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ECONOMICS
of PROSPERITY



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Prosperity without Borders

by James Fischelis

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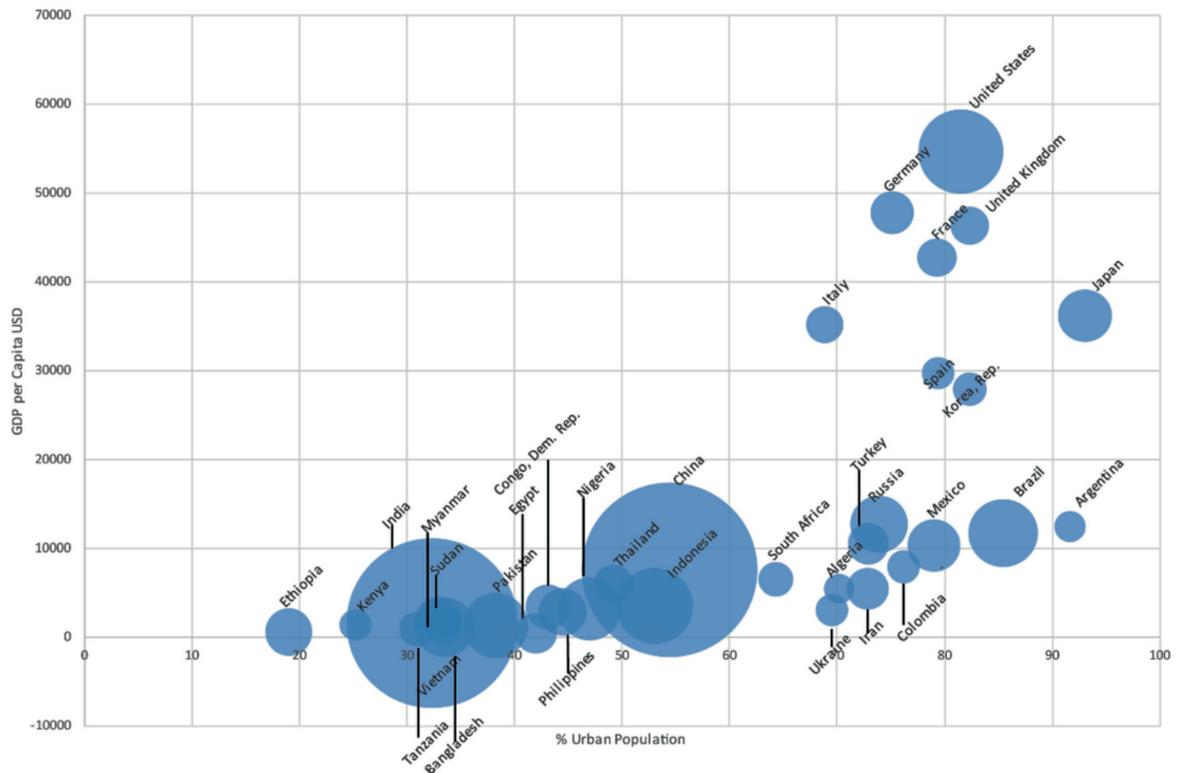
1 THE SEARCH FOR OPPORTUNITY

On Monday, April 4, 2016, Greece deported around 200 men and women to Turkey, the start of a mass deportation programme designed to control the vast tide of immigration into Europe. The people deported on such occasions are often demonised by the media, described as “bogus asylum seekers” or “economic migrants”. On Greek beaches, the jungle camps at Calais, and the border between the USA and Mexico, the underlying pressures often bubble violently to the surface. The origins of this global catastrophe lie not in Europe or America, but in those countries that do not offer their citizens economic opportunity and freedom. It is from these stifling and repressive territories that people are fleeing, often at the risk of losing their lives. And it is this great swathe of humanity, cut off from opportunities that are taken for granted in the developed world, on which this paper focuses.

Selling fruit should not be a difficult task, but on December 17, 2010 a young man in Tunisia, trying to support his family, was “shaken down” by local officials for not having the correct permit—or failing to pay a bribe.¹ His electronic scales were confiscated and his stock of fruit pushed to the ground. Out of frustration he went to the local government offices to demand the return of his scales, but unable to speak with anyone he poured petrol over his body and set himself alight in protest. Mohamed Bouazizi was an ordinary person, who living in a different country or under a different government—one in which economic freedom was supported and encouraged—would most likely have run a successful business. His legacy is the Arab Spring which still reverberates throughout the region. Today, several years after that event, chaos now reigns in Syria and Libya as factions fight for control. It is unlikely that whoever is the eventual victor in these wars will remember that it was the simple desire for economic freedom which sparked these historic events. Despite the underlying cause of such events, some people in Tunisia today are still calling for more government involvement in the economy and less foreign investment. The frustration caused by a system that combines unsupportive government with stifling bureaucracy and corrupt officials drove Mohamed Bouazizi to kill himself, but it drives many more people to emigrate.

Today, almost all international borders are shut to new arrivals, but this was not always the case. America, Canada, and Australia, early in their colonial history, welcomed new arrivals with the promise of free land and the opportunity to prosper. These countries did not take the “best” people—far from it, they gave a new start in life to the poor, the dispossessed, often to criminals. Today, these former colonies have become rich on the legacy of those first immigrants. By offering land and support for property ownership and entrepreneurship, they created a commercial culture that has allowed their societies to thrive. What were once the vast empty spaces of the New World are now full, but places of opportunity do still exist.

