

Program 5: Global Cities

Where cities of the industrial revolution were formed around natural resources, in a globalising world, different locational factors become important.

Globalisation has overwhelmingly been an urbanising phenomenon and it is creating inequalities both within and between cities and their rural hinterlands. And this is placing enormous economic and social strains on the world's cities as they try to outbid each other to attract increasingly mobile investment funds.

Rena Sarumpaet

Hello I'm Rena Sarumpaet and welcome to the fifth program in our series - "Globally Speaking - The Politics of Globalisation". Today, "Global Cities".

Globalisation has been overwhelmingly an urban and urbanising phenomenon. And this urbanising trend is not confined to developed countries - it's changing the face of cities around the world.

Cities have been important in earlier phases of globalisation. But where cities of the industrial revolution were formed around natural resources, in the information age, different locational factors become important.

Professor David Harvey believes that some cities that were once fantastically important from a standpoint of production have now been pushed into the background and replaced by many new cities, which are centres of either conspicuous consumption, or major financial centres.

Professor David Harvey

What you find is that the locational advantages in certain cities suddenly become disadvantages, and new cities which have advantages suddenly arise as the powerful centres.

Rena Sarumpaet

Urban geographer, Professor David Harvey from Johns Hopkins University in Baltimore and author of 'Spaces of Hope'.

Professor David Harvey

At various phases we've had different groups who've been sort of in the vanguard if you want to call it that of what globalisation is about, and of course in early years it was really the merchants and the

merchant traders who were the centrepiece of it all. Later on you found it was industrialists and then say early in the 20th century it would be the sort of multinational corporations that began to build with their links.

The most recent phase I think is more starkly measured by the way in which the financiers have been in the driving seat. This is not to say the finance was never there, it was always there back in the 19th century and later on, but they have essentially been moved into the centrepiece of it, so now it's the financial centres that are really the driving force of the system.

For example if we look over the last 30 years what we would see in particular is the loss of power of many of those cities, which were traditionally major producer cities. If you think of Pittsburgh, you think of Birmingham, you think of Manchester, Sheffield - all of those kinds of traditional cities or many of the European cities, the Ruhr what used to be a major centre of production, there's hardly anything going on there anymore. So those cities that were once fantastically important from a standpoint of production have now sort of been pushed into the background and replaced by many of these new cities, which are centres of either conspicuous consumption, or cities which are these major financial centres.

Dr. Leonie Sandercock

First of all you've got probably several tiers of cities in the world, there's like a sort of a world league of cities.

Rena Sarumpaet

Dr. Leonie Sandercock from Melbourne University is the author of 'Towards Cosmopolis: Planning for Multicultural Cities'.

Dr. Leonie Sandercock

There are the first order global cities and people usually think of London, New York and Tokyo and perhaps Paris, and maybe ten other cities as the sort of first league of global cities, the ones that really command the most significant financial resources and where money flows through it at the speed of telecommunications.

Australian cities are in the second league if you like of world cities in today's global order. Sydney would like to think it was up there with the first league but I don't think that objectively that's true. So what you have amongst the second order cities like Melbourne and Sydney and Vancouver and Toronto and Birmingham and Manchester is competition for the next levels of resources. But when it comes to trying to attract investment to Australia and Australia has obvious advantages in terms of its stability and its climate and its living advantages which is one of the increasingly significant things about cities in a global system is that because they don't need to be near raw materials that the

cities that have the most attractive living environments are coming to be right up there in the competitive stakes.

Rena Sarumpaet

The competition for investment between cities can be fierce and as David Harvey points out it's often the corporate giants who are the real winners.

Professor David Harvey

What often happens when you get inter-urban competition is that the city kind of says well you know General Motors needs some money, we'll give them ten-million dollars to come here, half a billion dollars to come here, and another city says we'll give them three-quarters, and so it goes up and so actually multinational capital can cut itself fantastic deals by simply putting one city against another city.

The result of that is all the public resources go into supporting these sorts of activities rather than supporting basic activities of welfare, education and so on and benefits to the population. I mean I would use my own city of Baltimore, it's put a lot of investment into public infrastructures - new sports stadia, new convention centres, it's subsidised the building of hotels and the marinas, and even subsidised condominiums for the wealthy - so it's put a vast amount of public money into the attempt to revive the city after it lost much of its manufacturing employment. But then you find the rest of the city is collapsing, and you go to the waterfront and you see this spectacular development on the waterfront and it all looks great, and then you walk about half a mile away and you find yourself in some of the most abject poverty that you'll find anywhere in the world, let alone in the United States.

