



Urban Legends



By Saskia Sassen

Inhabited by individuals from all corners of the planet and hosting a unique intersection of culture, commerce and politics, global cities enjoy influence way beyond their municipal boundaries

Each global city is different, even as the state-of-the-art built environment is standardised. We know when we are in Beijing or Shanghai, even though both have redeveloped their centres along the new international standards for business districts and top-level hotels and residences. What gives each global city its edge is its specialised difference. Through its economic history, the city plays a role in the making of urban knowledge capital and partly shapes the specialised differences of global cities.

The trajectories of specific cities can tell us about how they became global and how globalisation materialises in specific places and the very diverse starting points and ending points of each city. Here we can see how each city winds up with specialised differences. Even major global cities, such as New York and London, are different. Each has a deep economic history that has shaped its capabilities for the global era.

Hong Kong and Shanghai, China's two leading financial and business centres, started as competitors, but are increasingly strengthened through their specialised differences. Hong Kong is the leading international financial centre while Shanghai is the leading national financial and a major heavy manufacturing centre.

So, what are global city functions? And under what conditions do they materialise?

Global city functions are the mix of advanced and innovative specialised services that global firms and global markets need to execute their operations. Together, these services constitute a highly dynamic intermediate sector critical to the functioning, expanding and innovations of the global economy, including its most complex and experimental operations. Today, no corporate or financial firm can produce all of these services in-house.

The global city is the production site for a networked intermediate sector of specialised and innovative services. These service international projects, from museums and biennales to governments and universities. This also explains why the specialised differences of global cities matter. When a firm such as Boeing wanted to enter the global knowledge economy, it went to Chicago, because it has specialised



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legal, accounting and consulting services relating to heavy industry.

In Miami's case, can a city lacking a history as a world trade, banking and cultural centre become a global city? Yes, but on its own terms. Two key processes are in play in Miami: the continuity of the immigrant, Cuban-led trading complex, and the formation of a new business complex in the late 1980s, when foreign firms from countries such as France and South Korea set up their regional headquarters. The major growth trends clearly transcend both the Cuban enclave and the Caribbean import-export enterprises, especially the growth of Miami's foreign banks and headquarters, prime office space, installation of major telecommunications facilities, high-income residential and commercial gentrification, high-priced international tourism and an international cultural sector.

Miami is the network broker between the world's financial capitals and major South American capitals. By the early 1990s, it began to be seen as the "Hong Kong of the Americas" because of its unique positioning as a well-managed financial capital with close proximity to with a fast-developing region. Miami is also a key platform for the operations of Latin American firms in the US. Miami is >



