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THE CHALLENGES FOR GLOBAL CITIES

Securing Global Growth

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The list of tasks facing the modern-day mayor of a global city can be daunting – ranging from mass transit and environmental management to nurturing and maintaining competitive global centres of finance, commerce, media and government. In addition, cities are placed on the front line in the battles against infectious diseases and in defeating global terrorism, while simultaneously seeking to foster the culture and spirit of human creativity that defines our era.

Moderator:

Alexander Arkhangelsky, TV presenter and writer

Panelists:

Richard M. Daley, Mayor of Chicago (1989-2011)

Jussi Pajunen, Mayor of Helsinki

Alexander Popov, Chief of the Kiev City State Administration

Sergei Sobyenin, Mayor of Moscow

A. Arkhangelsky:

Good afternoon, ladies and gentlemen. My name is Alexander Arkhangelsky, and I will be the moderator for this discussion, which will feature the participation of well-known figures who play a direct role in our lives. These are people who manage and have managed some of the largest, most important cities in the world. The topic of today's discussion is challenges facing global cities. This is a panel session, and I hope that the conversation will resemble a real discussion. We will talk, ask questions, and discuss the issues before us. And the issue is one of importance. Today we heard a speech by the President of Russia, who talked about what awaits us. Differing interpretations, it is true, have been put forward. Sergei Sobyenin will explain to us what lies in store for Moscow as a region in the near future.

Let me introduce the discussion participants. Sergei Sobyenin, Mayor of Moscow. Richard Michael Daley, the legendary Mayor of Chicago from 1989 to May 2011, a tenure of 22 years. That is a family thing, as far as I understand: Your father was also Mayor of Chicago for the same length of time. Jussi Pajunen, Mayor of Helsinki. Alexander Popov, Chief of the Kiev City State Administration. We are going to structure the conversation in the following way: First, the esteemed mayors will deliver brief greetings, though I am sure that this will not simply be a series of formal greetings, but rather a conversation about what their hopes are and about what they, the leaders of major cities, expect from themselves and from those they work with. Then we will move into a discussion period. I would like to ask Sergei Sobyenin to speak first.

S. Sobyenin:

Greetings, colleagues, Mr. Pajunen, Mr. Daley, Mr. Popov. I would like to thank them for responding to our invitation to participate in this discussion. I think that this will be interesting for those who have gathered in this room, and for my

colleagues, and for me as well, because this kind of discussion is a way of trying to understand the challenges, problems, and tasks that confront our cities.

The challenges and tasks facing big cities today are directly linked to the same trends that exist in the wider world and to the problems that arise with the development of countries and of the world as a whole. The main issue facing the modern post-industrial world is, of course, attracting human resources, in the broadest sense of that term—human capital, which includes people's intellectual capabilities, organizational skills, their talents, their driving force, their desire to develop the area where they live. Proceeding from that, I will articulate the challenges facing the city of Moscow as one of the world's major cities. One of these is attracting human capital: conditions have to be created in a city that will be comfortable for different kinds of talented people, people who are striving to develop their business, their work, and to make it prosper. That is incredibly important, and I think it is one of the central tasks in developing a city.

The central task in this regard, is to ensure the harmonious development of the area. In fostering innovation, we must not forget about fostering culture. In fostering culture, we must not forget about developing healthcare and education, and so on. A city requires harmonious, comprehensive development. In this regard, Moscow's main problem is a kind of conflict of interests between its investment potential, which is currently seen mainly as potential for real estate investments, investments in building projects—their concentration on the most profitable areas for business—and the city's desire to develop its territory in a harmonious way and not to the detriment of its residents. Both the desire to receive maximum return on business investments and the desire of a city to make those investments more balanced and more beneficial to the city create serious problems today.

On the other hand, the city also has serious internal contradictions. Even with its colossal investment potential, it is incredibly limited in its development space. And enormous investments are currently concentrated in an utterly small area for

development. And this contradiction between the city's enormous investment potential and its territorial and spatial possibilities is one of the serious contradictions that creates a certain tension in relationships with the city and investors, and in the vision for its future development.

And, like all cities, like all areas, the city of Moscow has its perennial issues, its perennial challenges. This includes developing roads and utilities, developing healthcare and education, culture, social services, and so on. These are issues intrinsic to all large cities in the world, and they are solved in their own way in each particular case. On the whole, a city should, of course, be competitive, and not only within one's own country, but in the international division of labour as well. It is my belief that this is the challenge that stands before the majority of cities, and Moscow is no exception. Thank you.

A. Arkhangelsky:

Thank you, Mr. Sobyenin. Now I would like to ask Mr. Daley to speak.

R. Daley:

Thank you very much for allowing me to speak about our city. I firmly believe that much has changed in the history of such a young city. And changes are good for our city. You cannot live in the past, you always live in the present, and always look to the future.

