Cities and rescaling

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CITIES AND RESCALING

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“Rather than promoting ‘balanced’ urban and regional development within relatively autocentric national space-economies, the overarching goal of urban locational policies is to position major cities and city-regions strategically within supranational circuits of capital accumulation.”

(Brenner, 2009a: 125)

Introduction: cities in retrospect and in prospect

The last two decades have been dominated by discourses claiming a resurgence of cities. Yet in the early stages of globalization the prospects for cities looked bleak. The breakdown of the Bretton Woods monetary agreement, the ensuing oil crisis, global economic recession, and dissolution of the Fordist-Keynesian institutional compromise left those cities in the North Atlantic rim which had prospered most from Fordist mass production on the verge of bankruptcy by the late-1970s. Triggering an accelerated, crisis-induced phase of industrial restructuring, cities which had been expanding as a result of Fordist accumulation in the postwar period – in particular its unquenching demand for inputs and reliance on a deep reservoir of local labour – came under threat, globally, from increased foreign competition, capital mobility and labour migration, and were undermined, locally, by labour-management disputes and stagflation. The result was major urbanised zones of Fordist accumulation (the German Ruhr district, the ‘snowbelt’ cities of northern and northeast United States, northern England and the Midlands) were no longer drivers of nationally-specific systems of production. Rather mass unemployment, unprecedented levels of social upheaval, and general urban decay resulted in those industrial cities and regions which benefited most from Fordist accumulation becoming a serious drag on the national economies within which they were embedded.
The long-term outlook for cities also looked bleak. In the two decades following the collapse of Fordism, consensus suggested how advances in technology and communication were inducing an era of global deconcentration and with it a diminishing role for cities. Yet for all that new technologies have undoubtedly extended our capacity to interact and transfer information and commodities more freely and more frequently across space in capitalist globalization, the predicted decline of cities never materialised. In fact, the propensity of economic activity to cluster in dense agglomerations has seen consensus go the other way, as by the late-1980s mounting evidence affirmed how a distinctive group of cities, that is, metropolitan clusters of socioeconomic activity, were forging ahead as important command and control posts in the new global economy.

This propensity for globalization to crystallise out in nodes of dense social and economic activity led urbanists such as Saskia Sassen to popularize the view that cities were not disappearing in globalization; rather globalization entailed the emergence of a new type of city, the global city (Sassen, 1991). In short, while capitalist restructuring under conditions of globalization is rendering distance less of a barrier to the exchange and transfer of knowledge, commodities, and information in new global systems of production and consumption, cities enact a key strategic role in organising and structuring globalized forms of capital accumulation. Giving rise to the dominant global city discourse of the late-twentieth and early twenty-first century many have since ascribed a hierarchy of importance to cities based on their geoeconomic power in creating, shaping, and orchestrating the operation of the global economy (Beaverstock et al., 1999). Some commentators even go so far as to attest that concentration of geoeconomic power in cities is so profound that major urban regions have now superseded national economies as the fundamental unit of the capitalist economy (Ohmae, 1995; Storper, 1997; Scott, 1998,
Whether you agree with this assertion or not, the essential point is that in globalization capital is freeing itself from the shackles of historically entrenched nationally scaled regulatory systems which had kept capital accumulation contained within, and constrained by, territorially demarcated national economies during the epoch of Fordist industrial growth. We are witnessing, as many writers have noted, the rescaling of capital under globalizing conditions.

Most crucially for this discussion, it is cities and metropolitan regions which have been foci for the crystallisation of globalized capital accumulation insofar as localised agglomeration economies foster and harbour the conditions, assets, and capacities upon which leading sectors of transnational capital depends (Brenner, 2004). The rescaling of capital has, in short, seen globalizing cities prosper from the rescaling of capital. Part and parcel of this discourse is how processes of global economic integration, rescaling of capital, and crystallisation of capital accumulation in subnational production complexes are fuelling a second defining feature of globalization – rapidly accelerating urbanisation. In stark contrast to the consensus of two decades ago, which signalled the demise of cities, today more than 50% of the world’s population are living in cities for the first time (UNFPA, 2007). With forecasts predicting this to rise to 70% by 2050 globalization is thus, on the one hand, fuelling claims of a resurgence of cities as drivers of economic development (and expected growing affluence). Yet, on the other hand, substantive expressions of rapidly accelerating urbanisation are increasingly challenging existing urban economic infrastructures and urban-regional governance, particularly as metropolitan landscapes now stretch far beyond their traditional territorial boundaries. The extraordinarily rapid urbanisation underway in China, especially the Pearl River Delta, for instance, offers a vivid example of the challenges posed by city expansion into larger city-regions comprising multiple functionally interlinked urban
settlements. To be sure, this is a process which disturbs our established conceptions of the city as a distinctively coherent phenomenon in its own right, but also its place in the wider context of regional, national and international relations.

Stirred into action by these developments, this century has seen a whole raft of research into the emergence of a new and critically important kind of geography and institutional form on the world stage, the global city-region. Showcased as a new scale of urban organisation, the global city-region discourse extends the logic which saw global cities being defined by their external linkages during the 1990s to consider both the external and internal linkages of these rapidly expanding, increasingly multi-clustered, metropolitan areas. Linked to their vigorous expansion and ever increasing economic activity as dense nodes of human, social, and cultural capital, many commentators purport these large-scale complex urban formations to “function as territorial platforms for much of the post-Fordist economy”, constitute the “dominant leading edge of contemporary capitalist development”, and thereby represent what many now believe to be the “basic motors of the global economy” (Scott, 2001: 4).