In 1950 a 15-year-old boy fled with his family from communist China to Hong Kong. His first taste of economic freedom was working as a salesman; he went on to found a plastics factory before diversifying into real estate and telecommunications. Today, Li Ka-Shing is one of the richest people on the planet, with an estimated net worth of \$27 billion. Li is part and parcel of the Hong Kong and wider East Asian economic miracle. By offering economic freedom, bureaucratic support, and laws that respect property, Hong Kong has transformed the lives of its citizens. Not every person is as rich as Li Ka-Shing, but in



less than 50 years a huge number of people have been lifted out of poverty. How has this been achieved? Hong Kong has no oil, no gas, no coal mines—it has almost no natural resources. It has built its success on its people and their talents, as well as its connections to the wider world. Hong Kong is a near-perfect case study in how the city is today's gateway to opportunity. It is proof that people's lives can be transformed when welcomed into the urban world of inclusive capitalism.

The boats returning economic migrants to Turkey are not just full of people—they are filled with dreams, aspirations, and human capital that is destined to lie unused and unwanted in economically repressive regimes. The world has a duty to let these people flourish, and cities like Hong Kong—with their unrivalled ability to transform lives and harness peoples' economic potential—provide the answer.

It is no coincidence that all the world's most prosperous countries are heavily urbanised. This is not due to lack of available land. Canada, for instance, with its vast open spaces, has over 80 percent of its population living in cities.

Cities may well be the answer to the world's opportunity crisis. But what is a city? And what is it about cities that makes them such attractive places?

Above: GDP vs Urban Population for the 35 Most Populous Countries

All countries with a GDP per capita in excess of \$20,000 per year have over 60 percent of their population living in cities. The chart above cross-references GDP per capita and urbanisation rates for the 35 most populous countries.

2 THE URBAN MIRACLE: HOW PEOPLE MAKE A CITY AND HOW A CITY MAKES PEOPLE

Hidden in the nest of skyscrapers that dominate the City of London is Britain's youngest Grade I listed building. Designed by Richard Rogers, it provides space for the world's leading insurance market, Lloyd's of London. Despite its impressive headquarters, Lloyd's origins could not be more humble.

In the 1600s London was experiencing a revolution.² Coffee, from the highlands of Ethiopia, found its way into Europe via the Islamic world. All over London coffee houses were established to supply this new drink, the powers of which were so different from the stupefying effects of alcohol. Coffee was said to "make Genius quicker".

The coffee houses became places of exchange where ideas would be debated. At the Grecian Coffee House, Isaac Newton and Edmund Halley dissected a dolphin. Many coffee houses developed a particular specialism based on their location and customers. At Edward Lloyd's establishment, sailors, merchants, and others associated with the maritime trade would meet. Soon this coffee house was producing its own newsletter for the shipping industry; before long booths were being rented to underwriters willing to sell insurance to the financial backers of this risky business. It was from these humble beginnings that Lloyd's of London emerged.

It was not just Lloyd's that had its origins in the coffee houses of London. The London Stock Exchange began in Jonathan's Coffee House. *Tatler* and *The Spectator* are publications that trace their titles back to the coffee house revolution. The coffee house encapsulates the character of the city: a place to exchange goods and ideas, where new initiatives can take root, where people come to be a part of something or create something new, where opportunity is created and encouraged. It is in the city that entrepreneurs find fertile ground: using their labour, capital, ingenuity, and property, they are able to create new ventures, assisted and encouraged by an environment of laws and regulation and supported by the underlying principle of competitive advantage.

Today Lloyd's is the world's premier insurance market, but it is not London's oldest market. Less than a mile north-west of Richard Rogers's iconic building is Smithfield, the historic and still very active wholesale meat market for London. It has occupied this corner of the City of London for 800 years. Alongside its sister markets Billingsgate (fish) and Covent Garden (fruit and vegetables), which have been relocated away from their historic sites, it continues to be an essential cog in the economic make-up of the city.

Today's emerging cities are little different to London in the late 1600s. Moizuddin Miah, for example, left his home in rural Bangladesh in 2006 to work in Dhaka as a rickshaw driver.³ In the countryside Moizuddin had been a generalist: a farmer, trader, and labourer who provided food for his family directly from the land; he had once worked in a village where the bonds of friendship and trust were built up over generations. In the city, he is now part of a wider economic machine where business is conducted with strangers. Citizens must rely on an intricate web of people and institutions to provide food, power, heat, transportation, and a myriad of other services that we in the West take for granted. Moizuddin is now a transport specialist, no different from the Uber drivers of New York or the sedan-bearers who carried businessmen to and from the coffee houses of 17th-century London. His is a journey that millions have made throughout history and continue to make all over the world—not just a physical move to the city but also a move towards specialisation and capitalism.



The city—a complex network without the familiar bonds of trust so prevalent in rural life—has to have laws and regulations so that it can function. Physical space and infrastructure support the people who make this network function. The boulevards and buildings we often think of as “the city” are, in fact, just a skeleton. It is the people who are the city’s beating heart. And this incredible human hive has the power to transform lives.

The world’s aspirational poor—those people who desire prosperity but live in poverty—want cities that offer opportunity. According to a 2011 Gallup poll on global migration, 614 million people were considering emigration.⁴ The strongest desire to migrate came, unsurprisingly, from the poorest parts of the world, while the most desired destinations were highly urbanised nations including the US, UK, France, Spain, and Australia. The impact of this potential transition would be massive: 138 million people would like to move to the US, 42 million to the UK.

But the highly developed urban nations of the world do not have the space or resources to absorb such vast numbers of people. That is why the world needs new cities to offer opportunity to those who need it most. Creating new networks, in new cities, is vital if the world is to bridge the gap between desire and opportunity.