Immigrants are the past, present and future of our city. Also, we are in the central part of America. We are a global city. Why are we a global city? As a mayor of a global city, you have to look at what you want to do in the whole metropolitan area. And the first thing you have to do is that you cannot just think you are global, but you must act on a global level.

So immediately, you get only elected officials who are elected locally to work on behalf of the metropolitan area. And in the past, cities have argued with other

cities within the metropolitan area. So I said we have to share, and when we start sharing, then you start thinking as a global city.

And at the same time, you must deal with the immediate questions about things that cities have to change. And if you do not change, I have repeatedly said, you live in the past. And so, as a global city, what we look at is the human infrastructure. How well are you preparing your people? I have unusual power as mayor. I run our schools. I have responsibility for the schools, responsibility for fire, police, libraries, airports, responsibility for colleges, responsibility for public transportation. So in this whole list of responsibilities, if you are responsible for all of them at the same time, you are the one that the business leaders deal with.

When they come to Chicago, they are going to say "Give me the way, a path, in regards to my investment and my development in your city or the metropolitan area." They need a voice. As a mayor for 22 years, I have always been pro-business. I believe in the development of a city while understanding the human capital side.

So, when you build infrastructure, you need the private sector to come along with you to basically invest in infrastructure. So, I basically leased much of the public assets of the City of Chicago to reinvest in the city.

The citizens always have to see changes. If they do not see changes, they do not think the city is moving. Then immediately, you invest in human capital and that is in education, from early childhood all the way through college. You reinvest in your city, dealing with the training of people for future jobs or present jobs at the same time.

Then, you always look at the environment. People want to wake up in a city to be able to see the sky. And we breathe the air and look at the land or something in a positive way. So you have to put all four of them together as challenges, and those are the challenges.

We all have the same problems. We all have the same problems, and we learn from one another. I do not have all the answers. I learn from other cities. Any

mayor in the world could actually look at an issue completely different from me and respond in a different way on so many of these issues.

And so mayors, as the President of Russia has pointed out, are the power brokers. It is like we have city-states now. When you go to countries now, urbanization is rapidly taking place. In less than 25 years into this decade, 80%, 90% of people will be living in urban areas.

And that is why mayors have to respond in a very optimistic way in regards to providing opportunities for business, and say that we have more in common regardless of what our national governments may say; regardless of whether our provincial governments or mayors get it.

And what they have to do is, they have to be accountable, they have to be passionate. And most importantly, they have to be innovative in regards to creating jobs that people need immediately. And you have to show that decision-making can be accomplished, and a mayor has to make decisions.

The only way they survive is making decisions, dealing with their quality of life. And for 22 years, I have had to not be afraid. You are a risk taker and you have to make decisions. And so, Chicago is now globally ranked in the middle part of America. We have Los Angeles on one end, and we have New York on the other; and how we did that is very simple. Make a decision in regards to the future of the city and do not be short-sighted. Make a decision. There are ramifications for the future. Thank you.

A. Arkhangelsky:

Thank you, Mr. Daley. Now I would like to ask Alexander Popov to speak, Chief of the Kiev City State Administration.

A. Popov:

Good afternoon, ladies and gentlemen. I represent the city of Kiev, and I think that you all know that it has a very ancient and interesting history. Next year our

city will be 1,800 years old. Of course, it has enormous political, economic, and cultural significance for Ukraine. For example, Kiev accounts for up to 20% of the Ukrainian economy. About 30% of the federal budget is also concentrated in Kiev.

When we compare our city with other cities that are currently demonstrating dynamic economic development, with capitals of European states that are part of the European Union, we understand that our city is lagging far behind. We have indicators that we use to determine our position, to compare ourselves with such cities. Unfortunately, at the moment we can state that Kiev's potential is 10 years behind that of other cities. As a result, the goal we have set for the short term is to complete work on a programme that will permit us to be competitive, to be a centre of new initiatives. With regard to this, we have almost completed preparation of a development strategy for the city of Kiev. This strategy identifies the development opportunities for the Ukrainian capital up to 2025. Among the projects that will be carried out (we have identified 8 main initiatives) development of infrastructure is, of course, one of the priorities. Another is the development of healthcare. But first and foremost is the development of business—creating conditions so that the leading companies of the world come and open their head offices in the city. We are prepared to create the conditions necessary to make these things happen, and we will definitely do this.

In addition, as you know, Kiev has great potential in terms of culture, history, and architecture. Unfortunately, we are not currently using that very effectively to develop tourism, so one of our priorities is to develop the tourism industry. In terms of the end results that we would like to achieve from this 15-year development plan, our goals are to increase our economic potential two-fold and to raise the standard of living to the level of such cities as, for example, Budapest and Warsaw. Our plans are, I would say, to get closer to Prague. We understand that they too will develop, but the pace of economic development that we have planned for ourselves is such that we can assert that these plans can be

effectively carried out under the present conditions. So, Kiev is ready for serious competition and cooperation with all who would like to participate in its development, in the development of the region, of Europe, and of the world as a whole. Thank you very much.

