Urban Planning, Local Democracy and Globalisation

The Experience in Three World Cities

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This article explores the relationship between economic globalization and urban planning in cities of the developed world, using London, Sydney and Singapore as examples. There are two strands to the argument. First that the decision-makers in such cities take a particular view of globalization, in which they see cities as competing for globally footloose investment and hence requiring particular priorities in urban policy. Secondly that their response results in a concentration of power in a city elite and a lack of local democracy. It is suggested that a less deterministic approach to globalization could provide opportunities for greater local political choice and participation, leading to a wider discussion of priorities in urban planning.

Globalisation is a contested concept. The view that has provided the dominant paradigm over the last decade, and the context for much thinking about urban policy, is sometimes referred to as the ‘hyperglobalist’ perspective (Held et al., 1999). This view, largely informed by management and business Schools, believes that the increasing globalisation of the economy is inevitable. It also considers that the globalisation process is a beneficial one and that it will eventually have advantages for all parts of the world. This is the ‘trickle down’ concept on a global scale. In this scenario the nation state is seen as loosing its role in a world that involves an interaction between transnational business and city or regional governance. Economic globalisation is viewed as a natural process and city government should ensure that its citizens derive the maximum benefit from it. They should adapt their policies to conform to the imperatives that the process demands. However there are other views on globalization. Some writers see the concept as an ideological construct to give neo-liberalism greater spatial dominance, and consider that there is nothing fundamentally new in the way that the world economy operates. This perspective provides a useful corrective in stressing the ideological potential of the ‘hyperglobalist’ stance. However it underplays the changes, in both intensity and spatial penetration, that have taken place in the world economy. There is a third view that accepts such changes but does not agree that they have a natural, inevitable, dynamic of their own (eg. Giddens 1990; 2000). In this third view it is claimed that there are choices to be made about whether to enhance, block or mediate these global economic forces. The nation state is considered to still have some role in determining policy over such matters. However the national state itself is seen as undergoing restructuring as part of the globalisation process. Some of its functions are moving upwards to supra-national regional levels such as the European Union, while others are

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decentralising to sub-national regions or cities. The result can be described as a multi-layered system of governance which interacts in different ways with the processes of economic globalisation, which is itself multi-faceted. This more complex interpretation allows variation in the response of the different political actors.

City governments in recent years have been adapting to their new global environment. For example, in the three cities examined here, it has been assumed that to gain comparative advantage they need to beat their competitors in the game of attracting inward investment from the leading sectors of the new globalized economy. As Harvey noted almost ten years ago, there has been a shift in the attitudes of urban government from a managerial approach to entrepreneurialism (Harvey, 1989). This entrepreneurial stance views the city as a product that needs to be marketed. For economically advanced cities, such as Sydney, Singapore and London, this marketing effort is aimed at attracting the headquarters or regional branches of international companies, particularly in the financial sector. This city marketing approach adopts the ‘hyperglobalist’ view of the globalisation process, accepting its imperatives and adapting city policy in order to compete and survive. This results in several consequences; a particular form of city decision-making, specific urban planning priorities and projects, and social polarization.

The argument pursued here is that this marketing approach, and the emphasis on restructuring the city so that it appeals to global business, has led to the dominance of certain interests in the decision-making process of urban planning. A coalition develops between those economic interests that are externally oriented and elements of city government that would benefit from the attraction of world city functions. The economic interests will include international companies, financial organisations, and sectors with a global reach such as computing or tourism, while the government elements are likely to comprise those that represent the strategic locations such as the CBD, new areas with potential for ‘world city’ functions, or airports. These interests can be viewed as forming a new kind of elite dominating the agenda of city governance. Many years ago Molotch developed the concept of the ‘growth machine’ in which a particular coalition of interests dominated city governance in the US (Molotch, 1976). The coalition centred around the real estate owners but included city politicians, media, utility companies and academia. Over the years this concept has been developed, particularly through comparative work in other countries, and made more sophisticated for example in ‘regime theory’ (for a good account of this see Judge et al., 1995). Nevertheless, if we broaden the economic interests in the coalition and focus on those with a global concern, many of the other aspects of Molotch’s formulation still have relevance. The over-riding desire for growth again provides the stimulus for the coalition, the highly focussed goal leads to the formulation of a sympathetic elite and the other agencies are drawn in because of the need for infrastructure and legitimacy. However, as suggested by recent ‘regime theory’ literature, the three case studies will show that city governance is not confined to the local level. Higher level political actors also play a significant role in this new ‘global growth coalition’. This role becomes particularly relevant when, as in the Sydney example described below, the political boundaries cause problems in generating consensus behind the coalition. The importance of supra-city politics supports the third view of globalisation which suggests that, in our global world, governance is undergoing a process of restructuring in which the distinction between the previous political levels is becoming more complex. It runs counter to the ‘hyperglobist’ view which suggest that the nation state is becoming redundant.

