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Speculating on the Next World City

*Michael Goldman*

If you believe in the India story, the outlook for real estate, which is a critical part of the whole development process, is bright.

Anurag Mathur, Cushman & Wakefield, 2008

Deutsche Bank was only being more explicit than most when it advertised that it “needed” a 25% rate of return annually – from economies growing in single digits.

Robert Wade, 2009

The city, as a domain of immanence, thus remains an open-ended provocation to government.

Osborne and Rose (1999)

**Introduction: Believing in the India Story**

In spite of the recent global financial crisis, capital is flooding India’s cities like never before. Curiously, much of the surge has come from US hedge and derivative funds, the chief antagonists of the recent global economic collapse. Those who believed in the “American story” – that the US economy was taken down by overly extended new homeowners – have come to realize that the adjustable rate mortgage market reflected only a tiny fraction of the whole speculative bubble that burst across the world; US mortgage debt was worth about $10 trillion, a drop in the bucket as compared to the $700 trillion derivatives and hedge fund market. Once it became clear that large-scale speculation was the foundation on which the world’s banks, investment firms, and insurance companies stood, governments had little choice but to offer multi-billion dollar bailouts or risk total economic collapse.

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By mid-2009, these investors were looking elsewhere for “value,” and one of their first stops has been India (Figure 9.1). In short time, foreign investment firms have created multi-billion dollar infrastructure funds in support of World Bank and Government of India plans to transform India’s problem-ridden cities into “world cities,” purportedly to catapult India into the top tier of the global economy. As India’s Planning Commission has recently stated, India hopes to raise $1 trillion in the next five years on infrastructure, half of which must come from private investors.¹

This chapter highlights a set of interrelated phenomena occurring in the name of world-city making both within Indian cities and across aspiring cities throughout Asia and the Arabian Gulf, where the imperative to speculate, and the incitement to overcome the “stasis” of urban life with a globalized and virtuous entrepreneurialism, meet. We can call this trend speculative urbanism. A prime example of this is the way in which competing cities have leveraged their urban infrastructure – housing complexes, waterfronts, city centers – to attract the capital to improve city life. Just as speculative profits often come from perceived confidence in that market, these worlding practices too rely on the confidence that rates of return can be high for investments, at different stages of the urban worlding process. Since the “hot capital” of hedge funds is never invested for more than the short term (e.g., weeks, months), national governments and international finance institutions are creating the institutional apparatus of guarantees to insure that investors will continue to come long after the hot-capital players have moved on. New urban planning takes as its starting point the imperatives of the rapid turnover of capital, and thus, new mechanisms of governance are being developed in anticipation of such turbulence, as we shall see below. In this chapter, I argue that networks of financiers investing billions of dollars across portfolios of urban projects have had a demonstrable influence on the way in which local urban governments are retooled for integration into the culture and practices of the global economy. This string of overlapping practices, forces, and events can be understood as a new form of transnational urbanism, a speculative urbanism.

This process of luring and tying down investors, while also anticipating their imminent departure, has shaped the type of world-city projects being financed as well as the informal regulatory structure and citizen–state relations in these rapidly urbanizing worlds. As investors play one city off another, so too do governments, trying to out-Shanghai Shanghai. The sacrifices of residents of Shanghai and its periphery are ones that are invoked for other to follow, creating a conduct of conduct for world-city citizenship (Lin 2007; Ong and Zhang 2008). In Bangalore, residents are both asked to sacrifice as the Chinese have, as well as try to fit into the idealized imagery of the “Bangalore model” being mobilized in far-flung sites such as Dalian, China, and Glasgow, Scotland – one that few Bangaloreans would recognize.
from their own experiences (Business Standard India 2008; Press Trust of India 2008; Goldman forthcoming). In sum, the contours of this phenomenon of speculative urbanism can be understood through the tracing of four tendencies.

The first is a new architecture of investment capital. In India, in 2007, Dubai’s largest developer and real-estate firm, Limitless LLC, committed $15 billion to finance and build India’s first privately owned small city, India’s “Knowledge City,” the first of five multi-billion dollar private “greenfield” cities on the newly urbanizing rural periphery of Bangalore. Using foreign capital to build – and govern – private cities is only one dimension: similar to Karen Ho’s thesis from her ethnography of Wall Street (Ho 2009), I argue that speculative investors (and their shareholders) are not only demanding higher rates of return on public infrastructure investments, but that they are also inculcating a culture of liquidity in the expectations of the way such capital-intensive projects are set up and run. Keeping capital liquid and mobile not only reflects the size, pace, and intensity of movement of capital from one project to another; it also affects the culture of government and its technologies of urban management.

Hence, we find a new volatility to speculation, with conditionalities. World-city projects are being designed so that large institutional investors can remain vested long enough to capture the initial speculative spike in value, and leave. Consequently, urban managers must package a string of deals along the life of a large-scale project so that different types of investors can gain differently. Since many projects on the drawing board never make it to the building stage, early investors expect the highest profits, as they are assumed to have taken the biggest risk. Yet projects at the building stage can often be delayed for years due to numerous social, political, and environmental obstacles. Although we tend to focus on the on-the-street public protests against large projects that displace thousands of people, we often fail to note that major investors also make major demands. Since the mid-2000s, some key pension, hedge, and derivative fund managers have shifted investments to global South cities, albeit only under the conditions (i.e., government guarantees) that their rates of returns will be larger than those in the “less risky” West.

Second, a new architecture of urban governance is rapidly emerging. Although the scholarly literature on displacement has focused primarily on the rural, city building has now overtaken the center of mass displacement in the global South, as the idea of world-city construction has become global, and land has become viewed by planners and investors as the key obstacle. Chinese and Indian cities, for example, are no longer receiving their budget allocations from their central governments; instead they must generate public resources from the direct sale or long-term lease of land (Lin 2007; Ong and Zhang 2008). Hence, the practice of selling land and displacing denizens to
finance public goods and services has become one of the primary jobs of world-city government. In Bangalore, this is changing the business of, and people's relations with, government, in which a speculative government has become the new political rationality, and their primary interaction with government agents is over land, whether it is the new agency with oversight over the airport, or older ones overseeing water, sanitation, or education. As many people must adapt, cope, and mobilize new opportunities in order to become viable world-city citizens, one sees tensions emerge over the process of world-city subject formation (i.e., how one can conduct oneself in order to survive the pressures of speculation-based change).

Third, these investment strategies reflect an intensification of inter-urban competitiveness and inter-referencing (see Aihwa Ong, Introduction, this volume). As global expertise on world cities suggests, it has become necessary for policy-makers to enter the competitive bidding process which pits cities against each other, making one's city attractive to global investors even as it may compromise people's rights locally. Spectacular endeavors in Dubai generated huge profits by 2007, and reinvestment strategies for “dreamland” urban projects in India, Jordan, Saudi Arabia, Vietnam, Russia, Turkey, Lebanon, and Egypt (Elsheshtawy 2010). But by early 2009, the Dubai market had lost three-fourths of its value, skyscrapers stood empty, and grand designs in Moscow and Bangalore have been scrapped. Although volatility and market crashes drew investors from the United States and the Arabian Gulf to a whole new tier of world cities, they have also caught those captive populations off guard. These new inter-urban dynamics, when combined with those discussed elsewhere in this volume, produce a frenzied exuberance and undulating social turbulence across urban landscapes.