Providing added impetus to this emergent global city-region discourse has been the emergence of trans-national, trans-regional and trans-frontier economic spaces in globalization: prominent examples include Europe’s ‘blue banana’, a discontinuous urbanised corridor of industrial growth running from northern England to northern Italy; the Dutch-German EUREGIO cross-border region; the Singapore-Johor-Riau growth triangle in south-east Asia; and the ‘Cascadia’ region in the Pacific north-west of North America. This is further supported as, among others, UN-Habitat (2011) move to recognise the merger of global cities and global city-regions to form even larger urban spaces as an indicator that there is a new and critically important sociospatial formation on the world stage. Stretching
for thousands of kilometres (often across national boundaries) and home not to tens of millions of people but hundreds of millions of people, these super-urban areas\textsuperscript{ii} are coming to represent this century’s competitive territories \textit{par excellence}, a foci for and driver of wealth creation, and loci for new forms of territorial cooperation and competition on a previously unimagined scale. Moreover, and of particular note is that many of these super-urban areas – certainly the most dynamic – are located outside of the traditional capitalist heartlands of North America and Western Europe. Some of the most prominent examples include the Pearl River Delta, Yangtze River Delta and Bohai Economic Rim, Beijing-Pyongyang-Seoul-Tokyo, Tokyo-Nagoya-Osaka-Kyoto-Kobe, Mumbai-Delhi, Rio de Janeiro-Sao Paulo, and Ibadan-Lagos-Accra (see Box 1).

\*\*\* Insert Box 1 here \*\*\*

Irrespective of whether you perceive these spaces to be real or imagined, the mere fact these cross-border regional networks of interlinked cities are in the social consciousness as a result of their rapid expansion in number, size, and scope, is doing much to advance the claim that cities at the heart of major urban-regional industrial production complexes are acting quasi-autonomously, that is, outside territorial structures formally administered or governed by the nation-state (Scott, 2001). Giving rise to ‘unusual’ or ‘unbounded’ regionalism – the recognition that city-regions and/or regional networks of cities often do not conform to any known territorial entities but are constructed in ways that appear to defy hierarchical control (Deas and Lord, 2006) – it is hard to escape the conclusion that while cities are back it is not as we once knew them.
Against the background of deepening globalization the purpose of this chapter is to highlight the shifts accompanying the changing configuration of the urban economy, in particular those linked to the rescaling of the city and the emergence of new forms of urban economic space. To put work on cities and rescaling in context, we first need to distinguish between cities as we once knew them and cities as we now know them. To do this, the chapter explores the drift of cities away from national urban systems toward the orbit or gravity pull of international systems and global circuits of capital accumulation. In particular the chapter draws on Brenner’s (2004) distinction between ‘rescaling the geographies of capital’ and ‘rescaling the geographies of statehood’ to emphasise how the rehierarchization of the urban and regional system is only partly explained by economic factors (crisis-induced industrial restructuring, the rise of flexible production systems, new spatial divisions of labour); just as important are political factors (centrally orchestrated state strategies to promote transnational investment in major urban regions, governmentalized remapping of state spaces, the political-construction of an ‘elite’ top hierarchy of cities and urbanized regions within national and international circuits of capital). So in the next section the chapter explores the changing configuration of the urban economy before critically examining the role of the state as facilitator, orchestrator and enabler of changes to the urban economy in the second half of the chapter.

**Cities as we once knew them, cities as we now know them: the changing configuration of the urban economy**

Technological innovation, the rise of flexible production systems, and processes of deterritorialisation have all contributed in eroding the stability of historically entrenched
urban and regional hierarchies under globalizing conditions. During the era of Fordism, these urban and regional hierarchies were largely internalised by nationally-specific systems of production\textsuperscript{iii}. Today this is what we might call the ‘old order’, with areas designated according to their status as \textit{inter alia} growth areas (those benefitting from Fordist accumulation), overgrowth areas (satellite towns, suburbs), and depressed areas (those problem areas in need of assistance). In nationally-specific contexts, this spatial hierarchy was then utilised by the state to redirect capital employment from growth areas to depressed areas according to the principles of spatial Keynesianism, that is, the need for the state intervention in redistributing resources to promote balanced urban and regional development through national scaled regulatory control of the space economy.

Strategies of spatial Keynesianism were dominant during the Fordist period, particularly in Western Europe. In the United Kingdom, for example, the ‘postwar consensus’ which followed the 1940 Royal Commission on the Distribution of Industrial Population’s placement of a national duty on the UK government to control capital so as to prevent sociospatial inequality in general, and the overheating of London and the south east in particular, offers a vivid example of how strategies of spatial Keynesianism provided the backdrop for state-led urban and regional planning during the Fordist period. Similarly in France, indicative planning in the postwar period was implemented with the overarching aim of identifying potential oversupply, bottlenecks, and shortages in order that state investment decisions could be spatially targeted in a more timely way to reduce market disequilibrium. While in Germany, the first federal law on spatial planning (the 1965 \textit{Bundesraumordnungsgesetz} or ROG) established the basic aim of enabling territorial equilibrium; planners interpreting this to mean further accumulation of resources in major
cities should be avoided and should be targeted instead at those so-called ‘lagging’ rural and border zones which are not primary sources of capital accumulation.

Dominant in the period 1940-1970, the relative stability afforded by the Fordist-Keynesian institutional compromise was violently ruptured by the rapid decline in traditional manufacturing industries, a process which starved the Fordist growth dynamic of its lifeblood. Despite this, not all urban areas experienced the collapse of Fordism and its impacts to the same extent. But why was this? Well the answer rests, first, in the rise of flexible or ‘lean’ production systems (Harrison, 1994). The crisis of Fordism saw firms forced to switch from mass producing single products to a model of flexible specialization. This involved the production of diverse product lines targeted at specific groups of customers, requiring the use of non-specialist machinery and multi-skilled labour able to respond quickly and efficiently to market change. As part of a wider strategy to enhance efficiency and externalise risk, flexible specialization led to parts of the production process being outsourced or subcontracted on short-term contracts to a network of suppliers. In the first instance then, those traditional manufacturing firms, sectors, and locations which were able to restructure and quickly adopt flexible production systems were able to foreshorten the crisis and its effects. The classic example of this is the automobile industry – “the mass production industry par excellence” (Dicken, 2010: 339) – where mass production techniques were displaced by a system of lean production, led by highly efficient and cost-competitive Japanese automobile firms (Toyota, Honda, Nissan) in the 1970s and copied subsequently by US and European car producers (Ford, GM, Fiat, Volkswagen, Renault). Nonetheless, this is only part of this particular story for, in addition, flexible production systems were also at the heart of three sectors which came to characterise, perhaps even determine, capitalism’s post-Fordist economic and geographic form – (1) high-technology
manufacturing; (2) revitalized design-intensive craft production; and (3) advanced producer and financial services (Storper and Scott, 1990).

