
Cities: Why they matter and What PECC can do

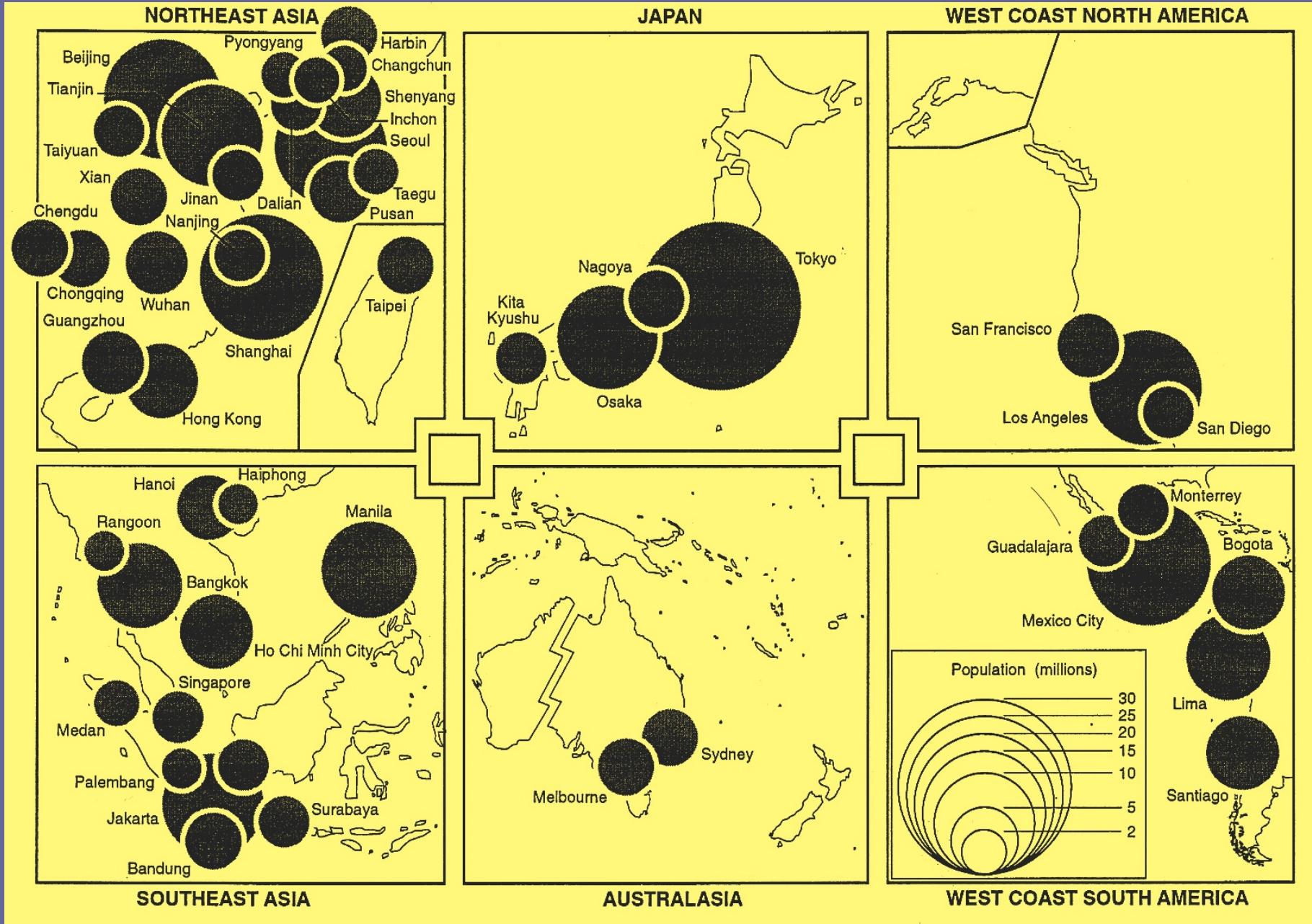


Prof. Howard Dick
Dept of Management
University of Melbourne

New World – Old Perspective

- We live in *cities*
- We work in *cities*
- We think in terms of *nations*
- Does it matter?
- WHY?

Asia Pacific: Population 2015 (UN estimates)



Demography

- 50% of Asia pop'n urban by 2020
 - very rapid urbanisation in China, India, Indonesia
 - urban pop'n in E. Asia > W.Pacific
- Asia 15/23 megacities >10m (2015)
 - giant capital cities
 - Huge extended metropolitan areas (EMRs)

East Asian **EMRs** by Population + **Economic Size**

EMR	Population 2000	Share of GDP 2003	GRP (current prices)
	million	%	US\$ billion
Tokyo	34	31	1313
Seoul	c.20	48	290
Hong Kong	6.5	100	155
Singapore	4	100	92
Bangkok	13	61	87
Shanghai	16	5	76
Jakarta	21	22	53
Manila	21.5	56	43
Kuala Lumpur	4	34	35