But in some cities something does arrive. I mean if you look at a city like San Francisco or something that's relatively well positioned in terms of the Pacific trade and Pacific commerce and so on, then San Francisco doesn't have to give so much away to get corporate capital to come there, and so there's a bit more left to do things, and they can actually make corporate capital, put in some money into social infrastructures as part of the deal of coming in, whereas those that are less advantaged like Baltimore have to give away the whole store in order to get anybody to come.

Rena Sarumpaet

As David Harvey says of his own city of Baltimore, the push to revitalise the economy is resulting in even greater disparities in the living conditions of its citizens.

Meanwhile Leonie Sandercock who lived and worked in the United States for 11 years believes that if these disparities are not addressed, we can expect even greater urban problems.

Dr. Leonie Sandercock

If we allow the kinds of inequalities between the old economy and the new economy which have expressed themselves spatially in terms of each city's contemporary development, if we allow those trends to continue then the most obvious consequence is likely to be increases in crime, crimes against property, violent attacks on people, you know escalating levels of crime and violence.

And you see that already in certain Latin American cities, say in Sao Paulo, Mexico City. We're already seen it in the United States because of the race inequalities. Well there are two responses that you can make to that, one is to increase the spending on law and order, to turn yourself into the country with the most people in prison in the world, such as the United States, or you can start to try and reverse the trend, not necessarily out of any bleeding heart sense of social justice, but out of a sense of realism, that if you allow inequalities to grow too stark then they will come back to haunt you in your own neighbourhood.

Rena Sarumpaet

By comparison, Australian cities don't yet present such stark inequalities. But as they continue to grow, can they retain their reputation as among the world's most livable cities? And what of rural Australia? While some people are drawn to the global cities for education and employment opportunities those who stay often feel isolated and alienated.

John Wiseman is the author of "Global Nation: Australia and the Politics of Globalisation".

John Wiseman

Well there's no question that around the world we have seen the rise of global cities, of global centres, the New Yorks and the Londons and the Sydneys, and so on, that's certainly happening. We are seeing a concentration of populations and of economic resources, that is happening. There are two major concerns about that of course - firstly, the extent to which global cities can continue to grow and remain livable, and secondly, the consequences for people who live outside those cities in smaller rural and regional communities. And both of those are major concerns.

It seems clear that that will require investment in the services that make cities livable, but it also requires a serious realisation that if we don't invest in decent services, decent employment generation in rural and regional communities, people will continue to leave those communities and it'll strip rural and regional Australia and the same things are happening in many other countries, and that's of a concern in itself, and secondly we'll be left with unlivable cities, and neither of those seem good outcomes and both need to be dealt with.

Rena Sarumpaet

Globalisation raises issues of the increasing inequalities both within cities and between global cities and their provincial and rural hinterlands.

John Wiseman again.

John Wiseman

There's certainly plenty of claims that globalisation has had broad economic benefits and economic growth, but alongside that you've got to look at who have been the winners and losers. There are plenty of winners from corporate globalisation and you can see them I'm sure in business class in aeroplanes and in glossy resorts around the world, but there are also plenty of losers. There is clear evidence of growing inequality both across the world and in particular countries. You can see the losers in the factories and the villages of places like Africa, parts of Latin America. But you can also find plenty of losers in rural and regional Australia, in the factories that have closed down in say the outer suburbs of places like Melbourne and Sydney.

And so you don't have to have grand theory to be very aware of the impact if the factory you're working in is closed down, or the school that your kids go to has been closed, or you can't get access to the bank in the way you used to. It's not necessarily just a question of theoretical critique, it's a very practical sense that there are winners and losers and the people whose lives have been perhaps worst impacted are saying enough is enough and there has to be another way.

Rena Sarumpaet

You're listening to Globally Speaking - The Politics of Globalisation - Program 5 - GLOBAL CITIES.

Perhaps in a category all of their own are those cities that are creating new wealth and job opportunities from the information economy.

Indian software programmers and engineers who had left the country because of lack of opportunities are now returning to pursue their careers in India's burgeoning global I.T and software companies.

Dewang Mehta

The first Indian town which became truly a global village was Bangalore, using earth stations and high-speed connectivity to connect into the world, and anywhere in the world if anybody wanted to create software they would come to Bangalore and not to other places in the country. So that became a foundation of India's foray into global village system.

