remains subject to contestation and vigorous debate.

In the globalising world economy that has been emerging during the past four decades, the processes by which economically competitive world cities and their regions are generated and sustained have become increasingly complex. Facilitated by advances in information and communications technologies (ICT), the pace of change has accelerated to a once unimaginable speed. Fast forwarding to the twenty first century, in comparison with the world metropolises described in the early world cities literature, contemporary cities are interconnected by a veritable blizzard of digitized information and financial flows. Developments in both communications and transportation have given specialised financial and linked business and professional services, first referred to as prominent in world cities by Hall and then, in 1986, by John Friedmann, an even more critical role in determining the way that the present-day global system of cities functions. However, the specific link between the global dispersion and concentration dynamics of "new economy" finance, insurance, accountancy, law, management consultancy and advertising "advanced producer

services”, and the world cities phenomenon, was only made in the latter years of the twentieth century. The theory that as offices servicing global capital extend worldwide, leading world cities gain a new role as strategic sites in economic globalization was not advanced until 1991 when Saskia Sassen’s *The Global City: New York, London, Tokyo*, was first published.

Drawing on Manuel Castells 1996 theorisation of the role played by advanced producer services in the contemporary network society, Peter Taylor and co-researchers in the Globalization and World Cities (GaWC) Research Network have empirically specified the global system of cities as a “world city network”. They have revealed a major reshaping of world city power geometries during the first decade of the twenty first century in the form of a shift from localized and even national political control of cities to new de-facto controls exercised by world money and information flows. This chimes with the prophetic 1927 vision of McKenzie who pointed to coming changes in global urban organisation “at variance with the existing political structure” as a consequence of increasing connectivity.

Alongside these global changes, a linked contemporary dynamic has been emerging at a more localized scale. Evidence for global integration of *extensive city regions* in the new economy since the turn of the twenty first century has sparked parallel empirical research into global centralities. This is not only focusing on the highly clustered business quarters of major world cities but also encompasses the proximate urban landscapes of nearby towns and cities. Interlinked by multimodal transportation infrastructures as well as virtual communications, these polycentric *global* regions such as the London “South East England mega-city region”, integrate multiple surrounding urban centres of diverse size (Hall and Pain, 2006). Theorists had already noted a similar process in the nineteenth century “megalopolis” along the north east coast of the United States and in the so-called “blue banana” in North Western Europe. However, recent investigations of both of these extended urban regions have identified a further very high level of intraregional connectivity in global advanced producer services networks.

These multi-nodal global formations are sites for major flows of international skilled labour, knowledge and finance that increase, as opposed to diminishing, economic returns and have a positive impact on GDP. This new scale of global activity has been described as creating the new “engines” of the world economy that threaten to overturn the primacy of nation states. However, as is the case for the global system of world cities, new divisions of labour and polarisations are emerging at a local scale. The new foci for global centralities are generating spatially differentiated effects. These are illustrated by Doreen Massey’s 2007 analysis of the globalized spatial relations and political dilemmas facing contemporary London in *World City*.

This brief commentary on a topic that has been extensively explored in a large literature has necessarily been highly selective. Precedence has been given to a small selection of the key theoretical and empirical developments that provide an overview of the transformative processes and main lines of argument that have underpinned recent debates.

### *Origins of the world city concept*

For Hall, who first brought the concept of the world cities to international attention, these complexes were “great cities, in which a quite disproportionate part of the world’s most important business is conducted” (1966). A concentration of professional expertise, specialised knowledge and finance was enabled by superb transportation and communications infrastructures. As centres for advanced business and professional activities, knowledge and learning, as well as governmental organisations, the power of world cities extended far beyond national borders. Hall identified not only major metropolises such as London, New York, Tokyo, Paris and Moscow as world cities, but also multi-nodal urban regions such as the Randstad (Netherlands) or Rhine-Ruhr (Germany). He recognised early on, the potential world competitiveness of extensive polycentric urban regions, an idea to be elaborated forty years later by Hall and Pain in *The Polycentric Metropolis*, published in 2006.

Drawing on the pioneering regional perspective developed by Geddes, Hall’s world cities analysis identified the significance of the coming shift from early capitalism to “finance capitalism” for a dramatically changing regional landscape. In particular, he drew attention to the physical spreading out of globally competitive city growth and its consumption patterns, including individual travel by car. These city-region developments and the challenges they present for governance and planning, have become even more apposite worldwide today.

