

The 10 TRAITS of GLOBALLY FLUENT METRO AREAS

GLOBAL CITIES INITIATIVE
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

ZURICH

GDP (country rank), 2012 ¹	Share National GDP, 2012 ²	GDP/Capita, 2012 ³	Population, 2012 (country rank) ⁴	Share National Pop., 2012 ⁵	GaWC Global City Ranking, 2010 ⁶	# Global HQs, 2012 ⁷	GDP/c Growth 1993-2012 ⁸
\$94,922,569,266 (1)	26.16%	\$50,636	1,874,617 (1)	23.52%	32	16	1.20%

1) Benchmarks — what is the city’s recent ranking performance in terms of global firms, connectivity, diversity, range of cultural assets, immigrants, visitors?

Located halfway between Paris and Vienna, Zurich is Switzerland’s largest metropolitan economy and one of the most globalized cities in Central Europe. The metro area’s banking and insurance expertise has typically helped it outperform Switzerland for value-added output and productivity. As such it has become one of Europe’s most connected business cities, at 32nd worldwide in 2010. Its attraction for relocating corporations is impressive, given its size, as demonstrated by a highly impressive 14th place in AON’s 2012 People Risk Index. This success has been linked to excellent talent development, fair employment practices, and healthy government support.⁹ Zurich is rated one of 10 “global leaders” in financial services in the Global Financial Centers Index, and is currently evaluated as the fifth-strongest all-round city for its finance provision.¹⁰

Zurich’s small size and specialization in finance as a global export has constrained its political and cultural influence. The city places outside the top 40 for global political engagement in the 2012 Global Cities Index, and only 36th for cultural experience. It does, however, rank in the top 10 cities worldwide for information exchange because of its growing media presence and extensive uptake of fast broadband technology. As such, despite the likely shift in the financial center of gravity, Zurich stays immersed in global networks of knowledge and innovation.

2) Narrative – the city’s journey into and through globalization. What kind of economic and development trajectory has it taken? What has changed over time?

Zurich first developed international roles during the Holy Roman Empire. The city expanded as a regional trading center in the 13th century, when it became an independent city-state. Trade guilds played a prominent role in the early government as the city expanded

into the canton. Protestant status meant it became a place of sanctuary and prosperity for religious refugees fleeing political conflict and persecution. Later, flows of German intellectuals between 1850 and 1950 came to populate the city's educational and cultural institutions, and Zurich became a dynamic center of German-speaking Switzerland.

In the mid-19th century the banking sector began to thrive as an investment-raising resource for local industry. Soon the city acquired international asset management capabilities because of political neutrality and a favorable tax regime. More than a quarter of its population were foreigners at the turn of the 20th century, when all major economic activities were concentrated within a small central business district.¹¹

Industrial strengths in machine building and weapons manufacturing were a driving force of a postwar economy that was steered in a moderate direction by a centrist growth coalition in the city.¹² A Fordist Zurich became a destination for Western Europeans searching for good employment opportunities. Spanish and Italian guest workers in particular fueled Zurich's construction boom. Having already invested in core infrastructure such as Kloten Airport, in the 1970s a modernizing city government began a new growth path. This path sought to solve entrenched labor market segmentation, secure seasonal permits as a mechanism for permanent immigration, expand the central business district, and promote internationally transacted banking and business services. The city soon became Switzerland's clear financial capital and a hub for international headquarters, and a more cosmopolitan approach was being encouraged by the 1980s.¹³

Zurich's internationalization inevitably extended to the metropolitan and regional dimension. An expanding polycentric area has been filled by corporate headquarters that specialize in producer services, banking, and information technology (IT). International firms have been eager to locate in new zones because of the high-quality road and telecommunications logistics platform that links the inner city and the wider region. The metro area has also become a popular location for refugees, asylum seekers, and high-value Western researchers. Collective bodies have tried to develop a more colorful and tolerant reputation to reflect population diversification; the city hosted EuroPride in 2009. Post-industrial neighborhoods like Zurich West have become fashionable places of recreation and creativity as part of a new inner-city revival.

Today a more unified metropolitan leadership is facing up to new economic challenges. The broad strategy has been to strengthen links with U.S. and Chinese partners in life sciences and clean technology, and to integrate cluster synergies at home. Zurich's new phase of internationalization involves reaching out to new markets and using its multilingual, low tax, and quality-of-life appeal to initiate a new cycle of investment.

3) Elements of international and global orientation - In what ways is the city globally connected and relevant? What sort of trade patterns does it exhibit?