A. Arkhangelsky:

Thank you, Mr. Popov. Now I would like to ask the Mayor of Helsinki, Jussi Pajunen, to speak.

J. Pajunen:

Esteemed colleagues, ladies and gentlemen. Having listened to the addresses of my colleague mayors, I am very much in line with them. I also feel very much that the importance of the role of cities is increasing in the present world. One could say that this is kind of an era of cities, an era of global cities. What that means for the cities is competition, not only locally but globally.

That means, being the mayor of the city of Helsinki in former days, perhaps, was such that the mayor was a leader of an organization. Now, the city resembles much more than one organization and this changes the picture. The future city needs not only leadership of the type needed for one organization, but it needs a vision for the whole city metropolitan area. And not only a vision, you have to build a story for the city. You have to do something which is important not only locally, but globally and in the larger region.

Helsinki is, as you might know, is 350 kilometres from this place where we are at the moment, and we belong to the same larger region which could be called Northern Europe, or as I like to call it, the Baltic Sea Region. This is a place where there are a lot of things happening and a lot of changes, but we have a common story and the common story is about to change the dynamics of the new Baltic Sea Region.

Also, the story of the city of Helsinki is important. Helsinki is on the shore of the Baltic Sea. We are starting the largest construction project ever in the city of Helsinki. We are building our city even closer to the sea, where people live near the sea or the seafront and they are enjoying the sea.

So thinking about this city, it is not enough. Or I would say that the basic thing is that it must function. Everything must function well, but to succeed in competition is much, much more important. And you have to be attractive internationally. You have to be something which other cities do not offer.

One thing that is sure, I believe, is that the future global cities are multicultural. The population base in all the major cities is not from one ethnic group, but we are multicultural. And it is a great challenge for the cities to make this multicultural effect a resource or to get more life force from that change in the population structure.

The second thing with cities in the future, is that it is more and more necessary to not only think about the multicultural population, but to think about how well educated it is, what kind of university system you have. I would like to say that every major global city in the future must have universities which also compete globally.

One thing more which I would like to add is sustainability. Sustainability has arrived for good. And it is not only thinking about the city of Helsinki. It is not only about the fight against climate change. That is very important, but thinking about the city of Helsinki on the shore of the Baltic Sea which is the most vulnerable sea area in the world. For the city of Helsinki, the cleanliness of the sea is also very important.

We have done a lot together in the Baltic Sea Region, and I would like to congratulate the city of St. Petersburg for its enormous effort in maintaining the cleanliness of the sea.

But also, I want to say that cities of the future are in competition. The definition is much larger than one organization and that means that the old way of running cities is not the right way for the future.

And what are the three things necessary for the future city, or the ingredients of a future city from the point of view of the city of Helsinki? First, they must be functional. The second thing that this future city must be vibrant, it must be fun. There must be culture, everything, not just functioning basic services. And the third thing which is very important is safety and security. Future cities must be safe. Thank you.

A. Arkhangelsky:

Thank you. I will now introduce the experts who will be participating in this session a little later. This is Rogier van der Heide, Chief Design Officer at Phillips Lighting. This is David Gray, Managing Partner at PricewaterhouseCoopers in Russia. Alexander Misharin, Governor of the Sverdlovsk Region.

But before I turn things over to you, I would like to ask each one of our participants some questions. We spoke about a great number of disparate issues. But what is the key issue for you? And which issue (insofar as Mr. Daley is the only lucky mayor to have shown us how the job can be done) was most important for you in May 2011?

I would like to ask Mr. Pajunen to begin. I read in an interview you gave that you deem the issue of immigration one of the key issues facing Helsinki. And that issue can be described very easily, because in 2010, immigrants made up 10% of the city population, while projections for 2025 predict that that figure will increase to 25%. What does that mean, then—that in 2050 immigrants will make up 50% of the population? Did I understand correctly that this is a key issue for you?

J. Pajunen:

You are absolutely right. I would have to mention that the greatest challenge of the city of Helsinki is related to migration. The population of Helsinki is changing very fast.

What I would like to ensure is that this change in the population structure should be turned into a source of vitality, but we all know that segregation is the other possibility. And what is important is that we notice that the decisions for the future should be made today. And it is not an easy thing to do because some are predicting that in ten years 25% of the population will have an immigrant background. It is something we cannot illustrate to the people. But we have to make quick decisions about how to integrate the population.

The number one thing I believe is that employment is the most important thing when there are new populations in the city. They must be employed. When you are employed, it is a kind of a sign of citizenship. And when you have citizenship, you do not have the negative effects of segregation.

You are absolutely right. This is the number one challenge, number one problem I am tackling at the moment.

A. Arkhangelsky:

Mr. Popov, as far as I remember, the development strategy for Kiev will come up for a first reading in the city council on June 23. I understand that a strategy is not something that moves quickly. What are you placing a bet on, and which issue is key for you right now?