While the collapse of the Fordist mode of traditional mass production sent shockwaves through older industrial urban regions, these events were countered by the emergence of ‘new industrial spaces’ (Scott, 1988). Industrial regions such as Silicon Valley, Orange County, and Route 128 in the United States, along with Baden-Württemberg, Catalonia, Lombardy, Rhône-Alpes (the so-called ‘Four Motors of Europe’), and more recently Bangalore (the ‘Silicon Valley of India’) proved beacons of hope, demonstrating how certain industrial locations were successfully bucking the trend of national economic decline to emerge as ‘winners’ in the period after Fordism. Initial endeavours to account for these industrial developments chronicled wholesale shifts from Fordist mass production to post-Fordist flexible specialization (Piore and Sabel, 1984), old industrial spaces to new industrial spaces (Scott, 1988), and national economies to regional economies (Sabel, 1989). What they suggested was that owing to mass production technologies never being widely adopted in these exemplars of the post-Fordist growth dynamic, and their economies being vertically disintegrated and flexibly organised around high-levels of inter-firm coordination in high-technology sectors, their urban-economic form and infrastructure secured these regions a competitive territorial advantage in the new global economy. Nevertheless, these accounts proved too narrowly economistic in their search for explanation, often guilty of overlooking important social and political factors upon which the post-Fordist growth dynamic relies.

In an insightful account into the formation of these new regional economic spaces of capital accumulation, Michael Storper highlights how just as important in globalizing forms of capital accumulation are those ‘soft’, ‘untraded interdependencies’ (such as rules of
action, customs, conventions, understandings and values) which constitute the “non-material assets in production” (Storper, 1997: 192). Critically, this chimed with research being conducted by other economic geographers at the time – most notably Phil Cooke and Kevin Morgan’s work on ‘regional innovation networks’ in Europe. Their research into regional development in Baden-Württemberg, Emilia-Romagna, Wales, and the Basque country pinpointed how successful regional economies were those governed less by vertical relations of authority and dependence but by horizontal relations of cooperation and reciprocity (Cooke and Morgan, 1998). Echoing much of what Storper articulated in relation to ‘untraded interdependencies’, Cooke and Morgan believed horizontal relations of cooperation and reciprocity relied on those very same societal conventions. Trust, solidarity, loyalty and tolerance between the state, economic actors, and civil society stakeholders thereby came to be perceived as key to fostering dense local networks, where sharing trade and business information, technology and training becomes commonplace – a necessary component for post-Fordist capital accumulation. With this in place, it was argued, ‘intelligent’ regions were formed, that is, regions which are able to exploit the transition toward globalizing forms of capital accumulation to their own advantage. One important consequence of this argument was the suggestion that regions were operating as quasi-independent ‘actor spaces’, able to mobilise themselves to have a decisive influence on economic development, wealth distribution, and consolidating a sense of inclusiveness (Amin and Thrift, 1995).

Giving rise to what we have come to know in retrospect as the ‘new regionalism’, this body of literature established strong support for nationally-specific production systems being superseded in globalization by more localised industrial districts and regional innovation systems. This emerging political-economic orthodoxy suggested post-Fordist
capital accumulation required networked hubs comprising both ‘hard’ institutional structures and ‘soft’ institutional processes; the latter being best developed at local and regional levels because “this is the level at which regular inter-actions, one of the conditions for trust-building, can be sustained over time” (Morgan, 1997: 501). In regional studies, leading proponents of the ‘new regionalist’ orthodoxy were so convinced that major urban regions were the fundamental building blocks of economic and social life after Fordism they prophetically announced that we were coming to live in a ‘regional world’ (Ohmae, 1995; Storper, 1997).

Under conditions of globalization, areas which are well-resourced (containing large concentrations of transnational corporations, highly-skilled workers) and well-connected (within existing transportation and communications networks) have successfully exploited these crucial locational advantages to consolidate, increase, and further concentrate high-level economic and industrial activity, alongside flows of foreign direct investment, skilled migrant labour and tourists at the expense of other less favoured locations (Brenner, 2009b). For this reason, alongside those new urban and regional industrial zones, global cities have likewise proved to be loci for industries with flexible production systems. One sector in particular locates almost exclusively in global cities, and that is the advanced producer and financial services sector. Advanced producer and financial service functions (advertising, banking, financial consultancy and management, insurance, real estate) give elite global cities a monopoly over what is the indicator of choice for most analyses into the functionality of global cities, that is, the measure by which cities are ranked according to their command and control over global circuits of capital accumulation. This monopoly is reinforced by recognition that not only do advanced producer and financial services cluster in global cities, these industries which serve the demands of transnational capital and its
thirst for enhanced command and control over space on a global scale have expanded rapidly over the past forty years. In this way, advanced producer and financial services are a classic example of how for all the talk of deterritorialisation, the collapse of distance, and transition to a borderless world what we are witnessing is the emergence and consolidation of a series of global command and control points that are assuming greater importance as power is localised in an increasingly select number of place-specific, wealth generating locations.