The ‘global growth coalition’ will seek to push the policies of the city in a particular direction. This will be given legitimacy by arguing that the forces of globalisation are inevitable and that if the city is to survive in an environment of competition with other cities it has to create a strategy to maximise the cities ability to benefit from global economic forces. This approach usually involves the formulation and propagation of some kind of ‘vision’ for the future of the city, oriented to reassuring potential investors that their needs will be met. The aim is to ensure that this vision informs other policies of the city, including the strategic land use plan, and expenditure priorities. Particular development projects will result. The global orientation places much emphasis on communications, including airport expansion and links to strategic office locations. The desire to attract global companies will lead to the provision of attractive, well serviced and located sites for ‘state of the art’ office development. In the top world cities this has produced Battery Park, Canary Wharf and the Tokyo Waterfront and smaller versions can be seen in most cities. Luxury housing, eating and entertainment provision are also required to attract the personnel for these global activities. Tourism, whether for
business or pleasure, and leisure have also become major economic growth sectors in the global economy. As a result, many of the recent urban projects have included Trade Centres, conference centres, hotels, casinos, urban theme parks and sports complexes. The orientation to tourism encourages the use of cities as centres of entertainment and the real estate industry has been enthusing over ‘Urban Entertainment Destinations’. Development projects oriented to these global activities not only provide physical needs, they also contribute to the ‘image’ of the city. This is important in marketing any product and can help in advertising and making the product visible. In the case of a city an exciting and dynamic impression can be given through the use of spectacular architecture. The Sydney Opera House provided an early example but in recent years there has been a proliferation of eye-catching buildings from the Guggenheim Museum in Bilbao to London’s Millennium Dome.

Evidence suggests that cities of the developed world have become increasingly polarised in recent years, and the ‘Dual City’ label has been used to bring home the disparity between rich and poor. It is generally accepted that contemporary social dynamics are more complex than such a bi-polar division and that the variations in the social programmes of local and national states also generate diversity. Nevertheless much of the literature links the processes of economic globalisation to social polarization (eg. Sassen, 1991). The influx of global organisations into a city can create a highly paid workforce whose standard of living and salary levels are determined by global comparisons. On the other hand the workers who service them through such activities as cleaning, providing food or routine office work, are traditionally poorly paid. These economic and social differences have a geographical dimension and concentrations of rich and poor become increasingly evident. The process of gentrification is much in evidence, as the wealthy look for new locations. Such disparities can produce resentment and social instability. The kind of projects described above can also generate alienation as many local people find little for them in luxury shopping centres, casinos and conference centres. Indeed many of the new projects may worsen their quality of life through increased noise or congestion, or the loss of the opportunity to use the limited supply of key urban sites for other uses. In many cases the projects create islands of activity, oriented to those with good incomes, surrounded by areas of greater poverty. This phenomena has been called the ‘bubble effect’ (Judd, 1999). Many of the people who visit these sites are tourists or visitors from wealthier residential areas, often in the suburbs. There is considerable debate over the causal factors involved in these social processes. Cities have always contained rich and poor areas but the case can be made, as with globalisation more generally, that the speed of change, its pervasiveness, and greater public awareness, creates a significantly different situation. For the purposes of the discussion here the important point is that globalisation and the response of city governance, can have variable impacts on different groups of citizens. Urban decisions are highly political. However if another consequence of the particular response to globalisation is to restrict the decisions over priorities to a small elite, then there is little opportunity for the political issues to be aired through local democracy. In the longer term this can be a threat to the social sustainability of the city.

