



100 Top Economies:

Urban Influence and the
Position of Cities in
an Evolving World Order

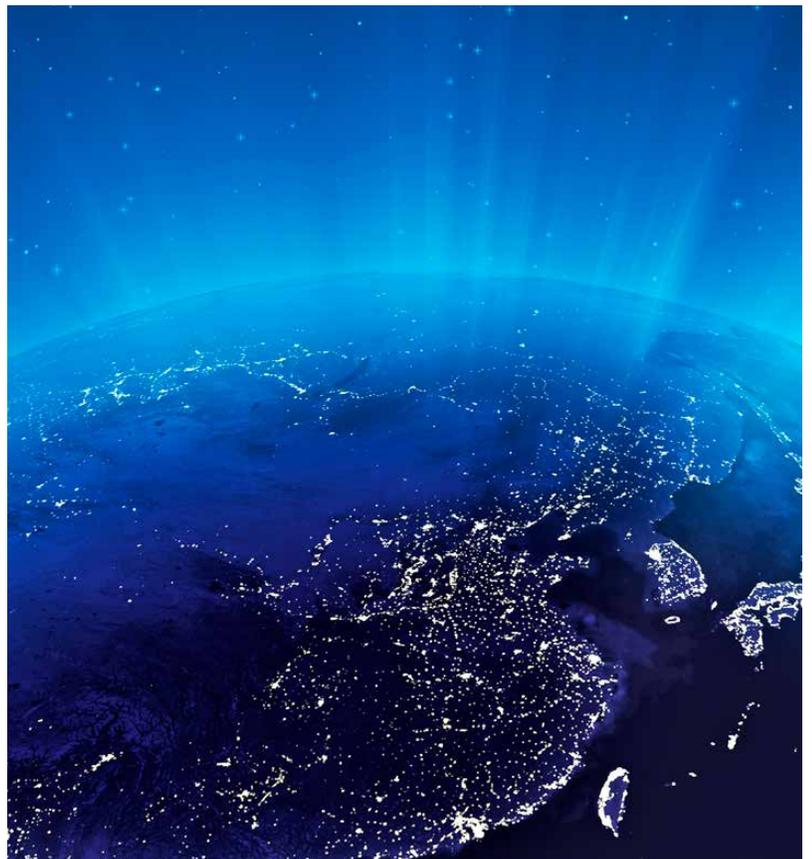
By Noah Toly and Sam Tabory

GLOBAL CITIES

October 2016



THE CHICAGO
COUNCIL
— ON —
GLOBAL
AFFAIRS



The Chicago Council on Global Affairs is an independent, nonpartisan organization. All statements of fact and expressions of opinion contained in this report are the sole responsibility of the authors and do not necessarily reflect the views of the Chicago Council on Global Affairs or of the project funders.

Copyright © 2016 by the Chicago Council on Global Affairs. All rights reserved.

Cover photo: © Imaginima/iStock

Printed in the United States of America.

This report may not be reproduced in whole or in part, in any form (beyond that copying permitted by sections 107 and 108 of the US Copyright Law and excerpts by reviewers for the public press), without written permission from the publisher. For further information about the Chicago Council on Global Affairs or this study, please write to the Chicago Council on Global Affairs, Two Prudential Plaza, 180 North Stetson Avenue, Suite 1400, Chicago, IL, 60601, or visit thechicagocouncil.org.

Executive Summary

Cities have long been hubs of the global economy, both concentrating and facilitating the flow of people, goods, resources, and wealth. Some, such as New York and Tokyo, have enjoyed a lasting reputation as global business destinations with a concentration of institutions that lead in commerce and trade, manufacturing, and business services. Others, such as Beijing, Houston, and Jakarta, are newer to contemporary global economic leadership. One thing is certain: cities—more specifically, metropolitan areas*—are decidedly at the center of the global economy.

In terms of sheer economic output, top cities belong among an elite class of influential actors that includes large nation-states and leading multinational corporations. To better understand the position of cities relative to national economies and multinational corporations, this report identifies the world's top economic actors by total size, examines the relationship between city economies and the larger nation-state economies of which they are a part, analyzes geographic distributions and liabilities, and suggests avenues for future research. This study was undertaken to better understand whether and how cities might harness their economic influence for purposes of influencing policy and governance debates at both the national and international levels.

Key findings:

- When looking at cities, corporations, and nation-states, cities comprise 42 of the world's 100 largest economic entities, demonstrating their large footprint in the global economy.
- Much of this urban economic vitality is concentrated in Asia. China alone is home to 8 metropolitan areas that rank among the world's largest 100 economies, the most of any country except the United States, which is home to 12.

- Cities among the top 100 economies contribute an outsized proportion of their respective national gross domestic product (GDP), accounting for an average economic share that is 1.5 times greater than their share of the national population. (For example, Delhi contributes 4 percent of India's GDP but is home to just under 2 percent of the country's population.)
- Of the 42 cities among the top 100 economies, one-third are national political capitals.
- More than half of the cities among the top 100 economies are located along or in close proximity to a seacoast.

With this in mind, the authors offer the following recommendations:

- National leadership, including legislators and executive office holders, should harness the economic vitality of cities by investing in infrastructure and institutions—both social and physical—that promote urban development. National leaders ignore the physical, social, and economic needs of urban areas at their own peril.
- In concert with their national counterparts, city leaders must mitigate external threats posed by economic growth and concentrated wealth, such as some effects of climate change as well as the social and political effects of rising economic inequality at both the city and regional levels. City leaders should explore ways to use their economic performance to influence policy and governance debates to more explicitly address the needs of urban populations.
- Political leaders at all levels should engage in constructive debate regarding how best to integrate cities and their unique interests into national and global governance processes.

* For the purposes of this report, the terms "cities" and "metropolitan areas" are used interchangeably. This study relies on data from the 2014 *Global MetroMonitor*, published by the Brookings Institution.

Economic Output and Global Influence

It is increasingly clear that nation-states are not the only players in the global order. Multilateral institutions, multinational corporations, transnational advocacy networks, and now cities are exerting varied and diverse influence over global policy and governance debates.¹ From the hotly contested role of multinational corporations in shaping international trade negotiations to the emergent efforts of transnational municipal networks in tackling challenges presented by climate change, nation-states are no longer the only relevant actors influencing policy and governance debates. And the ability of any given actor—city, corporation, or nation-state—to influence such debates is in part based on that actor’s economic power.

The economic output of nation-states has traditionally been measured by gross domestic product (GDP), and other actors such as corporations and global cities calculate similar measures (revenue and metropolitan GDP, respectively). A comparison of the largest of these three types of entities shows that some cities have a larger footprint in the global economy than many nations and corporations—and that footprint may correspond to increasing political influence.