The essential point here is that even in an era of global economic integration, characterised by increased capital mobility, the expansion of transnational finance capital, and formation of global production networks, capital will exploit favourable local and regionally specific conditions of production to secure competitive advantage. Such arguments have given rise to what we have now come to recognise as the rescaling and reterritorialisation of capital under globalizing conditions (Brenner, 2004). This is the notion that for all capital has been able to release itself from the shackles of national scaled regulatory control, it is forced to (re)produce new and/or modify existing sociospatial infrastructure at supranational and subnational scales to create the conditions necessary for capital accumulation. It is here, for reasons noted above, that major urban cores and new regional industrial districts are able to exploit their place- and territory-specific location advantages to prosper in globalization.

**Cities in globalization – the changing urban order**

Much of the last two decades has been spent documenting the impacts this rescaling of capital has had on particular geographical location across the globe. Specifically, research has been documenting how the rescaling of capital has been highly uneven, leading to even
more pronounced forms of spatial division (any social and economic inequality), at every scale. Three are worth mentioning here. First, the tendency toward metropolitan polarisation described above has ensured that being a national and major region centre is not enough in the era of globalized capital accumulation. As urban competitiveness becomes increasingly reliant on the demands of transnational capital, in turn dependent on the presence of specialised producer and financial services, the formation of a network of global cities in which command and control functions are centralised have created a new tier of highly connected, elite level cities. Over the past decade, the Globalization and World Cities (GaWC) research group have developed a world city network model which deepens our understanding of how cities are increasingly connected across space as part of capitalist strategies to position cities within global circuits of capital accumulation.

What the GaWC analysis shows is that even within this tier of highly connected, elite level cities there are distinct tendencies of developmental/growth divergence. The first observation to make is the general rise of connectivity in this network of upper-tier cities (Taylor et al., 2010). The second is how London, New York and Hong Kong remain the most connected cities, in effect the ‘capital’ global cities to the three major networks of global cities in the world city network – the west European (London, Paris, Milan, Madrid), north American (New York, Toronto, Chicago) and Pacific-Asian (Hong Kong, Singapore, Tokyo, Sydney, Shanghai, Beijing). Below this, and not represented by the table, there is a Latin American network (Buenos Aires, Sao Paulo, Mexico City) and an emerging east European network (Moscow, Warsaw, Istanbul). Highlighting the global dimension of these city networks.
networks, Africa is the only area one might suggest is ‘off the map’ with Johannesburg the sole representative in the top 50 (cf. Robinson, 2002). Nevertheless, this does not mean African cities are disconnected from the global economy, just less well connected. This is evidenced in the latest findings which highlight how eleven African cities have global connectivity scores more than 10% that of London (Wall, 2010); a point which repeats earlier findings leading Taylor et al. to conclude “all cities can be characterised to some degree as both ‘world’ and ‘global’ in nature. Hence, they are all ‘cities in globalization’.” (2007: 15). A third observation is that while the top level remains relatively constant, with London, New York, Hong-Kong occupying positions 1-3, and Paris, Singapore, Tokyo positions 4-6, there has been remarkable fluctuation elsewhere in the top 20. The European cities of Frankfurt, Zurich and Amsterdam have all dropped out of the top 20, along with the US cities of Los Angeles and San Francisco. They are being overtaken and replaced by the Pacific Asian cities, Shanghai, Beijing, Mumbai, Seoul and Kuala Lumpur, showing that services are rising fast to complement the regions established manufacturing prowess as the new ‘workshop of the world’. Other cities making a notable rise are Moscow, spearheading a revival of cities emerging from their communist past to become well connected in international circuits of capitalist accumulation, and Buenos Aires, emerging as the major economic gateway to Latin America. One important consequence of this is functions once located in national capitals and major regional centres are being concentrated in a select number of global cities whose function is as a gateway to the global economy for what are now much larger, increasingly transnational, networks of national capitals and major regional centres (Brenner, 2009b).

All of which has produced a new elite level of cities that act as important gateways, articulating regional and national economies into the global economy. But the rescaling of
capital has also seen a development and growth divergence among cities within national urban systems. For the observed shift from what we come to identify as the ‘old’ industrial spaces of Fordist accumulation to ‘new’ industrial spaces of post-Fordist capital accumulation has led national urban hierarchies to be recalibrated as industrial production polarised in the most economically advantageous subnational production complexes. In the US, this saw industrial production, and as a result urban development, switch from the ‘snowbelt’ cities of Detroit and Pittsburgh in the north and east to the rapidly expanding ‘sunbelt’ boomtowns of Houston and Tucson in the south and west. This was mirrored in Europe. In Germany, for example, the boom regions were no longer those centred on the cities of Cologne, Essen, and Hamburg in the north but those newly dynamic cities of Frankfurt, Munich and Stuttgart to the south. In England, the same situation saw the traditional industrial heartlands of the Midlands and the North eclipsed by the rise of Cambridge and the M4/M11 corridors in the south east, while in Italy, dynamic post-Fordist economic growth is centred on a rapidly expanding industrial triangle around Milan, Turin, and Genoa in the north of the country. The second process we can identify where the rescaling of capital has led to more pronounced forms of spatial division, what emerges in each national space economy is an interurban network where industrial activity and urban development is polarised. Of late, the extension of this observed pattern of interurban polarisation sees interurban networks which are transnational in nature: as evidenced by Europe’s ‘blue banana’, which connects London at its north-westerly apex with inter alia Amsterdam, Brussels, Frankfurt, Stuttgart, Strasbourg, before reaching its south-easterly apex in Milan; NY-LON/PAR-LON, concepts used by commentators to emphasise strong transnational ties between particular cities in this network of cities, in this case New York-London and Paris-London; and super-urban areas, most notably in NICs/BRIC (see Box 1).
A third important process sees divergence in the levels and/or degrees of primacy in different national urban systems. If we again use the most recent GaWC analysis as a starting point a number of important observations can be made (Taylor et al., 2010). First, there is a strong tendency towards primacy in many of the traditionally advanced capitalist nations. In the United Kingdom, for example, London remains the most globally connected city but the next city in line, Manchester, is only ranked 113th with a connectivity of 22% that of London. A similar picture emerges in France with Paris fourth but the next most connected city, Lyon, ranked 145th with a connectivity only 18% that of London. These are the most prominent examples of a primate city system. A very different picture emerges in China, however, where 6 cities (Hong Kong, Shanghai, Beijing, Taipei, Guangzhou, and Shenzhen) have global connectivity scores 25% or more that of London. Germany also has 6 cities with a global connectivity 25% or more that of London but what it lacks in comparison to China are cities at the apex of global connectivity. While once firmly established in the top 20, in 2008 Frankfurt once again found itself the highest ranked German city, but only 32nd overall with a proportionate connectivity half that of London. With Berlin (55), Hamburg (60), Munich (67), Dusseldorf (76) and Stuttgart (91), Germany emerges as the exemplar of a ‘horizontal’ urban system (Hoyler, 2010): albeit one which shows German cities to be experiencing a relative decline in their overall global network connectivity. The US, by contrast, shows evidence of being both a ‘primate city’ and ‘horizontal urban’ system: the former evidenced by the second-ranked city, Chicago, having a connectivity score 57% that of New York; the latter by 15 US cities having a global connectivity score higher than Manchester and 20 cities a score higher than Lyon (Taylor et al., 2010).
It is clear from this analysis how the collapse of the Fordist growth dynamic in the 1970s and the major economic structural changes which have followed led to a drift of cities away from national urban systems toward the orbit or gravity pull of supranational circuits of capital accumulation, alongside both a developmental and growth divergence among cities within national urban systems. What is less clear is the role the state has played in this, and it is to this question that the chapter now turns.

