

PIDE Policy Viewpoint

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Renew Cities to be the Engine of Growth

PIDE Cities Research Programme was initiated in Karachi with a conference titled *Cities: the Engine of Growth* on November 15-16, 2006. The conference was held in our largest city and was well-attended by economists, architects, town planners, Nazims, government officials, NGOs, journalists, and other citizens. The discussion was animated and about twenty-five speakers addressed the gathering. All points of view were represented and debated.

The main points of the discussion that took place there may be summarised as follows:

- *All segments of our society are dissatisfied with the current state of our cities and with every aspect of our cities from their management to what they offer. None of their needs seem to be met by these cities.*
- *The debate on cities has not happened nor has anybody developed any research or fresh thinking on the subject.*
- *How cities are managed and who manages them is not clear and this seems to render the citizens powerless and voiceless. The continuing problems with the recent decentralisation and the inability to define city administration in the presence of the army cantonments in cities compounds problems of city administration and citizen's participation in that administration.*

Several important themes were developed in the conference which will form the basis of future research and debate.

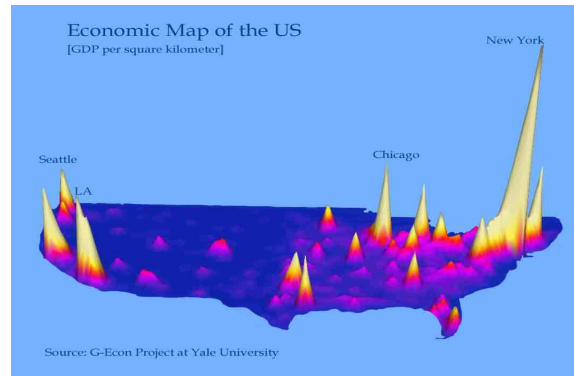
Learning from Research and Experience of the Rest of the World

History and civilisation moves in cities. All major scientific, social, political, economic and technological innovations have happened in human agglomerations known as cities. Great civilisations and empires have been developed around cities. It is no accident that the dominant empire of any time had the most important, creative and fascinating city of the time.

The best cities have been places of learning and idea development. Cities such as London, Edinburgh, Paris, Los Angeles and New York have been a birthplace of invention and creativity. Measured productivity increases in large, well-organised, and creative cities.

The bulk of the output in any country is produced in the cities. The difference between the poor and the rich countries often lies in the productivity of their cities.

In the post-industrial information age, creativity creates value. Creative cities enhance individual productivity. Creative cities are multi-ethnic, open to immigration, culturally rich, dense, full of learning and innovation, allow for eccentricity, and offering many and diverse learning experiences.

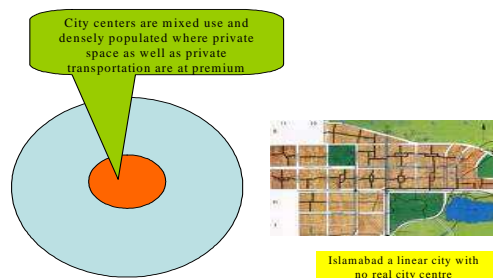


Cities allow space for everyone and all activities. All classes live in cities. Often the poor and middle class live in cities while the rich estates move to open suburban environments. Cities offer community and networking infrastructure—libraries, community centres, sporting and conference facilities and theatres—to all, especially the poor and the middle classes.

The young, the poor and the middle classes along with their creative activities live with businesses in busy 24-hour downtowns. These city centres are the heart of a city and define a city. All development around a city is then relative to this city centre. City centres are a magnet for ideas and migration. In fact globalisation is really the network of ideas generated in city centres.

Understanding Cities

All human activity leads to conflicts which civilised societies seek to manage. Cities are dense human settlements and it is no wonder that they accentuate all conflicts. Successful countries and city administrations develop institutions for managing these conflicts bearing in mind the needs of development and growth. Where conflicts are not properly managed, decline sets in.



Cities are circular

One important tension that needs to be managed is that between preservation of legacies and histories and accommodating the new and modern. Preservation is costly but necessary. However, without creative destruction, city development may be arrested. Preservation must be clever, preserving the spirit of the past and not seeking to keep obsolescent culture and functions alive.

Incumbents have the first mover advantage in any city occupying the best land and the use of the main amenities of cities like clubs and parks. Unless city management is looking toward development, these incumbents will use the preservation argument to preserve more than is necessary and most of the preservation will be self-serving.

Mayor Koch of New York talked of the NIMBY (“not in my backyard”) mentality. Most of us would like a nice spacious mansion set in the middle of nice green meadows with all urban amenities within easy reach. Yet no one wants a busy highway or a shopping mall close to their backyard. Yet as a city grows, space has to be made for urban conveniences such as highways, hotels, offices and shopping malls. Often estates and even palaces have to give way to the development of the city. City management must be able to deal with NIMBY saying.