An Increasingly Crowded Stage

The power and influence of countries has often been linked to their economic prominence. Consider the origins of the Group of Seven (G7) in 1975, when seven of the world’s major advanced economies began convening regularly to coordinate policies and achieve common goals. Data from the Council’s 2016 public opinion survey of Americans’ views on US foreign policy found that a majority of Americans—71 percent—perceive economic might, rather than military strength, as the more important factor influencing a country’s “overall power and influence in the world.”² Additionally, narratives

surrounding the economic rise of emerging market cohort groups such as the Asian Tigers (Hong Kong, Singapore, South Korea, and Taiwan), BRICS (Brazil, Russia, India, China, and South Africa), and MINT (Mexico, Indonesia, Nigeria, and Turkey) are indicative of the growing political influence that can accompany economic ascendancy. In particular, the 2014 formation of the BRICS New Development Bank—a development finance institution envisioned as a southern alternative to institutions anchored in the West and North—is a prominent example of newly advanced economies using their economic ascendancy to embark upon an international project that is not just economic but also political.

Since the mid 1970s, the political influence of multinational corporations has also been the subject of debate and academic research generally focusing on the efforts of companies to manipulate or persuade national and international political actors to support policy and regulatory regimes advantageous to corporate interests.³ As nation-states compete for limited foreign direct investment dollars, the needs and wants of corporations seep into the policy considerations of sovereign governments, often at the urging of well-coordinated lobbying efforts. The lengths to which national governments will go to position their economies favorably in the eyes of prospective foreign direct investors is an indication of the powerful link between the economic might of corporations and their ability to influence policy and governance agendas. In 2010, the World Economic Forum went so far as to suggest that multinational corporations ought to have a formal negotiating role in international cooperation and governance processes given that, for better or worse, the success of those processes often directly depends on the blessing and cooperation of multinational corporations.⁴ Though many have raised serious questions about the political power and role of multinational corporations in global governance—pointing, for example, to divergent

interests and motivations between corporations and the public, as well as limited accountability to the public—few doubt that multinational corporations have inherited an effective, if not formal, authority on the global stage.

As is the case with nation-states and corporations, the economic output of cities is one indicator of their potential political influence. The role that cities play in driving national and international economies raises questions about whether cities should be better represented, either directly or indirectly, in national and global governance processes, at least to the same degree that corporations are. While formal representation or informal inclusion of cities in global governance processes might raise some of the same questions that are asked about the influence of multinational corporations, their inclusion is both more necessary and less controversial than that of corporate interests.

The World's Top 100 Economies, Ranked

Cities, nation-states, and corporations are functionally different actors in terms of how they exert influence—political, economic, or otherwise. Multinational corporations represent mobile capital and thus can exert influence by moving or threatening to move that capital; cities and nation-states have no such option. However, understanding the relative size of city economies is a useful exercise in identifying the general layout of a global landscape increasingly crowded with other influential economic actors.

In 2010, the World Bank ranked the largest economic entities in the world as of 2008, including corporations, nation-states, and metropolitan areas.⁵ The list presented in Figure 1 offers an updated view of the world's top 100 economic actors based on 2014 data. While a comparison of top economic actors cannot fully illuminate the dynamics of an evolving political order, it can help

to foster a better understanding of the full range of actors that are potentially relevant to the future of that evolving political order—including cities.

Behind the Numbers

An analysis of 2014 top global economies helps place cities in context relative to the global economy as well as their own national economy. At first glance, several notable characteristics emerge: the heavy concentration of economically influential cities in China and the United States, the concentration of economically influential cities in coastal areas (which are more vulnerable to the projected effects of climate change), the ability of metropolitan economies to generate a share of overall national GDP that significantly outstrips their share of national population, and the strong representation of noncapital cities.

Cities and Their National Peers

Just two cities rank in the top 25 economies: Tokyo (14) and New York (19), both with metropolitan GDPs of more than \$1 trillion. Relative to similarly sized national economies, Tokyo's economic output places it ahead of Saudi Arabia, Canada, Spain, and Turkey, while New York ranks ahead of Iran, Australia, Thailand, and Nigeria (Figure 2).

Among the second quartile of top 100 economic actors—those ranking between 26 and 50—the number of cities represented grows dramatically to 11, occupying a GDP range from \$459 billion to \$818 billion, with an average metropolitan GDP of just under \$615 billion. This average metropolitan GDP puts cities of the second quartile on par with such countries as the Philippines (\$659 billion), Colombia (\$608 billion), and the United Arab Emirates (\$587 billion). In the third quartile, the number of cities represented increases to 12 with an average metropolitan GDP of \$369 billion, while in the fourth quartile the number of cities represented jumps to 17 with an average metropolitan GDP of \$290 billion.

Figure 1: The World's Top 100 Economies, 2014

Rank	Entity	Category	Revenue/GDP (\$ billion)	Rank	Entity	Category	Revenue/GDP (\$ billion)
1	China	Country	17,188.7	51	Switzerland	Country	452.6
2	United States	Country	16,490.2	52	Royal Dutch Shell	Corporation	429.1
3	India	Country	6,983.8	53	Sweden	Country	426.4
4	Japan	Country	4,524.3	54	China Petroleum & Chem.	Corporation	423.3
5	Russian Federation	Country	3,633.8	55	Kazakhstan	Country	422.2
6	Germany	Country	3,523.0	56	Washington, DC	Metro area	420.4
7	Brazil	Country	3,124.6	57	São Paulo	Metro area	409.3
8	Indonesia	Country	2,552.5	58	Hong Kong	Metro area	395.5
9	France	Country	2,463.9	59	Dallas	Metro area	392.3
10	United Kingdom	Country	2,460.8	60	Chile	Country	389.4
11	Mexico	Country	2,044.0	61	Mexico City	Metro area	383.7
12	Italy	Country	2,026.8	62	Romania	Country	380.9
13	Korea, Rep.	Country	1,696.2	63	Austria	Country	374.7
14	Tokyo	Metro area	1,536.9	64	Exxon Mobil	Corporation	374.6
15	Saudi Arabia	Country	1,532.6	65	Guangzhou	Metro area	361.5
16	Canada	Country	1,521.3	66	British Petroleum	Corporation	360.5
17	Spain	Country	1,475.8	67	Peru	Country	354.7
18	Turkey	Country	1,434.2	68	Ukraine	Country	354.3
19	New York City	Metro area	1,334.2	69	Tianjin	Metro area	353.5
20	Iran, Islamic Rep.	Country	1,290.0	70	Singapore	Metro area	347.8
21	Australia	Country	1,015.2	71	Nagoya	Metro area	345.8
22	Thailand	Country	1,014.3	72	Shenzhen	Metro area	345.3
23	Nigeria	Country	1,000.9	73	Boston	Metro area	342.3
24	Poland	Country	910.5	74	Istanbul	Metro area	331.5
25	Egypt, Arab Rep.	Country	900.1	75	Norway	Country	329.6
26	Pakistan	Country	849.4	76	Philadelphia	Metro area	329.4
27	Los Angeles	Metro area	818.0	77	Suzhou	Metro area	322.3
28	Seoul-Incheon	Metro area	804.2	78	San Francisco	Metro area	314.7
29	London	Metro area	794.4	79	PetroChina	Corporation	312.3
30	Netherlands	Country	770.1	80	Taipei	Metro area	311.1
31	Malaysia	Country	731.4	81	Jakarta	Metro area	305.4
32	Paris	Metro area	679.8	82	Rotterdam-Amsterdam	Metro area	304.8
33	South Africa	Country	672.3	83	Czech Republic	Country	301.8
34	Philippines	Country	659.1	84	Buenos Aires	Metro area	300.3
35	Osaka-Kōbe	Metro area	638.2	85	Chongqing	Metro area	300.0
36	Colombia	Country	607.7	86	Milan	Metro area	296.7
37	United Arab Emirates	Country	586.6	87	Qatar	Country	292.0
38	Shanghai	Metro area	564.7	88	Bangkok	Metro area	291.7
39	Chicago	Metro area	535.4	89	Busan-Ulsan	Metro area	281.9
40	Algeria	Country	527.7	90	Atlanta	Metro area	279.9
41	Moscow	Metro area	526.0	91	Delhi	Metro area	279.1
42	Venezuela	Country	514.7	92	Portugal	Country	272.2
43	Iraq	Country	500.1	93	Greece	Country	267.1
44	Vietnam	Country	487.2	94	Toronto	Metro area	262.7
45	Beijing	Metro area	481.1	95	Kuwait	Country	262.3
46	Bangladesh	Country	473.9	96	Israel	Country	259.0
47	Köln-Düsseldorf	Metro area	461.3	97	Seattle	Metro area	254.2
48	Houston	Metro area	459.4	98	Miami	Metro area	249.7
49	Belgium	Country	458.0	99	Madrid	Metro area	249.4
50	Wal-Mart Stores	Corporation	453.0	100	Volkswagen Group	Corporation	248.6