Fourth, these urban worlding strategies do not emerge from thin air, but from the peripatetic hard work of transnational policy networks (Goldman 2005, 2007), creating a global architecture of expertise on cities, led by consultants (e.g., McKinsey, PricewaterhouseCoopers), UN agencies (e.g., UN Habitat, the UN Development Program), international finance institutions (e.g., the World Bank, the Asian Development Bank), and global forums (e.g., the World Cities Summit [Singapore in 2010], the World Bank’s Cities Alliance, the Global City Forum, the Global Cities Dialogue, the C40 Cities Mayors Summit), often co-sponsored by a combination of the above institutions and firms (e.g., Siemens, Philips, Veolia, Accenture, Limitless, Tamouh, Emaar). On one end of the spectrum, the World Bank and bilateral agencies are advocating the “urban turn” in lending and global managerialism; at the other end, environmental NGOs and experts have deemed cities as the new site of green innovation for carbon-cutting built environments, living spaces, transport systems, and the future of reduced greenhouse gas effects. Whereas 15 years ago, these actors deplored the violent and stagnant mega-cities of the Third World, today cities have become the fount of innovation and
“best practices” for “ending poverty,” sustainable lifestyles, and more. Indeed, the constellation of transnational policy actors from the Global Cities Forum and the Cities Alliance to the World Bank and PricewaterhouseCoopers have crystallized such claims into governance models and lending strategies, as the World Bank’s influential 2009 report *Systems of Cities: harnessing urbanization and poverty alleviation* (World Bank 2009) duly notes.

But when China plans to build 100 global cities in the next two decades and India hopes to spend $1 trillion on infrastructure in the next five years—half from foreign market investors—the definitions of governance, green sustainability, and the urban take on new meanings. As we take a closer look at the sponsors and voices at these fora, the movers behind global policies and loan packages, and the investors and designers of world-city projects, we begin to see convergences worthy of further exploration. The rationale for these urban worlding practices starts with the assumption that global South cities have been dying under the weight of mega-city problems such as overcrowdedness, virulent poverty, violence, corruption, and a culture of ineptitude that has made it hard for any national government or financial market to expect that cities such as Delhi or Rio could become drivers of an economy. Yet, against all odds, select cities are becoming economic powerhouses that urban boosters are suggesting as models for learning and replication: Singapore and its city-state model of capital accumulation (as Chua Beng Huat notes in this volume), Shanghai and its massive infrastructural transformation, Dubai and its capital-flush real-estate sector, and Bangalore and its phenomenal IT industry. These “models” of urban transformation—when bolstered by key regulatory changes by states and new investment strategies by private equities and debt-financing firms—have incited ambitious master plans to *world* urban landscapes.

In a keynote speech in the Global Investors Summit in Delhi in July 2010, a prominent fund director declared that what we’re seeing is a world of investment that is no longer “developed” (i.e., the West) versus “emerging” (i.e., Third World) markets, in which the latter is too risky for investors; on the contrary, it is a new world of “declining” in the cases of the U.S. and Europe versus “growth” markets in which most opportunities for high returns are in the Global South. The question, this British fund manager presents with a flash of irony, is not just who wants to invest in India, but who is still willing to invest in the dying markets of the West. Large pension funds from California and Washington, Abu Dhabi, and China, he claimed, have plenty of capital and are eager to invest if urban governments offset huge risks of world-city projects with guarantees for attractive rates of return.

Hence, as Aihwa Ong argues in the Introduction, the *worlding of cities* is not a phenomenon derived, or trickling down, from the European experience;
world-city projects throughout Asia and the Middle East exhibit new dynamics across and within cities, even if, to some investors, such binaries as West versus East are comforting and strategically useful (Simone 2001). For example, an Asia-based North American pension-fund manager explained at this Delhi Summit that her clients require a much higher rate of return if they are to invest in India: If they get 12 percent in the United States, why should they expect anything less than 20 or 25 percent in India, to offset what she called the volatile “India risk” of doing business on the subcontinent? In response, this chapter asks: What political and discursive shifts have occurred such that the Indias of the world can now offer, and transnational investors expect to receive, such exorbitant profit rates from projects? What happens when the promise to “end poverty” and improve the quality of public services for all gets enacted through these investments?

Subsequent sections will introduce an alternative reading of recent Bangalore history, and present a schematic on how a world-city discourse gets constructed, travels, and gains traction. This chapter will then explain the nature of governmental changes occurring, review Bangalore’s main world-city projects and their displacements, and explain how India’s engine of urban growth – the phenomenal IT sector – may be contributing more to the permanence of a volatile and speculative urbanism than to an urban梦想scape of social opportunity and justice.

**Provincializing “Old” Bangalore**

In thinking through Bangalore’s transformation, it is useful to start by asking from where this specific impetus of contemporary world-city-making came: How did certain discursive strategies bubble up to dominance, while many other alternative planning narratives became provincialized? Initially, Bangalore did not shift into world-city mode as part of a larger moral panic to refashion the Third World “mega-city,” teeming with uncontrollable violence, wrenching poverty, and fetid living (Srinivas 2001). Until the IT explosion starting in the late 1980s, Bangalore was a comfortable middle-class town with secure union jobs in large public-sector research and manufacturing firms that fed into the high-end functions of the Indian state and economy (e.g., radar and satellite systems, telecommunications and space research, manufacturing equipment). A few years into the IT boom, Bangalore was not “burning” or a planet of slums. Instead, world-city making started when firms such as Texas Instruments asked for substantial upgrading of Bangalore’s pleasant but small-town public facilities in order to survive in the fiercely competitive global IT sector.

Bangalore’s largest employers, many opening in the early 1900s, were BEL (Bharat Electronics Ltd.), HAL (Hindustan Aeronautics Ltd.), ITI
(Indian Telephone Industries), HMT (Hindustan Machine Tools), BHEL (Bharat Heavy Electricals Ltd.), and Mysore Industrial and Testing Laboratory, which alongside the nation’s top science institutes, such as the Indian Institute of Science, produced the “first wave” of India’s IT revolution in the 1950s, in aeronautics, space research, radar and remote sensing, military equipment, and factory tool-making (Vyasulu and Reddy 1984; Heitzman 2004; Nair 2005). Bangalore’s urban landscape had been shaped by the housing and industrial colonies for these plants and their workers and managers, with English medium schools, accessible and affordable housing, health clinics, shopping areas, bus lines, parks, and community centers where local organizations used to meet. As Bangalore-based economist Narendar Pani (2009) writes: “These townships [since incorporated into Bangalore city] covered hundreds of acres of land each, and in the case of the Aircraft Township of Hindustan Aeronautics, 2,847 acres (Nair, 2005: 89). These units attracted workers of varying skill levels from technologists to unskilled labor. A strongly unionized labor force meant that the lowest paid public sector employees fitted easily into the lower middle class of the rest of Bangalore. The children of all public sector workers then had access to Bangalore’s English based technical education.”