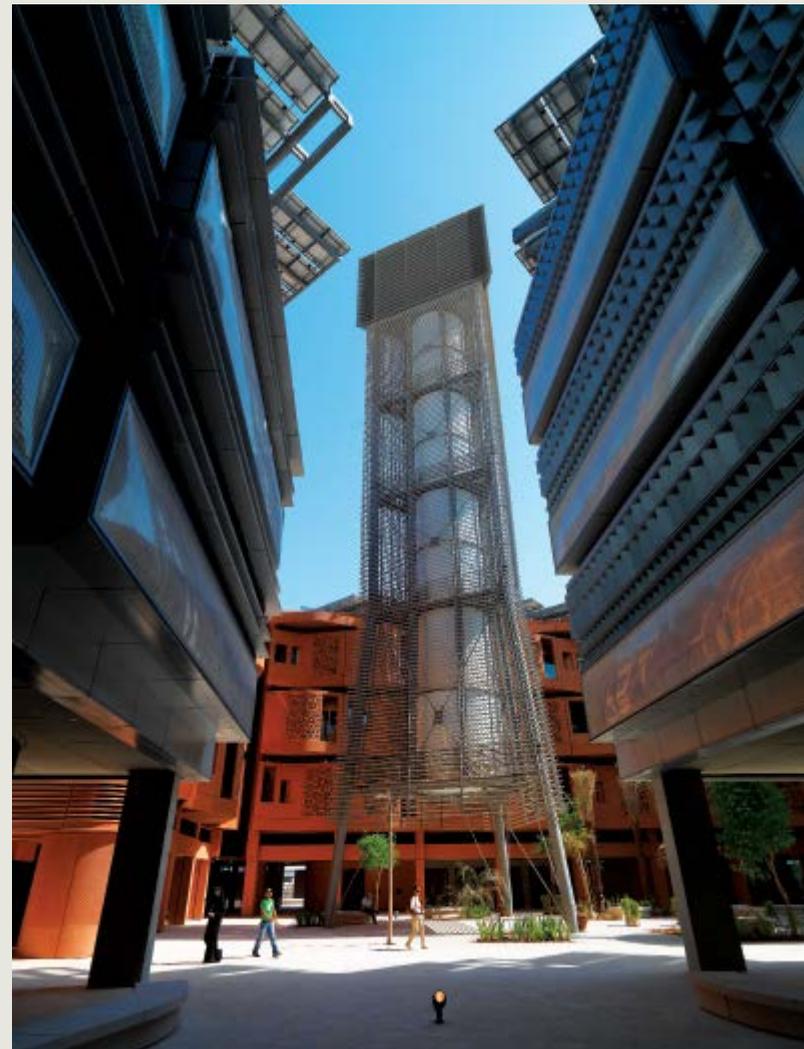
- 01 Hong Kong has been the benchmark for cities like Miami
- 02 Masdar City, the arcology project in Abu Dhabi that relies on solar energy

a bridge between cities and countries that are not particularly well articulated with the global economy.

The geopolitics of oil has been one major factor shaping global cities in the Gulf. But so will the geopolitics of declining oil reserves. Dubai has developed from an oil exporter to a state-of-the-art business platform, with firms and individuals from countries including India, the US and the



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UK all setting up headquarters there. And, significantly, the emirate has cemented its position as a major international transport hub, with Dubai International Airport, home to global carrier Emirates, having recently overtaken London's Heathrow as the world's busiest airport for international passenger traffic.

Over the past two decades, several Gulf cities have also become major actors in the global financial system, and states including Saudi Arabia and the UAE – where Dubai is positioning itself as global hub for the Islamic economy as a whole – are also positioning themselves as centres for Islamic finance. Projects we see in Abu Dhabi around renewable energy and eco cities such as Masdar are also important alternatives to oil extraction.

Developing global markets for renewable energy and for Islamic finance will require complex capabilities. The new geopolitics of energy and finance generate a need for global operational spaces different from those of conventional free-trade zones. They are about more than merely facilitating the operations of foreign actors: they require the making of complex global capacities.

The Gulf cities have generated an alternative set of global networks, most notably in energy and finance, but also in education and culture. There is an enormous potential for a radically diversified range of developments, given the region's vast resources, the complex capabilities they have developed and the new ones to be developed. The outcome should be a vastly expanded range of global networks.

What is a global city?

Saskia Sassen was first to coin the phrase, 'global city', describing it as being a significant production point of specialised financial and producer services that help to make the globalised economy run. In a world where well over half of the world's population now lives in cities, generating more than 80% of global GDP – it has become more important than ever to track the various success of these global cities.

The Economist intelligence Unit's Hot Spots 2025 index sees competitiveness as a holistic concept. While economic size and growth matter, it says, several other factors determine a city's competitiveness, including quality of human capital, cultural aspects and the environmental governance. These factors not only help a city to sustain high economic growth, but also secure its future competitiveness. Thus, the index defines a city's competitiveness as its ability to attract capital, businesses, talent and visitors.

AT Kearney's Global Cities index examines 84 cities on every continent, measuring how globally engaged they are in business activity, human capital, information exchange, cultural experience, and political engagement. It also has a companion Emerging Cities Outlook, which examines the likelihood that 34 cities in low- and middle-income countries will improve their future global positioning, based on how quickly they've been catching up with the top performers on a number of leading human capital, business activity, and innovation indicators.