These themes will now be given more substance through a brief review of the three cities.

**Sydney - regional capital**

The major cities of Australia have a long history of competing with each other, and this tradition has provided a useful foundation for the wider geographical competition of recent years. Sydney has now established itself as the leading Australian city. It is the major international air hub, is the most important financial centre and, during the growth in Asian economies, extended its role to become a location for many transnational corporations wanting to service south east Asia. The strategic planning of the Sydney metropolitan region is undertaken by the State of New South Wales. In 1988 a Liberal-National coalition won the state election and formed a government with an ideology of limited government, cuts in state finances, and privatisation. The state government was keen to attract global activities to Sydney but found it difficult to provide infrastructure and tax concessions, as the main revenue raising powers were held by the Federal Government. As a result the major tools available to the state government to attract global investment were its land holdings and urban planning and development powers. In 1995 the state government produced a new metropolitan strategy called Cities for the 21st Century. It was heralded as a new approach to strategic planning.
that was more broadly based and more flexible; ‘as we move into an age of more rapid change and diverse global influences, a metropolitan planning strategy needs to be dynamic rather than rigid’ (Department of Planning, 1995, p. 12). One of the policies in the strategy was ‘the promotion, nationally and internationally, of Central Sydney as a corporate headquarters and financial centre and also as a tourism centre, and the development of planning and management in support of these roles’ (p. 92).

Thus by the mid 1990s Sydney was orienting its land use strategy towards a global market, orchestrated by the state government. Part of this strategy involved the identification of key sites for world city functions. However the state met reaction from the local authority level who were not always happy to accept such decisions. The City of Sydney was subject to local community pressures and opposed many of the ideas for the development of the CBD particularly when this involved the demolition of buildings with heritage value. It is therefore interesting to see how the state government sought to implement its globally oriented policy in the face of adverse local views. The first important tool it had at its disposal was the planning power to intervene in any development decision that had strategic significance. The state used this power on numerous occasions during the 1980s and 1990s and in some cases contravened the controls agreed in the local plans of the City of Sydney. In order to try and circumvent these democratically formulated local plans, a special Central Sydney Planning Committee was established in 1988 dominated by State appointees. This committee had responsibility for the preparation of local plans for the City and for decisions on all developments with a value of over $50m. Another ploy adopted by the state was to change the boundary of the City of Sydney to try and ensure a local council sympathetic to global city development. A further example of the bypassing of local opposition took place around the state’s decision in the early 1980s to develop Darling Harbour as a major recreation and convention centre with a linked mono-rail. This had to be built in time for the 1988 Bicentennial year, but the requirement to conduct an environmental impact assessment created an obstacle in this tight timetable. So the state passed a special act of parliament to give planning powers to a new Darling Harbour Authority that would not be subject to local council controls or planning laws. When professional and community opposition developed over the proposed mono-rail these special powers were extended to also cover this aspect of the project.

In 1995 the Labor Party returned to control the state. It was felt that the Cities for the 21st Century strategy did not explore sufficiently the international context and so they commissioned a new study. In the forward to the study report, entitled Sydney as a Global City, the Minister for State and Regional Development says ‘we must ensure that planning for Sydney supports a competitive and efficient economy planning for new and efficient road and rail networks, supporting existing employment locations and providing a continuing supply of sensibly located land are key elements in this focus’ (Searle, 1996, p.v). The report presents a very thorough analysis of the factors that influence Sydney’s potential as a world city and the implications for planning. In 1997 the State produced a new review of strategic planning called A Framework for Growth and Change (Department of Urban Affairs and Planning, 1997a). This adopted many of the approaches of the previous plan and had an expanded section on fostering a competitive and adaptable economy, drawing on the work in Sydney as a Global City. New roads and airport expansion were proposed. A Framework for Growth and Change pointed out that the State would continue to use its powers to make decisions over major projects as this helped to attract major inward investment and ‘encourage major companies to locate regional headquarters and facilities in the Region’ (p. 59).