The phenomenal growth of India’s recent IT revolution led to the in-migration of the world’s most profitable and innovative IT firms, plopping themselves down in cow pastures, spinach fields, and drained irrigation tanks on the southern and eastern outskirts of the city. Since most of what the IT sector produces is software coding and data management (Parthasarathy 2004), all of which can be transported globally via satellite and fiber-optic cables, firms could function and prosper on very little urban infrastructure.

Ironically, it is only since the mid-1990s, through the actual process of making Bangalore into a world city, that Bangalore has developed “mega-city problems” rife with rapidly escalating social inequality, mass displacement and dispossession, the proliferation of slum settlements, increased community and ethnic violence and tensions, and epidemic public health crises due to severe water supply and sewage problems occurring in poor and working-class neighborhoods. Roads are over-the-top congested and vehicles spew such high levels of pollution that many motorcyclists travel around with bloodshot eyes and respiratory problems. How did India’s “garden city” and “pensioner’s paradise” become such a world-city nightmare?

The key movers and shakers for urban transformation in India’s largest cities include coalitions of local business elites (e.g., the Confederation of Indian Industry and NASSCOM, the software industry’s chamber of commerce), professionals from the IFIs and bilateral aid agencies, Indians living abroad, internationally connected NGOs, and India’s elite urban bureaucrats and officials. Their approach overlaps with other globally
circulating efforts promoting a “master plan” agenda, often privileging a single sector of the economy as an engine of rapid accumulation coupled with large infusions of external loans and investments for world-class urban infrastructure (see Bombay First and McKinsey 2003; PricewaterhouseCoopers 2005, 2007).9

At one public meeting in a middle-class neighborhood (February 2007), the city commissioner brashly declared what he considered it would take to turn Bangalore into a European-style world city: clear the city of its slums and bring in world-class amenities such as pubs and theaters. Meanwhile, city commissioners from other Indian cities have called for massive investment to convert crowded and run-down parts of town into entertainment complexes by tapping undervalued public spaces for privatized value creation that benefits what they imagine to be the new urban citizenry. These plans reflect more than discrete individual confessions, revelations, and logics; one finds them articulated in PowerPoint presentations from PricewaterhouseCoopers staff, in bureaucrat training courses, urban planning exercises, and international fora on “urban futures,” and in Asian Development Bank loan portfolios (Robinson 2011).

Together, they reveal a sequence of events unfolding recently in India, which can be summarized in the following way. First, the career trajectory of an ambitious administrative civil servant has changed, such that it is now imperative that one’s résumé includes training programs run by international agencies such as the World Bank and those at the Administrative Staff College of India’s Urban Management program, originally designed by the World Bank Institute.10 Second, whereas previously only national government ministries could expect to borrow from the IFIs, now local government agencies are being asked to bid for international finance loans and grants, situating these local agencies with new powers but also new risks that are extraordinary for a small service-providing bureaucracy. Hence, officials are being retrained and aided by consultants from transnational firms ensconced in this transnational arena of world-city making.

Third, the central government of India has initiated its own world-city investment strategy – the J. Nehru National Urban Renewal Mission, or JNNURM – that channels more than US$11 billion over seven years to cities that must bid for a slice of this money, with conditions attached that encourage corporate partnerships between foreign service providers and public goods managers in state agencies, borrowing capital from international markets and financing debt through municipal bonds, and other steps that convert these small bureaucracies into competitive and “responsibilized” agents (Rose 1999) of new urban financial and governance norms.

These changes come with a political and economic rationality. To convert “dead capital” into high-value “liquid capital,” city officials have embarked upon a new way of managing the urban public: worlding through speculation and
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liquidation. This adjusted aperture helps planners visualize the transformation of old city markets into central business districts, clusters of small shops and street-vending locales into downtown shopping malls, and irrigation tanks (small lakes) and village fields into glass and steel corporate campuses of the new Googles of the business world. There is much to be gained and much that will change in this process of envisioning a world city. This world- or global-city approach attributes economic stagnation to the failure of the command-and-control state to nurture freedom of investment and the entrepreneurial spirit amongst the whole population, right down to the ready-to-be-unleashed poor. Rural peasants need not continue to play the static role of handcart pushers, selling vegetables and herbs in and out of city neighborhoods. But according to the logic, peddlers, vendors, and “slumdogs” also desire an opportunity to leverage their participation in city life and capitalize on the transformations of city economic life. The poor should expect more from their cities, and these globally integrating projects are precisely the vehicle to meet such expectations. Following from this world-city logic, rural communities can be more than mere suppliers of (cheap) city food products, but also landlords and providers of higher-end services to world-class IT engineers, what many city projects on the outskirts of Bangalore promise.

Building upon Hernando de Soto’s notion of how the Third World poor sit upon a surfeit of untapped capital, one can see how acres of underutilized or dilapidated public infrastructure signify thrice-ignored capital reserves: dead infrastructural capital sitting on dead land capital, overseen by dead managerial capital (de Soto 2000; World Bank 2009). The world-city idea has brought a renewed vigor to city officialdom, as if city leaders had discovered oil reserves under crowded open-air markets, debt-burdened farming villages, and even their own office desks.

Speculative Government

These speculative endeavors are being supported by, and are spearheading, major changes in the practices of government (Foucault 1991; Rose 1999), and in daily government–citizen interactions. One can shrug one’s shoulders at these dream projects and see them as purely speculative, pie-in-the-sky; yet, they have their institutional effects, whether or not they are built as planned. The idea of making a world city in Bangalore has become a constant “provocation to government” (Osborne and Rose 1999). The first dramatic shift has been the privileging of local government agencies called parastatals, agencies largely financed by IFIs and buttressed with foreign loans, debts, and investments, whose job is to oversee and support particular world-city projects that existing government agencies are ill-equipped to
undertake. For example, the public water agency (BWSSP) worked with the parastatal airport authority (BIAAPA) to insure that its first big effort to provide water to consumers was at the airport, where no one lives, and that less than 4 percent of the city population utilizes, for only a short time per visit. (Elsewhere in town, most receive “BWSSB water” for only a few hours every third day.) The responsibilities of these two types of government agencies – public and parastatal – have begun to blur, as Bangalore’s public water agency now outsources 70 percent of its most basic tasks to private operators, and its financing depends upon IFI and world-city project infusions.\textsuperscript{13}

In 1993, a pivotal set of legislation was passed that suggests a national turn in Indian government toward decentralization and democratization: the passing of the 73rd and 74th Amendments to the Constitution in 1993 to decentralize power from national- and state-level authorities to rural \textit{panchayats} (local multi-village councils) and urban municipal corporations. Yet, their enactment on the ground is undermining democratization processes: many of Bangalore’s key nodal agencies for world-city making are the newly empowered parastatal agencies, accountable only to their lending agencies (such as the Asian Development Bank) and to the chief minister of Karnataka (the state in which Bangalore is situated). Decision-making has jumped scale, leaving very few formal mechanisms for local control.\textsuperscript{14} Parastatals have become “single window,” one-stop shopping sites for the expedited approval and disbursal of permits for projects financed by foreign capital, ostensibly blending efficiency with “professionalized” good governance, ditching the slow-churning and much-maligned Indian state bureaucracy (Fuller and Benei 2000; Harriss, Stokke, and Tornquist 2004; Harriss 2006; Baindur and Kamath 2009). The most powerful city agencies, shaped and financed by IFIs, are the Bangalore Development Agency (BDA), overseeing the Comprehensive Development Plan; the Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC), distributing IFI funds; and the Karnataka Industrial Area Development Board (KIADB), which negotiates land acquisitions for world-city schemes. Hence, new government initiatives have not led to a uniform path of democratization; on the contrary, attempts to bring democracy to the city are being undermined by the development technologies of these semi-autonomous and debt-financed agencies (as well as by a new form of voluntarism and civil-society participation, as we will see below) (Benjamin and Bluvaneswari 2001; Nair 2005; Ghosh 2006b).