Source: World Bank World Development Indicator Series, Brookings Institution Global Metro Monitor 2014, Forbes Global 2000 List 2014. Note: This study presents national and metropolitan GDP figures at purchasing power parity rates (PPP), as opposed to market exchange rates. PPP rates present economic output figures based on the relative purchasing power of local currency in the national context, rather than absolute economic output. This accounts for the "outperformance" of certain economies over others, for example, the United States ranking below China, despite the lower-ranked economy being greater on more familiar market exchange terms.

Figure 2: City Peer Groupings

	Cities (rank)	Metro GDP average for quartile	Select peer countries (rank)	Select peer country GDP average
Quartile 1 (1–25)	Tokyo (14) New York City (19)	\$1,435.6 billion	Canada (16) Spain (17) Turkey (18)	\$1,477.1 billion
Quartile 2 (26–50)	Los Angeles (27) Chicago (39) Seoul-Incheon (28) Moscow (41) London (29) Beijing (45) Paris (32) Köln-Düsseldorf (47) Ōsaka-Kōbe (35) Houston (48) Shanghai (38)	\$614.8 billion	Philippines (34) Colombia (36) United Arab Emirates (37)	\$617.8 billion
Quartile 3 (51–75)	Washington, DC (56) Tianjin (69) São Paulo (57) Singapore (70) Hong Kong (58) Nagoya (71) Dallas (59) Shenzhen (72) Mexico City (61) Boston (73) Guangzhou (65) Istanbul (74)	\$369.1 billion	Romania (62) Austria (63) Peru (67)	\$370.1 billion
Quartile 4 (76–100)	Philadelphia (76) Milan (86) Suzhou (77) Bangkok (88) San Francisco (78) Busan-Ulsan (89) Taipei (80) Atlanta (90) Jakarta (81) Delhi (91) Rotterdam-Amsterdam (81) Toronto (94) Buenos Aires (84) Seattle (97) Chongqing (85) Miami (98) Madrid (99)	\$290.2 billion	Czech Republic (83) Qatar (87) Portugal (92)	\$288.7 billion

Source: Chicago Council on Global Affairs analysis of World Bank and Brookings Institution data, 2014.

Existing Geographic Concentrations

Geographically, high-output urban economies are predominantly located in North America and throughout Asia, with the highest concentrations in the United States and China. Of the top 100 global economies, 14 North American metropolitan areas are listed, including 12 in the United States alone. Only 6 cities from Western Europe are represented among the top 100 global economies, with prominent European capitals Berlin, Rome, Stockholm,

and Vienna falling well short of the cut off, challenging assumptions that formal governmental authority and cultural influence come along with economic power.

Notably, no African or Australian city made the list. Although Africa has the least urbanized population of any continent, it has the highest rate of urbanization, with an urban population that is expected to double in size in the next 25 years.⁶ Prominent

cities in sub-Saharan Africa exhibit annual population growth rates between 3 and 6 percent, and analysts project that the continent will be home to 1.3 billion urbanites by 2050. By contrast, Europe and North America are projected to see their urban populations grow by less than 1 percent annually through 2050, reaching total urban populations of 580 million and 390 million, respectively.⁷ While wealth and urbanization are correlated, increasing economic output is not an inevitable result of a growing urban population. In other words, neither population size nor rate of urbanization is a particularly reliable indicator of current or future economic influence on a global scale. The current map of where economically influential cities are located will likely only shift to better represent areas of rapid growth and urbanization—including much of Africa and parts of South Asia—when population growth is accompanied by economic maturation and the dramatic expansion of formal sector work opportunities for the urban masses.

Climate Change and Future Liabilities

Climate change is one of the exceptional issues in which cities have already begun to organize and exert influence, for example through transnational advocacy networks such as C40. The reasoning is both humanitarian and self-serving: Many of the world's most economically influential cities have taken advantage of geographic features that may become liabilities in a world with unpredictable and acute climate changes. Of the 42 cities among the top 100 global economies, more than half are located on or in close proximity to a seacoast and thus face significant exposure to sea-level rise and the effects of intensifying coastal storms (Figure 3).

In coastal areas of the United States alone, more than 13 million people, many in large cities, are at direct risk of inundation. A recent study suggests that the exodus of unprotected populations from these areas could rival in scale the 20th century's Great Migration of southern African Americans northward as they fled the legacy of

slavery and the terror of lynching, sought economic opportunity, and found a measure of respite from conditions of structural racism.⁸ That refugee movement reshaped urban communities across the country. Another shift of that scale, or greater, in the geographic distribution of population would profoundly affect the economies of US cities as some lose large segments of their population and as others must find a way to incorporate waves of internal migrants.

Given the immediacy of the climate change-related threats facing cities in coastal areas, metropolitan areas need not—and should not—wait for other actors to take the lead in reducing carbon emissions, which would curb some effects of climate change. By creating more efficient urban metabolisms—the flows of materials and energy into, within, and out of cities—cities can achieve the same economic output with fewer resources, less waste, and cleaner by-products. Because of the sheer volume of economic activity and concentrated resource usage over which they have at least some degree of jurisdiction, cities are well positioned to pursue agendas of urban metabolic efficiency and generate meaningful impact independent of nation-states. Cities with increasingly efficient carbon footprints can lead the way for all toward a climate-stable future. Through participation in transnational municipal networks such as C40, cities can multiply their impact not only by sharing best practices but also by consolidating their leverage as advocates for climate action.

