

GLOBAL PARLIAMENTARIANS ON HABITAT (GPH)

CITIES AS ENGINES OF ECONOMIC DEVELOPMENT

1) What background?

According to the Undersecretary-General and Executive Director of UN-HABITAT, “the World Urban Forum was established by the United Nations to examine one of the most pressing problems facing the world today: rapid urbanization and its impact on communities, cities, economies and the environment”.

Confronted by this challenge, the Forum's theme in 2010 was The right to the City for all when it was held in Rio. This year's central theme is The Urban Future.

We must therefore think about the matter on the agenda today: Cities as Engines of Economic Development”, bearing in mind the need for coherence between the Right to the City and the Urban Future.

We must also bear in mind the Manifesto for Cities launched in the 2010 Rio World Urban Forum.

“The essence of the World Urban Campaign is to engage all urban development actors in a global movement that elevates the urban agenda through a positive vision and understanding of the tremendous benefits cities can bring to future generations.”

It is in the framework of a comprehensive vision and the political governance of Cities that we must tackle the subject that raises the issue of the relationship between the economy and cities.

2) What Economy?

Firstly, we must remember that the economy of which we speak is truly the productive economy, producing goods, services and wealth. This economy can and must be sought and supported by Cities insofar as they have the capacity to govern and control their development. In return, the economy brings life to the urban fabric through the activity it creates.

The speculative financial economy which is developing in certain large Cities is of another nature and evidently does not fit into the goals of the World Urban Forum and the World Urban Campaign. This economy leads to fragilities and social and spatial segregation which Cities must strive to reduce insofar as is possible.

3) What actions?

Integrating economic activities in the fabric of neighbourhoods

↳ The first actions that governments and parliaments must implement by law are part of the fundamental exercise of strategic urban planning. It means allowing and facilitating the creation and installation of activities according to their nature, taking into account land availability, location in terms of Mobility and accessibility, while ensuring the Mix of functions. Insofar as is possible, businesses, residential areas and services should be close together.

To support and promote the implementation of this planning, French law has provided under the “Cities policy” for tax incentives for entrepreneurs who set up in difficult neighbourhoods. Integration schemes for young unemployed people have also been created. We have thus seen “YOUTH JOBS” and today we are seeing “JOBS FOR THE FUTURE”. This year, the law will set up “GENERATION CONTRACTS”: businesses are provided with an incentive to

employ a young unemployed person alongside a Senior worker who remains employed and MENTORS them. The State will then exonerate the company from some charges.

Companies will thus contribute to the social and professional promotion of young people. They will benefit from State assistance and the renewal of staff through training.

Another positive experiment was developed in social housing neighbourhoods with the creation of business “Nurseries”. Sometimes located in restructured buildings, or collective housing buildings, or abandoned warehouses and premises, or even premises built by the City municipality, these nurseries offer people with business projects all the vital facilities for their start-up by pooling charges and services and organizing training. The City policy thus combines business creation and young people's integration into the working world in a single dynamic.

Again with the aim of supporting business creation, local initiative platforms have been put in place. These are public funds accorded to people with business projects, without interest and without specific repayment periods – a sort of “gentleman's loan” – which make it possible to launch a production process and negotiate with banks. The decision to grant these loans are taken locally by associations and volunteers who are often former entrepreneurs, perfectly capable of assessing the quality of projects. Once started, the engine of the local economy can thus act through the fabric of small- and medium-sized enterprises. This is the most intrinsic and sustainable dimension of the economy sought.

Cities and the knowledge economy

↳ In a very different but complementary field, Cities have a responsibility in the areas of the knowledge economy, innovation and research. For them, it is not a matter of wanting to act in the place of businesses, but rather to address their needs and expectations whilst promoting synergies between the research world, universities and training.

It will mean helping the networking of sources of intelligence and innovation, developing expertise and exchanges of best practices, and conducting experiments while of course taking into account the ecological transition and cross-border dimension of information by taking advantage of resource centres or scientific and technical culture centres open to all. This new approach makes it possible to implement economic development policies which are no longer tied to an outdated conception of technopoles which had a tendency to overly concentrate businesses in single locations which were specialized and limited. The economic momentum born of these initiatives thus promotes better integration within neighbourhoods, in territories and in small and medium-sized cities. This is how we can promote balanced territorial development and how we are moving towards the notion of “creative territories” or “learning territories”.

Beyond the City itself, entire urban regions and valleys of innovation should be developed through high levels of intermingling and linking the economy with training. Research, services, the living environment and the question of Mobility – and thus Transport – play a fundamental role.

We are also opening up a new frontier in the issue of relations between the urban environment and the economy where innovation is at the heart of a new model of territorial development integrated, co-produced and co-managed by public and private stakeholders in the framework of a democratic governance.

To illustrate this approach and give it concrete expression, France launched “Competitive Clusters” in 2004. Creating competitive clusters means bringing together laboratories, big and

small businesses and training institutions with local authorities, cities and regions in an identified territory and on a theme specific to that territory, in order to advance project-based innovation, growth and employment. Each cluster has contract-based relations with the State which contributes to financing.

The following are examples of ongoing cluster initiatives: Mer Bretagne – Alsace énérgievie (“Positive energy buildings”) – Alsace Biovalley – Eau Loire Valley – Lyonbiopôle – System@tic Paris Région – Medicen Paris Region – Toulouse Aerospace Valley, etc.

4) **Conclusions**

These examples show how Cities of the future become leaders of strategies based on ALLIANCES which, as advocated by the World Urban Campaign, “engage all urban development actors in a global movement.”

The relationship between the economy and the urban world is a close and interactive one. Cities must by all means focus primarily on their capacity for democratic governance with a view to supporting coherent territorial development in the framework of Strategic planning for furthering and optimizing creation and the establishment of economic activities in disadvantaged neighbourhoods. In return for this, the strong integration of businesses in urban fabrics facilitates mobilization of their human resources and enhances their security.

Yet beyond the world of innovation lies the world for the future of Cities. The role of cities is recognized in creating the conditions for development and new technologies, by producing interconnections between disciplines and public and private sectors of activity beyond local and national territorial frontiers.

The Urban Future lies both in **ROOTS** and in a **VISION**, it is found in **ALLIANCES**.

2 August 2012

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