The world-city project, however, is no steamroller. Solomon Benjamin (2008) explains the “porous” nature of this bureaucratic maze, which enables working-class and poor constituents to make demands upon their own brethren staff at the lowest reaches of the bureaucracy, gaining them access to a wide range of government services such as electricity, water,
and the use of abandoned lands for makeshift homes and workshops (Benjamin 2000a). Yet this highly localized set of political maneuvers – what Benjamin and also Simone (2004a,b) argue is part of large phenomenon called “subaltern urbanism” – do suffer from seismic ruptures such as the creation of world-city projects described here, which can destabilize and force new alignments of these necessary survival strategies and practices.

For example, the sole elected urban local body for Bangalore city, Bruhat Bangalore Mahanagara Palike, or the city corporation, is comprised of councillors elected from the 198 wards of the city (BBMP 2009). But because of the 2007 city mandate to expand the city’s limits to include seven surrounding towns and 110 villages, increasing the area threefold, the city council was suspended from September 2006 until a much-delayed election held in December 2009, and the city had been run solely by the bureaucratic arm of BBMP. As the only democratically elected body in Bangalore, their responsibilities have historically been quite limited, responding to complaints from citizens about storm drains, solid waste management, roads, schools, stray dogs, and health services. Yet, wherever the city expands into surrounding villages and towns, local ruling bodies are replaced by BBMP councillors, and representation shifts from the 300 to 30,000 denizens for every elected official, there has been a reduction in official representation at the same time as local issues of sovereignty over land have become much more contentious, dispossessing locals from city land (Kamath, Baindur, and Rajan 2008).

Three other significant institutional shifts have occurred in the governance arena: first, as Baindur and Kamath (2009) have astutely noted through their research, most of the key World Bank and Asian Development Bank policy reforms on urban governance that have been recommended have been subsequently instituted as requirements for access to their loans as well as to those offered by JNNURM (Baindur and Kamath 2009). Starting in 2001, IFI recommendations have included the repeal of the Urban Land Ceiling Regulation Act, phased reduction of stamp duties, the phasing-out of rent control laws and indexing rents of municipal properties to market rents, the unbundling of municipal services to create user charge revenue streams for each public service, rapid increases in tariffs for water and utilities, and the introduction of double-entry accrual accounting. All have been incorporated into JNNURM guidelines for urban local bodies, and have shaped the creation and work of new urban parastatals. These reforms are separating historically weak government agencies overseeing very small maintenance budgets from newly autonomous agencies; the latter have become swollen with large budgets and yet also made volatile, as their work is defined by high-risk, multi-million dollar international loans and large-scale obligations of debt finance.
Second, expert commissions and taskforces have, since 1999, played a critical role as an institutional apparatus that could “meet demands that the present system of elected corporators [or city councillors] does not adequately fulfill,” and to “help citizens make ‘informed and effective decisions that truly represent citizen’s priorities’, a direct call to ‘take ownership and get to participate in governance’” (Nair 2005). That apparatus was the Bangalore Agenda Task Force (BATF), a fifteen-member nominated body of elites from the IT and biotechnology industries, such as Infosys CEO Nandan Nilekan, from the business community; Naresh Malhotra, of the international consulting firm KPMG; and NGO leaders such as Ramesh Ramanathan, former New York-based Citibank trader who started Janaagraha, and Samuel Paul, former World Bank official and director of the Public Affairs Centre. The latter two organizations have played the lead role of citizen-participation/government-watchdogs in town. The BATF office and many of its initiatives, before it closed down in 2004, were funded by Nilekan’s private foundation, Adhaar Trust, which also offered seed grants for entrepreneurial projects that would help BATF’s main initiatives: Swachha Bangalore, or Clean Bangalore; and Swayam Ghoshane, or Self-Promotion (Heitzman 2004; Ghosh 2005).

BATF hoped to be the citizen-based vehicle for de-politicized, audit-based, anti-red tape, urban initiatives. It wanted a no-nonsense approach to urban development, based on the Singapore model of cleanliness and efficiency. Its biggest success was its construction of well-adorned bus stops and clean public toilets in select sites. But their attempts to institutionalize the taskforce approach to governance met resistance from a variety of citizen groups, as well as from civil-servant suspicion. Whereas BATF was started by the newly elected Congress Party’s Chief Minister S.M. Krishna, who unabashedly wanted to turn Bangalore into Singapore, BATF’s successor, “ABIDe Bengaluru,” was started by the Bharatiya Janata Party’s (BJP’s) Chief Minister B.S. Yeddyurappa, once he was elected in 2008, with its members from the Hindu nationalist BJP, together with senior government and industry officials, and Ramesh Ramanathan from Janaagraha, again. One of ABIDe’s flagship projects may become a 60 km monorail system (Times of India 2009). Although specific taskforces seem to come and go with each election, as the Janata Dal (Secular), Congress, and BJP parties have exchanged the reins of power over the past decade, the trend of placing elite corporate and citizen leaders in positions of power to circumvent existing forms of government decision-making seems to have stuck in Bangalore, as it has in Chennai, Mumbai, and New Delhi (Chamaraj 2009).

Third, elite citizen action groups have been working under the premise that only when citizens participate, if not take the lead, will local governmental bodies modernize. Social audits are a key technology for forcing government agencies to become more transparent and responsive. Samuel
Paul’s PAC created the “citizen’s report card” – opinion surveys asking consumers to rate their public utilities and service-delivering agencies. PAC actively publicizes the results, enters into dialogues with the agency, and mobilizes professionals to push for better services. PAC has run high-profile public fora for English-speaking, professional-class audiences, and worked closely with parastatals and the IFIs to insure that its citizen constituents are heard in the shaping of projects. Attracted to this type of citizen activism, the World Bank and the Asian Development Bank have since hired Paul and PAC to consult on their behalf in world-city initiatives across Asia and Africa. India’s central government has hired Ramanathan to promote citizen participation across India. By 2008, BATF had long vanished, replaced by the BJP-led ABIDe, and Ramanathan and most of his staff had shifted to Delhi, doing citizen’s participation work for JNNURM’s sixty-four city lending program.