Cities That Punch above Their Weight

Given the size of many urban economies, some cities also have disproportionate potential to shape their national economic contexts. Calculating a metropolitan area's share of national GDP helps us to understand cities not just compared with *other* national economies but also in relation to their *own* national economy. Not surprisingly, cities located in countries with few other major metropolitan areas

Figure 3: Cities of the 100 Top Economies

(more than half are in close proximity to a seacoast)



Source: Chicago Council on Global Affairs analysis of World Bank and Brookings Institution data, 2014.

tend to dominate (or at least significantly contribute to) that country's overall GDP. Similarly, regardless of absolute size, cities located in countries with larger economies and several major metropolitan areas represent a relatively small share of national GDP.

Indexing cities' share of national GDP against their share of national population reveals that cities among the top 100 global economies consistently generate a share of their national GDP that is greater than their share of national population. With an index score of 1.0 indicating a direct one-to-one comparison between a city's share of the national population and its share of national GDP, cities ranking among the top 100 global economies exhibited an average index score of 1.46. This finding is consistent with the supposition that large

urban areas benefit economically from the clustering of people and institutions in the city.

As an urban cohort, the 12 US metropolitan areas that rank among the top 100 global economies collectively account for 29.1 percent of the US national population but 34.7 percent of the US national GDP. The 8 metropolitan areas in China that rank among the top 100 economies together account for 9.5 percent of the Chinese national population but 18 percent of the Chinese national GDP. In both countries these urban cohorts punch above their weight, so to speak, accounting for a share of the national GDP that is larger than their share of the national population. Still, Chinese and US cities do not individually account for a major share of national GDP or population in the ways that Seoul-Incheon, Rotterdam-Amsterdam,

Tokyo, or the London metropolitan areas do, each with national GDP shares of 30 percent or more (Figure 4).

Figure 4: Top 10 Cities as Percent of National GDP

(of cities among the 100 top economies)

Rank	City	Percent of national GDP	Percent of national population
1	Seoul-Incheon	47.4	48.8
2	Rotterdam-Amsterdam	39.6	41.8
3	Tokyo	34.0	29.2
4	London	32.0	22.4
5	Bangkok	28.8	22.9
6	Paris	27.6	18.7
7	Istanbul	23.1	17.8
8	Mexico City	18.8	16.5
9	Toronto	17.3	16.8
10	Madrid	16.9	14.4

Source: Chicago Council on Global Affairs analysis of World Bank and Brookings Institution data, 2014.

Among the top 100 global economies, nine cities are particularly strong performers in their ability to generate proportions of the national GDP that are greater than 1.5 times their proportion of the national population (Figure 5). Seven of the nine top performers in this regard are located in China. At the opposite end of the scale, only eight cities account for a proportion of their national GDP that is less than their proportion of the national population (Figure 6).¹⁰

It is arguably unfair to categorically classify cities hovering close to an index score of 1.0 as either underperforming or overperforming given that any number of noneconomic factors could be driving this type of performance, be it a particular demographic concentration of residents above or below

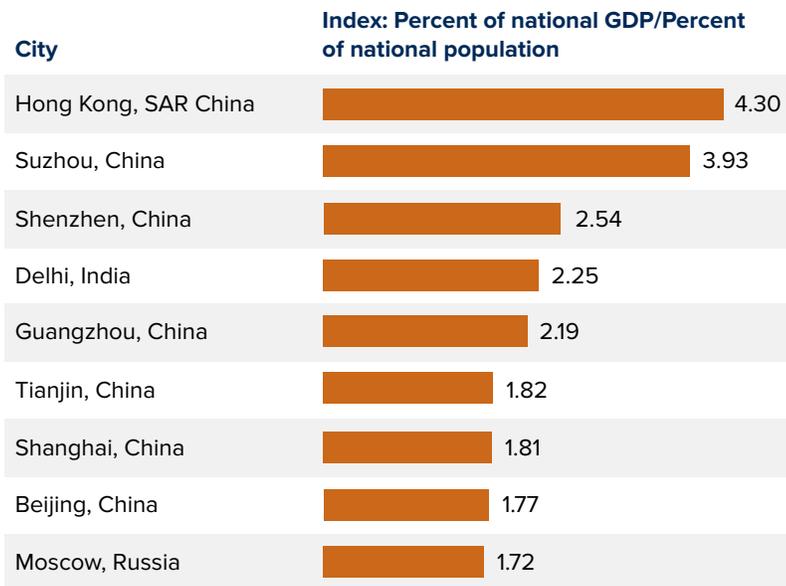
working age, a high percentage of nonworking university students, and so forth. However, some “underperforming” cities likely could better harness their economic strengths and attributes or better invest in efforts that capitalize on urban resource agglomeration to develop new strengths and drive stronger per-capita economic performance relative to the rest of the nation’s population.

A core question about the relationship between a city’s share of the national GDP and its share of the national population is whether a city can be too economically productive for its own good, taking into consideration the potential inequality and environmental costs that often accompany outsized concentrations of economic output. Put in other words, is there an ideal relationship between population and economic output, whereby a city’s share of economic output healthily outstrips its share of the national population—but not so much that the growth trajectory of the city becomes politically, socially, or environmentally unsustainable?

Ultimately, the strictly quantitative relationship between a city’s share of national GDP and its share of the national population may not be the best or only factor to consider when trying to understand the dynamics of urban sustainability. The actual nature of economic activity taking place in a city, rather than the total share of economic activity concentrated in that city, may be a more important factor as not all economic output is created equal in terms of its ability to generate wealth and prosperity across the class spectrum. Similarly, the policy mechanisms that regulate taxation and redistribution in a given city may be more important to consider than the standalone ratio of national GDP and population concentrated in that city. The precise nature of what a sustainable relationship between metropolitan economic output and population concentration looks like remains undefined—but it warrants further investigation.¹¹ The specific ecology of relationships between material prosperity, on the one hand, and other domains of city life—including education, culture, governance,

Figure 5: Nine Cities Account For More Than 1.5 Times Their Expected Share of National GDP

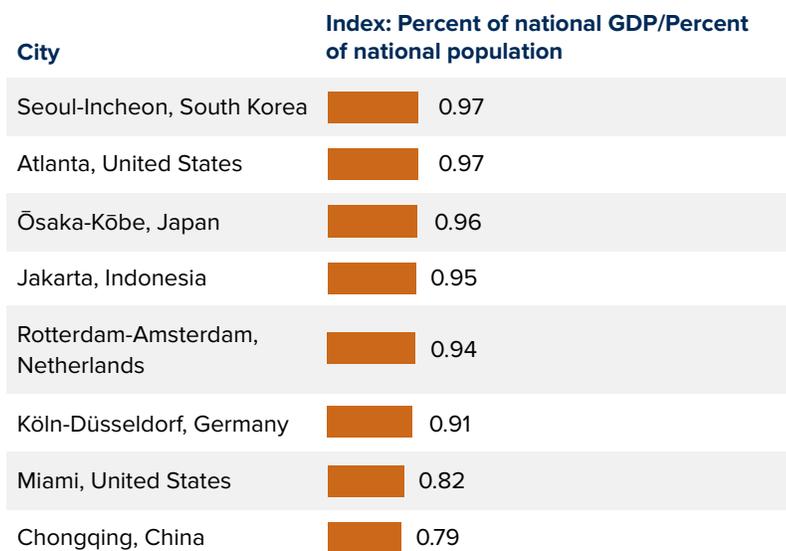
(of cities among the 100 top economies)



Source: Chicago Council on Global Affairs analysis of World Bank and Brookings Institution data, 2014.