*Above: Lloyd’s of London
designed by
Richard Rogers*

3 NEW CITIES AND THE FALLACY OF UTOPIAS

As part of its plan to move its economy away from oil dependency, Abu Dhabi announced in 2006 the creation of the world's first zero-carbon city, Masdar.⁵ It was to include electronic driverless taxis, underground waste collection, and energy-neutral buildings. Today the city is a virtual ghost town. Its only residents are 300 students who are given free accommodation as part of their studies.

Masdar is just the latest in a series of cities, across the globe and throughout history, that have failed to deliver on their promise. Sadat City in Egypt is located midway between Cairo and Alexandria.⁶ Built in 1978, it was designed as a new administrative hub to relieve pressure on these two historic urban centres. The only problem was that the Ministry of Development and New Communities, which led the development of the project, chose to remain in Cairo along with all the other ministries.

Lavasa in India has all the hallmarks of a failed city.⁷ It has attempted to revive the concept of the hill station (originally built, in the era before air-conditioning, for the British ruling classes of India to escape the stupefying summer heat) based on an Italian vernacular. Its "homes" retail for between \$17,000 and \$35,000 USD, well beyond the reach of most of the new urban citizens in India. Without good physical connections to nearby cities, it has remained isolated, a set of upmarket apartments without the commercial infrastructure to support them. A thousand kilometres north in Gujarat, a tech city has been built without space for people to live. The Gujarat International Financial Tech City (GIFT) has two completed office towers: one empty, the other half-let, sitting in barren scrubland.⁸

The irony of these failed cities—and others, like Kilamba in Angola—is that they were designed to be utopias. They were built to a perfect plan, which took almost no account of the social, economic, and human heart at the centre of any successful city. Without any strong commercial reason for businesses to establish themselves in the area, these cities seem destined to remain white elephants.

Not all new cities need expect this fate, however. When cities get it right—in particular, when they combine the key ingredients of proximity and connectivity—remarkable success can be achieved. In 1980 communist China set up its first special economic zone in Shenzhen, immediately north of the capitalist enclave of Hong Kong. Since then, the city has grown from 30,000 people to over 10 million.⁹ The new city of Iskandar, in Malaysia, is designed to take advantage of its proximity to hyper-successful Singapore. Today Iskandar is at the early stages of growth, but with good connectivity and a strong commercial base it has a good chance of success.¹⁰

As the countries of the Middle East try to move their economies away from oil dependency, Dubai's economic success has made it a shining example of what is possible, inspiring other cities in the region. Abu Dhabi and Doha are both building skyscrapers and business parks. But neither has chosen to put business-friendly regulation at the heart of their city, as Dubai has with its common-law enclave, the Dubai International Financial Centre.¹¹ Without this regulatory heart, success for these cities will be harder to achieve.

A new and even more ambitious city is being built on the Red Sea coast of Saudi Arabia: King Abdulla Economic City (KAEC).¹² Designed with a world-class business district and residential and industrial zones, it is part of a bold plan to diversify the Saudi economy. Today it is a work in progress, with about 5,000 residents. It remains to be seen if this city can live up to its promise and harness the youthful and educated Saudi population to create a new diversified economic model, or whether it will—like so many grand city plans—become a utopian white elephant.

Regardless of their location, it is striking that the majority of these new towns are built to an idealised plan, including parks, central business districts, and residential units separated by green corridors. This design language is a legacy of two of the 20th century's most revered and contentious urban thinkers. The Victorian progressive reformer Ebenezer Howard and his garden city movement inspired a legion of privet hedges and neat rows of country-style houses. Conversely, the influential modernist Le Corbusier had dreams of concrete towers set in vast parklands. Although these philosophies of design may seem entirely at odds with one another, both Howard's and Le Corbusier's cities are zoned, with separate spaces for offices, factories, homes, and shops. Their parks and green spaces are built with the best of intentions—to give people space to play and think—but in reality they have acted as a barrier or chasm in the urban framework.

As has already been asserted, flats, shops, and houses do not make a city. People, their connections and interactions, are vital to urban success—a fact that the models of Le Corbusier and Howard fail to recognise. They envisage the city as a place into which humans must fit, when the opposite is true. Masdar, Lavasa, and GIFT failed because they imposed a blueprint of what a 21st-century city should be, forgetting that successful cities are not built but grow through human energy, impulse, and endeavour. Their foundations are not based on blueprints and drawings but on a human network supported by law and regulation. Cities do not flourish because a town-planner says they should.

If we truly want a model for a thriving city, we should look not at an architect's masterplan but in a perhaps more surprising place. The slums on the periphery of so many of today's developing cities are testament to the power and opportunity of the urban network. These buzzing, energised, self-organising places are, for many, the first step on the ladder of opportunity. Glittering new cities such as Masdar are not made for the new urbanite, like Moizuddin Miah, desperate to get his foot on the first rung of the commercial ladder. They are designed for those who are already urbanised, who have the money for a three-bedroom flat and the skills to get a job in the local business park. The new city-dwellers of the planet need an entry-level city.

The solution, then, is not in the blueprint of the town-planner but in the examples set by the great transformative cities and their human networks, which have offered huge numbers of people a proven pathway out of poverty.

4 TRANSFORMATIVE CITIES

Set between 34th and 59th Street, and west of 8th Avenue, is one of New York's most fashionable neighbourhoods, Hell's Kitchen. It is a mix of smart restaurants, expensive gyms, and up-market loft apartments, but its name points to its origins as a much darker place.