In sum, local state agencies have privatized more of their public tasks and responsibilities, focused their efforts on world-city projects, and transferred the responsibilities of government to a tight-knit but expanding group of elite local/transnational networks of “citizen” actors. Not only has the art and practice of government become more widely dispersed; it has required a speculative sensibility that puts into question, and requires action on, everything once taken for granted as stable. Debt-financed parastatals, betting heavily on hedge-fund investments that demand world-class profit rates, require tremendous ingenuity but also risky behavior by eminent-citizen taskforces and citizen NGOs, as well as the people who expect that the streets they walk to work on, and the informal workshops and sidewalk services they provide, will be there tomorrow. When the land under their lanes and shops becomes capitalized based on Dubai-sized expectations, the rules of the street and city hall shift, as we shall see, in unpredictable and highly speculative ways.

**Speculative World-City Projects**

In order to understand how political rationalities and institutions change through their articulation with these high-risk, large-scale world-city projects, this section introduces a few mega-schemes currently being executed: the Bangalore–Mysore Infrastructure Corridor (BMIC), the IT corridor, and the Bangalore International Airport and its surrounding development area (BIAL). Here, I will only highlight two elements: the size of each project relative to its perceived public good, and the cumulative world-city projects’ physical impact on the region. As we can see from Figure 9.2, these three projects alone comprise a substantial proportion of the new land under the expanded Bangalore, and the overall area is much larger in toto than the
original city of Bangalore prior to 2007. If we add to these projects the road-widening project which leaders perceive as a solution to the doubling of cars every five years (e.g., 400 km of roads to be widened), plus the dozens of small lakes and reservoirs drained in the past two decades for construction, we find that much of the complex urban terrain of Bangalore has been transformed by world-city building (*Times of India* 2006; D’Souza 2008).

The International Airport, which opened in May 2008, was built and is being run by a consortium led by the Unique Zurich Airport firm and Siemens, receiving highly subsidized land from the government 30 km north of the city, large enough to build two and a half (London) Heathrow airports. The IT corridor on the city’s eastern periphery is yet to be fully built, on land not yet fully acquired; planned to be one and a half times the size of Paris, it will be subsidized by the government and designed with the help of a Singapore-based firm. It will have its own local government, but it will tap into the Greater Bangalore’s refinanced power and water grids. The IT corridor and airport will be connected by a world-class monorail built to

**Figure 9.2** The new Bangalore has grown by threefold since 2007 and yet sits in the shadows of its expanding world-city projects

*Source:* produced by Wesley Longhofer.
transport IT professionals back and forth between airport and work, flying above the traffic jams and nuisance of the city below.

Following the model of regionalized expansion, the Bangalore–Mysore Infrastructure Corridor (BMIC) intends to spread development out from Bangalore’s interior in order to alleviate urban density and expand the overall space of Greater Bangalore to include new and old townships, small cities, village clusters, and agricultural land. Operated by a US-based investor, NICE, this project starts with the construction of a six-lane privately owned toll expressway between Bangalore and the second-largest city in Karnataka, Mysore. The 130 km expressway will become a catalyst for regional urbanization with NICE building five new private townships and multiple industrial parks on agricultural, village, and forested land. The project’s advertised main goals are to reduce the travel time between the two cities from three and one-half hours to ninety minutes, alleviate the crowding of Bangalore’s IT sector, and allowing it to expand geographically.

In 2005, Mohandas Pai, then director of human resources at India’s major IT firm Infosys (with large campuses in both cities), said in the press: “It’s the single most important project for Bangalore. It will not only provide more employment, but also improve the quality of life of the people of Bangalore.”

At an estimated cost (so far) of more than $1 billion, the 7,000 acres required for the toll-based expressway will be surrounded by another 21,000 acres on which NICE can develop these new townships, each affiliated with a corporate center, industrial center, farming/marketing center, ecotourism center, or a heritage center that would preserve in a museum the rural lifeworlds that the thoroughfare and malls may pave over. Besides reducing travel time, it will also denude up to 7,000 acres of forested land and drain eight lakes. The government chose to lease the land at a controversially low subsidy of Rs.10 per acre per year (in 2010, Rs.45 equaled US$1).

While the toll expressway will be owned by the government after the 30-year lease expires, the townships created along the road will be privately owned and managed; not the thoroughfare, but the “unleashed value” converting rural Karnataka into urban real estate is the ingredient that attracted the US investor, along with one of India’s largest corporations (Anil Ambani’s ADAE) to the scheme. Just as New York, Singapore, and Dubai real-estate firms have hoped to set up their own townships outside India’s cities, in 2007 a Dubai firm closed a $15 billion deal (with DLF of New Delhi, an investment partner with Lehman Brothers – until they went bankrupt in 2007, rocking DLF’s fidelity) to build/own/operate and govern a prototype township known as “Knowledge City” on 9,000 acres surrounding the town of Bidadi, alongside the planned infrastructural corridor (Forbes.com 2007).
Since there are no vast open spaces *out there* to build upon, land must be acquired from rural denizens, many of whom are engaged in agriculture and live in villages. For a developer to receive 28,000 acres from the state government, states have industrial areas development boards (such as the KIADB in Karnataka), charged with the task of purchasing land from rural owners and villages, building up basic infrastructure – that is, water and electricity, and in some cases, a physical plant or campus for an auto factory or software company – and then selling or leasing it to businesses. By and large, Indian farmers are not allowed to sell agricultural land for non-farming purposes, ostensibly to preserve the national treasure of farmland and protect vulnerable farmers from “land vultures” who might prey on them. This is especially true for the Dalits (India’s lowest-caste communities) who have received land under land-to-the-tiller programs since the 1970s. Yet, in this case, the government has bypassed these rights and legal remediations. Consequently, more than 200,000 rural people will be displaced by this Mysore–Bangalore corridor project – people who farm the land, who live in the villages, and who work in rural service and small-industry sectors supporting the regional economy.19

Under the law of eminent domain, based on the colonial Land Acquisition Act of 1894, the government can acquire land from farmers if it is for a project that is for the “good of the nation,” but it must offer a fair market price (D’Rozario n.d.). The state-level Karnataka Industrial Areas Development Board (KIADB), however, offers a relative pittance to the non-elite members of rural communities, exercising its right to choose the depressed rural market price and not the upscale world-city market price as its marker. The difference comprises “the rent” that shapes and fuels the new urban economy and its governance structure. The rationale for offering farmers a low price relative to land’s new urban value is based on the belief that many of Karnataka’s farmers have become quite poor, in debt, and judged as uncompetitive. But this is true less because of the failure of the land, the people, or the crippled rural economy than because of the post-1991 liberalization shift in priorities by the government in price supports from the rural to the urban service sector. Whereas, in the past, the government would subsidize agriculture in order to keep both a national food surplus and some of the 70 percent of the nation’s population engaged in rural work employed and compensated (some political moments have been better than others), since the early 1990s, the policy has shifted from rural subsidies and supports, and away from social welfare provisions in general. In other words, world-city investments depend upon widespread *disinvestment* from other local economies, such as the diverse rural, and the urban informal. Significantly, most of the urban and rural population works for the multifaceted “informal” economy (including textiles, apparels, silk processing, mechanical fabrication, plastic parts manufacturing, floriculture, food processing, and a varied
service sector), which employs most of the population and generates between 55 and 75 percent of Bangalore’s GDP (Benjamin 2000a,b, 2008). World-city projects, with their large appetite for land, devalue these small and medium-sized enterprises, as the latter’s political clout has diminished by comparison.