In 1997 a new body was established called The Committee for Sydney – officially launched by the Premier of NSW. It comprised business and community leaders and was chaired by the director of the successful Olympic bid. Its major aim was to give Sydney a higher international profile and it believed that ‘we have to think smarter, work harder and plan better if we are to build a viable future for our city in an intensely and increasingly competitive regional and world economy’ (Committee for Sydney, 1997, pp. 1-2). It placed considerable emphasis on the need for a plan or vision and said that ‘many of the world’s major cities – such as Barcelona, Berlin, London, Paris, Rome and Venice are showing us the way. They have developed clear visions of their future and are applying long-term strategic plans to realise them’ (1997, p. 5). It was clearly implying that Sydney was falling behind in the competitive urban development game and that existing strategic plans were not sufficient. So it was no surprise that in 1998 they commissioned a study entitled Sydney 2020 to ‘determine what is
needed to develop and enhance Sydney’s future as a world city’ (Committee for Sydney, 1998).

The Sydney example shows how important the global environment has become in the strategic planning of the city. Competition, not only with other Australian cities but with cities across the world, has become the motivating force. The main instigator of this strategy has been the State of New South Wales and changes in political party have had no effect on the direction of the strategy. The collaboration between the state and the Committee for Sydney with its strong business representation has strengthened the global orientation. Meanwhile the resultant projects, in the shape of new office developments in central Sydney and the conference and casino oriented Darling Harbour development, met with local opposition. To deal with this the state used a number of instruments to by-pass the local democratic process. It is also interesting to note that an expanded airport, and new link roads, have been built as part of the Olympic Games package. These developments might have been expected to generate local opposition but this has been blunted by the atmosphere of consensus and pride generated by winning the Olympic bid.

Singapore - city state

Singapore was founded as a trading post by the British early in the nineteenth century and until independence in 1965 these trading interests dominated the government of the city. In 1965 the new state was cut off from its hinterland and set about pursuing a survival strategy. The good world communication based upon trade provided a useful foundation, however it was decided that the state’s industry needed to be developed if it was to secure its economic future. The state took the lead in organising this economic strategy. New institutions such as the Development Bank of Singapore were needed to facilitate, develop and control the foreign direct investment. The Jurong Town Corporation developed the new industrial estates. One of the most important bodies was the Economic Development Board (EDB), an arm of government that developed strategies to attract potential investors. So from this early period the Singapore government was actively involved in deciding the cities economic role and promoting it.

By the 1980s, the limits on the size of the workforce, and the restricted land area, made the government realise that it was becoming increasingly uncompetitive in labour intensive industry. An Economic Committee was established to advise the government on a new direction. This concluded that Singapore should focus on developing as a service centre and seek to attract company headquarters to serve South East Asia, develop tourism, banking, and offshore-based activities. The government set up a specific initiative, the Operational headquarters programme, to attract regional offices of multinational corporations. In 1990 the Deputy Prime Minister stated that ‘Singapore seeks to be a hub city for the region and the world in a growing interdependent global economy’. The land provision for this new orientation had already started in the early 1970s when the government realised that it lacked the banking infrastructure for a modern economy. A new banking and corporate district known as the ‘Golden Shoe’ was planned incorporating the historic commercial area (Chua, 1989). This became the location for the major international companies and various government financial agencies. Major expansion has also taken place at the airport to make it one of the hubs of world air traffic. Recently the government has seen its neighbouring cities, such as Jakarta and Kuala Lumpur, develop as financial and office centres. It believes it needs to keep one step ahead of trends and is now promoting Singapore as the ’intelligent island’ with a focus on computer and telecommunication technology. Thus since independence the economic role of Singapore has been very consciously planned.

