

**OPENING REMARKS BY MR PETER HO,
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**‘THE NEXT URBAN DECADE:
CRITICAL CHALLENGES AND OPPORTUNITIES’**

Introduction

Yesterday’s sessions at the World Cities Summit threw up some interesting points about how cities can be better prepared for the future. Among the key points raised was that cities must develop in a smart and green manner, to safeguard environmental quality while remaining competitive. To do so, cities must take a long-term view in their planning and development. To achieve their vision, governments need to work together with the private sector, engage their citizens, as well as embrace new technologies.

These are all important points. But what I thought was missing in yesterday’s discussion was an emphasis on the fundamental importance of good governance. I think what makes a good city is not just visioning, public participation, technical competencies or adoption of smart technologies. These are important but they are second-order requirements that can only be built on a foundation of good governance- good governance that integrates all these elements, and translates the vision of a good city into reality for its people.

By good governance, I am referring to a whole-of-government approach to planning and development that acknowledges the complexity of the urban environment and the uncertainty of the future. It is about developing integrated solutions based on an understanding of the entire urban system and its many inter-related dimensions. It entails effective implementation of solutions to create tangible improvements for people. It also necessitates being open to new ideas, and always being ready to experiment, discover and innovate.

Such good urban governance is particularly important now, when cities are a vital part of the global eco-system. With more than half the world’s population living in cities, urbanisation today has a decisive impact on trends in demographics, climate, the global economy, energy and technology. And these are evolving and co-mingling in profound and

complex ways, leading to more uncertainty and creating more wicked problems for cities.

All cities aspire to provide equitable, inclusive and liveable environments for their people. They aim to be resilient and adaptable, in the face of uncertainty and rapid change. Unfortunately, there are no clear or obvious solutions for these challenges.

This morning, I will highlight some key challenges that I feel cities need to focus on, in order to achieve economic, social and physical resilience.

Economic Resilience: Thriving in a Dynamic Globalised Economic Landscape

The first challenge is to achieve economic resilience in a globalised economy, in which competition is fierce, and change caused by technology is disruptive.

A multi-polar global economic order is emerging, as advanced economies' growth rates taper off, while emerging economies experience rapid economic development. For example, between 2004 and 2013, the average GDP growth rate per annum of emerging Asia economies was 8.6%, in contrast to the 1.4% of advanced G7 economies.

As emerging economies increase their share of the global market, their fortunes will become more intertwined with those of the advanced economies. Many businesses both large and small are now part of the global supply chain. As a result, they create more interdependencies within this globalised system.

A case in point is how the breakdown of the Japanese supply chain after the Fukushima Nuclear Disaster hurt global production of cars and electronics. A similar narrative emerged from the floods that persisted in Thailand in the second half of 2011.

An increasingly volatile global economy has only compounded the situation. Contagion effects can be felt from events that may at first seem distant and far away, as was seen during the 2008-2009 global financial and economic crisis.

In such an environment of rapid change, prudence dictates that cities should be on the look-out for game-changers – such as the opening up of the northern shipping routes, the shale gas revolution, and technological changes such as big data analytics and the digital economy

– each of which could fundamentally change a city’s destiny by creating either a big new challenge or an enormous opportunity.

Displacement of Jobs by Technology

One game-changer could very well be technology – as advances in robotics, artificial intelligence, and so on, could lead to the hollowing-out of middle-skilled jobs, with machines replacing human labour. For instance, leading global mining and metals company, Rio Tinto, bought 150 driverless trucks in 2011. And this is only the tip of the iceberg. Online dispute resolution software provided by companies such as Cybersettle and SmartSettle are already used by eBay and Paypal to resolve 90% of all 60 million business-consumer disputes every year.

Nature of Work

Technology is also changing the nature of work. For example, with the widespread use of smart phones and tablets, and more people working in “knowledge-based” industries, work is growing less desk-bound. As a result, live-work arrangements will change.

With increasing life expectancy around the world, as a result of better and more accessible medical care, and improving diet, more people will need and will want to work longer. Conflated with changes in industry itself because of technological change, in future, people will probably have more than one career in their lifetimes. This in turn will require a radical change in the education system so that instead of preparing the individual for one job in his (or her) lifetime, it is able to train and re-train him (or her) for perhaps several completely different jobs during his (or her) active working life.

Questions to Consider

How can cities continue to provide good jobs that cater for the wide spectrum of skills while meeting the aspirations of their people? In particular, how will cities provide new middle-skilled jobs to replace those that have vanished, or that will disappear as technology changes? What are the new growth sectors and new jobs that cities need to retrain their workforce for?

These are important questions because those cities that can successfully capitalise on emerging growth opportunities will be better able to provide good jobs for their people, compared to those that cannot. These will be innovative cities that can turn clever, new ideas into commercial success. But to innovate systematically, cities need to

constantly reinvent themselves, creating synergies out of market demand, infrastructure, human capital and education. They will need to be knowledge hubs that have the capacity to provide lifelong learning to their workforce in order to meet changing economic needs.