This historical convergence of neoliberalization and world-city urbanization has empowered parastatal agencies such as the KIADB to become brokers of large-scale public and private land transfers. In fact, world-city land brokering has become the biggest growth sector for the regional economy. The management of this land acquisition process has become the main source of revenue and wealth accumulation in Bangalore today, and the main political tussle amongst political parties and parastatal agencies.20

In the lengthy and laborious process of master planning, mapping out the specific plots of land to be acquired, notifying the land owners, and handling the land users, and the final purchase and transfer to investors, a lot of money changes hands.

It is estimated that for the Bangalore–Mysore Industrial Corridor (BMIC), only a small fraction of the rural denizens notified by the government will be compensated, and compensation will be much below market prices. Those who will be compensated will not be treated justly, as dozens of court case filings and protests in the area reveal. Since the promotional world-city literature on “cities of the future” sells social imaginaries, let us too imagine a different scenario. Imagine that in the name of development and India’s rising, the 200,000 people who live in the way of this urban development plan were given market value for the land in exchange for their lives being upended – that is, not the depressed land price, but the market price that got generated once Dubai and US real-estate firms began to invest their capital (but before markets went bust). Then the major “value” component of the scheme – making real estate – would be socially dispersed amongst diverse land users. Farmers and non-deed-holding villagers alike could own smaller plots of land along this new expressway to set up shops, small apartment complexes, and own a share in the factories and the new townships. Conceivably, they could enjoy a share of the prosperity of these new projects. Their children could afford to build a solid house, own a small business, go to school, and be trained in areas other than poorly remunerative work. But then the road builder, US-based NICE, would be reduced to the role of a public-like agency, producing improved infrastructure, housing, transport, commercial sites, and generating income and public spaces for the majority to use. It may sound like “development” in some abstract romanticized sense, and certainly what the rural poor deserve as their rightful share of “India rising,” but this is not how world-city-style development unfolds. Without this high-risk speculation and highly rewarding capital accumulation, neither institutional investors nor IFIs seem interested.
Similar to the BMIC toll expressway, it is not the airport with its one runway that will be the profitable investment: land is not being acquired for the Unique Zurich consortium to build numerous runways to compete with the world’s largest airports, but to transform the land surrounding it into high-value gated residential communities, seven-star hotel complexes, “medical tourism” hospitals, and business centers (John 2005). Whose land is being purchased or taken for these world-city transformations, and to what effect on the local economies (especially the de-subsidized rural and farming sectors) are key questions that the development industry and world-city boosters have largely ignored. They are also avoiding the possible causal connections of mass dispossession with the alarming farm-related suicide rates occurring in rural Karnataka and the growth of slums populated with displaced rural farmers and workers (The Hindu 2008; Gandhi 2009).

As Bangalore’s world-city master plan calls for the incorporation of dozens of villages and towns on its periphery in order to grow, it is becoming clear that much more money can be made from the conversion of undervalued rural and urban economies into world-city projects than from the actual infrastructure projects. Consequently, most Bangaloreans must become speculators of one sort or another, taking extreme risks, and must gamble on when government agents or land brokers will tag their possessions next for acquisition, and act before it is too late. And, what is happening in the growth sector that is buoying up these urban ventures?

**IT as the Urban Growth Machine**

The transformation of Bangalore into a world city rests on the rather large assumption that its extraordinary IT sector will become a permanent growth machine, and as such, can be the collateral for these large loans and long-term investments in urban infrastructure (Parthasarathy 2004; Dittrich 2007). With that in mind, it is useful to better understand what fuels Bangalore’s IT sector and how the IT star firms (e.g., Infosys, TCS, Satyam, Wipro) are reinvesting their surpluses and ingenuity. Are they, as the World Bank and PricewaterhouseCoopers hope, providing exceptional leadership, innovation, and the telematicization of governance – the world-classing of the cities of India (Ananya Roy, Conclusion, this volume)? Will they be here tomorrow, when the projects are complete, and the bills come due?

The dream team of Indian IT started from humble entrepreneurial origins: a few young talents offered California computer firms an attractive outsourcing proposition during the Y2K crisis. They could hire Indian software engineers at a fraction of the cost of US and European ones, and
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fix the Y2K problem before midnight on January 1, 2000. As one of its managers explained to me, India’s premier firm, Infosys, offered to do the tedious job, promising it could pay its workers $15 per hour, and not the $30 per hour which US firms were paying their local engineers; the fledgling Infosys instead paid Indian engineers $2 and kept $13, and made millions instantly. Infosys eventually took on other mundane tasks of Northern banks, insurance companies, and health firms, coding and data processing on the night shift and cutting the local fee structure substantially (interviews in January 2007; see also Heitzman 2004; Parthasarathy 2004; Upadhya and Vasavi 2008).

Infosys grew quickly, from a small $75 million firm, to a $2 billion firm in 2005, and $3 billion in 2006, and had expected to grow into the double-digits by 2010, before the 2009 downturn. Although the largest competitor is IBM Global, with revenues at $40 billion, IBM’s profit margin hovers around 15 percent, whereas Infosys had a 46 percent margin in 2005. Most of its work is customer analytics, payroll processing, and back-office work; in some cases, Infosys has taken over as much as 70 percent of US firms’ work. For mail-order companies (such as Amazon), insurance, finance, and credit-card companies (such as American Express), whose main tasks are data processing behind the scenes, Bangalore has become an offshore boon.

But to the question of how much IT firms invest locally, aside from their well-paid programmers and their high consumer spending, most firms are not active investors or innovators. Although world-city advocates argue that IT firms could use their smarts of computers and telecommunications to support new systems of state-of-the-art e-government — transparent, democratically accessible, efficient, and competitive — the reality is quite different. As one Infosys manager explained to me, 98 percent of Infosys’s work is business from outside of India, and 65 percent is US based: “Our offshore rates are too high for local Indian clients, and we make our large profit margins from the difference between our local costs and what western companies are willing to pay.” We cannot afford to hire ourselves to local governments, he explained, and government agencies really have no use for what we offer.

Instead, surpluses are invested in mergers and acquisitions of competitors in Europe and the United States. In early 2008, Infosys invested in two major mergers and acquisitions in Europe and Australia, to increase its market share and reduce competition, and become more vertically integrated into more arenas of business. Flush with cash during the economic downturn of 2008, Infosys was, according to the business press, looking to buy more undervalued/underperforming European firms (Venkat 2008).

Domestically, IT’s main investment is in real estate, which has now surpassed IT itself as the most profitable industry in India. As competition
stiffens in the global IT industry, the most lucrative place to invest IT surpluses has been in land: converting cheap (by international market standards) public and undervalued private or community lands into real estate (CNN/IBN 2006). As land values have skyrocketed, one of Infosys’s strategies has been to buy up land in and around many of India’s cities, creating high-value “land banks” (Rediff 2005). According to the 2006 Annual Report of Infosys, “creating land banks was a key challenge” of the year.

