

Paper delivered at the 10th Biennial Conference of the
Australian Population Association
POPULATION AND GLOBALISATION:
AUSTRALIA IN THE 21ST CENTURY
Melbourne 28th November to 1st December 2000
Melbourne Australia

**Global Cities:
Nodes in the International Information Network
Or
Choked Megalopolises:**

Kevin O'Connor, The key role of Innovation

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1. Global cities the two views
2. What is innovation and why does it matter
3. How do Global cities fare?
4. Threats and problems
5. Likely outcomes

Global cities: Two Views

The Choked Megalopolis:

- Traffic Congestion
- Air pollution
- Social Fragmentation
- Public Infrastructure decay

The Node in the Information Network

- High incomes
- High commercial land costs
- High house prices
- Busiest Airports
- Dominant within nations

What is Innovation and why does it matter?

Some dimensions

- New products and services
- New ways of providing old products and services
- New standards, methods of operation

What sorts of innovations?:

- Financial instruments
- Multi media applications
- IT applications in wide range of production (e-business)
- Biotechnology
- Environmental policy and action
- Global standards for activities

Impact on a city and region

- Leadership/centralisation
- Control of new standardised approaches
- High incomes
- High job growth

Spin off effects on other activities. In world urban history, the leading cities have been the innovative political, economic or social communities

General needs of Innovation

- Information
- Judgement
- Skill
- Uncertainty minimisation

- Professional structures and organisations

Particular Needs of Innovation

- Institutional base: educational and technical institutions, markets, professional organisations
- Financial base: corporate headquarters of major firms/venture capital
- Physical capacity: land and buildings in a variety of locations, airports, hotels and meeting places.
- Accessibility
- Small firm/large firm mix

The global city on these indicators.

Threats and Problems

The Institutional Base

- Public funding problems
- In an electronic world will special places still matter (eg the big financial markets?)

The Physical Capacity

- Over loaded roads, airports
- Cope by dispersal?
- Tensions rich and poor

Compensated by

- Even more corporate and financial concentration(eg standardisation of accounting practice)
- The special need for information in the electronic market era.....new institutions and actors.

Likely Outcome

- Global cities disperse more within their nations
- Retain global leadership in the key new technologies
- Use high incomes to invest in local institutional capacity to maintain and enhance local scale activity
- So retain roles as key nodes international networks.

Editor's note:

The subsequent text based on the above address was published in *The Australian*, 30/11/2000, p. 11)

Kevin O'Connor, Brightest light, biggest city

The global city for some is a crowded, congested mess, one where urban planning and design has lost the game, and where easy-to-see social inequity limits livability and local community life. At the same time the global cities of the world (a loosely defined group of big corporate centres like London, Paris, New York and Tokyo) are the places with the highest incomes, the most expensive housing, the most expensive commercial property and the busiest airports. That list has a resonance for Australians who have watched the change in Sydney's role in the past decade or so.

High prices suggest many firms and individuals are willing to pay good money to locate in a global city. They do that because firms in these places shape much of what we watch, read, wear, eat and work with in our daily life. Not coincidentally, these places also house the firms that finance and manage much of the activity that gets ideas from the minds of their creators to our table, wardrobe or office desk. Hence global cities are not the end of urban civilisation as we know it, but rather a necessary part of global and national capitalism.

The global city has such a special prominence because of its role in innovation. Meetings between small and large firms can be easily arranged while support from legal and marketing services and individual specialists in particular fields can be drawn into a project as needed. In addition global cities house some of the world's major research institutions. Finally for some activities the global city has an additional benefit, a social and cultural environment born of tradition. That is especially important for the finance industry with its cluster of activities in London, advertising in both New York and London, and media in Los Angeles. Other cities in the world cannot match the breadth and depth of what have been called "untraded externalities" that the milieu of the global city can provide.

In Australia, Sydney dominates the location of firms in finance, media and computing, three important global industries, and shares with Melbourne global tasks in transport and manufacturing. The global roles of our other cities are limited to some special tasks, like Perth's connections with the international mining industry.

Innovative commercial activity stimulates employment opportunities in a range of other sectors from the hotel and accommodation industry, which meets the needs of business visitors, to technical and support services as diverse as printing, testing, and marketing. The day-to-day needs of the local and visitor population are substantial, and add another layer of work. This commercial activity spreads across a large region, incorporating business parks surrounding international airports, technology and research-based commercial zones and retail and office centres at key locations within what has been called the *100 Mile City*. That outcome can be seen in mega-metropolitan Sydney, which spills north toward Newcastle and south toward Wollongong.

It is commonly asked whether the new mobilities of information and people associated with the global economy, along with the sheer scale of the mega-cities that

have emerged, will undermine the fortunes of these cities. Paradoxically these aspects may in fact be strengthening the global city.

To manage and direct production spanning continents firms in the global economy need standardised commercial and industrial practices. Those emerged in the telecommunications industry early in its globalisation and are beginning to be expressed in the international standards of accounting practice. Those approaches find current expression in *e-business* on the internet. The critical element in *e-business* is the creation of standard platforms for the negotiation of sales of supplies between firms.

At first glance, it appears that these approaches will allow anyone anywhere to participate in the purchase and sale of goods, and so could be seen as a means to disperse activity away from global cities. Closer study shows that the software for these trading arrangements is being designed and will be managed by global city-based corporations and consultancies. The real power and influence (and the high wage jobs) will remain embedded in the global cities that have spawned them.

The global mega city is also innovating its design and management. With rapid economic and physical growth has come local and regional arrangements of work, shopping, entertainment and community links, so that intra-suburban travel is the most common form of movement in these cities across the world. These structures enable global firms to find production sites with good access to labour as well as easy contact with the airport and the CBD when needed.

Hence as innovation creates new products as well as new practices to facilitate the commerce of the global economy, global cities can be expected to become more influential and more powerful. Innovative perspectives on their planning will enable them to maintain these roles in their nations and regions.