Figure 6: Only Seven Cities Contribute an Undersized Share of National GDP

(of cities among the 100 top economies)



Source: Chicago Council on Global Affairs analysis of World Bank and Brookings Institution data, 2014.

and environmental quality, among others—may be more important than the simple relationship between population and economic output.

The City’s Global Agenda

As cities consider the possibility of harnessing their strong economic performance to exert greater influence on policy and governance debates, a key question is what could or should make up the content of any such political agenda. While this report does not lay out a prescriptive framework for such agendas, the following section introduces macro-considerations that will affect their development and trajectory.

Understanding the Consequences of Clustering

City leaders in public and private sectors alike must wrestle with the challenges inherent to economic growth, as well as with external risks to cities’ concentration of economic output. In a world where economic developments, political forces, and advances in information, telecommunications, and transportation technologies enable unprecedented mobility and geographic diffusion, the institutions that conduct global economic activity are concentrated in a select number of metropolitan areas. In particular, the clustering of advanced producer and financial services firms capable of coordinating geographically diffuse, but still socially concentrated, capital is contributing to economic growth in global cities.

But this clustering comes with a downside: It is often correlated with increasing inequality and other forms of social exclusion. As hubs of concentrated talent, wealth, and resources, economically influential cities can generate exclusion and inequality not just locally but also regionally within their larger national contexts, particularly between themselves and cities of lesser population or economic standing.¹² Social exclusion and unchecked economic inequality, both locally and regionally,

China Seeks to Feed the Growth of Its Cities

Policy makers at all levels should consider opportunities to enhance and harness urbanization for national and global prosperity. Recognizing that cities are engines of economic growth, China is doubling down on such a strategy. The Chinese National Development and Reform Commission, which regards urban development as a strategic pillar of national development, has implemented a national urbanization plan that will invest \$6.8 trillion in urban development from 2014 to 2020.⁹

China's national urbanization plan is, in part, a direct response to the migration of people from small villages to cities, many of which were not designed or built to handle the current influx. In this way, the plan is inward-looking, aiming to promote people-oriented urban development, sustainable urban environments, and the reduction of disparities in economic development among major regions of the country. But the plan is also globally oriented, aiming to further increase the global economic footprint of Chinese cities. The plan focuses on development in five national-level urban clusters: the Yangtze River Delta, the Pearl River Delta, the Beijing-Tianjin-Hebei Delta, the middle reaches of the Yangtze River, and the Chengdu-Chongqing region. The eight Chinese metropolitan areas appearing among the top 100 global economies—Beijing, Chongqing, Guangzhou, Hong Kong, Shanghai, Shenzhen, Suzhou, Tianjin—are located in four of these five clusters (Figure 7).

The disproportionate presence of Chinese cities among the world's largest economies provides evidence that a national agenda for urban development may enhance the global economic footprint of its cities, but serious questions remain about the long-term sustainability of such a strategy. Increasing the economic footprint of cities through unsustainable investments and growth practices could lead to an “urban influence bubble” and, eventually, a global landscape littered with urban infrastructure but relatively lacking in the social institutions to sustain urban prosperity. National leaders in China and elsewhere should be wary of such an outcome even as they continue to promote and harness urban prosperity.

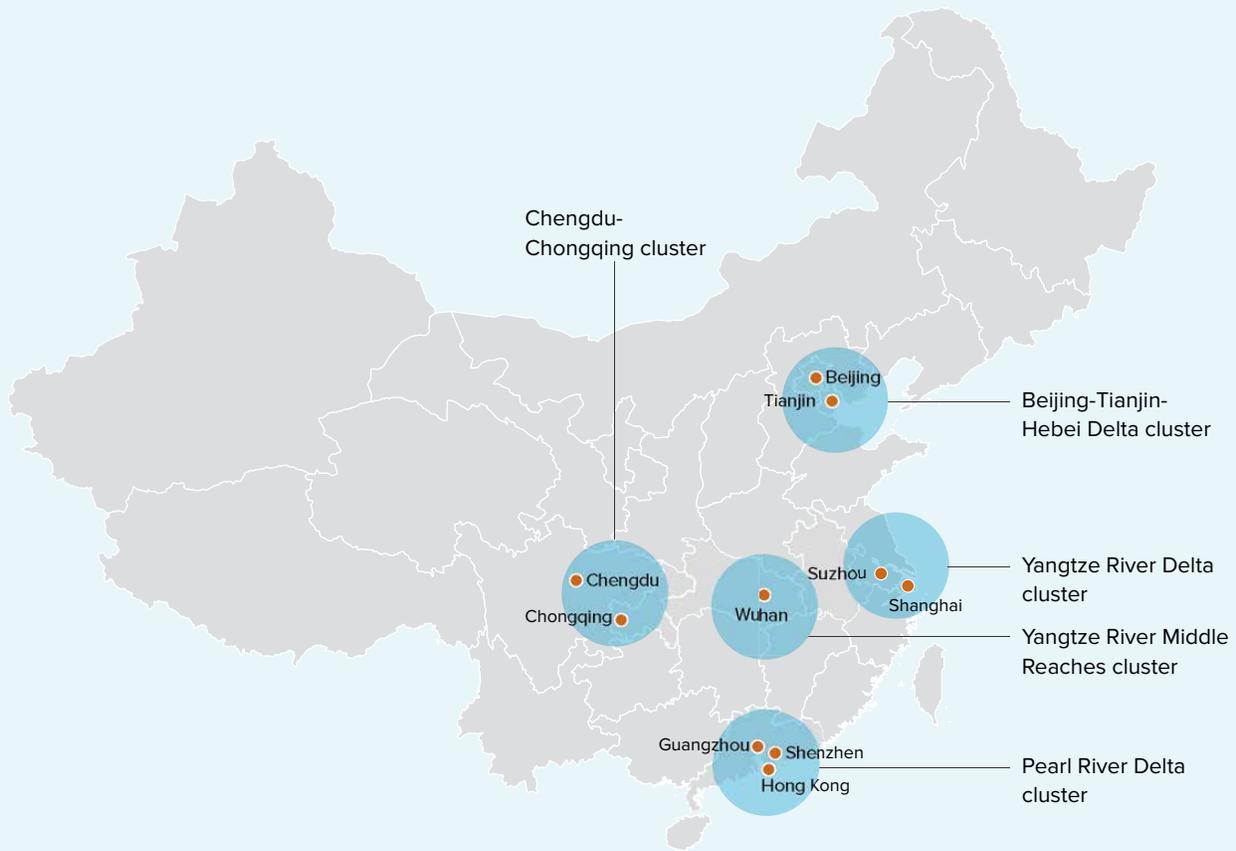
constitute potential political threats to the globally interconnected economic model that has propelled the ascendancy of cities. Recent waves of economic and political nationalism, the likes of which fueled much of the debate surrounding the United Kingdom's June 2016 referendum decision to leave the European Union, typify this sort of political threat.