A. Popov:

It is impossible to manage modern cities—no matter whether they are small or large—without an effective management system. So, first and foremost, it is important to create such a system. It is based on a vision of the city's development, on plans that we have set out for ourselves, and on a range of other conditions that need to be met. I would also like to add that we are currently

undergoing administrative reforms. And I am simply convinced that in the near future, we will work out such a system for ourselves. In addition, there are problems that need to be solved for all cities in Ukraine, including Kiev. These include the development of infrastructure, especially in the sphere of residential and municipal services. Also important is a solution to problems in the healthcare system. It is these three things that, as sociological studies have shown, are supported by residents of our city.

A. Arkhangelsky:

Mr. Daley, when you left your post of Mayor of Chicago in May, which issue was key among those that remained unsolved?

R. Daley:

Well, I think the key problem, not only for Chicago, but for all cities in the world is the quality of education that you have to give to your citizens.

So in 1995, I took the responsibility and I am almost the only mayor in the United States to take responsibility for the schools. One of the few mayors in the world that has this kind of actual responsibility. I challenged the education system to change with the private sector, the business community sitting there with me, asking the question, "How well are the schools preparing our students for the jobs of the future?" How well can we educate our people?

And the divide that we have in cities, whether by race or colour or creed is basically due to a lack of education. So, it is the number one priority and you still have to work on it, and this is an important responsibility.

It cannot be in the national government, it cannot be far away from the mayor and the people within the city limits. They are going to see the mayor and say, "How well have we changed education?"

You cannot allow the system to be buried under bureaucracy or red tape. You have to have online education. You have to look at alternative after-school

programmes. You have to create a learning environment in the home, in the community. It cannot just be in the school.

So, I believe the challenge for the world is to decide what quality education we are willing to pay for and improve the accountability of the system, not only to its own citizens, but most importantly to the business community that someday will have to hire these individuals in expanding businesses.

A. Arkhangelsky:

Thank you. Mr. Sobyenin, these days every big metropolis has the same kinds of problems that entire nations have. It is a state without sovereignty, a state that must bring all its decisions into line with a central federal authority. A particular investment climate in an individual metropolis cannot be put in place by a central authority. It must somehow be brought into line with the reality that already exists anyway. What is the key issue facing Moscow today?

S. Sobyenin:

I would agree with every word of my colleagues. The problems that they have exist in Moscow as well. Perhaps they are not present to the same extent or are not as high on the list of priorities, but they are present. The most important issue facing Moscow is the city's spatial development. Over the last few decades, the city has seen colossal amounts of both residential and commercial development. But in the last few decades, the development of the transportation infrastructure, first and foremost, has lagged behind this construction to a catastrophic extent. As a result, the city has acquired a serious transportation problem. You can basically call it a transportation collapse, with two-thirds of all jobs being concentrated in the city centre and two-thirds of all residential properties spread around the perimeter of the city. And every day, millions of people move from the outskirts to the centre, and back in the evening. This puts colossal stress on the entire infrastructure. As a result, the key task that nobody needs to be told about

and that is clear to every person entering the city on transport is to solve the transportation problem. To solve the problem associated with the movement of people within the city.

Unfortunately, there are no simple solutions. It is impossible to move hundreds of thousands, millions of jobs out the city centre. It is impossible to rebuild the city, and it is impossible to widen roads, especially in the historic part of the city. It is impossible to build a highway next to the Kremlin. None of that is possible. The city is far behind its peer cities in terms of road surface area. We have two to three times less than London, three-and-a-half times less than Berlin, and so on. These densely built cities nonetheless have a big head start on Moscow in terms of the amount and surface area of roads. So the only way to solve Moscow's transportation problem is to develop public transportation. That means building metro stations, reconstructing roads, creating separate bus lanes. It means developing taxi services and creating convenient transfer hubs. It means creating convenient parking areas to make it possible to leave your car and get on public transport. It means creating convenient transit networks and routes. It is, in my opinion, the only way to solve the transportation problem. Not a solution that involves a comprehensive expansion of infrastructure, but rather the establishment of a fast and convenient system of public transport. And, of course, there is a not insignificant economic component to this—to make it so that it is economically more efficient for a person to use public transport than to use a car. That brings with it another task—to keep rises in ticket prices for public transport in check. And colossal investments by the city—which we are already making now and will expand in the future—in the development of public transportation and in preventing a rise in prices for public transportation. Also in the creation of a comfortable environment for passengers to travel in. That is the major challenge we have set about meeting today.

As regards regulation on the federal and regional level and the existing rules of the game—no, of course we cannot fully influence what is decided on the federal

level. But Moscow participated very actively in the development of a series of laws related to the regulation of transportation that have appeared recently. It was in large part the initiator of those laws, on the one hand. On the other hand, the procedures for implementing those laws are very important. According to current federal law, for example, approval for construction projects must go through a single window. In Moscow, you had to go through 35. That procedure existed despite the fact that federal legislation presupposed a different one. Over the last two months, we have grouped together all those approvals, leaving, for all intents and purposes, one window. It is not only a question of what kinds of laws there are, but also how they are implemented, and which procedures are in place. That is incredibly important. You can think up a great many obstacles and problems on the local level that will be worse than any federal restrictions.

