Intra city collaboration

80% – global GDP generated by 600 urban centres

75% – world's natural resources consumed by cities

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Increasing competition between cities overrides national boundaries and drives change. They compete to attract the best but also collaborate to avoid the downside of success – over-crowding, under-resourcing and pollution.

Global trade and power is generally defined between governments at a national level; nations acting collectively to negotiate deals to their mutual benefit, on occasion with the support of organisations such as the WTO. This process is often time-consuming, and fails to deliver benefits for specific regions. For city administrations this can be particularly frustrating as they are disproportionately responsible for most of the world's output - 600 urban centres generate 80% of global GDP. As a result, some cities have become more actively involved in generating trade and business opportunities, their influence increasing depending on the amount of revenue they generate. Such is their success that some argue the focus in the future will no longer be between nations - rather it will be between cities. The concept of the city-state, last seen in the eighteenth century, is about to enjoy a renaissance.

Cities offer opportunities to prosper that cannot be found elsewhere. The sheer proximity of others allows smart people to more easily connect with other smart people to do business, attract funding and find customers. While economic size and growth are important and necessary, several other factors determine a city's overall competitiveness, including its business and regulatory environment, the quality of human capital and indeed the quality of life.

To truly prosper, cities need more than office buildings and research parks. Cafes, concerts, art shows and open spaces are all necessary to allow creative people to meet and interact. Across the world huge investments are being made to create liveable, healthy cities, encouraging more walking or cycling, improving public transport and adding green spaces - New York's High Line, London's Olympic Park and Seoul's rediscovered Cheonggyecheon River are all good examples. In addition urban developers are keen to focus on culture. Abu Dhabi, for instance, is developing the new Saadiyat Island cultural district, an area a quarter of the size of Paris with three new museums (the Louvre, the Guggenheim, and the Zayed) at its centre. It aims to position the city as a leading showcase for art in the Middle East and is at the heart of a plan to reshape Abu Dhabi's oil-dependent economy by 2030.

The city brand is also important, and projecting the right image to attract the right kind of people works. New York for example is proud of its "never sleeps" by-line but Austin, Texas uses the slogan, "Keep Austin Weird", highlighting the city's commitment to creativity. It acts as a reminder that urban growth should not drive out the culture that shaped its identity and appeal.

Urban developers are keen to focus on culture.

Interconnected systems

A group of elite cities are now playing an increasingly significant role. Mayors of mega cities such as London or New York are directly accountable to their constituents for their decisions, and are more nimble than state and national elected officials. This means they are able to take decisive action, often with immediate and impactful results. From trade to migration to innovation, their influence is key. Congestion zones in London, 'fat taxes' in New York, bicycle rentals in Paris (and everywhere) and multiple BRT systems which improve urban transport are all examples. Consider also Melbourne's 1200 Buildings programme, which encourages energy efficiency upgrades to commercial buildings; or the environmentally sensitive building codes deployed in Hong Kong, New York, Singapore and Sydney. Most recently Oslo has announced that it will ban all private cars from the city centre by 2019. Although arguably not yet as directly influential as the city states of old, many predict that it will be city councils and not state governments that will drive significant urban change in the future.

The downside of this is that as city influence extends beyond the confines of their national government, government interest in the rural hinterland will diminish. City dwellers can become increasingly disengaged from those who live in rural areas, leading to growing social problems - an estimated 70 million impoverished Chinese children are left in the provinces whilst their parents find work in the city. They are much more likely to be undernourished, and underperform at school than their urban equivalent. Other countries experiencing large-scale urban migration such as Sri Lanka or the Philippines are experiencing similar problems.

Continued growth makes cities vulnerable to the by-products of their success. Cities now consume 75% of the world's natural resources and produce more than 60% of the greenhouse gas emissions. Rapid urbanization makes them unpleasant to live in, sometimes even for the rich. Cracks are forming in multiple locations; in South Africa the lack of public transport obliges slum-dwellers to take expensive minibus-taxis to work; many cities, from Pakistan, the Philippines, Dar es Salaam and Delhi, are plagued by brownouts and poor sanitation (forcing them to resort to drinking costly bottled water). In London the city centre has become a ghetto for the super rich; it has become simply too expensive for key workers to live in, so there is a shortage of nurses, teachers and policemen. Unless cities provide effective transport, power, sanitation and security, they will not attract the right workers to ensure they fulfil their economic potential. Many are addressing the problems through collaboration. The C40, for example, connects policy makers from 83 cities around the world in order to address climate change by learning from each other about issues such as waste management, building efficiency and transportation.

Elite cities are now playing an increasingly significant role.

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Cities of course do not always grow. In some places they are shrinking. This is the case in the US where almost one city in ten is shrinking, as are more than a third of German ones. Chinese cities may well suffer the same fate as its population reaches it peak by the middle of the century – some of its older industrial boomtowns are already in decline. In order to survive, smaller cities will have to decide: do they invest in transport infrastructure so they become commuter towns, or is it better to focus on other areas that generate development and employment in the city? Planners will have to work hard to identify policies that will be successful, with only a few brave enough to follow the example of Dessau-Rosslau in Germany and Pittsburgh in America, where derelict buildings were simply knocked down and the land allowed to return to nature.

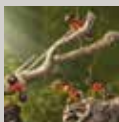*Many are addressing the problems through collaboration.*

Related insights

Citizen-centric cities

Successful cities will be designed around the needs and desires of increasingly empowered and enabled citizens - who are expecting personalized services from the organisations that serve them

Deeper collaboration

Partnerships shift to become more dynamic, long-term, democratised, multi-party collaborations. Competitor alliances and wider public participation drive regulators to create new legal frameworks for open, empathetic collaboration.

Flooded cities

The vast majority of our cities are not prepared for flooding. Many districts and households can no longer get flood insurance and are in jeopardy. It's going to get worse before it gets better.

Skills concentrations

The need to build and develop capabilities becomes increasingly challenging for companies and workers alike. Those who benefit from the high-skill reward opportunities remain a select group who move ahead of the urban pack.