Harnessing Assets for Social Good

Addressing the array of risks posed by economic growth itself will require city leaders to prioritize

local and regional economic opportunity, political enfranchisement, and social inclusion. Economically influential cities are particularly vulnerable to the perils of inequality and exclusion due to high concentrations of wealth within their administrative boundaries. However, they are also well positioned to combat that inequality as a function of their economic success—which often affords them the municipal tax base and clout within their national political economies to effectively prioritize local and regional economic opportunity, political enfranchisement, and social inclusion.

Figure 7: China's Five Urban Development Clusters



Source: Chicago Council on Global Affairs analysis of World Bank and Brookings Institution data, 2014.

For a city to wield its economic preeminence in the name of curbing inequality at both local and regional levels requires that city leaders make an active and deliberate decision to do so. Moreover, because inequality often stems from fragmentation at the metropolitan scale (between various neighborhoods or parts of a city) as well as at the regional scale (between neighboring cities of different economic and population standing), expanded governance mechanisms that transcend the boundaries of wards, districts, and municipalities are important prerequisites for cities wishing to

harness their assets to bring resources and policy making to bear on conditions of inequality and social exclusion.¹³

Complementing, Not Replacing, Nation-States

Indeed, cities and nation-states are increasingly sharing the stage of global governance. The presence of so many national capitals among the top 100 global economies—16 in total—suggests that some cities draw political and economic strength

from the concentration of influential national and international political institutions within their administrative boundaries. Indeed, national capitals concentrate not only national political authority but also accompanying international political institutions as well as institutions of global civil society.¹⁴

However, just as they are sites of national and international political influence, national capitals are also urban areas that have policy and governance agendas of their own—and these may diverge from those of their larger national contexts. There are consequences to how capital cities manage power-sharing relationships with the national institutions that are layered into their urban administrative boundaries. Indeed, from 1986 to 2000, London was without a dedicated metropolitan governance mechanism after the national parliament abolished the Greater London Council amid Thatcher-era calls for greater fiscal austerity and decentralization. In other national capital contexts,

the traditional governing powers of local authorities may be severely curtailed in favor of direct control by national authorities who may not be inclined or well positioned to represent the needs of a major urban area. Washington, DC, is a prime example; congressional representatives and senators from across the United States, none of whom were elected by Washington, DC, residents, wield significant control over the city's budget.

With noncapital cities making up nearly two-thirds of the urban areas in the top 100 economies, it is clear that a concentration of national political authority is only one factor among many informing cities' geopolitical and economic importance. The significant footprint of noncapital cities points to a general urbanization of the global economy that positions more city leaders to influence and shape global affairs regardless of whether national and international political institutions are concentrated within their administrative boundaries.



The Start of a Conversation

Analysis of the world's largest economic entities reveals the economic influence of cities, particularly those in North America and in Asia's emerging markets. Cities' large share of global economic output, and their disproportionate share of national GDP, could potentially underpin their expanding political influence; as cities expand economically, we should see an increase in their participation in policy and governance debates, both nationally and internationally. Yet for the most part, cities still do not fit into the formal structures of how decisions are made on both national and global issues.

Climate governance is just one area where cities can exert influence. Their prominent position in the global economy ought to provide them a platform to influence a broader array of policy and governance debates on a spectrum of issues, from trade to immigration to security and beyond.

The real work of harnessing the influence of economically important cities will require the concerted efforts of not just city leaders, urban managers, and policy makers but also researchers and academics tasked with answering the key research questions that will inform our evolving understanding of cities, their economic influence, and how that influence affects their role in national and international political orders. Some of the most pressing research questions include:

- Can the outsized economic impact of cities be harnessed to increase urban influence in national and international policy and governance debates?
- What are the strengths and liabilities of cities as actors in global governance, and how do these compare to the strengths and liabilities of other actors, such as nation-states and multinational corporations?

- What factors or conditions influence a city's ability to generate an outsized economic impact relative to the size of that city's population?
- What is the relationship between strong or outsized metropolitan economic performance and social inclusion, economic inequality, political enfranchisement, or environmental sustainability at both the local and regional levels?
- What do best-practice frameworks look like for balancing metropolitan global economic influence with local and regional prosperity?

At the core of these questions is the still-undefined role of the economically influential city, both at home and abroad. While it is not surprising that the 42 cities among the top 100 global economies are poised to occupy positions of increasing influence, political or otherwise, city leaders and others must now be vigilant about harnessing this emerging opportunity to usher in a flourishing future at the local, regional, and global scales. ■

About the Authors

Noah Toly is a senior fellow on global cities at the Chicago Council on Global Affairs. He is also a professor of urban studies and politics and international relations at Wheaton College, where he directs the Center for Urban Engagement, and he teaches global cities at the Free University of Berlin's Center for Global Politics. He has written on the role of cities in global governance and edits the Routledge series *Cities and Global Governance*. Toly earned his BA in interdisciplinary studies and Spanish at Wheaton College, an MA in theology at Wheaton College, and an MA and PhD in urban affairs and public policy at the University of Delaware.

Sam Tabory is a research associate for global cities at the Chicago Council on Global Affairs. Tabory earned a BA in Spanish and Latin American studies from Tulane University. He holds an MS in community and regional planning and an MA in Latin American studies from the University of Texas at Austin.

Acknowledgements

The Chicago Council on Global Affairs would like to thank Brian Hanson, Juliana Kerr, Phil Levy, Richard Longworth, and Karen Weigert for the analytical and editorial support they provided in the development of this report. Interns Hanee Chang and Karissa Suarez Del Real contributed valuable research. Thanks to Scott Leff, Brittany Williams, and Delilah Zak at Leff Communications for their design and production support of the report. Thanks to SmartCube for collaborating on early drafts of data analysis.

Generous support for the Chicago Council on Global Affairs' research on global cities is provided by the Robert R. McCormick Foundation.

Methodology

This study ranks the world's largest economies according to national GDP, metropolitan GDP, and annual corporate revenue. In 2010, the World Bank released a study that ranked nation-states, metropolitan areas, and corporations using 2008 data for the above-mentioned measures. Using 2014 data, the Council replicated the World Bank's methodology to offer an updated view of the current global landscape of top economic actors. Since the 2008 data was analyzed, the World Bank significantly revised its methodology for calculating GDP at purchasing power parity (PPP) exchange rates. GDP (PPP) figures calculated prior to the introduction of the revised methodology are not directly comparable to figures calculated after its introduction.

For national GDP and population figures, this study relies on World Bank 2014 GDP figures at PPP rates (reported in 2011 constant international dollars) and 2014 national population totals, both reported as part of the World Bank's World Development Indicators data series. For metropolitan GDP and population figures, this study relies on data from the *2014 Global Metro Monitor* published by the Brookings Institution.¹⁶ Brookings reports metropolitan GDP figures at PPP rates. For corporation data, this study sources 2014 annual revenue figures at market exchange rates gathered from the *Forbes* Global 2000 list of the same year. One of the major challenges in comparing international economies is accounting for differences in the exchange rates used to calculate GDP and revenue respectively. While the data for corporations may not be precisely comparable with those of countries or cities because the latter are reported at PPP rates for the purposes of this study, the variations between these methods of calculation are generally small enough to still allow for broad comparisons.