A. Arkhangelsky:

Thank you. I hope that the esteemed mayors will not be offended if I ask Mr. Sobyenin one more question out of turn. It is just that he immediately got away from this question. What exactly is meant by the idea of a Federal Moscow District? What will that be in reality? Will it be done formally from a legal point of view? Will the infrastructures of Moscow and the Moscow Region actually be integrated? How do you interpret the words of the President?

S. Sobyenin:

The initiative put forth by the President to move a number of government offices outside the present Moscow city limits and, for that purpose, to expand the city limits—that is one of the solutions to the problem that I just spoke about. The profusion of workplaces in the city centre, including federal and city government offices, creates enormous strain. And going beyond the MKAD, of course, will solve this problem to a large extent. That is the first thing. Secondly, this will create a new centre of attraction for investments in business activity and in the

construction of residential space, hotels, offices, and infrastructure. This is a colossal investment project. Because Moscow today is like a genie in a bottle. I am referring to the colossal amount of unused investment. The city is cramped in its current space, and the creation of additional territory is in fact a solution that will make it possible for investments—which are, for all intents and purposes, frozen in Moscow—to make returns. The creation of a special federal district is, most likely, an ideology, because the city will extend beyond its borders, absorbing new territory, and that will then be territory that is not completely urban. Although formally it is the same federal subject, it will begin to bear an additional function ideologically in the development of the federal structures. And I think that that is what the President meant.

A. Arkhangelsky:

Thank you. I will ask the experts present for this discussion one more question, and I would ask that they give a brief answer to it. What are you backing first and foremost? We understand now what the key issue is for each of the cities. What are you backing, and where is that lever that you are ready to grab hold of and turn the situation around? Mr. Popov, do I understand correctly that you are ready to submit the strategy you developed for public discussion, to include people in the decision-making process, and in that way, with their help, change the situation?

A. Popov:

Thank you for your question. It is true that the key to success for this kind of project is, first and foremost, public approval by city residents. Therefore, we are currently moving toward an active discussion of the possibility for every Kiev resident to present his proposals, initiatives, recommendations, and observations. They will, naturally, be examined. We will consider them going forward in order to adjust the plans we have devised. It is a very important issue,

and it is the traditional approach all over the world. If we want to enact this strategy, all Kiev residents must vote for it.

A. Arkhangelsky:

This is the first time I have ever seen a leader who does not 'reach for his pistol' upon utterance of the phrase, "public discussion". I will never forget how, when my good friend, democrat Nikita Belykh, became governor, he said that he had fought for civil society but that now he did not know what to do with it, but that he would help it. I would like to ask Mr. Daley the same question. What did you put in place when you understood that Chicago had to be changed? In certain interviews, you said that you took an industrial city, a city of machines, and tried to turn it into a centre for tourism. How exactly can a centre of industry turn into one for tourists?

R. Daley:

No, you cannot. You have to have a combination of manufacturing technology and tourism. It is a holistic approach. But again, you bring the shareholders in, you bring in the citizens, you bring in the business community, the not-for-profits, the education community and sit down.

We have to plan for the future, and how do we do this? You have to be transparent, open and accountable and your decisions have to be made as quickly as possible for the sake of the future; you cannot delay it.

A lot of governments keep delaying it. You have to cut the red tape as other mayors have pointed out, because when they want to invest, they want to invest immediately in your city, and that public-private partnership is the key to the future of cities. You need a business community that is going to represent you as you travel throughout the world.

Mayors cannot travel every day. They have a home, they have to be back and govern their cities, but the business community, the not-for-profits, students,

anyone travelling from your city has to, really, represent your city in a way that is a positive way to reinforce change, and change is taking place throughout the world.

The 10,000-hand theory is that manufacturing needs hands. You need brains in technology. I do not care what anybody tells me, but 10,000 hands disappeared immediately, some people are trying to hold on to that, but we have exchanged factories with more technology.

Someone said have you reduced the workforce; we increased the workforce. Technology needs programmers, technology needs repair people; you need the feeling that technology will benefit your community and to incorporate that immediately into the operations of the city.

And government leads by example. We do not mandate people to do things. Government must lead and once you lead, people will follow.

A. Arkhangelsky:

Thank you. Mr. Pajunen, what do you chose when formulating solutions to key issues in Helsinki? Culture, transportation, technology? What?

J. Pajunen:

I will try to answer the question of how to make changes in cities. I think that number one, it is to work together, not only within the city, but also within the region and on the national level. The second thing is to have the public understand the necessity for change, and that means that you have to be prepared for public debate, to fight for change.

