



# Megaregions: Benefits beyond Urbanization Economies?

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Image Sources: Brunet, 1989; Mehlbye, 2000; French Presidency, 2002; Junzmann et Wegenner, 1991; NWM A Spatial Vision Group, 2000; RPA, 2005; Read, 2000 [all images, except RPA, appear in *European Spatial Planning*, Andreas Faludi (Editor), Lincoln Institute of Land Policy, 2002]

## Megaregions: Benefits beyond Urbanization Economies?

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- Are there particular advantages to economic interactions at the Megaregion scale?
- Can these interactions enhance the advantages of Megaregions in the global economy?
- Do the benefits of megaregional economic interaction go beyond familiar scale/urbanization economies?
- We must understand the complex interactions and needs of agglomeration economies to answer the questions about megaregional advantage

A central argument is that the specific advantages of the megaregional scale consist of and arise from the co-existence within one region of space of *multiple types* of agglomeration economies.

- The megaregion can contain a broader range of agglomeration economies that it currently does
- This diversity can be incorporated into a single economic megazone, potentially allowing for the return of “outsourced” activities
- The critical dimension is not just a question of the contents, but the specification of economic interactions within the megaregion

Can a megaregion seek to accommodate a larger range of the operations constituting a firm's value chain?

- This points to the possibility of bringing into a megaregion some services and goods being produced offshore
  - Can these operations be reinserted into the low-growth/low-cost areas?
  - What type of planning would it take to optimize the benefits of this? Can it be done?
- This could expand the task of optimizing growth to more diverse economic sectors

This moves us from a “packaging” approach to more of a dynamic concept of the megaregion. A megaregion may turn out to be sufficiently large scale to optimize the benefits of containing multiple and interacting local economies

- Are there more complex advantages for megaregion location beyond “the basics”?
- How do we enhance urbanization advantages while avoiding excess growth/expansion/spread
- Does the megaregion enable novel ways of handling negative externalities? (is one sector’s negative externality another’s opportunity)
- Can the megaregion deliver particular advantages if it also contains some of the geographically dispersed operations of a firm?

**Hypothesis:** The more an urban region is being shaped by the new economic dynamics, the more its spatial organization will involve agglomeration economies. Megaregions should maximize the incorporation of diverse spatial logics

- Even advanced firms of the knowledge economy are subject to extreme agglomeration economies
- “Social infrastructure” provided by the complex environment of cities is needed for global connectivity
- Implies the possibility for the megaregion to contain both the dispersed and centralized operations of some firms, leading to significant feedback effects

- The rise of new technologies has not eliminated the advantages of centrality and density
- The geographic terrain of this centrality is growing and becoming more complex
- Assuming that globally connected central places are platforms for global operations, which components of these platforms are contained in a given megaregion?
- What are the economic and policy ramifications of this?



- A region's specificity matters more than is usually assumed, and in ways that are not generally recognized
- We focus too much on competition and not enough on the emergence of new types of networked systems
- These systems arise from two trends:
  - Increasing prevalence of multi-sited firms
  - The evolution of global markets into global platforms that are open to and from many different places

And the implications are:

- The megaregion scale can capture a large share of these networks
- The specialized economic strengths of a region increasingly matter

- Homogenized and convergent state-of-the-art urban and regional landscapes are functioning as “infrastructure”
- The proposition that similarity is an indicator of both similar economic dynamics and convergence can obscure key conditions that point to divergence and specialized differences
- Critical components of this landscape are akin to infrastructure for economic sectors
- What inhabits this infrastructure?
- The substantive character of convergence is not the visual landscape, per se, but its function as an infrastructure

- The territorial scale of the megaregion is far more likely to contain a cross-section of a country's economic activities than the scale of a city
- The global city is more attuned to questions of power and inequality
- The megaregion is more attuned to questions about the nature and specifics of broad urbanization patterns, a broader economic base, and the possibilities of a more even distribution of economic benefits