All 2014 GDP and revenue figures are presented in 2011 values. Metropolitan GDP and corporate revenue data not originally reported in 2011 values were deflated using the 2011 and 2014 annual GDP deflator figures for the United States published by the World Bank.¹⁵

This report has been updated since its original release in October 2016 to accommodate data clarifications. Please refer to thechicagocouncil.org/globalcities for access to the latest version.

Endnotes

- ¹ For more on the evolving role of cities and city networks in the international political order, see Simon Curtis, “The Meaning of Global Cities: Rethinking the Relationship between Cities, States, and International Order,” in *The Power of Cities in International Relations*, ed. Simon Curtis (New York: Routledge, 2014).
- ² Dina Smeltz, Ivo Daalder, Karl Friedhoff, and Craig Kafura. “America in the Age of Uncertainty: American Public Opinion and US Foreign Policy,” Chicago Council on Global Affairs, October 6, 2016.
- ³ For more on the early academic debates surrounding the political influence of multinational corporations, see Joseph S. Nye, Jr. “Multinationals: The Game and the Rules: Multinational Corporations in World Politics,” *Foreign Affairs*, October 1974, <https://www.foreignaffairs.com/articles/1974-10-01/multinationals-game-and-rules-multinational-corporations-world-politics>.
- ⁴ For more on the World Economic Forum’s evolving stance on multinational corporations as relevant international governance stakeholders, see Harris Gleckman, *Reader’s Guide: Global Redesign Initiative: An Overview of WEF’s Perspective*, Center for Governance and Sustainability at the University of Massachusetts Boston, https://www.umb.edu/gri/an_overview_of_wefs_perspective.
- ⁵ *Cities and Climate Change: An Urgent Agenda*, World Bank, December 2010, <http://siteresources.worldbank.org/INTUWM/Resources/340232-1205330656272/CitiesandClimateChange.pdf>.
- ⁶ For more about urbanization in Africa, see Edeljjasz-Vasquez, “Making Urbanization Work for Africa” (video), World Bank Blog, September 15, 2015, <http://blogs.worldbank.org/sustainablecities/making-urbanization-work-africa-0>.
- ⁷ For comparison purposes, prominent cities in advanced industrialized economies generally exhibit annual growth rates well below 1 percent. Examples of “prominent sub-Saharan Africa cities” examined include Dar es Salaam, Kinshasa, Lagos, and Nairobi. Continental and city-specific urbanization rates were sourced from *World Urbanization Prospects: The 2014 Revision*, United Nations, 2014, <http://esa.un.org/unpd/wup/Publications/Files/WUP2014-Report.pdf>.
- ⁸ Mathew E. Hauer, James M. Evans, and Deepak R. Mishra, “Millions Projected to Be at Risk from Sea-level Rise in the Continental United States,” *Nature Climate Change*, published online March 14, 2016, doi:10.1038/nclimate2961. While climate change threatens to spur a migration at the scale of the Great Migration, the authors do not mean to endorse a simple comparison between legacies of slavery and racism, on the one hand, and the effects of anthropogenic environmental change, on the other. A number of authors have explored the parallels, and there is a lively debate about their validity, meaning, and implications, but that is outside the scope of this report.
- ⁹ Dexter Roberts, “A \$6.8 Trillion Price Tag for China’s Urbanization,” *Bloomberg*, March 25, 2014, <http://www.bloomberg.com/news/articles/2014-03-25/a-6-dot-8-trillion-price-tag-for-chinas-urbanization>.
- ¹⁰ Singapore is excluded from this analysis due to its outlier administrative status as a city-state; Buenos Aires and Taipei are excluded from this analysis due to a lack of World Bank–reported national GDP (PPP) data.
- ¹¹ For more on the interaction between productivity and economic/environmental/social sustainability, see *The Competitiveness of Cities*, World Economic Forum, 2014, http://www3.weforum.org/docs/GAC/2014/WEF_GAC_CompetitivenessOfCities_Report_2014.pdf.
- ¹² Noah Toly, “Brexit, Global Cities, and the Future of World Order,” *Globalizations*, <http://dx.doi.org/10.1080/14747731.2016.1233679>.
- ¹³ For more about metropolitan and regional fragmentation as it relates to inequality and social exclusion, see *The Metropolitan Century: Understanding Urbanisation and Its Consequences (Policy Highlights)*, Organization for Economic Cooperation and Development (OECD), February 2015, <http://www.oecd.org/regional/regional-policy/The-Metropolitan-Century-Policy-Highlights%20.pdf>.
- ¹⁴ Noah J. Toly, Sofie Bouteligier, Ben Gibson, and Graham Smith, “New Maps, New Questions: Global Cities Beyond the Advanced Producer and Financial Services Sector,” *Globalizations* 2 (2011): <http://services.bepress.com/globalizations/vol9/iss2/art5/>; Noah Toly, Sofie Bouteligier, Graham Smith, and Ben Gibson, “American Cities, Global Networks: Mapping the Multiple Geographies of Globalization in the Americas,” *urbe, Rev. Bras. Gest. Urbana* 4 (2012): pp. 73–86, http://www.scielo.br/scielo.php?script=sci_arttext&pid=S2175-33692012000100006.
- ¹⁵ Because this study is concerned with national and metropolitan GDP as a measure of total economic output alongside annual revenue as a proxy GDP measure for corporations, the authors applied a GDP deflator to convert prices reported at 2014 values to 2011 values rather than a deflator derived from the consumer price index (CPI) or the producer price index (PPI). This study relied on US GDP deflator figures published by the World Bank, which can be found here: <http://data.worldbank.org/indicator/NY.GDP.DEFL.ZS>.
- ¹⁶ Joseph Parilla, Jesus Leal Trujillo, and Alan Berube with Tao Ran, “Global MetroMonitor 2014: An Uncertain Recovery,” Brookings Institution, 2015, https://www.brookings.edu/wp-content/uploads/2015/01/bmpp_gmm_final.pdf.