Then, the third thing is the right timing. You have to be prepared for a discussion in a timeframe which is right for decision-making, which means that you have to talk about the debate that occurs long before the actual change is going to take place, because in a democratic system everything must proceed slowly to move ahead.

In Helsinki, of the changes we are starting, I will only mention the largest construction project, which we are starting just now. It will take the next 20 to 30 years, but after that, Helsinki will be much, much closer to the sea than it is today. All the new housing areas are coming to the waterfront, and it is a great challenge not only for people moving to these areas, but it is also a challenge for the architects.

It is a challenge to build a sustainable city where the public transit system is based on rail, Metro lines, and tramways. And, I also mentioned about the change in the population structure, one thing which is very important for the city of Helsinki that we are investing a lot in culture.

We have the World Design Capital approaching for 2012. We want to be a city that is also a lively city for the arts. We have culture. People must feel that the city is fun to be in and not only in one field of activity, we want to have a city where there are lots of different things happening all the time.

As I already mentioned, one thing is that the city must be functional, and another thing is safety. Fun, safe, and functional—that is the change I am working for.

A. Arkhangelsky:

Thank you very much. If I understand correctly, Helsinki is the only city where the public library is open 24 hours a day. Mr. Sobyenin—the same question to you. Tell us, where is that lever that you can avail yourself of when you want to turn the situation around?

S. Sobyenin:

Of course, without public opinion, without the support of people, it is impossible to do anything in such cities as these. But all discussions have their boundaries, outside of which decisions have to be made. And it is very important not to drown an issue in empty chatter but rather, after elucidating what the problem is and what people want, to make a decision. And moreover, that decision cannot

satisfy everyone. As a rule, complex solutions bring about contradictions. You should never become a slave to easy solutions. Right now the easiest solution for the mayor of Moscow is to continue the policies that existed before. Allow them to build where they want, what they want, and as much as they want. We decided not to proceed with development projects in the historic part of Moscow. We are restricting the construction of new offices within the boundaries of the Third Ring Road and are restricting the movement of freight vehicles. This is not a simple solution. And it is also important that if you point out a problem and you say that you intend to solve it, you must never be merely pretending to work, pretending to make progress towards a solution of the problem. There must be steps clearly directed toward a comprehensive solution of the problem. If you do not set yourself that task, you will never get anywhere. Mr. Daley was right in saying in his introductory remarks that what is most important, most difficult and most necessary for a mayor is the ability to make decisions. I would add: not only to make decisions, but also to bring them to a logical conclusion.

A. Arkhangelsky:

Thank you. I would like to ask Mr. Misharin, Governor of the Sverdlovsk Region, to open the discussion. It is a crucial region with a crucial city in the centre of the region, a large metropolis, with enormous industrial potential and a mass of the same problems that every large city has, from transportation to construction.

A. Misharin:

Thank you. The leaders of what are truly major cities have gathered here, and the topic that has been raised is very timely. I completely subscribe to many of the remarks made, and I would like to say that we are to a large extent doomed to face the problems that have been voiced here. Because, just as there was once a battle between the city and the village, and now more and more people live in cities, today cities are undergoing a process of globalization. In the

Sverdlovsk Region, 87% of the population lives in cities. And after that comes the next process: the growth of competitive cities and a gradual decline in the populations of others. And I think that this process is natural.

What are the realms of competition? Competition in education, in culture, in accessibility by transportation networks. All of that is expressed in one expression: 'quality of life'. And here is where, in my opinion, contradictions arise for a mayor and for every leader. You have to preserve the historical value, the historic appearance of the city, and not allow construction, because it belongs not even to this generation but to the future one. But on the other hand, you must ensure that the city will be competitive. So, you need to invest money, and where are you going to get it? And we are going to continue this discussion.

In my opinion, there are two possible solutions here. Firstly, we truly need to resolve to undertake comprehensive city-expansion projects. Follow the example of Yekaterinburg, which has a population of 1.5 million, and has seen countless satellite cities crop up around it, taking the population up to over two million and creating new areas for development. These include such housing developments as one called Akademichesky, where we are building, in essence, a new district that will house 300,000 residents. In two years, with USD 100 million of budgetary funds, we have attracted more than USD 1 billion in private capital, and today 25,000 people have already moved in and there will be 1.5 million square metres of residential space. There should be a university there; there should be jobs.

And secondly, we are coming up against a transportation problem. A lot has been said about transportation here. Having worked on the issue of transportation for a long time, I am beginning to come to the conclusion that the car is basically too expensive a form of transport for single-industry cities—for big cities, that is. For instance, it takes only 15% of all transport users to cause gridlock in Moscow. That is to say, that really is nothing at all, and yet it disrupts the functioning of an enormous city. We have arrived at the problem of creating a

new form of transport for large cities, and I think that this must be solved in the short term. Thank you.

