

INTRODUCTORY PAPER FROM RUIZ GALLARDON, MAYOR OF MADRID

Introduction

Decades from now, we will be able to look back upon the early 21st Century as the time when the world became urban. As United Nations' statistics confirm, for the first time in the history of civilisation, there are now more people living in cities than in any other form of human settlement.

Scholars and practitioners agree that globalisation is the epochal phenomenon that is restructuring our world. They also concur that nowhere are the actions of and reactions to global forces more evident than in the urban setting. Although faced with an extraordinary set of pressures, the response to which will require all of our imagination and tenacity, city centres, as Sir Peter Hall notes, "will retain their unique role in providing the most efficient locations" (Hall, 2006) because of the high concentration of economic drivers. Despite the emergence of the telephone, the computer, the mobile phone, the Internet, videoconferencing and a myriad of other telecommunications media, face to face communication remains vital for the "homo urbanis" we have become: cities are the setting for the intellectual and physical exchange we need to enrich mind and soul.

From the perspective of the "homo urbanis", it seems self-evident that urban policy, the way processes are assembled to enable convivial life, is of the utmost importance for humankind as a whole. However, most of the guidelines that dictate the way we live in our cities were conceived by the nation state or with the nation state in mind. Today's reality calls for a renewed approach that provides cities with instruments that allow them to better face contemporary challenges in the context of increasing competition on a global scale.

Engaging in a dialogue between a wide range of stakeholders and different levels of government in order to sketch a broader approach to urban policy can only be beneficial. The starting point must be an acknowledgement not only of the crucial role that cities have play global nodes and their importance in national economies, but also of their interdependence with other urban and rural systems beyond their metropolitan borders.

The City of Madrid hopes that the international conference "What Policies for Globalising Cities? Rethinking The Urban Policy Agenda" will signify a confident step towards much needed joint action to help cities cope with, as well as benefit from, globalisation. The conference's roots date back to May 2006, when on the occasion of the OECD Global Forum in Paris, the Mayor of Madrid was asked to provide his view on issues of globalisation and its impact on cities. The Mayor proposed, within the framework of collaboration between the OECD and the city of Madrid, the holding of an international conference in the first quarter of 2007.

Thanks in no small part to Secretary General Gurría's commitment, the idea resonated in our institutions with sufficient force that it led to the creation of a meeting point between international institutions, national governments and regional and local authorities. Together with social agents and citizens, these bodies will establish a candid dialogue on the pressures and opportunities that our cities

share, and craft a roadmap towards cohesive and sustainable development through one of humankind's most important assets: our cities.

The city of Madrid wishes to use this opportunity to begin a continual dialogue where theory and pragmatism come together. Humbly, but with determination, we call for all concerned to strive beyond beautiful speeches and to genuinely share ideas and craft specific outcomes leading to a better future for all. We began this process by looking at ourselves. In order to better understand the dimensions and ramifications of the pressures Madrid is facing, the city council embarked on a process of introspective self-examination with the assistance of the OECD, a process whose outcome will be published in a Territorial Review. This experience has confirmed that the process of identifying solutions the many common challenges cities face would benefit enormously from greater collaborative thinking between cities.

As President Ricardo Lagos remarked in his speech that opened the conference, the city of Madrid aims to constitute a working platform in order that, for Madrid and from Madrid, all interested and concerned parties can enrich our shared knowledge of the city and thus be in a better position to place urban issues at the centre of the radar across every level of government.

On the urban age

A new message has echoed in the many forums that have been held recently on urban issues: as we come to terms with the urban age, we need to realise that urban issues have become a major challenge of our time, and every opportunity or pressing issue either originates in or has a strong effect on the city.

In modern history, our practical and idealised models for urban agglomerations have shifted in response to successive urban crises. The conditions suffered by the working class in the early phases of industrialisation triggered planners' visions of garden cities; congested urban cores gave way to the sprawl, and extensive land consumption, of the dispersed city; later, abandoned inner cities prompted a number of urban renaissance initiatives to revalorise remarkable but degraded urban assets.