The label was allegedly first given to the area in the mid-19th century by a New York policeman talking to a rookie officer during a riot. The rookie remarked, "This place is Hell itself", eliciting the reply from his superior: "Hell is a mild climate. This is Hell's Kitchen." Until the 1980s, Hell's Kitchen lived up to its name: it was a rough neighbourhood, plagued by gangs and organised crime. The gangs were made up of various immigrant groups—Italian, Irish, and Puerto Rican—who had come to New York to seek opportunity.

Today, like many Manhattan neighbourhoods, it has been transformed and the force underpinning this change is prosperity. As inhabitants have become richer, they have either moved out to better districts or improved their own. Other people have moved in to take advantage of cheaper property. This constant cycle of internal migration is part and parcel of the urban experience as citizens and cities become more prosperous. The same story could be told of London's East End, which has become the springboard to urban prosperity for Jewish, Huguenot, and now Bangladeshi arrivals.

This is the transformative city. It is a place where prosperity is not a dream but an achievable reality. It is not just London and New York that have transformed the lives of their citizens: Hong Kong and Singapore grew rapidly from chaotic slums to major world business hubs. It is cities like these that the world needs if it is to provide for the aspirational poor of the planet.

Despite their many differences, these cities all share common qualities:

1 An entry point to the poor

Unlike Lavasa and GIFT, transformative cities have space for the poor. Those who have nothing can rent a bed or a room at a price they can afford. This space is often found in the slums that surround cities, outside the formal economy. Transformative cities have not ignored their slums—they have encouraged slum-dwellers and welcomed them into the formal economy of the city.

2 Business-friendly regulation

Great cities ensure legal equality and make regulation a servant to the needs of citizens and businesses. In too many cities around the world, regulation is a Kafkaesque nightmare in which official recognition and permits are impossible to come by. This forces people into the informal sector with no path out. The consequences of this are insecurity, as businesses and property can easily be appropriated when they are not officially recognised. Alongside this, informal property cannot be converted into capital and used as security for loans to further develop business.

3 An acceptance of the competitive economy

Transformative cities are hotbeds of capitalism, fostering a competitive environment. Monopolies and rent-seeking elites cannot gain traction because the legal and regulatory framework prevents anti-competitive practices and incentivises competition, thereby ensuring that success is based on hard work and ingenuity.

4 A culture of property rights protection and business ownership

Many countries have a legal framework which does not adequately protect property rights, allowing economic distortions and hampering trade. Some countries have good laws and regulations in these areas, but they fail to work in practice. Strong property laws can only work if they rest on a culture of ownership and trust. It is no coincidence that the US is the world's richest economy—it encouraged property ownership from its earliest colonial days, when land was given to new settlers. This practice persisted right through to the later expansion into the West. With land and property rights established, alongside courts and lawyers used to dealing with these issues, an inclusive economy was able to flourish.

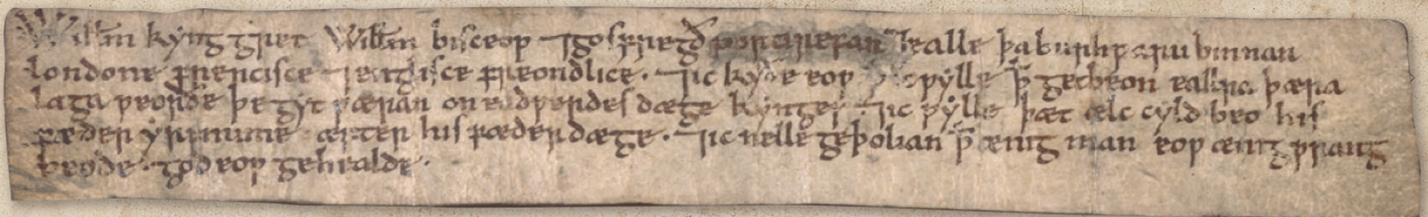
5 Connectivity

Transformative cities have links both to the wider world and to their locality. New York, the gateway to America, thrived because of its connections. The city is in fact separated from the interior of the US by the Appalachian Mountains—New Orleans, straddling the great Mississippi River, is far better connected. But in 1825 the Erie Canal was opened, linking New York (via the Hudson River) to the Great Lakes—it reduced the cost of transport by 90 percent and so created the city we know today.¹³

These five simple rules of successful cities have historical precedent. In 1066 England was invaded by a French Viking army—the Normans. London was then—as it is today—a key centre of trade; its port was close to the continent and being on a river made it easy to defend. Rather than take over the city, the new king William I chose to respect domestic laws and customs. In less than four-and-a-half lines of Latin, written on vellum, William agreed to allow London to continue as it had been before the invasion (an agreement with similarities to the Sino-British Joint Declaration detailing the handover of Hong Kong in 1997).

The city of London was protected not only by the Normans—its independence was enshrined in the Magna Carta nearly 150 years later: a tradition that has continued to the present day. But the respect shown towards trade by the Normans and later English kings has not always been forthcoming from other rulers in other countries.

After the fall of communism in 1991, small kiosks sprang up around the entrances to Moscow's subway stations.¹⁴ Slowly these evolved into more formal buildings which then gained government recognition, and the owners were issued with permits that were



Above: William I's succinct charter reassuring the people of London that he intended to respect their existing laws and customs.

The text reads: "William king greets William the bishop and Geoffrey the portreeve and all the citizens in London, French and English, in friendly fashion; and I inform you that it is my will that your laws and customs be preserved as they were in King Edward's day, that every son be his father's heir after his father's death; and that I will not that any man do wrong to you. God yield you." ¹⁵

validated by the courts—a textbook example of the development of an inclusive capitalist economy. But in February 2016 Moscow's mayor Sergei Sobyenin ordered the demolition of the kiosks, saying "One cannot hide behind property papers." Not only did the wrecking balls destroy buildings, livelihoods, and property rights—with them went any hope of an open culture of business.