The centrally planned state economic strategy is closely linked to land use and development planning. The EDB has a key influence on the strategic land use plans that are prepared by another arm of government, the Urban Redevelopment Authority (URA). The private sector is also involved in the planning process. They are invited to give their opinions in the committees that are set up to advise these government Boards. Thus in preparing its plans the URA responds to the views of the various advisory committees and the Boards and Ministries of government, in which the EDB plays an important agenda setting role. The URA translates these discussions into land use and development terms through its preparation of a strategic plan for the whole island, called the Concept Plan. The latest Concept Plan was completed in 1991 and is clearly and openly oriented towards the attraction of business; ‘economic growth has always been our most pressing concern. It still is, even though Singapore is already a major centre in terms of commerce,
industry and finance. But progress does not wait. Singapore can not afford to take a complacent view now that we have achieved a reasonable level of business success. If we are to help lift Singapore to higher living standards, the muscle will be provided by our economy (URA, 1991, p. 18). The plan seeks to ensure this continued economic growth through ‘restructuring the city’ to ensure that the facilities needed by future business are planned, this includes transport and telecommunication infrastructure, land, and environmental quality. After conducting studies of other world cities a major extension of the existing financial district is planned, through a land reclamation scheme. This attempts to replicate the vitality of other cities with waterside central areas such as Sydney and San Francisco. Part of this area has already been developed as a conference and exhibition zone and the rest will be used for CBD expansion, housing and entertainment. One of the new features of the latest plan is a broader conception of what contributes to economic success. This conception includes high quality residential provision, a good environment, leisure facilities and exciting city life (URA, 1998). Thus there is more provision for low density housing, often in waterfront communities linked to beaches and recreational facilities. Another major land reclamation scheme is planned for these functions, stretching from the CBD to the airport. The environmental policy is oriented to the ‘beautification’ of Singapore, for example creating green zones between settlements and along transport corridors. It is linked to the prime objective of attracting business, for example through the provision of golf courses, beaches and pleasant setting for luxury housing.

As a one-party city-state, Singapore has a particular ability to take a positive and co-ordinated approach to the role of the city. This it has clearly done. A major role of government has been to determine the economic strategy for the city, which has moved from industry through regional office headquarters and financial services to computing and technology. Throughout, these strategies have been formulated within a conscious understanding of the cities relationship with the rest of the world and global communications and networking have been a central feature. This dominant role played by the state government has been supported by strong interaction with the business community through various advisory mechanisms. Once the economic vision has been established the land usage and development strategy is then expected to translates this into physical reality. The necessary sites and infrastructure are created. Local democracy has not played a major part in this decision-making approach. Rather the support of citizens is achieved through high quality, subsidized, social provision such as in housing, public transport and health. The majority of people live in housing built by the state but privately owned. This combination allows the state to determine the nature of the housing and its allocation while generating the stake-holding characteristic of ownership. The state’s control of allocation has been used to ensure ethnic and social mix in each housing area. Thus the processes of social polarization and gentrification have been avoided. Social integration has been achieved, not through local democracy, but through the provision by a benevolent state of high material social conditions. An interesting question for the future will be whether this approach can be maintained with the stress on quality of life, variety, a restricted element of low density housing and an economy built on education and the ‘information age’.

London - a world city

London was a relative latecomer to the business of city promotion, handicapped by its lack of any city-wide government after the abolition of the Greater London Council (GLC) in 1986. The only strategic policy for London after the GLC was produced by national government. In tune with the non-interventionist ideology of the Thatcher period, the central government strategic guidance for London in 1989 was only a few pages long and merely set out the main parameters, such as supporting the private sector, within which the local authorities should operate. As a result of the ideology of neo-liberalism and institutional fragmentation, very little London-wide thinking took place. The 33 local authorities within London had their joint committee, the London Planning Advisory Committee (LPAC), and this produced strategic policies but these had a very limited impact on central government. Earlier, in 1980, central government had established the London Dockland Development Corporation to undertake the regeneration of this large area of land left unused by the move downstream of the London Docks. The Corporation was a body appointed by central government and it took over the responsibility for the area from the local authorities. The communities living in that area therefore lost their local democratic procedures and there was
considerable local resentment. The appointed body was given the brief to promote the area and attract inward investment from the private sector. They took over land that previously belonged to the local authorities and were given the finances to provide infrastructure. Tax breaks were offered and planning constraints removed. One of the results of this approach was the development of the Canary Wharf office project.