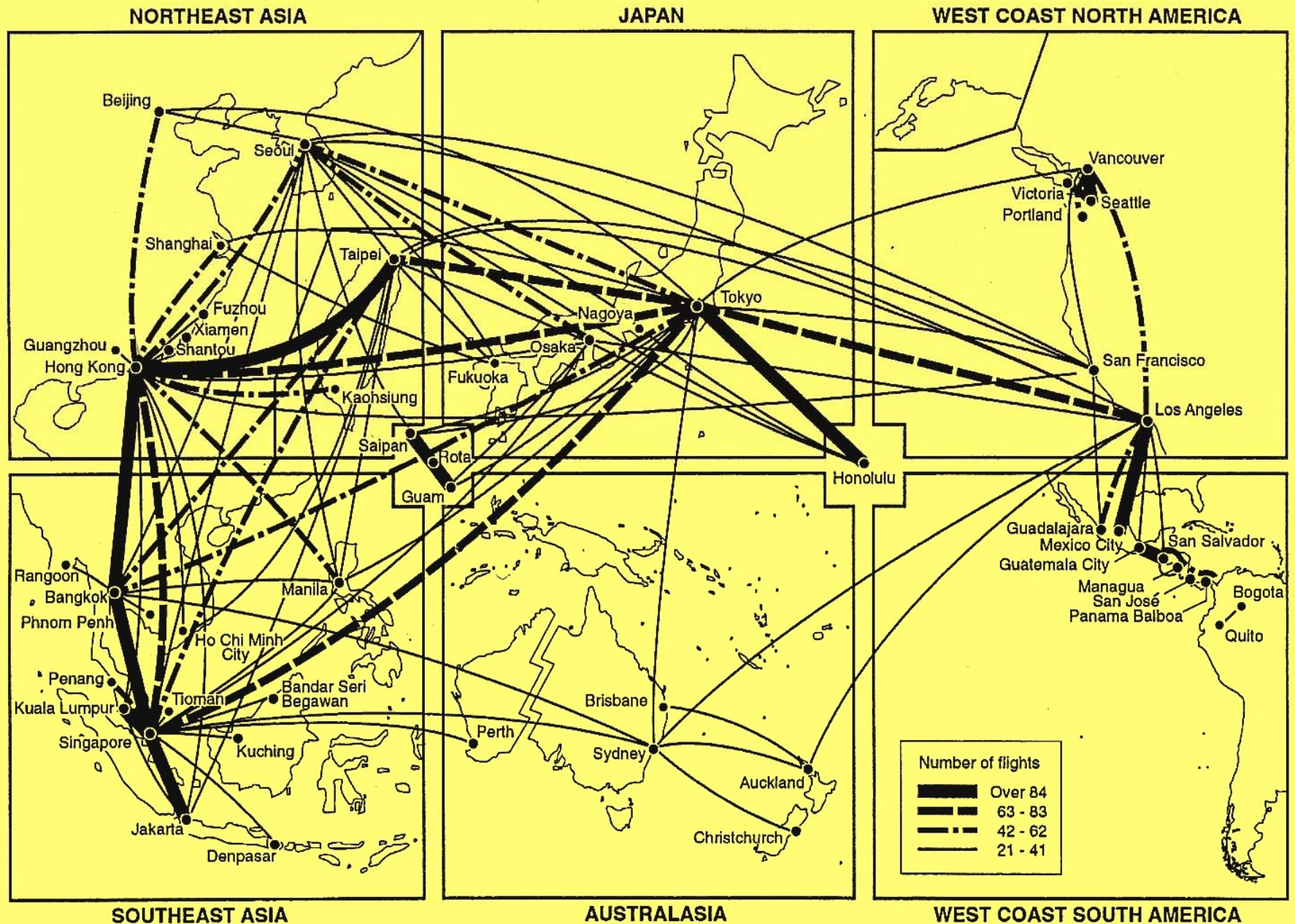
Economics

- Asia's economies are coalescing into *huge urban agglomerations* (Table)
- Driven by shift out of primary sector
 - labour share lags value added
 - ongoing rural/urban migration
 - large informal sectors
- Economies of agglomeration
 - manufacturing and services
 - high-income consumers
 - employment and settlement patterns

Does it matter?

- Logistics
- Infrastructure demand
 - physical infrastructure
 - human infrastructure
- Environmental footprint
- Coordination of decision-making
- Resourcing of 2nd/3rd tier gov't

Asia Pacific: Air Routes (Dick & Rimmer 2003)



Logistics

- Most M/X *trade* flows point-to-point to/from main cities
- Most international *people* movement to/from main cities
- Most *financial flows* to/from main cities
- Most international *IT* flows to/from main cities



NETWORKS AND INFRASTRUCTURE

Infrastructure

- Ports
- Airports
- Financial services
- IT hubs, broadband
- International links
- National links
- Intermodal coordination



DECISION-MAKING & FINANCING

Environmental Footprint

- Cities consume productive *land*
- Cities consume *energy*
- Cities generate *heat*
- Cities choke on *traffic*
- Cities need *water*
- Cities subside and flood
- Cities are *health* hazards



RESOURCE ALLOCATION ISSUES

Decision-making

- Decentralisation benefits rural areas
- Decentralisation challenges cities
 - 2nd/3rd tier gov't most under-resourced
 - cities fragmented by administrative boundaries
 - often no effective decision-making authority
 - weak access to (large) tax base



CRISIS OF GOVERNANCE

DATA

- Good decisions need location-specific data on urban agglomerations
 - administrative boundaries
 - resourcing of collection
 - consistency and reliability?
- Challenge for regional cooperation
 - share knowledge
 - brainstorm solutions
 - achieve consistent treatment

TAX

- Cities = largest parts of national tax base
- 2nd/3rd tier governments lack access
- National govts reluctant to transfer
- Unfinished business of decentralization
- Taxes must be better matched with urban tax base
- And better matched with incentives for long-term private investment

Conclude

- Sustainable Cities TF identified problems and deficiencies
 - mainly architects and planners
- ADB, World Bank focusing on urban governance, infrastructure
- Next stage requires *economic* analysis
- Analysis requires DATA = PECC TASK?
- Regional connectivity = prioritising urban *infrastructure* + mobilising *taxes/funds*