By way of contrast, and drawing on theories of a New International Division of Labour (NIDL) in a world-economy where people and finance capital flow into and out of the city, in his 1986, *World City Hypothesis*, Friedmann focused on the global economic system as a whole and the city distinctions it gives rise to. In prioritising world economic development as the key explanatory factor in urban analysis, he emphasised the importance of rapidly expanding financial and “high level” business services in creating “global financial articulations” such as London, New York and Tokyo that were the world “basing points” for global capitalism. Different localities were identified as having varying global and sub-global roles in the “spatial organisation and articulation of production and markets”, resulting in a complex spatial “hierarchy of world cities”. Certain “primary” centres for major capital accumulation in “core” countries, such as New York, were distinguished as carrying out “all of these functions simultaneously” whereas other cities had multinational or national functions and roles. Importantly, the cities in this global hierarchy were, for Friedmann, *all part of a network*.

Compared with the world systems framework in which relations between core and periphery were conceived as *process*- as opposed to *place*-specific, Friedmann’s world city hierarchy was unequivocally *spatial*, with North American, Asian, Southeast Asia and Western Europe sub-systems, the latter including Halls’ extensive Randstad and Rhine-Ruhr world cities. Referring to research such as the early study of New York by Sassen, he also drew attention to consequent crises inflicted on the state by the social and fiscal impacts of international capital in primary core and semi-peripheral world city locations. The insights provided by Friedmann have influenced the thinking of many subsequent writers.

#### *The world city as ‘process’ versus ‘place’*

Building upon Friedmann’s analysis, the 1991 edition of Sassen’s *The Global City*, was a seminal contribution to the world cities literature. The timely attention by Sassen to the process by which prominent financial centres such as New York, London and Tokyo, acquire distinctive roles as agglomerations of command functions in specialized business services also had a distinctly spatial focus. Her analysis of the simultaneous dispersion and concentration dynamics of specialized businesses servicing multinational corporations worldwide informed a wave of subsequent empirical studies into the spatialities of global business organisation and practices, and their societal impacts. The insights provided into the drivers behind the centralisation of the global command and control functions of advanced producer services and the implications for the management of the new space economy have had an ongoing influence on urban research to the present day.

But a new way of understanding the production of global cityspace was introduced by Castells in 1996. In his *Information Age* trilogy, Castells advanced the seminal theory of the emergence of a new “network society”. The city network concept had previously been alluded to by other writers but Castells added a distinctive perspective in the shape of the rising influence of new economy producer services as key generators of increasing network relations between cities. In the context of late twentieth century developments in ICT, he saw such services as active agents in a global space of flows that was superseding the mosaic space of places appropriated by states. The importance of this theoretical leap is illustrated by John Allen in a less well known contribution to the world cities debate in 1999, *Cities of Power and Influence*. This analysis went against the grain of previous (and prevalent ongoing) interpretations of city power relations, hypothesising that, in the network society, power can no longer be understood as “fixed” in space, or belonging to any one city, but must instead be seen as *distributed through* intercity networks. Allen’s challenge to competing world city narratives that present power as deeply embedded in place has unfortunately been somewhat overlooked in subsequent debate.

For example, in *World City*, Massey observes London predominantly through the geographer’s lens of a “global sense of place”, focusing on the concentration of wealth and resources there and the associated local and global polarizations. Her deliberately accessible writing style leads to an inference that London, the city, is the agent actively shaping globalization and generating its uneven economic and power geometries. Allen’s interpretation of world city power as distributed through networks of economic actors, and flows within and between cities, is less in evidence. Massey’s plea to London’s government leaders to adopt a de-territorialised politics that recognizes the city’s moral responsibilities, perhaps overestimates the capacity of the bordered state to reshape

power relations that are mobile in intercity networks. This critical question for world city policy will be returned to shortly.

