

**URBAN COMPETITIVENESS:
A Global and for Mexico Perspective**

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EL COLEGIO DE MÉXICO

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INTRODUCTION

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I

The concentration of population and economic activities in cities is a distinctive quality of the capitalism production system. In both developed and developing countries the urban systems have a small number of urban areas which concentrate an important amount of the goods and services produced in the country, have different rates of growth, and display differences in the living conditions of their resident populations. In Mexico, the five largest metropolitan areas concentrate 29% of the national population and 45% of the gross domestic product (2005). These percentages were 17% and 25% in United States and 43% and 54% in Japan, respectively.

The paradigm of competitiveness is one of several study perspectives used to analyze the differentials in economic behavior of nations and cities during globalization. Conceptual and methodological advances have been made in terms of quantitative and qualitative measurement of economic performance, the factors that stimulate or inhibit competition between territories and the effects of the attraction of investment on the local labor market, social cohesion, governance and sustainability.

□ El Colegio de México. Translated by Olivia Rodríguez.

Competitiveness is not an easily definable and measurable concept, due to its multi-faceted nature which includes its causes (or determiners), the process of competition itself (rivalry among economic or spatial units) and the consequences (effects on micro- and macro-economic development). Likewise, attempts have been made to relate the economic performance of a country with the population's socioeconomic evolution, establishing a normative link between success in the insertion into world markets and the improvement in the living conditions of the resident population ((Bannock, Baxter and Davis, 1998; Fajnzylber, 1988; Prestowitz, 1994; Sachs, 1996).

On the other hand, urban competitiveness is a concept which has not escaped controversy: Paul Krugman maintained that competition only occurred among enterprises, thus cities did not compete with each other, but operated solely as the locations for investments and productive units (Krugman, 1994). Others, however, have proclaimed the relevance of the urban competitiveness concept, a position shared by the writer of this introduction. It has been defined as: the capacity of cities to attract productive investments (Lever and Turok, 1999); as the change in its economic position within a national or international urban system (Begg, 1999), or even as the interrelation between local economic performance and other social, political and environmental manifestations of urban life (Body, 2002; Potts, 2002; Harding, 2005).

From a strictly economic perspective, urban competitiveness includes three moments for the growth and prosperity of a city (Figure 1).

Initially, as regards competition, cities compete for the attraction of productive investments, whether public or private, and for national or foreign capital. These investments increase the city's fixed capital and can be oriented towards the construction of infrastructure or amenities,

Figure 1. Moments of urban competitiveness

<i>Factors</i>	<i>Competition</i>	<i>Outputs</i>
<i>Competitiveness</i>	<i>Attraction</i>	<i>Macronomic</i>
<i>advantage</i>	<i>of investment</i>	<i>performance</i>
Bussiness Institutional	Private Public	Productivity
Territorial Distributive		Employment
		Local economic structure

Source: adapted from Begg, 1999, p. 802.

the production of goods or services, the use of resources for touristic aims, or the organization and development of sports or cultural events.

Success or failure in attracting productive investments is subject to a series of factors, which constitute the second moment and have received the name of competitive advantages (Begg, 1999; Healey and Dunham, 1994; Kresl, 1995; Porter, 1996). Competitive advantages can be divided into two major categories (Turok, 2005): i) related to size and ii) based on quality.

The competitive advantages related to size bring together territorial and distributive attributes of the city (Sobrino, 2006), which operate under the principle of agglomeration economies, or general conditions of production, such as externalities generated by the scale, scope and complexity of the urban zone. These advantages have to do with the size of the urban labor market: access to raw materials, better transport and communications facilities, the conditions for mobilizing other urban areas in the country or abroad and greater flows of information and ideas. Cities do not require a particular organization to offer these advantages, nor do they require cooperation among economic units or social agents.