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The cities issue

Bridges back to Babylon

In the past it was cities – not nation states – that wielded the heftiest geopolitical clout. And international relations expert Parag Khanna predicts that it is urban centres that will shape the new world order

BY LIAM ARAN BARNES

Recall some of the greatest empires to have ruled and conquered throughout history: Babylonian, Roman, Carthaginian, Angkor, and so on. Now, consider what they all have in common: each one carries the name of the eponymous cities that gave birth to them. And that is no coincidence.

For 8,500 years, beginning with Jericho in about 7,000 BC, cities dominated the economic, cultural, and political global landscape. It was only during the middle ages that cities – in Europe, at least – were gradually subsumed by the emergence of the modern nation states we see today.

Parag Khanna believes, however, that after a 500-year hiatus the age of cities is returning, albeit without the empirical undertones, and will dictate and reshape the narrative of the future like never before.

“The history of diplomacy is not the history between sovereign governments, but rather the diplomacy between cities,” he says. “The geopolitical approach to cities goes way back in time and shows that they have always been more powerful.”



Khanna is a difficult guy to define. His resume to date — at only 41 — encompasses senior government advisory roles, impressive academic postings and bestselling books, not to mention frequent TV appearances and TED Talks.

Born in India, raised in Abu Dhabi, and schooled in New York City and Germany, Khanna began globetrotting at an early age. Since gaining a bachelor's and master's degree from the School of Foreign Service at Georgetown University, he has contributed to the administration of former US president Barack Obama as a foreign policy advisor, spoken regularly on globalisation at the World Economic Forum in Davos and worked for a variety of influential Washington thinktanks. And, according to his latest estimates, he has

visited more than 100 countries in the last 20 years.

Yet it is Khanna's expertise in the rise of connected global megacities — or “megacity archipelagos” as he calls them — that leads our recent conversation.

He kicks off the call from his apartment in Singapore where he has lived with his wife Ayesha — also a highly-respected public intellectual, artificial intelligence expert and smart city specialist — and their two children for the past few years, by explaining how he was initially turned on to the field of megacities.



LAGOS MAY NO LONGER BE THE CAPITAL OF NIGERIA, BUT THE MEGACITY IS CURRENTLY THE FIFTH-LARGEST ECONOMY IN AFRICA, BIGGER EVEN THAN KENYA AND THE IVORY COAST

THE RE-EMERGENCE OF THIS DIPLOMACY BETWEEN CITIES IS SOMETHING THAT HAS VERY DEEP HISTORICAL ROOTS: INTELLECTUALLY, LEGALLY AND ECONOMICALLY



“It was a really important theme in my doctoral dissertation and I ended up going back thousands of years to ancient Babylon to look at the origins of diplomacy and the commercial and cultural relationships between cities,” he says, adding that it felt like he’d read literally everything on the subject during his PhD studies.

Unlike many of his contemporaries in the field who, according to Khanna, tend to be demographers, economists, real estate developers or urban planners, his geopolitical background provides him with a relatively novel standpoint that has enabled him to view cities as the “diplomatic drivers of the past and economic drivers of the present and future.”

“The re-emergence of this diplomacy between cities is in a way something that has very deep historical roots; intellectually, legally and economically,” Khanna says. “Megacities reinforce that much more. When a country or an entire continent depends on one or two cities, those cities are really more important than whatever the nominal, legal, political capital is.”

He cites Lagos in Nigeria as an example. Although replaced as the country’s capital 25 years ago, the megacity is currently the fifth-largest economy in Africa, considerably bigger than Kenya and Cote d’Ivoire, two of the continent’s most dynamic countries. The same, he says, applies to São Paulo. Again, not the capital of Brazil but set to be the world’s sixth richest city by 2025.

Khanna's assumption is not just confined to single megacities, but also covers clusters of interconnected hubs he predicts will shake up the world order in the years to come.

Such is the case of the Pearl River Delta in southern China, which Khanna believes truly represents the future of megacities. Covering much of China's industrial heartland, including Shenzhen, Guangzhou, Foshan and Dongguan — not including the special administrative regions of Hong Kong and Macau — it is now the world's largest continuously urbanised area with a population greater than Australia.

"Having amassed all these trade surpluses, China — that 800-pound gorilla — began to reinvest in serious infrastructure and we saw the 'Shenzhen Effect' really starting in the 1980s, transforming a tiny fishing village to a city of 11 million and reshaping an entire region in less than 40 years," he says.

Over the past decade, China has attempted to replicate the model nationwide, with varying degrees of success, by identifying 24 megacity clusters, 11 of which already account for one-third of the country's population, and two-thirds of its economic output.

The Shenzhen Effect has since spread beyond Chinese shores.

India was until recently heavily dependent on Mumbai, which accounted for 40 percent of national GDP, but the rise of Delhi Capital Region and Chennai has loosened economic reliance on its largest city. In the Gulf, Abu Dhabi and Dubai have been connected by built-up land, real estate and logistics, creating what Khanna calls the "Abu-Dubai Corridor". Even on the US west coast, Los Angeles is now linked with Tijuana beyond the Mexican border via San Jose.

The formation of this emerging global network of megacity clusters, according to Khanna, holds the promise of reducing pollution, poverty, and even geopolitical rivalries. But what then happens to the places and populations that do not make the megacity-cluster cut?

It is at this point during the interview that Khanna relocates to his kitchen and starts preparing lunch. He's on auto pilot now, but not in a way that suggests he is just reeling off rehearsed lines. The responses remain fluid and considered, more the words of a man who, as he'd previously joked, has probably read everything there is to know on the topic.

"There are two ways to look at this. Firstly, the rich are getting richer. Everyone who moves to the megacities will have more money, while the countryside and second-tier cities are being neglected. But that's not really true in a whole bunch of ways," he says. All one should look at, Khanna points out, is remittances, which is an obvious proxy of how capital is circulated within an economy.

"The number one remittance market in the world is rural Chinese workers moving to coastal Chinese cities and sending money

back to their remote villages," Khanna adds. "So they've stayed within the same country, they've moved from farm to city, but they're sending about USD300 billion back every year. How can one say, then, that the city is leaving the countryside behind when the city is actually sending all this money back?"

The second — and most significant — factor, Khanna concludes, is to drastically reduce the reliance many nations currently have on their principal economic hub, and distribute investment to the second-tier cities.



In emerging markets, especially, the largest city receives anywhere between 90 and 100 percent of foreign direct investment. It is therefore the responsibility of government to redistribute this wealth nationwide. A country of 200 million people, he explains, is not going to reach its potential if the entire economy depends on one city with a population of only 20 million.

“The lesson is that administrative devolution has to be combined with fiscal devolution. You’ve got to distribute economic growth to create jobs,” he states. “Just depending on one city can be so dangerous.”

In an age where brazen nationalism is increasingly being normalised and the response to spiralling socioeconomic disparity is to close borders and build walls, Khanna’s belief in a world beyond demarcations is a much-needed antidote — and one that will hopefully not only reduce our reliance on single cities but also end the lie that societies are defined by flags and frontiers. ■