Today, Hong Kong and Singapore are shining examples of what can be achieved: both are connected to the wider world and are home to some of the busiest ports and airports on the planet. From their earliest days, they offered a path to prosperity for their citizens from slums to public housing or private ownership. Businesses were supported and encouraged.

Today it is still possible to build transformative cities just as it was in the past, and their key ingredients include, now as then, law, regulation, and connectivity. But they are not just built to a three-dimensional architectural plan—they grow, adapt, and evolve over time. They are four-dimensional cities.

5 THE FOUR-DIMENSIONAL CITY

Transformative cities are built on their ability to physically adapt and grow with the ever-changing needs of their population. Through ownership of both businesses and homes, the built environment also provides for the citizen a stake in the wider economy. Because successful cities adapt, the utopian city (described in Chapter 3), with its architect-prescribed Platonic state, cannot provide the flexibility needed to take a city and its people from poverty to prosperity. Cities change and grow; they exist not just in the three dimensions of space but also in the fourth dimension of time.

Unlike capital cities such as Washington, Brasilia, and Canberra, where design and location are often determined at the whim of politicians, commercial cities have to plug into the global economy. This is the reason why London, Hong Kong, and New York are all port cities. Today, as air travel sends people and their ideas around the globe, these cities on the edge of continents are perfectly placed to house the super-hub airports so vital to the flow of commerce.

Today there are plenty of places, such as Kinshasa on the Congo River or Luanda on the Atlantic coast of Angola, that have the potential to copy New York or Hong Kong and offer a route to the riches of the interior of a continent. But location alone is not enough. Successful cities require the rule of law and institutions to support them.

Hong Kong and Singapore share common origins as cities of the British Empire, and at the physical centre of these cities are the institutions needed to build the urban economy and social fabric: courts, administrative buildings, barracks, a governor's residence, a horse-racing track, and a private members' club. This concept of "seeding" a city has early origins. Ancient Athens is famous for the Acropolis and the temples that represented the spiritual life of the city, but a short distance away lay the Agora, the civic centre of the town, its commercial and legal heart. The Roman Empire built on this model, with a forum at the centre of most of its cities alongside amphitheatres and basilicas. The Spanish Empire built a *plaza mayor* at the heart of most of its cities.

Today the centre of Hong Kong bears little resemblance to its initial layout. The former cricket club's playing field, once in the centre of the city, is now a public park, and the club has been relocated to the suburbs of Hong Kong Island. The exclusive Hong Kong Club, once the preserve of the British business elite and housed in a neoclassical building on the waterfront, is now resident in the bottom three floors of a modern office block set 300 meters back from the sea. Hong Kong has physically grown, through land reclamation and pushing back the sea. The club, in the true entrepreneurial spirit of the city, even owns the office block in which it is located. Hong Kong's founding institutions have been rehoused, moved, or expanded, but they still remain at the heart of the city.

It is not just institutions that build a successful city. An acceptance of the chaotic reality of commerce is vital to urban prosperity. Today, a visitor to any of the slums that surround many developing cities will be struck by the amount of industry and entrepreneurial zeal. Dharavi, one of the largest slums in Mumbai, was reported to produce goods worth over \$500 million USD every year.¹⁶ This kind of commercial melting pot is built on an unzoned urban framework. People live and

work in the same place, and it is not uncommon for a shop to be transformed into a bedroom after closing time. Such combined spaces are becoming less common in the West, but we still find pub landlords living above the shop (a trait shared with prime ministers and heads of state). These types of mixed-use buildings and neighbourhoods are a vital part of the urban journey that citizens take as they become more prosperous.

The shophouses of Clarke Quay in Singapore have been preserved as a tourist attraction—the citizens of this highly prosperous city now live in homes separated from their workplace by a rapid transit system. But the shophouse formed an essential part of the city's adolescence. Nor is the shophouse a unique type of building: it has parallels in early American urban architecture and even in the Roman Empire. Such combined living and working spaces provided the foundations for a culture of commerce and for the development of business, similar to the coffee houses seen in historic London. They create a physical city that is dense and encourages social and physical interaction.

Both Hong Kong and New York have evolved from this state into modern hyper-dense metropolises, where the restricted amount of land has forced buildings upwards, not outwards. The streets of these densely packed cities still teem with commerce, and they are both profitable and environmentally sustainable—New York, for example, is the greenest city in the US.¹⁷ Its density allows for mass public transport, while the shared walls of apartments reduce the cost of heating and cooling. The new cities of the US Sun Belt, with their individual suburban homes separated from business parks by highways, might be planted with trees but they are far from "green". The energy to cool them and the cars needed for transport take their toll on the environment.

If we are to create new transformative cities, they need to be places that can grow over time—they must exist in four dimensions if they are to constantly evolve and flourish. But successful cities also need to be kick-started with the necessary institutions to support the development of an entrepreneurial, urban fabric and culture. Only then can the city further evolve into a dense and intimate modern metropolis where the environmental impact of urban living is minimised.

6 HOW TO GROW A FOUR-DIMENSIONAL CITY

Below is a proposed design for a city, based in the fictional “Republic of West Africa” (RWA). It is an imagined place, but represents a model that this paper asserts could be replicated throughout much of the developing world.