However from the early 1990s there was increasing pressure for a more concerted approach. The City of London, a small local authority covering the financial district and having unique institutional arrangements based upon a medieval charter that privileged the business community, had been active in commissioning reports. One of the conclusions of such work was that London needed a single voice in order to promote itself. A similar conclusion was expressed in the consultant’s report London: World City Moving into the 21st Century (Coopers & Lybrand Deloitte, 1991). This was a study that surveyed leading international business opinion in order to see how London could retain its competitive position. It was commissioned by LPAC and supported by the local authorities covering the central area, i.e. the City of London City and City of Westminster, and the London Dockland Development Corporation.

By the early 1990s central government had also accepted the view that more needed to be done to enhance London’s competitive position and in 1992 it set up the London Forum to promote the capital. However the following year this was merged into London First, a similar body set up by the private sector. This set the pattern of private sector leadership with central government backing that was to dominate strategic thinking in London over the next five years. An inward investment agency, London First Centre, was established in 1992 with finance from central government and the private sector. The following year another central government initiative was announced called London Pride. This involved London First orchestrating a vision for London that would help the city to be more successful in the competition with other cities in the world. The brief was to prepare a prospectus of future priorities and action which co-ordinated the public, private and voluntary sectors, and this was published in 1995 (LPP, 1995). Its opening statement set out its aim as the consolidation of London’s position as the only world city in Europe. It sought to achieve this through three interrelated missions of a robust and sustainable economy drawing on a world class workforce, greater social cohesion, and a high quality provision of infrastructure, services and good environment. The main emphasis was on measures to support business and attract inward investment, such as adequate provision of good sites, telecommunication facilities, suitably trained labour market, promotional activity, improved access to the airports and better public transport.

Meanwhile central government had become more directly involved in strategic planning for the city, as the problems of fragmentation continued. It established a Minister for London, a Cabinet Sub-Committee for the capital, the Government Office for London which co-ordinated the different Ministries with interests in London, and produced a new enhanced Strategic Guidance for London Authorities that extended to seventy-five pages (GOL, 1996). In 1995 they also established the Joint London Advisory Panel to advise the Cabinet Sub-Committee. This new body consisted of the same membership as the London Pride Partnership, and was again led by London First. This arrangement illustrates once more the close working relationship between central government and the private sector. The priorities of the Partnership had a significant influence on central government thinking through the Joint London Advisory Panel and its input into the revised strategic guidance for London. This new Guidance states that ‘the promotion of London as a capital of world city status is fundamental to government policy. To remain competitive, London needs a clear sense of direction’. It continues by warning that London is under considerable pressure from rival cities such as Paris, Frankfurt, Barcelona and Berlin who are ‘fighting harder than ever to attract investment and business opportunities’ (p. 3).

The London case shows that the fragmentation of decision-making that was a feature of the neoliberal policies of the 1980s meant that London was poorly placed to promote itself in the globalised economy. This led to pressure, particularly from the business world and local authorities representing strategic development locations, to create some kind of leadership to promote the city. Many suggestions were made at the time but in the end the lead was taken by central government in partnership with the business-led London First organisation. The London Pride Partnership created a vision document and the local authorities and training agencies were drawn into this, as they would be the implementing agency for many of the ideas. This vision then influenced central government’s strategic guidance for London which
was a more comprehensive policy and local authorities were statutorily obliged to follow it.

However in 1997 a major change took place in British politics when the Labour Party under Tony Blair won the national election after eighteen years of Conservative rule. This had a significant impact on the institutional context for strategic planning in London. A completely new political arrangement, the Greater London Authority, was devised. For the first time in history this included an elected Mayor for the whole of London. The elections for the mayor and a Greater London Assembly were set for May 2000. A major theme for the new authority will be the co-ordination and integration of policy. It will be responsible for drawing up a new plan for the co-ordination of land use and development across the whole city, to be called the Spatial Development Strategy. It will also be required to produce an integrated transport strategy, an air quality management strategic plan, waste management strategy, regular state of the environment reports, a strategy for culture, media and leisure, and an economic development strategy. This economic development strategy, the focus for promoting

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