A. Arkhangelsky:

Thank you. I would now like to ask Mr. Van der Heide to speak. Being no expert on the subject, I would love to ask him all about his own experiments with lighting, but our focus is elsewhere today—on the design of cities, how to make a city more attractive from the point of view of investment. You work with many mayors, unfortunately, not yet with Moscow's. Tell us about your experience.

R. van der Heide:

Thank you for the introduction. My name is Rogier van der Heide. I am Chief Design Officer with Philips. We have a lot of close collaboration with governments at every level, both municipalities and cities, as well as regions and countries. I think to a big extent it is about creating an attractive environment when you hear what the mayors have to say about it and you hear that Mr. Sobyenin is talking about attracting human capital. Well, humans will only come when the environment where they are going to live is attractive.

And Mr. Daley said it very correctly, "Be innovative and be decisive." Therefore, you need a city that is attractive where you can work hard and play hard as well, I think. And Mr. Popov said also how he is transforming Kiev into an attractive place to live and to work and to spend your leisure time. I enjoyed very much your story, Mr. Pajunen, about how a city needs a story and that a story is quite often the history of the city, that you can reveal with good inner-city lighting.

So, it is about creating an attractive environment, and lighting is one of those components that can really help in this. In order to be able to do that you have to think about the future, as it was very rightfully said. And therefore, it is important to have insights because we only understand our future when we can comprehend our past.

At Philips, we literally put billions of dollars into research, and to a large extent that goes into the research of people, their motivations, and their behaviour. We run the programme called City People Light, which travels around the world and organizes workshops with authoritative leading thinkers like we have here. We publish books about it for our own benefit but also for others.

We founded the Centre for Health and Well-Being, which is an independent foundation that studies what makes cities successful and liveable. And we are ready to share all of this information with everybody. I can commit Philips to every mayor in this room, that we already share all of our research with you to the benefit of improving your cities wherever you are in the world.

And it was said just 15 minutes ago that the public-private partnership, the collaboration between companies like ours and cities is the key to success in the future of those cities. So thank you very much for this opportunity to talk about it a little. If there are any questions, I'd be happy to answer them.

A. Arkhangelsky:

Thank you. Mr. Sobyenin had one comment to make.

S. Sobyenin:

I really like that such a specialized topic as the lighting of our cities was brought up by one of our experts. In fact, one of the high-priority measures currently being carried out in Moscow is changing the lighting in the city, the lighting on highways, in courtyards, and on historic buildings. In October, Moscow will host an international lighting festival, during which time the newest design and technical developments from the world of lighting will be on display, so I invite my colleague to participate in this festival as well.

A. Arkhangelsky:

Thank you. They have already begun to work with lighting at least. I would like to ask David Gray, Managing Partner at PricewaterhouseCoopers, to join the conversation.

D. Gray:

Thank you for the opportunity; just a few comments. We at PricewaterhouseCoopers recently published our fourth edition of our Cities of Opportunity guide, where we looked at 26 of the world's elite cities. We have produced it for four years, so there are four versions of the report.

In the previous three, we did not actually rank the cities, we just talked about the types of issues that were important in cities. This time we used 66 different variables to look at how cities function in terms of health and education, environment, and all these other things that are going to make cities fun and functional.

But the feedback that we got from the previous versions of the report that we have produced was that people were looking for a ranking. They wanted to know where their city was.

I think this speaks to the fact that has been mentioned a few times, that actually this is a very global issue and cities do compete globally and we have had conversations there about Moscow and the International Financial Centre, and its ability to compete globally.

In a flat world where technology and innovation is a key part of how countries and cities are going to compete, the role of the city and the effectiveness with which individual cities deliver across those 66 variables is going to determine where people go, which will determine where the talent is, which will determine how cities thrive.

There are and I think, again, it was mentioned by the panel, the same problems, everybody faces the same problems, so there is a lot that we can all learn from each other.

But I think we need to be aware that cities are going to compete, and it is going to come down to how effective, how good the mayor is in the city, how effective the national government is in working with city mayors in producing the right environment to attract, retain and get the best out of the people.

A. Arkhangelsky:

Thank you. We have a small amount of time remaining for questions and short remarks. There is a microphone in the audience—go ahead.

I. Artemov:

Ilya Artemov, Moskovsky Komsomolets newspaper. I have a question for Mr. Sobyenin. A few hours ago our president announced the possible expansion of Moscow's city limits. This caused a barrage of phone calls to come into our newsroom. The burning question everyone has is: The residents of which Moscow suburbs, in your opinion, may soon become Muscovites?

S. Sobyenin:

Literally right after Mr. Medvedev's speech and receiving his directive on the subject, I got in touch with my colleague Mr. Boris Gromov and proposed that we try to tackle this matter together. What is more, over the last few months we have gained a great deal of experience jointly working on issues that had accumulated in the relations between the city and the region, and we are already now holding a dialogue regarding the transfer of various territories, the alteration of the city limits, joint development of certain areas, and so on. So we agreed to tackle this task in the same constructive manner. In the coming days, we will form a working group that will prepare a proposal, then in a week's time the leadership of the territories will come together, work out the details of the proposal and deliver it to the federal authorities. Then it will more or less be clear which suburbs' residents will become Muscovites. Thank you.