Palaces, estates, hunting grounds, and leisure parks of the rich have given ground to the needs of the city. Even kings and dukes have seen the importance of yielding such private spaces to the development of more productive cities.

Characteristics of Pakistani Cities

1. All Pakistani cities appear to have no downtowns or city centres—dense areas of mixed use concentrating residential, office, commercial and entertainment within an almost walkable district.
2. There is an excess demand for most forms of city activities—education, entertainment, office, retail, warehousing and even poor and middle class housing. All these activities lack purpose-built space and are forced to be conducted in the only kind of city space that planners have been allowing for the last few years—houses. Housing for the poor, the young starting family, and the middle class is also in short supply since flats are not allowed to be built.
3. City management must be viewed as more than providing physical infrastructure and basic services such as sanitation and transport. Social, cultural, and learning activities are an important part of a city. Pakistani cities have no entertainment, community or leisure space. It is almost as if the planners and city administrators forgot about these. There are no libraries, community centres, theatres or sporting facilities (except for the élite).
4. Zoning seems to favour large housing often at the expense of commercial development. Commercialisation is arbitrary, cumbersome and expensive. As a result, zoning and real estate development appears to be a rent-seeking game.
5. Government rather than commerce dominates the city everywhere. There is a large presence of government especially the army in all cities. Most prime land is government-owned, making the availability of prime land for commercial and mixed use development very difficult.¹

¹For example, the Mall Road, Lahore, the main thoroughfare, is completely owned by the government almost all the way from the Provincial Assembly chambers to the Airport.

6. Resources for city development remain scarce not the least because prime city land remains extremely poorly utilised. Quality development, such as hotels, shopping malls convention centres are considered a nuisance probably in deference to the NIMBY-sayers. Even when entertainment facilities are built such as the stadiums in many cities, government officials manage them to minimise their use rather than maximise profits and activities. Over time, shops creep up into the walls of the stadium so that eventually it is neither a stadium nor a shopping mall (e.g., Fortress Stadium, Lahore).
7. Since density in city centres is not considered desirable, disorderly suburban development is taking place. Many cities are becoming urban sprawls at the expense of valuable agricultural land.

Decentralisation, City Management, and Rent-seeking

Why are our cities in such poor shape? The answer was identified to lie in the architecture of their governance.

- Neither the city administration, nor the citizens of the city have much say in the running, or in determining the character of their cities. Too many government agencies are involved in these decisions. Cantonments cut across cities and are not a part of them preventing integrated development.
- Federal and provincial governments own vast amounts of inner city land which is arbitrarily developed without consultation with the City.²
- Key city services which should be a part of city administration such as health, education, and law and order are provided by federal and provincial administrations.

Cities have become a major vehicle of rent-seeking and privilege preservation. Zoning and the arbitrary use of public land has through history been a major vehicle for rent distribution. Laws and institutions—based on open transparent processes and clear property rights—have been created to deal with this problem. In Pakistan centralised administration, opaque processes and inadequate city administrations have heightened rent-seeking activity stifling city economic growth while accelerating speculation.

What Should Be Done?

We have learnt that *“Cities grow when they are allowed to function as decentralised, coherent administrative units that are run for the advancement of commerce. It is then that they are engines of economic, cultural and human growth”*. To achieve this:

- Policy, research and thinking needs to move away from a spaceless approach to development by integrating the role of cities as engines of growth.

²Examples abound: arbitrary offices, leisure clubs, and training academies that the Punjab government and various federal agencies have built up in Lahore without consultation.

- Decentralisation needs to be strengthened to allow cities adequate ownership of their land and resources. This must mean an adequate definition of city limits with exclusive city ownership of its resources.
 - Federal, provincial governments, and the defense agencies should not affect city administration.
 - Fiscal federalism needs to be urgently adopted for city growth.
- The zoning paradigm needs to move away from its current emphasis on upper class housing to one that recognises the diversity of the functions of a city.
 - City centres need to be developed for dense mixed use. Government ownership of city-centre land needs to be reduced if it is retarding downtown development. Commerce is to be given priority in city centres.
 - Zoning needs to be based on clear transparent processes based on open citizen consultations.
 - Culture and education need to be included in zoning.³
- City management should be professional, consultative and accountable. Cities must be able to hire out of their budgets without federal hiring restrictions such as the Unified/National Pay Scales and mandatory positions for the federal civil service. Moreover, decision-making must be based on open consultative processes.

This simple reform agenda will reduce the current high level of rent-seeking in our cities and lay the basis of commerce and creativity which will fuel sustainable growth.

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References and other material are available on PIDE website: www.pide.org.pk

³Currently while we build leisure clubs for the privileged routinely, there is no space for libraries, theatres, community centres, museums and art galleries.