Cities, even in such a homogeneous sample as the OECD, are at different stages in the globalisation processes: some are dealing with sprawl, others with inner city congestion, many with both. It is practically impossible to prepare a single prescription that could be applied to all cities. Some cities are still industrialising; others have embraced an array of tactics to transform their economic base into systems defined by knowledge and innovation.

Following the prescription analogy, we might note how health systems have put an emphasis on preventative medicine as the only way to cope with the diversity and volume of symptoms. Reactive medicine is simply not affordable: there are not sufficient human, material or economic resources to simply react to all problems. This parallel perhaps illustrates how a broader concept of urban policy must induce proactive action if it is to cope with the dynamics of urban growth.

In the age of the knowledge-driven economy, cities stand at the forefront of the productivity chain. Cities have contrasting advantages of specialisation in added value production processes and the diversity of skills required to fill a range of jobs needed to ensure that basic and enabling systems can function properly. This concentration of skills and human capital makes cities centres of innovation, as is demonstrated by the fact that 8 out of 10 patents in OECD countries come from urban regions.

The cost of amalgamating these advantages is reflected in a number of negative conditions which, if not dealt with, could become tangible reasons for urban under-performance. Large agglomerations

could make a city lose its original *raison d'être* - access to a concentration of skills in a compact area. The urban space needs to be adapted so that it can cope with scale without suffering the diseconomies of congestion. Cities face socio-economic inequalities, unemployment, and poverty. Spatial polarisation, observers note, has fostered marginality and insecurity. The challenge of increased migration, and especially how to transform human capital in order to reduce exclusion and promote engagement, remains one of the key unanswered questions for many cities.

Delocalisation processes have affected the economic base of most OECD cities. In some cases, agile policy has used this challenge as a platform from which to develop a new economic base. In our case, an open dialogue amongst social agents, the business sector and workers' associations has proven to be vital in making urban transitions effective whilst minimising social cost. In any case, the sizeable repercussions involved in urban issues demand close attention from national policy. Specific and non-specific urban issues must be viewed from joint perspectives, as city policies that bring different levels of government into alignment perform better than those characterised by antagonism between different levels. The OECD's territorial studies present a valuable framework where the interests and capacities of the city and the nation state can be explored together.

Historically, as a city, Madrid has been attractive due to its people. Madrid is not blessed with the incomparable topographies of Rio, Vancouver and Shanghai, where rivers and coastlines have induced economic welfare and are today elements of attractiveness recognised by the world. From the capacity to amalgamate government bodies that spawned the Spanish state, its development in the post-war decades based on human and cultural contributions from every part of the country, and as a multicultural enclave since the beginning of this century, the strength of Madrid has always been directly linked with the capacity of its people.

Madrid's open spirit has been moulded by a continual influx of people. For decades, the city received a substantial number of immigrants, from all corners of Spain, who were looking for economic opportunities for themselves and their families. In the second half of the 20th century, Madrid underwent a rapid transformation from administrative node, whose main advantage was being the seat of government in a centralised state, to a dynamic city in a multi-polar, decentralised territorial model, combining industrial strength with notable expansion in the services sector.

In recent decades, further growth has been stimulated by a new wave of immigration of an international nature from Eastern Europe, Latin America, North Africa and East Asia. Given the much increased importance of mobility in our time, the city is centring its efforts on learning how to best use this significant human energy not only to ensure a cohesive future for all, but also how diversity can have a positive impact on the city's economic base.

The OECD's *Competitive Cities in the Global Economy* suggested that Madrid could enhance its competitiveness by improving its productivity, through improved use of its land resources and strengthening the capacity of its human resources. Whilst certain powers regarding land use have been transferred to the local level, most of the competitiveness-related issues that the OECD has identified in its publication have a number of implications of governance which mean they can only be addressed effectively if approached from a multi-level point of view. The need to think about urban policy as an integrated exercise is especially acute in the case of large metropolises, where the scale and complexity of issues is extraordinary.