Infosys is not alone. Once the fourth largest Indian IT firm, the darling of Hyderabad, Satyam chairman Ramalinga Raju admitted to police in January 2009 that he had set up 275 real-estate holding companies in the names of his family members for handling numerous land transactions, while lying in Satyam’s accounting books about more than $1 billion of non-existent assets. While Satyam worked for more than one-third of the Fortune 500 companies in sixty-six countries, as well as for the World Bank, most of its surplus had been diverted to real-estate deals throughout Andhra Pradesh, with close links to the chief minister and large development projects related to Hyderabad’s emergence as India’s next world city (affectionately called Cyberabad). In a public confession, former chairman Raju said he had set up this out-of-control scam not for private gain, but as the only way he saw Satyam could be globally competitive (Aaftaab 2009).

It therefore appears that real estate is keeping the struggling IT industry afloat, not innovation or competitiveness, and the real-estate market in India has grown at 30 percent per year since the mid-2000s (Shrivastava 2008). Unitech, one of India’s largest real-estate firms, reported a 3,190 percent increase in net profits from 2006 to 2007, and its market capitalization grew by almost 12,000 percent, before stagnating in 2008. In the third quarter of 2009 alone, more than $7 billion of foreign direct investment has flooded into India. Although much of it flows into infrastructural funds set up by large US firms such as Morgan Stanley, Citigroup, Goldman and Sachs, Blackstone Group, and DE Shaw, owners of the hedge and derivative funds that crippled the global economy in 2007–8, much of that financing is based on the acquisition of large banks of land. This money will only be invested if government is able to free land from India’s rural landed population, which has, and will, create a massive displacement crisis. Yet these deeply political concerns aside, in making India an urban giant, real estate is where the action is, and the IT sector has profited greatly from its rise, intertwining what at first blush seems to be the stable foundation for world-city building with a highly unstable sector. As we learn from observing the interactions among India’s top IT and real-estate firms, neither is as stable or secure as they appear. Neither seems to sustain itself without the other, and yet both are referred to as the “secure foundation” on which these remarkably speculative world-city projects are being built.
Conclusion: No Exit (Strategy)?

This *worlding* of Indian cities has triggered shifts in new technologies of government that affect urban and rural people who have “given it all up” in the name of world-city making. There is sufficient uncertainty built into these endeavors that the city and its periphery is engulfed by a collective social angst over whether or not one’s domicile or informal workshop will be taken over to build the new highway, the Metro, widen a city road, construct a housing complex, or develop a special export zone. This social anxiety in turn generates large flows of cash as a normal practice to reduce the chances of personal and community bankruptcy. That is, everyone must pay what he or she can in order to influence the outcome, even though outcomes are often determined by class, caste, and gender inequities when it comes to who will get displaced and whose land can be, for a price, avoided by world-city project planning. In Bangalore, rising urban anxiety is not about traffic, congestion, pollution, filth, or too few good pubs; the most palpable urban anxiety is focused on official land theft and the speculative nature of routine decision-making in a rising world city (Figure 9.3). Even as highly lauded middle-class civic associations hold regular public meetings

Figure 9.3  The writing on the wall: anxiety and anger spread across the political/cultural spectrum

*Source:* photograph by Michael Goldman.
calling for transparency, participation, and accountability, drawing up “report cards” on the performance of each government agency, marching in line with the global mandate for *audit culture as politics*, the omnipresent practices of world-city making – land theft and the legitimating governance structure being built up around it – are treated as anomalies or part of the age-old problem of corruption (Strathern 2000; Ghosh 2006a,b), and yet they have become as common as the logo of ‘India Rising’.

World-city projects are not only large-scale, place-altering capital infusions from Dubai, Singapore, and the IFIs, and they do more than merely facilitate the restructuring of governance institutions for improved access to public goods and services for international capital (i.e., privatization of township governance, special citizenship rights, and privileged rules for special export zones). They also trigger new political rationalities of government and technologies of rule that emerge *in situ* as bureaucrats and political officials broker jackpot deals for external clients who are themselves brokering inter-urban deals, all of which contribute to these institutionalized forms of land and wealth redistribution.

Hence, we find a confluence of four processes remaking Bangalore: a new global architecture and legitimacy of urban expert networks selling the idea of large-scale re-capitalization of cities; the expansive use of new instruments from the world of investment capital to finance and transform public sectors, landscapes, and politics; and the rise of new forms of urban governance that not only force urban dwellers to rethink their legitimate claims to the city and to government, but also get shaped and empowered through inter-urban competitions and inter-referencing across the south and north. That nation-states today are confronted with the immutable fact that there is no alternative to world-city building suggests the depth, vitality, and hegemony of this phenomenon we can call speculative urbanism. The recent transformation of Bangalore can best be understood both in its relationship to these processes and as they become realized through the remaking of cities transnationally. Such an analytical approach invites an innovative methodology that reaches beyond conventional inquiries into the urban and the global (Roy 2009; Simone 2010).

By December 2008, much of the miraculous side of Asian city real-estate value had begun to vanish. As one real-estate executive explained of the Dubai real-estate market in early 2009: “What real estate market? There isn’t a market at all. Value has dropped by 75% and nothing is moving.” In fact, she only captured half the “moving” story in Dubai: in March 2009, 30,000 seats were booked by the United Arab Emirates government on India-bound jumbo jets to fly home the low-paid Indian building construction workers, passports returned to them at the gate (Human Rights Watch 2006). As the leaking real-estate bubble in Dubai required large bailouts from Abu Dhabi, disappearing dollar remittances from construction workers
in the Gulf States to local Indian economies severely undercut the Indian government’s ability to support its urbanization loans. Moreover, the most audacious real-estate ventures in India are disappearing: Bangalore’s Knowledge City has been scrapped as Lehman Brothers went bankrupt, and Limitless, LLC pulled out because its creditors were calling on their capital. Unable to pay its monthly bills, Limitless had to postpone or drop its other schemes (e.g., Palm Jumeirah, The World Island Resort, and The Universe) from its $110 billion portfolio of fantasy dreamscapes in Dubai.25

By early 2010, India’s largest urban developers quickly sold off assets, desperate for liquid capital as their projects had run aground: no credit, no land banks, no capital.26 Their last hope, to calm creditors and state officials, was to borrow the “hot capital” of hedge and derivative investors who prey and profit off the desperation of near-bankrupt firms and public agencies, much the way they had in the United States and Europe. Because India’s banks were not allowed to invest in the risky global transactions that caused Western banks to collapse, India escaped the worst of the 2007–9 global economic crisis. But because its city administrations are now able to borrow globally, and most urban “development projects” have become speculative real-estate ventures financed by undulating flows from unregulated capital sources, Indian cities have begun to reel from the shocks of the global speculative market.

In sum, the financial meltdown revealed its world-city speculative opportunities and risks: new parastatals were created on the basis of international borrowing and municipal bond marketing; they have been fueled by speculative projects and financed by other world-city real-estate ventures. Since the ability of the Indian government to provide services and goods is now based on rents from these promised external capital flows, when these flows run dry, so do the essential urban services and goods. As Sameer Nayar, Managing Director, Head of Real Estate of Asia Pacific, Credit Suisse, explains in the clearest terms, “Every time you have a developing market in the early stages, it is high risk.” To prepare for risks, he warns, you must “have a good exit strategy” (Nayar 2009, emphasis added). Unlike Credit Suisse, for many Bangaloreans left standing in the detritus of a passing speculative storm, there is no good exit.