A. Arkhangelsky:

Thank you. Mr. Pajunen.

J. Pajunen:

I would like to comment also, on the question about satellite cities and how the cities compete, and I very much agree that when you talk about the future city, it is not just the borders of the city structure, it is the region. Everybody must work together.

In the Helsinki region, we are discussing what is the role of the centre of the city combined with the region.

We have a system; the municipalities have their own right to tax; and to have a balanced structure in the metropolitan area, it is essential for the competitiveness of the whole city region, of the whole metropolitan area.

And the second thing was about the transportation systems. I very much believe in the public transit system.

Today in Helsinki, of the number of people entering the centre of the city, 70 percent of them enter on local public transit; mostly, buses, tramways and Metro lines, and the local train also.

And that is the future. In the big global cities, you have to have a functioning public transit system. It costs resources to build, but it is essential.

A. Arkhangelsky:

Thank you. Mr. Daley, before I turn things over to you, I would ask that the mayors bring the conversation back to within the confines of the panel discussion. This is not a press conference—it is a discussion.

R. Daley:

When I got elected in 1989 in the suburban area of Carroll County, they were reluctant to join the city. They thought the City of Chicago should be separate.

But I told them if you take an apple, the core of the apple starts rotting and starts declining, then the whole apple declines and rots. And I said to them, we have more in common.

You are not Chicagoans, but Chicago has to lead the way with your support, and many of the issues affecting Chicago affect you in different proportions. We broke down the partisanship, the attitude of city versus suburban area.

So, we are like the capital of the Midwest, and we reach out to all, and we have a working relationship with communities, and to me the vision is that we are not just Chicagoans, but we are representatives of all the cities dealing with quality of life issues.

And to me, that requires leadership and bold plans to implement this on behalf of not just the city itself, but the metropolitan area of the region.

K. Sidorov:

My name is Konstantin Sidorov, and I work for a company called ITG. I have a question for Mr. Sobyenin. You rightly said that development of public transportation is one of the top priorities for Moscow. But if we look at various forms of public transportation, probably their level of development in Moscow is different. For instance, many cities around the world may envy how developed our metro system is. On the other hand, if you look at a form of transportation like taxis, then our level of development cannot be compared with that of Chicago. If you get in a taxi in Chicago, you can pay with a credit card, and there is an information terminal inside. How does Moscow plan to learn from and utilize the experience of such cities as Chicago, London and New York specifically in the area of taxi services? Thank you.

S. Sobyenin:

That is a very valid and good question. In Moscow you can explain to a driver where to go. Only in Russian. There are even taxis now with drivers who do not understand Russian. And that is exactly why we introduced a federal law regulating taxi services and stipulating penalties for companies who violate the requirements for operating taxis. In reality, that is not what is most important. What is most important is to create preferences and infrastructures for taxis to function; to make it so that taxis can come up to the front of train stations; so that they have car parks in the city centre; so that they do not have unscrupulous competitors; so that the city facilitates the development of taxi services. That is the most important area of focus, and I agree with you completely. Because in other cities, 30% to 60% of non-freight vehicles in the city centre are taxis. While in Moscow, in the city centre the figure is 5% at most. This is one of the important challenges we are faced with. But with regard to your remark that Moscow can be proud of its metro system because it is better developed than in other cities, I will tell you: That is absolutely not the case. Moscow has very seriously lagged behind in terms of its main form of public transport—the metro. Moscow is now far behind other cities. Therefore, the main city budget resources will be directed toward the development and construction of the metro system.

A. Arkhangelsky:

Gentlemen, you may get your rotten tomatoes ready. Two last questions.

R. Daley:

From my perspective, business leaders are the key to the economic future of cities, and as they travel, they have a shareholder stake in the sense that they feel part of the city. They become your spokesperson.

They are the ones who will really build and rebuild your city for the future. And so that, it is not just the mayor, it is all the stakeholders.

The citizens, especially the corporate community, and the not-for-profits that really basically will sell your city and bring relationships back into the economic development of both cities, and all three cities or four cities.

A. Arkhangelsky:

Thank you, Mr. Pajunen.

J. Pajunen:

I would very much like to go for a road show with different cities and different mayors, but the persons I would like to take along are the people from startup companies.

Because I think in all the major cities, we have a lot of new companies in the area of new technology, and to take them along with me, that is something I believe that it is also fun to have young talented people to talk and discuss with each other. They have different ideas in different cities. Bringing them together, that is something that is added value.

S. Sobyenin:

I am leading a road show with the mayors. You will be able to sing and dance, so the event will be interesting.

A. Arkhangelsky:

Thank you—you proved today that that is possible. Until we meet again this summer at the road show song festival. Thank you to the interpreters, and thank you to all the participants.