#### *A world network of cities*

Taylor deduced that cities can only be understood through their worldwide network relations. According to network theory cities are “not a place but a process”, therefore according to Taylor, writing in 2004, they must be studied by quantifying their interlinkages and connectivity as nodes in a world city network that services global capital. This theoretically inspired empirical departure marked a late twentieth century turning point in world cities analysis in two ways. Firstly, the analysis recognised cities as shaped by/the outcome of a *social process*, as postulated by earlier pioneer urban sociologists, in which city relations and connectivity are constructed by business networks that straddle and use them to conduct global business. Secondly, empirical network analysis allowed the dynamic distribution of connectivity across the global system of cities to be measured robustly for the first time. Furthermore, the numerous quantitative network analyses initiated by GaWC and others have been supplemented by qualitative studies that shed light on the relations and practices of the advanced producer services that generate city network connectivity and the consequent functional inter-linkages and flows between cities.

What we can learn from the results of this research is that the power of contemporary world cities cannot be assessed simply on the basis of place-based city attributes but must take into account *intercity* relations in dynamic global networks. This new way of thinking about city relations is acknowledged by Sassen in her 2001 edition of *The Global City* and in subsequent publications which credit the partial deterritorialization of spaces of centrality in digital networks. But Sassen’s view that spatiality that “pivots on” global networks remains interdependent with a major territorial concentration of resources, illustrates an important spatial contradiction that has underpinned ongoing controversy about the ethics of world cities.

To put the city network thesis into context, Castells too is acutely aware of the differential spatial impacts that globalization encompasses. Albeit modern society is increasingly networked, as in previous eras, it remains an expression of deeply territorialized political relations with unequal impacts. Castells dystopic world vision presented in the final 1998 volume of his *Information Age* trilogy engages with the deeply divisive inequalities prevailing *within, as well as between*, cities worldwide (see further reading). Spaces of fragmentation and political contestation have not disappeared, even in the world’s richest cities. Therefore a major challenge, it would seem, is the need for the politics of cities to engage with the networked space of contemporary intercity relations and flows, which are now more volatile than ever before.

#### *Cities of towers*

In the complex networked world economy, the concentration of value-adding functions has been ongoing and has become intertwined with new modes of “grounding” finance capital in the physical structure of cities.

In his 2009 book, *Towers of Capital*, Colin Lizieri demonstrates how, in major world international financial centres where real estate interacts with other globalized economic activities, advanced producer services and office property markets are critically interlinked in the production of the evolving world city network. World cities are the sites for increasing major international financial investment, encouraged by the financial innovations introduced by their specialist transnational labour that have modified the relationship between office property development and its commercial funding. As the creation of new investment vehicles, such as private real estate funds or Real Estate Investment Trusts (REITs), has spread the risk on high-value property developments, the financialization of city real estate has accelerated. In this way, the capital that flows through financial and business services networks is stored in the physical city infrastructure such as office buildings that they occupy.

Meanwhile, high revenue streams associated with city “signature” or “starchitect” designed landmark office space, literally, *build* the evolving vernacular of competitive global capitalism. The integration of global finance and city real estate in world cities therefore facilitates the circulation of mobile international capital and also *fixes* it in specific city locations. Put simply, the workspace of the contemporary service economy is moulding the politics of the world’s cityscapes.

Lizieri's account is particularly pertinent to recent debate about the exposure of world cities to global financial risk. Counterintuitively for some commentators, London's office market has proved resilient to the post-2008 global financial crisis. But a stream of qualitative world cities research suggests that this actually resonates with Lewis Mumford's 1938 view, that "the nature of the city is not to be found simply in its economic base: the city is primarily a social emergent". Mumford complained that ... "people treat pragmatic abstractions such as money, credit, political sovereignty, as if they were concrete realities that had an existence independent of human conventions".

As already noted by Hall in the nineteen sixties, world cities are used by a "significant proportion of the richest members of the community" They are the places where high-paid labour with specialised skills congregate, tacit knowledge is exchanged, relationships are developed, global deals are brokered, and foreign direct investment is concentrated. London's transnational constitution generates *global work*. A major high-value financial transaction taking place in the City of London can involve participants in, say, New York, Tokyo, or Shanghai. And it is the globalizing strategies of London's transnational capitalist *city users* that have, for more than a decade, helped to sustain its supreme world city network connectivity, also creating investment confidence in its real estate markets. Together with its time zone and other place related advantages, a politics of openness to foreign labour and firms since the nineteen eighties, has therefore undoubtedly been instrumental in sustaining London's high-value office real estate market.