The imagined site in RWA is a former British colony which gained independence in the 1960s. In its early days it suffered a number of coups, but for the past 30 years it has been a model of democratic government. It has a youthful population and English is widely spoken as the official language alongside other local languages. The government has a strong desire to improve the prosperity of its citizens, and this has led the country to consider developing a new city. Over the past decade RWA has developed an agricultural business based on high-value flowers, fruit, and vegetables which are destined for the European market. One of the key aims of the city is to become a transport hub for this expanding business.

The proposed layout and growth plan for this new city will be based on the models of successful transformative cities of the past, using the five principles outlined in Chapter 4 to underpin its growth. It will:

- 1 offer an entry point to the poor;
- 2 have business-friendly regulation;
- 3 support a competitive economy, based on property rights protection, open trade, and competition;
- 4 develop a culture of commerce; and
- 5 be highly connected to the rest of the world.

By establishing and building on principles that have been so effective in the past, this new city will achieve rapid growth. Not only must it offer a welcome to the poor, it will also need to entice the rich: the bankers, engineers, and entrepreneurs who are so vital in the initial stages of a city’s growth. Alongside the urban economic framework for the city, parks will be established to ensure a good quality of life for the citizens.

THE SITE AND CONNECTIVITY

The city will be placed on the coast with a new deep-water seaport alongside an airport to provide connections to the outside world. Regional and national connections will initially be made by road, though future plans for rail links are feasible.

URBAN SEEDING

The centre of the new city will house the institutions that are key to urban growth:

- » criminal court
- » hospital
- » civic court
- » land office and town hall
- » mosque
- » church
- » theatre
- » five-star hotel
- » school
- » wholesale markets.

Located on the periphery will be some of the key services that a modern city depends on:

- » power station
- » waste recycling and disposal
- » sewage treatment
- » water treatment.

One of the most important institutions in the new city, the land office and town hall will be a one-stop shop for identity and property services. Learning from the best identity systems around the world, such as the acclaimed Indian UIDAI (Unique Identification Authority of India), the city will be able to register people and—equally importantly—hold definitive ownership records for property and business. It will process not just freeholds and leaseholds but also mortgages, subletting, and resale of both property and business. Records of ownership (etc.) will not only be kept on paper (a historic pre-computer age legacy), but also be listed online, while video records of the transactional proceedings will be posted on the Internet. Simple steps like this will improve transparency and trust in the land-ownership system.

One of the key aims of the city is to facilitate the growing trade in agricultural goods between RWA and Europe. Wholesale markets for fish and meat, as well as fruit and vegetables, will be established near the port and the airport, facilitating trade and connecting this country and its producers to the global economic network. Market pitches will be sold at public auction, opening up economic opportunity to all.

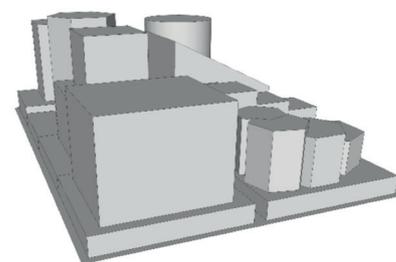
Alongside these markets, financial services companies will be encouraged to set up and provide the capital to underpin trade. With access to strong identity data and robust land registry, property holdings can be used to underwrite loans.

INITIAL GROWTH

Once the key elements of the city are set out, neighbourhoods will be allowed to grow, driven by the needs of their new population. In the initial phase, there will only be four types of neighbourhood (if a more varied urban typology is required, it should be encouraged to evolve). The initial types of neighbourhoods are:

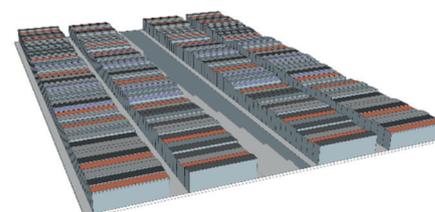
Central Business District

The Central Business District (CBD) will form the main office centre for the new city, where large companies will be attracted to the new business environment and the urban market that new citizens present. The CBD is designed to be welcoming and open to everyone in the city. Key elements will include retail units at the bottom of office blocks, as well as street markets to service workers and provide entrepreneurial space and opportunity for other citizens.



Shophouse Towns

These neighbourhoods are designed to welcome the poorest residents of the city. Each will be seeded with its own basic functions such as primary schools, health centres, parks, and transport hubs. Roads will be laid out with plots sold by the land office; each plot will come with basic connections to the water and sewage network. Local banks will be encouraged to lend to citizens on the security of these plots, welcoming people to the inclusive capitalist economy.



The plots are not zoned: they are not expected to become specifically residential or business—the city recognises that for the new arrivals these distinctions are arbitrary.

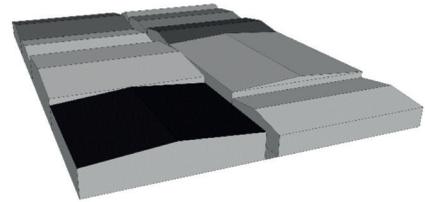
This type of inclusive urban development is essential if the new city is to create a culture of business and commerce. Such variety encourages the building trade as small-scale developers, contractors, and architects are included in the development of the city.

Small buildings and plots also encourage competition and evolution in building design as new ideas are tried out, improved, and disseminated, allowing the city to adapt piece by piece.

Financing small plots for development has been a successful model in many parts of the world. In Choloma, Honduras, people were able to buy starter homes for a down payment of only \$330; monthly repayments were just \$100. In Constitución, Chile, where an earthquake destroyed much of the local housing stock in 2010, a “half house” was designed by the architect Alejandro Aravena. People were able to buy half a house with the rest of the space unfinished, allowing them to complete the build when their finances permitted.