Appendix

Share national GDP/national population index score, of major cities by GDP

City	Index score	Metropolitan GDP as share of national GDP (%)	Metropolitan population as share of national population (%)
Singapore, Singapore	N/A	N/A	N/A
Taipei, Taiwan	N/A	N/A	N/A
Buenos Aires, Argentina	N/A	N/A	N/A
Hong Kong, SAR China	4.300	2.30	0.54
Suzhou, China	3.935	1.87	0.48
Wuxi, China	3.381	1.17	0.35
Shenzhen, China	2.537	2.01	0.79
Dalian, China	2.534	1.10	0.43
Nanjing, China	2.371	1.12	0.47
Delhi, India	2.247	4.00	1.78
Brasília, Brazil	2.224	4.32	1.94
Guangzhou, China	2.190	2.10	0.96
Manila, Philippines	2.033	26.36	12.97
Shenyang, China	1.963	1.05	0.53
Changsha, China	1.898	1.03	0.54
Foshan, China	1.876	1.02	0.54
Hangzhou, China	1.859	1.21	0.65
Tianjin, China	1.822	2.06	1.13
Shanghai, China	1.815	3.29	1.81
Beijing, China	1.768	2.80	1.58
Qingdao, China	1.757	1.15	0.66
Moscow, Russia	1.720	14.48	8.41

City	Index score	Metropolitan GDP as share of national GDP (%)	Metropolitan population as share of national population (%)
Wuhan, China	1.715	1.28	0.75
Yantai, China	1.592	0.82	0.52
Tangshan, China	1.574	0.90	0.57
San Jose, United States	1.471	0.90	0.61
Jinan, China	1.470	0.76	0.51
Paris, France	1.469	27.59	18.78
Perth, Australia	1.443	12.55	8.70
London, United Kingdom	1.427	32.28	22.63
Boston, United States	1.409	2.08	1.47
Houston, United States	1.388	2.79	2.01
Lima, Peru	1.372	47.28	34.45
Washington, DC, United States	1.333	2.55	1.91
Seattle, United States	1.329	1.54	1.16
San Francisco, United States	1.323	1.91	1.44
Nantong, China	1.315	0.71	0.54
Bogotá, Colombia	1.307	25.00	19.13
São Paulo, Brazil	1.298	13.10	10.09
New York City, United States	1.284	8.09	6.30
Tel Aviv–Yafo, Israel	1.282	56.28	43.90
Istanbul, Turkey	1.278	23.11	18.09
Athens, Greece	1.259	46.13	36.64
Dongguan, China	1.257	0.78	0.62
Bangkok, Thailand	1.251	28.75	22.99
Chengdu, China	1.239	1.29	1.04
Mumbai, India	1.234	2.05	1.66

City	Index score	Metropolitan GDP as share of national GDP (%)	Metropolitan population as share of national population (%)
Munich, Germany	1.228	5.93	4.83
Stockholm, Sweden	1.217	31.86	26.19
Portland, United States	1.212	0.89	0.73
Los Angeles, United States	1.199	4.96	4.14
Madrid, Spain	1.177	16.90	14.35
Milan, Italy	1.171	14.64	12.50
Tokyo, Japan	1.167	33.97	29.12
Frankfurt am Main, Germany	1.128	6.20	5.50
Zhengzhou, China	1.125	0.86	0.77
Mexico City, Mexico	1.122	18.77	16.73
San Diego, United States	1.115	1.14	1.02
Baltimore, United States	1.114	0.97	0.87
Minneapolis, United States	1.114	1.22	1.09
Denver, United States	1.104	0.95	0.86
Dallas, United States	1.100	2.38	2.16
Kuala Lumpur, Malaysia	1.093	22.33	20.43
Busan-Ulsan, South Korea	1.088	16.62	15.27
Hamburg, Germany	1.087	4.35	4.00
Rome, Italy	1.085	7.65	7.06
Stuttgart, Germany	1.083	4.25	3.93
Barcelona, Spain	1.082	11.02	10.18
Brussels, Belgium	1.080	52.79	48.89
Chicago, United States	1.079	3.25	3.01
Nagoya, Japan	1.068	7.64	7.16

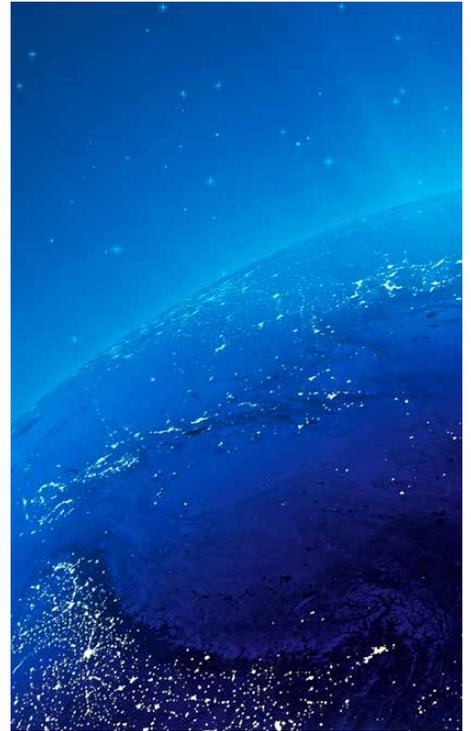
City	Index score	Metropolitan GDP as share of national GDP (%)	Metropolitan population as share of national population (%)
Vienna-Bratislava, Austria	1.053	46.60	44.26
Philadelphia, United States	1.044	2.00	1.91
Santiago, Chile	1.038	41.84	40.32
Sydney, Australia	1.018	20.92	20.55
Toronto, Canada	1.016	17.27	16.99
Seoul-Incheon, South Korea	0.972	47.41	48.79
Karlsruhe, Germany	0.972	3.70	3.80
Harbin, China	0.971	0.71	0.73
Atlanta, United States	0.967	1.70	1.76
Ōsaka-Kōbe, Japan	0.959	14.11	14.71
Jakarta, Indonesia	0.946	11.97	12.65
Rotterdam-Amsterdam, Netherlands	0.943	39.58	41.97
Shijiazhuang, China	0.936	0.72	0.77
Kitakyūshū-Fukuoka, Japan	0.929	4.06	4.37
Köln-Düsseldorf, Germany	0.913	13.08	14.32
Abu Dhabi, United Arab Emirates	0.900	28.89	32.12
Rio de Janeiro, Brazil	0.889	5.37	6.05
Melbourne, Australia	0.885	16.71	18.88
Detroit, United States	0.866	1.16	1.35
Montréal, Canada	0.863	9.74	11.28
Phoenix, United States	0.831	1.16	1.40
Miami, United States	0.819	1.51	1.85
Tampa, United States	0.804	0.73	0.91
Chongqing, China	0.794	1.75	2.20

City	Index score	Metropolitan GDP as share of national GDP (%)	Metropolitan population as share of national population (%)
Berlin, Germany	0.791	4.25	5.37
Kuwait City, Kuwait	0.749	60.32	80.53
Riverside, United States	0.624	0.87	1.39
Riyadh, Saudi Arabia	0.425	10.14	23.89
Jiddah, Saudi Arabia	0.411	9.96	24.25

Source: Chicago Council on Global Affairs analysis of World Bank and Brookings Institution data.

The **Chicago Council on Global Affairs** is an independent, nonpartisan organization that provides insight—and influences the public discourse—on critical global issues. We convene leading global voices and conduct independent research to bring clarity and offer solutions to challenges and opportunities across the globe. Ranked the #1 Think Tank to Watch worldwide, the Council on Global Affairs is committed to engaging the public and raising global awareness of issues that transcend borders and transform how people, business, and governments engage the world.

Learn more at [thechicagocouncil.org](https://www.thechicagocouncil.org) and follow [@ChicagoCouncil](https://twitter.com/ChicagoCouncil).



Chicago Council on Global Affairs
Two Prudential Plaza
180 North Stetson Avenue
Suite 1400
Chicago, Illinois 60601



THE CHICAGO
COUNCIL
— ON —
GLOBAL
AFFAIRS