**What role the state?**

For sure, the state’s trusted Keynesian macro-economic policy instruments which had proved effective in maintaining regulatory order during the Fordist era quickly became ineffectual in coping with the global economic crises of the 1970s. Quite simply, as national state space became increasingly permeable to untold myriad of transnational flows of capital, knowledge, commodities, labour, and information, nationally-configured regulatory frameworks, institutions and supports which had proved effective foundations for Fordist-Keynesian regulatory strategies were unsettled and forced to undergo major restructuring as the process of capital accumulation was globalized. Where controversy and debate emerges is that there are two schools of thought on what affect this major restructuring to the mode of regulation has had on the state. On one side there are those who believe state power is being eroded as national infrastructures are dismantled and replaced by new forms of political-economic regulation at supranational (e.g. WTO, IMF, European Union, NAFTA, ASEAN) and subnational levels (e.g. urban and regional governance). From this perspective the restructuring and rescaling of state power away from the national level to organisations and agencies enforcing neoliberal, market-led strategies at supranational and subnational levels signals the extent to which nation states have lost their ability to control and regulate
the movement of capital across space, and leads authors such as Ohmae (1995) to proclaim ‘the end of the nation-state’. On the other side there are those of us who believe that this major restructuring does not come at the expense of the state; in accordance with some kind of either/or, zero-sum, logic which appears to underpin arguments made by those signalling the demise of the state. Albeit never forgetting that contemporary processes of state restructuring were crisis-induced, the argument put forward here is that the state is not the victim, but a key architect, of these processes of geoeconomic integration. Building on the pioneering work of predecessors such as Bob Jessop, Neil Brenner’s attempt to decipher how ‘new state spaces’ are being produced under contemporary capitalism has opened our eyes to the way in which the state has reconfigured its spatial and organisation structures to maintain control over urban and regional development (Brenner, 2004); in the process disturbing notions of the powerless state and premature announcements proclaiming the death of the nation-state. Opening the black box on the rescaling of state power, Brenner’s eloquent reasoning on this is worth quoting at length:

“Even as national states attempt to fracture or dismantle the institutional compromise of postwar Fordist-Keynesian capitalism in order to reduce domestic production costs, they have also devolved substantial regulatory responsibilities to regional and local institutions, which are seen to be better positioned to promote industrial (re)development within major urban and regional economies. This downscaling of regulatory tasks should not be viewed as a contraction or abdication of national state power, however, for it has frequently served as a centrally orchestrated strategy to promote transnational capital investment within major urban regions, whether through public funding of large-scale infrastructural projects,
the establishment of new forms of public-private partnerships or other public initiatives intended to enhance urban territorial competitiveness.” (Brenner, 2004: 61-62).

Related to this, Brenner goes on to introduce the twin concepts of state spatial projects and state spatial strategies: the former referring to the organisational divisions of the state which, albeit increasingly located at multiple scales, are being organised and coordinated to re-established coherence to the regulatory system; the latter alerting us to how state policies are increasingly spatially selective, with intervention privileging certain spaces over others and bringing about geographical variation among state activities. State spatial strategies are important in this discussion because what we have witnessed since the collapse of Fordism is the widespread abandonment of traditional Keynesian models of regional policy in favour of new national strategies designed to make major urban regions attractive to transnational capital. In short, nation-states began to actively encourage, facilitate and shape geoeconomic integration. For cities were no longer seen to be passive containers of all the socioeconomic ills leftover from the collapse of Fordism but dynamic growth engines at the heart of what Brenner (1998: 8) identified as a new “city-centric capitalism”. To be sure, the task of positioning cities strategically within global circuits of capital accumulation became an officially institutionalised task and goal for policy elites the world over. But while we can identify much that is uniform in how this task has been approached, some notable differences have undoubtedly contributed to the developmental and growth divergence among cities identified above; differences perhaps best illustrated by the spatial strategies adopted in the United Kingdom and Germany.
During the 1980s, growth in London and the south east of England was heralded as the ‘textbook’ example of how major urban regions were able to pull away from the rest of the country due to their locational advantages in being able to attract transnational capital. Nevertheless, this representation of London and the south east as a successful growth region “did not simply fall into place; it had to be produced” (Allen et al., 1998: 10). And produced it was. The neoliberal strategies of liberalisation and deregulation pursued by Margaret Thatcher and her Chancellor of the Exchequer, Nigel Lawson, proved extremely successful in strategically placing London (as global city) and south east England (as global city-region) at the apex of the European and global urban hierarchy. It was part of a political strategy, known as Thatcherism, which made the conditions right for attracting transnational capital. Inflation was controlled, taxes lowered, exchange rate controls abolished, trade unionism restrained, state industries privatized, and finance deregulated in the belief that free market competition would see the price of products and services decrease and their quality increase.