In the context of increasingly agile transnational capital investments, neo-liberal strategies to attract inward investment through entrepreneurial development projects have also more directly promoted the commodification of city real estate. A progressive literature has drawn attention to the active role now played by the state in the mobilisation of cityspace for the operation of global capitalism and its élite consumption practices. These developments highlight the huge resources that are necessary for globalized capital accumulation in world cities, endorsing Sassen's view that in the parts of the city where major structures of the world economy are located, a "strategic new spatiality" is constructed (2001). They also demonstrate that the worlding of cities is at least partially co-generated by political interventions. So, although Massey under-emphasizes the role of London's network relations, her call for a more progressive politics of space which looks "both within and beyond the city and [holding] the two things in tension" is pertinent.

### *The mobile world city*

Nevertheless, world urbanization, increasing market liberalization and economic integration ensure major transformative world city realignments and, as foreseen by McKenzie in 1927, "new centers of dominance are arising". Twenty first century world city geographies are being reshaped in two important ways:

First, new strategies adopted by global advanced producer services are increasing the connectivity of many places in the world city network, leading to a dramatic global repositioning of some cities. Rapidly globalizing cities in emerging economies now accommodate a large number of strategic functions and are "catching up" with the "big three" global cities of the late twentieth century: London, New York and Tokyo.

Second, as these rising world cities are gaining important global roles and economic status, a new landscape of functionally interlinked world city regions is emerging. The "great urban regions" first described by Hall as world cities, are subject to diverse development processes with morphologically "monocentric" regions, such as London, developing extensive globally connected mega-city regions that feature functional complementarities and polycentricity, as described by Hall and Pain in 2006. Meanwhile, in regions long regarded polycentric, such as the Randstad and the Rhine-Ruhr, cities such as Amsterdam and Dusseldorf have become global nodes surrounded by urban centres exhibiting sectoral specialization and lower levels of global connectivity. Thus, new geometries of global agglomeration are arising.

In the meantime, on the other side of the world and half a century ago, Shanghai was only a minor player on the world cities economic stage when the Yangtze River Delta (YRD) was first described as one of six giant world city regions. The city has since experienced a staggering rise in world city network connectivity and prominence under China's Open Door modernisation project. During just one decade, Shanghai has risen to fifth position and Beijing to eighth position in the world city network for financial services. [INSERT FIGURE 1 ABOUT HERE] In consequence, London

and New York are now highly connected to China through their global financial and linked advanced producer services, forming a new prominent, cross-border geography of super-connectivity within the world city network. And the major, rapid development of Shanghai is being accompanied by sweeping functional and economic changes across the once urban industrial/agrarian YRD mega-city region. Mobilized by transnational corporate and state entrepreneurial strategies in an ambivalent political economy landscape, the iconic skyscraper landscapes typical of Shanghai are also being rolled out across China as part of a vast metropolitanization project that will provide new infrastructures for global capitalism.

The system of world cities is undoubtedly in a state of flux and hybridization as the asymmetric spatial relations of urbanized global capitalism are redrawn in a network landscape. [INSERT FIGURE 2 ABOUT HERE] Differential work and wealth creation, environmental, ecological, or food and water security geometries have yet to play out across evolving mega-city region and rural-urban divides in the “longue durée”.

What can we take from this brief trawl through a range of key contributions to world cities scholarship? The world cities phenomenon is defined by a plurality of complex cross-cutting relational geographies and power geometries with equity implications. The contradictions it presents remain challenging to address. On the one hand, the conception of cities as constituted by a new logic of network flows generated by economic agents informs understanding of the cross-border integration of world cities but, on the other hand, we see that states are complicit in the mobilisation of world cities as focal points for the operation of global capitalism. The metaphorical power of the world city concept has undoubtedly been a driver for burgeoning contemporary territorial competition. A reflexive approach to interpretation that takes into account the temporalities of world city transformation in a dynamic geo-political context is therefore clearly necessary.

**SEE ALSO:** Global cities; Corporate spatial organisation and producer services; Cores and peripheries

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### **Key Words**

City competitiveness; Globalization; New economy; Polycentric regions; Mega-city region; Producer services; Real estate; World city network; World cities