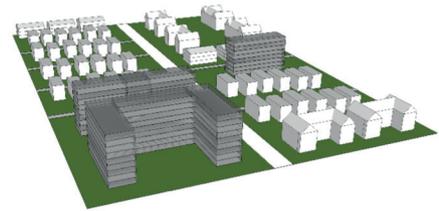
Industrial Zone

Although the new city is focused on inclusion at all levels of society, industry is a vital part of the urban mix. Industrial parks with large plots and the necessary services to support industry will be included in the initial design phase. These parks will not replicate the mixed-use chaos of the shophouse neighbourhoods but will be dedicated to medium- and large-scale industry.



Affluent Neighbourhoods

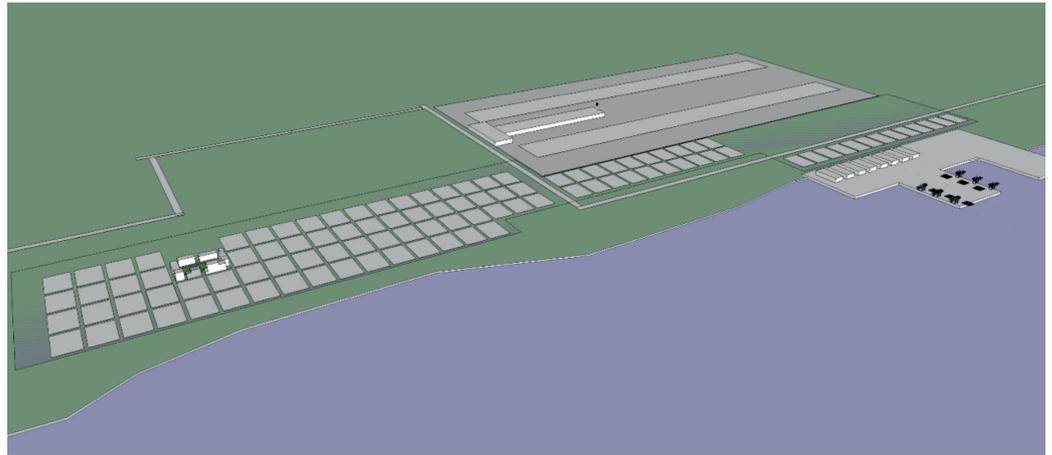
The city will need civil servants, doctors, bankers, lawyers, and technicians. The shophouse neighbourhoods with their chaotic streets will sit alongside more affluent neighbourhoods designed only for residential use. They will be sold plot by plot just like the shophouse neighbourhoods. As the city grows, this type of residential space will become more prevalent as the population becomes richer.



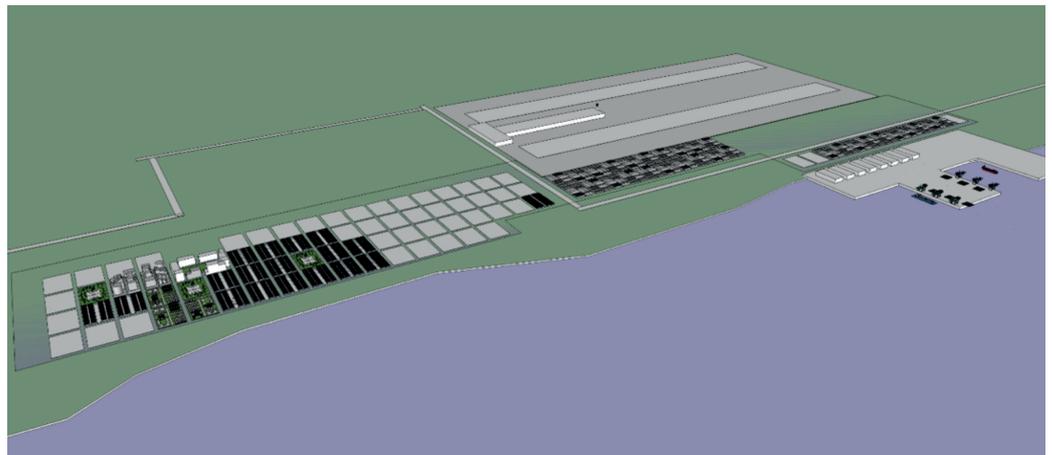
MANAGED GROWTH

This proposed plan for a new city sets in place the conditions that have underpinned the growth and prosperity of many successful cities around the world. These cities do not reach a final point where they are “finished”—they are places that continue to grow, adapt, and mature. This new city will be no different and new demands will force change. What is important is that the city has a framework that allows it to adapt and develop as it evolves. Regular plans and updates need to be created to ensure the city remains vibrant and open to change.

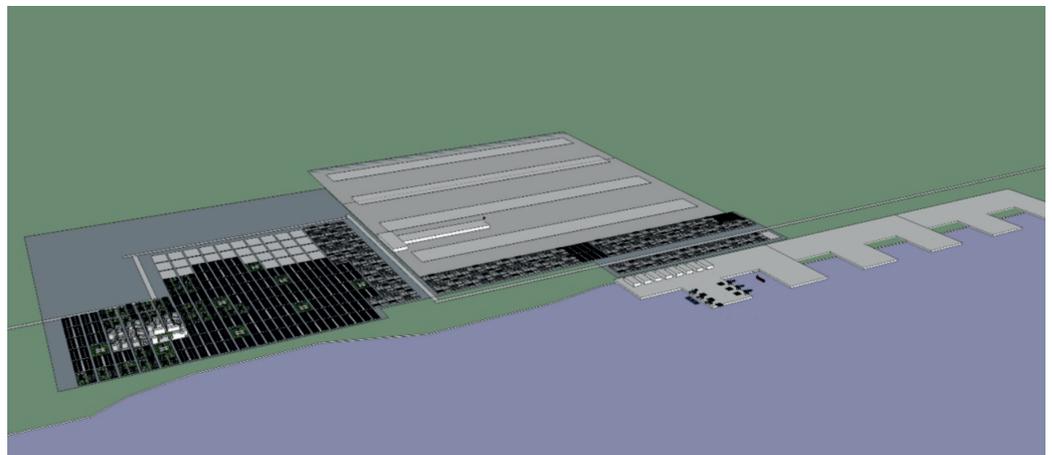
The nascent city:
the grid plan is laid
out alongside a
port, airport, and
administrative centre.