All of which propelled London to global city status. But it also saw London and the south east singled-out for growth, with the central state concerned primarily with promoting London’s competitiveness as a world financial centre. Perhaps most famously, the ‘Big Bang’ reform of 27 October 1986 saw restrictions on financial lending lifted as part of a fundamental reform of the London Stock Exchange. A decision which strengthened London’s place as finance capital, the Big Bang became the cornerstone of the Thatcher Government’s neoliberal reforms. At home, it encouraged financial lending, which fuelled a housing boom in the south east, as mortgage lending increased, and a consumer boom, as personal credit became easily accessible. Internationally, it exposed London’s financial
markets to a more competitive world, which in turn led to more jobs in the financial and professional services, led to an increase in high-wage earners, which in turn fuelled the consumption boom as demand for other products and services increased. In short, it presented London and the south east as a dynamic growth region when many other regions appeared depressed; a perception constructed both materially and discursively by the state.

Not only did the Thatcher Government’s neoliberal reforms prioritise financial capital and single-out London and the south east for growth, the central state rolled-back regional aid, thereby starving the declining cities and regions of northern and western Britain of the traditional compensatory adjustment measure of regional policy under spatial Keynesianism, and abolished regional government, so as to depower dissenting opposition from industrial capital and manufacturing workers. In place of the former, massive public sector investment was channelled into making London and the south east attractive to transnational capital, most notably the development of Canary Wharf as a new financial district in London’s Dockland. In place of the latter, new local and regional agencies were created in accordance with the state-rescaling thesis; albeit in the case of the UK, one where the state maintained a very dominant and controlling hand. Conceptualised as the states tendency toward centrally orchestrated localism and regionalism (Harrison, 2008), evidence for the state continuing to prioritise London and the south east can be seen in (amongst other things) recent ‘city-region’ policy initiatives – with £22bn of public sector investment pumped into four city-region growth areas in the south east, while the equivalent project in the north of England received a meagre £100m (Harrison, 2011).

It is hard to escape the conclusion then that state spatial strategies have played a critical role in producing the UK’s primate city system. Nonetheless, the same can be said for
Germany which, as noted above, exhibits all the tendencies of a horizontal urban system. For albeit the Federal State responded to the challenges of European integration and the intensification of globalization by prioritising the reconcentration of resources into major urban regions, this growth was to be in multiple urban regions. Two key political factors are important in explaining this. The first relates to Germany’s lack of what we might deem an exceptional city. Whereas both London and Paris had by the 1970s acquired exceptional status in their respective national urban hierarchies, Germany had a number of urban regions at the apex of their urban hierarchy. In part this can be explained by German separation and the prevention of Berlin from acquiring a similar exceptional position in the urban hierarchy. Part can also be explained by the Federal Government’s 1965 spatial planning law (Raumordnungsgesetz) which stated how a spatially equally distributed system of central places should be created to ensure balanced economic growth and territorial equilibrium across Germany. Meanwhile second and somewhat related to this latter point, Germany has a much stronger decentralised state system than the UK which has meant it is not a politically viable option to prioritise a single urban region to the extent successive UK Government’s have done with London. In addition, the Federal Government used this decentralised state system to push each major urban region toward achieving a functional specialisation, with Frankfurt establishing itself as finance capital, Hamburg as the centre for print-media, Munich as a centre for publishing and film industry, and so on.

More recently, the decision to reassign Berlin as national capital of the reunified Germany in June 1991 led many to consider whether this signalled the beginning of a process whereby Berlin was being singled out for the reconcentration of functions\(^6\); further fuelled by the controversial redevelopment of Potsdamer Platz and the construction of
the new government district during the 1990s. Nevertheless, the Federal Government’s new spatial planning laws reaffirm the critical role played by the state in explaining developmental and growth divergence among cities in national urban systems. Responding to the challenge of positioning major cities and regions within supranational circuits of capital accumulation, the Federal Government strategically selected six agglomerations (Berlin/Brandenburg, Hamburg, Munich, Rhine-Main, Rhine-Ruhr and Stuttgart) to be ‘European Metropolitan Regions’, that is, major urban regions deemed to be of ‘superior’ strategic importance (BmBau, 1995). Quite simply, it was recognition that although these major urban regions assumed various national tasks and formed important clusters in key areas of business activity, human capital, information and technology exchange, cultural experience and political engagement, Germany does not have an exceptional (global) city; what it has instead are a number of cities which are well positioned within European circuits of capital. In other words the inherited institutional and spatial arrangements, themselves the legacy of previous state spatial project and state spatial strategies, have, in part, produced Germany’s horizontal urban system, which in turn is now influencing decisions made by the Federal Government in responding to the task of positioning major urban regions in supranational circuits of capital accumulation (on this, see Harrison and Growe, 2010). All of which is a sure sign the state has played, is playing, and will continue to play a critical role in encouraging and facilitating geoeconomic integration, and as a direct consequence, in positioning cities in national and international urban systems, networks, and hierarchies.

**Summary and conclusion**
It is perhaps timely that this chapter is written exactly twenty years after Sassen’s (1991) *The Global City – London, Tokyo, New York* became the antecedent to the global city discourse and some ten years since Allen Scott’s (2001) edited collected *Global City-Regions – Trends, Theory, Policy* did likewise for the global city-region discourse. Against the backdrop of deepening globalization both came at key junctures, helping us to understand the changing role, form, and function of the major cities in the world in an era of unprecedented economic restructuring. Alongside this, the current chapter has drawn on Brenner’s distinction between the rescaling of capital and rescaling the state to reinforce the importance of recognising that for all capital has been seen to release itself from the shackles of national scaled regulatory control, the very fact it is forced to (re)produce new and/or modify existing sociospatial infrastructure at supranational and subnational scales to create the conditions necessary for capital accumulation requires a reterritorialisation of capital. Simply stated, capital is not as ‘free’ as many hyper-globalists would have us believe.