Rena Sarumpaet

Dewang Mehta is the President of India's National Association of Software and Service Companies.

The city of Bangalore in southern India, often referred to as the garden city, has long been an important education centre particularly in engineering and aerospace industries. Pradeep Kar is the Founder and Chair of the Microland Group. He returned to Bangalore from the US in 1989 and concedes that new IT start ups owe much to India's public investment in education.

Pradeep Kar

Ten years ago when I came back to India that was a bold decision but now the number of opportunities that India offers is far more lucrative and far more challenging than the opportunities that are available in the US. And there are many cases where people have relocated and started companies here very successfully. So I'm saying India is fortunate that the investments over the last 50 years of Independence in education and in English and in engineering studies by the various governments is finally giving India a very significant opportunity to be a player in the global economy, and that in my mind is significant.

The Internet has provided a new means of wealth creation on a scale never seen before, and what you'll see going forward is not only software, a huge market is on what is called the entire information technology enabled services, secretarial services, dictation services, data entry services, transcription services, call centre services and that's very important for India because these new IT enabled services do not require programming skills.

So it certainly provides jobs to people who otherwise would not be as easily employable.

Nandan Nilekani

Bangalore it is estimated contributes about 30 per cent of India's software exports, and this keeps growing because in this business there is a certain momentum which a city builds up and the more companies are there, the more people are there, the more infrastructure is there, more the culture is there and therefore we think that Bangalore will retain its unrivalled position as the software capital of India.

Rena Sarumpaet

Nandan Nilekani is the Managing Director of Bangalore based, INFOSYS Technologies, the most visible success story in India's globalised software sector.

Nandan Nilekani

What we have in Bangalore is one of the world's largest and most sophisticated software campuses. And what we do for a business is we provide large mission critical applications in areas like e-business to clients worldwide. Suppose we have a client in San Francisco, our people would work with that client and understand his requirements and then transmit the requirements over a satellite

to software developers and software engineers in Bangalore. They will use those requirements and work on their computers over the satellite link and write software and test it and build it and integrate it, and then give the completed solution back to the client, and although the customer may be in San Francisco, the implementation of that software may be in Sydney so we do that on a global basis. And we call this whole mechanism as a global delivery model.

It's not so much physical proximity that counts anymore, because you're not transporting physical goods. What you're doing is transporting bits and bytes, over high-speed communication links. So physical closeness is not really required, you know the so-called death of distance, what is more important is where are these pools of global talent, be it in India, Australia or Israel or Ireland, and then using technology to hook them into the customer base, and Bangalore has been a singular example of that phenomenon.

Rena Sarumpaet

The big question in India is whether Bangalore can retain its preeminence as the country's major software centre, as other cities vie for global business.

Dewang Mehta again.

Dewang Mehta

Now it's not only Bangalore, it is Bangalore, Hyderabad, Chennai, Bombay, Delhi, Calcutta and hordes of other cities and towns. Not only that, both government and industry are trying to see that the Internet should be provided to every village in the country. So we are talking about high-speed bandwidth connectivity so that even the illiterate population of this one billion population of India can take some advantages of the net.

The issue is that India is on a very, very strong and a dynamic march to become an info-tech superpower. An info-tech superpower doesn't mean revenues alone, it also means market capitalisation, it means using IT for 100 per cent literacy, it means using IT for employment, it means using IT for the betterment and for better quality of life of people, and it's happening.

You know India is an amazing country. I mean it's a very vibrant democracy, so once people want something it happens, nobody can be an obstacle. So I think people in this country want telecommunication now, people want the Internet, and it will happen.

Rena Sarumpaet

India clearly provides some of the success stories of non-western participation within the processes of globalisation.

But consider Indonesia. Although it was known for its political stability and economic growth - at least until the financial crisis of 1997 - Indonesia has not been able to create new wealth out of global information technologies.

Publisher and commentator, Aristides Kattopo.

Aristides Kattopo

Now of course there is a new wave of globalisation in which the globe indeed becomes one, and in which not just the movement of people and trade, but especially financing also, including ideas through the electronic digital and Internet media happens at a much higher speed.

In many places in Indonesia you can go to a warung, you know a small shop and have access to these new communications technologies, and nowadays there are cybernet cafes, even in remote small towns scattered over the archipelago. At the same time a few hours away there are still some communities or tribal peoples who are actually living in the Stone Age. Now this provides great challenges of course.