Historically Zurich's successful finance and IT sectors have benefited from strong investment records from North America. Newer creative industries are more closely linked with neighboring cities such as Berlin, Hamburg, and Vienna – because of linguistic affiliations – and secondarily to London, Paris, and Amsterdam.¹⁴

Zurich's airport has been a major driver of foreign investment and business networks. By far its most popular connection is to London, and Europe is the destination of 78 percent of all passengers. The most frequented intercontinental city is New York (ninth). Emirates and Singapore Airlines each carry more than 250,000 passengers through the airport nationally, and the city benefits from seven direct routes to sub-Saharan Africa.¹⁵

Germans comprise the largest proportion of immigrants to the region, supplemented by sizable communities from Southern European Union states, France, the United Kingdom, and India.¹⁶ Over a third of the metropolitan population speaks English fluently, which is a source of attraction for many Anglo-American companies as well as Indian and Singaporean entrants into European markets.

4) To what extent is the city's international dimension inherited or intentional?

Zurich's international success has its grounding essence in favorable politics: stability, neutrality, and a supportive governance framework that has allowed the right balance of barriers and openness. The highly devolved nature of Swiss government has, over several centuries, bred a self-reliance and autonomy in the canton's pursuit of the credentials and an environment for international business competitiveness.

The devolved structure is responsible for a strong and successful “can-do” ethic among the canton leadership, which has been displayed in several business cycles. In the decades after World War II, the coalitional desire to create positive change ultimately allowed the city to open up to the cultural and social opportunities of globalization. Especially since the 1970s, moderate right-wing and left-wing political groups have formed effective tactical and pragmatic alliances to ensure that regressive solutions to traffic infrastructure and drug challenges were withheld. The city council notably resisted the federal crackdown on new cultural movements in the city in the 1980s and instead embraced a policy of integration by increasing annual subsidies to alternative cultural expression.¹⁷ The pragmatic and professional attitude among business and government has been transferred into new metropolitan bodies such as the Greater Zurich AG marketing agency and most recently the Zurich Metropolitan Area Association. As such, leadership arrangements have been conducive to maintain the city’s attractiveness to a growing international knowledge worker base. The long-term construction of an infrastructure and knowledge platform has also helped Zurich diversify from finance into new internationally traded services. The city’s airport advantage in the 1970s was a decisive factor in persuading technology and business services firms to select the location ahead of Geneva, Basel, and Berne. A form of territorial compromise emerged that both retained Zurich’s livable qualities while enabling important infrastructure development to progress. Meanwhile, the city recognized the challenges of two-tier educational achievement early on, and continues to invest in programs such as QUIMS (Quality in Multicultural Schools) to ensure immigrants are integrated into the high-attaining school system.¹⁸

¹ Brookings analysis of Moody's Analytics and Oxford Economics data.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ “The World According to GaWC; Classification of Cities 2010,” September, 14, 2011.

⁷ The data were produced by G. Csomós and constitute Data Set 26 of the Globalization and World Cities (GaWC) Research Network (<http://www.lboro.ac.uk/gawc/>) publication of inter-city data.

⁸ Brookings analysis of Moody's Analytics and Oxford Economics data.

⁹ “2012 People Risk Index,” AON Hewitt, 2012.

¹⁰ “The Global Financial Centers Index: 12,” Z/Yen, 2012.

¹¹ “The World and Its Peoples” (London: Marshall Cavendish Publishing, 2010), p. 422.

¹² Christian Schmid, “Global City Zurich: Paradigms of Urban Development,” in Neil Brenner and Roger Keil, eds., “Global Cities Reader” (London: Routledge, 2006), pp. 161–69.

¹³ Ibid.

¹⁴ Thom Held, Christian Kruse, Michael Söndermann, and Christoph Weckerle, “Zurich’s Creative Industries - Synthesis Report,” prepared on behalf of Economic Development Departments of the Canton and City of Zurich, 2005, available at www.creativezurich.ch/content/Synthesebericht_KWZ_e_200603_def.pdf.

¹⁵ “Welcome to Switzerland's Prime Airport,” Zurich Airport, 2010, available at www.zurich-airport.com/Portaldata/2/Resources/documents/dienstleistungen/Broschuere_Sales_Image_0510.pdf.

¹⁶ “Moving to Zurich,” InterNations, available at www.internations.org/zurich-expats/guide/moving-to-zurich-15773.

¹⁷ Hansruedi Hitz, Christian Schmid, and Richard Wolff, “Urbanization in Zurich: Headquarter Economy and City-Belt,” *Environment and Planning D: Society and Space*, Vol. 12, No. 2, 1996, pp. 167–85.

¹⁸ “Putting Quality into Multi-Ethnic Schools,” Cities of Migration, 2009, available at http://citiesofmigration.ca/good_idea/putting-quality-into-multi-ethnic-schools-quims/.

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