What this chapter has shown is how the state actively encourages global economic integration. Evidence suggests that while the rise of neoliberalism and its market-driven approach to economic and social policy has been accompanied by a rolling back of the state, states have not only reconfigured their own institutional form to forge an ability to centrally orchestrate urban and regional development, but where they do intervene is often in response to the challenge of global economic integration and the goal of positioning their major cities and city-regions strategically within supranational circuits of capital accumulation. This can clearly be seen in the examples of the United Kingdom and Germany described above where the state intervened to create new, or modify existing, sociospatial infrastructure at the urban and regional level to, first, create the conditions necessary for
capital accumulation, and second, make their major urban region(s) more attractive to transnational capital than their international competitors.

Thus, the future developmental and growth divergence among cities within national urban systems, the rescaling of the city, and emergence of new forms of (transnational) economic spaces will not only be shaped by inherited institutional and spatial arrangements, but by how states reconfigure their institutional form in response to rapid urbanisation and global economic integration continuing apace, related demands for more ‘appropriate’ (widely understood to mean more flexible, networked and smart) forms of urban and regional planning and governance arrangements, and new loci and/or expressions of inter-and intra-urban territorial cooperation and conflict around questions to do with increased competitiveness, resilience, new economic developments, infrastructure, the collective provision of services, and governmentalised remappings of urban and regional space. In this context then, this chapter highlights how it is timely to ask some searching questions about these new territorial dynamics and politics, to begin the process of developing appropriate vocabularies for mapping and conceptualising the transforming urban economic landscape, and to explore the successes and failures of responses to the profound practical challenges posed by global economic integration and rapid urbanisation. One important question it raises is by whom and for whom these new economic spaces are being defined, delimited and designated as competitive territories *par excellence*. Undoubtedly a daunting challenge, it is one we as researchers need to scale in order to deepen our understanding of both the economic and political processes underpinning the contemporary urban condition.
**PEDAGOGIC GUIDE**

**Globalization and World Cities (GaWC) Research Network** ([http://www.lboro.ac.uk/gawc/](http://www.lboro.ac.uk/gawc/)):
Based at Loughborough University (UK) GaWC is the leading academic think-tank on cities in globalization. The GaWC website contains 380+ research bulletins and 25 data sets on cities in globalization.

**UN-Habitat** ([http://www.unhabitat.org](http://www.unhabitat.org)) is the United Nations agency for human settlements, and publisher of the bi-annual State of World Cities report which identifies current and future trends of urban dwelling.

**Metropolis** ([http://www.metropolis.org](http://www.metropolis.org)) is the World Association of Major Metropolises. Created in 1985, the Metropolis Association is represented by more than 100 members from across the world and operates as an international forum for exploring issues and concerns common to all big cities and metropolitan regions.

**City Mayors** ([http://www.citymayors.com](http://www.citymayors.com)): Established in 2003 and maintained by the City Mayors Foundation, this website deals with all aspects of urban affairs, including: city rankings, governance structures, and issues facing cities in areas ranging from economic and investment, business, culture, development, environment, transports, education and health.

**City Population** ([http://www.citypopulation.de/world/Agglomerations.html](http://www.citypopulation.de/world/Agglomerations.html)): Provides an up to date list of all agglomerations of the world with a population of one million inhabitants. This was Scott’s starting point for identifying the ‘global city-region’ as the pivotal sociospatial formation in globalization, and the data presented here identifies the 483 cities in the world which have a population of more than one million.
REFERENCES


BOX 1: Selected examples of dynamic super-urban areas in NICs/BRICvii

**Pearl River Delta (PRD):** China’s southernmost and largest super-urban area, it is estimated that a growing population of 120m live in the area around Hong Kong, Shenzhen and Guangzhou. Here Hong Kong has emerged to be an important service-oriented hub and gateway to the PRD, where Guangdong Province is one of the world’s most important manufacturing bases. The PRD administrative area covers 42,824 sq km. There have been suggestions, albeit refuted by the Guangdong Provincial Authority, that they plan to merge the nine mainland cities (current population c. 40m) to create one urban metropolis.

**Yangtze River Delta (YRD):** China’s second largest super-urban area, the YRD administrative area covers of 110,115 sq km and has a population of 90m. Located on the East China Sea, the YRD is centred on 16 cities of which Shanghai, Nanjing and Hangzhou are the most prominent. Shanghai is mainland China’s financial centre, but where the PRD focuses on light consumer goods, the YRD is more focused on heavy industry. The Ports of Shanghai and Ningbo are the world’s first and fourth busiest cargo ports respectively.

**Bohai Economic Rim (BER):** Although the least heralded of China’s three super-urban areas, the BER is emerging as an important economic hotspot to rival the PRD and YRD. Situated around the Bohai Sea, China’s northernmost super-urban area has a growing population of c.60m. Centred on the cities of Beijing and Tianjin, the BER has traditionally been involved in heavy industry and manufacturing, but one of the issues was always the lack of integration between cities in the rim and the BER to Shanghai (mainland China’s financial centre). The Beijing-Tianjin Intercity Railway (the world’s fastest conventional train service on opening in 2008, reducing travel times from 70 to 30 minutes) and the Beijing-Shanghai High-Speed Railway (opened June 2011, halving the travel time to 4½hrs) are examples of how the Government are prioritising the integration of the BER and in so doing uncorking its economic development potential.

**Beijing-Pyongyang-Seoul-Tokyo:** On a much larger scale, the Bohai Economic Rim is also located in a much larger super-urban area with Pyongyang (North Korea), Seoul (South Korea) and Tokyo (Japan). Connecting 77 cities with populations over 200,000, over 97m people currently live in this super-urban area which stretches for 1,500km.