Binny Buchori

Yes with the technology, progress of information technology, information is much more accessible, but there is a but, information is much more accessible to those who can afford it.

Rena Sarumpaet

Binny Buchori is the Executive Secretary of INFID, the International NGO Forum on Indonesian Development

Binny Buchori

There is also this Internet and the email in which it could connect people all over the world, provided they can speak English and write in English. So that fact doesn't change. For example I've lived for four years outside Java, two years in Maluku and then two years in Papua, and don't tell me about getting the information over there.

Rena Sarumpaet

In terms of telecommunications and Internet provision Indonesia was relatively advanced compared with India. Television reached those even in the remotest villages throughout the archipelago. This was made possible when Indonesia became one of the first Asian countries to have its own telecommunications satellite.

But recent political instability and sectarian violence has served to destroy some of the telecommunications infrastructure that had been in place.

For example, the violence that has engulfed the Maluku Islands since the beginning of 1999 has severely disrupted telecommunications.

Binny Buchori again.

Binny Buchori

Now our colleagues in Maluku, even to be able to send a fax, they couldn't even do that because the electricity was only on for four hours, and then down again, and don't even talk about Internet. So yes it is empowering people, but some people, not everybody.

Rena Sarumpaet

Whereas India has been a significant player in the creative process of globalisation, Indonesian participation has been much more that of a passive consumer.

Dr. Richard Chauvel

The Indonesian city of Bandung, dubbed the Paris of the East by the colonial Dutch shares many of the advantages of Bangalore. It's situated in the highlands of west Java, it's climate is pleasant and cool. Bandung has also been the centre of education for over a century, it is home to one of Indonesia's most prominent universities - the Bandung Institute of Technology - it also the home of Presidents Suharto and Habibe's attempts at technological leap forward to create in Indonesia and aerospace industry.

Rena Sarumpaet

Dr. Richard Chauvel is Head of the Department of Asian and International Studies at Victoria University and previously taught history and politics at the University of Indonesia in Jakarta. He suggests that aspects of the government of former President Suharto tended to stifle entrepreneurial development.

Dr. Richard Chauvel

Suharto's Indonesia was known for its crony-capitalism as well as for its sustained economic development. Business success in that political environment was very much tied to the proximity and intimacy of relations with senior figures within the government and within the military. I think looking at the type of dynamic that evidently has worked in Bangalore, Suharto's Indonesia was not a conducive environment for small-scale entrepreneurship. I think another factor is that while

Bandung has been an important centre of education, Indonesia's education system as a whole has developed in a culturally very inward looking mode, practically every aspect of curriculum development is subject to that tight political control.

I think a further factor and an education related factor Indonesia, as a former Dutch colony has not had the benefit of a largely English language higher education system. I think a broader factor is the general political one. Following Suharto's demise in May 1998 Indonesia is struggling to create an open responsive and competitive political system. India's political system is responsive, it is vibrant. It may seem for outsiders chaotic and very often violent, but it is in a sense far more responsive than Indonesia's.

Rena Sarumpaet

Richard Chauvel. Globalisation is often seen as a creation of economic liberalisation and the interplay of free market forces. Yet the emergence of global cities brings into sharp focus the role of government - governments of nation states and governments of cities.

It's argued that if global cities are to be 'livable' and their hinterlands are not to become economic and cultural deserts, then social investment by governments will continue to be required. Others feel that the private sector could be making a greater contribution. For example, India's INFOSYS company donates 1.25 per cent of its net profits to a foundation that's supporting schools, orphanages, libraries and medical facilities in India.

Martha Nussbaum You're either a good citizen or you're a bad citizen, you can't be a non-citizen in this global world, because everyone is involved like it or not. You know in this day and age you can't conduct your lives without being aware of and respectful of the lives that other people lead. Every country in the modern world is pluralistic, so we better find a core of political values by which we can live together.

Rena Sarumpaet

Martha Nussbaum from the University of Chicago, and you can hear her in our sixth and final program, 'GLOBAL CIVIL SOCIETY'.

Visit our website too, at abc.net.au/global - that's abc.net.au/global

GLOBALLY SPEAKING - The Politics of Globalisation is a joint project of Radio Australia and Victoria University in Melbourne. The program was produced by Sue Slamen and Barry Clarke - technical production - Darren McKenzie, academic advisor, Richard Chauvel.

I'm Rena Sarumpaet.

Bye for now.