Since the turn of the century, Madrid has made great strides to put excellent infrastructure into place because it believes this to be a basic pre-requisite to compete. But mechanistic investment is not an end in itself; rather, it constitutes a means to an end. Looking forward, the city does not intend to engineer its issues away. Rather, it intends to build on a strong foundation made of airports, subways,

telecommunications and environmental facilities to develop “soft” issues. In this century, Madrid’s challenge is, once again, to make the most of its people. The city must absorb human flows whilst maintaining its equilibrium, transforming the energy of immigration into a positive setting of diversity; channelling diversity into creativity; and shaping creativity into a tangible competitive advantage. This must be done in parallel with the city’s efforts to increase its international profile, for which we have to raise our standards and our readiness to share, participate, compete and cooperate.

The road ahead

One of the great city builders of our time, architect Mies van der Rohe, in his search for the aesthetics of functionality, coined the statement “less is more”. Drawing on his words for inspiration, we propose that a key factor in building a city in today’s world is “how to do more with less”. Cities that can achieve more for their citizens using fewer resources are *leaner* cities. Lean cities are those that show growth in their per-capita GDP, increased productivity, higher education levels, more patents and better social integration whilst reducing their ecological footprint, energy consumption, emissions and crime levels.

Lean cities require the rethinking of the policy by which cities are governed, making it more agile and better coordinated. As the OECD has pointed out in its “*Competitive Cities*” report, “national policies in the past have been reactive and remedial.” Urban issues, given the speed at which they unfold, need responsive and effective instruments that are “proactive and dynamic”; local governments, through participatory mechanisms, can be closer to the *raison d’être* of policy – citizens, their needs and aspirations.

We need to be informed to make better decisions and be better prepared to draft pre-emptive measures. Networking initiatives that prioritise information sharing and generate tangible outcomes will contribute to this, especially if they are able to encourage a multilevel dialogue. Our generation is the first to be widely aware of the scarcity of resources. We have also become aware that we do not have the luxury of reactive policy.

An increase in local reach and responsibilities will demand better coordination between multiple levels of government, as well as institutional leadership between adjacent territories to align objectives, better use of resources and less duplication and contradiction. Sharing responsibilities between levels of government is not a zero sum game. Many multilevel projects die because of *friendly fire*. It is the public-public alliance which can unlock opportunities for progress across territories. As Mrs. Anna Tibaijuka, Executive Director of UN-HABITAT, noted recently during the World Urban Forum in Vancouver, “it is necessary to urbanise national level politicians”. Concurrently, it would also be fair to hope that local level government can abandon territorial silos and genuinely seek to build synergies beyond metropolitan boundaries to link their efforts with those of the nation state.

Conclusion

The numerous forums focusing on globalisation and its impact on urban settlements that take place every year have stressed how cities must be prepared to compete fiercely in an arena that extends well beyond their national borders. If we define competition and cooperation as two sides of the one “improving performance” coin, then we must agree that where there is competition, there can be cooperation. We have come together today because we believe that the latter is greatly lacking. In simple terms, the task at hand is far too complex and has effects on far too many people to be undertaken in silos.

We hope that our call to establish a collaborative platform focusing on our urban future and its policy implications might resonate with all present and most of those concerned. For the OECD, the Club of Madrid, and the Madrid City Council, organising this conference is not an end in itself. Rather, we see it as a first step, a spark that can ignite an ongoing dialogue about rethinking urban policy that will make our cities better prepared for the future.

We extend an invitation to share ideas for action as we seek to make our cities sustainable, inclusive and competitive. This is an invitation for ministers, mayors, experts and activists, for all of you attending this conference. We hope that cities with similar concerns and aspirations will take over the baton to make this forum a reality, so that, together, we can produce tangible results in our cities both in the short term and for future generations.