**Tokyo-Kobe-Osaka-Kyoto-Nagoya:** Like Beijing, Tokyo is also located in a second super-urban area. Unlike the former which connects four megalopolises in four countries, this super-urban area is located solely within Japan. But with a population predicted to hit 60m by 2015 this is double the size of the largest global city-region.

**Mumbai-Delhi:** Another 1,500km urban corridor stretches from Jawaharlal Nehru Port in Navi Mumbai on the west coast to Dadri and Tughlakabad in Delhi at the very northern edge of India. This industrial corridor connects two cities with populations currently in excess of
40m and is seen as an emerging economy with the potential to become Central Asia’s super-urban area.

**Rio de Janeiro-Sao Paulo:** More than 43m live in Rio de Janeiro and Sao Paulo in Brazil and the area inbetween. This 430km urban corridor is also seen as an emerging economy with the potential to become a South American super-urban area.

**Ibadan-Lagos-Accra (ILA):** The 600km ILA urban corridor is the engine of West Africa’s expanding economy. Actually linking 5 cities (Ibadan, Lagos, Cotonou, Lome, Accra), each separated by 100-125km and spread across 4 countries (Nigeria, Benin, Togo, Ghana), conservative estimates suggest around 25m people live in this industrialising economy. Perhaps more foresight is required in this example, but with 20m people living in the major cities and with an emerging and expanding economy, this economic hotspot could one day represent sub-Saharan Africa’s super-urban area.

<table>
<thead>
<tr>
<th>2000</th>
<th>2008</th>
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<tbody>
<tr>
<td>RANK</td>
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</tr>
<tr>
<td>1</td>
<td>London</td>
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<td>2</td>
<td>New York</td>
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<td>3</td>
<td>Hong Kong</td>
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<td>4</td>
<td>Tokyo</td>
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<td>Paris</td>
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<td>6</td>
<td>Singapore</td>
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<td>7</td>
<td>Chicago</td>
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<td>8</td>
<td>Milan</td>
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<td>9</td>
<td>Madrid</td>
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<td>10</td>
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<td>11</td>
<td>Sydney</td>
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<td>12</td>
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<td>15</td>
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<td>16</td>
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<td>17</td>
<td>San Francisco</td>
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<td>18</td>
<td>Zurich</td>
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<td>19</td>
<td>Taipei</td>
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<td>20</td>
<td>Jakarta</td>
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Cities that rise into the top 20 in 2008

<table>
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<tr>
<th>RANK</th>
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</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>Buenos Aires</td>
<td>46.81</td>
</tr>
<tr>
<td>23</td>
<td>Mumbai</td>
<td>46.81</td>
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<tr>
<td>27</td>
<td>Shanghai</td>
<td>43.95</td>
</tr>
<tr>
<td>28</td>
<td>Kuala Lumpur</td>
<td>43.53</td>
</tr>
<tr>
<td>29</td>
<td>Beijing</td>
<td>43.43</td>
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<tr>
<td>30</td>
<td>Seoul</td>
<td>42.32</td>
</tr>
<tr>
<td>37</td>
<td>Moscow</td>
<td>40.76</td>
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</tbody>
</table>

Cities that fall out of the top 20 in 2008

<table>
<thead>
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<th>RANK</th>
<th>CITY</th>
<th>GNC</th>
</tr>
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<tbody>
<tr>
<td>21</td>
<td>Sao Paulo</td>
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<tr>
<td>22</td>
<td>Zurich</td>
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<td>Jakarta</td>
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<td>31</td>
<td>Frankfurt</td>
<td>51.58</td>
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<tr>
<td>40</td>
<td>Los Angeles</td>
<td>45.18</td>
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<tr>
<td>46</td>
<td>San Francisco</td>
<td>41.35</td>
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I use ‘popularise’ deliberately because other authors had previously noted a new role for cities in globalization (see Friedman and Wolff, 1982; Timberlake, 1985), however it was Sassen who crystallised these thoughts into a concise research agenda and it is this which became the antecedent to what we know today as the global city discourse. Interestingly, other authors felt this presumptuous at the time. In their 1989 book, Richard Knight and Gary Gappert write: “THE TITLE OF THIS VOLUME, Cities in a Global Society, is rather presumptuous because it anticipates the global society; but it is less presumptuous than the original title, “Global Cities”, which implies that global cities already exist” (p. 11).

Various other titles have been ascribed to these social formations, including ‘mega regions’, ‘urban corridors’, ‘megapolitan cities’ and ‘endless cities’ but I would argue that in so doing each serves to stretch, and by implication blunt, established concepts such as ‘region’, ‘corridor’ and ‘city’ to identify these new spaces. For this reason I prefer to use the term super-urban areas.

A fantastic visual representation of this national hierarchy of cities and regions can be found in Robert Dickinson’s (1964: 388) book ‘City and Region – A Geographical Representation’. It identifies a hierarchy of 1st, 2nd, 3rd and 4th order cities in each national territory of Western Europe. Reprinted in Brenner (2004: 122).

It must be noted that this data can only be used as an indicator. It does not equate that the most connected cities are necessarily those with the most power over global circuits of capital accumulation, but it is the closest researchers have come to interpreting the changing geography of the world economy through a critical lens.

While the GaWC methodology arguably represents the most comprehensive approach to mapping and analysing inter-city relations and their importance in globalization, it does not go uncontested. In the context of this chapter, perhaps the most notable critique comes from Jennifer Robinson (2006) who, writing from a post colonial perspective, identifies how a focus on global cities does not adequate represent, and thereby under emphasises the importance of, cities of the global south. For more on this and other critiques, plus how the GaWC methodology has been revised over time see Beaverstock et al. (2011: 190-1).

A similar process had occurred previously when the German Reich favoured Berlin as capital, leading to a concentration of resources in the city and prompting large population growth in the 50 years prior to World War 2.