We can perhaps take a leaf off the pages from Malmo. Malmo received a joint commendation, together with Copenhagen, for the 2012 Lee Kuan Yew World City Prize, for its sustainability efforts. But not only is Malmo sustainable. It is also the 4th most inventive city in the world, according to a 2013 report by the OECD. Malmo is reinventing itself, from an industrial city, into a city of knowledge. Older industries are being replaced by investments in new technology and training programmes of high calibre. Today, over half of Malmo's people work in business services, commerce, healthcare and social services, and education.

Social Resilience: Fostering an Equitable, Inclusive and Cohesive Society

The provision of good jobs, with opportunities for all, is crucial for social resilience. This helps to ensure that cities remain equitable, inclusive and cohesive, and are able to attract talent to sustain competitiveness. However, the task of enhancing social resilience in cities looks to be increasingly challenging, given three social trends today.

Growing Income Polarisation and the Middle-Class Squeeze

In many industrialised cities, the rich are getting richer, but wages for the low-to-middle income groups stagnate and even decline. In OECD countries today, the average income of the richest 10% of the population is about nine times that of the poorest 10%. The income gap between the high- and middle-earners is widening, in part due to the displacement of middle-class jobs by technology. Faced with shrinking job opportunities, flat wages, and rising prices, the middle-class is being squeezed on both sides.

Changing Demographic Profiles and Social Needs

The demographic profiles of cities and the social needs of their people are changing. Declining fertility rates, coupled with rising life expectancies, are demographic phenomena that are most pronounced in the cities. This is leading to an ageing world population. The number of people 60 years and above has, in fact, swelled by 178 million in the past decade – almost the entire population of Pakistan, the 6th most populous country in the world.

Having fewer children means less caregivers for the many more old people in future. Cities may thus have to revisit the ingrained policy assumption of families as core caregivers of the elderly in society. But as cities bring in foreign labour to augment their rapidly ageing (and shrinking) resident workforce, their social needs will also become more diverse. This will create more social challenges.

Loss of the Familiar and Increasing Sense of Alienation

As cities develop to meet the needs of a growing population, urban dwellers will see their familiar reference points – like traditional lanes, public spaces, landmarks – give way to new developments.

This loss of the familiar is, in particular, more abrupt for migrants to cities who also lose their languages, cultural norms and social support systems. As a result, cities could see their communities struggle with a sense of alienation, and a loss of identity and belonging.

Questions to Consider

So, even as cities develop and societies become more diverse, how do cities ensure that benefits from growth remain equally distributed to all? How do we build more equitable, inclusive cities with good quality living environments that are accessible to all, and can meet everyone's needs? How can cities more adeptly manage the pace of change of their urban environments?

The City of Suzhou in China – which is conferred this year's Lee Kuan Yew World City Prize – can offer other cities some inspiring insights on how such challenges might be addressed. Suzhou has adopted inclusionary social policies towards its migrant workers, who are given equal opportunities to access health and education benefits as local residents. Even with modernisation, Suzhou has maintained and preserved its old city – its historical and cultural core – by re-directing urban growth to a new Central Business District. As a result, it has been able to preserve historic sites like Pingjiang Historic District – a UNESCO heritage site – which continue to be attractive neighbourhoods for their residents.

Physical Resilience: Future-Proofing Urban Environments

Staying Resilient Against Shocks

In addition to being attractive, the physical environment must also stay resilient against impacts of climate change and unanticipated events, like security threats and epidemics.

The lost lives, damaged properties, infrastructure breakdowns, and disrupted livelihoods from events like Superstorm Sandy and Typhoon Haiyan, as well as the ongoing MERS outbreak, are stark reminders of how such shocks can significantly compromise a city's safety and liveability.

At the same time, we must also remember that the design of cities itself can contribute to the occurrence of shocks. For example, the 2003 SARS outbreak in Hong Kong was compounded by poor air flow and ventilation due to its many high-density, wall-like developments.

Rotterdam's effort to turn every conceivable area of the delta city into water storage – in the form of water plazas or green roofs – demonstrates how appropriate urban design can help cities stay resilient against shocks.

Questions to Consider

How can we future-proof cities' physical infrastructure to remain resilient against shocks and systemic failures? How can we put urban resilience, as well as public safety and health, at the heart of city management?

Smart Cities which leverage new technologies and big data to upgrade their infrastructure and improve service delivery will be better-equipped to tackle these challenges. For instance, in New York City – which is the Lee Kuan Yew World City Prize Laureate of 2012 – first-responders and agency personnel can practise managing large-scale emergencies in real-world settings in an Advanced Disaster Management Simulator, without disrupting the public. Its residents can use a mobile device-friendly Hurricane Evacuation Zone Finder to determine whether they live in a hurricane evacuation zone, the nearest evacuation centre and how to get there.

Conclusion

To conclude, the challenges which I highlighted place huge demands on cities. At the same time, they also present big opportunities for those cities that are able to reorganise and reinvent themselves to thrive in new realities. The best cities will be those that manage to find solutions to these challenges. To reiterate the point that I made at the start of my speech – the best cities will also be those that are able to achieve and practise good governance to overcome these challenges. These cities will emerge resilient in the long haul.

Thank you.

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