The city in the early
stages of growth,
showing the port and
airport. At the
centre of the city
is the square, the
administrative heart
of the new enterprise.



The new city with an
expanded airport and
port after growth
and improvement
in the regulatory
environment.



7 FINANCIAL MODEL AND SERVICE PROVISION

All governments are open to corruption. The spending of taxpayer money on services brings the potential for kickbacks. This means that services become more expensive as the cost has to include a bribe. The services themselves are often substandard as the company providing them has little incentive to ensure quality. There are countless examples of this, ranging from pot-holed roads and erratic power supply, to teachers not turning up at school to teach.

However, technology and new business models have the potential to break cycles of corruption. Many countries in the developing world have been plagued by poor communication technology. Waiting times for landlines were astronomical and getting a connection to the network often involved use of bribes. Mobile telephony has revolutionised communication: the availability of SIM cards and handsets, as well as competition between networks, means that for almost all people on the planet a connection is a matter of minutes away without recourse to bribes and favours.

Sadly, some services still remain out of reach for vast numbers of people. In Bangladesh, for instance, it takes over 400 days to get a connection to the electricity grid and costs over 300 times the average GDP per capita. This combination of petty bureaucracy and a culture of bribery cripples economic aspiration.

This section of the report will outline some ideas and proposals to improve basic services in the new city. By ensuring that transparency, choice, accountability, simplicity, and inclusion are built into services, they should be able to meet the needs of the population.

People and companies involved in the city will be given a share in the city's success, encouraging them to act not just in their own interests but in the interests of the wider city. The city will require revenue: much of this will be channelled through a corporate entity so that shares can not only benefit the city government but also be given to key partners.

The primary source of the city's revenue will be land sales and ground rent, similar to the model that has worked so well in Hong Kong. Additional revenues will come from port and airport fees, as well as income from the markets set up in the city.

Large infrastructure projects such as the port and airport will be managed through public-private partnerships (PPPs). In this way these expensive projects and others of their kind can be built without relying on the public finances. By using a build-own-operate-transfer (BOOT) model, these assets will eventually become part of the city. In addition to receiving revenues from the projects themselves, the operators will be given shares in the city, thereby tying in their success with the rest of the urban economy.



POWER SUPPLY

Electricity supply is one of the perennial problems in developing cities where:

- » electricity is often stolen, and therefore uneconomical to produce;
- » as a result of theft, the business model for power supply is weak;
- » a legitimate connection can take years to install;
- » costs of connection are extremely high; and/or
- » the power supply is unreliable and subject to frequent blackouts.

Our new city will encourage development of imaginative solutions that will address problems such as this and bring transparency to utilities and services. A proposed solution could even build onto the current practice of illegally tapping into the grid. By offering hook-ups directly from large pole-top distribution points in the city, people would be able to quickly power up their homes and pay via a smartphone app.

Above: Street scene, showing the shophouse town with pole-top electricity distribution.

Illustration by James Fischelis

RUBBISH COLLECTION

Instead of relying on taxes to finance rubbish collection, the city should employ a simple pre-paid system where coloured refuse sacks are collected by certain companies on specific days. This introduces competition and transparency and cuts the city government out of running day-to-day services.

SEWERAGE AND WATER SUPPLY

The physical infrastructure for both these services means that commercial competition is more difficult. Nonetheless, an element of choice can be built into the set-up. Each city block should be allowed to choose democratically their service provider who will be responsible for maintaining these services for a fixed number of years. By bringing consumers and supplier closer together and giving real weight to consumer choice, services should improve.

While there is no perfect solution to delivering services, these proposals aim to break the monopolistic hold that city governments have over these key aspects of urban life. The introduction of choice and competition will empower the consumer, and incentivising service providers with shares will give them a stake in the city as a whole and encourage them to look beyond their own interests.

8 CONCLUSION

This report splits the world into those that have and those that have not. It is a distinction based not on wealth but on opportunity. Many of the crises affecting the world today are due to this lack of opportunity.

In 2015 it was estimated that 3,770 migrants drowned trying to cross the Mediterranean in search of a better life. And despite much hand-wringing, the West cannot and will not absorb the vast number of people who want to emigrate and make a better life for themselves and their families.

New cities are a proven answer to this problem. Throughout history, successful cities have opened their doors to immigrants and harnessed their power and potential. If we are to address the problems of global opportunity in the 21st century, new cities must be created, evolving as their citizens thrive and prosper. These new hubs will not spring up overnight, but they will grow from initial seedlings to mature social, political, and financial ecosystems.

It is no good turning our backs on migrants and leaving them in their thousands to languish in Calais, Greece, or Turkey. We must work in partnership with governments across the world to share expertise and knowledge in order to create new cities, for it is only such places that are able to harness people's dreams and aspirations and thus to deliver prosperity for now and the future. We must, in other words, create prosperity without borders.

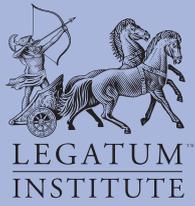
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