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Notes

1 My research over the past five years has included participant observation and ethnographic research at meetings, workshops, in offices of government agencies, and interviews with local leaders, urban planners, real-estate developers, academics, and activists. Some of the discussion here on “global investors” comes from my participation at PEI’s Global Investors Summit in Delhi, in July 2010, where the latest Planning Commission’s report on financing infrastructure was presented and discussed in great detail by investors and government officials.

2 This chapter does not introduce the realm of protest – from roadblocks to the filing of hundreds of court claims – to slow and stop many of these world-city and land-dispossession schemes.

3 Early development displacement literature focused on mainly rural processes from green revolution, dam-building, and World Bank mega-projects; see, for example, Chris de Wet’s work (2006).

4 These recent turns of events were discussed by Chinese scholars at an international workshop, “Global Cities and the Global Economic Crisis” in Shenzhen, China, in January 2010.

5 Here are a sample of reports reflecting the converging mandate from TPNs of making cities as the solution to our global problems: the World Bank’s Eco² Cities: Ecological Cities as Economic Cities (Suzuki, Dastur, Moffatt, et al. 2010) and its Eco² Cities program; the OECD’s Competitive Cities and Climate Change report and meeting, Milan, October 9–10, 2008 (OECD 2009); OECD Secretary-General Angel Gurria’s speech at the Copenhagen Climate Summit on December 15, 2009 (Gurria 2009); and the World Wide Fund for Nature’s Reinventing the City (2010). On policy and “model” transfers and convergences, see Peck, Theodore, and Brenner (2009), Robinson (2011), and Bunnell and Das (2010).

6 I paraphrase his speech. As noted earlier, these discussions and interviews come from my participation at PEI’s Global Investors Summit in Delhi in July 2010.

7 According to Janaki Nair (2005), services were provided within these industrial colonies but not to the neighborhoods that built up around them, which reflected the class- and community-based nature of public service provisions.

8 As the story goes, the customs agents, so used to receiving a cut from all goods passing through their offices being shipped in and out of India, demanded that Indian IT firms physically “show” their goods that they were exporting via satellite. So, in the first few years, IT officials had to also put their software on CDs and allow for the agents to see the products, and get their fair cut.

9 As Bunnell and Das (2010) explain it, the “Vision Mumbai” report (2003) by the international consultants McKinsey & Company, having produced similar reports for city governments elsewhere, explicitly models its world-city design for Mumbai from the experience of Hyderabad, which is an acknowledged emulation of the Malaysian
development plan for Kuala Lumpur. Hyderabad’s IT city was renamed Cyberabad after Malaysia’s new IT city was named Cyberjaya. “Vision Mumbai” was also the basis for Bangalore’s “vision report,” designed by the same international consultants.

For example, a 2009 workshop on strengthening urban management, co-sponsored by the Administrative Staff College and World Bank Institute, featured modules such as “Creating Creditworthy Cities and Urban Systems,” “Good Urban Governance and Decentralisation,” and “Change Management.”

See the World Bank (2008) and the Bank’s urban strategy web site: http://www.wburbanstrategy.org/urbanstrategy/. One can read more on this perspective from the development guru Hernando de Soto, in his publications, and workshops around the world with the World Bank.

Besides the motivation to cultivate a synergy with these high-end service firms, the World Bank has its own reasons to support this shift to world-city building; a consequence of the anti-privatization response to its policies has been widespread “dis-investment” from the World Bank by national ruling bodies, such that by the early 2000s, the Bank and IMF were losing its client base across Latin America and what the Bank calls its middle-income countries of Asia. It found a source of new clients through its lending either directly to weak urban local bodies, ill-equipped to borrow international loans and incur international debt, or to parastatals designed for the task, both at the local and regional levels, less accustomed to borrowing from and negotiating with the IFIs and capital brokerage firms.

The IFIs have tried unsuccessfully to lease the water agency’s goods and services to European firms; each time, their plans have been met with resolute public (and agency) opposition.

These parastatal agencies reflect a broader trend of building what Price-waterhouseCoopers (2005) consultants call “democratic capital,” or establishing various public–private partnerships in an effort to enhance accountability and civic participation; as noted here, the opposite, however, is occurring. See Chamaraj (2009).

On the interminable election delay, see Idiculla (2009).

BATF focused assiduously on what scholars researching different Indian cities call the bias of “middle-class urban aesthetics” – attempts to eliminate some of the more repugnant elements of Indian cities that hold them back from world-city prominence: smells of urine and unsightly slum “muck” (Fernandes 2004; Ghosh 2005; Baviskar 2006; Ghertner 2008).

ABIDe stands for Agenda for Bengaluru Infrastructure Development; but it is also, of course, an acronym that expresses professional-class frustration with the ways in which other urbanites are not abiding by the “rules” and aesthetics of decent (middle-class) world-city living, à la Singapore, but also perhaps of Hindutva (the Hindu nationalist claim on the proper way of being a Hindu).

Paul’s Report Card technology has been replicated for many Bank loan recipients, including the Philippines and Gambia.

The key beneficiaries of these land transactions have been the new class of real-estate moguls. In acknowledgment of the fact that the market value and legitimacy of these contentious land acquisitions are often determined, in one way or another, through politics, the biggest winners from these land deals have quickly gotten into politics. In the 2008 state-wide elections, twenty-three of the thirty local MLAs (legislators) elected to represent Bangalore received much of their recent wealth from the real-estate industry. Ten to fifteen years back, when such land deals were not a possibility, many of these MLA positions were filled by trade unionists, farmers’ union activists, and progressive political party leaders.

Infosys’s Annual Report for 2006; see also Srinivasaraju (2008). Another strategic move by Infosys and others is to invest in their own offshore production sites where labor and operating costs are lower; in the Philippines, for example, hourly wages are half the Bangalore rate.


In 2009, Morgan Stanley, with partners, set up a $10 billion urban infrastructural fund, Goldman Sachs a $7.5 billion fund; Citigroup and Blackstone a $5 billion fund; and DE Shaw a $1 billion fund.

“Even Illustrious Dubai is Suffering a Devastating Real Estate Crash,” Deutsche Welle TV, February 17, 2009. From 2004 to 2008, 200 luxury residential skyscrapers were built on Dubai’s main harbor; in 2010, many of the residences remained empty.

See the fascinating catalogue from the exhibit in 2010 at the Centre Pompidou, Paris, “Dreamlands: Des parcs d’attractions aux cites du future” (“From amusement parks to cities of the future”).

Social protest against these forms of institutionalized land theft has also been a major deterrent and is a major part of investors’ calculus of the “India risk” they are trying to avoid, for which they are demanding substantial government guarantees. It is normal procedure for the World Bank to help borrowing countries write political-risk guarantees into their loan agreements, and it has trained government officials, including local urban bureaucrats, in these contractual practices (Goldman 2005).

References


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